

Teejay Lanka PLC
Annual Report 2023/24

Depth Beyond Surface

teejay

Depth Beyond Surface

Our dedication to responsible manufacturing involves taking an intricate and in depth approach to the way we operate and the fabrics we produce. We are pushing beyond surface solutions to reimagine sourcing, rethink materials, and re-engineer processes: with a focus on tomorrow.



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OVERVIEW

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ABOUT TEEJAY LANKA

Teejay Lanka PLC is a proud Sri Lankan company with an expanding multinational footprint, which has grown to become a leader in the fabric industry. Established in 2000, we remain Sri Lanka's sole multinational knit-fabric mills specialising in weft-knit manufacturing. Leveraging the strength of trusted strategic partnerships with pioneers in the fabric and apparel industry, we have been publicly traded on the Colombo Stock Exchange (CSE) since 2011. The Group has integrated operations through its subsidiaries: Teejay Lanka Prints (Private) Limited and Teejay India Private Limited.

We produce world-class fabric for both well-established retail giants and emerging names in the apparel industry. Driven by a long-term focus and an aspirational vision to become a USD 300 Mn. Company, we continue to be progressive, responsive, resilient, and on trend.

Now nearing 25 years of operation, we remain true to our values of innovation, integrity, collaboration, and teamwork, which have enabled us to become the go to textile brand in Sri Lanka. Our brand has come to be known for leadership in sustainability, social responsibility, service excellence, and delivery of innovative solutions that meet the needs of an evolving fashion and consumer landscape.

OUR VISION

To be the preferred fabric solutions provider for branded clothing.

OUR MISSION

To become a USD 300 Mn. company in 2025/26 providing customers with world-class fabric solutions delivered through sustainable operations and best in class talent in multiple locations.

OUR VALUES



Innovate to lead

Innovation, Product, Process, and People.



Integrity

Right quality, Accountability, Right service, Safety and compliance, Sustainable best practices, and Good citizenship.



Collaboration

Backward and forward supply chain collaboration, partnering with communities, industries, academia and Governments.



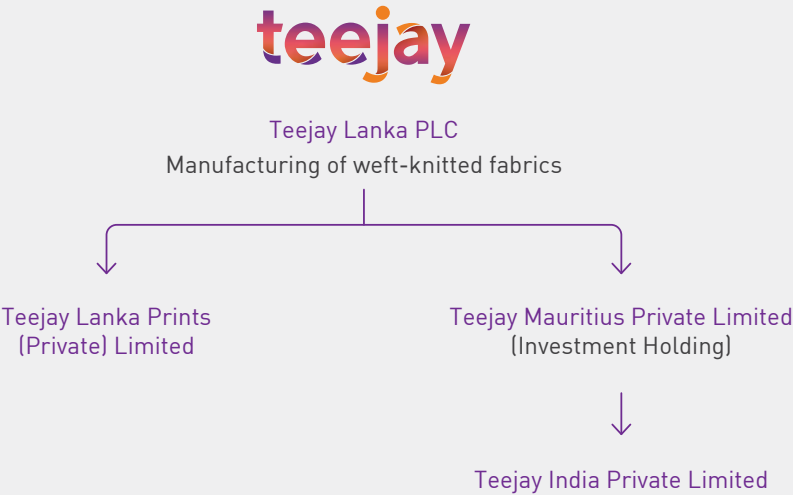
Teamwork

Continuous performance through camaraderie.

ABOUT TEEJAY LANKA

TEEJAY GROUP AT A GLANCE

Our footprint involves a strong manufacturing presence in Sri Lanka and India, and includes a state-of-the-art printing facility in Sri Lanka.



Teejay Lanka PLC



Number of employees:
1,463

Teejay Lanka Prints (Private) Limited



Number of employees:
200

Teejay India Private Limited



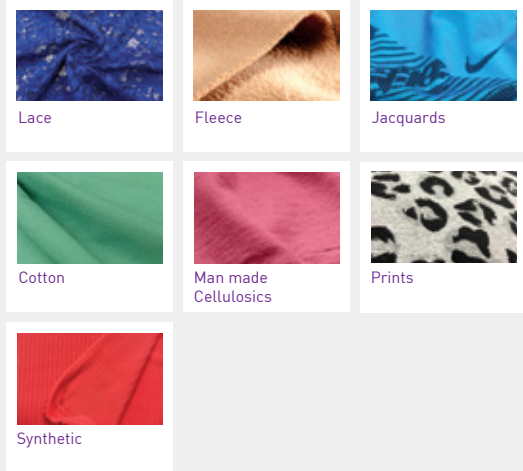
Number of employees:
1,502

ABOUT TEEJAY LANKA

OUR PORTFOLIO OF PRODUCTS

Teejay offers a comprehensive range of fabrics, including Single Jersey, Interlock, Rib, Pique, Fleece, Lace, Jacquards, and Prints. These high-quality fabrics are used by leading global brands to create intimates, sleepwear, activewear, outerwear, casualwear, and a variety of other apparel categories.

We are also diversifying and entering new avenues in line with consumer demands and global trends; expanding our expertise to include lace dyeing, onboarding new technical products, and prioritising synthetic, sustainable, and functional fabrics. We are committed to innovating, adopting emerging technology, pioneering sustainability and traceability, and integrating new methods for fabric production at every step.



GLOBAL REACH

Headquartered in Sri Lanka, we are entering new territories, expanding our supplier network, and serving customers across a range of local, regional, and international markets. Strategic collaborations with industry leaders like Brandix Lanka and Pacific Textiles extend our reach to even more customers, enable greater synergies and integration, and unlock improved planning and cost-efficiency; as we continue to create exceptional value in the textile and apparel supply chain.

We have leading clientele in some of the largest consumer markets in the world across Europe, North America, and Asia; including the United States, United Kingdom, Italy, Germany, France, and Japan. Our commitment to innovation and quality has made us the go-to fabric supplier for top retail brands like PVH, Oniverse (previously Calzedonia), VS&Co., Decathlon, Marks & Spencer, Nike, Uniqlo, LIDL, Lacoste, and many more.



ABOUT TEEJAY LANKA

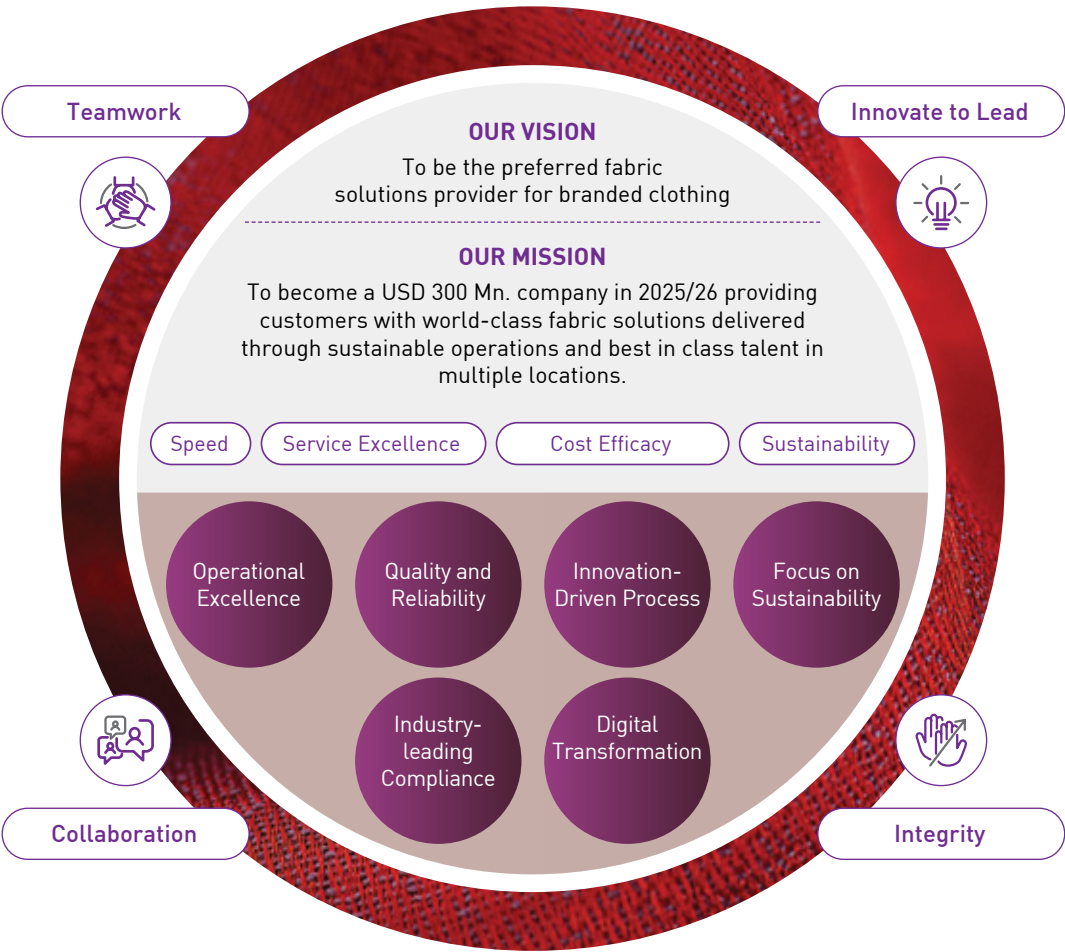
Collaboration is one of the core-values woven into the fabric of Teejay. Through all interactions, we endeavour to develop strong partnerships with customers, suppliers, and other stakeholders across the extent of the apparel value chain. We take a collaborative approach that fuels innovation and benefits all stakeholders.

Our efforts to develop Sri Lanka’s textile industry are realised through mutually beneficial partnerships with leading academic institutions, textile-affiliated organisations, suppliers, and other corporations in the sector. From employment opportunity, knowledge enhancement, and capability development, to technology adoption, product development, and service quality; our efforts are propelling Sri Lanka’s textile industry forward, and ultimately positioning Sri Lanka as a leader in global fabric production.


Our manufacturing units Teejay Lanka PLC and Teejay India Private Limited are members of the US Cotton Trust Protocol, while Teejay Lanka PLC and Teejay Lanka Prints (Private) Limited are members of the Fabric and Apparel Accessory Manufacturers Association (FAAMA). Our Group also engages and holds membership with the American Chamber of Commerce in Sri Lanka (AMCHAM), the Joint Apparel Association Forum Sri Lanka (JAAFSL), the Fibre2Fashion B2B portal, and Emerging Textiles – an information service focused on the global textile and clothing industry.


WHY WE STAND OUT



Aspiring to fulfil our vision of becoming the preferred fabric solutions provider for branded clothing, we gather direction from our core values, leverage our strengths, and set our sights on business goals that go beyond manufacturing.



ABOUT TEEJAY LANKA

Refer the section on Manufacturing Excellence [Pages](#)  for details of our commitment to operational excellence, quality, reliability, and digital transformation.

Developments with regard to our customer centric approach and innovation driven process are described in the section on Innovation in Fabrics and Textiles [Pages](#) .

Our focus on sustainability, and performance against environmental and social metrics, are discussed in the Environmental [Page](#)  and Community [Page](#)  sections.

Operational Excellence

Our customer centric approach incorporates the aspects of speed, service excellence, cost efficacy, and sustainability; driving our teams to achieve operational excellence across all functions.

Continuous investment, from ERP systems to digital process innovation and modernisation, ensures we are geared to meet the needs of our customers and the growth aspirations of our enterprise.

Quality and Reliability

Teejay's reputation for quality and reliability is built on a commitment to continuous improvement, robust compliance standards, and a collaborative customer-oriented approach.

Our infrastructure investments, process improvements, expanding multinational presence, safety commitment, and pioneering sustainability efforts come together to ensure timely and reliable delivery of products and

services despite disruptions. Our Group wide Teejay Operating System (TOS) and Quality Management System (QMS) form the cornerstone of our commitment to quality.

Digital Transformation

From factory level rollout of new technologies and IoT integration, such as automated and smart quality control systems; to customer focused innovations, such as our Digital Fabric Library, we are embracing the opportunities that digital technologies have to offer. Digital transformation and improvements across all business functions are improving customer value proposition and employee experience across the board, while contributing to more efficient and agile operations.

Innovation-Driven Process

Innovating to lead is enshrined in our corporate values, and guides our investments in technology, process, and product innovation.

Teejay's product innovation hub, INSCOPE, functions as a crucible for progressive product transformation ideas. We leverage internal expertise, collaborate with institutions and experts, and investment in Research and Development (R&D) that is delivering innovative products through the exploration of new and emerging technology for yarn, fibre, dyes, chemicals, and manufacturing processes.

Industry-leading Compliance

Our industry certifications and accreditations represent Teejay's long-standing commitment to quality products, ethical business practices, sustainable sourcing and manufacturing, and responsible environmental stewardship.

Teejay's processes and performance, with regard to Responsible Manufacturing, which result in achievement of certifications and standards.



ABOUT TEEJAY LANKA

Focus on Sustainability

Sustainability is a strategic imperative for Teejay; powering our ambitions to become the preferred fabric solutions provider for leading apparel brands. Sustainability is embedded in our approach to business operations, as we prioritise environmental stewardship and community responsibility in our approach to fabric manufacturing.

Abhivara 2030, the Group's sustainability roadmap, embodies our commitment to creating lasting positive change. Through *Abhivara*, we champion climate action, manage our environmental footprint responsibly, and contribute to safeguarding our planet for generations to come.

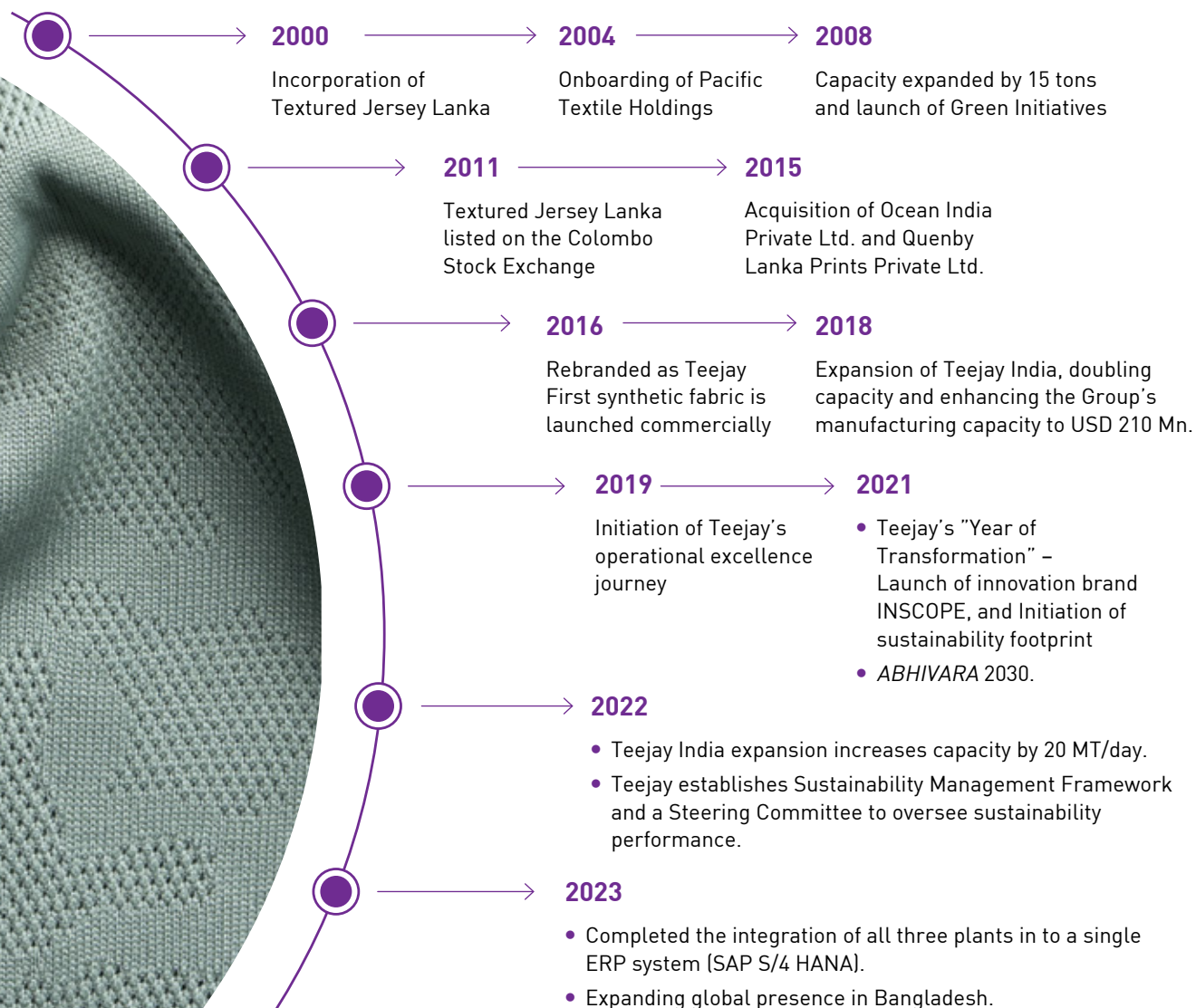
Together with our ongoing corporate responsibility efforts to develop and empower communities in the areas we operate, Teejay's holistic approach to sustainability incorporates Environmental, Social, and Governance (ESG) factors. It aligns with the Science Based Target initiative (SBTi) for climate action and the Sustainable Development Goals (SDGs) that are catalysing change on a global level.

Our Prioritised SDGs



ABOUT TEEJAY LANKA

MILESTONES



ABOUT THE REPORT

This report marks our 13th year of Integrated Reporting, and communicates Teejay's performance during the financial year ended 31 March 2024. The report presents a holistic overview of our operations, including financial strength, governance practices, risk management strategies, and our commitment to environmental and social stewardship.

While discussing our accomplishments during the financial year, the report also examines decisions taken for the future, including efforts to capitalise on potential opportunities, long-term strategies that align with trends in the industry, and the Group's approach to managing business impacts and evolving needs of stakeholders. Additionally, the report reflects an ongoing sustainability journey as we incorporate new insights for more accurate representation of Teejay's performance and prospects.

Teejay Lanka has utilised United States (US) Dollars as the Company's functional currency since incorporation. This reflects the primary economic environment in which our Group operates, and therefore provides a contextualised reflection of our performance and our progress toward meeting financial and growth targets. Financial Statements presented in the report are translated to Sri Lanka Rupees in order to meet listing requirements of the Colombo Stock Exchange (CSE), benchmark our performance within the Sri Lankan capital market, and provide insights on returns generated for our shareholders.

SCOPE AND BOUNDARY

Teejay Lanka PLC adheres to an annual reporting cycle for both financial and sustainability performance. This report covers the consolidated operations of Teejay Lanka PLC and its subsidiaries (the Group) in Sri Lanka and India, for the reporting period from 1 April 2023 to 31 March 2024. The report focuses on the Group's overall performance and position, particularly within our core fabric manufacturing and printing operations. Unless otherwise noted, all non-financial and operational information pertains to the same.

We have not made any material restatements of financial or operational information, nor have there been any significant changes to our Group structure or supply chain during this reporting period. Wherever applicable, changes to presentation of performance or progress are detailed in the relevant sections of this Report.

STANDARDS AND PRINCIPLES

Teejay is committed to transparency and accountability in our corporate reporting practices, and we adhere to internationally recognised frameworks and all locally established standards. This ensures our financial statements and sustainability disclosures are comparable, consistent, and reliable.

Financial information

The Financial Statements included in this report are in alignment with the Sri Lanka Financial Reporting Standards (SLFRS) and the Sri Lanka Auditing Standards (SLAuSs).

Corporate Governance disclosures

The report provides a comprehensive view of Teejay's corporate governance practices and performance, in line with statutes, regulations, and guidance provided by the Companies Act, Colombo Stock Exchange (CSE), Securities and Exchange Commission of Sri Lanka (SEC), and the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

- Laws and regulations of Companies Act No. 07 of 2007
- Listing Rules of the Colombo Stock Exchange (revisions to date)
- Code of Best Practice on Corporate Governance (2017) issued by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)
- Code of Best Practice on Corporate Governance (2023) issued by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)
- Code of Best Practice on Corporate Governance (2013) issued jointly by CA Sri Lanka and the Securities and Exchange Commission of Sri Lanka (SEC)
- Code of Best Practices on Related Party Transactions (2013) advocated by SEC, SEC Act No. 19 of 2021, including directives and circulars

Sustainability related information


The report considers topic-specific standards established by the Global Reporting Initiative (GRI) – GRI Standards, and are informed by identified material topics. Teejay Lanka PLC has reported in accordance with these GRI Standards for the period 1 April 2023 to 31 March 2024. Please refer to the GRI Content Index on [Page 10](#) for the full list of disclosures referenced in this Report.


ABOUT THE REPORT

In addition to the reporting our sustainability impacts in accordance with the GRI Standards, the Group has also aligned its investor focused sustainability-related disclosures to the IFRS S1 and S2 reporting requirements, subsequent to a double materiality approach and the identification of Sustainability Related Risks and Opportunities (SRROs) arising from its material impacts. By virtue of such alignment, the disclosures also include indicators from the SASB Standards, principles of Integrated Reporting <IR> including capital accounting and value-creation, and recommendations from the Task Force for Climate-related Financial Disclosures (TCFD). Together, these provide a comprehensive framework for reporting on environmental, social, and governance (ESG) topics, and ensure our disclosures are comparable, consistent, and reliable.

MATERIALITY

We have considered an approach based on the principles of Double Materiality, and the principles of Impact Materiality and Financial Materiality guides our corporate disclosures included in the report. This approach enables us to report the impacts arising from our business operations to our broad stakeholder groups, as well as the sustainability-related information relevant to primary report users.

The section on Sustainability Integration [Page](#)  outlines how Teejay identifies and addresses our approach to double materiality, in which we commenced with identifying our impacts based sustainability topics, which then lead to the identification of Sustainability Related Risks and Opportunities (SRROs), by also taking into consideration the dependencies of externalities on

the company. While the management of our impacts are covered through our comprehensive ESG Management Framework, our SRROs are managed through both the ESG Management Framework and the Enterprise Risk Management function. The in-depth Operational Review [Page](#)  discusses execution of Teejay's strategies to manage our impacts and SRROs.

This focus on materiality and transparency empowers our stakeholders both primary report users as well as our broader stakeholder groups, to make informed decisions based on a clear understanding of Teejay's position, performance, and prospects.


APPLYING THE PRECAUTIONARY PRINCIPLE


Teejay's operational decisions are guided by the precautionary principle, with resource consumption, environmental pollution, and climate change identified as areas of high priority. At a minimum level, Teejay ensures it maintains full compliance with all laws and regulations applicable to the business.


However, Teejay strives to benchmark industry standards and other global best practices beyond statutory obligations to retain a leading position in the industry.















NAVIGATING THE REPORT

The report is structured in order to present the reader with a cohesive picture of our operations.

The Overview [Pages](#)  provides background to the report itself, describes the Group and extent of operations, and includes insights from the industry-landscape in which we operate.

The Strategic Review [Pages](#)  provides a synopsis of our financial performance, in context of the macroeconomic environment and Teejay's strategic approach to building a sustainable business with a long-term focus on value-creation.

The Business Review [Pages](#)  describes Teejay's operational performance from a holistic perspective, which considers material sustainability topics, stakeholder value, and business aspirations. This section incorporates the concept of capital accounting to ensure comparability, consistency, and connectivity. The following icons are utilised to signify discussions surrounding our primary capitals.

 Supply Chain Page 	 Manufacturing Excellence Page 
 Our People Page 	 Community Responsibility Page 
 Environmental Stewardship Page 	 Innovation Page 
 Customer Centricity Page 	

ABOUT THE REPORT

EXTERNAL ASSURANCE

We prioritise transparency, accuracy, and credibility in our corporate reporting, and utilise a combined-assurance model to achieve these. Our Financial Statements and financial audits are subject to external assurance by Deloitte Partners, Sri Lanka. Our Environmental, Social, and Governance (ESG) performance is independently audited and assured by Ernst & Young, Sri Lanka. At the same time, all financial, compliance-related, and operating controls are evaluated by the Group's management audit and system review, which is part of our internal audit function. Board oversight is another key element of our internal controls: The Board Audit Committee actively oversees and monitors the effectiveness of both our financial reporting and internal control systems.

AVAILABLE FROM

Teejay Lanka PLC

Annual Report 2023/24

Publication date: 5 June 2024



Available online in PDF at
[\[https://www.teejay.com/investor/reportsannouncements\]](https://www.teejay.com/investor/reportsannouncements)

FEEDBACK

We are continuously enhancing our corporate reporting and disclosure, and value your feedback. Please share your thoughts, suggestions, and feedback by contacting:

Ms Renuja Selvanathan

Chief Financial Officer
Teejay Lanka PLC
Block D8-D14,
Seethawaka Export Processing Zone,
Avisawella, Sri Lanka.

Email: RenujaS@teejay.com

TEXTILE AND APPAREL INDUSTRY LANDSCAPE

STAYING AHEAD IN AN EVOLVING INDUSTRY

The fabric and textile industry presents a dynamic landscape shaped by constant innovation and continuous evolution in consumer demand. As part of Teejay's strategic planning, we anticipate future changes; identify, monitor, and manage enterprise, operational, and sustainability related risks and opportunities; and make clear plans to adapt to industry changes. These organisational efforts enable Teejay to stay ahead of the curve.

Innovative technologies in the industry are transforming the manufacturing and production process. From smarter and more automated facilities, to advanced machinery allowing for greater precision and intricacy; these changes are revolutionising apparels and giving consumers improved functionality and aesthetics. During the year, our technological investments included new automated machinery that allows finer gauge jacquard knitting and mechanical finishing such as sueding and brushing. These have widened our offering, while allowing for greater customisation and higher quality products. The section on Manufacturing Excellence [Pages 108-110](#), details our investments and upgrades during the year.



While globalisation offers access to new markets and economies of scale, it also intensifies competition. Coping with these changes, we continue to focus on product differentiation, innovation, quality, and developing strong mutually beneficial relationships with customers.

TEXTILE AND APPAREL INDUSTRY LANDSCAPE

In the face of climate change and global warming, it is imperative that the apparel industry responds to environmental concerns. As a leading fabric manufacturer developing sustainable products and solutions, we are actively exploring sustainable alternatives to traditional materials, while pioneering initiatives to reduce our environmental impact.

Our Environmental Stewardship [Page](#) and Innovation in Fabrics [Page](#), are part of Teejay's comprehensive approach to minimising our environmental impact, developing sustainable products, and delivering value to customers.

In addition to environmental impact, regulatory changes are placing emphasis on labour standards and product safety. We uphold the highest standards for product stewardship, employment, and ethical business; and continually review and refresh policies and practices. During the year we updated working patterns, hours, and female representation, which have further strengthened our employee value proposition.

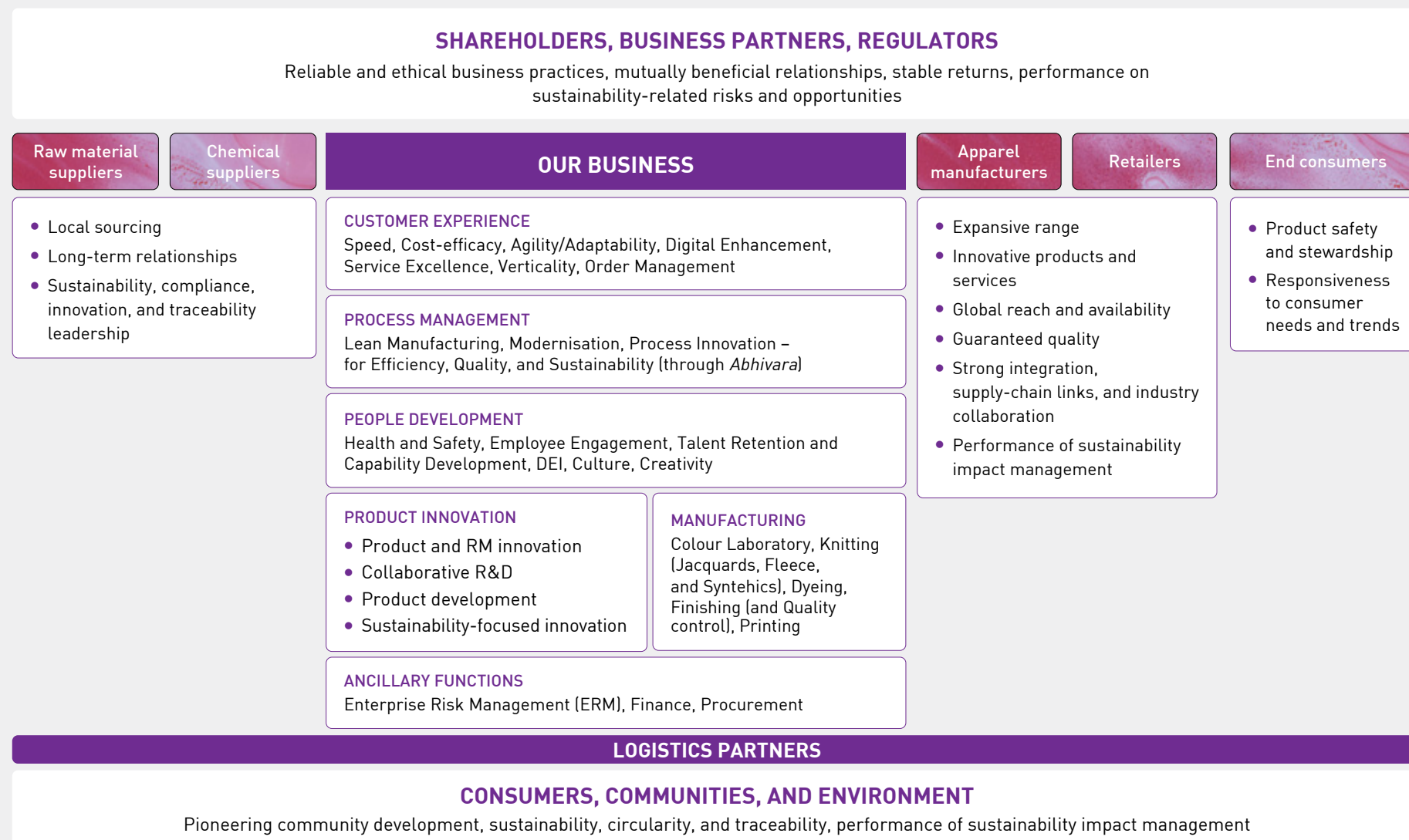
Capability enhancement of our workforce through industrial trainings and competency enhancement continues to be a major component of our strategy; positioning Teejay as an employer of choice that is able to attract and retain talent despite a challenging HR climate. Training efforts also support the roll-out of advanced monitoring systems, automated warehousing, and automated material handling, which are driving productivity gains across our operations. The section on Our People [Page](#), details our commitment to the development of our teams.



Driven by consumers increasingly seeking eco-friendly, ethical, and personalised clothing; our customers are prioritising sustainability, traceability, and customisation. We are on-track to meeting these demands, while maintaining cost-effectiveness and operational efficiency, through careful planning, sustainable sourcing, and efficient distribution systems.


Supply chain disruption due to natural disasters and geopolitical tensions is becoming a point of increasing concern. We are working to mitigate these risks through a more diversified supplier base, strategic stockpiling, and robust contingency planning. See [Page](#) for more information on our work with the fabric and textile value chain.


OUR APPROACH TO SUSTAINABLE FABRICS



OUR APPROACH TO SUSTAINABLE FABRICS

Teejay operates in the domain of Circular Knit manufacturing in the textile and apparel industry. A strong and sustainable supply chain is central to our continued success. Therefore, we maintain long-standing industry links, pursue sectoral integration, and forge robust business partnerships across the value chain; all of which enable us to create outstanding value for a wide range of stakeholders.


Refer the section on Sustainable Manufacturing [Pages](#)  for details of our manufacturing infrastructure and processes, empowered teams, and commitment to environmental stewardship and social development. The section also examines our work with suppliers and business partners to advance the industry and seek joint success.

The section on Innovation [Pages](#)  explores how innovation is enshrined in our DNA, what we are doing to transform our processes, and how we are delivering value to our customers.

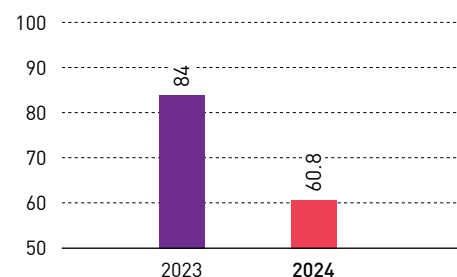


PERFORMANCE HIGHLIGHTS

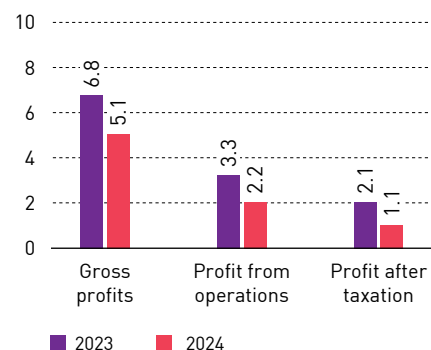
FINANCIAL HIGHLIGHTS

	Metric	2023/24	2022/23
Financial Capital 	Operations		
	Revenue	LKR '000 60,733,952	84,037,126
	Gross profits	LKR '000 5,056,641	6,842,897
	Profit from operations	LKR '000 2,213,198	3,295,076
	Profit after taxation	LKR '000 1,116,479	2,126,731
	Revenue growth	% [28]	69
	GP margin	% 8.3	8.1
	Operating profit margin	% 3.6	3.9
	Net profit margin	% 1.8	2.5
	Return on assets (ROA)	% 2.0	3.5
	Return on equity (ROE)	% 3.7	7.1
	EBITDA	% 0.0	7.9

REVENUE (LKR BN.)




PROFIT ANALYSIS (LKR BN.)



	Metric	2023/24	2022/23
Financial position			
Non-current assets	LKR '000	24,096,977	25,957,751
Current assets	LKR '000	30,935,723	34,100,466
Non-current liabilities	LKR '000	8,458,165	10,511,897
Current liabilities	LKR '000	16,444,371	17,502,968
Capital and reserves	LKR '000	30,130,164	32,043,352
Number of shares in issue	Number	716,739,975	716,739,975
Market capitalisation	LKR '000	26,949,423	22,935,679
Dividend	LKR	537,555	1,075,110
Equity ratio			
Net assets per share at year end	LKR	42.04	44.7
Earnings per share (EPS)	LKR	1.55	3
Dividend per share (DPS)	LKR	0.75	1.5
Dividend cover	Times	2.06	1.9
Dividend yield	%	1.99	4.7
Price-earnings ratio	Times	24.3	10.8
Market value per share (closing)	LKR	37.6	32
Market value per share (Highest)	LKR	40.0	47.90
Market value per share (Lowest)	LKR	28.7	30.80
Liquidity ratio			
Current ratio	Times	1.9	1.9
Quick assets ratio	Times	1.2	1.2
Debt ratio			
Gearing ratio	Times	0.89	0.7
Interest cover	Times	0.1	0.3

PERFORMANCE HIGHLIGHTS

		Metric	2023/24	2022/23
Human Capital	Total employees	Nos.	3,156	3,212
	Payments to employees	LKR '000	5,422,993	4,599,959
	Total training hours	Hours	32,354	40,401
	Average training hours/employee	Hours	10.2	12.58
Social and Relationship Capital				
	Total number of suppliers on boarded	Nos.	65	34

		Metric	2023/24	2022/23
<div>Natural Capital</div> <div></div>	Yarn raw materials	MT	20,761.90	21,508.99
	Yarn recycle	%	7	12
	Greige raw materials	MT	20,306.19	20,260.47
	Greige recycle	%	0.40	4.00
	Direct energy	GJ	898,004.22	827,761.41
	Direct energy Intensity	(GJ/Revenue Mn. LKR)	14.79	9.85
	Indirect energy	GJ	103,731.20	171,968.80
	Indirect energy Intensity	(GJ/Revenue Mn. LKR)	1.71	2.05
	Total energy	GJ	1,001,735.41	999,730.21
	Total energy Intensity	(GJ/Revenue Mn. LKR)	16.49	11.90
	Renewable	%	10	3
	Water	m³	2,326,877	2,333,496
	water discharge to river	m³	2,113,161	2,213,074
	Environmental compliance		-	-
	Carbon footprint	TCO ₂	90,010.91	108,292
	Total waste	MT	5,427.51	5,491.59
Total waste reuse and recycle	kg	3,687.15	3,753.32	
Waste reuse and recycle	%	68	68	

PERFORMANCE HIGHLIGHTS

AWARDS AND ACCOMPLISHMENTS

Excels at the CMA Excellence in Integrated Reporting Awards 2023

Teejay's annual report for FY 2022/23 was recognised with double honors at the CMA Excellence in Integrated Reporting Awards 2023, clinching the Best Integrate Annual Report Award in the Apparel Sector, and a certificate of merit overall. The award was accepted by Teejay Group CEO during the awarding ceremony held on 6 October 2023 at Taj Samudra.



Double Honors at EDB Presidential Export Awards 2023

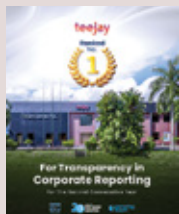
Teejay received double honors at the EDB Presidential Export Awards 2023, clinching the "Best Exporter" for FY 2022/23 and Merit Award for FY 2021/22 in the "Knitted Fabrics" category. Teejay Group CEO and Group CFO accepted the awards during the ceremony held on 23 November 2023 at BMICH premises.



PERFORMANCE HIGHLIGHTS

Teejay Ranked No. 01 for the Second Consecutive year for “Transparency in Corporate Reporting”

For the second consecutive year, Teejay secured the number one ranking for transparency in corporate disclosures in the TRAC 2023 assessment conducted by Transparency International Sri Lanka (TISL). The assessment was based on corporate disclosures of top 125 Companies listed in the Colombo Stock Exchange (based on market capitalisation).



Winning Silver at NCE Export Awards 2023

Teejay ended the year 2023 on a triumphant note, securing the Silver Award in the “Extra Large” category within the “Textiles and Garments” sector at the National Chamber of Exports (NCE) Export Awards 2023.



Teejay Wins Gold at ESQR Quality Achievement Awards 2023

Teejay was honored with the prestigious Quality Achievement Award 2023 in the Gold Category by ESQR. This recognition highlights our commitment to performance improvement, organisational excellence and customer focus.



National Merit Award for Industrial Excellence at CNCI Achiever Awards 2023

Teejay won a merit award during the CNCI Achiever Awards 2023. The awarding ceremony was held on 18 October 2023 at the Grand Ballroom of Hotel Galadari.



Teejay Wins Gold at ICSG Global Sustainability Awards 2024

Teejay began the year with an emphatic win, securing the prestigious “Gold Award” at the ICSG Global Sustainability Awards 2024 in the Apparel and Textiles Category on 14 January 2024.



PERFORMANCE HIGHLIGHTS

Triple Honors at CPM Best Management Practices Awards 2024

Teejay won 3 awards at the CPM Best Management Practices Awards 2024; Overall Winner – Bronze Award, Best Management Practices Excellence Award 2024, and Category Winner in Apparel and Garments category.



Teejay India CITI Textile Sustainability Awards 2024

Teejay India became recognised as the 1st Runner Up in the Best HR Practices category during the CITI Textile Sustainability Awards 2024, held in Barat Tec in New Delhi. The award highlights Teejay India's holistic approach to HR practices, including the creation of a safe work environment, selective hiring practices, and continuous skill enhancement.



Ranked No. 27 among the most awarded entities by LMD Ranking

Certifications and Accreditations



LEADERSHIP

Board of
Directors

Leadership
Team

Factory
Leadership
Team

Overview / [Leadership](#) / Strategic Review / Special Events / Operational Review / Governance Review
Financial Reports / Supplementary Information

BOARD OF DIRECTORS

Overview / [Leadership](#) / Strategic Review / Special Events / Operational Review / Governance Review
Financial Reports / Supplementary Information

LEADERSHIP TEAM

EXECUTIVE COMMITTEE

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Financial Reports / Supplementary Information

LEADERSHIP TEAM

CROSS FUNCTIONAL TEAM (CFT)

FACTORY LEADERSHIP TEAM

LANKA ENTITIES



SANJAYA BASNAYAKE
Chief Operating Officer –
Teejay Lanka Entities



SAMPATH KUMARAGE
Senior General Manager –
Teejay Lanka Operations



EDGA MELAN
General Manager –
Engineering



THARINDU DISSANAYAKE
Senior Manager –
HR Operations



HARSHANA FONSEKA
General Manager – Marketing



PRINCELY WEERAKOON
Deputy General Manager –
Operations



JANAKA JAYASENA
Deputy General Manager –
Marketing

INDIA ENTITY



UPUL INDIKA NALLAPERUMA
Chief Operating Officer



PRADEEP SAGI
Deputy General Manager –
Procurement



H PRABASH PRIYANTHA
General Manager –
Operations



RENUJA SELVANATHAN
Group CFO –
Finance



LALITHA ATTAPATHU
Deputy General Manager –
Planning



RODNEY DE RAFAYAL
Senior General Manager –
Marketing



PATARLAPALLI SWATHI
Deputy General Manager –
HR & Administration

STRATEGIC REVIEW

Chairman's
Statement

CEO's
Review

Operating
Environment

Financial
Capital

Our
Transformative
Strategy

Building a
Sustainable
Business

CHAIRMAN'S STATEMENT



Teejay's innovation efforts during the year saw a shift of R&D emphasis to high-impact areas like synthetic product development, sustainable materials, and advanced manufacturing techniques.

CHAIRMAN'S STATEMENT

The 2023/24 financial year presented an opportunity for the Teejay Group to showcase resilience and adaptability. As the global economy started on a slow path to recovery, the textile and apparel industry continued to battle turbulence. Escalating geopolitical conflicts and global unrest triggered a domino effect, weakening purchasing power, dampening growth rates and causing fluctuation in fuel prices. These compounding factors, alongside persistent inflation in our key markets, significantly impacted sales volumes.

Locally, political instability and Rupee appreciation eroded Sri Lanka's competitiveness and appeal as a sourcing destination. Additionally, Teejay's Sri Lankan operations faced high utility tariffs, which drove up operating costs and put stress on our operating dynamics. We had to also contend with policy changes in 2023 and 2024, such as the steep increase in corporate tax rates and VAT.

A six-quarter decline in our order books necessitated a swift transition from fully loaded plants to an optimised state. This together with the earlier outlined impacts demanded significant streamlining of processes and improvements in productivity and cost efficiencies, all while adapting to evolving customer buying behaviour.

Our established presence in India and strategic expansion in Bangladesh offered a foothold to cultivate new partnerships and explore promising prospects across Asia. I am pleased to state that Teejay successfully navigated the year's complexities and emerged with a positive trajectory which will augur well for the future.

OUR STRATEGIC APPROACH

Teejay's focus in 2023/24 centred on customer centricity, operational optimisation and maintaining a steadfast commitment to sustainability. Our dedication to environmental stewardship has always served as a guiding compass, and we made significant progress during the year in reducing reliance on fossil fuels and transitioning to renewable energy sources.

Furthermore, we endeavoured to strengthen our customer base by expanding into new markets and cultivating strong relationships with new clients, while crystallising existing partnerships through increased engagement and collaboration.

Product diversification played a key role during this financial year, with the building of capabilities in our fleece and jacquard offerings. Aligning with our core values, we remained committed to achieving operational excellence. This necessitated implementing cost-efficient models and strategic plant shutdowns to maximise efficiency. The team's remarkable ability to run an optimised plant despite under-utilisation was highly commendable.

Innovation was another core focus for us, as Teejay pioneered the use of an IoT system for online monitoring, bringing real-time data to the forefront for efficient decision-making. The result was a material drop in energy costs. The Group also implemented the SAP S/4 HANA ERP system across all three plants. This digital transformation unlocks a wealth of information, allowing us to optimise productivity and streamline processes.

FINANCIAL PERFORMANCE

Despite a 28% decline in revenue due to the appreciation of the Rupee, weakened consumer spending, supply chain disruptions, and price pressures, the Teejay Group remained resilient through tough economic circumstances. A strong final quarter helped anchor our financial results with Revenue of LKR 60.8 Bn. for 2023/24. The Group also showed an increasing trend in gross profit which gives me confidence that we have emerged from this difficult year, well-positioned for future growth.

MILESTONES FOR 2023/24

Teejay's innovation efforts during the year encompassed shifting our research and development emphasis to high-impact areas like synthetic product development, sustainable materials, and advanced manufacturing techniques. With the aim of bringing viable concepts to the market, we adopted a systematic approach to manage our innovation pipeline, effectively steering innovative schemes from ideation to eventual commercialisation.

Beyond innovation, our achievements for the year extended to transparency and global reach. For the second consecutive year, Teejay secured the number one ranking for transparency in corporate reporting. Additionally, Teejay's expansion in Bangladesh is reflective of our strategy to grow our footprint in the Asian region.

CHAIRMAN'S STATEMENT

AT THE FOREFRONT OF SUSTAINABILITY

The Teejay Group's sustainability roadmap, Abhivarah 2030, aligns with globally recognised frameworks, including the Sustainable Development Goals (SDGs) set by the United Nations, the principles of the UN Global Compact (UNGC), and the Science Based Targets initiative (SBTi).

We employ a robust Sustainability Management Framework (SMF) that focuses on identified material topics. The Group leverages a sustainability software tool to monitor key performance and risk indicators. This commitment to data driven decision making is further strengthened by adherence to well defined internal sustainability standard operating procedures (SOPs).

Rigorous quarterly performance reviews conducted by the CEO and senior management to track the Group's progress on ESG metrics. For 2023/24, the Group's Scope 1 and Scope 2 Carbon Footprint was 89,554 MT, representing a significant reduction from 108,292 MT in 2022/23. Similarly, water withdrawal also saw a substantial decrease, dropping to 2,326,877 cubic meters in 2023/24 compared to 2,343,969 cubic meters in the previous year.

Teejay's ambitious emission reduction goals have received SBTi approval. Our near-term targets aim for a significant reduction in greenhouse gas emissions, with a 42% decrease in Scope 1 & 2 emissions by 2030 and a 25% reduction in Scope 3 emissions within the same timeframe. Looking further ahead, we are committed to achieving Net Zero Carbon emissions by 2050.

The Group prioritises creating a supportive and enriching work environment, which extends to staff engagement activities and a commitment to safety. We also invest in providing an average of 10.2 hours of training per employee each year.

Beyond the workplace, our social responsibility efforts help create sustainable livelihoods through the "Thirasara Mehewara" initiative. This multifaceted programme encompasses projects that support employees, community development initiatives focusing on education and sanitation, green investments to minimise environmental impact, and collaborations with industry peers and academic institutions to elevate the textile education landscape.

A Cornerstone of Sri Lanka's Development The fabric and apparel accessory manufacturing industry is a powerhouse for Sri Lanka's economy, contributing 7% of GDP, while apparel alone brings in over half of all export revenue. As a driving force in the industry, Teejay Group plays a pivotal role in national development. In 2023/24, Teejay withstood the harshest challenges of a turbulent operating environment and brought in revenue and much-needed foreign exchange of USD 150 Mn. for the economy.

Moreover, across the Group, we employ a workforce of over 3,000 individuals, not only uplifting the nation's labour force but also providing valuable employment opportunities.

With a supply chain that operates predominantly in Sri Lanka, Teejay contributes significantly to the local apparel industry by securing substantial orders, this economic impact is indicative of our engagement as a responsible corporate citizen.

Teejay prioritises accountability, a dedication to best practices and ethical conduct, by upholding the highest standards of corporate governance. We have placed great emphasis on ethical and legal business dealings, zero tolerance for corruption, bribery and any form of harassment or discrimination in our workplace and any work-related situation outside work.

A BRIGHTER TOMORROW

The Teejay Group is looking at an upward trajectory in the upcoming years, with a clear path mapped out to reaching a USD 300 Mn. revenue target.

However, a challenging landscape lies ahead dictated by changing consumer behaviour. The market is craving sustainable products that do not compromise on performance, functionality, or price. Meeting ethical standards will require greater traceability across the supply chain. Teejay anticipates stricter regulations and requirements around sustainability and ethical practices.

Despite geopolitical instability posing threats of economic fluctuations and continued supply chain disruptions, global expansion is on the cards for the Group. With the "China Plus One" strategy enabling the subcontinent to become a growing hub for foreign investment, Teejay India is strategically positioned to capitalise on the shift.

Product diversification and innovation are at the forefront of Teejay's growth strategy. We are transitioning our product mix to include more synthetics that cater to emerging market trends, while building on existing product capabilities.

CHAIRMAN'S STATEMENT

Furthermore, Teejay has embarked on a digital transformation journey by integrating data driven platforms and analytics.

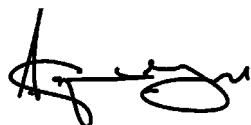
APPRECIATIONS

I would like to take this opportunity to express my sincere gratitude to all those who stood with us through another challenging year. To our team, your diligence and commitment to excellence are the foundation upon which Teejay thrives. Thank you for consistently propelling us forward. I am thankful for the strategic vision of our leadership team, which has been instrumental in navigating a complex landscape and laying the foundation for sustainable growth.

I take this opportunity to thank our outgoing Directors, Prof. Malik Ranasinghe & Mr Amitha Gooneratne for their visionary leadership over the past years and wish to welcome Mr William (Bill) C McRaith & Mr Shrihan B Perera who have joined as Independent Non-Executive Directors with effect from 1 March 2024.

The Board of Directors, your invaluable counsel and support are deeply appreciated. Your dedication to responsible governance ensures Teejay operates with the highest ethical standards. To our investors, your trust and continued confidence in our vision fuel our ambition.

Finally, to our valued customers, suppliers, and partners, your collaboration and shared values have been integral to our success. We look forward to strengthening these relationships as we journey together towards a more sustainable and prosperous future. We remain committed to delivering long-term value to all our stakeholders.



Ajit Gunewardene

Chairman, Independent Non-Executive Director

5 June 2024

CEO'S REVIEW



Teejay demonstrated remarkable resilience and grit, implementing strategic actions that led to a breakeven scenario in the first half of the Financial Year, followed by consecutive progressive profits earned in the third and fourth quarter.

CEO'S REVIEW

It is with great pleasure that I present to you, the Teejay Group's annual report for the fiscal year 2023/24. While the global landscape posed challenges for the textile industry, impacting Sri Lanka's export and manufacturing sectors, Teejay navigated these headwinds with resilience and strategic foresight. We take much pride in the strategic initiatives introduced during the year, which solidify a strong foundation and position us well for steady growth in the years ahead.

A YEAR FOR RESILIENCE

In 2023/24, high interest rates, inflationary pressures, market softness were a common occurrence in our key markets: UK and Europe. Conflict in Ukraine and Russia, as well as in the Middle East presented obstacles, both in market sentiment and costs of moving goods from East to West.

The lingering effects of the pandemic presented unique challenges. High customer inventory levels resulting from the post COVID-19 period resulted in a slowdown of new order placement, leading to a scenario of lower order volumes. The shift towards a buyer's market intensified competition and created a price sensitive environment. Teejay took steps to proactively navigate these dynamics by strengthening customer relationships and exploring new options in the Asian market.

The beginning of the year under review for Teejay, mirrored the rocky state of Sri Lanka's economy. Persisting supply chain difficulties, high electricity and water tariffs in the local context, and fluctuating world petroleum prices impacted the Country's manufacturing sector and drove up operating costs. As our Group

incurred a loss of LKR 853 Mn. in the first quarter, representing a significant YoY decline of 168%. Despite this early setback, the Group rallied to meet the challenges head-on. Our organisational agility, access to new markets, and prioritised differentiation through innovation, value-added products, and sustainable manufacturing practices, held us in good stead. We have successfully looked beyond traditional avenues and are well positioned for future growth.

March brought a significant milestone for the apparel industry, with exports witnessing a notable 7.7% YoY expansion the highest monthly export earnings since December 2022.

Despite ongoing global unrest, we have begun to witness a positive shift, with order volumes to our strategic customers. This trend aligns with normalising inventory levels and a recovering market. The "China Plus One" strategy and the de-risking of production in Bangladesh present exciting opportunities. We are approaching the coming year with cautious optimism, ready to capitalise on these promising developments.

OUR FINANCIAL PERFORMANCE

The significant financial challenges the Teejay Group faced in Financial Year (FY) 2023/24, built on several years of hardship for Sri Lanka, underscored the pervasive economic struggles gripping the nation. Our revenue closed at LKR 60.8 Bn. for the financial year, reflecting a 28% YoY decline, primarily due to the reduction in volume, mix challenges and the Rupee appreciation. Net profit also decreased by 48% YoY to LKR 1.1 Bn. impacted by market softness, global economic pressures causing margin pressure, and

persistently high operating costs. Despite these setbacks, Teejay demonstrated a remarkable resilience and grit, implementing strategic actions that led to a breakeven scenario in the First Half of the financial year followed by consecutive progressive profits earned in third and fourth Quarter respectively. We expect this upward momentum to continue into the coming year.

A STRATEGIC OUTLOOK

We stayed true to our Long Range Plan (LRP), despite turbulent circumstances, which serves as the roadmap to achieving our ambitious growth target of USD 300 Mn. in revenue by FY 25/26. This plan leverages our existing strong foundation, high-performing Strategic Business Units (SBUs), while also exploring promising new avenues for growth.

In line with our long-term strategy of aligning with customer expectations and market trends, the Group pursued to enhance our product capabilities and adapt our product mix to cater customer demand. We focused on offering customised solutions to better match each customer's needs. Increased prominence was given to innovating synthetic products, a key area of long-term growth. The introduction of jacquard and fleece into our portfolio over the last few years has been extremely successful, with the Group receiving bulk orders for both fleece and jacquard during the year.

Investments in single jersey jacquard knitting technology across Teejay India and Teejay Prints also yielded benefits throughout the year. Our offerings are further strengthened with the addition of finer gauge knitting capabilities and advanced reactive printing, which enables us to explore new segments within the specialised knit fabric space.

CEO'S REVIEW

The Group achieved significant milestones during the year under review. A new Business Unit was formed specifically to target and incubate new customers in Asia and the surrounding region. Despite the initial challenges of entering the Bangladeshi market, we further expanded our reach by opening a new office. The Group did so by hosting a brand launch to establish our footing as a "one stop fabric solutions provider for the Bangladeshi market". This strategic move is already yielding positive results, with the Company experiencing early signs of growth that are expected to translate into significant revenue gains in FY 2024/25.

We introduced novel products featuring bio-based, biodegradable, and recycled fibers, including organic cotton, recycled polyester, and new bio-based materials like PLA (polylactic acid). Looking beyond today, the Company is investing in the future of sustainable textiles. Partnerships with regenerative cotton farming and genetic traceability initiatives will ensure ethical sourcing practices and create a lasting positive impact on the environment.

Our operations are underpinned by a strong commitment to operational excellence. This journey prioritises increasing efficiency, enhancing product capabilities, and embedding environmentally friendly production processes.

Teejay implemented several strategies to address short-term challenges and maintain profitability. Management took bold decisions to "right-size" production capacity to optimise operations. In response to the dynamic nature of orders and customer demands for agility and speed, the Group strategically implemented different operational models. These models cater to diverse customer requirements, maximise capacity utilisation, and enhance utility

performance. Additional measures were taken to improve productivity and overall cost efficiencies: implementing working capital management strategies and introducing an inventory management system.

OUR TRANSFORMATION JOURNEY

The Teejay Group demonstrates leadership in sustainability with a robust ESG framework that forms the foundation of our decision making. Our facilities are committed to the Science-Based Targets initiative (SBTi), with near-term targets already receiving approval. We have an established timeline, aiming to achieve a 42% decrease in Scope 1 and 2 emissions by 2030, alongside a 25% reduction in Scope 3 emissions within the same timeframe. Ultimately, Teejay is committed to achieving Net Zero emissions by 2050.

We continued to perform exceptionally in the Higg FEM environmental module, with Teejay Lanka achieving remarkable scores of 90%, 94% and 97% for the past 3 consecutive years (one of the best scores within the Sustainable Apparel Coalition). Teejay Prints and Teejay India also demonstrate their own strong commitment to environmental responsibility through self-assessments scoring 85% and 90% respectively.

Furthermore, we made the strategic decision to pursue the NCPC Eco Label Certification Programme. Teejay Lanka is also in the process of obtaining ISO 50001:2018 Energy Management Systems Certification, guided by a comprehensive energy reduction utilisation plan with targeted goals.

At Teejay, sustainability and supply-chain traceability go hand in hand. We collaborate with our partners to maintain end-to-end visibility of raw materials, ensuring the elimination of restricted materials and

upholding ethical practices throughout our operations. Recognising the importance of customer preference, Teejay actively engages with brands to integrate their preferred traceability platforms.

Furthermore, Teejay, in collaboration with Sri Lanka's leading apparel manufacturers and the apex body for Sri Lankan apparel manufacturers, Joint Apparel Association Forum (JAAF) are working on a ground breaking initiative: a QR code system label on clothing items, offering end-to-end supply chain visibility to all stakeholders.

Environmental stewardship is a core value for the Teejay Group. During the year, we actively participated in several conservation projects, including partnering with the Central Environmental Authority on the "Greening Sri Lanka" tree planting initiative. We also collaborated with the Wildlife and Nature Protection Society of Sri Lanka on the "*Mihikathata Adaren*" biodiversity programme and the Maskeliya reforestation project. These initiatives are driven by our deep commitment to nurturing and safeguarding Sri Lanka's precious flora and fauna.

We are proud to announce that our commitment to ethical, responsible and transparent business practices paid off as we were ranked No.1 for transparency in corporate reporting for the 2nd consecutive year in 2023 amongst top 125 listed entities in Sri Lanka in the TRAC assessment carried out by transparency international Sri Lanka (TISL).

Furthermore, Teejay made significant strides in its transformative digitalisation strategy. SAP S/4 HANA was successfully implemented across all our plants. Benefits of the ERP system that was rolled out across the Group last year, were realised during this financial

CEO'S REVIEW

year; with streamlined operations and valuable insights unlocking new opportunities.

We also introduced a comprehensive approach that utilises Internet of Things (IoT) devices to capture utility and operational data from machinery and infrastructure, with ongoing expansion of coverage. A digital fabric library was established to improve access and integration, and a solution was implemented to enhance business-to-business visibility. Teejay also re-implemented an HR solution with broader coverage and further enhanced reports using AI technology.

FOCUSING ON THE FUTURE

We also prioritise transparency and accountability. The era of self-regulation in the fashion industry, is drawing to a close. Consumers are increasingly demanding transparency, wanting to know the origin and journey of the raw materials used in their clothing. Acknowledging this shift, we are increasingly integrating circular principles into our practices. Teejay works closely with suppliers to source, produce, and incorporate recycled materials into our products. This commitment not only aligns with evolving customer preferences, but also prepares us for the wave of regulations impacting both consumers and fashion players across jurisdictions.

The global textile industry faces a wave of disruption in the coming years. Mass customisation is driving consumer demand for personalised clothing, requiring suppliers to rapidly adapt to new technologies. While demand for smart clothing surges and the lines between outdoor and lifestyle apparel blur, innovation struggles to keep pace, hindering the ability to meet these evolving market needs.

The industry is also committed to embrace digital factories utilising IoT, RFID (Radio Frequency Identification), Cloud based tools and AI technology and other technologies for greater efficiency, quality control, and sustainability. Rapid data analysis will become crucial to informed decision-making and swift adaptation, necessitating significant investment in sophisticated technologies by brands and suppliers alike.

To navigate this complex landscape, Teejay Lanka PLC has already taken proactive steps. We have implemented a continuous improvement approach to sustainable practices, actively pursuing innovation to stand out in a saturated market. Our commitment to sustainable growth is evident in the adoption of a Long Range Planning approach. Our efforts are supported by a rolling 3-year planning process with annual revisions, which positions Teejay for success as economic recovery begins to take shape.

By demonstrating exemplary transparency placed on ethical and legal dealings, zero tolerance for corruption, bribery and any form of harassment or discrimination in our workplace and any work-related situations and adherence to best practices and through our pledge to gender equality across recruitment, promotions & equal pay policies, Teejay Group reinforces its reputation as a responsible corporate entity that prioritises accountability and ethical conduct.

ACKNOWLEDGEMENTS

I would like to express my deepest gratitude to our esteemed Board of Directors, for their visionary guidance, including our outgoing directors Mr Amitha Gooneratne and Prof. Malik Ranasinghe. I also extend a warm welcome to Mr William (Bill) C McRaith and Mr Shrihan B Perera, they bring a very unique mix of

customer awareness and industry experience, coupled with home-grown insights and local experience. To the remarkable resilience of our leadership team, in the face of many hardships that marked the start of this financial year; your dedication has been instrumental in turning our trajectory around. Our achievements during the year would not have been possible without the dedication of our dynamic global team. I am incredibly proud of their commitment throughout this challenging year. I want to express my sincere gratitude to our extraordinary employees for their understanding during the toughest of times. Your commitment and dedication towards the success of the organisation and the sustainability of the business are praiseworthy. Your flexibility and agility are truly commendable, especially in such a fast paced industry.

My appreciation also goes out to our valued suppliers who worked closely with us to overcome the tough market conditions. To our shareholders, my sincere thanks for your continued support and trust. Your belief in our vision and strategies is a driving force behind our accomplishments.

Finally, I am grateful to our customers and business partners for having faith in us and being instrumental to our success. We look forward to building and strengthening enduring relationships and delivering value as we pursue shared goals.



Pubudu De Silva

Group Chief Executive Officer

5 June 2024

OPERATING ENVIRONMENT

THE GLOBAL ECONOMY

In 2023, global trade experienced a 3% year-on-year (YoY) contraction to USD 31 Tn., compared to 2022. This downturn can be attributed to lower demand in developed economies and weaker trade in East Asia and Latin America. Goods trade dropped by 5% YoY, while service trade grew by 8% YoY, driven by a significant 40% surge in tourism and travel-related services. Despite the overall decline, the environmental product trade rose by 2%, primarily driven by a 60% surge in electric vehicle sales, highlighting shifting market demands and preferences.

Meanwhile, the US economy expanded by 2.5% YoY, with emerging and developing Asia and Europe seeing higher growth rates of 5.4% YoY and 2.7% YoY, respectively. The Middle East and Central Asia experienced a 2% YoY growth in 2023. This expansion was fueled by increased government and private spending, supported by real disposable income gains and the gradual easing of labour market conditions. However, growth remained notably sluggish in the European region, due to weak consumer confidence and high energy prices.

Despite most industries experiencing a decline in trade value, the final quarter of 2023 showed signs of stabilisation, particularly in developing regions, potentially marking the beginning of a recovery phase. Looking ahead to 2024, GDP growth is expected to hold steady around 3%, with a surge in demand for environmental goods, especially electric cars, propelling trade growth. However, logistical challenges like shipping disruptions in the Red Sea, Black Sea, and Panama Canal are expected to increase costs and potentially disrupt supply chains, tempering the optimistic outlook.

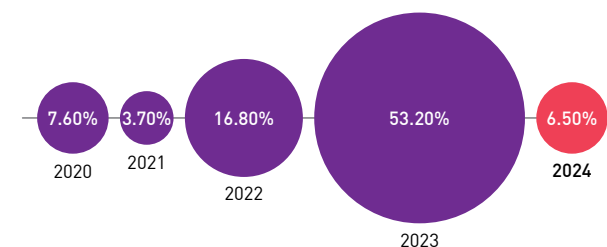
THE SRI LANKAN ECONOMY

The Sri Lankan economy faced significant challenges, experiencing a sharp contraction of 7.9% in the first half of 2023. The decline stemmed largely from reduced private credit and supply chain disruptions, heavily impacting sectors like construction, manufacturing, real estate, and financial services. However, a dramatic shift occurred by August 2023. Headline inflation plummeted to 4%, down from a staggering 69.8% the previous year. Inflation too, which had reached crippling heights in 2022, dropped to single digits. This significant improvement prompted the central bank to loosen its monetary policy.

Sri Lanka saw a dramatic turnaround in its economic situation by the end of 2023. The economy also emerged from its six-quarter-long slump, recording positive growth in the latter half of the year. Furthermore, the twin deficits – the Government budget deficit and the external current account deficit, which were major causes of the economic downturn, showed signs of improvement in 2023. Additionally, external buffers, which had been nearly depleted during the crisis, were also replenished during the year.

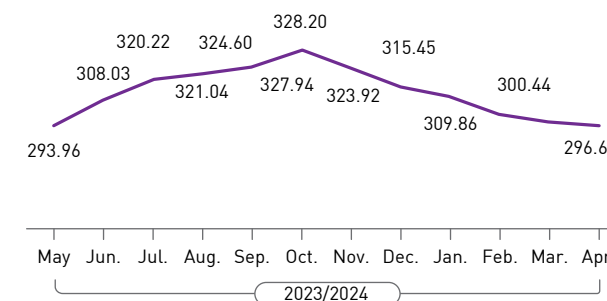
Improved foreign exchange inflows driven by a rebound in tourism, services exports, and workers' remittances, coupled with subdued import demand, eased the severe foreign exchange crunch experienced during the crisis. The Central Bank's net purchases of foreign exchange inflows, along with funds from the multilateral partners, helped in increasing the country's international reserves. In light of these developments and increased market confidence, the Sri Lankan Rupee strengthened in 2023 and early 2024.

INFLATION TREND IN SRI LANKA (2023/24)



Note: Figures are National Consumer Price Index as of January each year – YoY Headline inflation

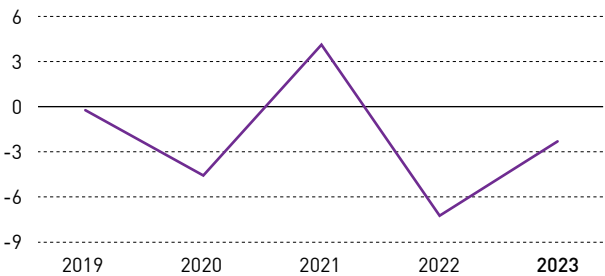
CURRENCY FLUCTUATION IN SRI LANKA (2023/24) (LKR)



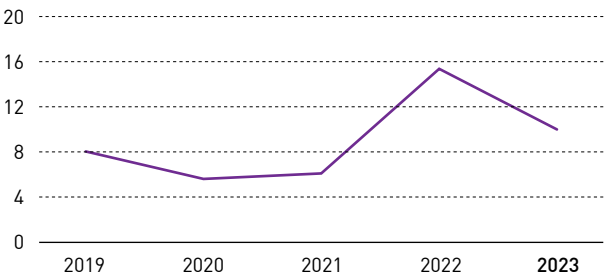
Note: LKR/USD exchange rate

OPERATING ENVIRONMENT

GDP GROWTH RATE (%)



INTEREST RATE (SLFR) (%)



KEY CHALLENGES

While Sri Lanka’s economic performance is on the road to recovery, downside risks and issues still persist within the country, paving a narrow path to recovery.

Sri Lanka witnessed a decline in consumer spending, despite inflation dipping to single digits in 2023. It rose to 4% in December 2023 from 3.4% in November, causing higher production costs, operating expenses, and transportation costs. This increase negatively affected consumer purchasing power. Moreover, a steady rise in food inflation from 0.3% in December 2023 to 3.3% YoY in January 2024, and then to 3.5% in February 2024, due to price increases of 1.21% in the food category and 1.66% in the non-food category, further strained household budgets. This combination of rising inflation, especially in food items, and increasing costs across the board is likely to continue pressuring consumer spending and potentially lead to a higher cost of living.



Tax regime – the corporate tax rate in the country was raised to 30%. With a significant debt repayment due in 2024, the government allocated LKR 3 Tn. for servicing international sovereign bonds. To manage this financial burden, the Government proposed raising the debt ceiling by LKR 3.45 Tn., bringing it to LKR 7.35 Tn. Further, Value Added Tax (VAT) was increased by 3% in early 2024, to broaden the tax base and boost government revenue.



Electricity tariff – Fluctuating and unpredictable electricity tariffs have significantly increased operational costs and hindered long-term planning for companies.



Labour Mobility – The migration of skilled workers from the country due to the economic crisis has resulted in Labour shortages, particularly in the executive and management positions of companies.

FINANCIAL CAPITAL

Teejay Group navigated a challenging period in 2023/24, marked by a decline in revenue and gross profit, as the global economy charted a slow recovery and the textile and apparel industry contended with ongoing uncertainties. Weakened purchasing power, subdued growth rates, and persistent inflation in our main markets significantly impacted sales. Supply chain disruption due to geopolitical issues, climate and weather changes, and fuel price fluctuations, continued to affect the industry in 2023/24, causing delays and increasing costs.

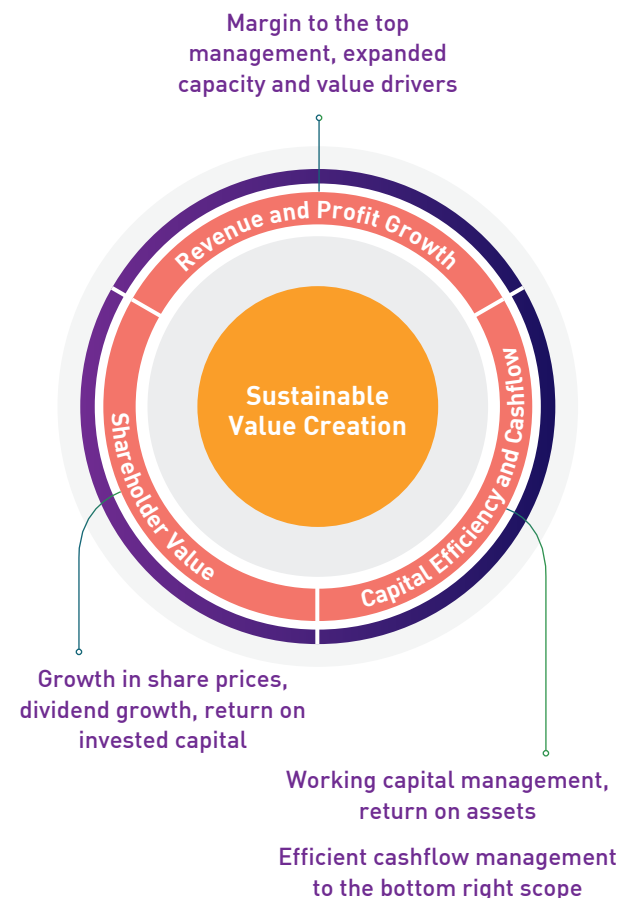
Price pressure from customers, subdued order volume, and decline in yarn prices contributed to reduced revenue, while changes to taxation, tariff increases to essential utilities, and a number of other factors pressured our bottomline. While the year saw interest rates decline, improving attractiveness of borrowing, it also lowered income from the Group's investments in short-term deposits.

Despite the challenges faced, our Group remained profitable throughout the year and displayed remarkable resilience in the face of this economic and industry climate. Closing the year under review with a strong Q4 performance has set a positive tone for the year ahead. Our proactive response to the business environment, including stringent inventory management, efficient cost reduction strategies from primary business units, and timely execution of initiatives in line with a visionary strategic roadmap for future growth; contributed significantly to the fourth quarter gains we achieved.

We realised a marginal increase in GP margin during the year under review; a hard-won achievement despite decline in revenue, price pressure from customers, appreciation of the Sri Lankan Rupee against the US Dollar, and utility cost escalation.

Even though the Group directed efforts to navigate a challenging period, we retained focus on the three financial pillars that serve as an engine for Teejay's ability to create value in the long term: Revenue and Profit growth, Capital Efficiency and Cashflow, and Outstanding Shareholder Value. The Group's financial strength and strong balance sheet enabled us to also exercise future focus and make strategic decisions. Bold investments made in 2023/24, such as introduction of new machinery, ensure Teejay is well equipped to make significant gains in the years ahead, aligned with evolving industry trends.

Investments and capital expenditure during the financial year focused on knitting machines that bolster our production capacity for Seamlesswear. This new manufacturing technique plays a key role in the functionality and aesthetic of athleisure and activewear, and also contributes to a growing segment of intimate wear.

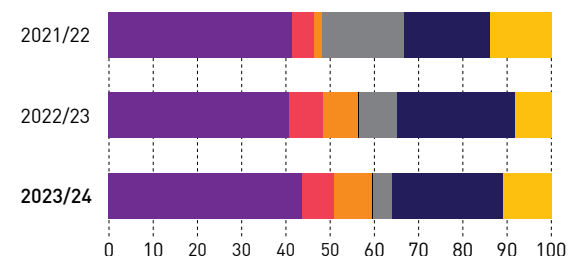


FINANCIAL CAPITAL

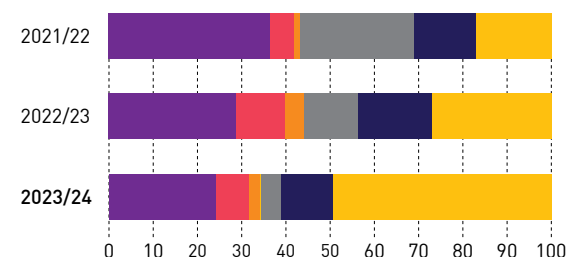
ECONOMIC VALUE ADDED

LKR Mn.	2023/24				2022/23			
	Group		Company		Group		Company	
Revenue from contracts with customers	60,734		38,579		84,037		50,383	
Finance income	455		501		811		745	
Other income	203		103		532		1,519	
Economic Value Generated (EVG)	61,392		39,183		85,380		52,647	
Distributed as follows;								
Cost of production and other OH	(48,913)		(27,082)		(72,686)		(43,763)	
Value added by operating activities	12,479		12,102		12,694		8,884	
Employees: Salaries, wages and other benefits	5,451	43.7%	2,963	24.5%	5,176	40.8%	2,573	29.0%
Government: taxes	896	7.2%	869	7.2%	995	7.8%	981	11.0%
Lenders of capital: Interest	1,096	8.8%	337	2.8%	990	7.8%	380	4.3%
Community investments	12	0.1%	12	0.1%	25	0.2%	9	0.1%
Shareholder: Dividends	538	4.3%	538	4.4%	1,075	8.5%	1,075	12.1%
Economic value retained within business								
Depreciation	3,105	24.9%	1,445	11.9%	3,381	26.6%	1,487	16.7%
Gross value retained	1,382	11.1%	5,939	49.1%	1,052	8.3%	2,379	26.8%
Total distribution	12,479	100%	12,102	100%	12,694	100%	8,884	100%

ECONOMIC VALUE ADDITION – GROUP (%)



ECONOMIC VALUE ADDITION – COMPANY (%)



■ Employees: Salaries, wages and other benefits
■ Government: taxes
■ Lenders of capital: Interest
■ Community Investments
■ Shareholders: Dividends
■ Depreciation
■ Gross value retained

The Group's total value added by operating activities reducing by 2% YoY to reach LKR 12.5 Bn. in FY 2023/24, while the Company's value added by operating activities experiencing a growth, increasing by 36% to LKR 12.7 Bn. during the same period.

Gross value retained improved from 8% to 11% from the total value added by operating activities and furthermore, employees' salaries were also improved from 41% to 44%.

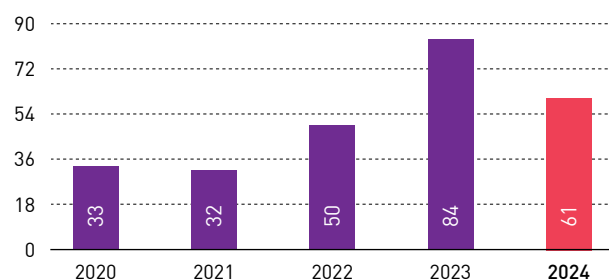
FINANCIAL CAPITAL

REVENUE

We saw revenue decline by 28% during the year under review, primarily caused by factors that presented during the tail end of the previous financial year continuing into 2023/24. Low order-book driven by reduced demand in the face of global macroeconomic headwinds, price pressure from customers, and reduction in yarn prices and appreciation of the LKR resulted in revenue reduction. Yarn prices that had climbed in previous years due to effects of the pandemic and geopolitical instability on the supply chain, saw a decline during the period under review.

Drop in sales volume and selling price during the year was aggravated by strengthening of the Sri Lankan rupee, which resulted in translation and transaction losses. Average LKR/USD exchange rate of 351.81 in FY 22/23, moved to 313.32 in FY 23/24.

REVENUE (LKR BN.)



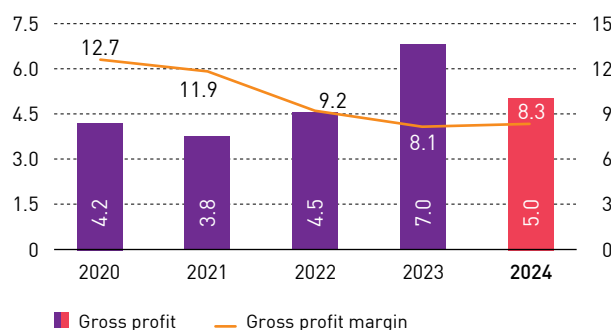
Profitability

Increased customer price pressure, decline in confirmed orders, and high inventory levels at customer end dampened overall revenue generation, affecting our topline and directly impacting profitability. While a shift in product mix toward higher-margin synthetics, coupled with efficiency improvements bolstered profit margin during the year; underutilised production capacity resulted in per-unit cost increases, which impacted profitability.

Gross profit

Despite a confluence of negative external factors, the Group achieved a Gross Profit of LKR 5.1 Bn. during the year under review. While this is a 26% reduction YoY, it is a strong performance amidst industry-level challenges. Effective utilisation of the Group's production capacity across two geographical locations, supported by stabilisation yarn prices.

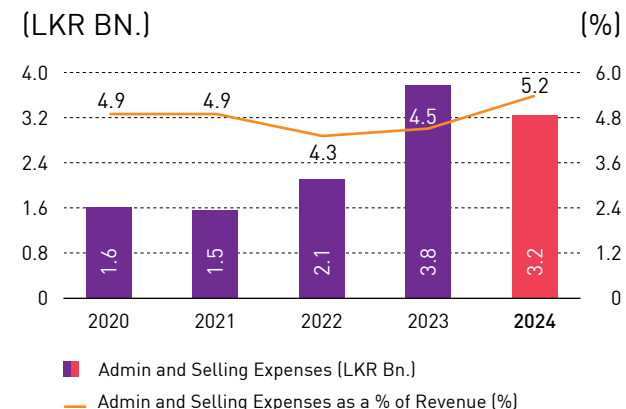
GROSS PROFIT AND GP MARGIN (LKR BN.)



OPERATING EXPENSES

Even as Group administration and distribution costs declined as a result of revenue reduction, these costs as a percentage of revenue grew by 16% YoY and further squeezed margins. This pressure on our margins reflects persistently high overall domestic expenses and other direct costs, which spiked sharply the previous year after Sri Lanka's economic crisis induced currency depreciation and inflation.

OPERATING EXPENSES AND OPERATING EXPENSES AS A % OF REVENUE

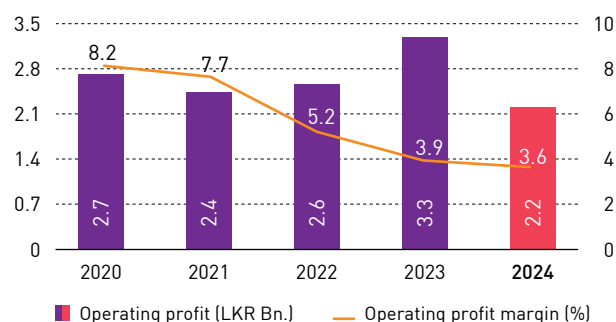


FINANCIAL CAPITAL

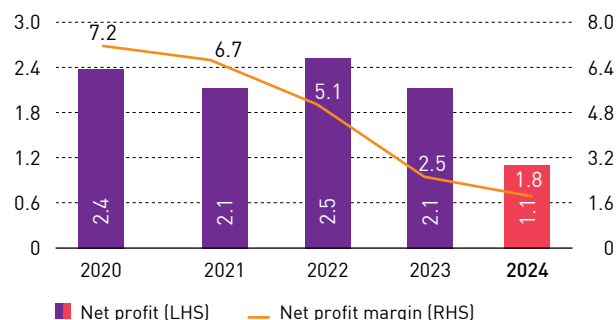
Operating profit

The Group recorded a steep 33% decline in Operating Profit, to LKR 2.2 Bn., from LKR 3.3 Bn. in 2023/24. However, our Operating Profit Margin remained fairly stable, with a minor decrease to 3.6% in 2023/24, compared to 3.9% the previous financial year. Group Profit After Tax (PAT) for the year under review stood at LKR 1.1 Bn., a reduction of 48% YoY.

OPERATING PROFIT AND OPERATING MARGIN (LKR BN.) (%)



NET PROFIT AND NET PROFIT MARGIN (LKR BN.)



TAX EXPENSE AND STRATEGY

Tax Strategy for Sri Lanka

Teejay Lanka PLC's tax planning encompasses meticulous calculation and preparation of tax returns, covering Corporate Tax, VAT, SVAT, WHT, Stamp duty, and other revenue taxes, ensuring strict adherence to legislative requirements and timely submission well before the due dates. To further enhance its compliance and efficiency, company seeks advice from experienced tax specialists, guaranteeing alignment with Sri Lanka's tax laws. Additionally, the Company estimates monthly taxes based on business performance, providing vital support to the treasury function.

Moreover, Teejay Lanka PLC remains proactive in keeping Management informed of any changes in Tax Laws, enabling them to make well-informed decisions. As part of its commitment to staying abreast of industry developments, the Company collaborates closely with renowned industry associations such as the Fabric and Apparel Accessory Manufacturing Association (FAAMA) and the Joint Apparel Association Forum Sri Lanka (JAAFSL).

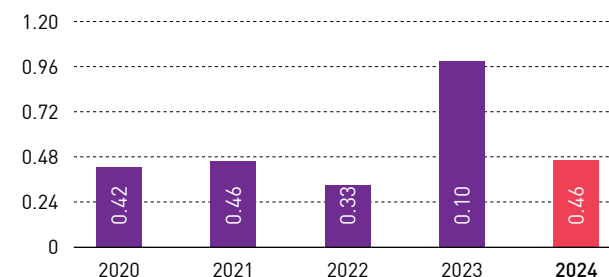
Tax Strategy for India

Teejay India (Private) Limited's tax planning encompasses meticulous calculation and preparation of tax returns, covering Corporate Tax, IGST, Customs, Stamp duty, SEZ act and other revenue taxes, ensuring strict adherence to legislative requirements and timely submission well before the due dates. To further enhance its compliance and efficiency, Company seeks advice from experienced tax specialists, guaranteeing alignment with India's tax laws. Additionally, the Company estimates monthly taxes based on business performance, providing vital support to the treasury function.

Tax Expenses

The Group recorded a tax expense of LKR 463 Mn. in 2023/24, a 53.2% decline YoY, reflecting the reduction in profit before tax as a result of decreased in sales volumes.

INCOME TAX EXPENSE (LKR BN.)

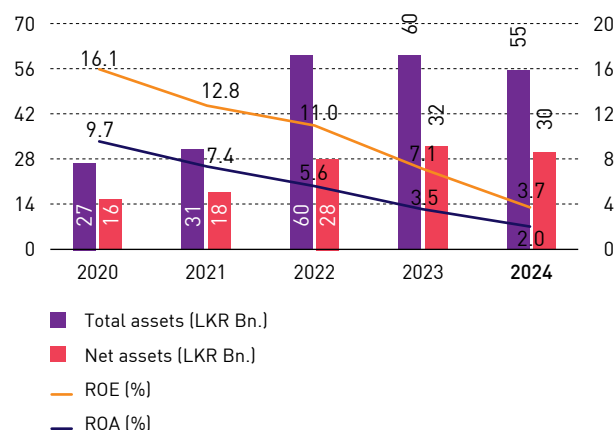


FINANCIAL CAPITAL

Capital Efficiency

Subdued performance during the year, compounded by increased tax rates, low capacity utilisation, and reduced order volumes had a detrimental effect on the Group's ratios. Return on Assets (ROA) declined to 2% in 2023/24 from 3.5% the previous year, while Return on Equity (ROE) declined to 3.7% from 7.1% the previous year.

TOTAL ASSETS AND ASSETS VS ROA AND ROE (LKR BN.) (%)

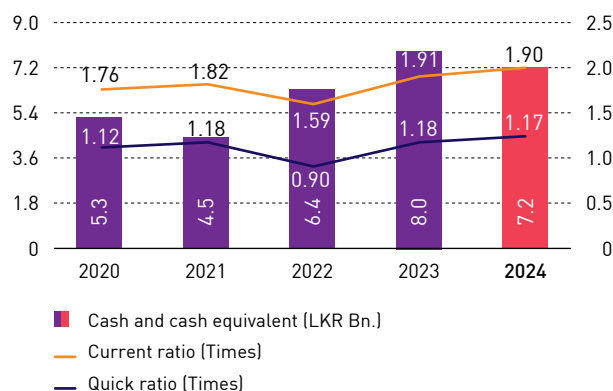


Liquidity

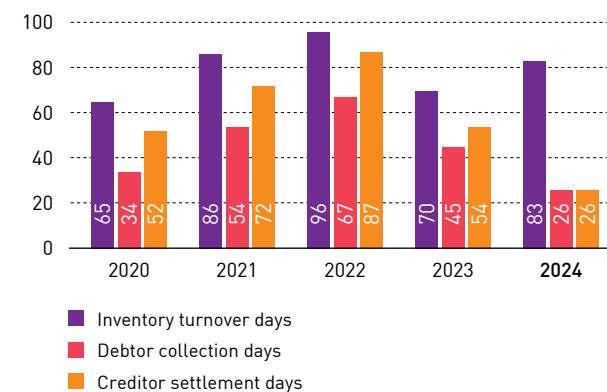
Cash and cash equivalent reduced by 9% during the year under review, to LKR 7.2 Bn. Strong operating cash flow was made possible through efficient management of working capital despite appreciation of the Sri Lankan Rupee.

In response to the current economic climate, the Group has implemented a proactive approach to liquidity management that includes continuous monitoring of the Group's funding risk profile; ensuring sufficient resources are available to meet financial obligations.

CASH AND CASH EQUIVALENT (LKR BN.) VS CURRENT RATIO AND QUICK RATIO (LKR BN.) (TIMES)



WORKING CAPITAL DAYS (DAYS)



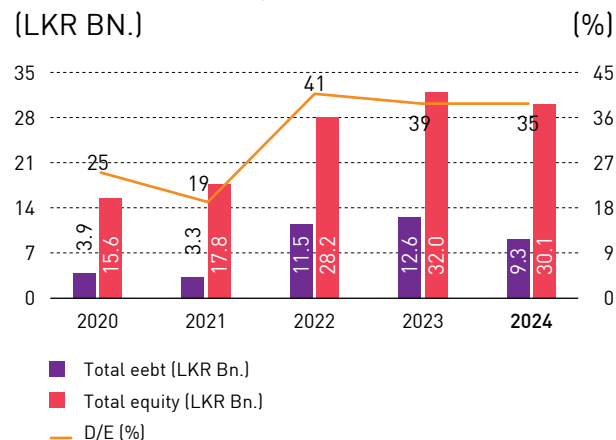
FINANCIAL CAPITAL

Leverage

Equity Capital was adjusted in 2023/24 providing an exchange equalisation reserve to account for rupee appreciation. There was no change in share capital during the year under review.

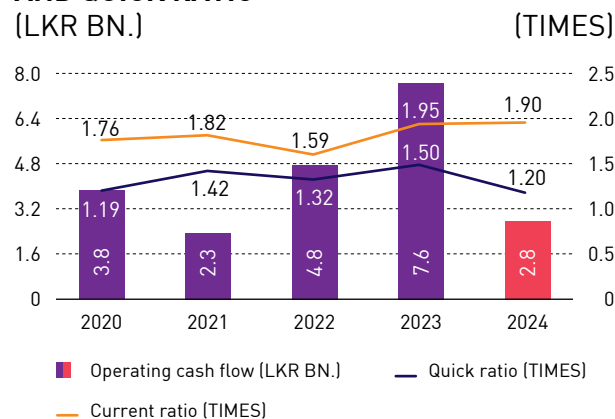
Gearing ratio remained steady in 2023/24 after investments made to expand production capacity at our facilities in India, the previous year. Similarly, the Group's debt-to-equity ratio remained stable with no significant borrowings during the year.

TOTAL DEBT VS EQUITY



Cash flow Management

OPERATING CASHFLOW VS CURRENT AND QUICK RATIO



Creating value for shareholders

Teejay Group's commitment to shareholders is one that focuses on future-gain and long-term value over short-term rewards. This is evident in the strategic approach we employ; focusing on long-range planning; mitigation of ESG risks and prioritising sustainability whilst achieving business growth; maintaining profitability through innovation and transformation; practicing responsible and robust governance; and striving toward the ambitious goal of market leadership.

Our commitment hinges on our efforts to optimally source funds, efficiently allocate funds striving for operational excellence through agility, adaptability and transformation, the prudent investment of funds to ensure effective risk management, long term value creation, sound corporate governance, environmental stewardship and social responsibility.

- Agility and Adaptability through Transformation:** Our focus on modernisation and incorporation of cutting-edge technological advancements is supported by a continuous push to improve our systems and leverage the benefits of digitalisation. These efforts streamline operations, enhance data-driven decision making, and ultimately contribute to shareholder value.
- Delivering Sustainable Value:** Our prioritisation of key growth drivers and sustainable business practices are part of Teejay's aim to deliver a consistently high returns for our shareholders in the form of reliable Return on Equity (RoE) and Dividend per Share (DPS) above market rates.
- Ethical Business Practice:** We uphold the highest standards of corporate governance, ensuring transparency and accountability in our decision-making processes. Coupled with a robust enterprise-wide risk management framework, these contribute to business sustainability in the long-term.
- Environmental and Social Responsibility:** Whilst minimising our environmental footprint and continuously investing in our workforce and communities, we are cognisant of the growing importance of a broader sustainability imperative in the textile industry. We continue to lead the field with enhanced reporting standards; analysis of sustainability-related risks and opportunities (SRROs); and our ongoing efforts to assess the potential financial impacts of climate change and climate related risks and incorporate the same in financial planning and reporting.

FINANCIAL CAPITAL

As part of our holistic approach to achieving the above, during the year we further intertwined our financial management process with our sustainability management process and our risk management process. We recognise that the impacts arising from our business operations, along with dependencies on environmental and social resources would create Sustainability Related Risks and Opportunities (SRROs) for the Group.

Thus, during the year, the Group has sought to further integrate its sustainability efforts of impact management and impact mitigation, with the management of these SRROs, through the Group's Risk Management function. By integrating ESG considerations into our risk assessments and decision-making processes (More details in the Risk Management Section of this report), we strive to mitigate potential sustainability related risks and seize the opportunities for long-term value creation. This alignment ensures that our business operations are not only resilient but also sustainable, fostering stakeholder trust and enhancing our competitive advantage. Our commitment to sustainability is further evidenced by our approach to double materiality (further described in the Sustainability Integration Section), and sustainability reporting taking into consideration the reporting requirements of IFRS S1 and S2. This has enabled us to identify both the positive and negative financial implications of managing our Sustainability Related Risks and Opportunities.

Assessing the potential financial impacts of climate change

We are working with external consultants and experts to identify, analyse, and incorporate within our risk register; the specific physical and transition risks related to climate change such as extreme weather events and potential carbon pricing regulations. These risks are also being assessed using internal scenario analysis to understand their potential financial implications.

In order to suitably address these risks, we employ a number of strategies including Business Continuity Planning, risk mitigation measures such as investing in insurance and physical protection for buildings and equipment, and informing our investment decisions based on both financial and environmental factors.

In meeting our commitment to shareholders, for transparent and accurate financial reporting, we are working to align with the International Financial Reporting Standards (IFRS) S1 and S2 guidance. The IFRS S1 and S2 standards, while still not mandatory, will aid us in proactively identifying, responding to, and disclosing material information that is pertinent to Teejay's operations which in turn could inform investor decisions.




We believe these efforts to improve objectivity, consistency, and comparability of disclosures would benefit our shareholders by providing them with a more comprehensive and contextualised picture of our performance and prospects.

FINANCIAL CAPITAL




Financial implications of managing our sustainability related risks and opportunities

Impact Topic	Sustainability Related Risk and Opportunity	Commitments, Governance and Strategy	Mitigation Activities	Further Details Page Number	Financial Impact of Strategy and Mitigation Activities (LKR Mn.)
Carbon Emissions leading to Climate Change	Physical Risks of Climate Change – Risks to operations arising from natural disasters and bad weather induced by climate Change	Build climate resilience by adapting operations to a changing climate and severe weather patterns, Striving to build robust and multiple supply chain options	Disaster Recovery Plans, BCPs put in place, drills and relevant insurance covers	Environment stewardship Page and Risk Management Page	Insurance premium for natural perils is LKR 38 Mn. LKR 0.2 Mn. invested for Fire Drills and Training. LKR 0.1 Mn. maintenance of Fire protection system & Fire Fighting equipment. LKR 5 Mn. planning to invest on BCP and DR scope to India and Lanka for new expansion.
	Transition Risks of Climate Change – Risks arising to operations in its efforts to transition to a low carbon operation	Transitioning to a low-carbon business model through investment in suitable and appropriate technology and R&D efforts within manufacturing operations Investment in Renewable energy projects considering both impact investing and financial payback Phasing off non renewable energy sources and shifting to national grid and renewable energy	Investment in Renewable energy projects SBTi Commitments Phasing out non renewable energy sources Investments made in Energy Audits, Energy efficient equipment	Environment stewardship Page and Risk Management Page	LKR 438 Mn. is projected for non renewable energy sources elimination Project. LKR 3.5 Mn. Real Time Utility Monitoring System. LKR 1 Bn. invested for energy efficient Plant and Machinery. LKR 16 Mn. invested for GHG Emission Analysis. LKR 0.5 Mn. invested for energy audit.




FINANCIAL CAPITAL

Impact Topic	Sustainability Related Risk and Opportunity	Commitments, Governance and Strategy	Mitigation Activities	Further Details Page Number	Financial Impact of Strategy and Mitigation Activities (LKR Mn.)
Energy Usage	Increased energy consumption and costs	Improve energy efficiency of equipment through timely investments and responsible procurement practices that focus on both financial and energy and emission conservation factors	Investment in renewable energy sources implementation of energy-saving technologies across operations Promotion of energy conservation practices among employees	Environment stewardship Page 	LKR 1.1 Bn. investment projected for Solar Project. Planning to invest LKR 44 Mn. Roof Refurbishment to lay the solar panels. LKR 4 Mn. invested for LED lights installation.
Water Usage and Effluent Discharge	Water scarcity and rising water costs	Reduce water usage and seek to minimise the use of Ground Water	Implementation of water conservation measures in manufacturing processes	Environment stewardship Page 	LKR 2 Mn. was already paid for Reforestation Project in Maskeliya Upcot Valley 1 Mn. invest for tree plantation.
	Risks of poor quality effluent discharge	Ensure enhanced effluent treatment through ETPs, continuous monitoring of Effluent discharge and tracking of discharge parameters	Investments in upgrading of Effluent Treatment plants, staff training on monitoring, risk audits, ensuring spare parts are maintained onsite for critical ETP parts	Environment stewardship Page 	LKR 46 Mn. was spent for ETP Clarifier. LKR 12 Mn. is planning to invest to detect microfiber Assessment Program in Filtration, removal and recycling of microfibers (from Cotton and Synthetic Fabric) and other pollutants from water, air and other environment to consume.

FINANCIAL CAPITAL

Impact Topic	Sustainability Related Risk and Opportunity	Commitments, Governance and Strategy	Mitigation Activities	Further Details Page Number	Financial Impact of Strategy and Mitigation Activities (LKR Mn.)
Waste Management	Waste generation and improper disposal leading to environmental pollution and regulatory fines	Minimise waste generation and ensure proper waste segregation is carried out across the Group	Implementation of waste reduction and waste segregation programs	Environment stewardship Page 	LKR 69 Mn. incurred for Sludge disposal. Incurred LKR 0.4 Mn. for sustainable E-waste disposal.
Occupational Health and safety	Employee injuries and illnesses leading to lost productivity and potential legal cost	Promote responsible waste management and segregation Foster a safe and healthy work environment through the implementation of a H&S Management System, effective monitoring mechanism, staff training and provision of PPEs	Conducting of employee safety training programs (e.g., hazard identification, safe work procedures) Investments made in PPE for staff Implementation of a robust safety management system with regular inspections and incident reporting Regularly conducts safety audits and risk assessments	Our People Page 	Conducted LKR 2 Mn. Employee Safety Training Programs. Investment made for PPE's for Staff worth of LKR 6.4 Mn. Implemented robust safety management system worth of LKR 9 Mn. LKR 3.4 Mn. for safety audits and risk assessments.
Staff Training and Retention	High employee turnover resulting in loss of knowledge and expertise	Attract, develop, and retain top talent through job rotation targeted progression planning and succession planning of key employees. Specialised training programmes targeted at various programmes focused groups of employees.	Offer competitive compensation and benefits packages Provide ongoing skills development opportunities (e.g., training programs, mentorship programs) Foster a positive and inclusive work environment with strong employer branding and employee engagement initiatives	Environment stewardship Page 	LKR 24 Mn. Invested for staff training and mentorship program during the financial year. Conduct salary survey in every 2 years and approximate cost is LKR 5 Mn. LKR 0.9 Mn. paid by the company for professional memberships and affiliation behalf of employees. LKR 0.25 Mn. Continues professional development training for staff.

FINANCIAL CAPITAL

Impact Topic	Sustainability Related Risk and Opportunity	Commitments, Governance and Strategy	Mitigation Activities	Further Details Page Number	Financial Impact of Strategy and Mitigation Activities (LKR Mn.)
Business Ethics and Governance	Vulnerabilities to corruption, discrimination, and data security breaches	Uphold the highest ethical standards and ensure robust governance practices through zero tolerance for occupation at the top cascading to all levels. A transparent whistle blower procedure in place with an active Whistleblower Committee.	<p>Implementation of a comprehensive anti-corruption policy with clear reporting procedures</p> <p>Establishing a whistleblowing policy and investigate concerns promptly</p> <p>Investments in data security infrastructure (e.g., firewalls, encryption) and employee training on cyber security best practices</p>	<p>Corporate Governance Page </p> <p>Our People Page </p>	<p>Awareness session for LKR 0.1 Mn. for Anti-Corruption & whistleblowing workshop.</p> <p>LKR 14 Mn. Annual subscription paid for Firewall and encryption.</p>
Ensuring gender diversity and non-discrimination	Non-diverse workforce resulting in inability to attract talent and meet customer requirements on gender diversity			Our people Page 	Investing LKR 2.5 Mn. gender diversity initiatives

FINANCIAL CAPITAL

Expanding our Reach

Capitalising on the China Plus One Strategy: We are strategically positioned to benefit from the sourcing strategies of customers from our primary markets, which prioritise diversification. Our presence in Sri Lanka, India, and the Dominican Republic allows us to cater to a wider customer base seeking reliable alternatives to China.

Nurturing a Diverse Customer Base: We actively develop and expand our customer portfolio, collaborating with established brands like PVH, VS & Co, Nike, Intimissimi, LIDL, Uniqlo, M&S, and Decathlon; while fostering relationships with new customers across various regions.

Geographic Diversification: In addition to our geographically dispersed production facilities, efforts to establish a presence in key textile hubs to unlock new market opportunities and strengthens our global reach.

Strengthening our Bottom-line

Breadth of Product Portfolio: We offer a diverse product portfolio encompassing cotton, synthetics, prints, fleece, and jacquards; catering to a wider range of customer needs and market demands. Strategic expansion of our product mix with synthetics and specialty fabrics enhances our product capabilities and strengthens our position in the market.

Strong Customer Relationships: Our focus on customer centricity prioritises nurturing long-term partnerships with our customers who represent not only leading global brands, but also pioneering innovators in the field; thereby contributing to a stable and reliable revenue stream.

Innovation as a Cornerstone: Continued investment in R&D through INSCOPE fuels the creation of innovative fabric technologies and caters to evolving market trends. This results in strong product differentiation and incorporation of higher-value products, which translates to stronger margins and a competitive edge.

Operational Efficiency: We strive to increase efficiency and reduce operational costs throughout our operations, incorporating lean manufacturing practices, ensuring optimal resource utilisation, and exercising stringent cost controls.

Building a Sustainable Future

Agility and Adaptability through Transformation: Our focus on modernisation and incorporation of cutting-edge technological advancements is supported by a continuous push to improve our systems and leverage the benefits of digitalisation. These efforts streamline operations, enhance data-driven decision making, and ultimately contribute to shareholder value.

Delivering Sustainable Value: Our prioritisation of key growth drivers and sustainable business practices are part of Teejay's aim to deliver a consistently high returns for our shareholders in the form of reliable Return on Equity (RoE) and Dividend per Share (DPS) above market rates.

Ethical Business Practice: We uphold the highest standards of corporate governance, ensuring transparency and accountability in our decision-making processes. Coupled with a robust enterprise-wide risk management framework, these contribute to business sustainability in the long-term.

Environmental and Social Responsibility:

Whilst minimising our environmental footprint and continuously investing in our workforce and communities, we are cognisant of the growing importance of a broader sustainability imperative in the textile industry. We continue to lead the field with enhanced reporting standards; analysis of sustainability-related risks and opportunities (SRROs); and our ongoing efforts to assess the potential financial impacts of climate change and climate-related risks – and incorporate the same in financial planning and reporting.

Financial Indicators at a Glance

	2023/24	2022/23
Price-earnings ratio (Times)	24.14	10.78
Price to book value (Times)	0.89	0.72
Return on equity (%)	3.7	6.6
Earnings yield (%)	3.7	6.6
Operating profit margin (%)	3.5	3.9
Return on assets (%)	2.0	3.5
Interest cover (Times)	0.2	0.3
Dividend yield (%)	2.0	4.7
Dividend payout (%)	48.1	50.6
Dividend payout (%)	48.1	50.6
Dividend cover (Times)	2.08	1.98
PAT Growth rate (%)	-47.5	-16.0

FINANCIAL CAPITAL

Investor Relations (IR)

Teejay facilitates the development of strong relationships with its shareholder community, with a priority on providing timely, accurate, and transparent information about the Group's financial performance, strategic initiatives, and future prospects.

Material and price-sensitive information is promptly identified and reported to shareholders via the CSE.

The AGM and any Extraordinary General Meetings (EGMs), function as the primary mode of communication and open dialogue with the shareholders. Shareholders are urged to exercise their voting rights, and investor views, comments, and suggestions are encouraged.

At the same time, quarterly earnings calls and specially prepared investor presentations serve as a continuous means of communication that ensure shareholders are kept informed. The Company also actively responds to any investor inquiries and addresses shareholder concerns in a responsible and transparent manner.

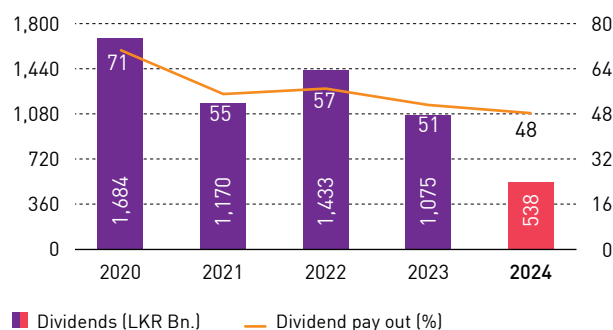
We believe that equipping our shareholders with clear and comprehensive information reduces information asymmetry, enables investors to be better equipped to make informed investment decisions, and contributes to improving investor confidence in our enterprise.

Capital Market Performance

Dividends

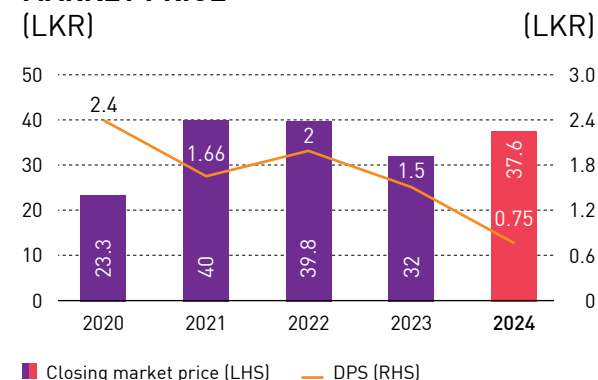
For the financial year 2023/24, the Group distributed dividends amounting to LKR 537 Mn. to shareholders; a 50% reduction in distribution that reflects the downturn in net profit and impact of increased tax rate. Dividends declared and distributed for the period under review remains well above the 33% minimum stipulated by the Dividend Policy.

DIVIDEND VS DIVIDEND PAY OUT (LKR MN.)

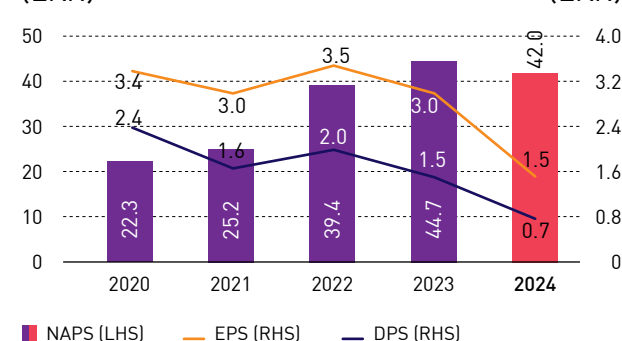


Gradual recovery of Sri Lanka's economy and upbeat business sentiment surrounding industry prospects had a positive impact on share price during the period under review. Share price grew in 2023/24, reaching a closing market price of LKR 37.6, up 18% from LKR 32 the previous year.

DIVIDEND PER SHARE VS CLOSING MARKET PRICE



SHAREHOLDER RATIOS



FINANCIAL CAPITAL

FUTURE OUTLOOK

Looking to the future, we are confident that ongoing strategic efforts, and new initiatives undertaken, have positioned us to navigate challenges and seize opportunities that lie ahead. During 2023/24, our bold investments, introduction of new products, and expansion to new locations have unlocked a number of new avenues for further investments and growth in the years ahead.

Material developments and investments in 2023/24 that advanced Teejay's value-proposition

1. Investment in machinery and expansion of production capacity

Newly introduced machinery for synthetic, fleece, and jacquard production will cater to evolving market demands, broaden our product portfolio, and strengthen our production capacity.

2. Transformation journey

Continuous product development through R&D and innovation means we offer the latest fabrics that meet the needs of tomorrow's market.

Operational excellence initiatives including digitalisation and modernisation efforts, such as introduction of shop-floor automation and monitoring; real-time utility monitoring; adoption of cloud computing; and incorporation of product lifecycle management systems for development teams; have led to efficiency and productivity gains across a number of functions. All efforts that will enable us to remain cost-competitive in the future.

Additionally, our continuing ESG maturity – powered by investments in renewable energy; strengthening of our supply chain; progress against climate ambitions and emission targets; improvements to environmental performance – resulting in our highest ever Higg FEM score of 97% and recognition among top scorers; means we are well positioned to meet increasing demand for sustainable fabrics.

3. Governance improvements

Board composition changes aligned with Colombo Stock Exchange (CSE) guidelines and strengthening of our Audit Committee, are part of Teejay's ongoing commitment to corporate governance

4. Empowerment of human capital

From our newly rolled out MT programme, in partnership with the Sri Lanka Institute of Textile & Apparel (SLITA), to our Management Development programme; we are grooming leadership potential whilst equipping and empowering our workforce.

Long-service-recognition programmes and employee engagement activities are also serving to strengthen our corporate culture and improve employee retention, while realising on our commitment to employee wellbeing.

Future Potential and Projections

We approach the future with a blend of cautious optimism and proactively strategic preparedness. While it is not possible to make specific financial projections due to inherent uncertainties of the operating environment, Teejay remains confident in its ability to achieve positive financial performance driven by strategic investments, a skilled workforce, and commitment to innovation and sustainability.

While the global landscape remains dynamic, continued political stability and uninterrupted recovery of the Sri Lankan economy would yield positive results for our business. In the current climate, customer confidence is gradually showing signs of improvement, which is a positive sign. However, the brain-drain from talent migration in Sri Lanka and taxation of deemed exports under GST in India, preset operational challenges to navigate. Continuation of geopolitical tension such as the war in Ukraine and the conflict in Middle East also has the potential to disrupt supply chains and offset the positive effects of local stability.

Teejay's future-proofing strategy; which includes strategic partnerships with vendors and key customers promises to strengthen our supply chain and customer base. Our expansion of product focus is aligning with rising demand for sustainable products, and incorporating synthetics, Airism, HeatTech, Fleece, Polo and other innovations. These enhancements to product capabilities are being supported by the Group's innovation and capacity building efforts.

FINANCIAL CAPITAL

Meanwhile, plans to establish an office and set up presence in Bangladesh can broaden our reach, while leveraging our presence to locations where needle points solutions where we could attract more customers while expanding our supply chain within the region.

Workforce development and process improvements, such as flexible work arrangements, system connectivity through common platforms, capacity optimisation through optimal loading, integration of AI and data analytics, and other initiatives in the pipeline would present a robust platform to realise our growth and diversification strategies.



ABOUT THE REPORT


As in previous years, the Teejay Group continued to proactively evaluate its overall strategic approach to business, ensuring it stayed true to its central mission, sharpened its competitive edge, heightened employee potential and welfare, enhanced its social capital, and operated more sustainably. A deep emphasis on sustainable reporting, which considers not just social and environmental impact but the Company's dynamic operating context as well, enabled Teejay to effectively appraise its performance, highlight key areas of improvement, and overcome potential stumbling blocks.

Fuelling this ongoing reform was Teejay's steadfast commitment to capacity expansion, product innovation, environmental sustainability, social responsibility, and




improvements to governance and compliance – all instrumental in propelling us towards the immediate goal of becoming a USD 300 Mn. company by FY 2025/26. With its sights keenly set on these strategic pillars, Teejay is steering itself towards the forefront of the textile manufacturing industry.

Moreover, this has presented the Company with a competitive advantage, allowing it to effectively negotiate external challenges and unlock further growth and success. Ultimately, by adhering to its founding mission and imbuing its corporate identity with a heavy dose of adaptability and innovation, Teejay is reinforcing its commitment to long-term value creation for all its stakeholders.




Area of focus	Key strategic focus	Business relevance	Progress during FY 2023/24
Manufacturing 	New product development	To enhance our product offering.	Announced the commissioning of its own water and chemical testing laboratory at the Teejay Lanka manufacturing complex.
	Sustainable manufacturing	To add value to existing products by using sustainable materials and practices.	Formulated an energy management policy and energy reduction utilisation plan.
	Digitalisation	To improve operations using technology by unifying information into a single platform.	Acquired Eco Label Type 1 certification.
			Implemented a real-time monitoring system using Internet of Things technology to track energy utilisation data.
			Initiated a project to establish a digital fabric library.

ABOUT THE REPORT

Area of focus	Key strategic focus	Business relevance	Progress during FY 2023/24
Innovation 	Product transformation	To identify emerging opportunities arising from evolving market trends, customer needs, and potential gaps in our product portfolio.	Expanded multinational footing by establishing a regional sales office in Bangladesh, opening access to a wider range of customers.
	Market trends and customer needs	To maintain competitive positioning in the market.	Assessed competitive advantages and conducted continuous benchmarking against industry standards.
	Competitive landscape	To understand pain points, identify areas for improvement, and enhance overall customer experience.	Conducted the annual customer survey.
	Business strategy and goals	To expand into new markets, reach untapped customer segments, and diversify product offerings.	Prioritised sustainable, technical, and synthetic products.
	Sustainability and social responsibility	To align with socially responsible values to meet the evolving demands of conscious consumers.	Incorporated eco-friendly practices, reducing the environmental footprint of the Group's product portfolio.
People 	Equity, Diversity and Inclusion (EDI)	To build a strong workplace by ensuring that employees have a safe and healthy work environment to perform their best.	The Group increased its female cadre to 10% of the entire workforce, compared with 2% in 2015.
		Embraced diverse talent and synergy in the working environment.	Workplace Anti-Harassment Policy and Code of Conduct reaffirmed a safe and healthy working environment for all employees.
			Continued management trainee programme focused on career progression of female employees.
			Maintained pay equity between genders.
Customers 	Supply chain:	To expand the customer portfolio.	Onboarded new customers worth USD 20 Mn.
	product traceability	To fulfil expanded capacity.	Strengthened the supply chain.
	Product innovation	To enhance product range.	

ABOUT THE REPORT

Area of focus	Key strategic focus	Business relevance	Progress during FY 2023/24
Sustainability 	ESG governance	To efficiently manage waste disposal and water usage.	Embarked on water recycling and rainwater harvesting projects. Optimised the use of water by implementing various efficiency measures.
	Corporate Social Responsibility (CSR)	To optimise material usage. To offset the Group's carbon footprint. To achieve the long-term key objective of shifting into 100% renewable energy sources. To create sustainable communities and livelihoods. To ensure community welfare for employees.	Upgraded Effluent Treatment Plant for better wastewater management. Partnered with the Central Environmental Authority (CEA) and the Road Development Authority on the Mirigama-Kurunegala Central Expressway 500 trees plantation program. Collaborated further with the CEA through the 28,000 Nelli tree plantation project. Continued Teejay's "Mihikathata Adaren" biodiversity programme, which spearheads sustainability efforts aimed at nurturing and safeguarding local wildlife. Initiation of a rooftop solar power plant. Teejay India continued its transition to natural gas from heavy fuel oil, alongside the Group continuously exploring alternative sustainable energy sources. Partnered with Hemas Holdings' HER Foundation initiative to provide rural students with sanitary napkins and educational sessions on proper menstrual hygiene. Collaborated on a reforestation project along a 9 km forest corridor bordering the Maskeliya Oya, creating 55 hectares of new forest. Teejay India inked an MOU with the Vignan Foundation for Science, Technology & Research (VFSTR), providing industrial training and technical support to VFSTR students and faculty.

BUILDING A SUSTAINABLE BUSINESS

The Teejay Group understands the importance of sustainable development and thus, ensures that this aspect is interknit with the expansion of its operations as it continues its journey of transformation.

TEEJAY'S SUSTAINABILITY POLICY

Teejay prioritises the expansion and profitability of its business by valuing the understanding of its operations' impacts and the perspectives of significant stakeholders. The Company maintains continuous engagement with these significant stakeholders who possess the ability to impact and influence the Group's operations, as well as those who may be affected by its activities.

This commitment fosters a holistic and responsible approach to business, ensuring positive outcomes for both the Group and its stakeholders.

Teejay adopts an approach based on the principles of Double Materiality, and the two constituent concepts of Impact Materiality and Financial Materiality guides our corporate disclosures included in the report. This approach enables us to report the impacts arising from our business operations to our broad stakeholder groups, as well as the sustainability-related information relevant to primary report users.

Identifying the sustainability impacts from our operations that affect the Group's significant stakeholders was undertaken as the first step in our identifying our material topics under the double materiality approach. These impact-based topics were identified using both the Global Reporting Initiative topic standards as well as the Accountability UK

AA1000AS Standard's 6-part materiality test to identify the prioritised impact topics affecting the Group's significant stakeholders. These sustainability impact topics were then utilised along with dependencies on externalities to identify the Sustainability Related Risks and Opportunities (SRROs) that affect the Company and its investors and shareholders.

The prioritised sustainability impact topics and the SRROs mentioned above, form our definition of materiality through which we incorporate both the impacts to stakeholders from our operations, as well as risks and opportunities to the Company and primary users of the financial report arising from sustainability related environmental, social and governance topics.

These material topics also serve as the basis for measuring sustainability performance through Key Sustainability Performance Indicators (KSPIs), representing the Company's triple bottom line as well as form part of the Group's Enterprise Risk Management process. Periodic monitoring, analysis, and reporting of sustainability impacts and Environmental, Social, and Governance (ESG) risks and opportunities inform Senior Management decision-making. The SRROs identified in this manner also feature on the Group's Risk Register through which Risk Ratings, Risk Mitigation and Risk owners are identified to manage such SRROs as part of the overall Risk Governance process.

Teejay is dedicated to enhancing value for all its stakeholders by delivering sustainable economic performance in alignment with the highest standards of corporate governance, environmental stewardship, and social responsibility.

Towards this, Teejay maintains sustainability policies about economic performance, anti-corruption, environmental stewardship, chemical management, supply chain and procurement, energy and emissions management, water management, waste management, workplace, occupational health and safety, training and development, anti-abuse and harassment, child labour, anti-forced labour, local community engagement, product quality, and customer privacy, and data backup.

SUSTAINABILITY MANAGEMENT FRAMEWORK



BUILDING A SUSTAINABLE BUSINESS

During the year, Teejay along with its consultants reviewed and updated its Sustainability Management Framework (SMF) to integrate and incorporate sustainability within its operations. Instead of treating sustainability as a separate initiative, Teejay advocates for a balanced approach based on a process of sound corporate governance, environmental and social risk management, and stewardship. This involves identifying and evaluating material topics from both an impact and risk perspective as mentioned above, implementing sustainability policy frameworks, establishing data monitoring mechanisms, utilising sustainability performance management systems, and conducting both internal and external assurance processes. Ultimately, Teejay aims to align its progress and communication with the GRI Standards, the IFRS S1 and S2 Standards and the UN Sustainable Development Goals (SDGs) at a minimum.

The document on the disclosures of the management approach sets out the policies and management approach of Teejay in managing the identified material topics, ensuring that it mitigates ESG risks and minimises the impacts of such material topics.

The management approach disclosures form part of the overall sustainability reporting process of the Company based on the GRI Standard guidelines and obtain independent third-party assurance of the sustainability information disclosed through its sustainability reports. The disclosures of the management approach can be found online on the Company website at www.teejay.com.

THE KEY ASPECTS OF THE SMF

- 1 **Identifying stakeholder concerns** – Teejay conducted an assessment to identify the requirements, impacts, and perceptions of key stakeholders, to identify material sustainability impact topics. During the year under review, an internal study was also undertaken to assess the key ESG risks and opportunities that arise from such sustainability impacts and together with dependencies on externalities, the Group was able to identify the Sustainability Related Risks and Opportunities (SRROs) that are likely to be of concern to investors. Both the impacts and SRROs were then utilised to arrive at the overall topics disclosed in this report. In the ensuing years, Teejay intends to seek external verification of these identified ESG topics through an external stakeholder engagement.
- 2 **Policy and framework** – The Company's sustainability policy then sets the tone for organisational processes and operating practices implemented across the Organisation. Teejay has several ESG policies in place, including its anti-corruption policy, environmental policy, chemical management policy, energy and emissions management policy, water management policy, and waste management policy, to name a few. All policies and management approaches are regularly reviewed and revised, if necessary. In addition, the Group's Risk & Control
- 3 **Data tracking mechanism** – Teejay has implemented a robust tracking mechanism called the Sustainability Performance Analyser (SPA) in collaboration with consultants. This comprehensive ESG data tracking tool captures and monitors relevant key sustainability indicators and key risk indicators quarterly, offering valuable management insights through user-friendly dashboards for the Group and its constituent locations. The Sustainability Division analyses the collated data to identify, respond, and resolve any potential issues, ensuring the Group's continued improvement in its ESG performance and ESG risk mitigation.
- 4 **Benchmarking and variance analysis** – Teejay regularly benchmarks its performance against competitors and best practices and standards in the industry, to ensure it sets realistic targets and achieves its sustainability goals.
- 5 **Sustainability initiatives** – Teejay also engages in various sustainability initiatives that take place at the department level and ensures the Company's overall sustainability performance is subject to continuous improvement. Teejay aims to achieve improvements in operational

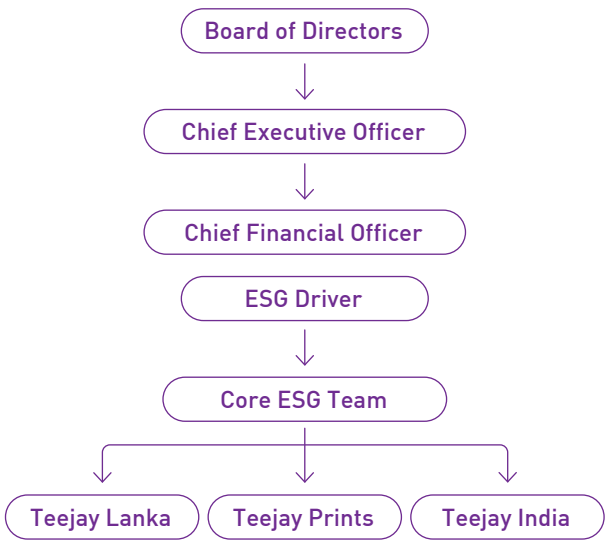
BUILDING A SUSTAINABLE BUSINESS

efficiency, generate cost savings, and increase stakeholder engagement whilst ensuring that the operations are continually assessed and mitigated for Sustainability Related Risks and Opportunities from an environmental, social and governance perspective, including but not limited to Climate Change Risks. The Sustainability initiatives are primarily identified based on improving the performance of the Key Sustainability Performance Indicators that measure the relevant material topics to achieve the stated targets.

- 6 Reporting and external assurance –** Teejay discloses its sustainability performance annually, through its annual report, which is based on the GRI Standards and from this year, the IFRS S1 and S2 Standards which reports the Company’s performance to both internal and external stakeholders. Moreover, Teejay obtains external assurance on its reporting methods to ensure compliance with international reporting standards.

SUSTAINABILITY STRUCTURE AND GOVERNANCE STRUCTURE

The management approaches are reviewed annually by the Senior Management Team of Teejay, acting through the central Sustainability Division of Teejay for which overall guidance is provided by the Chief Financial Officer together with the administration and occupational health and safety, CSR, corporate communications and legal teams to ensure its effectiveness and applicability. A Steering Committee for Environmental, Social, and Governance (ESG) Management is also in place at Teejay to strategise and formulate policies and procedures as required. The progress of the ESG journey is reviewed quarterly and relevant actions will be taken at the management level to improve or further strengthen the initiated work. This structure is further augmented by the Group’s Enterprise Risk & Control Division which works in collaboration with the Core ESG team to identify Sustainability Related Risks and Opportunities (SRROs) which are then incorporated and managed as part of the Risk Management process of the Group. Further details of the Enterprise Risk Management function and its governance process can be found in the Risk Management section of this report.



EMBEDDING OUR POLICY COMMITMENTS

Teejay’s Sustainability Division, a part of the Engineering Department, along with its consultants, has introduced Sustainability Standard Operating Procedures (SOPs) to ensure process consistency and accuracy of data for Key Sustainability Performance Indicators. The overall sustainability policy is complemented by additional topical policies, procedures, and management for all material topics. A summary of our Policy Commitments can be found in the Disclosures of Management Approach at www.teejay.com. The subsequent sections of this report provide insights into the identification of these topics, the method of stakeholder engagement, and a summary of the management approach adopted.

BUILDING A SUSTAINABLE BUSINESS

Teejay is committed to embedding these policy commitments through its comprehensive Sustainability Management Framework and the Sustainability Governance Structure described above. To bring these policies to life, designated ESG champions within the Sustainability Division operationalises and drive the implementation of these policy commitments and the above-mentioned SOPs through a top-down approach. The Division obtains the ESG performance data, analyses such data, and presents the performance to the Senior Management quarterly to enable bottom-up ESG reporting as well. These two approaches together enable Teejay to embed the policy commitments concerning ESG and monitor the progress periodically.

PROCESSES TO REMEDIATE NEGATIVE IMPACTS

Grievance handling

The Group has in place mechanisms to receive feedback and any grievances from its stakeholders on environmental and social impacts arising from its operations. Any grievances received are also communicated to the Enterprise Risk & Control Division as well through which any new SRROs are identified.

Members of the community may lodge any grievance with the respective location through a logbook maintained at the point of entry to the location. Environmental grievances are also identified by Teejay through its internal assessment of stakeholder concerns as well as through direct continuous engagement with its customers. The Compliance Team of each location/ Strategic Business Unit (SBU) becomes the first point of contact for any environmental grievances or the

point of contact for customers, regulatory authorities, and members of the community. Any issues are then escalated through the relevant operations team to the respective COO of the location, and if required, to the Senior Management team of Teejay as relevant.

Teejay also engages with its staff through joint consultative committees and the organisational hierarchy, notice boards, and suggestion boxes. Employees may use these methods to communicate specific employee-related grievances as well as any environmental grievances, feedback, or areas for improvement to the management teams. Where relevant, the Group also works in collaboration with industry experts for identifying expert advice on various topics including those of its sustainability initiatives.

Raising concerns

Teejay has a robust framework in place for stakeholders to raise concerns. This includes a strong whistle-blower policy, which enables the Group to stay informed, accountable, and responsive to the concerns of stakeholders while upholding its commitment to responsible business practices. To foster a culture of transparency and open communication that serves to reinforce our values and address breaches, our whistle-blower policy guarantees a safe and confidential channel for reporting concerns regarding conduct that is in violation of our core values or Code of Conduct. Additionally, suggestion boxes are installed across all plants, providing a confidential and easy-to-access channel to voice ideas and raise concerns directly to supervisors and management. These efforts focus on our employees, suppliers, partners, vendors, subcontractors, and the wider community who interact with our operations; empowering them to raise concerns without fear of reprisal.

PRECAUTIONARY PRINCIPLE AND COMPLIANCE WITH LAWS AND REGULATIONS

Teejay's operational decisions are guided by the precautionary principle, giving priority to resource conservation, environmental impacts, pollution, and addressing climate change.

Beyond legal requirements, Teejay aims to surpass industry standards and global best practices to maintain a leading position in the industry. The Company remains committed to conducting business in compliance with all applicable local and international regulatory requirements and conventions, ensuring responsible and sustainable operations. During the year, there were no fines or sanctions on the Group for non-compliance with laws and regulations. In addition, there were no confirmed incidents of corruption during the reporting year.

APPROACH TO STAKEHOLDER ENGAGEMENT

Teejay recognises stakeholder engagement as an important part of its sustainability strategy, as well as being a crucial aspect of business growth and profitability. Therefore, the Group continuously engages with its key stakeholders to identify their key concerns, and respond in an effective and timely manner to resolve these issues. As part of its focus on sustainability and ESG management, Teejay acknowledges the importance of communicating with stakeholders and adhering to their requirements.

BUILDING A SUSTAINABLE BUSINESS

Key stakeholder issues and management strategies



Customers

- Quality of products, and efficient and effective services
- Affordability and accessibility
- Environmental and social responsibility

Quarterly new product presentations – **Quarterly**

Customised brochures – **Quarterly**

Innovation week – **Biannual**



Employees

- Fair remuneration
- Opportunities for growth
- Concern for employees
- Safety and dignity/respect
- Engagement, feedback, and grievance mechanisms

Employee committee meetings – **Monthly**

Training and development – **Continuous**

Open door policy

Annual employee surveys – **Annual**

Individual performance review – **Continuous and Annual**

Employee rewards – **Biannual**

The welfare shop – **Annual**

Annual health check – **Annual**



Business partners

- Shared growth
- Technical assistance and knowledge transfer
- Domain knowledge, skills, and expertise
- Long-term partnerships
- Timely payments
- Fair play and transparent processes
- Initiatives to share knowledge and build capacity

OTD meetings – **Weekly**

OTD and quality meetings – **Monthly**

Meetings on performance – **Quarterly**

New product presentations – **Quarterly**

Customer compliments – **Annual**

Customer get-togethers – **Annual**

Customer reviews (Service/Quality) – **Quarterly**

Supplier reviews – **Monthly**

Supplier visits – **Quarterly**



Investors

- Sustainable growth and returns
- Good governance and transparency
- Risk management
- Timely communications

Quarterly earnings calls



Government

- Compliance with regulatory requirements
- Partner socio-economic development in the country

Meetings



Community

- Support for community needs
- To enhance sanitation infrastructure and water facilities, and promote hygiene education in nearby schools to uplift the communities

CSR initiatives

BUILDING A SUSTAINABLE BUSINESS

MATERIALITY ASSESSMENT METHODOLOGY



BUILDING A SUSTAINABLE BUSINESS

Teejay's corporate strategy prioritises the interests of a diverse range of stakeholders. The Group's sustainability strategy focuses on key topics that are crucial to the business and its various stakeholder groups. During the period under review, Teejay conducted a materiality assessment based on the Global Reporting Initiative (GRI) Standards, the enterprise risk or the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Framework and the Accountability AA1000AS standards which also includes a six-part materiality test. During the year, an internal study was conducted to identify key ESG topics of concern to stakeholders. These topics were then prioritised based on their impact and importance, using the frameworks mentioned above. In the ensuing years, Teejay plans to further validate these identified ESG topics through external stakeholder engagement.

To identify material topics, Teejay incorporates the concept of double materiality, which results in a more comprehensive approach to both management and disclosure. With this approach, we consider topics if they meet the criteria of impact materiality – reflecting elements of our operations that have the potential to significantly impact people or the environment; or if they fall within the ambit of financial materiality – with the potential to influence or generate significant risks to our future cash-flows and therefore our operations. These twin concepts will guide our corporate disclosures included in the report. Impacts were prioritised based on their importance to internal and external stakeholders, while risks and opportunities were assessed considering severity and likelihood of occurrence. To assess the impact, Teejay Group uses AA1000AS six-part materiality assessment comprising six aspects: direct financial impacts, policy-related performance, science-based targets, organisational and peer-based norms, stakeholder behaviour and concerns, and societal norms.

PRIORITISED MATERIAL TOPICS

1. Economic performance
2. Anti-corruption

3. Materials GRI 301
4. Energy GRI 302
5. Water and effluents GRI 303
6. Emissions GRI 305
7. Waste GRI 306
8. Environmental compliance
9. Supplier environmental assessment GRI 308

10. Employment GRI 401
11. Occupational health and safety GRI 403
12. Training and education GRI 404
13. Diversity and equal opportunity GRI 405
14. Non-discrimination GRI 406
15. Child labour GRI 408
16. Forced or compulsory labour GRI 409
17. Local communities GRI 413
18. Supplier social assessment GRI 414
19. Customer health and safety GRI 416
20. Customer privacy GRI 418
21. Socio-economic compliance



BUILDING A SUSTAINABLE BUSINESS

MANAGEMENT OF MATERIAL TOPICS

An overview of the management approaches in place at Teejay is provided below. The same can be found on the Company website at www.teejay.com. An overview of the Group's Sustainability Related Risks and Opportunities (SRROs), the Risk Governance process and the risk management strategies to mitigate such risks can be found in the Risk Management section of this report.

Economic performance

Teejay is dedicated to enhancing its value to all its stakeholders, delivering sustainable economic performance keeping in line with the highest standards of corporate governance, environmental stewardship, and social responsibility. The Management focus is given to corporate governance best practices relevant to a publicly quoted company, sound financial management, stringent internal controls, and a robust risk management process covering operational, financial, and non-financial risks. Moreover, Teejay is dedicated to ensuring that economic value is added to stakeholders while strictly adhering to all applicable local regulations.

To uphold integrity and create a conducive, trustworthy, and transparent working environment, Teejay has implemented an anti-corruption policy to which all employees are required to adhere. Moreover, Teejay has a whistle-blowing policy to address any incidents of suspicious transactions or violations of the anti-corruption policy.

Full disclosure of the Corporate Governance practices at Teejay can be found on [Page 10](#).

Environmental stewardship

Teejay believes in conserving and protecting the ecosystem for the well-being of future generations. Accordingly, the Company ensures effectiveness, efficiency, and sustainability in its Environment Management System Processes, annually reviewing its environmental policy, and communicating and making available its policy to relevant stakeholders including authorities, customers, and employees. Whilst adhering to regulatory and relevant requirements, the Company remains committed to continuous improvement, and minimise the depletion of natural resources to preserve the ecosystem and prevent environmental pollution at all stages of its life cycle. Striving for excellence, Teejay strictly complies with the main objectives of Environmental Management System ISO 14001:2015.

Chemical Management Policy – Teejay strives to eliminate 16 Zero Discharge of Hazardous Chemicals (ZDHC) priority chemical groups and has established targets to achieve ZDHC. The Company has established the Group Chemical Management Manual, Teejay Group RSL Protocol, and Teejay Group Waste Management Manual to achieve the targets on an annual basis.

Supply Chain and Procurement Policy – Teejay is committed to obtaining goods and services of the highest quality, under a competitive, transparent, and fair bidding process to ensure value creation for the Company and its vendors. Accordingly, Teejay uses raw materials and goods required for its operations efficiently, reducing operational impacts on natural resources, ensuring minimal wastage, and financial savings. Moreover, Teejay expects its vendors to maintain the highest ethical, social, environmental, health and safety standards.

Energy and Emissions Management Policy –

Understanding that energy efficiency is of paramount importance to fight climate change, Teejay strives to minimise the use of fossil fuel-based energy and ensure that its operations are energy-efficient. The Company takes an environmentally responsible step in energy and emissions management by seeking to use renewable energy sources to power its operations. Teejay conducts an energy audit and has formulated an energy management handbook which includes an energy management plan covering all locations of the Company. In its aspiration to implement the Renewable Energy Strategy for the Group by 2030, Teejay India is deploying Solar PV panels while Teejay Lanka and Prints plants are in the process of deploying Solar PV panels and Biomass.

Water Management Policy –

Teejay seeks to minimise the use and withdrawal of blue water sources and recycle, and reuse discharged (grey) water as much as possible. All water discharged to the environment is expected to meet the discharge quality and quantity levels stipulated by regulations. Furthermore, the Company has in place a Water Management procedure to optimise the use of water withdrawn from all blue water sources and provides specific consumption of litres per minute.

Waste Management Policy – Teejay is focused on minimising waste by optimal material usage, effective waste segregation and by following responsible disposal practices, adhering to regulatory requirements pertaining to the disposal of hazardous and non-hazardous waste. Furthermore, Teejay strives to reduce the amount of waste generated and eliminate the waste sent to landfill through reuse, recycling, recovery, and incineration. The Company aims to achieve zero material waste, and 100% recycling and reusing, or up-cycling of all waste by 2050.

BUILDING A SUSTAINABLE BUSINESS

Furthermore, the Company prioritises compliance with local regulations and engages with regulators and customers to ensure adherence. It monitors fines, spillages, and overall compliance, tracking occupational health incidents through the SPA Tool. Safety measures like SOPs and Secondary Containment Tanks minimise spillage risks. Teejay Lanka employs real-time online monitoring and alerts for water and effluent treatment.

LABOUR PRACTICES AND SOCIAL RESPONSIBILITY

Teejay maintains high standards of integrity, ethics, and professional conduct for employees and is committed to building a healthier and better tomorrow by providing schoolchildren with proper infrastructure and education on hygiene and sanitation. The Company's Code of Conduct ensures that employees, as representatives, uphold the Company's values, embrace core principles, establish excellence, and prioritise the highest ethical standards in resolving conflicts of interest.

Teejay acknowledges the significance of employees in its success and emphasises the recruitment and retention of a motivated and skilled workforce. The Company's recruitment policy promotes fairness, transparency, and compliance with employment legislation, ensuring equal opportunities regardless of sex, ethnicity, or social group.

Teejay has a comprehensive employee Code of Conduct that covers ethical standards, workplace conduct, confidentiality, conflicts of interest, and more. All employees are required to sign and receive training

on it during induction programmes. The Company follows local labour laws and regulations based on ILO conventions, while also comparing its HR practices with industry standards and peers for benchmarking purposes. The Company respects universal human rights and core labour principles, and conducts its business ethically, to maintain its brand reputation. The Company adheres to all country regulations with regard to benefit plans for employees.

Valuing employee grievances, Teejay implements various channels and has established management policies to address concerns and resolve issues, or conflicts transparently and fairly. The Company promotes open discussion and encourages employees to approach Senior Management to resolve employment or personal issues, respecting the freedom of association and collective bargaining rights.

It is the policy of the company to encourage and initiate open discussion among employees enabling them to approach Senior Management to resolve any issue pertaining to their employment or any personal matter. Every employee has the freedom of association and engaging collective bargaining and joining or not joining trade unions, which are registered under the Trade Union Ordinance 14 of 1955.

Teejay Lanka establishes a Joint Consultative Committee (JCC) through employee elections, fostering ongoing dialogue between workers and Management to address conflicts and grievances proactively.

The Company also prioritises the health and safety of employees, subcontractors, customers, and third parties accessing their premises by minimising injuries and providing a secure work environment through

hazard risk management. The Company adheres to Occupational Health and Safety (OHS) practices outlined in licenses and ISO 45001:2015 certification, meeting customer expectations and regulatory requirements.

Moreover, personal and professional development is a priority at Teejay, aiming to enhance the capabilities of associates to meet future challenges and achieve high-quality standards. The Organisation's commitment to continuous improvement includes a systematic approach to identifying learning needs, designing relevant programmes, executing training plans, and evaluating outcomes.

The Company maintains a zero-tolerance stance against discrimination, abuse, and harassment, encompassing various factors like gender, race, religion, and more. Employees can file complaints with HR or their line managers, and substantiated complaints are thoroughly investigated and addressed according to company policies. A comprehensive Abuse and Harassment-Free Workplace Policy is implemented, with regular training provided to employees and workers.

Moreover, Teejay has zero tolerance towards child labour and does not hire any person below the age of 18 years nor endorse it among any of its stakeholders.

Furthermore, the Company ensures that no employee is made to work against his/her will or to work as bonded/forced labour or subjected to corporal punishment or coercion of any kind, related to work.

SPECIAL EVENTS

Overview / Leadership / Strategic Review / **Special Events** / Operational Review / Governance Review
Financial Reports / Supplementary Information

SPECIAL EVENTS

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SPECIAL EVENTS



OPERATIONAL REVIEW

Sustainable
Manufacturing

Our People

Community
Responsibility

Environmental
Stewardship

Innovation in Fabrics
and Textiles

SUSTAINABLE MANUFACTURING

SUPPLY CHAIN

A sustainable, efficient, and future-ready supply chain is critical for delivering value to our customers.

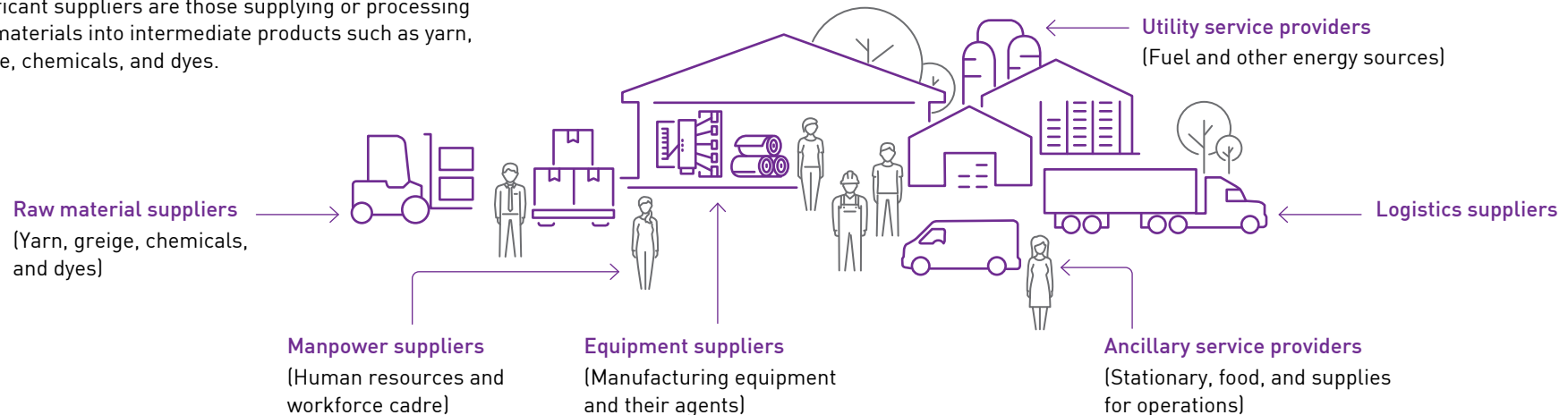
Teejay's strong partnerships and value chain network includes a number of reliable suppliers who have grown with our operations during the last two decades. We stand for collaborative relationships, compliance, and innovation and traceability across the supply chain; all essential to delivering sustainable and high-quality products to our customers around the globe.

Our growing footprint spanning multiple countries relies on a variety of suppliers for smooth business operations. As a fabric solutions provider, our most significant suppliers are those supplying or processing raw materials into intermediate products such as yarn, greige, chemicals, and dyes.

Teejay's portfolio of sustainable fabric products and solutions leverages a number of certifications, accreditations, and international standards, which extend to the raw materials we source from suppliers.



Teejay takes pride in its pioneering achievement as the first Sri Lankan textile mill to obtain the US Trust Protocol certification.

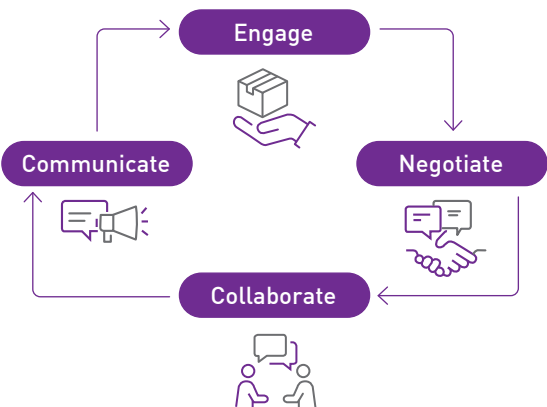


SUSTAINABLE MANUFACTURING

SUPPLIER MANAGEMENT AND ENGAGEMENT

Our core supplier interactions with the fabric and apparel supply chain involve suppliers across two tiers. Tier 1 suppliers, making up the majority of our supplier base, include a wide range of raw material processors delivering yarn, greige, and chemicals. These constitute a significant share of our raw materials consumed. The section on Environment [Pages 10](#), provides details and metrics related to our raw material usage during the year.

We follow a strategy of proactively managing our supplier network, ensuring long-term business continuity, optimising sourcing, and fostering collaborative innovation and problem solving. Our supplier value proposition includes a collaborative environment, opportunities for vertical integration and expertise development, and direct connections to leading brands and brand partners.



We continued to expand our supplier and partner network during the year under review, onboarding 65 new suppliers from strategic locations and business segments, and bringing our registered supplier base to almost 2,200.

Strengthening and diversifying our supply chain enables agility and reliability allowing more effective and timely response to market fluctuations. It also unlocks greater efficiency; establishing alternate supply options, creating opportunity for greater cost-efficacy, and widening our reach with regard to customers.

Number of significant Tier 1 suppliers registered (2023/24)

82

Number of significant Tier 1 suppliers newly onboarded – Nil



Number of significant Tier 2 suppliers registered

2,105

Number of significant Tier 2 suppliers newly onboarded

65

New suppliers onboarded

65

(2022/23 – 117)



Total suppliers registered (2023/24)

2,187

(2022/23 – 2,122)

Total procurement spending (LKR)

22,243,170,084

(2022/23 – 32,226,497,455)

SUPPLY CHAIN MANAGEMENT IN THE FACE OF DISRUPTIONS

In 2023/24, our supply chain continued to feel the after-effects of socio-political and geo-political events from previous years. Combination of low demand and requirement for shorter lead-times from the post-pandemic period; trade disruptions from attacks in the Red Sea; ripple effects of Sri Lanka's economic crisis; and impact of the protracted Russia Ukraine war, all continued to have an effect on the textile

SUSTAINABLE MANUFACTURING

and apparel value chain. In addition, inflationary pressures in key markets like the US and Europe also impacted the smooth flow of goods and materials. A significant reduction in US cotton production (by approximately 19%) added another layer of complexity to sourcing raw materials.

Responding to these challenges, we prioritised strategic booking to maximise efficiency, deepened supplier engagement, maintained rigorous standards for quality and compliance, and continued proactive interactions to foster collaboration and innovation. Regular supplier visits and assessments were an integral part of our quality assurance programme that ensured adherence to Teejay's standards. A supplier forum for chemical suppliers created a valuable platform for knowledge exchange, collaboration, and mutual commitment to responsible manufacturing and environmental stewardship. These efforts served to develop supplier relationships and ensure continuity of our operations.

The year also saw Teejay engage with suppliers on a number of innovative product developments and sustainability initiatives. We strengthened traceability in raw material sourcing.

RESPONDING TO POTENTIAL CLIMATE

CHANGE RISKS

Proactive and risk-informed supply chain management is critical to our operations in the face of our industry feeling the effects of physical risks resulting from climate change. The fashion industry's global supply chain is already being forced to respond to increased incidence of extreme weather events and climatic shifts including temperature and precipitation changes; which are impacting growers and producers of raw materials.

With potential risks only set to escalate in the years ahead, Teejay is investing resources and leveraging internal and external expertise to map potential risks and their impact on our priority raw materials. We are also working to develop management strategies to mitigate these risks that could lead to raw material shortages and significant disruption to our operations. The following section on driving sustainability across the supply chain details some of our efforts in this regard.

DRIVING SUSTAINABILITY ACROSS THE SUPPLY CHAIN

Our philosophy of sustainability extends to our interactions with, and expectations of, the entire supply chain. We hold ourselves and our suppliers to the highest ethical and environmental standards, ensuring compliance with the rigorous requirements set by leading international brands.

PROMOTING CIRCULARITY AND

MAINTAINING TRACEABILITY

Championing circularity in the supply chain is another key imperative for Teejay, wherein we work with suppliers to produce, source and include recycled or post consumer raw materials. We also work to maintain end-to-end traceability of raw materials with supply chain partners in order to eliminate restricted materials and uphold ethical practices.

In 2023/24, we set out a framework and Standard Operating Procedures (SOP) for traceability and updated our supplier agreements to ensure adherence with traceability requirements. While updating, tuning, and digitalising our own systems to facilitate traceability in operations, such as identification of yarn sources used for fabric production, we are also working with suppliers to ensure sourcing requirements are met. Alignment of supplier documentation to ascertain, verify, and meet traceability requirements was a significant milestone in this journey. At a local

SUSTAINABLE MANUFACTURING

and regional level, we are working with the Joint Apparel Association Forum (JAFF) to introduce QR code solutions for traceability of materials from Sri Lanka.

From the perspective of our customers, we are engaging with brands to integrate their preferred traceability platforms, such as Textile Genesis, CommonShare, General Intelligence (GI), TrusTrace, and Retraced etc.

Due diligence and compliance

Teejay utilises a robust assessment framework for suppliers that incorporates a number of sustainability-focused criteria. We consider the potential lifecycle impact of sourced raw materials; prioritise responsible practices and efficiency in delivery; consider technical capacity and trust/reputation (through via references from known parties); and assess financial stability to ensure reliability, mitigate potential disruptions, and provide for long-term partnerships. Our supplier assessments and due diligence processes also go a long way toward broad basing Teejay's supply chain in order to mitigate potential risks arising from climate change.

Upon identification of potential suppliers, we arrange for audits and visits to evaluate suppliers based on the criteria outlined above. Further engagement and prospective partnerships are only pursued if suppliers are identified as capable of meeting Teejay's standards.

Our Supplier Code of Conduct (SCC) is an essential component of due diligence and compliance, with all suppliers endorsing the SCC upon registration. The SCC outlines the following critical aspects:



Ethical business practices – including anti-corruption measures and a commitment to fair and transparent business dealings.



Social responsibility – prohibiting child and/or forced labour protecting freedom of association and collective bargaining for workers, and ensuring compliance with local labour laws.



Environmental stewardship – outlining alignment with environmental regulations and adoption of environmentally responsible practices.

Self-assessments and routine onsite audits help monitor supplier performance and confirm that standards are met. As part of Teejay's ESG framework, online self evaluation questionnaires were rolled out for significant suppliers in 2023/24, enabling them to share essential information about their sustainability practices. The evaluation supports review of supplier ESG performance and provides a formalised system for ascertaining potential risk of child-labour, forced or compulsory labour, non-compliance with freedom of association and collective bargaining, and other ESG risks across our supplier base.

New suppliers screened using environmental criteria (2023/24)

100%

(2022/23 – 100%)

New suppliers screened using social criteria (2023/24)

100%

(2022/23 – 100%)

Supplier on-site audits carried out (2023/24)

7

(2022/23 – 12)

We are also driving adoption of the HIGG Facility Environmental Module (FEM) amongst our suppliers, as a set of standards for environmental stewardship and a means to drive sustainability goals across the supply chain. We work closely with our partners to raise awareness and support implementation. Recognising our shared responsibility for climate action, we are also working with suppliers to phase-out sources of non renewable energy and consider renewable energy as a means to drive the energy transition. Responsible chemical-use, in line with the Zero Discharge of Hazardous Chemicals (ZDHC) guidance, is another point of engagement with suppliers, as we promote sustainable sourcing and encourage Blue Sign certification that ensures elimination of harmful chemicals and other substances.

SUSTAINABLE MANUFACTURING

IFRS S2/SASB CG-AA-000.A

Compliance standards of our suppliers is critical to ensure our sustainable fabric solutions can meet the stringent standards required by certifications such as Oeko-Tex, GOTS, GRS, BCI, Regenagri, Biodegradability, and Blue Sign. In 2023/24, we expanded certification and accreditation across our supplier base.

	OEKO-TEX Standards %	Global Organic Textile Standard (GOTS)/Organic Content Standard (OCS) %	Global Recycling Standard (GRS) %	Better Cotton Initiative (BCI) %	Bluesign %
Significant Tier 2 suppliers certified	100	17	100	–	–
Significant Tier 1 suppliers certified	68	46	81	46	–
Raw material certified	–	–	–	–	81

SUSTAINABLE MANUFACTURING

Mapping our priority raw material

IFRS S2/SASB CG-AA-440a.1/a.3

Priority Raw Material	Environmental or Social Factors most likely to threaten its ability to source or purchase each material.	Discussion of Business Risks or Opportunities associated with environmental or social factors.	Management Strategy for addressing business risks and opportunities associated with environmental or social factors most likely to threaten its ability to source priority raw materials.
Yarn Greige PFP	<ul style="list-style-type: none"> • Extreme weather events that impact the crop of cotton. • Sustainability demands. • The restrictions of sources – Use of child labour and forced labour etc. 	<ul style="list-style-type: none"> • Price fluctuations due to variation of the crop size • The risk and opportunity of customer order placement due to the ability to fulfill specified sustainability related requirements • Risk of order cancellations caused by the association with restricted sources 	<ul style="list-style-type: none"> • Eliminate price fluctuations by fibre booking, forecast based ordering etc. • Diversification of Suppliers – Reducing dependency on a single source by diversifying suppliers can mitigate the risk of supply chain disruptions. • Compliance and Certification: Adhering to environmental and social certifications can ensure compliance with regulations, improve market access, and enhance brand reputation.
Dyes Chemicals Auxiliaries	<ul style="list-style-type: none"> • Strict Compliance requirement • Sourcing Restricted material • Resource scarcity • Health and safety of the employees 	<ul style="list-style-type: none"> • Risk of increased costs and adds complexities due to compliance requirements in supply chains. • Resource Scarcity – Scarcity of these raw materials due to over – extraction, geopolitical issues, or depletion • Health and Safety Regulations – Precautions to handle hazardous materials. 	<ul style="list-style-type: none"> • Invest on technology – Innovative products that are environmentally friendly. • Effective DCA items that require less consumption – Concentrated chemicals. • Circular Economy: Recycling and Reusing: Developing processes to recycle and reuse. • Continuous checks and audits to ensure safe handling on dyes, chemicals and auxiliaries. • Chemical management processes to avoid any hazardous materials that causes harmful impact.

Future plans →

Looking ahead, we are working to align the sustainability efforts of our suppliers and business partners, with the Group's Abhivara 2030 sustainability roadmap. We believe the collective and concerted effort of the wider value chain has the potential to create positive lasting change.

We are looking to develop a suite of digital tools for effective supplier relationship management and better digitalisation across the supply chain.

As part of our efforts to regularise and standardise procedures across our operations, we are working to introduce a Group-wide audit framework for supplier monitoring.

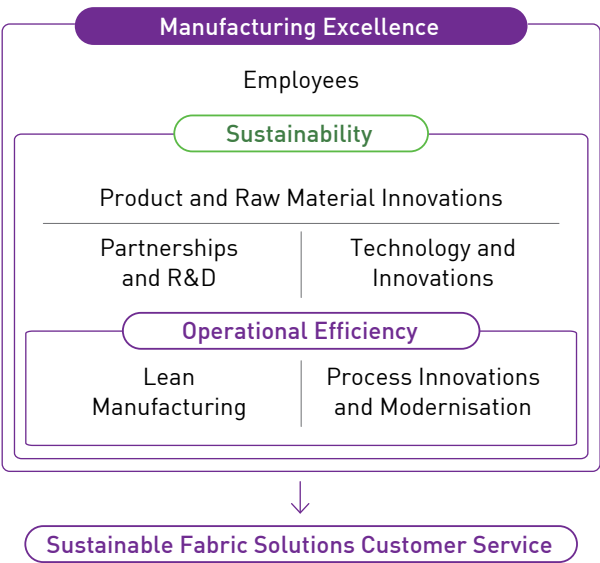
Digitalisation of traceability process by adhering to brand requirement will also be one of critical area of focus.

MANUFACTURING EXCELLENCE

Continuous improvement of systems, processes, technology, and infrastructure, creates a robust manufacturing platform that enables us to deliver sustainable and high-quality fabrics.

Achieving manufacturing excellence is fundamental to the success of our enterprise, and a core component of our strategy. Our manufacturing philosophy relies on driving operational efficiency across facilities; staying abreast of technological developments; extending opportunity through partnerships and collaboration; and deriving sustainability through innovation.

Through continuous improvement and innovation we create exceptional value for our customers in a dynamic textile industry, while making strategic investments to ensure the success of our business in the years to come.



Achieving our targets for sustainability in manufacturing requires decarbonising our manufacturing and embracing the energy transition. Our strategies and performance in this regard are discussed in the section on Environmental Stewardship Impact [Page 10](#).

The section on Innovation in Fabrics [Page 11](#) details describes Teejay’s industry-leading product and raw material innovations that make up a fundamental component of our manufacturing Excellence [Page 12](#) discusses our efforts to integrate manufacturing and production processes with the needs of customers and consumers while adapting to ongoing changes in the industry.

OUR FACILITIES AT A GLANCE

Teejay Lanka

Teejay Lanka is a listed entity on the Colombo Stock Exchange. Its product capabilities encompass cotton and cellulosic blends in weft knitting/manmade cellulosic modal/synthetic Nylon/polyester), Jacquards with a production capacity of 45 Tonnes a day.

Teejay Prints

A fully owned subsidiary of Teejay Lanka PLC, Teejay Prints boasts product capabilities including discharge/pigment super soft/reactive/digital/disperse, and a capacity of 20,000 metres a day.

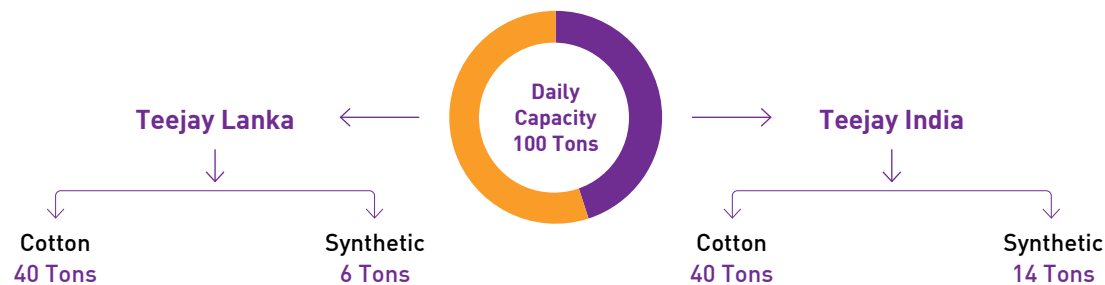
Teejay India

Teejay India is located in the Brandix India Apparel City, a special economic zone with 100% export-oriented units involved in the integrated apparel supply chain at Visakhapatnam, Andhra Pradesh, India. Its product capabilities include cotton and cellulosic blends in weft knitting/synthetic (nylon/polyesters), Fleece, Lace and discharge/pigment super soft/reactive. with a capacity of 55 tons a day.

SUSTAINABLE MANUFACTURING

Production capacity

The Group achieved substantial gains in the modernisation of machinery during the year under review, broadly in line with its manufacturing strategy.



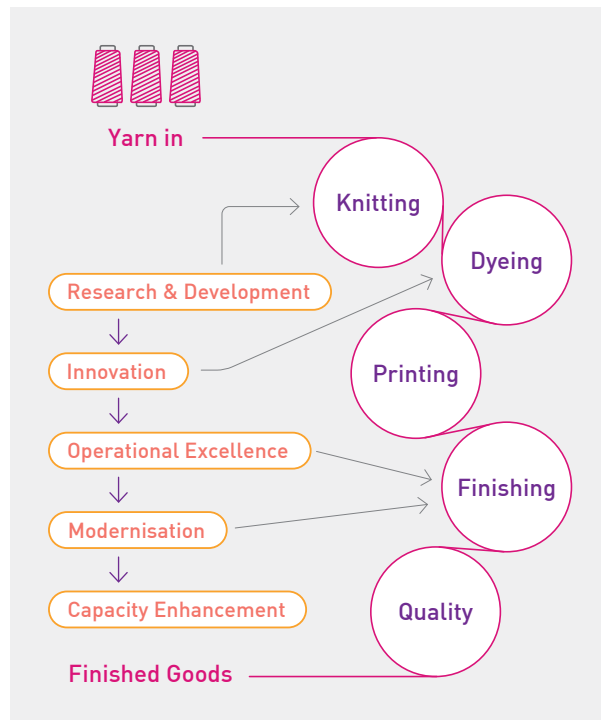
INFRASTRUCTURE INVESTMENTS IN 2023/24

We have made a number of strategic investments in machinery and infrastructure during the period under review. New automated machinery that allows finer-gauge jacquard knitting and mechanical finishing such as sueding and brushing have widened our offering and allowed for greater customisation and higher quality products. They have also increased our installed capacity by close to 9%, enabling timely delivery and guaranteed quality for customers, while retaining cost-effectiveness for the business.

All investment proposals underwent rigorous evaluation by Teejay’s cross-functional team. This evaluation and analysis considered insights from demand-planners and aligned investments with the Group’s Long-Range Plan (LRP), with long-term gains and future-readiness in mind.

Furthermore, Teejay leverages a strategic approach to brand allocation across our facilities, taking into consideration geographical advantages and technical capabilities; thereby fostering an optimal production process for each customer.

SUSTAINABLE MANUFACTURING



Plant, machinery,
and equipment
LKR 18,142,428
(2022/23 – LKR 20,258,577)

OUR APPROACH TO MANUFACTURING EXCELLENCE

At Teejay, we take a multifaceted approach to achieving manufacturing excellence; through continuous improvement, innovation, and a relentless pursuit of efficiency. Our strategic investments in infrastructure, technology, and teams serve to empower our employees and bolster manufacturing operations. In turn, these build trust with our stakeholders and pave the way for future growth of the business.

Partnerships and collaboration

Collaboration and strategic partnerships with technology leaders, innovators, and others in the fabric and apparel industry are essential components of our approach to excellence in manufacturing. We prioritise working with partners who possess complementary skills and technologies, enabling us to integrated new advances in our manufacturing process and stay ahead of the curve in a rapidly evolving industry.

- **Technology expansion:** Initiating partnerships with global industry experts for technological expansions
- **Expanding global network:** Pursuing to expand our presence to closer to needle point destinations
- Leveraging technology and digitalisation

Digital transformation and technology improvements have revolutionised our production and resource-management processes, and become an essential part of our annual manufacturing investments.

Strategic digital investments are implemented as part of a well-defined IT strategy with a comprehensive roadmap that guides our digital transformation journey. Investment analyses are conducted at every stage to ensure all potential digital investments have a clear return on capital. The IT department plays the role of facilitator, catalyst, and driver; ensuring that required IT inputs are available to the Group's SBUs and facilities. The department works in tandem with Human Resources to ensure knowledge of new systems is suitably communicated and managed across the Group.

SUSTAINABLE MANUFACTURING

We re-implemented our core Enterprise Resource Planning (ERP) solution and upgraded to SAP S/4HANA, with a USD 2 million investment, during the previous financial year. Since then Teejay has rolled out several new digitalisation projects and capacity expansions, with an annual investment of over USD 500,000. These investments fuel continuous improvement across our operations, ensuring we remain at the forefront of the industry.

Teejay's group-wide ERP system serves as a centralised platform to digitally manage customer orders from development to production, thereby improving traceability and resulting in significant efficiency gains to both our teams and our customers.

New developments underway

- We are in the process of establishing and integrating a Digital Fabric Library that enables our customers to access and utilise our portfolio of offerings as part of their design process.
- Automation of manual processes through workflow and Robotic Process Automation (RPA).
- Expanding IoT at shop-floor level to capture real-time insights from machinery and infrastructure. This will help optimise maintenance schedules, predict potential equipment failures, and proactively address any issues that could disrupt production.
- Solution for increased visibility across Business to Business operations through Vector Flow.

Reliability, Business Continuity, and Data Security

We prioritise secure and robust Information and Communications Technology (ICT) infrastructure, and collaborate with our strategic partners and customers to ensure optimal data security. As part of our knowledge management efforts, most information assets are already digitised, and we are continuously working on consolidating and improving safeguards for digital assets.

As part of our efforts to operationalise alignment with the IFRS S1 and S2 Standards, we have incorporated actions to mitigate sustainability-related climate-risks, such as flooding, in our business continuity planning exercises.



SUSTAINABLE MANUFACTURING

Process innovation and modernisation

An important strategic imperative that contributes to operational efficiency is improvement of our systems and processes, coupled with an ongoing quest to modernise manufacturing operations.

- We are building on advances to shop-floor automation and infrastructure monitoring through IoT, to improve data availability for informed decision-making. Real time data on machine utilisation and status empowers our engineering and production departments optimise production processes, minimise downtime, and ultimately reduce costs and enhance overall efficiency.
- We also utilise tools such as Microsoft Power BI and SAP Fiori to translate data into actionable insights for key departments across our operations.
- Automated quality control coupled with AI-powered waste management solutions are enabling early defect detection, reducing material waste, and enhancing recycling efficiency.
- We are exploring the use of sensors and wearables, with IoT, to provide real-time risk monitoring and management. A pilot introducing remote-controlled warehouse stock control has proved a success, and we are exploring other areas of application across operations.
- Microsoft SharePoint serves as a central hub for document management and collaboration. It streamlines collaboration, enriches business processes, facilitates better progress tracking, and enables secure information sharing across teams and departments.
- We are actively exploring integration of Artificial Intelligence (AI) and Machine Learning (ML) into our monitoring and evaluation systems, paving the way for enhanced efficiency at all levels of our operations.
- We are utilising Automation tools like UI Path and Microsoft Power Automate to gain greater control over our operations and production processes.

OUR MODEL FOR LEAN

MANUFACTURING

We have embraced the principles of Lean Manufacturing to achieve optimal efficiency and value creation throughout our production processes. The Teejay Operating System (TOS) and Quality Management System (QMS) provide the foundation for integration and implementation of Lean principles.

Employing techniques such as just-in-time inventory management, value stream mapping, 5S workplace organisation, and Kaizen practices; our teams practice continuous improvement and work toward reducing waste, optimising workflows, and minimising bottlenecks. These efforts serve to accelerate our manufacturing production and enhance throughput.

Our commitment to Lean Manufacturing delivers a multitude of benefits including reduced costs, enhanced productivity, improved quality and customer satisfaction, and an empowered workforce with a culture of continuous learning and innovation.

OUR PEOPLE

Sustainability of our products and solutions, our manufacturing processes, and our enterprise is intrinsically linked to the wellbeing of our teams and people.

At the core of our value proposition to deliver high quality fabrics to world-leading brands, is a strong workforce of talented and experienced individuals. We maintain an agile and efficient business model with more than 80% of our workforce directly involved in the manufacturing process. As such, our operations are marked by Teejay's culture of safety that goes beyond compliance, where we prioritise wellbeing of our teams and operational excellence at our workplaces.

SDG'S IMPACTED THROUGH INITIATIVES:

Quality Education → Investing technical and soft skills enhancement with a special focus on capacity building.



← **Gender Equality**
Focus on gender equity, to increase female participation and opportunities for leadership roles with the SHECAN initiative.

→ **Reduced Inequalities**
Consistent initiatives to achieve ABHIVARAH 2030 goals in terms of resource consumption and responsible discharge.



← **Decent Work and Economic Growth**
Providing and uplifting the standards of our employees and their families.



TOTAL EMPLOYEES

Teejay Lanka (2023/24)
1,463
(2022/23 – 1,470)

Teejay Prints (2023/24)
200
(2022/23 – 229)

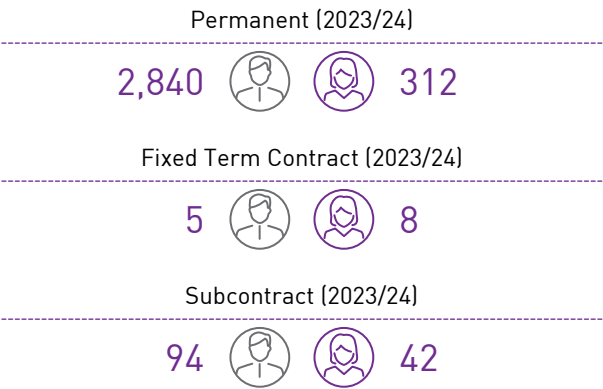
Teejay India (2023/24)
1,502
(2022/23 – 1,513)



Teejay emphasises stable, rewarding, and meaningful employment across its operations. All employees work with the Group on a full-time basis and receive remuneration at market rates and in compliance with local regulations. Less than 0.5% of our staff are employed on fixed-term contracts. Due to seasonality and the demand-based nature of operations, the Group works with sub-contracted casual labour on occasion, with sub-contracted workers primarily involved in touch-up of fabric defects in the customer-care division of our operations. Continued improvements to planning, forecasting, and scheduling, coupled with strong coordination with partners and customers, have enabled the Group to reduce dependence on sub-contracted casual labour over the last few years. In 2023/24, sub-contracted casual labour made up approximately % of our workforce, or 136 individuals, down from 179 the previous year.

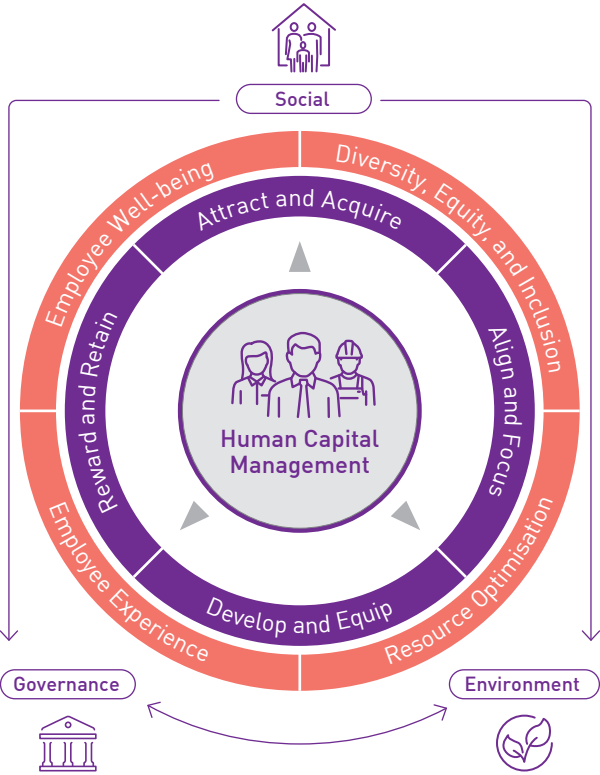
OUR PEOPLE

WORKFORCE BY CONTRACT TYPE



Despite economic obstacles, Teejay maintained its focus on attracting and retaining skilled employees. The Company continued to offer a comprehensive compensation and benefits package designed to attract and retain top talent. All employees, irrespective of contract type, receive the full suite of benefits made available to staff. The benefits package includes variable compensation opportunities, such as incentives and annual performance-based bonuses, motivating employees to achieve exceptional results. Employees can also avail themselves of other enhanced benefits such as meals, uniforms, medical insurance, company excursions, common transport, opportunities for financing such as soft loans, support for education of children, and special gifts during cultural events and festivals.

Successfully managing our Human Capital is made possible by Teejay's strategy for nurturing talented individuals, building strong teams, and creating an equitable and engaging work environment. Our industry leading HR strategy has seen Teejay receive numerous awards over the years. During 2023/24, Teejay India operations was recognised as the 1st Runner Up for 'Best HR Practices', at the CITI Sustainability Awards 2024 hosted by the Confederation of Indian Textile Industry (CITI).



OUR PEOPLE

ATTRACTING AND RETAINING TALENT

While remaining operations focused, we have grown to become the go to textile brand in Sri Lanka; cultivating a work environment and culture focused on employee experience. This model enables us to attract, inspire, develop, and retain the best talent; empowering Teejay to lead the field in innovation and integrity and retain the trust of customers and stakeholders.

Our robust approach to talent management resulted in attrition rates well below the industry average. The average attrition rate for executives and above was 1.91%, and for non-executives, it was a 2% which surpasses the industry standard of 5%.

The Company is also building a strong future workforce through collaborations with key educational institutions. Memorandums of Understanding (MOUs) with local universities and institutes provide internship opportunities and technical training for undergraduates, while streamlining our recruitment process. Additionally, our robust succession planning ensures leadership continuity by readily filling vacancies arising from employee departures.

Teejay's commitment to cultivating talent is also evident in the success of the inaugural management trainee programme. The programme recruited ten trainees, of whom, nine currently hold positions as executives and assistant managers. Furthermore, the Company champions female empowerment through the "SheCan" programme, fostering a pipeline of qualified women for leadership roles. Teejay's focus on internal talent development and female leadership positions itself as a future-ready organisation dedicated to building a strong and diverse leadership team.

A CHALLENGING YEAR FOR

PEOPLE MANAGEMENT

Our Group navigated another year marked by a significant loss of skilled labour: 2023/24 saw the textile industry continuing to face significant challenges in recruiting and retaining skilled workers. At the same time, rapid technological advancements in the sector necessitate continuous update of the skillset of our workforce. During the year, our operations in Sri Lanka faced challenges to employee retention resulting from ongoing economic difficulties accelerating the brain-drain, and competition from other industries for capable human resources. Stresses of economic hardship and political instability have placed an additional toll on employees' mental health and overall wellbeing. Meanwhile, our Indian operations saw pandemic-induced after-effects such as disruption to Learning and Development (L&D) impacting employee satisfaction and career progression.

Recognising these challenges, the Group implemented several initiatives to reignite our commitment to employee growth, career-progression, and development; strengthen employee value proposition; tune systems to prioritise wellbeing and wellness; revisit compensation and benefits; and widen our support systems to provide essential financial support. Job rotation was an initiative that achieved positive outcomes during the year, as rotations provided employees with the opportunity to expand their

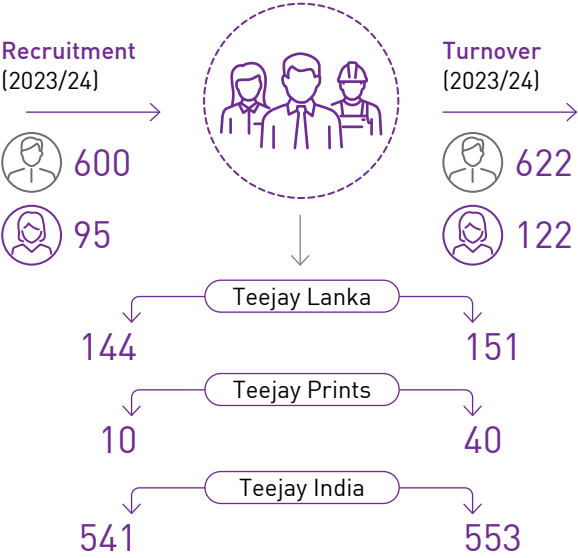
expertise, gather experience across a variety of divisions and functions, and equipped them with the capacity to readily take on new projects as the business required. New MOUs entered into with University of Sri Jayewardenepura in Sri Lanka and the Vignan University in India, bolstered our operations with a strong pipeline of talent.



These responses from the Group enabled Teejay's operations to maintain a stable workforce during the year, experiencing only a slight reduction to 3,165 employees, down 1.5%, from 3,212 the previous year.

OUR PEOPLE

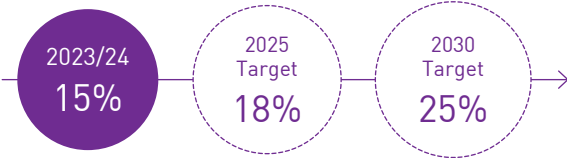
RECRUITMENT AND TURNOVER BY GENDER AND OPERATIONS



FOSTERING DIVERSITY, EQUITY, AND INCLUSION

Diversity and inclusion are increasingly recognised as cornerstones of a successful workforce. Our Group actively fosters a work environment free from discrimination, regardless of an individual's ethnicity, age, religion, gender identity, sexual orientation, or ability.

Female representation in management



This commitment to inclusivity is deeply embedded within the Group's culture, starting at leadership level. We strive to create workplaces built on equal opportunity and meritocracy, where all employees are treated fairly and equitably. This includes a focus on ensuring opportunities are accessible to groups traditionally under represented in the workforce. The Company also emphasises fair compensation practices, with base salaries and remuneration packages promoting equal pay for equal work.

While fostering a culture of inclusion and implementing policies that support diversity can be challenging, we recognise it as essential for long-term success.

SHECAN: EMPOWERING WOMEN IN

THE WORKPLACE



Recognising the importance of gender diversity in the textile industry, which has seen historic under representation of women, Teejay made a strategic decision in 2015 to increase female representation within the Company and broader Group. Beginning with just 2%, we set an ambitious goal of achieving at least 10% female representation by 2023/2024.

Since then, Teejay's SheCan programme has implemented a focused set of initiatives to promote female participation across all levels of our operations. These initiatives align with our broader commitment to create a more inclusive and diverse workforce, and actively promote gender equality within the Group. Recognising that talent transcends gender, the programme empowers women to challenge traditional stereotypes and also pursue leadership roles within the Group.

We are consciously working to grow female representation across our operations and regularly assess our programmes for effectiveness, while continuously expanding

OUR PEOPLE

opportunities for talented women to thrive at Teejay. Initiatives include fostering professional development, promoting work-life balance, and creating a supportive work environment. Our concerted efforts are empowering women to make significant contributions to the Group and the textile industry as a whole.

At Group level, we have achieved a 10% female workforce with our sights set on reaching 15% by 2028. A major success of our HR strategy to attract the best talent, promote diversity, and create conducive work environments; has been achievement of almost 30% female representation in our executive-level cadre – who represent vibrant young talent that would drive our success in the years to come. Our dedication to promoting gender diversity is also evident in Teejay’s management trainee programme, which brought in five promising female employees with the first intake, and will be enrolling 10 talented female trainees as part of the second intake. Additionally, the Group saw 15.8% women in new recruitment across all departments. This targeted recruitment strategy aims to continue building a diverse workforce at the executive and management levels.

We have also made significant progress in achieving greater diversity in managerial positions, with women comprising approximately 15% of the management cadre: 15% in Senior Management (including the C-Suite), and 14% in Middle Management. With active pursuit of women in leadership, we hope to achieve 25% female participation in managerial positions by 2030.

Female representation in the workforce

	Male	Female	Female representation (%)
C-Suite and Senior Management	25	4	16
Middle Management	119	17	14.3
Executives	370	104	28.1
Associates and Staff	2,651	195	7.4

DEVELOPING AND EQUIPPING OUR TEAMS TO EXCEL

Teejay strives to foster a work culture built on inclusion and respect, empowering employees to thrive and excel. To achieve this objective, the HR team actively solicits employee feedback through secure and confidential communication channels across the Company.

Training and Development (T&D)

The Teejay Group invests in continuous professional development of our employees, equipping them with the skills and knowledge to excel in their roles, advance their careers and further their personal development.

All new recruits participate in a comprehensive induction and onboarding programme, ensuring a smooth transition into the workforce. We offer a variety of training programmes designed to meet the needs of employees at all levels, from associates to management.



Graduation of the MT programme

The induction programme spans across two to three days where the employees are apprised of the operations of the Company inter alia the key policies of the Company such as the code of conduct, Teejay values, sustainability framework, workplace abuse and harassment free policy, anti-corruption policy and whistleblower policy which encourages employees to report without the risk of reprisal.

OUR PEOPLE

Training programmes for new recruits

Fabric Technocrat	A programme for cadre staff to understand the overall manufacturing process and the role of each department
SLITA	Certificate and Diploma Programmes in Textile Engineering for Teejay employees, especially cadre staff.
EDP	Executive Development Programme targeting executive cadre.
MDP	Management Development Programme targeting Assistant Managers and Managers.
Coaching and Monitoring	For Senior Leadership members.

	Teejay Lanka		Teejay Prints		Teejay India	
	Male	Female	Male	Female	Male	Female
Directors, Chief Officers (Directors, CEO, COO, CFO)	47	-	-	-	-	-
Senior Management (SGM, GM, DGM)	180	31	-	-	-	-
Middle Management (Senior Manager, Manager, Assistant Manager)	699	300	38	9	278	32
Executives (Senior Executive, Executive, Junior Executive, Management Trainees)	2,135	1,388	163	76	680	263
Non-Executives (Staff, Associates, Non-Executives)	5,295	861	1,368	142	15,444	2,925
Total	8,356	2,580	1,569	227	16,402	3,220

Type of training	Number of programmes	Number of participants	Training hours
Internal training	37	2,604	29,284
External training	59	495	3,006
Foreign training	1	2	64
Total	97	3,101	32,354

Average Training Hours

Average Training Hours	Male	Female
Directors, Chief Officers (Directors, CEO, COO, CFO)	11.8	N/A
Senior Management (SGM, GM, DGM)	10.6	7.8
Middle Management (Snr Mgr, Mgr, AM)	10.0	20.0
Executives (Snr Exec, Exec, Jun Exec, Mgt Trainees)	11.2	16.6

OUR PEOPLE

We recognise that targeted training is essential for employee growth and organisational success. As such, our Performance Management System (PMS) plays a central role in identifying individual training needs. Training programmes are directly linked to competency ratings within the PMS. This approach allows us to pinpoint skill gaps and address them through targeted training in one of two categories:

- **Current Role Enhancement:** This includes technical, functional, and behavioural skills development to optimise performance in current positions.
- **Future Role Preparation:** This category focuses on equipping employees with the technical, functional, behavioural, managerial, and leadership skills necessary to take on future roles with greater responsibilities.

Beyond the PMS, Teejay utilises a multi faceted approach to identify training needs:

- **Departmental Alignment:** Inputs for training needs are gathered based on departmental strategic goals. Discussions between Cross-Functional Team (CFT) members and department heads ensure alignment between individual development and departmental objectives.
- **Talent Development:** Career and succession planning is informed by individual development plans and talent assessments.
- **Skill Matrix Analysis:** A tool that contributes to skill gap assessment.
- **Compliance:** Statutory training programmes for specific roles.
- **Customer Focus:** Insights gleaned from customer satisfaction surveys, complaints, critical incident reports, and service/product quality data.

Continuous Learning in 2023/24

In today's rapidly evolving textile industry, continuous learning is paramount. In the past year, we undertook significant updates to our training programmes.

Skill Up, a comprehensive e-learning platform was launched, offering a wide range of courses to enhance employee skillsets and encourage innovation across all departments. Additionally, we have provided our teams with access to some of the best AI training programmes available in the market.

Through "She Leads", Teejay empowers women in our workforce through targeted leadership training and mentorship opportunities, fostering a diverse and inclusive leadership pipeline.

Equipping our workforce with the necessary digital skills is crucial to navigate the evolving landscape. Embracing automation, artificial intelligence, and other technological advancements can improve efficiency and productivity but requires retraining employees, which in some cases can lead to resistance from workers, which is a challenge that needs to be managed with care.

Training through the Sri Lanka Institute of Textile & Apparel (SLITA)

Investing in the training and capability development of our Non-Executive staff remains a top priority. We recognise their critical role in driving operational excellence and innovation across our textile and apparel operations.

We have partnered with SLITA to offer specialised training programmes in textile and apparel technology. Over the past year, 11 employees successfully completed the SLITA Diploma in Textile and Apparel,

gaining valuable skills in areas like quality control, production efficiency, and advanced textile technologies. Their dedication to continuous learning strengthens our ability to stay ahead of the curve in a competitive industry.

Fifty three employees completed the Certificate Course in Textile and Apparel, while a new batch of 45 employees are enrolled for next the Certificate Course, to further enhance their expertise and proficiency in key areas of the industry.

Management Trainee Programme

The second intake of the Teejay Management Trainee Programme commenced in June 2024. Rigorous selection involving virtual aptitude tests, assessment centers, and interviews ensures we recruit talented trainees with strong academic and professional backgrounds in engineering, physical sciences, finance, and general management. This year, we welcome a diverse cohort of 13 trainees from Sri Lanka and 3 from India.

Over the course of 1.5 years, these future leaders will embark on a structured programme which encompasses in depth departmental training across Teejay's Sri Lankan and Indian operations. To ensure knowledge retention, subject matter experts will evaluate trainees after each departmental rotation. The programme will go beyond internal training, incorporating global exposure visits and external training programmes. This blend of learning opportunities is specifically designed to cultivate the competencies required for future leadership roles within Teejay.

OUR PEOPLE

Succession Planning

Our succession planning strategy uses a two-pronged approach. Firstly, we invest in our existing workforce by providing development opportunities like exposure visits to enhance skillsets and prepare teams for future needs. We also utilise the nine box assessment framework to identify high-potential employees and map out first and second level successors for critical positions. These successors participate in targeted development plans to bridge any skill gaps and prepare them for leadership roles. Secondly, initiatives like the Teejay Management Trainee Programme and Graduate Trainee Programme target talented youth; infusing fresh perspectives and enriching our talent pool. This comprehensive strategy ensures a smooth transition of leadership, mitigates potential talent gaps, and fosters long-term organisational sustainability.

Performance Management and Recognition

The Group fosters a culture of continuous improvement through a comprehensive performance management system. All employees receive either mid-year and year-end appraisals, or annual year end appraisals that objectively assess individual contributions and growth potential using set Key Performance Indicators (KPIs) and a competency framework.

For underperforming employees, the focus is on development. Teejay implements corrective action plans in a respectful and supportive manner, identifying relevant training and development opportunities to

enhance their skills and address performance gaps. Positive reinforcement strategies are also employed to encourage improvement.

Top performers are acknowledged and rewarded through a variety of incentives, including bonuses, salary increments, and promotions. Annual increments for non-executive staff is mainly dependent on their performance level. During the promotion process, both employee performance and potential for future growth are considered. Additionally, Teejay's production incentive system motivates workers to achieve their optimal output levels.

Teejay values long-term commitment and celebrates employee milestones. Staff members reaching 5 and 10 years of service receive long service awards, including a gold coin in recognition of their dedication.

REACH Beyond, Value Star Awards, and Achievers Awards are unique initiatives designed to show appreciation of employee achievements. Additionally, the Company recognises exceptional contributions through "Employee of the Month" and "Employee of the Year" awards.

Employee Engagement and Welfare

The Teejay Group recognises the importance of work-life balance for our employees' overall wellbeing. We demonstrate this understanding through various initiatives aimed at creating a supportive work environment and nurturing a strong sense of community.

Understanding the significant impact of a positive workplace culture, Teejay prioritised initiatives that enhance employee satisfaction and retention. We strengthened communication channels, fostering a more open and transparent environment. Flexible work arrangements were introduced to empower our team and an employee recognition programme was introduced to mark achievements and contributions. Additionally, Teejay implemented programmes to address employee wellbeing and mental wellness. To further support personal development, we offered scholarships for further education and exposure visits, allowing employees to broaden their skillset and knowledge base.

In light of the current economic challenges, we have further improved our employee welfare programmes. Beyond financial support to those facing illness and setbacks due to natural disasters, the Group extended an economic relief allowance to employees facing increasing financial burdens due to the economic climate in Sri Lanka. In addition, we also supported employees with financial assistance for their children's higher education expenses.

Teejay prioritises the mental and physical wellbeing of its staff beyond just financial support. We conduct regular workshops promoting healthy lifestyles and organise medical camps for preventive care. The Joint Consultative Committee at Teejay plays a pivotal role in maintaining good labour management with employee engagement surveys and a variety of activities throughout the year, which cultivate a positive and connected workforce. These include annual cricket tournaments and excursions and family day celebrations, festive events like Christmas carols and

OUR PEOPLE

Bakthi Geetha, the “Teejay Lama Sithroo” art exhibition, regular quizzes and Friday night gatherings, and even outbound team building activities. New recruits are given an opportunity to have coffee with the CEO.



Poson Bakthi Gee

Parental Leave

The Company adheres to national labour regulations in Sri Lanka and India regarding maternity leave. Policies and practices ensure maternity leave of 84 working days for female employees in Sri Lanka, and 26 weeks for female employees in India. Male employees across our operations receive one day of paternity leave. During the 2023/24 reporting year, 4 female employees availed themselves of maternity leave. All 4 employees who returned to work after their leave remain employed with Teejay Group as of the reporting year’s end.

	2023/24		2022/23	
	Paternity	Maternity	Paternity	Maternity
Employees entitled to leave (Nos.)	37	4	34	12
Employees who took leave (Nos.)	37	4	34	12
Employees who returned to work (Nos.)	37	4	34	10
Return-to-work rate (%)	100	100	100	83

Communication and Compliance

As part of efforts to ensure workers’ rights are not at risk, the Group carried out internal assessments through a positive assurance framework, and incorporated external assessments by third-party auditors during audits for SMETA, Higg FSLM, and ICS compliance. While there are no collective bargaining agreements in place, the Company ensures the rights of freedom of association. All employees’ rights and interests are protected and upheld by Teejay’s Joint Consultative Committees, which included 25 employee representatives in Sri Lanka, and 16 in India.

We strive to address employee grievances promptly and effectively in order to create an industry-leading work environment for our teams. Teejay has gone even further to facilitate open communication by installing suggestion boxes in all related plants. This allows workers, employees, and subcontractors to easily approach their supervisors with any concerns.

A robust whistleblower policy is in place to serve as a confidential method for employees to report any suspected violations of our core values or the Employee Code of Conduct.

The Company upholds a strict zero-tolerance policy for abuse and harassment; no incidents related to discrimination were reported during the year. Our Abuse and Harassment Free Workplace Policy empowers employees with a clear and accessible reporting process. This policy outlines multiple reporting options, allowing employees to choose the course of action that best suits their needs:

- **Informal Resolution Process:** This option encourages early resolution of issues through an informal approach. This process allows employees to address offensive behaviour either verbally or in writing. The purpose is to communicate clear boundaries and ensure such behaviour is not repeated.

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- **Formal Resolution Process:** For more serious or persistent cases, a formal complaint can be filed with a supervisor or line manager, the HR Department, the CEO, or the designated Joint Consultative Committee.

In order to conduct fair and efficient investigations, all formal complaints must be submitted in writing within a specific timeframe (10 days to 3 months of the incident) and include details such as the offender's name, a description of the incident, and any relevant evidence. All complaints are treated seriously, and false reports are not tolerated.

Our strict abuse & harassment free workplace policy has enabled us to maintain a record of Zero reported incidents related to discrimination throughout the year. In addition, Teejay enacts strict protocols to guard against the employment of anyone under the age of 18 and is vehemently opposed to any form of forced labour. No incidents of child or forced and compulsory labour were reported during the year. Teejay also obtained self-declarations from its main suppliers that their respective organisations were also free of child labour, forced labour, and compulsory labour.

All of Teejay's facilities have been carrying out self-assessment and third-party verification of SLCP through the Higg Facility Social and Labour Module (FSLM) since 2021 and have completed all three levels. We incorporate the Higg FSLM to assesses our management systems and approaches, through a number of metrics. These ensure we involve our employees, ensure their health and safety, uphold suitable working conditions, and provide fair and adequate compensation for our teams.

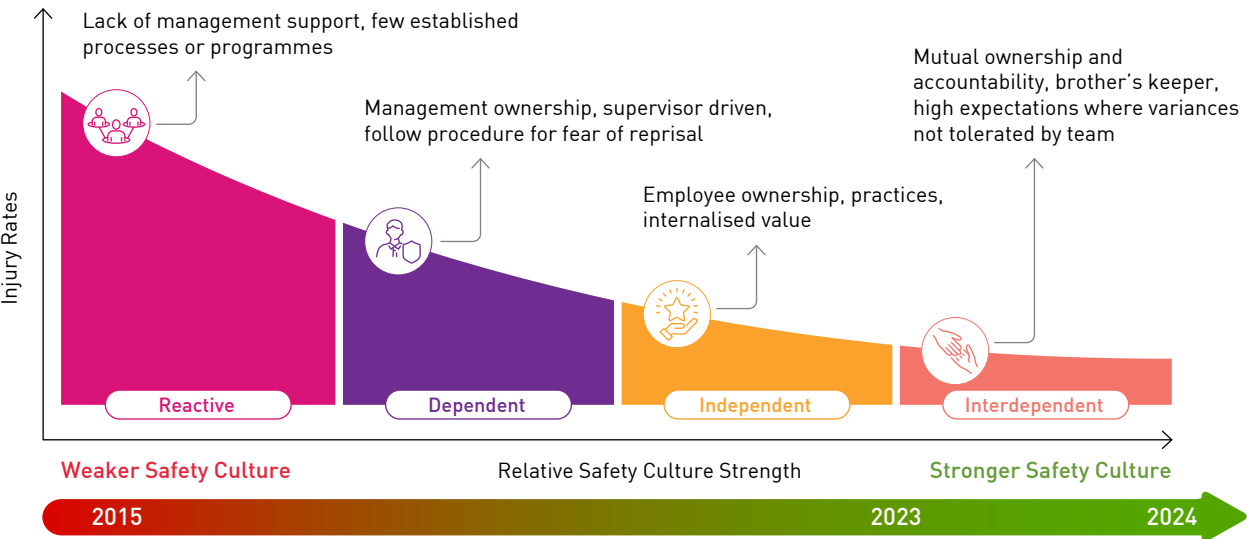
	Teejay Lanka	Teejay Prints	Teejay India
HIGG FSLM	86.9%	80%	87.3%

OCCUPATIONAL HEALTH AND SAFETY (OHS)

At Teejay, we believe safety should not just meet standards; it should exceed them. We embrace a culture of 'Safety beyond Compliance' across all our operations, inculcating a shared responsibility for maintaining a safe working environment. Our safety culture extends to all stakeholders, including employees, contractors,

suppliers, customers, visitors, and those from communities around the areas we work.

The success of our robust OHS framework and processes resulted in Teejay's Indian operations receiving the *Prashansa Patra Award – 2023/24*, from the National Safety Council – recognising for Best Practices in Occupational Safety & Health (assessment year 2018,19 and 20).



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We have implemented a comprehensive Occupational Health and Safety Management System (OHSMS) that adheres to the highest international standards. Certified against ISO 45001:2018, this system aligns with Sri Lankan labour regulations and International Labour Organisation (ILO) safety guidelines. At the same time all employees, outsourced workers, contractors and contractor's personnel who work on premises, are covered through the OHS System.

We go above and beyond to continuously improve safety practices through regular internal and external audits conducted by a dedicated internal audit team, trained by external experts. These audits help us identify and address any potential risks before they become incidents.

Empowering employees with knowledge is key. We provide a variety of training, licensing, and certification programmes on safe handling of chemicals and personal protective equipment (PPE). An activity based PPE matrix is employed across all departments, ensuring employees have the appropriate personal protective equipment for their tasks. Regular PPE awareness training reinforces proper usage. Additionally, Shift Executives, Supervisors, CCTV Operators, and Safety Wardens conduct frequent checks to ensure compliance.

We work proactively to prevent industrial accidents and health risks by conducting routine risk assessments across all manufacturing processes and equipment. The following risk have been identified with relevant to our manufacturing environment.

- Fire Hazards – Fire risk assessments, fire audits/ inspections, fire training, fire drills
- Chemical Hazards – Automatic chemical dispensers, fume extraction systems, training, PPEs (goggles, gloves, gas respirators)
- Electrical Hazards – Training, PPEs
- Mechanical Hazards – Machine guards, emergency switches
- Ergonomic Hazards – Engineering modifications, tow trucks, pallet trucks, reach trucks, trainings
- Physical hazards (noise, dust) – Dust extraction systems, dust masks, purchasing low noise machines, ear plugs

This includes evaluating existing procedures, changes to processes, and the addition or modification of equipment. Periodic health checkup are also conducted to ensure the wellbeing of our teams. Workers are encouraged to report work related incidents such as accidents, near misses, unsafe acts, and hazardous environments either by scanning a QR code or by reporting directly to the safety team verbally or via email. Once reported, these incidents are logged into the Incident and Injury Reporting Analysis (IIRA) system, where the IIRA team conducts investigations to determine the root cause or causes. Based on these findings, corrective actions are implemented to prevent similar incidents from occurring in the future.

By identifying potential hazards early, we can mitigate risks before they become incidents. In addition, robust protocols are in place to ensure a prompt and effective response to any emergency situation. This ensures the safety of our employees and minimises potential damage.

We value employee participation in maintaining a safe working environment by encouraging employees to report accidents, unsafe practices, near misses, and compromised facilities. To enhance reporting efficiency and expedite resolutions, Teejay adopted a QR code system in 2023. At the same time all employees are requested to remove themselves from risky situations and report to management without any fear.

Workers are encouraged to report work related incidents such as accidents, near misses, unsafe acts, and hazardous environments either by scanning a QR code or by reporting directly to the safety team verbally or via email. Once reported, these incidents are logged into the Incident and Injury Reporting Analysis (IIRA) system, where the IIRA team conducts investigations to determine the root cause or causes. Based on these findings, corrective actions are implemented to prevent similar incidents from occurring in the future.

We also actively solicit suggestions for improvements to safety procedures. A thorough investigation process is used to identify the root cause when incidents occur, leading to corrective actions that may involve modifying procedures or machinery at work sites.

Teejay provides annual medical surveillance, free medical consultations, and 24/7 access to our in-house medical center staffed by qualified nurses. All three plants have its own clinic with a nurse & a visiting doctor. All employees as well as outsourced workers can access the clinic, that you have first aid boxes at operational points, and how staff are encouraged to act as H&S ambassadors and raise any concern to the dedicated H&S officer who is present at each location. That the final responsibility of H&S is the plant manager etc. Additionally, an emergency vehicle is readily available for any urgent needs.

OUR PEOPLE

	2023/24	2022/23
Fatalities due to work related injuries	-	-
Number of high consequence injuries (Recovery time 6 months+)	-	-
Number of recordable injuries (Recovery time 6 months-)	8	8
Rate of work related injuries (incident rate)	0.25	0.25
Number of lost days as a result of employee injuries	-	-
Fire and safety expenses	-	-

	2023/24	2022/23
Medical expenses	-	-
Fatalities due to work related ill health	-	-
Cases of recordable work related ill health	-	-

	2023/24	2022/23
Main types of work related ill health	-	-
Main types of work related injuries	-	-
Cut injuries	-	-

Occupational Health and Safety (OHS) Training Programmes

Essential Safety Skills

- **Forklift Operator Training and Licensing:** Equips employees with the skills and knowledge to operate forklifts safely and efficiently.
- **LOTO (Lockout/Tagout) Training:** Teaches proper procedures for isolating hazardous energy during equipment maintenance or repair.
- **Emergency Response Training:** Prepares employees to respond effectively to emergencies like fires, spills, or medical situations.
- **Firefighting Training:** Provides basic firefighting skills to control small fires and evacuate buildings safely.
- **First Aid Training:** Empowers employees to provide immediate care for injuries and sudden illnesses.
- **LP Gas Handling Training:** Ensures safe handling and storage of liquefied petroleum gas.
- **Electrical Safety:** Educates employees on the dangers of electricity and safe work practices around electrical equipment.
- **Machine Safety:** Focuses on identifying and mitigating hazards associated with operating machinery.
- **Height and Confined Space Work Training:** Provides the knowledge and skills required for working safely at heights and in confined spaces.

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Health and Wellness

- **STD and HIV Awareness:** Increases awareness of sexually transmitted diseases and HIV/AIDS.
- **Prevention of Diabetes:** Educates employees on risk factors and preventative measures for diabetes.

Safety Culture Integration

- **Safety Induction for New Recruits:** Introduces new employees to Teejay's safety policies and procedures.
- **Weekly Toolbox Talks:** Regular short safety briefings on specific hazards or safe work practices relevant to each department.

Additional Training

- **Job-Specific Training:** Tailoring training programmes to the specific needs and risks encountered in different job roles.
- **Refresher Training:** Regularly updating employees' knowledge and skills through refresher courses.
- **Recordkeeping:** Maintaining documentation of completed training programmes for compliance and future reference.

We maintain well-equipped fire protection and detection systems across our facilities. Throughout the year, we conduct regular training programmes to ensure employees are knowledgeable on health and safety measures.

A dedicated bipartite OHS Committee, composed of both management and employee representatives, convenes monthly to discuss safety matters and proactively formulate control measures.

Going beyond traditional training methods, regular drills and briefings are held to keep various hazards, including fire, chemical, electrical, and ergonomic risks top of mind. Interactive elements like safety quizzes and selecting "Monthly Safety Champion" further promote our safety culture. Teejay's Safety Week 2023 achieved its goal of reinforcing safe work practices across the Company, with the participation of all employees.

The Company meticulously tracks workplace injuries and reports them quarterly to senior management, except in the case of a serious workplace injury or fatality, where the incident is reported immediately. We categorise workplace injuries based on recovery time. "Recordable injuries" have a recovery period of less than six months, while "high consequence injuries" take longer than six months. There were zero incidents of high consequence injuries reported during 2023/24.



Safety week fire training

Hazard	Safety measures
Fire	<p>Risk assessments, audits, and inspections.</p> <p>Mock drills and fire fighting training conducted every three months.</p> <p>A dedicated water pump house with capacities of 500 m3 water storage, consisting of one jockey pump and other pumps that are either electrical or diesel powered.</p> <p>Over 400 fire extinguishers are placed across the factory in several locations.</p> <p>A modern addressable fire alarm panel with 1,014 multi-sensors installed to detect smoke, flame, and heat.</p> <p>A fire NOC has been obtained for the factory from the AP Fire Services Department.</p> <p>Third-party safety audit is done through TEAM Engineering.</p> <p>42 fire exits are placed strategically in multiple locations.</p> <p>Onsite evacuation plant displayed in appropriate locations.</p> <p>Well-trained and highly skilled fire wardens appointed to cover three shifts.</p> <p>Three designated emergency assembly points in the factory.</p>

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Hazard	Safety measures
Chemical	Automatic chemical dispensers and fume extraction systems. Regular training. PPE distributed (goggles, gloves, and gas respirators).
Electrical	Regular training. PPE distributed.
Mechanical	Machine guards and emergency switches.
Ergonomic	Engineering modifications. Availability of tow trucks, pallet trucks, and reach trucks. Regular training.
Physical (e.g. noise and dust)	Dust extraction systems in place. Dust masks and earplugs distributed. Purchase of low-noise machines.

The Company prioritises the physical and mental wellbeing of employees, offering a comprehensive healthcare that extends beyond the workplace. Employees with any medical concerns can confidentially disclose them to a consultant doctor. This information is only shared with authorised Safety Team officials, ensuring complete privacy throughout the process.

To enable employees to make informed choices about their health, regular awareness programmes are offered covering subjects such as: industrial hygiene, nutrition, sexually transmitted diseases (STDs), diabetes prevention and control, and even domestic health and safety risks.



Awareness session on non-communicable diseases

Our Key Policies

Recruitment Policy

Teejay recognises that the success of our organisation is closely tied to our employees and that recruiting and retaining a highly motivated and qualified workforce is critical to our continued success and growth. The purpose of this policy is to provide a framework for the recruitment and selection of executive grade employees and to ensure that all activities in this process are conducted in a fair, transparent and unbiased manner that is consistent with Teejay values and relevant employment legislation.

Promotions Policy

A promotion is defined as a situation where an employee is upgraded to another position/ job of higher responsibilities with assigned salary adjustments and/or relevant perquisites. We believe in investing in our employees and reward those who perform well. The Group provides equal opportunities for all employees ensuring that all promotions are based on merit irrespective of an individual's ethnicity, religion, political opinion, gender identity, sexual orientation, age, marital status, or physical disability.

Harassment Policy

We at Teejay are committed to providing a safe environment for all its employees free from discrimination on any ground and from

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harassment at work based on gender, sexual orientation, race, religion, nationality, age, social origin, marital status, disability, political affiliations, or opinion. The Teejay Group shall operate on a zero-tolerance policy for any form of abuse/harassment inclusive of sexual harassment in the workplace, shall treat all incidents seriously and promptly investigate all allegations of abuse and/or harassment. Any person found to have abused and/or harassed another will face disciplinary action, up to and including dismissal from employment.

Health & Safety Policy

Teejay Lanka PLC is Sri Lanka's leading fabric mill, with a distinguished track record. Health & Safety of our employees and the direct service providers working on behalf of the company is of utmost priority to us. Therefore, the health & safety policy is communicated to all level of employees and stake holder parties. We will ensure that this policy is understood, implemented and evaluated where necessary to ensure its effectiveness and continuous improvement.

Child Labour Policy

Teejay Lanka has zero tolerance policy for child labour. As defined in the National Labour Law (Employment of Women & young person's act) "young Persons "defined as persons of age between 16 to 18 years. As per Teejay policy, company should not recruit any person

below 18 years of age. The company ensure that any stakeholder including contractors, labour suppliers, any other service provider and suppliers do not use child labour for any type of work.

Policy on Forced or Compulsory Labour

Teejay Lanka has zero tolerance policy for forced labour. The management has taken adequate steps to ensure prohibition of forced labour, bonded labour, indentured labour or prison labour. Employees shall not in any way be bonded or bound to employment by any terms other than those stated in the letter of employment. All applicants for employment in the company voluntarily seek employment not under any forced condition.

Policy on Equal Opportunity

Any employee of Teejay Lanka PLC shall not subject to discriminate in recruitment, compensation, salary increment, promotion, access to training, condition of work, pregnancy termination or retirement on the basis on gender, race, caste, skin colour, national origin, religion, age, disability, HIV/AIDS status, marital status, family responsibilities, pregnancy, sexual orientation, political opinion, union membership, unconscious bias, working conditions, disciplinary actions or political affiliation. Employees are free to join unions/worker committees of their own choosing. The company believes that equal treatment of employees is the fairest

and best way to establish a productive work environment, which fosters the highest possible performances.

Human Rights Policy

Human rights are basic rights inherent to all human beings, regardless of nationality, place of residence, sex, sexual orientation, national or ethnic origin, colour, religion, language, or any other status. Teejay's Human Rights Policy applies to all Teejay employees, anyone doing business for or with Teejay and others acting on Teejay's behalf. This applies to all locations where Teejay conducts business and to all company sponsored events.

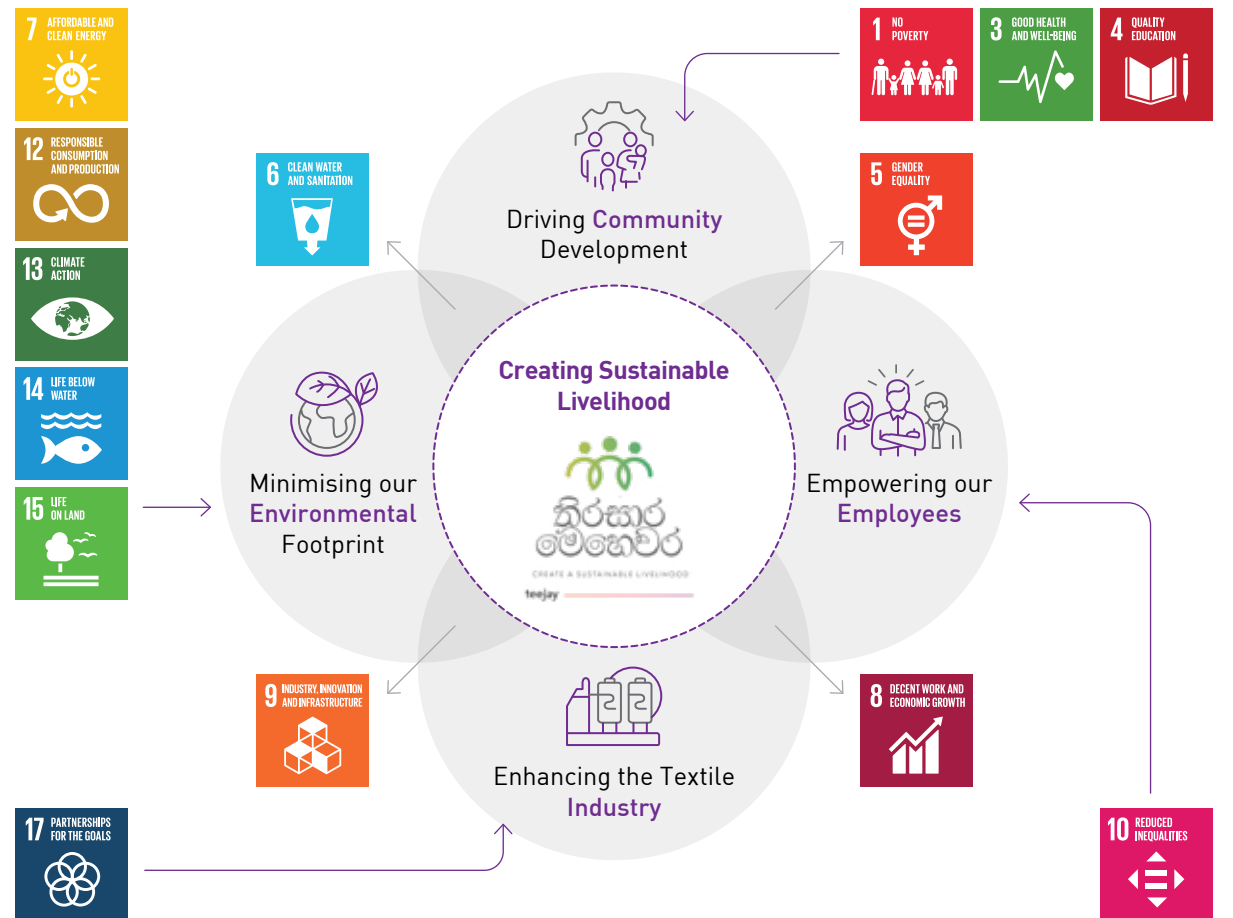


COMMUNITY RESPONSIBILITY

Our operations are enriched by the communities, and industry, around us; their development is essential to our success

As a responsible corporate entity, we are committed to taking the lead on initiatives that help to make society a better and a safer place. The term Thirasara Mehewara, itself, encapsulates Teejay's vision for society - to consistently take efforts that will enable future generations to sustain life and have access to resources.

We believe that demonstrating this commitment begins with our employees, the industry and value chain we operate in, the communities around us, and the wider environment that sustains us.



COMMUNITY RESPONSIBILITY

DRIVING COMMUNITY DEVELOPMENT

Our primary manufacturing facilities in Sri Lanka, based in the Seethawaka Export Processing Industrial Zone (EPZ), operate in the Country’s Western Province – which has grown to become the heart of the National economy. However, amidst rapid urbanisation and organic development in the province, many rural areas and communities are still lagging behind; with limited access, opportunity, infrastructure, and services.

Teejay’s focus on SDG 6 – clean water and sanitation, extends to community efforts providing or improving sanitation and hygiene facilities for schools, which remains a pressing concern in rural or underserved areas. Our collaborative efforts with corporates and foundations are also supporting education in schools, and raising awareness on menstrual hygiene; with the goal of empowering women and youth.

We have set an ambitious target for our Community Responsibility initiatives. To improve sanitation, hygiene, and education facilities for at least 10% of provincial schools in the Ratnapura District, by 2030; and increase the impact of the Thirasara Mehewara by 250%. A goal that is expected to reach and positively impact almost 60,000 students by 2030.

The project continued momentum in 2023/24, building on the positive impact of previous years’ development of hygiene and sanitation infrastructure for communities in the Kegalle, Ratnapura, and Colombo Districts.

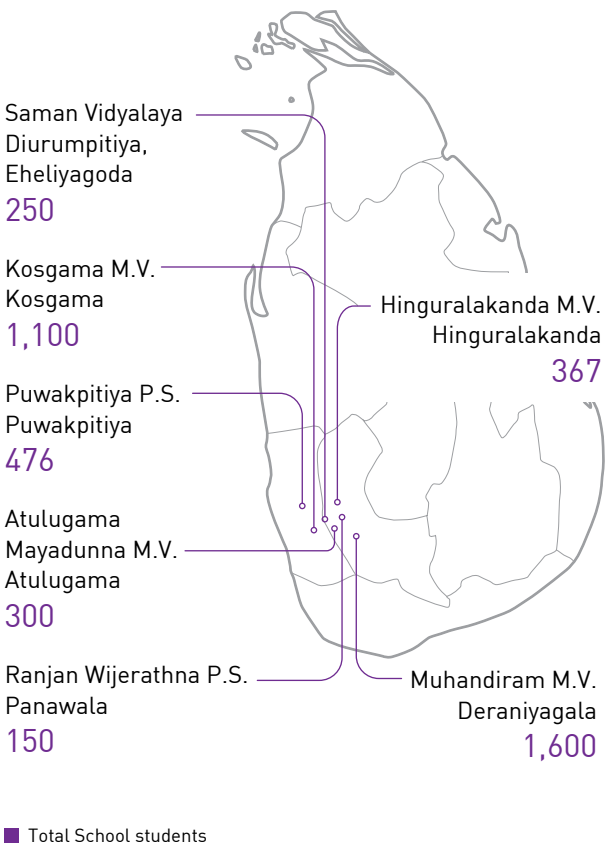
Process of accessing and selecting schools in need:

1. Suggestions of employees are taken by way of a form (Including the number of children of the employee attending the said school)

2. More information is gathered in collaboration with the Zonal education office.
3. After carefully accessing both lists a decision is made
4. A physical audit is done whereby we visit the schools and see the current sanitation situation (The current washroom status, ration between the number of students and the washrooms, the availability of disabled washrooms)
5. The CRS team along with the help of zonal educational departments will be selecting the school after field visit to the respective sites.
6. This information is presented to the Cross Functional Team (CFT Team/Top management) and approval is obtained.

This year, our *Thirasara Mehewara* programme supported 7 schools, benefitting an estimated 4,243 students with improved access to clean and safe drinking water, sanitation, health, and hygiene. We also sponsored or supported a number of philanthropic, cultural, religious, or sporting events for communities in the area.

Students reached 4,243 2023 – 6,384	Hygiene education programmes 7 2023 – 6
Washroom facilities 21 2023 – 9	Schools 7 2023 – 6
Water tanks – one to each school 7 2023 – 6	



COMMUNITY RESPONSIBILITY

COLLABORATION WITH HEMAS GROUP FOR IMPROVED EDUCATION AND AWARENESS ON MENSTRUAL HYGIENE

Responding to the need for improved education and awareness on menstrual hygiene, especially amongst rural communities and schools, Teejay Lanka joined forces with Hemas Holdings to launch a groundbreaking initiative that promotes menstrual hygiene awareness and provides essential resources to underserved communities in rural Sri Lanka.

This collaboration aims to provide an annual supply of sanitary napkins to female students over 12, in at least six schools identified by Teejay. The programme is to be facilitated by Teejay and Teejay Lanka's role in the project involves creation of a conducive environment for female hygiene awareness programmes in selected rural schools.

The collaboration carried out 5 awareness programmes, and provided over 11,400 sanitary napkins during the year 2023/24.

AKURA BOOK DONATION PROGRAMME LAUNCHED



Under the theme "Let's Light up Tomorrow with a Discarded Paper", Teejay launched the *Akura* programme in 2023. The initiative gathers support from

the public, up-cycles and gives new life to unused paper and books, and provides stationery for students in rural and underserved schools.

OVERSIGHT AND IMPLEMENTATION

To ensure effective oversight and management of CSR endeavors, the CSR Team assumes responsibility for conducting annual inspections, evaluations and coordinating with stakeholders. They play a crucial role in maintaining strong relationships with external parties and monitoring the progress of ongoing initiatives.

Teejay has always fostered a collaborative approach to community development projects, with the Engineering and HR Departments taking an active role in their implementation and management. These departments bring their expertise and resources to bear, working in synergy to execute and oversee projects that contribute to the betterment of the communities in which Teejay operates. This multi-faceted engagement model reflects Teejay's commitment to corporate social responsibility, leveraging the collective efforts and expertise of volunteers and various departments within the Group to maximise the positive impact on communities and stakeholders.



Awareness Session on hygiene education

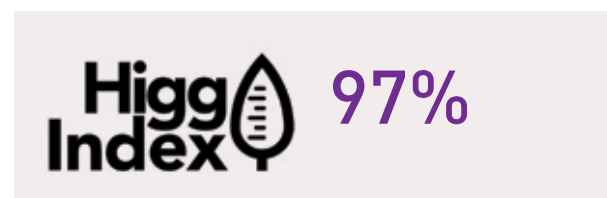


Ranjan Wijerathne Maha Vidyalaya

ENVIRONMENTAL STEWARDSHIP

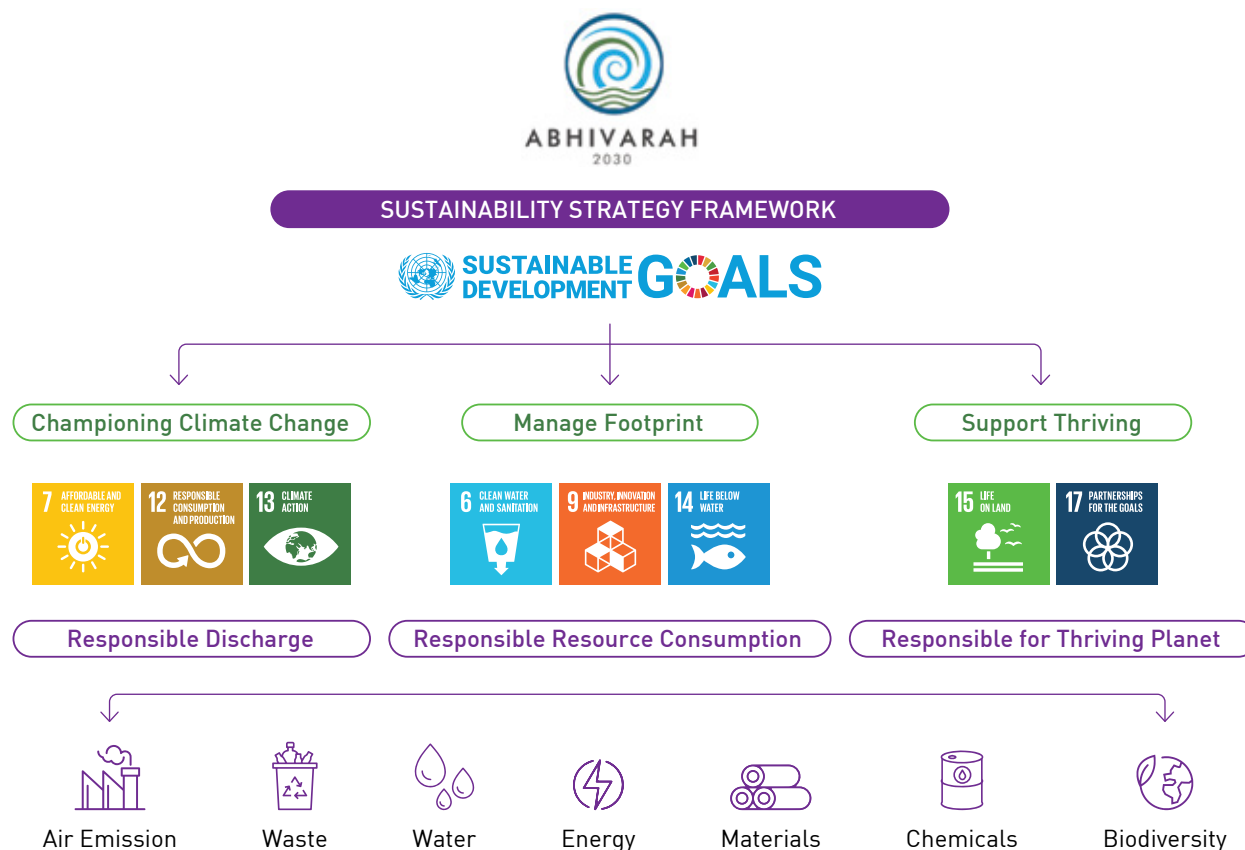
Managing our environmental footprint, optimising resource-use, and championing climate action are intrinsic to sustainable manufacturing and a thriving planet.

As a manufacturer of fabric solutions that is pioneering sustainable products and practices, Teejay strives to operate in harmony with the natural environment. We are committed to responsible stewardship of the natural capital that sustains our enterprise, people, and planet. Our approach to environmental stewardship prioritises the main components of our manufacturing – materials, water, and energy; considers the wider environmental impact of our operations; and aligns our efforts to address the interconnected environmental challenges facing our planet.



OUR ENVIRONMENTAL STRATEGY: ABHIVARAH 2030

Abhivarah, meaning 'environment', embodies our commitment to a harmonious coexistence with nature. We believe in working diligently to conserve natural resources and ensuring their sustainability for future generations.



ENVIRONMENTAL STEWARDSHIP

Abhivarah 2030 serves as our roadmap for a sustainable future, aligning with the Sustainable Development Goals (SDGs), the principles set out by the United Nations Global Compact (UNGC), and the Science Based Targets initiative (SBTi). SBTi is a collaborative effort involving several organisations, including the Carbon Disclosure Project (CDP), the United Nations Global Compact (UNGC), the World Resources Institute (WRI), and the World Wide Fund for Nature (WWF). As a fabric manufacturer working with leading retail brands to close the loop and drive circularity in the fashion industry, our strategic pillars also aligns with the 5R Concept (Refuse, Reduce, Reuse, Repurpose, Recycle), and the Circular Economy Model.

This framework emphasises our business imperatives and customer needs, and our corporate responsibility to people and the planet, through three core pillars.

- **Responsible Resource Consumption:** Doing More with Less – Focusing on optimising resource-use and minimising the environmental impact of our operations.
- **Responsible Discharge:** Waste to Wealth – Taking up the challenge of reducing waste, implementing responsible waste management, incorporating circular thinking, and exploring innovative waste-to-value solutions.
- **Supporting a Thriving Planet:** To Earth with Love – Emphasising our commitment to preserving or restoring our planet’s natural ecosystems and biodiversity.



OUR TARGETS FOR 2030

- Achieve zero toxic chemical usage and discharge
- Increase by 50%, the share of renewables in our energy-mix
- Reduce energy intensities by 3%
- Reduce water use in high water impact operations
- Reduce water intensity for operations by 25%
- Reduce domestic water intensity by 50%
- Reduce absolute water consumption by 50%
- Unlock 100% waste value-enhancement
- Achieve 42% Scope 1&2 emission reduction*
- Achieve 25% Scope 3 emission reduction*

* from base year 2022

OUR TARGETS FOR 2050

- Achieve net-zero carbon emissions
- Plant 1 million trees to restore endangered natural habitats

To advance our environmental sustainability strategy, we facilitate collaboration throughout our supply chain. Annual forums are held for Teejay to communicate and collectively problem-solve with chemical suppliers, yarn suppliers, and waste collectors. We assess the sustainability practices of our partners, ensuring

alignment with our compliance requirements, as well as responsible sourcing and environmental stewardship commitments. The section on Supply Chain [Pages](#) details our work with suppliers to drive environmental sustainability.

We operationalise our commitment to responsible environmental stewardship and track progress against our targets through a carefully structured Environment, Social, and Governance (ESG) framework that guides our sustainability initiatives as a leading fabric solutions provider.

2023/24 HIGHLIGHTS

Teejay’s environmental management processes, systems, and infrastructure were strengthened during the year through targeted investments and upgrades.

However, the year’s order-book included more dynamic and sophisticated orders with finer count fabric qualities, which necessitated changes at production-level. These changes resulted in increase in energy and water intensity per unit of production and per unit of revenue. These changes in the product-mix also contributed to a 5% reduction in recycled yarn, when compared to the previous financial year.

Our primary ESG investment during the year focused on positioning our strategies, systems, and processes to comply with more stringent emissions targets adopted across the industry and our primary markets. We also continued investing in renewable energy solutions, albeit at a lower scale, after major investments carried out in 2022/23.

ENVIRONMENTAL STEWARDSHIP

		2023/24	2022/23
Recycling efforts	Paper Recycling (Kgs)	1,564,865	1,305,746
	E-waste Recycling (Kgs)	345	311
Investments	Tree planting (LKR)	3,000,000	950,000
	Renewable energy solutions (LKR)	-	8,929,769
	Energy audit (LKR)	500,000	-
	GHG Emission Analysis (LKR)	16,140,000	760,000
Energy/water intensity	Electricity consumption per unit of production (kWh/kg)	2.55	2.33
	Electricity consumption per unit of revenue (kWh/Revenue '000)	0.78	0.57
	Water consumption per unit of production (m ³ /kg)	0.13	0.11
	Water consumption per unit of revenue (m ³ /Revenue '000)	0.04	0.03
	Fuel for transportation (Litres)	108,858	-

RESPONSIBLE RESOURCE CONSUMPTION



Materials: Sustainable sourcing to support circularity

Led by Teejay's innovation engine, Inscope, we continue to collaborate with customers and suppliers to prioritise recycled raw materials – including pre and post-consumer recycled materials and upcycled PET plastic waste; promote sustainable sourcing practices; and incorporate organic, regenerative or renewable raw materials and dyes in our products.

ENVIRONMENTAL STEWARDSHIP

	Recycled input materials		Material usage	
	2023/24	2022/23	2023/24	2022/23
Yarn (kg)	1,494,664	1,608,645	20,761,900	24,555,386
Dyes (kg)	-	-	751,415	1,010,946
Chemicals (kg)	-	-	10,003,876	13,649,716
Auxiliaries (kg)	-	-	2,870,054	2,915,875
Knitting needles (units)	-	-	2,043,875	1,412,471
Packaging materials (kg)	-	-	1,358,735	1,717,419
Consumable goods and spares (USD)	-	-	1,606,751	1,289,335
Greige (kg)	87,789	31,220	20,306,188	25,099,809
Prepared for print/PFP (kg)	-	-	1,728,609	2,601,181
Paper (bundles)	-	-	6,469	3,000

2023/24 HIGHLIGHTS

- **Pioneered sustainability infrastructure:** Teejay Lanka PLC collaborated with the German Federal Ministry for Economic Cooperation and Development (BMZ), Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH in Sri Lanka, the National Cleaner Production Centre Sri Lanka (NCPC) and Eco-invent Association of Switzerland, to implement the first-ever national Life Cycle Inventory (LCI) database for Sri Lanka's textile sector. This groundbreaking project, titled "Advancing LCA Application in Sustainability Assessment in Sri Lanka," establishes a holistic framework for measuring product sustainability from raw material extraction to final disposal. By adopting a cradle-to-grave approach, Teejay surpasses industry standards and sets a new benchmark for responsible production practices.

- **Strengthened sustainable procurement:** As a Group, we strengthened our commitment to environmentally responsible sourcing through an updated procurement charter. This revised charter integrates environmental considerations throughout the raw material purchasing process, ensuring alignment with Teejay's overarching sustainability goals.
- **Hosted Chemical Suppliers' Forum:** Teejay Lanka PLC brought together over 60 of the Company's chemical suppliers and manufacturers for a forum in January 2023, which served as a platform for open dialogue on critical sustainability topics. Participants engaged in discussions on Teejay's chemical management framework, which was developed in alignment with the ZDHC Chemical Management Framework and ZDHC Technical Industry Guidance (TIG)), and strategies for managing chemical inputs, processes, and outputs. A key focus of the forum was taking a collaborative problem-solving approach to evolving regulations, compliance, and sustainability standards for sludge-treatment, emissions management, and operations. The forum also enabled suppliers to share progress against their own sustainability efforts.

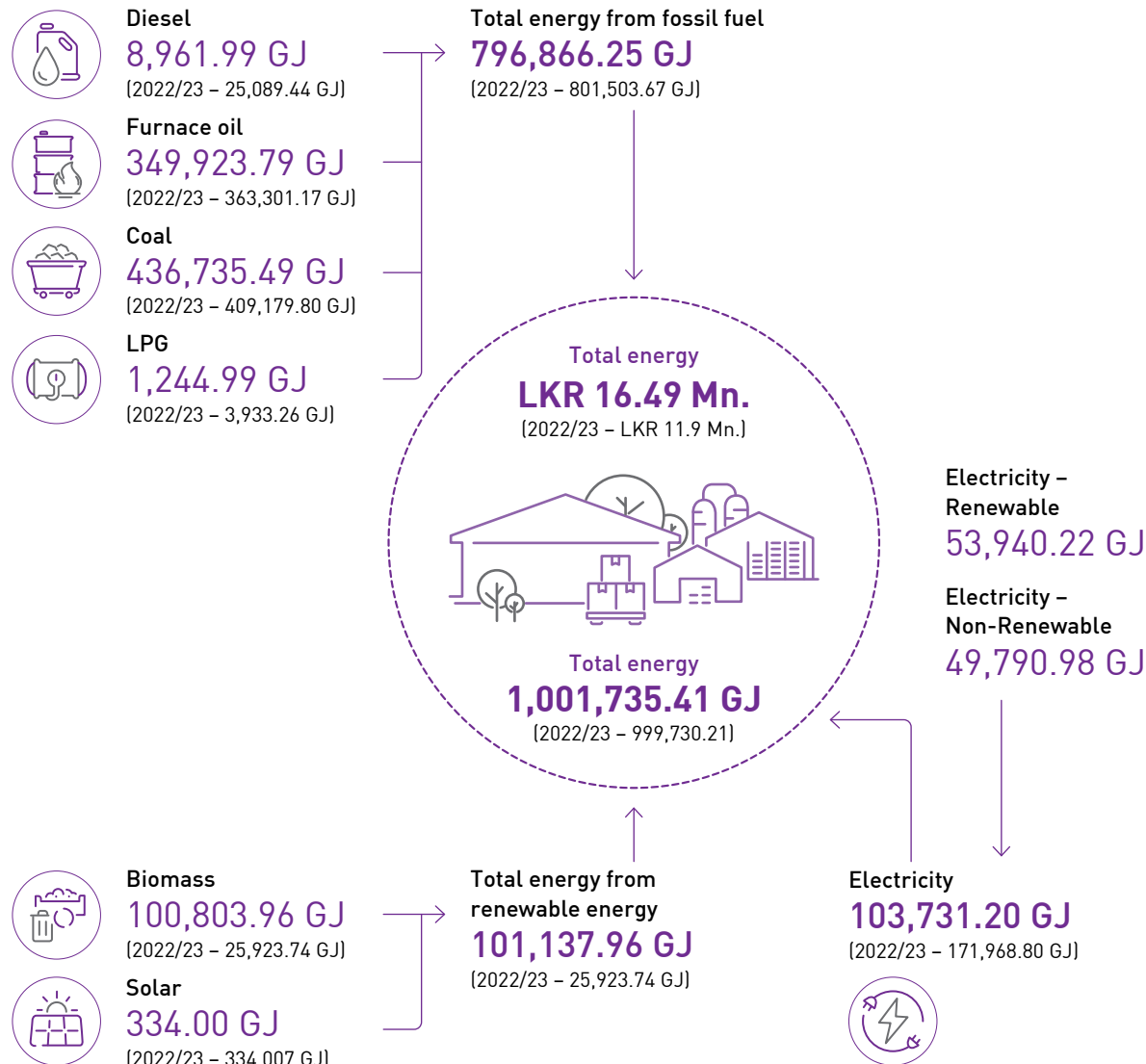
ENVIRONMENTAL STEWARDSHIP

Recycled input materials used to manufacture primary products and services.	2023/24	2022/23
Volume of recycled input materials used (e.g. recycled yarn) (kg)	1,494,664	2,571,404
% of recycled input materials used (e.g. recycled yarn)	7%	12%

Energy: Championing the energy transition



Our Group demonstrates a steadfast commitment to environmental responsibility through a comprehensive approach to energy management. With a well-defined Energy Management Policy guiding our efforts, and Energy Reduction Utilisation Plans in force, we are working toward clear targets for increased share of renewable energy and reduced energy-use, aligned with the global energy transition and our Abhivara 2030 Strategy.



ENVIRONMENTAL STEWARDSHIP

2023/24 HIGHLIGHTS

Leveraging Internet of Things (IoT) Technology for Energy Performance

We were able to accelerate Teejay's energy reduction goals with implementation of a groundbreaking online real-time energy utilisation system, facilitated by cutting-edge IoT technology, which empowers our engineering and operational teams with live data and accurate reports. This initiative has contributed to greater operational efficiency and improved sustainability performance.

The new system facilitates predictive maintenance through continuous monitoring and incorporates strategic shutdowns when needed – minimising downtime and enabling optimal capacity utilisation. Amidst industry fluctuations, this real-time monitoring system has also enabled Teejay to precisely align production capacity with order-book requirements.

The system has demonstrably improved our cost efficiency during the year: Targeted interventions, informed by identified energy-waste and inefficiencies, have led to reduced utility cost – from 11% to 8% in 2023/24.

This has translated to a positive impact on Teejay's bottom-line, allowing for more strategic resource allocation.



Improving energy management: We are in the process of obtaining ISO 50001 certification for our facilities, which would result in systematic improvements in energy performance – leading to reduced emissions, and greater compliance with international standards.



Harnessing Solar Energy: Teejay Lanka installation of a 7 MW solar power system, to significantly reduce our reliance on non-renewable resources and lower carbon emissions and energy costs.



Cleaner Fuel Transition: Our Indian operation is in the process of phasing out Heavy Fuel Oil (HFO). A shift to natural gas would result in lower greenhouse gas emissions, improved efficiency, and cost savings.



Sustainable Energy Exploration: As a Group, we are actively exploring alternative sustainable energy sources to HFO, which can be implemented for long-term environmental gains and further reduction of our carbon footprint.

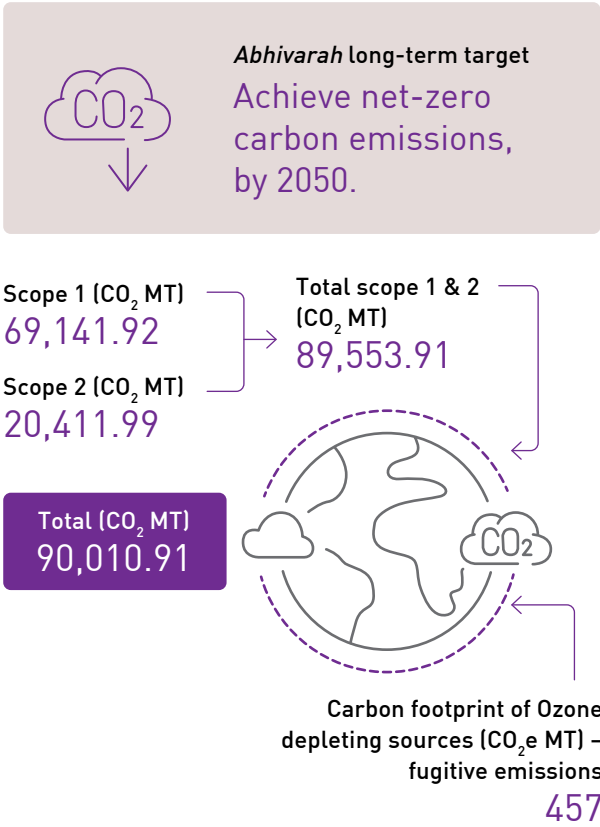


HFO Reduction through Processes Improvement: During the year, Teejay Prints made improvements in thermic heater insulation, burner technology, and optimised thermic heat pipeline systems. These measures resulted in significant reductions in fuel consumption and overall efficiency improvements. Notably, this effort yielded a 20% reduction in HFO usage, achieving a targeted decrease by 10,000 liters/month by the end of March 2024.

Energy-Efficient Lighting: Teejay Prints completed a move to 100% of conventional lighting replaced with energy-efficient LED bulbs and low bay lights, reducing energy consumption to 20 watts per bulb.

ENVIRONMENTAL STEWARDSHIP

Emissions: Decarbonising our operations



We have taken up the challenge of reducing Greenhouse Gas (GHG) emissions as part of Teejay's climate ambitions. Having signed on to the Science Based Target initiatives (SBTi) in 2021/22, we have incorporated emissions reduction targets in the Group's *Abhivarah* 2030 environmental strategy.

Taking a proactive approach, our facilities have set near-term targets approved by the SBTi. These include a 42% reduction in Scope 1 and 2 emissions by 2030 and a 25% reduction in Scope 3 emissions by the same year. Ultimately, we are committed to achieving net zero emissions by 2050.

These targets are embedded within the *Abhivarah* 2030 strategy, which ensures climate risks are systematically evaluated and addressed. Furthermore, all of our facilities demonstrate commitment to transparency and accountability in their environmental impact by continuously verifying and validating their emissions disclosures. This rigorous validation process, conducted by the National Cleaner Production Centre Sri Lanka (NCPC) in accordance with ISO 14064-3:2019, ensures accurate quantification of our carbon footprint.

Teejay also methodically monitors emissions of ozone-depleting substances (ODS) as defined by the Montreal Protocol totalled 1.65 kg of CFC-11 equivalents (2022/23: 2.09 kg, 2021/22: 1.93 kg). The Company maintains a rigorous programme for monitoring nitrogen oxides (NOx) and sulphur oxides (SOx) emissions, ensuring they consistently comply with regulatory tolerance levels. Annual stack emissions testing is conducted by accredited third-party laboratories to verify adherence to all relevant air quality regulations, including NOx, SOx, and other parameters.

Sustainable waste disposal methods installed at our facilities at the Seethawaka Export Processing Zone (EPZ), in Sri Lanka, continue to yield significant emissions reductions.

Managing Climate Change Risks

Teejay understands that while its operations result in carbon and other emissions which contribute to Climate Change, the operations of Teejay too are exposed to the risks of Climate Change relating to the physical risks and transition risks of climate change. Physical risks of climate change resulting in bad weather, floods and droughts may have direct bearing on the business resulting in disruption of operations. During the reporting period, there were no instances where the manufacturing operations of the group were disrupted due to climate change induced bad weather. However, Teejay is cognizant of potential risks arising from such physical climate change risks, and also how physical risks of climate change may impact its supply chain partners increasing the risk of timely and cost-effective sourcing of raw materials.

During the year Teejay expended over LKR 10 Mn. in efforts to minimise energy consumption, shift to renewables and in offset initiatives as shown below. Teejay is in the process of undertaking deeper financial analysis to identify the potential financial impacts in the future arising from the above-mentioned risks as well as mitigation activities.

ENVIRONMENTAL STEWARDSHIP

		2023/24	2022/23
Investments made in mitigating the Physical and Transition Risks of Climate Change	Tree planting (LKR)	3,000,000	950,000
	Renewable energy solutions (LKR)	–	8,929,769
	Energy audit (LKR)	500,000	–
	GHG Emission Analysis (LKR)	16,140,000	760,000

With regard to Transition Risks of Climate Change, Teejay is committed to a path of decarbonisation and reducing the carbon footprint of its operations. Thus, strategies that guide the company to a long term goal of net zero in the future would include investments in Solar as well as transitioning fossil fuel based energy sources to the Sri Lankan Grid, which is approximately 30% based on renewable energy and investments in new energy efficient technology and equipment.

To ensure that Teejay sources the most suitable technology for its transition to a low carbon operation comprehensive financial and non-financial analysis of the options are carried out, with large investment decision requiring board approvals to proceed. With Sri Lanka and India not having carbon pricing mechanisms or Carbon taxes, financial impacts of such regulations on the transition to a low carbon operation is not seen as a significant aspect.



Environment week Celebration

Water: Stewardship of water resources



Abhivarah 2030 target

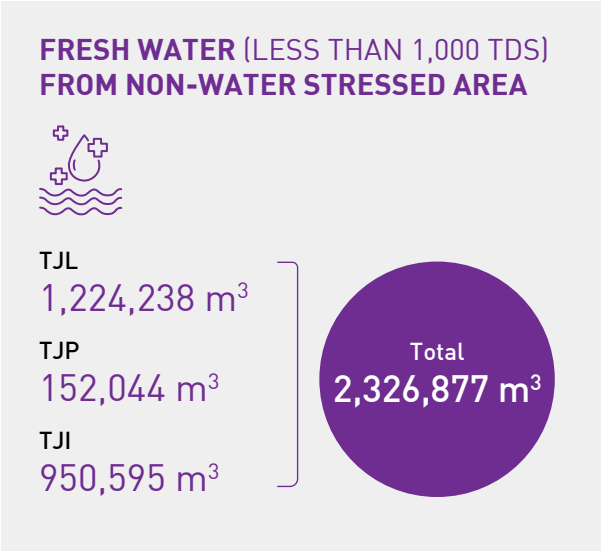
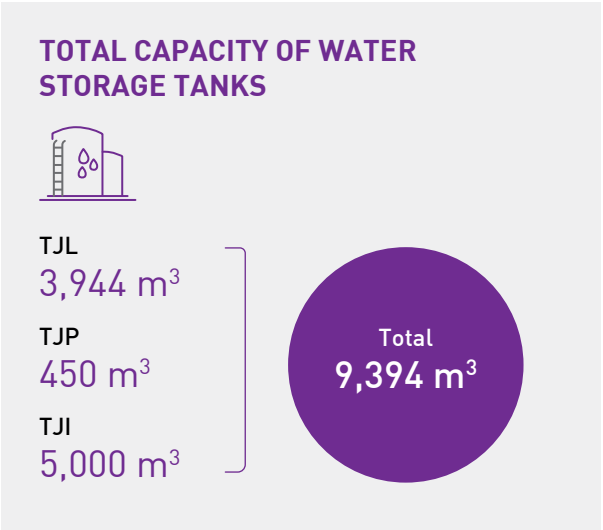
Reduce water use in high water impact operations

Teejay Lanka PLC recognises water as a critical resource for our manufacturing operations, and we are committed to the conservation of the water sources we utilise. The Company takes a multi-pronged approach to minimising water and chemical usage. We actively collaborate with industry partners and other institutions in exploring innovative solutions for water-use reduction and enhanced effluent treatment quality.

Input: Responsible water-withdrawal

All water requirements for our facilities are fulfilled through third-party suppliers. In Sri Lanka, the Board of Investment of Sri Lanka (BOI) Seethawaka Export Processing Zone (SEPZ); and in India, Brandix India Apparel City Private Limited (BIAC). These are reputed utility providers who provide water from regions designated as non-water stressed, to ensure responsible and sustainable water usage.

ENVIRONMENTAL STEWARDSHIP



2023/24 HIGHLIGHTS



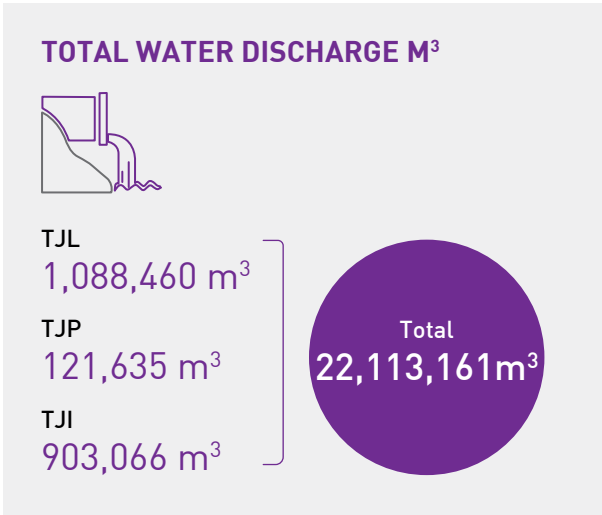
- **Production Water Recycling:** Introduced a system by which backwash from water treatment of process water undergoes a second round of recycling, leading to an approximate 8.8% reduction in fresh water use.
- **Rainwater Harvesting:** Teejay Lanka installed rainwater harvesting systems, covering 10% of total roof area. This not only supplements our water supply but also reduces reliance on municipal water sources.
- **Domestic Water Optimisation:** Through multiple efficiency measures implemented, we achieved lower water usage and costs. This initiative, with a budget of USD 1500 encourages responsible water usage and contributes significantly to Teejay's overall sustainability goals.
- **Water Reuse project:** Teejay Prints carried out a water reuse project within the washing range to effectively reuse a portion of process water. The initiative led to a significant 5% reduction in daily water consumption; and an annual saving of approximately 9,000 liters of water.

Output: Stringent standards for effluent discharge

We employ robust wastewater management practices across our operations to ensure responsible discharge through effluent treatment. During the reporting period, Teejay discharged a total of 2,223,161,000 liters (2,223,161 m³) of effluent, which represents 53% of the water withdrawn. All discharged water was directed to areas designated as non water stressed. Effluent discharge was directed to soakage pits or water bodies after treatment through central Effluent Treatment Plants, and was in compliance with standards and parameters set out by relevant regulatory bodies, such as the Sri Lanka's Central Environmental Authority's (CEA), and in accordance with national and local laws, such as Sri Lanka's National Environmental (Protection and Quality) Regulations. Teejay's operations uphold all requisite monitoring activities and compliance activities, including renewal of licenses to operate such as Sri Lanka's Environmental Protection License (EPL).

Advanced systems equipped with live alerts are deployed across Wastewater Treatment Plants (WTP) and Effluent Treatment Plants (ETP) to ensure real-time monitoring and data accuracy. These systems monitor essential parameters in Phase I, including pH, temperature, flow rates, volume, and tank levels. Phase II expands the monitoring scope to encompass additional quality parameters such as color, COD, TDS, and TSS, guaranteeing comprehensive oversight of the entire treatment process.

ENVIRONMENTAL STEWARDSHIP



2023/24 HIGHLIGHTS

Launch of our dedicated water and chemical testing lab

In August 2023, we launched Teejay's IERA laboratory in Sri Lanka, named after the Sanskrit word for water. The facility prioritises mission critical testing for process water, effluent, cooling water, and boiler water. This strategic investment eliminates dependence on external testing facilities, enabling faster turnaround times for quality checks, unlocking significant process optimisation, and ensuring consistent compliance with effluent treatment standards. The facility has streamlined regular testing and ensured adherence to national, international, and industry regulations. Additionally, the rigorous testing capability strengthens our value proposition to premier global brands.

The laboratory encompasses all aspects of water and chemical analysis, including physical, chemical, and biological characteristics. Initially in use to meet our own testing needs, we expect the laboratory to offer services to other manufacturers or entities in the area, at a later date.

- **ETP Modernisation:** Teejay's Sri Lankan operations upgraded Effluent Treatment capacity and quality through a modernisation project. A total budget of USD 165,000, was designated to renovating clarifiers and meeting the stringent requirements associated with sludge management. These improvements have enabled more efficient wastewater treatment and stricter compliance with environmental standards.

Chemicals: Responsible management



Abhivarah 2030 target

Achieve zero toxic chemical usage and discharge.

Teejay is committed to the safe, transparent, and responsible management of chemicals throughout its operations. We adhere to the Zero Discharge of Hazardous Chemicals (ZDHC) management framework, which includes the ZDHC Chemical Management System (ZDHC CMS) and ZDHC Technical Industry Guidance (ZDHC TIG), along with brand and legal requirements. Third party wastewater testing is carried out monthly and ZDHC (Zero Discharge of Hazardous Chemicals) wastewater testing is conducted biannually. These comprehensive measures ensure all parameters remain well within prescribed regulatory tolerance levels. 100% ZDHC MRSL level 1 or above conformance was achieved for chemical input at all facilities, and verified through BVE3 monthly InCheck reporting. There were zero reported violations in the year under review.

To extend our responsible chemical management commitment to the supply chain and ensure we control hazardous chemicals from gate-to-gate, Teejay utilises stringent procurement protocols supported by the Group's Enterprise Resource Planning (ERP) system and warehouse management system; allowing for

ENVIRONMENTAL STEWARDSHIP

meticulous control over chemical inputs and processes. We maintain detailed records for full traceability of all chemicals used. Upholding transparency, stakeholders have access to relevant information regarding our chemical management practices. Additionally, we follow best practices for the safe storage and handling of chemicals to guarantee compliance and safety.

Strengthening our commitment to customers and end consumers through rigorous output control policies, we strictly adhere to a Restricted Substance List (RSL) to eliminate prohibited substances from our products. We integrate rigorous product assessments throughout the production process to ensure safety and compliance with regard to chemicals in our fabrics. This includes, but is not limited to, meticulous testing for chemical residue in adherence with chemical compliance standards set by customers and regulatory bodies. We are proud to report that during the year under review, we maintained a perfect record, with zero incidents of non-compliance concerning the health and safety impacts of our products and services.

Environmental Management and Compliance

Our commitment to environmental stewardship extends incorporating and aligning with internationally recognised ISO standards. Teejay Prints has successfully achieved certification for ISO 14001:2015 Environmental Management Systems and ISO 14064 Greenhouse Gas Emissions standards. Additionally, both Teejay Prints and Teejay Lanka have achieved ISO 9001:2018 certification for quality management, ensuring a holistic focus on excellence.

We utilise the Higg Facility Environmental Module (FEM) as a tool to comprehensively assess our performance across several critical areas; standardise performance and compliance reporting across our facilities; and provide accurate, consistent, and comparable data to customers. We also endeavour to drive adoption of the HIGG FEM amongst our suppliers. Progress against this is described in the Supply Chain section [Pages 10-11](#).

In 2023, Teejay achieved exceptional results as all our facilities showed improvement from the previous year. Teejay Lanka secured an outstanding 97% on the Higg FEM, solidifying its position among the top performers in the Sustainable Apparel Coalition. Teejay Prints achieved a score of 78% (up from 68%), and Teejay India scored 83% (up from 79%), via Higg FEM self-assessment.

Facility	HIGG FEM Rating	
	2023/24 %	2022/23 %
Teejay Lanka	97	94
Teejay Prints	78	68
Teejay India	83	79

Certification and Accreditation updates 2023/24



Type 1 Eco-label Certification: In 2023, Teejay Lanka pursued the National Cleaner Production Center (NCPC), Sri Lanka's Eco Label Certification Programme. This rigorous programme assesses products or services across their entire life cycle, considering factors like resource consumption, emissions, energy usage, and waste generation. By successfully achieving the Type 1 Eco-label Certification, Teejay demonstrates its commitment to transparency and environmental responsibility. This independent third-party verification offers unparalleled credibility, solidifying Teejay's position as a leader in sustainable manufacturing.



ISO 50001 Certification: Demonstrating our commitment to systematic energy performance improvement and compliance with international standard, Teejay Lanka and Teejay Prints are pursuing ISO 50001 Energy Management System certification. A budget of USD 5,000 has been allocated for this initiative.

ENVIRONMENTAL STEWARDSHIP



ISO 14001:2015: Teejay Lanka successfully underwent a second surveillance audit to ensure our Environmental Management System (EMS) continues to meet the requirements of the ISO 14001:2015 standard.



ISO 14001:2015: Teejay Lanka Prints Pvt Ltd successfully completed the initial surveillance audit for ISO 14001:2015 certification, following the establishment and implementation of a functional EMS.

ISO 14064-3:2019: Teejay Lanka, Teejay Print and Teejay India completed a successful verification audit of GHG emission disclosure.

RESPONSIBLE DISCHARGE



Waste: Reducing waste and unlocking value



Abhivarah 2030 target

Unlock 100% waste value-enhancement, by 2030.

As a leader in circularity for the textile industry in Sri Lanka, our Group practices responsible waste management with the goal of achieving 100% waste value enhancement. This aligns with our *Abhivarah* 2030 roadmap.

Teejay ensures all waste undergoes reuse, recycling, or proper disposal through CEA and BOI authorised parties. All materials are sorted and segregated before disposal. Hazardous and non-hazardous waste is disposed of in strict compliance with national regulations, while aligning with our commitment to the 5R concept, circular economy principles, and zero-waste landfill goals. We hold a Scheduled Waste

Management License (SWML) under the generator, collector, and transporter categories, issued and monitored by the CEA. This license guarantees compliant disposal and discharge practices.

As a fabric manufacturer, the processes of knitting, dyeing and finishing comprise our primary production processes through which waste is generated. Main waste streams of our operations are textile waste (30%), cardboard (29%), and ETP Sludge (28%).

The Company's comprehensive waste management approach encompasses waste segregation, extended disposal networks and supplier responsibility. Recognising the urgency for action, Teejay implemented a robust solid waste management policy outlining stringent waste handling guidelines.

A significant volume (39%) of our non-hazardous waste, including cardboard, polythene, fabric, and e-waste, were recycled. A further 0.4% of hazardous waste was also recycled through innovative measures.

Teejay's commitment extends beyond our factory walls. The cradle-to-gate approach takes responsibility for waste disposal until it exits company premises. This extended supplier responsibility ensures proper waste handling throughout the supply chain.

Our success with recycling of plastic barrels has seen significant annual improvement, with almost 4,000 barrels diverted from disposal each year. The recycled barrels are transformed into innovative applications such as pipes, flowerpots, electrical enclosures, and conduit accessories. To illustrate the scale of this accomplishment, these barrels stacked together would be approximately 1.4 times the height of the Lotus Tower, South Asia's tallest building.

ENVIRONMENTAL STEWARDSHIP

Additionally, we repurpose fly ash, a by-product of thermal energy generation, as a valuable organic fertilizer. This maximises resource efficiency and minimises waste within our production process.

2023/24 HIGHLIGHTS

Collaboration is key – Waste Collectors’ Forum

Waste collectors, including individual entrepreneurs and SMEs, are integral to Teejay’s waste management ecosystem. Our annual Waste Collectors’ Forum, provides an opportunity for knowledge sharing and alignment with Teejay’s waste management policies. Notably, this initiative is groundbreaking as it recognises the crucial role of waste collectors, who often operate without formal recognition or inclusion in industry forums.

Teejay believes that sustainability is both a competitive advantage and a collective necessity requiring cross-industry collaboration. By collaborating and sharing best practices, companies can comprehensively analyse their value chains, aligning with the EU’s push for sustainability across supply chains.

- **Second Annual Waste Collectors’ Forum:** A second annual Waste Collectors’ Forum was held in January 2024, organised by Teejay Lanka’s Sustainability Division, HR, and Commercial Teams. The event focused on updating participating hazardous and non-hazardous waste collectors on the Group’s waste management strategy and requirements.

- **Audit of disposal sites:** To verify adherence to the 5R concept, the Group conducted audits at final disposal sites. These audits guarantee that waste is reused, recycled, or disposed of responsibly through authorised channels, minimising environmental impact.

	2023/24
Waste disposal through Incineration/kg	1,740,358
Waste disposal through landfill/kg	0

	2023/24 %	2022/23 %
Volume of material waste (from the production process) diverted from disposal	97	94
% of material waste (from the production process) diverted from disposal	78	68

Non-hazardous waste	
Reuse (kg)	1,537,517
Recycle (kg)	2,126,250
Incineration (kg)	211,740
Total non-hazardous waste (kg)	3,875,507

Hazardous waste	
Reuse (kg)	970
Recycle (kg)	22,416
Incineration (kg)	1,528,618
Total hazardous waste (kg)	1,552,004

ENVIRONMENTAL STEWARDSHIP

SUPPORTING A THRIVING PLANET



Biodiversity Conservation



Abhivarah 2030 target

**Plant 1 million trees
to restore endangered
natural habitats,
by 2050.**

At Teejay, we strive to maintain the delicate balance of our natural ecosystems by integrating biodiversity conservation into our mission, vision, and values. Our dedication to environmental stewardship is reflected in our active participation in a number of conservation projects. We actively engage in initiatives such as the Kelani River Habitat Enhancement Programme, tree plantation campaigns, and educational awareness sessions. These programs aim to inspire the next generation and raise public awareness about the importance of environmental conservation.

Through our “Abhivarah 2030: To Earth with Love” project, we aim to instill a deep-rooted commitment to protecting the planet, at every level of our organisation.

- **Education and Awareness:** We cultivate a knowledgeable workforce by educating employees on critical sustainability issues like climate change, resource depletion, and pollution. Through engaging training programs, workshops, and information sessions, we enhance their understanding of the importance of sustainable practices and empower our team to contribute to environmental solutions.
- **Leadership at the Forefront:** A dedicated monthly steering committee comprised of senior management ensures the seamless integration of sustainability goals into the Company’s core values, mission, and vision.
- **Empowering Environmental Champions:** We actively encourage employee participation in the Company’s “Nature Club”. Monthly meetings led by the EMS/EnMS team empower employees from various departments to contribute their ideas, suggestions, and innovative solutions to minimise our environmental impact.

“Greening Sri Lanka” Nelli tree-planting project

In collaboration with the Central Environmental Authority (CEA), Teejay Lanka PLC proudly launched the “Greening Sri Lanka” initiative on 26 September 2023. This initiative aims to plant 28,000 nelli trees (*Phyllanthus emblica*) throughout Sri Lanka.

The project launch was graced by the presence of both foreign and local dignitaries, clergy and other distinguished guests, including representatives from the CEA and Teejay Lanka PLC. In our first year (2023/2024), 4,000 nelli trees were successfully planted.

“Mihikathata Adaren” Biodiversity program in partnership with the Wildlife & Nature Protection Society (WNPS)

Teejay Lanka PLC contributes to Sri Lanka’s biodiversity conservation through the “Mihikathata Adaren” programme, which spearheads a number of initiatives.

A key collaboration involves the Maskeliya reforestation project, undertaken in partnership with the WNPS through its affiliate, PLANT (Preserving Land and Nature (Guarantee) Pvt Ltd). Signed in January 2023, a Memorandum of Understanding (MOU), one of Sri Lanka’s leading plantation groups, allocated land for a green passage along the Maskeliya Oya River. The project uses the expertise of leading naturalists and scientists, whose guidance ensures the effectiveness of the conservation efforts. Teejay participated in the launch event and financially supported one of the five reforestation segments.

ENVIRONMENTAL STEWARDSHIP

“Beating Plastic Pollution” World Environment Day 2023

Aligned with the pertinent theme of combatting plastic pollution, Teejay commemorated World Environment Day in June 2023. It reinforced the Company’s commitment to “Waste to Wealth,” a key pillar of our Abhivarah 2030 sustainability roadmap.

The week-long programme was conducted in collaboration with esteemed partners, including the Central Environmental Authority (CEA), Road Development Authority (RDA), and the Board of Investment Sri Lanka (BOI). A range of informative activities were organised for the benefit of our staff and the community:

- **Leadership addresses:** Teejay’s leadership team set the tone for the week by delivering inspiring messages on environmental stewardship.
- **Awareness programmes:** The CEA provided valuable insights on responsible environmental practices.
- **Environmental resilience workshops:** The Zero Trash Organisation conducted workshops, covering topics like climate change science, home gardening practices, and waste segregation techniques.
- **Tree planting initiative:** 500 trees were planted along the Mirigama – Kurunegala stretch of the Central Expressway, in collaboration with the CEA and the RDA.
- **“Plastitopia 2023” Exhibition:** An engaging exhibition raised awareness about plastic pollution through demonstrations, quizzes, and competitions.



INNOVATION IN FABRICS AND TEXTILES

CUSTOMER CENTRICITY

PARTNERING FOR SUCCESS: TEEJAY'S CUSTOMER-CENTRIC APPROACH

The Teejay Group is a business built on customer-centricity. To continue refining our focus, we have created a framework consisting of five key pillars. Our framework guides us in realising operational excellence in terms of speed & agility, innovation & sustainability, quality and delivery standards.

Through a keen understanding of our customers' preferences and requirements, we strive to consistently exceed expectations, foster enduring partnerships, and establish ourselves as a trusted world-class brand in the international arena.



Differentiation through Innovation

At Teejay, we prioritise differentiation through agility & innovation. Consistently bringing unique, value-added products and solutions to the market addressing speed and novelty. Agility coupled with speed and adaptability offers a new set of solutions to our customer bases. From a regional presence to be closer to needle points, nearshoring to business models driven by Speed Teejay is specialising in co creating novel solutions to its customer bases globally. This has allowed us to carve out a distinct and exclusive niche in the textile market. Our approach has yielded impressive sales volumes and solidified our position as an industry leader. Our marketing team takes an active role in managing the value chain at every stage of the process, by fostering close collaboration with Brands, Vendors and other supply chain value creators. This integrated approach enables the Group to develop and deliver innovative products and solution that consistently meet the evolving needs and preferences of our customers.

A Prestigious Customer Base

Our diverse customer portfolio has segmented into four segments with 04 established strategic brands, Volume Drivers, Digital Brands & New Business Incubation.

Our Roadmap for Growth

The Teejay Group caters to a diverse range of market segments while maintaining a specialisation in niche markets. During the upcoming two fiscal years, we will chart a customer-centric course using a strategic Long Range Plan (LRP) that aims to achieve the ambitious growth target of USD 300 Mn. in revenue by FY 25/26.

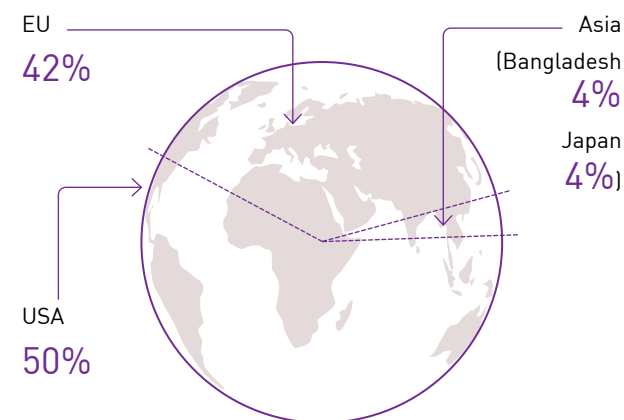
In addition, driving the synthetic business to become the region's leading sourcing partner for synthetic by FY 25/26, we will be poised to cater to a wider range of customer needs and market preferences.

In recent years, Teejay has experienced a surge in international brand partnerships, with customers pursuing a China Plus One Strategy. Simultaneously, Sri Lanka's economic climate has added strain to local supply chains and logistics operations, prompting manufactures like Teejay to focus on vertical integration strategies.

Our Evolving Segments

Currently we are catering to Intimates, Sleepwear and Athlesuire while femtech, loungewear and sportswear.

Our Global Value Chain Presence



INNOVATION IN FABRICS AND TEXTILES

IMPLEMENTING OUR CUSTOMER STRATEGY

Throughout the entire value chain, our Marketing Department plays a pivotal role by actively participating in every stage and collaborating closely with various departments. This collaborative approach guarantees that the voice of the customer is heard and acted upon at the highest levels of the organisation. Our clearly defined value chains, anchored by dedicated Business Units, ensure a deep understanding of specific customer needs and a commitment to exceeding expectations.

Teejay leverages a robust KPI framework to measure progress. The KPIs focus on maximising plant capacity utilisation based on the strategic plan, actively incubating new customer segments and partnerships, and overseeing product transformations to meet evolving market demands. Additionally, we prioritise continuous enhancements across our service offerings. While on-time delivery (OTD) and exceptional quality remain paramount as core performance metrics, Teejay goes beyond these hygiene factors to consistently deliver superior customer value.

As a B2B operation, cultivating robust, long-term relationships with customers is an essential aspect of our strategy. This is achieved through targeted seasonal presentations that showcase Teejay's capabilities and address evolving customer needs. Our marketing strategy centers on: adaptability, transformation, and a continuous pursuit of innovation.

Teejay employs a data-driven approach to propelling ongoing improvement and value creation. We conduct a rigorous performance analysis on a monthly and quarterly basis, evaluating both our product and customer profitability. Additionally, annual customer surveys provide valuable insights into shifting market preferences and emerging customer needs, which inform necessary improvements or upgrades. To

further strengthen engagement and transparency, Teejay regularly hosts customer visits to manufacturing facilities, where compliance audits are conducted by leading brands.

Delivering Quality and Efficiency

Teejay ensures quality and speed by fostering a culture of continuous improvement (Kaizen) to refine processes and eliminate inefficiencies. Investing in employee

training equips our workforce with skills in the latest technologies and best practices, which contributes to overall productivity. In addition, adopting sustainable practices that align with the values of our customers, results in long-term viability and customer satisfaction. We employ several strategies to improve efficiency and quality at every stage of the production process from planning to delivery.



Planning – Teejay prioritises efficient production through structured planning. Advanced Planning Systems (APS) optimise production schedules and resource allocation for on-time delivery. Additionally, data-driven demand forecasting ensures production aligns with market needs, while agile planning methodologies give us the flexibility to adapt to ever-changing market trends.



Sourcing – We are able to rely on a consistent flow of high-quality materials as a result of strong partnerships that we have built with trusted suppliers. Additionally, integrating supply chain processes, and maintaining good communication and coordination with suppliers, has enabled us to improve material flow and reduce lead times. Our commitment to ethical and sustainable sourcing practices aligns with global standards, enhancing brand reputation and customer trust.



Manufacturing – The Company leverages lean principles to minimise waste and optimise processes for overall efficiency. Furthermore, advanced automation and technology allows us to achieve high precision and production speeds, while maintaining consistent quality. Robust quality control systems, implemented throughout the manufacturing process, guarantee adherence to the highest standards.



Delivery – We employ streamlined logistics management systems to minimise transit times and guarantee on-time delivery. Real-time tracking is offered to provide transparency and keep customers updated, while our customer-centric approach prioritises flexibility and clear communication throughout the entire delivery process.

INNOVATION IN FABRICS AND TEXTILES

MEETING SUSTAINABILITY GOALS THROUGH COLLABORATION

Teejay employs a collaborative approach to sustainability, partnering with customers to achieve shared goals. Open communication and collaborative planning allows us to better understand customer expectations and in turn, develop sustainable processes and products. Teejay goes beyond simply fulfilling customer needs; we actively educate customers about innovative sustainable practices, materials, and technologies. This empowers customers to make informed decisions. By setting and tracking performance metrics together, customers are able to measure the impact of their sustainability efforts with greater accuracy.

Shared digital platforms facilitate real-time communication and data exchange, streamlining decision-making. Selecting and sourcing sustainable and ethically produced raw materials is a collaborative process, ensuring alignment with both Teejay's and customers' sustainability values. Moreover, we strive for transparency and traceability throughout the supply chain, aligning our entire production process with the relevant sustainability standards.

Furthermore, Teejay works in conjunction with customers to achieve specific sustainability targets, including waste reduction, energy efficiency, and water conservation initiatives. Additionally, Teejay prioritises obtaining sustainability certifications for customer products, supporting their own sustainability agenda. This joint approach allows both parties to stand out in the market as environmentally conscious partners, appealing to eco-conscious end-consumers.

PRIORITISING CUSTOMER HEALTH AND SAFETY

The health and safety of our customers is of paramount importance. The responsible use of chemicals, sustainable sourcing, technology adoption and rigorous testing conducted throughout the production process, mitigate any potential risks and contribute to product safety. Furthermore, Teejay adheres stringently to the individual compliance standards set by each of our brand partners.

Oeko-Tex Standard 100 Certification – Oeko-Tex is one of the world's most respected labels for textiles. By obtaining the Standard 100 label, Teejay communicates that not only final product, but all components, have been tested and proven free of harmful levels of toxic substances.

Roadmap to Zero, by the ZDHC – Teejay is a participant in the Zero Discharge of Hazardous Chemicals (ZDHC) Roadmap to Zero Programme. This industry-leading initiative aims to eliminate harmful chemicals from the global supply chain. By following the programme, Teejay is moving towards more sustainable manufacturing practices that protect workers, consumers and our planet's ecosystems.

Metal-free Policy – To protect the health and safety of both customers and end-users, Teejay adheres to a metal-free policy. Sophisticated metal detectors are installed in both brushing and final inspection machines for fleece fabrics. Additionally, we enforce strict internal procedures to manage metal contamination during the knitting process by controlling and regulating all knitting machine needles. Furthermore, to eliminate any potential hazards, glass bottles are strictly prohibited within all production areas.

Compliance with Regulations – Teejay adheres to international standards and regulations to assure customers that harmful chemicals are not present in Teejay's production process. We comply with industry-leading standards such as REACH (Registration, Evaluation, Authorisation, and Restriction of Chemicals), the ZDHC MRSL (Manufacturing Restricted Substances List), AFIRM (Apparel and Footwear International RSL Management), and all customer-specific RSLs (Restricted Substance Lists).

Training and Education – Training programmes are conducted to educate workers on the safe handling, storage and disposal of chemicals to reduce the risk of accidents and contamination.

Substitution and Elimination – Hazardous chemicals are eliminated where possible or replaced with safer alternatives to minimise health risks for workers and consumers.

SUSTAINABLE SOURCING

The Company is committed to sustainable sourcing practices ensuring materials are obtained in an environmentally and socially responsible manner. We partner with suppliers who follow ethical labour practices and environmental standards. Additionally, Teejay implements traceability systems to track the origin of raw materials and guarantee their sustainable production. Finally, we source certified organic or sustainably produced fibers, such as those carrying GOTs, GRS, OCS, or OEKO-TEX certifications, which guarantee that the materials meet high safety and environmental criteria.

INNOVATION IN FABRICS AND TEXTILES

Rigorous Testing

Teejay takes a multi-layered testing approach to ensure textiles are free from harmful substances and meet all relevant safety standards. Regular chemical testing aligns with ZDHC guidelines and other regulatory bodies' Restricted Substance Lists (RSL) to guarantee chemical safety. Additionally, Manufacturing Restricted Substances List (MRSL) testing verifies compliance with Department of Consumer Affairs (DCA) material regulations. Quality checks for dyes, chemicals, and general substances are also conducted to identify variations between batches and ensure raw materials meet safety standards. Beyond chemical composition, Teejay rigorously tests textiles for durability, colourfastness, and other performance standards. This focus on performance indirectly contributes to safety by guaranteeing products do not degrade and release harmful substances over time. Finally, Teejay utilises independent laboratories to conduct unbiased testing and verification for RSLs, MRSLs, and overall product performance.

Teejay Lanka PLC is committed to maintaining the highest standards of quality and customer satisfaction. During the 2023/24 financial year, the Company received no customer complaints relating to privacy breaches. One complaint was received regarding quality: an odour issue was reported with the delivery of 3,266 meters of fabric.

Key Initiatives for 2023/24

In 2023/24, Teejay implemented a series of successful customer-centric initiatives that demonstrate our commitment to delivering superior value to our customers and laying the foundation for a future-proof, cross-functional value chain.

- **Strengthening Partnerships:** Teejay fostered strategic collaborations with key brands to leverage cross-border development initiatives and deliver superior customer service.
- **Vendor Alliances:** We entered into MOUs with key vendor partners, to unlock new synergistic business opportunities.
- **Key facility visits:** To strengthen customer engagement, Teejay Lanka hosted two key visits in 2023/24. The Chairman of Marks & Spencer and a design team from Oniverse toured our manufacturing facilities.
- **International event participation:** During the year under review, Teejay participated in Oniverse first designer forum, the Bharat Tex 2024 and The Functional Fabric Fair '23 in Portland, Oregon.



Bharat Tex 2024



M&S Chairman's visit



Bangladesh launch event

INNOVATION IN FABRICS AND TEXTILES

INNOVATION

The culture of innovation across our enterprise is a business enabler that bolsters our value proposition to stakeholders

Innovation is the engine that drives our success. We believe that fostering a culture of innovation is vital for enhancing profitability, attracting new customers, developing cutting-edge products, and continuously improving our operations. Capabilities of our people; well-established organisational processes; and continuous investment in technology, research, and development; make up the foundation of our innovative spirit and rich intellectual capital resource.

This innovative spirit is realised across our manufacturing facilities, and leveraged to offer a dynamic range of products and services; enabling Teejay to stay ahead of the curve and deliver solutions that meet the needs of our customers in an evolving industry.

INTELLECTUAL CAPITAL STRATEGY

Our intellectual capital strategy was formulated based on the intangible aspects of our business levers and resources. It allows the Group to seek and capitalise on growth opportunities, diversify and adapt to market conditions, and transform operations to stay abreast of industry trends.

We utilise a Long Range Planning (LRP) tool and diversification strategies in response to customer and market needs, undertaking a transformation journey fuelled by a concentrated push towards digitalisation and continuous product development.

We recognise that innovation and sound intellectual capital management span a wealth of ideas that shape the future of the Group. As such, management leverages data-driven business information, accurate identification of market demands, and considers technology and sustainability factors when mapping, planning, and investing in R&D.



Our People

(collective knowledge, skills and expertise)



Talent acquisition and development: The Company widened its recruitment net to capture the expertise of specialists in diverse fields such as textile technology, materials science, and supply chain management. Over the past year, Teejay also enhanced its efforts and investment in facilitating continual training, fostering greater opportunity and conducting development programmes to keep personnel up to date on the latest advancements.

Collaboration and knowledge-sharing: The Company endeavoured to nurture a culture of collaboration, both within its ranks, and with external partners such as universities and research institutions. It also sought to implement knowledge management systems to clear a path for the sharing of insights and best practices.

Manufacturing

(includes patents, trademarks, copyrights, proprietary manufacturing processes, systems, and databases – all of which contribute towards the Group's competitive advantage).



R&D infrastructure advancement: The work of the innovation research laboratory was substantially assisted by the adoption of state-of-the-art technology and equipment. Further support was secured through software tools for data management, analysis, and design optimisation, like Power BI, a computer-aided design, digital product library, and Adobe applications.

Process optimisation: Current R&D processes were refined to enhance their efficiency alongside the development of newer, more effective procedures. This exercise was supported by the utilisation of project management tools to streamline operations and track progress (Microsoft Project).

Customer Centricity

(relationships with customers)



Industry partnerships: In the year under review, Teejay strengthened its links with its existing suppliers, customers, and business partners. It also forged fresh strategic alliances with other firms, research institutions, and industry consortia to open up access to new technologies, markets, and business opportunities.

Close customer engagement: The Company built a brand-centric engagement system for customers in order to gain a greater understanding of their needs and preferences. The feedback derived through this model dictates the direction of all R&D and ensures that products fit market demands.

Teejay brand and reputation management: By fortifying its reputation for operating at the cutting edge of the textile industry, the Group was able to achieve one of the primary goals of its intellectual capital strategy. It accomplished this feat through consistent innovation, research, marketing, participation in industry events, and research publications.

Innovation Capital



Research and development focus: Teejay shifted the emphasis of its R&D undertakings to high-impact areas such as synthetic product development, sustainable materials, and advanced manufacturing techniques.

Innovation pipeline management: A systematic approach was adopted to effectively steer innovative schemes from the idea generation stage to eventual commercialisation. This mechanism was successfully instituted through the use of tools like stage gate processes and MS Project, which evaluated and advanced projects.

Blue sky focus: By separating its innovation procedure into two distinct pathways governed by two different teams, the Company was able to assign one group to fully focus on long-term research projects for the textile industry.

INNOVATION IN FABRICS AND TEXTILES

Implementing our strategy

1. Assessment and planning

- A thorough assessment of the Group's current intellectual capital assets is carried out.
- Any current gaps or opportunities for improvement are then identified.
- A detailed strategic plan with clear objectives, timelines, and responsibilities is then developed.

2. Execution

- The proposed scheme is then administered through cross-functional and extended teams.
- Throughout the strategic plan's implementation phase, progress is methodically tracked and, where necessary, suitable adjustments are made.
- The Group also promotes an organisational culture that supports innovation and continuous improvement.

3. Evaluation and improvement

- The strategy's overall effectiveness is measured using key performance indicators (KPIs), such as the number of patents filed, R&D productivity, and the market impact of new products.
- The strategy is refined through regular reviews and detailed feedback from stakeholders.
- The Company maintains its competitive edge by staying acquainted with the latest industry trends and regularly incorporating them into its intellectual capital strategy to keep it updated.
- By carefully organising and managing its human, structural, relational, and innovation capital, Teejay has broadened its capability, raised its innovation threshold, and gained a sustainable competitive edge.



TRANSFORMING OUR OPERATIONS THROUGH INNOVATION

Propelled by comprehensive processes and an innate commitment to managing intellectual capital, Teejay has cleared the way for the rapid transformation of operations and products; assuring they cater to modern demands, leverage cutting-edge technologies, and adhere to sustainable practices. This comprehensive outlook allows us to stay competitive and relevant in a rapidly evolving industry.

1. Emphasis on technological advancements

- **Research and development (R&D):** The Group directs steady investment towards R&D in the exploration of novel materials, manufacturing processes, and technologies, such as digital knitting platforms, smart textiles, and bio-based fibres.
- **Automation and digitalisation:** Automation has been included in development processes and digital tools have been leveraged for library management, design, and prototyping. This includes the use of artificial intelligence in procurement models and process optimisation.
- **Material innovation:** The company has turned out innovative materials with enhanced properties, including durability, flexibility, breathability, and environmental friendliness. Examples of such creations include graphene-based textiles, bio-based synthetics, recycled fibres, and moisture-wicking fabrics.
- **Functionality and performance:** Textiles are designed to meet specific functional requirements like thermal regulation, antimicrobial properties, and resistance to wear and tear.

INNOVATION IN FABRICS AND TEXTILES

2. Market demand, consumer preferences, and market intelligence

- **Customisation and personalisation:** Teejay has grown to be adaptable in responding to brands' varying needs by providing them with customisable textile products and a personalised service. It attains such versatility through flexible manufacturing systems, direct-to-consumer sales models, and tailor-made service offerings.
- **Competitive analysis:** The Group closely monitors the strategy and action of its competitors, as well as industry trends, to identify emerging opportunities and threats.
- **Customer feedback and insight:** Customers' feedback is methodically accumulated and scrutinised to decipher their diverse needs and preferences. This information can then be utilised for product development and refinement.

3. Sustainability

- **Eco-friendly materials:** Priority is given to sustainable and biodegradable materials. This undertaking sees the development of textiles from renewable resources and the recycling of existing materials.
- **Sustainable manufacturing practices:** Teejay implements environmentally friendly manufacturing processes that reduce waste, energy consumption, and water use. These endeavours involve the use of green chemistry and closed-loop systems.
- **Life cycle assessment:** Life cycle assessments are conducted to understand and mitigate the environmental impact of textile products from the production stage right to disposal.

4. Strategic management and culture of innovation

- **Leadership and vision:** The Group has established strong leadership that prioritises innovation and formulates a clear vision for the pursuit of its transformation goals.
- **Cross-functional collaboration:** Collaboration between individuals from different departments—such as R&D, marketing, and production—with contrasting expertise is encouraged to deliver a holistic approach to product transformation.
- **Innovation ecosystem:** A robust innovation ecosystem, which features tie-ins with universities, research institutions, and industry consortia, has been steadily constructed. This fosters knowledge exchange and accelerates innovation.

PRODUCT DEVELOPMENT

Teejay has launched its own innovation brand "Inscope", which serves as a focal point for product development and innovation. Inscope integrates technology and innovation into existing and new products, enabling the Group to penetrate new market segments and foster cross-industry collaborations with non-textile companies. All product developments will be routed through Inscope to ensure that they are at the forefront of the global industry.

The Inscope team conducts extensive research on products considering the perspectives and insights of customers and users to gauge the acceptability of the products. Inscope is focused on providing products with a solid structure utilising new raw materials, fabric materials, technologies, and processes. Furthermore, they are purposed for final end-use by explaining

consumer benefits, product elevation, value additions, and product transformation. All new products are underscored by a strong sustainable quotient.

Four pillars of the product development process

- **Product portfolio upgrades:** This pillar involves identifying the brand's product portfolio and possible areas that can be enhanced with a unique product range. It encompasses adopting new technologies and processes to uplift the product portfolio through diversification.
- **Product value upgrades:** This is achieved by highlighting underperforming product ranges and listing alternatives to them, along with adding value to currently running products to successfully sustain their life cycles for the next couple of seasons.
- **Product lifecycle upgrades:** Infusing value for core running items and retaining business by assigning valuations for the next season and forecasting trends with cost reengineering.
- **Green sustainability approach:** Identifying possible sustainability solutions that encompass product sustainability and raw material traceability by using testing methods such as nanotechnology.

Inscope has also not limited the scope of its innovation capabilities to the textile industry, pursuing links with other domains such as the agriculture, medical, and mechanical industries as well. The entire process is achieved through the use of artificial intelligence.

INNOVATION IN FABRICS AND TEXTILES

R&D Investments in 2023/24

- **New knitting platforms:** Increasing the degree of specialisation within Teejay's product portfolio, the Company invested in extending its Jacquard capabilities by adding double jersey and flat knit jacquards to its repository.
- **Knit structure range expansion:** The Company's portfolio was further updated with finer gauge extensions to its existing machine capabilities. It now offers a single jersey fine gauge in 40GG, 44GG, and 52GG, alongside a double jersey fine gauge in 28GG and 32GG.
- **PU coating:** Bringing new forms of value-adding technology to local shores, Teejay invested in PU coating for fabrics as an aesthetic and technical value proposition.
- **Raising, shearing, and tumble-drying:** Teejay's product portfolio was expanded to include everyday lounge and casual activewear through investment in raising, shearing, and tumble-drying technology. With this latest addition, the Company is now able to enrich its profile with value-added brushing for both cotton and synthetic fabric.
- **Cross-platform digital printing:** The Company acquired the latest in digital printing technology to add cross-platform digital printing to its repertoire. This novel technology gives Teejay the ability to print across all fiber bases using a single machine that offers unlimited color combinations, sharper image clarity, and quick print output.

- **Shrinkage control technology:** Seeking to elevate Teejay's cotton manufacturing capability to new heights, the Company invested in the latest shrinkage control technology for 100% cotton manufacturing.

PRODUCT PORTFOLIO

Synthetic Product Range



Beach Waves



Jersey Lace



Fine Cut Interlock



Shimmer Shine Bra

Slounge Casual Range



Design Rib Sleep Range



Checkmate Chic



Sleep-Cross Waffles



Petite Pointelles

Technical Product Range



Amplified Four-Way



Active Wellbeing



Therma Lounge



Plus-Size Fit

Aesthetic Leisure Range



Premium Casuals



The Houndstooth Collective



Shine Lounge Explore

Sustainable Product Range



Seawool



Circulose



Regenagri



Non-Toxic Undyed Active

PRODUCT MILESTONES IN 2023/24

Featured brand product launches: Teejay had the honour of being able to partner with three emerging brands.



GOVERNANCE REVIEW

		Nominations and Governance Committee Report
	Audit Committee Report	
	Remuneration Committee Report	Report of the Board of Directors
Corporate Governance		Statement of the Directors' Responsibility for Financial Reporting
Risk Management Report	Related Party Transactions Review Committee Report	

CORPORATE GOVERNANCE

KEY HIGHLIGHTS DURING FY 2023/24

- For the second consecutive year, Teejay was ranked first in Transparency in Corporate Reporting (TRAC) Assessment by Transparency International Sri Lanka (TISL), with a 100% score for transparency in corporate reporting, among the top 125 companies listed on the Colombo Stock Exchange (CSE). The corporate disclosures made during the year was assessed under six different areas crucial to fighting and preventing corruption – reporting on anti-corruption programmes, organisational transparency, country-by-country reporting, domestic financial reporting, reporting on gender and non-discrimination and reporting on procurement related to Government contracts and tenders.
- With the revised listing rules on Corporate Governance issued by the Colombo Stock Exchange coming into effect from 1 October 2023, the Board and the Company has taken on board several changes at board level and changes in management practices, reporting and policies in order to comply with the revised listing rules. Teejay is compliant with all requirements of the revised listing rule Section 09 – Corporate Governance that are in effect as at 1 April 2024 and has gone beyond to comply with majority of the rules that will come to effect by 1 October 2024.

- During the year the Company sought to integrate its sustainability efforts of impact management and impact mitigation, with the management of sustainability related risks and opportunities (SRROs), through the Group's Risk Management function. The Company is following a process whereby the material impacts of the Company on its external environment and society are identified initially, and these impacts along with relevant dependencies on environmental and social resources, become the cornerstone for identifying Teejay's SRROs. By integrating these ESG considerations into the risk assessments and decision-making processes, we strive to mitigate potential sustainability related risks and seize the opportunities for long-term value creation. This alignment ensures that our business operations are not only on a journey of sustainability, but also strives to be resilient to the sustainability related risks to ensure the fostering of stakeholder trust and enhancing our competitive advantage

Corporate governance is a core element of Teejay's corporate philosophy. By adhering to strong governance practices, the Company consistently generates value for its stakeholders, enabling sustainable growth across the Group in the face of both stable and volatile socio-economic conditions.

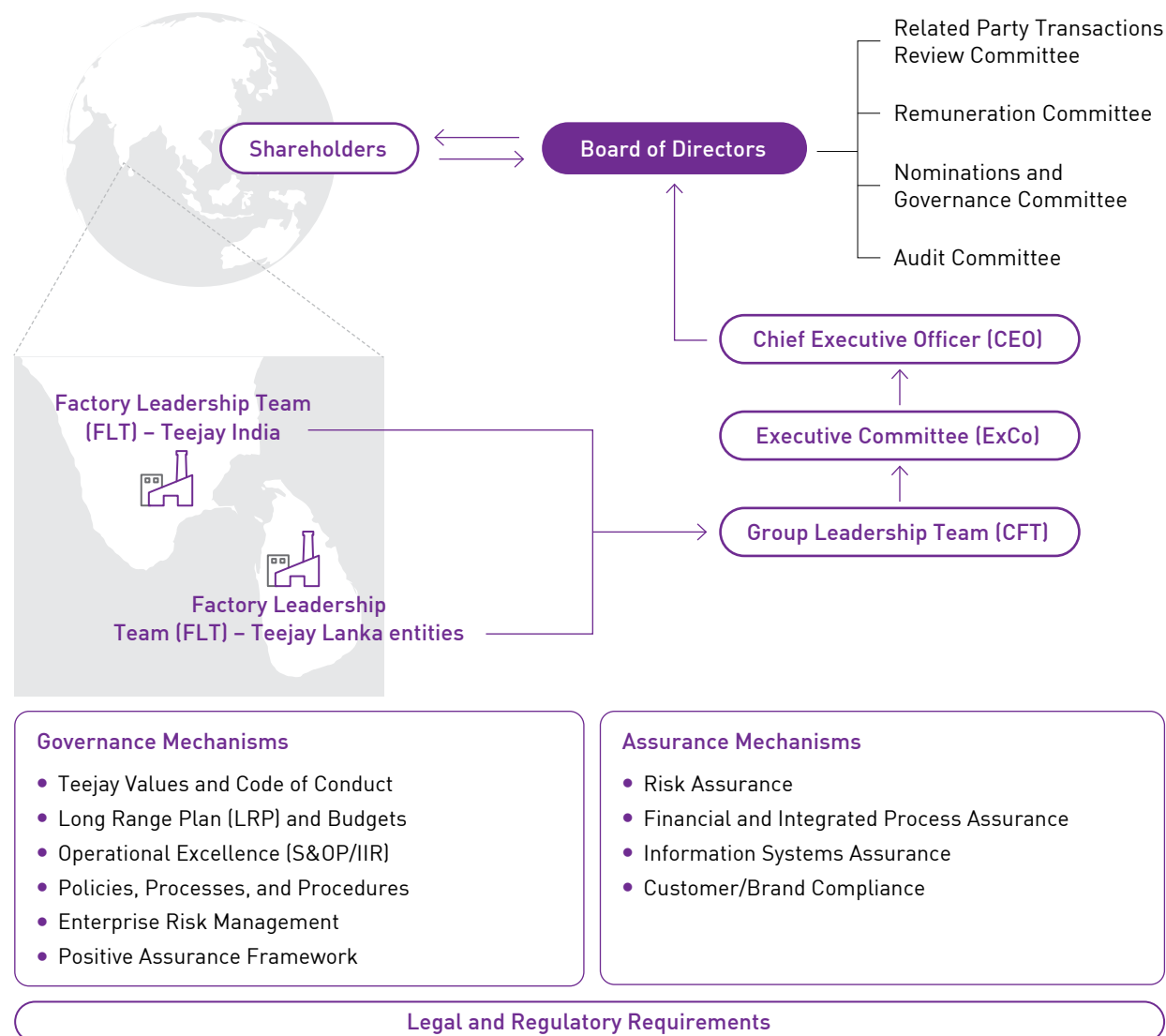
The Group's corporate governance framework is characterised by a proactive approach, continuously adapting and improving its internal policies, controls, processes, systems, and structures. This ensures the Company upholds the highest ethical standards in its corporate conduct and maintains transparency in all transactions. The framework follows a consistent and systematic approach to govern each function within the Organisation. Regular evaluations and updates are conducted to align with emerging global best practices and meet the interests of stakeholders.

GOVERNANCE STRUCTURE

The Board of Directors of Teejay Lanka consists of seven (7) Non-Executive Directors, three (3) of whom are independent, demonstrating a commitment to balanced governance. The Board takes overall responsibility for the management of the Company. Under the guidance of the Chairman, the Board plays a crucial role in providing strategic direction to realise the Company's vision and mission. The Board recognises its collective accountability in fulfilling its responsibilities to shareholders and other stakeholders, aiming to create value in an ethical and sustainable manner.

The Company's integrated framework, which encompasses the assurance structure, external regulatory mechanisms, and internal governance structure, is illustrated in the diagram below. This comprehensive framework ensures transparency, accountability, and adherence to regulations, enabling effective oversight and management of the Company's operations.

CORPORATE GOVERNANCE



Teejay operates within a framework that encompasses various statutes and diligently adheres to a comprehensive set of Best Governance Practices, which include:

REGULATORY FRAMEWORK

- Companies Act No. 07 of 2007
- Continuing Listing Requirements of the Colombo Stock Exchange (CSE)
- Securities and Exchange Commission of Sri Lanka Act No. 19 of 2021, including directives and circulars
- Code of Best Practices on Related Party Transactions (2013) advocated by the Securities and Exchange Commission of Sri Lanka (SEC)
- Shop and Office Employees Act No. 19 of 1954
- Factories Ordinance No. 45 of 1942
- Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995
- Inland Revenue Act No. 24 of 2017
- Customs Ordinance No. 17 of 1869
- Exchange Control Act No. 12 of 2017
- Board of Investment (BOI) Regulations

CORPORATE GOVERNANCE

VOLUNTARY STANDARDS, CODES, AND FRAMEWORKS

- Code of Best Practice on Corporate Governance issued by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) 2017
- CA Sri Lanka issued an updated Code of Best Practice on Corporate Governance (2023) in December 2023. The updated Code has been reviewed and will be adopted to the extent of business needs and practicality of adoption.
- Integrated Reporting Framework issued by the International Integrated Reporting Council (IIRC)
- Global Reporting Initiative (GRI) Standards
- Quality Standard Certifications obtained by companies
- Requirements of Environmental and Social Certifications

INTERNAL DOCUMENTS AND POLICIES

- Articles of Association
- Board Charter
- Human Rights Policy
- Code of Conduct
- Whistle Blower Policy
- Health and Safety Policy
- Grievance Handling Policy
- Abuse and Harassment Free Workplace Policy
- Environmental Policy
- Anti-corruption Policy
- Declaration of Conflict of Interest
- Gifts, Hospitality and Entertainment Policy
- Recruitment and Selection Policy
- Rewards and Recognition Policy

BOARD SUBCOMMITTEES

In accordance with the Listing Rules, the Board has established four subcommittees to provide assistance and support. These committees include the Audit Committee, the Related Party Transactions Review Committee (RPTRC), and the Remuneration Committee. Given below is a summary of their roles and composition.

Audit Committee

Board committee and composition	Scope
Comprises two (2) Independent Non-Executive Directors and one (1) Non-Executive Director. Mr Amitha Lal Gooneratne* (Independent Non-Executive Director) – Chairman Prof Malik Kumar Ranasinghe* (Independent Non-Executive Director) Mr Hasitha Premaratne (Non-Executive Director) Mr Shrihan B Perera** (Independent Non-Executive Director) – Chairman Mr William (Bill) C McRaith** (Independent Non-Executive Director)	Overseeing preparation, presentation, and adequacy of disclosures in the Financial Statements, in accordance with the Sri Lanka Accounting Standards (LKAS), and adequacy of disclosures as per laws and reporting regulations. Evaluating the performance of the internal audit function. Accessing the adequacy and effectiveness of the internal control environment of the Group, and taking appropriate action for suggestions made by the Internal Auditors. Providing recommendations to the Board regarding the appointment, reappointment, and removal of External Auditors, including their remuneration and terms of engagement, by evaluating their independence, qualifications, expertise, and resources.

* Resigned w.e.f. 31 March 2024

** Appointed w.e.f. 1 April 2024



The report of the Audit Committee is given on [Pages 108-110](#).

CORPORATE GOVERNANCE

Related Party Transactions Review Committee (RPTRC)

Board committee and composition	Scope
Comprises two (2) Independent Non-Executive Directors and one (1) Non-Executive Director.	Exercising oversight to ensure compliance with the Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka (SEC) and with the Listing Rules of the Colombo Stock Exchange (CSE) on behalf of the Board.
Mr Amitha Lal Gooneratne* (Independent Non-Executive Director) – Chairman	
Prof Malik Kumar Ranasinghe* (Independent Non-Executive Director)	Adopting best practices as recommended by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).
Mr Hasitha Premaratne* (Non-Executive Director)	Reviewing related party transactions and ensuring their adherence to the above regulations, and communicating the same to the Board on a quarterly basis.
Mr Shrihan B Perera** (Independent Non-Executive Director) – Chairman	
Mr Ajit Gunewardene** (Independent Non-Executive Director)	
Mr Kit Vai Tou** (Non-Executive Director)	

* Resigned w.e.f. 31 March 2024

** Appointed w.e.f. 1 April 2024



The report of the Related Party Transactions Review Committee is given on [Pages 103-104](#).

Remuneration Committee

Board committee and composition	Scope
Comprises two (2) Independent Non-Executive Directors and one (1) Non-Executive Director	Responsible for ensuring that the human resource management processes and remuneration policies are competitive to attract, develop, and retain employees with professional, managerial, and operational expertise who can assume leadership roles in the Organisation to achieve the objective of the Company.
Prof Malik Kumar Ranasinghe* (Independent Non-Executive Director) – Chairman	
Mr Amitha Lal Gooneratne* (Independent Non-Executive Director)	Providing proposals to the Board concerning remuneration payable to the Executive Directors, Chief Executive Officer, and/or equivalent position thereof.
Mr Hasitha Premaratne – Non-Executive Director	
Mr William (Bill) C McRaith** (Independent Non-Executive Director) – Chairman	
Mr Shrihan B Perera** (Independent Non-Executive Director)	

* Resigned w.e.f. 31 March 2024

** Appointed w.e.f. 1 April 2024



The report of the Remuneration Committee is given on [Pages 105-106](#).

CORPORATE GOVERNANCE

Nominations and Governance Committee

Board committee and composition	Scope
Comprises two (2) Independent Non-Executive Directors and one (1) Non-Executive Director.	Responsible for recommending to the Board, the appointment of Directors to the Board of Directors and Board Committees of the Company in accordance with the procedure in place to evaluate, select and appoint/re-appoint Directors.
Mr Ajit Gunewardene*** (Independent Non-Executive Director) – Chairman	
Mr Amitha Lal Gooneratne* (Independent Non-Executive Director)	Responsible for overall board governance.
Mr Mohamed Ashroff Omar (Non-Executive Director)	
Mr William (Bill) C McRaith** (Independent Non-Executive Director) – Chairman	

* Resigned w.e.f. 31 March 2024

** Appointed w.e.f. 1 April 2024

*** Resigned from the position w.e.f. 31 March 2024 capacity changed as a member w.e.f. 1 April 2024



The report of the Nominations and Governance Committee is given on [Pages 100-101](#)

Meetings and Attendance

The Board of Directors (BOD) convenes on a quarterly basis, typically aligning with the committee meetings, which are often scheduled on the same day. The attendance records of Directors at both Board and subcommittee meetings are summarised below:

Director	Board Meeting	Audit Committee	Related Party Transactions Review Committee	Remuneration Committee	Nominations and Governance Committee
Mr Ajit Damon Gunewardene	4/4				2/2
Mr Amitha Lal Gooneratne	4/4	4/4	4/4	2/2	2/2
Prof Malik Kumar Ranasinghe	4/4	4/4	4/4	2/2	
Mr Mohamed Ashroff Omar	4/4				2/2
Mr Hasitha Premaratne	4/4	4/4	4/4	2/2	
Mr Kit Vai Tou	3/4				
Mr Masaru Okutomi	4/4				

CORPORATE GOVERNANCE

The report below is structured on the principles of corporate governance set out in the Code of Best Practices on Corporate Governance issued by CA Sri Lanka in December 2017 and the Listing Rules of the Colombo Stock Exchange.

- | | | |
|--------------------------------------|-----------------------------------|---|
| A DIRECTORS | D ACCOUNTABILITY AND AUDIT | G INTERNET OF THINGS (IOT) AND CYBERSECURITY |
| B DIRECTORS' REMUNERATION | E INSTITUTIONAL INVESTORS | H ENVIRONMENT, SOCIETY AND GOVERNANCE (ESG) |
| C RELATIONS WITH SHAREHOLDERS | F OTHER INVESTORS | |

Reference to CASL Code	Corporate Governance Principle	Compliance Status	Details of Teejay Lanka PLC's Compliance
A	DIRECTORS		
A.1	The Company should be headed by an effective Board, which should direct, lead and control the Company	✓	The profiles of the Board of Directors are given on Pages
A.1.1	Board meetings	✓	The Board meets on a quarterly basis and the attendance of the meetings is given on Page The Board papers and related documents are circulated one week prior to the Board meetings.
A.1.2	Board responsibilities	✓	The Board provides strategic leadership to the Company, using a framework of effective controls to monitor and manage risks.
A.1.3	Compliance with the law and access to independent professional advice	✓	The Board collectively and the Directors individually shall act in accordance with the laws of the country as applicable to the Company. The Board of Directors ensures that procedures and processes are in place to ensure the Company complies with all applicable laws and regulations. Directors have the discretion to obtain independent professional advice as deemed necessary through the Board Secretary.

CORPORATE GOVERNANCE

Reference to CASL Code	Corporate Governance Principle	Compliance Status	Details of Teejay Lanka PLC's Compliance
A.1.4	Company/Board Secretary and availability of insurance cover for Board, Directors, and Key Management Personnel	✓	<p>All the Directors have access to the services and advice of the Company Secretary, and the Company Secretary serves as the Board Secretary as well.</p> <p>The Company has obtained insurance coverage for the Board, Directors, and Key Management Personnel.</p> <p>The Board is responsible for the appointment and removal of the Company Secretary.</p>
A.1.5	Independent judgement of the Directors	✓	Directors bring independent judgement to bear on the decisions taken by the Board on matters pertaining to strategy, performance, resource allocation, risk management, and business conduct.
A.1.6	Dedication of adequate time and effort	✓	All Directors of the Company dedicate adequate time and effort to fulfil their duties as Directors of the Company, in order to ensure that the duties and responsibilities owed to the Company are discharged reasonably.
A.1.7	Calls for resolutions	✓	One-third of the Directors can call for a resolution to be presented to the Board if deemed necessary.
A.1.8	Training for new and existing Directors	✓	The Board reviews the training and development needs of the Directors regularly, and the Directors are provided with guidelines on general aspects of directorships and industry-specific matters.
A.2	Chairman and Chief Executive Officer (CEO)		
A.2.1	Segregation of the roles of Chairman and CEO	✓	The positions and responsibilities of the Chairman and the CEO have been separated. The CEO is responsible for the implementation of the Group's strategic plan and driving performance.
A.3	Chairman's Role		
A.3.1	Chairman's Role	✓	The Chairman facilitates the effective and ethical discharge of the Board's responsibilities while maintaining good corporate governance.

CORPORATE GOVERNANCE

Reference to CASL Code	Corporate Governance Principle	Compliance Status	Details of Teejay Lanka PLC's Compliance
A.4	Financial Acumen		
A.4.1	Financial Acumen and Knowledge	✓	<p>The Board has two Chartered Accountants. One of them serves as the Chairman of the Audit Committee.</p> <p>Mr Amitha Lal Gooneratne – FCA (SL), FCA (England and Wales) Chairman of the Audit Committee, Independent Non-Executive Director (INED) resigned w.e.f. 31 March 2024</p> <p>Mr Shrihan B Perera – FCMA (UK), CGMA, BSc M.Eng UOM Chairman of the Audit Committee, Independent Non-Executive Director (INED) w.e.f. 1 April 2024</p> <p>Mr Hasitha Premaratne – FCCA, FCMA (UK), CGMA Non-Executive Director (NED)</p>
A.5	Board Balance		
A.5.1	Presence of Non-Executive Directors	✓	All seven Directors are Non-Executive Directors
A.5.2	Independent Non-Executive Directors	✓	Three (3) out of seven (7) Non-Executive Directors are independent
A.5.3/A.5.5	Independence of Non-Executive Directors	✓	The Board considers Non-Executive Directors' independence on an annual basis. Please refer Pages 108 for the profiles of the Directors.
A.5.4	Annual declaration of independence of Directors	✓	Declarations citing their independence are obtained annually.
A.5.6	Alternate Directors	N/A	Not applicable
A.5.7 and A.5.8	Senior Independent Director and confidential discussions with Senior Independent Directors	N/A	This is not applicable as the Chairman and CEO are not the same.
A.5.9	Chairman's meetings with Non-Executive Directors	✓	All Board of Directors are Non-Executive Directors.
A.5.10	Recording of concerns in Board minutes	✓	There have not been any unresolved matters in the Board minutes.

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Reference to CASL Code	Corporate Governance Principle	Compliance Status	Details of Teejay Lanka PLC's Compliance
A.6	Supply of Information		
A.6.1	Management obligation to provide appropriate and timely information to the Board	✓	Board papers and Committee papers are provided seven days prior to the Board meetings. Information provided to the Board includes Group performance to ensure that the Board is apprised of developments impacting the Group.
A.6.2	Adequate time for effective Board meetings	✓	The minutes, agenda, and papers are circulated in advance to facilitate its effective conduct.
A.7	Appointments to the Board		
A.7.1	Nomination Committee	✓	All new appointments comply with the provisions in the Articles of Association of the Company.
A.7.2	Assessment of Board composition by the Nomination Committee	✓	Board composition complies with the provisions in the Article of Association.
A.7.3	Disclosure of new appointments	✓	Disclosures are made at the time of new appointments.
A.8	Re-election		
A.8.1 and A.8.2	Re-election of Directors	✓	This is done as per the Articles of Association. The provisions of the Company's Articles require a Director appointed by the Board to hold office until the next Annual General Meeting (AGM) and seek re-election by the shareholders at that meeting.
A.8.3	Resignation	✓	In the event of resignation, a letter of resignation is provided by the Director.
A.9	Appraisal of Board Performance		
A.9.1 and A.9.2	Appraisal of Board and its Committees	✓	The Board undertakes an annual self-evaluation of its performance and its Committees' performance against predetermined targets set at the beginning of the year.
A.9.3	Evaluation at re-election	✓	The Board reviews the participation, contribution, and engagement of each Director at the re-election.
A.9.4	Disclosure on performance evaluation criteria	✓	The Board conducts an annual self-assessment of its performance against predetermined targets set at the beginning of the year.

CORPORATE GOVERNANCE

Reference to CASL Code	Corporate Governance Principle	Compliance Status	Details of Teejay Lanka PLC's Compliance
A.10	Disclosure of Information in Respect of Directors		
A.10.1	Profiles of the Board of Directors and other related information	✓	<p>Name, qualification, brief profile, and nature of expertise are given on Pages of this Annual Report.</p> <p>Directors' shareholding information is given on Page.</p> <p>The number of Board meetings attended by the Directors is available on Page of this Report.</p>
A.11	Appraisal of Chief Executive Officer (CEO)		
A.11.1 and A.11.2	Evaluation of the performance of the CEO	✓	The performance was evaluated in each quarter to ascertain whether targets were achieved or achievements were reasonable in the prevailing circumstances.
B	DIRECTORS' REMUNERATION		
B.1	Remuneration Procedure		
B.1.1	Establishment of a Remuneration Committee	✓	A Remuneration Committee is established.
B.1.2	Composition of the Remuneration Committee	✓	The Remuneration Committee consists of two (2) Independent Non-Executive Directors and one (1) Non-Executive Director and the Chairman of this Committee is appointed by the Board.
B.1.3	Chairman and the members of the Remuneration Committee	✓	Composition of the Remuneration Committee is given on page Page .
B.1.4	Determination of remuneration of the Non-Executive Directors	✓	Remuneration of the Non-Executive Directors is decided by the Board.
B.1.5	Consultation of the Chairman and access to professional advice	✓	The Remuneration Committee has the authority to consult the Chairman/CEO about its proposals relating to remuneration and has access to professional advice from within and outside the Company.









CORPORATE GOVERNANCE

Reference to CASL Code	Corporate Governance Principle	Compliance Status	Details of Teejay Lanka PLC's Compliance
B.2	The Level and make up of Remuneration		
B.2.1, B.2.2, B.2.3, B.2.4 and B.2.5	Levels of remuneration	✓	The Remuneration Committee structures the remuneration package to attract, retain, and motivate Key Management Personnel.
B.2.6	Executive share options	✓	An Executive Share Option Scheme (ESOS) is in operation to motivate and retain Key Management Personnel.
B.2.7	Designing schemes of related remuneration	✓	Please refer to the Report of the Remuneration Committee on Pages 101 .
B.2.8 and B.2.9	Early termination of Executive Directors	N/A	Termination is governed by their contracts of service/employment.
B.2.10	Levels of remuneration of Non-Executive Directors	✓	Remuneration for Non-Executive Directors reflects the time commitment and responsibilities of their role, taking into consideration market practices.
B.3	Disclosure of Remuneration		
B.3.1	Disclosure of remuneration	✓	Refer to the Report of the Remuneration Committee on Pages 101 . The total of the Directors' remuneration is reported in Note 8 to the Financial Statements on Pages 101 .
C	RELATIONS WITH SHAREHOLDERS		
C.1	Constructive Use of the AGM		
C.1.1	Dispatch of Notice of AGM and related papers to shareholders	✓	The Notice and the agenda of the AGM together with the Annual Report with all other relevant documents are sent to the shareholders 15 working days prior to the Meeting.
C.1.2	Separate resolutions for substantially separate issues	✓	A separate resolution is proposed at the AGM on each substantially separate item.
C.1.3	Votes and use of proxy	✓	The Company ensures that all proxy votes are properly recorded and counted.
C.1.4	Availability of all subcommittee Chairmen at the AGM	✓	The Chairman of the Board arranges for the Chairmen of the Audit Committee, Remuneration Committee, Nominations and Governance Committee and RPTRC to be available to answer queries at the AGM when necessary.

CORPORATE GOVERNANCE

Reference to CASL Code	Corporate Governance Principle	Compliance Status	Details of Teejay Lanka PLC's Compliance
C.1.5	Procedure of voting at General Meeting	✓	A summary of the procedure governing voting at the General Meeting is circulated to shareholders with every Notice of the General Meeting.
C.2	Communication with Shareholders		
C.2.1 to C.2.7	Communication with shareholders	✓	<p>The AGM and Extraordinary General Meeting (EGM), if any, are used as the mode of communication with the shareholders.</p> <p>Quarterly, annual financial information and other announcements are shared through the CSE. Secretaries, as appropriate.</p> <p>The Chairman and the Directors answer all the queries raised by the shareholders at the AGM. Details of contact persons are disclosed in the Annual Report.</p> <p>The Company Secretary maintains a record of all correspondence received and holds the responsibility to be contacted in relation to shareholders' matters.</p> <p>All the major issues and concerns relating to shareholders are brought to the attention of the Board.</p>
C.3	Major and Material Transactions		
C.3.1 and C.3.2	Disclosure of Major and Material Transactions	✓	During the year, there were no major transactions as defined by Section 185 of the Companies Act No. 07 of 2007.
D	ACCOUNTABILITY AND AUDIT		
D.1	Financial and Business Reporting		
D.1.1/D.1.2	Board's responsibility to present a balanced and understandable assessment of the Company's financial position, performance, and prospects.	✓	<p>The Company has presented balanced and understandable Financial Statements which give a true and fair view quarterly and annually. The Company has complied with the requirements of the Companies Act No. 07 of 2007 and the requirements of the Sri Lanka Accounting Standards and the SEC.</p> <p>Price-sensitive public reports and reports for statutory requirements are also presented in a balanced and understandable manner.</p>

CORPORATE GOVERNANCE

Reference to CASL Code	Corporate Governance Principle	Compliance Status	Details of Teejay Lanka PLC's Compliance
D.1.3	CEO's and CFO's approval on Financial Statements prior to Board approval	✓	The Chief Executive Officer, Chief Financial Officer, and two other Directors have signed the Financial Statements on behalf of the Board. The Statement of Directors' Responsibility and the Auditor's Report for the reporting responsibility of Auditors are given on Pages  respectively.
D.1.4	The Directors' Report	✓	The Annual Report of the Board of Directors on the affairs of the Company is given on Pages  .
D.1.5	Statement of Directors' Responsibility, Statement on Internal Controls and Auditor's Report	✓	The Statement of Directors' Responsibilities for the Financial Statements is given on Page  , and the Directors' Statement on Internal Controls is given on Page  The Auditor's Report is available on Page  .
D.1.6	Strategic Review	✓	Please refer to Strategic Review on Pages  and Operational Review on Pages  .
D.1.7	Summon an EGM to notify serious loss of capital	N/A	A reason for such an EGM has not arisen yet.
D.1.8	Disclosure of related party transaction	✓	All related party transactions, as defined in LKAS 24 on "Related Party Disclosures" are disclosed in Note 35 in the Financial Statements.
D.2	Risk Management and Internal Control		
D.2.1	Monitoring sound system of Internal Control	✓	The Board facilitates the Enterprise Risk Management (ERM) process and reviews controls through various processes. The Board shares collective responsibility for controls within the Organisation's control environment. Board oversight is achieved through the Risk and Control function.
D.2.2	Assessment of principal risks facing the Company	✓	A robust assessment of risks involved in the Company has been carried out and the status reviewed at the Audit Committee meeting. Mitigating actions have been identified and progress has continuously been reviewed. Refer to Pages  for Risk Management.
D.2.3	Internal Audit Function	✓	The Risk and Control Department plays a significant role in assessing the effectiveness and successful implementation of existing controls, and strengthening these and establishing new controls where necessary.

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Reference to CASL Code	Corporate Governance Principle	Compliance Status	Details of Teejay Lanka PLC's Compliance
D.2.4	Review of the process and effectiveness of Risk Management and Internal Controls	✓	The Audit Committee reviews internal control issues and risk management measures, and evaluates the adequacy and effectiveness of the risk management and internal control systems including financial reporting.
D.2.5	Directors' responsibility in maintaining a sound internal control system	✓	Please refer to the Statement of Directors' Responsibilities on Page 10 .
D.3	Audit Committee		
D.3.1	Composition of the Audit Committee	✓	The Audit Committee consists of two (2) Independent Non-Executive Directors and one (1) Non-Executive Director.
D.3.2	Terms of Reference of the Audit Committee and duties of the Audit Committee	✓	The activities and operation of the Audit Committee are governed by the Audit Committee Charter of the Company which is periodically reviewed and approved by the Board. Please refer to the Audit Committee Report on Page 10 for the duties.
D.3.3	Disclosures of the members of the Audit Committee	✓	The Audit Committee Report with required disclosures is given on Page 10 .
D.4	Related Party Transactions Review Committee (RPTRC)		
D.4.1	Related Party Transactions	✓	The Company is adhering to LKAS 24, and the transactions entered into with related parties during the year are disclosed in Note 35 to the Financial Statements.
D.4.2	Composition of RPTRC	✓	RPTRC consists of two (2) Independent Non-Executive Directors and One (1) Non-Executive Director.
D.4.3	Terms of Reference	✓	Please refer to the Related Party Transactions Review Committee Report on page 179.

CORPORATE GOVERNANCE

Reference to CASL Code	Corporate Governance Principle	Compliance Status	Details of Teejay Lanka PLC's Compliance
D.5	Code of Business Conduct and Ethics		
D.5.1	Code of Business Conduct and Ethics	✓	The Directors and members of the Senior Management team are bound by a Code of Business Conduct and Ethics. The Company has introduced a declaration of conflict of interest. The employees of the Executive and above categories have signed confirming they have read the document and understand its contents.
D.5.2	Material and price-sensitive information		Material and price-sensitive information are promptly identified and reported to the shareholders via the CSE.
D.5.3	Shares purchased by Directors and Key Management Personnel		The Company has a policy and a process for monitoring and disclosing shares purchased by any Director and Key Management Personnel.
D.5.4	Affirmation of Code in the Annual Report by the Chairman	✓	Please refer to the Chairman's Statement given on Pages 10 .
D.6	Corporate Governance Disclosures		
D.6.1	Disclosure of Corporate Governance	✓	The extent to which the Company adheres to established principles and practices of good corporate governance is disclosed from Pages 10 of this Report.

CORPORATE GOVERNANCE

SECTION 2

Reference to CASL Code	Corporate Governance Principle	Compliance Status	Details of TJL PLC's Compliance
E	INSTITUTIONAL INVESTORS		
E.1	Shareholder voting		
E.1.1	Dialogue with shareholders	✓	All the investors are notified of the AGM and all their views, comments, and suggestions are encouraged.
E.2	Evaluation of Governance Disclosures		
E.2	Due weightage by institutional investors	✓	Key institutional investors are actively involved in appointing members to the Board.
F	OTHER INVESTORS		
F.1	Investing/Divesting Decision		
F.1	Adequate analysis	✓	Provide sufficient information to investors through the Annual Report, Quarterly Financial Statements, and announcements to the CSE to assist investors with their investment and divestment decisions.
F.2	Shareholder Voting		
F.2	Encouraging shareholder participation	✓	All individual shareholders are sent AGM notices in advance, encouraging them to exercise their voting rights.
G	INTERNET OF THINGS (IOT) AND CYBERSECURITY		
G.1	Internal and external IT devices connected to the business model	✓	Connection of internal and external IT devices to the Organisation network has been allowed with necessary access controls and firewalls to safeguard the security of the infrastructure and the integrity of information assets.
G.2	Chief Information Security Officer (CISO) and Cybersecurity Risk Management Policy	✓	The Head of Group ICT is responsible for managing policy which is already implemented. The risks are managed proactively.

CORPORATE GOVERNANCE

Reference to CASL Code	Corporate Governance Principle	Compliance Status	Details of TJL PLC's Compliance
G.3	Discussions on Cyber Risk Management	✓	Cybersecurity risks of the ICT infrastructure are primarily managed using access controls to physical and logical private networks and trusted relationships in the case of nodes that are granted access. All access is authenticated. Many security standards are implemented and maintained. Perpetual monitoring is in place with exception reporting and management.
G.4	Independent periodic review and assurance	✓	Independent periodic reviews are conducted internally as well as through professional firms.
G.5	Disclosure on Cybersecurity Risk Management	✓	Please refer to the Risk Management section on Page 70 .
H	ENVIRONMENT, SOCIETY AND GOVERNANCE (ESG)		
H.1.1	ESG Reporting	✓	The Company has included environmental, social and governance factors in its business model.
H.1.2	The Environment	✓	The Company has adopted an integrated approach that takes into consideration the direct and indirect economic, social, health, and environmental implications of its decisions and activities, including pollution prevention, sustainable resource use, protection of the environment, and restoration of natural resources.
H.1.3	Social Factors	✓	The Company fosters relationships with the community and pursues sustainable development through an integrated approach.
H.1.4	Governance	✓	The Company established a robust governance structure to create value, manage risks, and address all aspects of ESG.
H.1.5	Board's Role on ESG Factors	✓	The Board sets the tone at the top. During the year, with the consultation of the third party ESG experts assigned by the Board, the Risk & Control Division of Teejay along with the Sustainability division and Finance division sought to augment its existing operational risks identified in its Risk Registers, with Sustainability Related Risks and Opportunities (SRROs) in alignment with the IFRS S1 and S2 reporting requirements.

CORPORATE GOVERNANCE

The level of compliance with the CSE's Listing Rules – Section 7.10 Rules on Corporate Governance are given in the following table.

CSE Rule Reference	Corporate Governance Principles	TJL PLC's Extent of Adoption	Compliance Status	Reference in this Report
7.10.1	Non-Executive Directors (NED)	The Board consists of three (3) Independent Non-Executive Directors and Four (4) Non-Executive Directors as of 31 March 2024.	✓	Corporate Governance A.5.1
7.10.2 (a)	Independent Directors	Three (3) of the seven (7) Non-Executive Directors are independent.	✓	Corporate Governance A.5.2
7.10.2 (b)	Independent Directors	All Non-Executive Directors have submitted their confirmation of independence in writing.	✓	Corporate Governance A.5.4
7.10.3 (a)	Disclosures relating to Directors	Names of Independent Directors disclosed in the Annual Report.	✓	Corporate Governance A.5.5
7.10.3 (b)	Disclosures relating to Directors	The Board has determined that all Independent Non-Executive Directors satisfy the criteria for "Independence" set out in Listing Rules.	✓	Corporate Governance A.5.5
7.10.3 (c)	Disclosures relating to Directors	A brief résumé of each Director is included in the Annual Report.	✓	Board of Directors Profiles on Pages 10-11 .
7.10.3 (d)	Disclosures relating to Directors	Upon appointment of a new Director to the Board, the Company provides a brief résumé of such Director for dissemination to the public, specified in 7.10.3 (a), (b) and (c) to the CSE. Two new Directors were appointed during the FY 2023/24	✓	Board of Directors Profiles on Pages 10-11 .
7.10.4 (a-h)	Requirements for meeting criteria to be an Independent Director	The independence of the Independent Non-Executive Directors has been assessed as per criteria set out in Section 7.10.4 of CSE Listing Rules.	✓	
7.10.5 (a)	Composition of Remuneration Committee	The Remuneration Committee comprises two Independent Non-Executive Directors, one of whom functions as the Chairman of the Remuneration Committee, and one Non-Executive Director.	✓	Corporate Governance B.1.1, B.1.2, B.1.3, B.1.4, B.1.5, and the Remuneration Committee Report on Page 12 .

CORPORATE GOVERNANCE


CSE Rule Reference	Corporate Governance Principles	TJL PLC's Extent of Adoption	Compliance Status	Reference in this Report
7.10.5 (b)	Functions of the Remuneration Committee	The Remuneration Committee determines the compensation of the Chief Executive and the Members of the Group Leadership Team.	✓	Corporate Governance B.1.1, B.1.2, B.1.3, B.1.4, B.1.5, and the Remuneration Committee Report on Page 10 .
7.10.5 (c)	Disclosure in the Annual Report relating to Remuneration Committee Aggregated remuneration paid to Executive and Non-Executive Directors	Names of Remuneration Committee members and remuneration paid to Directors are disclosed.	✓	Corporate Governance B.1.1, B.1.2, B.1.3, B.1.4, B.1.5, B.2.1, B.2.2, B.2.3, B.2.4, the Remuneration Committee Report on Page 10 , and Note 8 to the Financial Statements on Page 10 .
7.10.6 (a)	Composition of Audit Committee	The Audit Committee comprises three (3) members, two (2) of whom are Independent Non-Executive Directors and one Non-Executive Director. One (1) of the Independent Non-Executive Directors functions as the Chairman of the Audit Committee.	✓	Corporate Governance D.3.1, D.3.2, and the Audit Committee Report on Pages 10-11 .
7.10.6 (b)	Function of the Audit Committee	The Audit Committee facilitates and monitors the ERM process, the formulation of a risk-based Audit Plan, and the implementation of the same.	✓	Corporate Governance D.3.3 Audit Committee Report on Pages 10-11 .
7.10.6 (c)	Disclosure in the Annual Report relating to the Audit Committee	Names of Audit Committee members and the basis of determination of the independence of the auditor are disclosed.		Corporate Governance D.3.4 Audit Committee Report on Pages 10-11 .

CORPORATE GOVERNANCE

The level of compliance with the Listing Rules – Section 9 Rules on Related Party Transactions for Listed Companies issued by the CSE are given in the following table.

CSE Rule Reference	Corporate Governance Principles	Teejays' Extent of Adoption	Compliance Status
9.1.3	Compliance with Corporate Governance Rules	The Company is in compliance with the rules that are effective as at 1 April 2024.	✓
9.3	Board Committees	The required Committees are maintained and meet the requirements of the listing rules	✓
9.4.1	AGM Record maintenance	Records of all resolutions and the following information upon a resolution being considered at any General Meeting shall be maintained	✓
9.4.2 a/b/c	Communication and relations with shareholders and investors	Clear communication channels established.	✓
9.6	Chairperson and CEO	Chairperson is an independent non-executive director and is independent to the CEO	✓
9.7.5 a/b	Fitness of Directors and CEO	Disclosures that the Directors and CEO satisfy the Fit and Proper Assessment Criteria stipulated by the CSE. Non-compliance/s by a Director and/or the CEO of the Company with the Fit and Proper Assessment Criteria set out in the Rules were not noted.	✓
9.8.3 (i) to (viii)	Requirements for meeting the criteria to be an ID	During the year changes were made to the Board members in order to comply with the revised listing rules. All independent directors meet the independence criteria stipulated in the listing rules as at 1 April 2024.	✓

CORPORATE GOVERNANCE

CSE Rule Reference	Corporate Governance Principles	Teejays' Extent of Adoption	Compliance Status
9.8.5 a/b/c	The Board shall annually determine the independence or otherwise of IDs and name the Directors who are determined to be 'independent'.	Independence declaration of all independent directors have been obtained and their independence is confirmed.	✓
9.9.a-e	The Board shall annually determine the independence or otherwise of IDs and name the Directors who are determined to be "independent".	Independence declaration of all independent directors have been obtained and their independence is confirmed.	✓
9.9.a-e	Alternate Directors	N/A	✓
9.10.2/ 9.10.3	Market announcement upon the appointment of a new Director and any changes to the Board composition	Market announcement was published accordingly.	✓
9.10.4 a-i	Details in relation to the Board members	Details are provided under the director profiles and in Pages  .	✓
9.11	Nominations and Governance Committee	All Committees complies with the requirements of the revised listing rules.	✓
9.12	Remuneration Committee	All Committees complies with the requirements of the revised listing rules.	✓
9.13	Audit Committee	All Committees complies with the requirements of the revised listing rules.	✓
9.14	Related party transactions review Committee	All Committees complies with the requirements of the revised listing rules.	✓

CORPORATE GOVERNANCE

CSE Rule Reference	Corporate Governance Principles	Teejays' Extent of Adoption	Compliance Status	Reference in this Report
9.16	Additional disclosure	All disclosures required if applicable have been made in the Annual Report and in the CSE.		
9.2.1 and 9.2.3	Related Party Transactions Review Committee (RPTRC)	RPTRC is consistent with the Code of Best Practices on Related Party Transactions (2013) advocated by the SEC. The functions of the RPTRC are stated in the Related Party Transactions Review Committee Report.	✓	Please refer to the Related Party Transactions Review Committee Report on Page 10 .
9.2.2	Composition of RPTRC	The RPTRC comprises three members, two of whom are Independent Non-Executive Directors and one Non-Executive Director. One of the Independent Non-Executive Directors functions as the Chairman of the Related Party Transactions Review Committee.	✓	Please refer to the Related Party Transactions Review Committee Report on Page 10 .
9.2.4	RPTRC meetings	The RPTRC met four (4) times during the year.	✓	Please refer to the Related Party Transactions Review Committee Report on Page 10 .
9.3.1	Immediate disclosures	The Company has not been involved in any non-recurrent related party transactions which require immediate announcements to the CSE.	✓	Please refer to the Notes 35 to the Financial Statements
9.3.2 (a) and (b)	Disclosure: Non-Recurrent Related Party Transactions	The Company has not been involved in any non-recurrent related party transactions.	✓	Please refer to the Related Party Transactions Review Committee Report on Page 10 .
	Disclosure: Recurrent Related Party Transactions	The Company has disclosed recurrent related party transactions which exceed 10% of Gross Revenue.	✓	Please refer to the Related Party Transactions Review Committee Report on Page 10 .
9.3.2 (c)	Report by the RPTRC	The Report of the RPTRC is given.	✓	Please refer to the Related Party Transactions Review Committee Report on Pages 10-11 .
9.3.2 (d)	A declaration by the Board of Directors	The Annual Report of the Directors is included.	✓	Please refer to the Annual Report of the Board of Directors on Page 10 .

CORPORATE GOVERNANCE

GRI GOVERNANCE DISCLOSURES

GRI Disclosure	Notes	Reference in this Report
2-9	Governance Structure and Compliance	
2-9-a	<p>Governance structure including the committees of the highest governance body</p> <p>The Board of Directors led by the Chairman comprises seven (7) Non-Executive Directors of which three (3) are Independent.</p> <p>The Board has appointed four [4] subcommittees to assist the Board as required by the Listing Rules.</p> <p>The Board has delegated the Group ExCo to appoint the ESG Steering Committee. The Steering Committee works with the central Sustainability team and Plant level ESG Champions and an external consultant to review and strengthen the ESG Management Framework.</p> <p>ESG Management Framework put in place during the year incorporates a bottom-up approach of quarterly ESG Data being reported to the Steering Committee based on GRI Standard based KPIs of the Material Topics, and a top down approach of policies, processes, and investment decisions to improve the ESG performance and manage ESG risks.</p>	Refer to the Governance Structure on Page 10
2-9-b	<p>The committees of the highest governance body that are responsible for decision-making on and overseeing the management of the Organisation's impacts on the economy, environment, and people</p> <p>The Board has appointed four subcommittees – namely, the Audit Committee, RPTRC, Nominations and Governance Committee and the Remuneration Committee.</p> <p>The ESG Steering Committee which comprises the highest level representatives of the Group's functional units Finance, Administration, and Occupational Health and Safety, CSR, Corporate Communications and Legal; reports to the Group Executive Committee (ExCo) on the ESG developments on the path to strengthening the ESG framework. In the upcoming year, once the review is complete, the ESG Steering Committee shall report monthly to the ExCo and quarterly to the Board.</p>	Refer to the Board subcommittees on Pages 11-12

CORPORATE GOVERNANCE

GRI Disclosure		Notes	Reference in this Report
2-9-c	Composition of the highest governance body and its Committees	<p>The Board of Directors led by the Chairman comprises seven (7) Non-Executive Directors of which three (3) are independent.</p> <p>The Audit Committee comprises two (2) Independent Non-Executive Directors and one (1) Non-Executive Director.</p> <p>The RPTRC comprises two (2) Independent Non-Executive Directors and one (1) Non-Executive Director.</p> <p>The Remuneration Committee comprises two (2) Independent Non-Executive Directors and one (1) Non-Executive Director.</p> <p>The Nominations and Governance Committee comprises two (2) Independent Non-Executive Directors and one (1) Non-Executive Director.</p>	Refer to the Board subcommittees on Pages 10 .
2-10		Nomination and Selection of the Highest Governance Body	
2-10-a and 2-10-b	Nomination and selection processes for the highest governance body and its committees and the criteria used for nominating and selecting	<p>All new appointments to the Board and its composition comply with the provisions in the Articles of Association of the Company, and are followed by an immediate market announcement and public notice. Such appointments are subject to reappointment by shareholders at the next AGM, held immediately after appointment to the Board.</p> <p>New appointments so reappointed are communicated to the CSE by way of a market announcement.</p> <p>In case of re-election, Directors appointed by the Board are required to hold office until the next AGM and seek re-election by the shareholders at the Meeting.</p>	Corporate Governance A.7.1, A.8.1, and A.8.2

CORPORATE GOVERNANCE

GRI Disclosure	Notes	Reference in this Report
	<p>The Nomination Committee reviews the relevant Directors' eligibility for re-election with due consideration of his/her past record in terms of participation, engagement, and contribution towards the Board matters.</p> <p>A Director appointed by the Board to fill a casual vacancy that may have arisen since the previous AGM is also entitled for re-election at the next AGM subject to the confirmation of the Nomination Committee.</p> <p>The resignations of Directors are promptly informed to the CSE.</p> <p>Any changes to the ESG Steering Committee shall be proposed by the ExCo and the CEO shall obtain Board approval on the proposed changes.</p>	
2-11 Chair of the Highest Governance Body		
2-11-a and 2-11-b Chair of the highest governance body and functions	Mr Ajit Damon Gunewardene – Chairman Independent Non-Executive Director	Refer to the Profiles of the Board of Directors on Pages 10 .
2-12 Role of the Highest Governance Body in Overseeing the Management of Impacts		
2-12-a, 2-12-b, and 2-12-c Role of the highest governance body and Senior Executives	<p>The Board provides strategic leadership to the Company, through a framework of effective controls to monitor and manage risks. The Board emphasises on enhancing value to all its stakeholders, delivering sustainable economic performance keeping in line with the highest standards of corporate governance, environmental stewardship, and social responsibility.</p>	Corporate Governance A.1.2 Refer to the Board subcommittees on Pages 10 .

CORPORATE GOVERNANCE

GRI Disclosure		Notes	Reference in this Report
		<p>Internally the ESG Steering Committee with the inputs from the External consultants and the ESG core team carried out a Materiality Assessment based on the Global Reporting Initiative (GRI) Standards.</p> <p>The key ESG topics that are likely to be of concern to stakeholders and were then prioritised based on impact and importance.</p> <p>During the year the Sustainability Performance Analyser (SPA) was used which is a comprehensive and consolidated ESG data tracking tool to capture, monitor, and track all relevant sustainability indicators, on a quarterly basis. The ESG Champions collate and update the SPA.</p> <p>The outcome of SPA is presented to the ExCo on a monthly basis.</p> <p>During the year Teejay sought to augment its existing operational risks identified in its Risk Registers, with Sustainability Related Risks and Opportunities (SRROs) in alignment with the IFRS S1 and S2 reporting requirements.</p>	
2-13	Delegation of Responsibility for Managing Impacts		
2-13-a	Delegation of responsibility by the highest governance body for managing the Organisation's impacts on the economy, environment, and people	<p>The ExCo is updated monthly on the impact of material topics affecting Environmental, Social and Governance pillars by the ESG Steering Committee.</p> <p>The ESG policies are reviewed and revised if necessary. The risk mitigation action plan identified by the ESG Champions are reviewed by the ESG Steering Committee and the ExCo is updated on any concerns for their feedback.</p>	Corporate Governance H.1.2
2-13-b	The process and frequency of the management of the Organisation's impacts on the economy, environment, and people	<p>The ESG Champions update the SPA tracker on a quarterly basis to monitor the performance of the sustainability indicators. The summary of the SPA is reviewed by the ESG Steering Committee.</p> <p>A monthly review of the ESG/Sustainability initiatives and the summary of the Sustainability Performance Analyser (SPA) is presented to the ExCo. Any material concerns will be reported to the Board on quarterly basis.</p>	Corporate Governance H.1.5

CORPORATE GOVERNANCE

GRI Disclosure		Notes	Reference in this Report
2-14	Role of the Highest Governance Body in Sustainability Reporting		
2-14-a	Responsibility of the highest governance body in reviewing and approving the reported information	<p>The Board has appointed external consultants to liaise with the ExCo to review the ESG framework and strengthen the process.</p> <p>The summary of the SPA which gives the performance of the ESG KPIs is presented by the ESG Steering Committee to the ExCo.</p>	Corporate Governance H.1.5
2-14-b	The reason, if the highest governance body is not responsible for reviewing and approving the reported information, including the Organisation's material topics.	The Board reviews and approved all reported information and material topics quarterly basis.	Corporate Governance H.1.5
2-15	Conflicts of Interest		
2-15-a and 2-15-b	The processes for the highest governance body to ensure that conflicts of interest are prevented and mitigated	The Directors and members of the Senior Management team are firmly committed to upholding the Code of Business Conduct and Ethics which serves as a guiding framework for their actions. As a part of ensuring transparency and integrity, the Company has introduced a declaration of conflict of interest policy. All employees in the Executive and above categories have diligently signed the document, signifying their understanding and compliance with its provisions.	Corporate Governance D.5.1
2-16	Communication of Critical Concerns		
2-16-a	Whether and how critical concerns are communicated to the highest governance body	Quarterly the performance of the ESG KPIs are reported to the ExCo through the SPA tool via the ESG Steering Committee. The performance of the ESG KPIs, relevant ESG risks and concerns and any changes to the impact on material topics that could have a likely concern towards any key stakeholder shall be brought to the notice of ExCo.	Corporate Governance C.2.1 to C.2.7

CORPORATE GOVERNANCE

GRI Disclosure		Notes	Reference in this Report
2-16-b	The total number and the nature of critical concerns that were communicated to the highest governance body during the reporting period	During the year, while impacts of 21 material topics were identified and actions taken to mitigate the same, there were no instances of critical risks and concerns relating to these ESG topics.	Corporate Governance C.2.1 to C.2.7
2-17	Collective Knowledge of the Highest Governance Body		
2-17-a	Measures taken to advance the collective knowledge, skills, and experience of the highest governance body on sustainable development	<p>The Board reviews the training and development needs of the Directors regularly, and the Directors are provided with guidelines on general aspects of directorships and industry-specific matters.</p> <p>The Board has appointed an external consultant to help navigate the ESG Steering Committee to review and strengthen the ESG framework. Through regular discussions and awareness sessions, the ESG Steering Committee and the ESG Champions have expanded their knowledge pertaining to ESG.</p>	Corporate Governance A.1.8 Refer to the Profiles of the Board of Directors on Pages 10 .
2-18	Evaluation of the Performance of the Highest Governance Body		
2-18-a, 2-18-b, and 2-19-c	The processes and frequency for evaluating the performance of the highest governance body in overseeing the management of the Organisation’s impacts on the economy, environment, and people	<p>The Board conducts an annual self-assessment of its performance against predetermined targets set at the beginning of the year.</p> <p>The performance was evaluated quarterly to determine the achievement of targets or evaluate if the accomplishments were reasonable given the circumstances.</p>	Corporate Governance A.9.4, A.11.1, and A.11.2
2-19	Remuneration Policies		
2-19-a	The remuneration policies for members of the highest governance body and Senior Executives	The remuneration of Directors and Key Management Personnel is recommended to the Board by the Remuneration Committee.	Corporate Governance B.1.4
2-19-b	The remuneration policies for members of the highest governance body and Senior Executives relating to their objectives and performance concerning the management of the Organisation	Remuneration for Non-Executive Directors reflects the time commitment and responsibilities of their role, taking into consideration market practices.	Corporate Governance B.2.10

CORPORATE GOVERNANCE

GRI Disclosure	Notes	Reference in this Report
2-20	Process to Determine Remuneration	
2-20-a	<p>The process for designing its remuneration policies and for determining remuneration</p> <p>The Remuneration Committee reviews the remuneration policy of the Company. Performance based increments and variable pay policies are in place which are subject to review and recommendations of the Remuneration Committee and the Board.</p> <p>Services of HR professionals are sought by the Remuneration Committee and Board when required.</p>	Refer to the Report of the Remuneration Committee on Page 10
2-20-b	<p>The results of votes of stakeholders (including shareholders) on remuneration policies and proposals, if applicable.</p> <p>There were no incidents which called for shareholder votes.</p>	Refer to the Report of the Remuneration Committee on Page 10
2-21	Annual Total Compensation Ratio	
2-21-a, 2-21-b, and 2-21-c	Annual total compensation ratio	Not disclosed due to the confidentiality of information.

RISK MANAGEMENT REPORT

Teejay Lanka PLC utilises a formalised and dynamic Enterprise Risk Management (ERM) framework to proactively identify, assess, and mitigate potential risks; while positioning the Company to take advantage of emerging opportunities.

A part of this report presents details of our ERM framework for Risk identification, assessment, and mitigation, and our processes for establishing suitable risk appetite and limit-setting. It also discusses internal control measures and efforts taken to engender a lasting risk culture within our teams and business units.

INTEGRATED RISK MANAGEMENT FRAMEWORK

Teejay's ERM framework provides the basis on which our Group entities, management teams, business units, and individual employees address uncertainties and risks that may impact our business. The framework includes a formal ERM process to identify, assess, and mitigate potential risks.

As part of our efforts to lead the field in our industry, we are continuously refining our ERM practices to ensure their effectiveness. Alongside greater dependence on Information Communication Technology (ICT) infrastructure, and increasing digitalisation of our systems and processes, we prioritised risk management measures related to data protection and cybersecurity during the year 2023/24.

OUR ERM PROCESS



RISK MANAGEMENT REPORT

Culture of Risk Management

We are committed to fostering a robust risk culture within Teejay, built on a foundation of integrity and ethical conduct. Strengthened by resolute support from our leadership, which is critical to cultivating organisational risk culture, we are working to build the resilience of our teams, drive informed decision-making across all levels of the Company, and protect the long-term interests of the Company and our stakeholders. The concerted effort of our leadership team, engagement of employees, and active participation of external stakeholders enables better and more effective risk management across our Group and the wider supply chain we interact with.

Addressing Sustainability-Related Risks and Opportunities

Recognising the critical role of sustainability in Teejay's long-term business success, the Group's Risk & Control Division, Sustainability, and Finance Divisions worked to review operational risks identified in its risk registers. During the year under review, Teejay obtained the services of experienced consultants to deploy a process whereby the Group's material impacts and dependencies on environmental and social resources, were considered in identifying Sustainability-Related Risks and Opportunities (SRROs) in alignment with the IFRS S1 and IFRS S2 reporting requirements.

Teejay understands that while its operations result in carbon and other emissions which contribute to climate change, the operations of Teejay too are exposed to

the risks of climate change relating to the physical and transition risks associated with climate change.

Physical risks of climate change resulting in bad weather, floods and droughts may have direct bearing on the business resulting in disruption of operations. During the past reporting period, there were no instances where the manufacturing operations of the Group were disrupted due to climate change induced bad weather. However, Teejay is cognisant of potential risks arising from such physical climate change risks, and also how physical risks of climate change may impact its supply chain partners increasing the risk of timely and cost-effective sourcing of raw materials such as cotton. Teejay is in the process of undertaking deeper financial analysis to identify the potential financial impacts in the future arising from the above-mentioned risks.

With regard to Transition Risks of Climate Change, Teejay is committed to a path of decarbonisation and reducing the carbon footprint of its operations. Thus, strategies that guide the Company to a long-term goal of net zero in the future would include investments in Solar as well as transitioning fossil fuel based energy sources to the Sri Lankan Grid, which is approximately 30% based on renewable energy and investments in new energy efficient technology and equipment. To ensure that Teejay sources the most suitable technology for its transition to a low carbon operation comprehensive financial and non-financial analysis of the options are carried out, with large investment decision requiring Board approvals to proceed. With Sri Lanka and India not having carbon pricing mechanisms or carbon taxes, financial impacts of such regulations on the transition to a low carbon operation is not seen as a significant aspect.

RISK APPETITE, MONITORING, AND REVIEW

The Board of Directors establishes the risk appetite, defining the level of acceptable risk in light of our overall business strategy, changes to the operating environment, and other factors. A transparent and dynamic process to determine risk appetite, empowers Teejay's Board and Management to make strategic choices, while taking on calculated risks that align with business goals.

Teejay follows both a bottom-up and a top-down approach to ensure the Board and Audit Committee are empowered with necessary information to make informed decisions and set a suitable risk-appetite.

Monthly risk reviews by factory leadership teams allow for potential event identification, and result in formal updating of the risk register. All identified risks are documented along with their potential impact and mitigation plans. The risk register is then reviewed by the Group's Cross-Functional Leadership Team (CFT) and the EXCO. This process enables our teams to anticipate potential threats that may arise in the near-future. Project-based risk assessments are conducted for all major projects, and potential risk mitigation actions are identified and implemented where necessary. Identified significant risks are incorporated into the risk model. We pay close attention to risks associated with climate change, including physical and transition risks, with Teejay's Senior Management kept informed of such risks through monthly ERM updates.

Each identified risk is assigned a rating based on likelihood of occurrence, detectability, and potential impact on operations – culminating in a dynamic and up-to-date risk grid. The Head of Risk and Control presents these risk grids to the Audit Committee and the Board on a quarterly basis.

RISK MANAGEMENT REPORT

Teejay also incorporates a positive assurance framework, wherein key process controls pertaining to each division are periodically reviewed and updated. Division Heads routinely review and provide self-declaration on the status of internal controls.

ERM GOVERNANCE AND MANAGEMENT

We are in the process of reviewing and updating internal processes to accommodate an organisational process and workflow that integrates Teejay's existing organisational governance structure, ERM governance structure, and Sustainability (impact management) governance structure to manage the Group's SRROs.

Teejay has established a process to incorporate Material Impact Assessments carried out by the Sustainability Division, into actionable information for the Risk Management Division. The Risk & Control Division considers Material Impacts and resource dependencies to identify SRROs pertaining to Teejay's operations.

The final component would involve mitigation action plans stemming from these SRROs, and analysed impacts of risks, fed into the Finance Division. Thereby enabling us to report the financial impacts of managing Teejay's SRROs to Senior Management and other relevant stakeholders.

Once in place, this synchronised governance structure would ensure SRROs are provided adequate visibility, managed and measured efficiently, and suitable corrective actions are taken based on performance metrics that consider multiple frameworks.

We expect this enriched structure and process-flow to empower governance bodies, and positively influence organisational strategies that are directly managing the primary factors impacting our business.

As part of our ongoing ERM governance process and efforts to establish a suitable control environment, we conduct routine risk-based internal audits in line with plans approved by the Audit Committee. Additionally, special reviews are conducted where required to address any changes in risk exposure during the year. Our dedicated Risk and Control Team utilises both internal and external resources to conduct audits and special reviews.

The risk-based internal audit plan is executed by the Group Risk and Control Team, which carries out internal audits across the Group in accordance with an audit plan approved by the Audit Committee. These internal audits focus on business-specific matters and take into account key risks identified through Group risk registers. Identified issues are reported to the Audit Committee, and followed up until process owners implement agreed-upon remedial actions.

In addition, the Chief Internal Auditor regularly reports to the Audit Committee on any changes in the focus areas or opportunities for improvement. Feedback reporting is also in place to reinforce governance and assurance.

Business Continuity



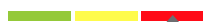
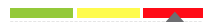
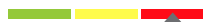
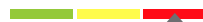


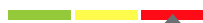
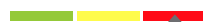
Teejay has Business Continuity Plans (BCPs) in place as part of our comprehensive corporate governance framework. These govern our primary risks, with BCPs relating to our most significant risks given the highest priority and being kept up to date on a continuous basis.

We are in the process of bringing in external resources to consult and update all BCPs, with the project expected to complete in 2024/25.





ERM RISKS, RATINGS, AND MITIGATION ACTIVITIES

We work to proactively manage potential risks that are categorised within a comprehensive risk universe. Group risk registers have been augmented to include SRROs in addition to operational risks; including but not limited to climate change risks. The assessment and ranking of risks, as per Teejay's ERM process, along with our efforts to take action and/or mitigate identified risks, is outlined in the table that follows.



RISK MANAGEMENT REPORT

Main Risk Category	Risk Item	Potential Impact	Risk Mitigation	Risk Assessment
Socio-economic risks	Domestic socio-economic crisis resulting in: Poor economic growth Increased inflation	Import restrictions due to FOREX shortage. Short supply of raw materials. Increased cost of living triggering employees to migrate overseas.	Prudent management of working capital liquidity. Build strong relationships with banks. Close monitoring of developments in the macroeconomic environment.	Risk Rating 2022/23  2023/24 
	FOREX liquidity and depreciation risk Volatile tax policies and tax increases Interest rate risk	Increase in tax rates. Escalation of finance costs. Adverse impact on profitability.	Continuous monitoring of rate fluctuations and impact assessment.	Risk Rating 2022/23  2023/24 
Geopolitical risks	Global economic downturn resulting in declining consumer demand. Shift in traditional supply chain bases is a positive to the South Asian region. Red Sea crisis	Increased costs of production due to increase in input and energy costs. Increase in new customer inquiries. increased sourcing lead time and increase in logistic costs.	Strengthen relationships with customers for increased visibility amidst market fluctuations. Closely monitor vessel route changes with shipping lines and freight agents. Increase safety stocks for critical raw materials.	Risk Rating 2022/23  2023/24 
Social and stakeholder risks	Talent attrition and retention	Increase in cost of recruitment. Loss of key talent. Increased cost of training or the inability to maintain quality standards due to untrained staff.	Strong emphasis on performance appraisals, rewarding and recognising key talent through performance recognition and reward schemes. Management Trainee programme 2023/24 successfully completed across the Group and 2024/25 programme in progress.	Risk Rating 2022/23  2023/24 
	Industrial relations risk	Employee distress leading to plant closure.	Operation of Joint Consultative Committee (JCC), which is a requirement as per BOI regulations for formal communication and maintenance of highly effective engagement with employees.	Risk Rating 2022/23  2023/24 





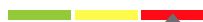
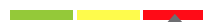
RISK MANAGEMENT REPORT

Main Risk Category	Risk Item	Potential Impact	Risk Mitigation	Risk Assessment
Health and safety risks	Risk of occupational injury	As a manufacturing organisation, employees and other stakeholders in direct physical contact with the plant are constantly exposed to occupational hazards and risk of injury.	Comprehensive health and safety protocols are in place in factories.	Risk Rating
			Monthly Health and Safety Steering Committee meetings chaired by the CEO are held.	2022/23 
			Health and safety management system certifications in place.	2023/24 
Environmental risk	Sustainable production	Legal implications due to non-compliance.	Compliance with certification and regulatory requirements.	Risk Rating
		Loss of key customers due to loss of end user confidence.	Strong commitment from the Senior Management and the Board towards sustainable production.	2022/23 
			Extended the agreement with the international third-party consulting firm to align the ESG initiative with the IFRS S1 and IFRS S2 requirements.	2023/24 
	Risk of inappropriate usage of waste	Reputational risk Risk to the society in general if the waste is not used for its intended purpose.	We take responsibility in disposing the waste exclusively to Waste Collectors with Environmental Protection Licence (EPL)/Waste Collector's Licence where the end use of the waste is specifically mentioned. Use of and approved waste disposal party for incinerating hazardous waste.	
	Risk of discharge of untreated effluent	Regulatory risk/Penalty Reputational risk	Strong monitoring mechanisms in place to manage effluent discharge.	



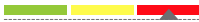

RISK MANAGEMENT REPORT

Main Risk Category	Risk Item	Potential Impact	Risk Mitigation	Risk Assessment
	Risk of sourcing raw materials that are not in line with Teejay's ESG commitments	Loss of customers Reputational damage	Sourcing from accredited suppliers. Yarn sourced exclusively from suppliers who are aligned with the requirements of the Uyghur Forced Labour Prevention Act. A supplier review was carried out across the Group and retained suppliers who were willing to sign the supplier agreement. The Group also adopted the Zero Discharge of Hazardous Chemicals (ZDHC) Chemical Management System framework and focusing on sourcing from suppliers with ZDHC certification. Raw materials are checked for ZDHC MRSL Level 1 or above certification.	
	Risk of excessive use of water in production	Non-compliance with BOI regulations. Financial penalty or business interruption	Dedicated budget to replace old machinery with efficient, low energy and water consuming machinery.	
Climate change risk	Transition risk – Risk of not reducing the carbon footprint to levels committed with the customers. Costs to transition to the proposed lower emission technology	Risk of loss of customers due to non-alignment with their carbon footprint reduction milestones. Significant investment required to adopt/deploy new practices and processes	The cross-functional team encompassing representatives from all divisions drives the ESG framework within Teejay. As a part of the Science Based Targets initiative (SBTi), ambition is to contribute to the worldwide effort to limit global warming to 1.5°C by 2030 and achieve net zero emissions by 2050. Use of biomass in Teejay India for steam generation. Teejay Lanka has completed the feasibility study to invest in solar power generation.	Risk Rating 2022/23  2023/24 


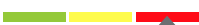
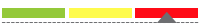
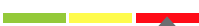
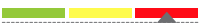
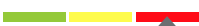

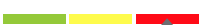
RISK MANAGEMENT REPORT

Main Risk Category	Risk Item	Potential Impact	Risk Mitigation	Risk Assessment
	Physical Risks-Possible droughts and floods due to adverse weather conditions.	Risk of reduced water supply for production during drought season and interruption to operations and logistics due to floods during rainy season Adverse climate conditions such as drought and increased global warming affecting the cotton crop which is the source of the main raw material. Adverse climate conditions affecting supply chain logistics.	Drought condition was a concern this year which was successfully managed. Water recycling projects in place. Location strategy in place to satisfy customer requirements.	Risk Rating 2022/23  2023/24 
Information Technology risks	Cybersecurity risk	Agile working policies introduced due to COVID-19 and continuing, increased the threat.	Strong system access controls in place.	Risk Rating 2022/23  2023/24 
	Risk of customer information and intellectual property leakage	Data breaches. Financial loss to the Company.		
	IT systems failure risk	As a technology-driven manufacturing plant, a system failure could result in production loss days, resulting in customer claims and increased costs.	Access control and disaster recovery sites in operation to ensure continuous system availability.	Risk Rating 2022/23  2023/24 

RISK MANAGEMENT REPORT

Main Risk Category	Risk Item	Potential Impact	Risk Mitigation	Risk Assessment
Operational risks	Fire risk	Business interruption due to full or partial factory closure.	<p>High alertness and preventive measures and procedures in areas where the equipment is working at high temperatures.</p> <p>Operation of fire alarm systems, fire hydrants, and extinguishing infrastructure in all three plants.</p> <p>Monthly Group Fire Prevention Steering Committee review meeting chaired by the CEO.</p> <p>Regular maintenance of fire extinguishing equipment infrastructure according to schedule.</p> <p>Regular training of the fire crew, and conducting fire and evacuation drills involving all employees of Teejay Group.</p>	<p>Risk Rating</p> <p>2022/23 </p> <p>2023/24 </p>
	Supply chain risk (RM and Utilities)	<p>Potential delays due to recent instability in geopolitics. (Red sea, Ukraine-Russia war)</p> <p>Fuel price hikes and shortages resulted in increased overheads.</p> <p>Yarn price fluctuations.</p> <p>Increased cost of raw materials due to FOREX volatility.</p> <p>Import restrictions due to restricted FOREX.</p> <p>High shipping charges.</p>	<p>Close monitoring of the material planning process</p> <p>Partnering with alternate suppliers from strategic locations and collaborating with existing suppliers for dedicated supply channels.</p>	<p>Risk Rating</p> <p>2022/23 </p> <p>2023/24 </p>

RISK MANAGEMENT REPORT

Main Risk Category	Risk Item	Potential Impact	Risk Mitigation	Risk Assessment
	Inventory risk	Inconsistent demand led to unrealised projected inventory usage, resulting in the accumulation of obsolete stocks.	Effective material planning.	Risk Rating 2022/23  2023/24 
	Fraud risk	Financial loss to the Company. Potential increase in fraud risk due to pressure from the economic crisis.	In operating within a BOl zone, physical access is highly restricted. Close monitoring of logistics operations reduces the opportunity for inventory-related fraud. Continuous engagement in process improvements by strengthening internal controls. Strong whistle-blower policy in place.	Risk Rating 2022/23  2023/24 
Regulatory risks	Local regulatory non-compliance Breach of Brand compliance commitments Risk of non-renewal of trade licences	Legal implications. Loss of strategic customers. Business interruption and plant closure.	Dedicated compliance teams ensure all regulatory requirements are met. Conducting periodic internal and external audits to confirm the same. Monthly group compliance meeting chaired by the CEO.	Risk Rating 2022/23  2023/24 
Reputational and brand image Risks	Quality failures On time delivery failures	Loss of customers and investors due to loss of goodwill. Customer claims. Legal implications.	Strict compliance with statutory, regulatory, and external certification requirements. Customer Care Service Division to monitor customer complaints. Quality control processes. Supplier due diligence and Procurement Committee.	Risk Rating 2022/23  2023/24 

AUDIT COMMITTEE REPORT

COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee comprises of three Non-Executive Directors where two of them are independent. One of the Independent Directors, functions as the Chairman of Audit Committee and two of the Directors (including the Chairman) have recent and relevant financial management and accounting experience and professional accounting qualifications.

- Mr Amitha L Gooneratne (Chairman) – (IND/NED) resigned w.e.f. 31 March 2024
- Prof Malik K Ranasinghe – (IND/NED) resigned w.e.f. 31 March 2024
- Mr Hasitha Premaratne – (NED)
- Mr Shrihan B Perera (Chairman) – (IND/NED) appointed w.e.f. 1 April 2024
- Mr William (Bill) C McRaith – (IND/NED) appointed w.e.f. 1 April 2024

IND/NED – Independent Non-Executive Director
NED – Non-Executive Director

(Refer to [Pages 10](#) for a brief profile of each Director).

The Committee’s composition met the requirements of the rule 9.13.3 of Listing Rules of the Colombo Stock Exchange.

SECRETARY

Corporate Services (Private) Limited

INVITEES

The Head of Risk and Control Division, Chief Executive Officer, Chief Financial Officer, Cross Functional Team Members, Board Directors, External Auditors, and relevant Executives of the Company attended the meetings on a need basis.

CHARTER OF THE AUDIT COMMITTEE

The scope of functions and responsibilities of the Audit Committee of Teejay Lanka PLC are governed by the Audit Committee Charter which is in line with the directives of the CA code of best practice on Corporate Governance 2023 and Section 9.13 of the CSE Listing Rules. The Charter is periodically reviewed and revised with the concurrence of Board of Directors. The terms of reference of the Committee are clearly defined in the Charter of the Audit Committee.

MEETINGS

The Audit Committee met six times during the year.

ATTENDANCE AT AUDIT COMMITTEE MEETINGS

Director	24 May 2023	25 July 2023	18 August 2023	22 November 2023	22 February 2024	6 March 2024
Mr Amitha Lal Gooneratne (Chairman)	✓	✓	✓	✓	✓	✓
Prof Malik Ranasinghe	✓	✓	✓	✓	✓	✓
Mr Hasitha Premaratne	✓	✓	✓	✓	✓	✓
Mr Shrihan B Perera (by invitation)	✓		✓	✓	✓	✓

AUDIT COMMITTEE REPORT

ROLE OF THE AUDIT COMMITTEE

The role of the Audit Committee is to perform Board oversight function in relation to the integrity of the financial reporting, compliance with legal and regulatory requirements, adequacy of the internal controls and risk management systems, the External Auditors' independence, suitability and performance and adequacy of internal audit activities and independence of the Internal Audit Function.

FINANCIAL REPORTING

The Audit Committee reviewed the financial reporting system adopted by the group in the preparation of its quarterly and annual financial statements to ensure that an accurate and effective financial reporting process is in place, consistent with the accounting policies and methods adopted and their compliance with the Sri Lanka Financial Reporting Standards (SLFRSs/LKASs), and applicable regulatory requirements. The Committee has reviewed and discussed the quarterly and annual Financial Statements of the Company with Management and the External Auditors prior to publication. The Committee obtained independent input from the External Auditors on the effects of any new Sri Lanka Accounting Standards that came into effect for the year under review and obtained satisfactory assurance that the necessary initiatives were taken, to enable the Company to comply with these new standards.

RISK MANAGEMENT AND INTERNAL CONTROLS

Audit Committee facilitates and monitors Enterprise Risk Management process, the formulation of a Risk Based Audit Plan and the implementation of the same. The Committee reviewed the key risks identified in Risks Models of all three entities developed at the beginning of the year together with the remedial actions. Thereafter it continued to review the changes to the risk profile presented each quarter and the implementation of the remedial actions at the Audit Committee meeting. The Audit Committee continued to monitor the Fire Risk Mitigation plans of the Group. Audit Committee engaged in reviewing and assessing the Company's system of internal controls for detecting accounting and financial reporting errors and misappropriation of assets, legal violations, and non-compliance with the corporate code of conduct. The COSO Enterprise Risk Reporting Process is presently being implemented within the Group. During the year the Risk & Control Division of Teejay along with the Sustainability division and Finance division sought to augment its existing operational risks identified in its Risk Registers, with Sustainability Related Risks and Opportunities (SRROs) in alignment with the IFRS S1 and S2 reporting requirements.

The Audit Committee also ensures the adequacy and the effectiveness of the internal control environment and the risk management system, monitoring of compliance with the standards, laws and regulations and performance of the Risk and Control function of the organisation.

Formal assurances were obtained from the Senior Management of the Company via the Positive Assurance Framework confirmations monthly regarding the efficacy and status of the internal control systems and risk management systems. Self-assurance on compliance with applicable laws and regulations is obtained via quarterly compliance statements submitted by the respective divisions.

INTERNAL AUDITS

Internal audits of the Company are carried out by the Group Risk and Control Division and the Head of Risk and Control submitted the findings of the audits to the Audit Committee. The Audit Committee reviewed the internal audit findings, the implementation of agreed remedial measures to improve the control environment and the follow-up the actions taken by the Company recommended by the Risk and Control Division. The effectiveness of the internal audit function is periodically reviewed.

The Audit Committee approved the risk-based, agile internal audit plan and approved all major changes to the plan. The Internal audit charter is periodically reviewed.

Each quarter, the Chairman of the Audit Committee has a one-on-one session with the Head of Risk and Control on the following matters:

- Progress of the internal audit plan
- Discuss the significant findings of the current audits and provides feedback on further review if required
- Access to information to conduct the audits
- Availability of adequate resources to conduct audits

AUDIT COMMITTEE REPORT

EXTERNAL AUDITS

In fulfilling its duties, the Audit Committee evaluated the independence and the performance of External Auditors.

Audit Committee meets the External Auditors each year for audit planning meeting and to review the Management Letter and External Audit Report on the Audited Financial Statements for the year. This year, the planning meeting took place on 6 March 2024 and the final review meeting took place on 3 June 2024. There were no significant issues during the year under review. An independent firm of Accountants was engaged to conduct a special inventory review with full coverage of all inventory categories. The Audit Committee reviewed the results of the annual stock verification which was conducted at the end of the financial year which the Company undertakes every year.

The Audit Committee has reviewed the other services provided by the External Auditors to the Company to ensure that their independence and objectivity as External Auditors has not been impaired and evaluated the independence of the External Auditors based on their declaration of Independence which includes the number of years the assigned partner engages with the Company continuously and any disclosures on relationships with or interest in the Company or its subsidiaries and their compliance with the independence guidance given in the Code of Ethics of the Institute of Chartered Accountants of Sri Lanka.

The fees for audit services and the non-audit services were reviewed and provided direct access to the Chairman of Audit Committee to discuss audit findings.

APPOINTMENT OF EXTERNAL AUDITORS

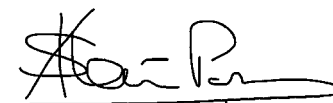
During the year the External Auditors Messrs Price Waterhouse Coopers in Sri Lanka joined the Deloitte network. The Audit Committee recommended the Board to continue with Messrs Deloitte as the External Auditor for the Company. The Audit Committee has recommended to the Board of Directors that Messrs Deloitte continued as External Auditors for the financial year ending 31 March 2025 and that the re-appointment be included in the agenda of the Annual General Meeting.

ETHICS AND GOOD GOVERNANCE

Integrity being a key pillar of our value system, Teejay aspires to do things the right way. Ethical and legal dealings are core principles for a sustainable business. Awareness of the Code of ethics emphasise on upholding ethical values of the Directors, top management, and staff members. The supplier code of conduct extends our values and expectations in ethical business conduct to the suppliers that we deal with. The Whistle-Blower Policy guarantees anonymity of the Whistle-Blowers, Chairman of the Audit Committee is the independent direct reporting channel, and they are encouraged to report any violations of the code of conduct, anti-corruption policy and anti-harassment policy without the risk of reprisal. All appropriate procedures are in place to conduct independent investigations into incidents reported.

CONCLUSION

The Audit Committee is satisfied that the internal controls and Enterprise Risk Management processes in place to assess and manage risks are adequate. It is of the view that the internal controls and procedures in place provide a reasonable assurance that the assets of the Company are safeguarded, and the Financial Statements of the Company are compiled using reliable information. The Committee is also satisfied that the Company is in a position to continue as a going concern. The Audit Committee has observed that based on the compliance reporting, the Company has complied with standards, laws and regulations during the period 2023-24 under review.



Mr Shrihan B Perera

FCMA (UK), CGMA, BSc M.Eng UOM
Chairman of the Audit Committee

5 June 2024

REMUNERATION COMMITTEE REPORT

The Remuneration Committee comprises of three Non-Executive Directors where two of them are independent. One of the Independent Non-Executive Directors, functions as the Chairman of the Committee.

The Members of the Remuneration Committee are as follows.

- Prof Malik K Ranasinghe (Chairman) – (IND/NED) resigned w.e.f. 31 March 2024
- Mr Amitha L Gooneratne – (IND/NED) resigned w.e.f. 31 March 2024
- Mr Hasitha Premaratne – (NED)
- Mr William (Bill) C McRaith (Chairman) – (IND/NED) appointed w.e.f. 1 April 2024
- Mr Shrihan B Perera – (IND/NED) appointed w.e.f. 1 April 2024

IND/NED – Independent Non-Executive Director
NED – Non-Executive Director

(Refer to [Pages](#)  for a brief profile of each Directors).

INVITEES

The Chief Executive Officer (CEO) and external advisers are invited to attend for all, or any part of the meeting as required.

OBJECTIVE AND SCOPE OF THE REMUNERATION COMMITTEE

- To review and advice to the Board on overall remuneration philosophy, strategy, and policies for the Group.
- Determine, and agree with the Board a framework for remuneration of the key members of the Leadership Team including targets and formulas for any performance related pay schemes.
- Recommend to the Board, the total remuneration package for Leadership Team, Performance Appraisal, Development and Succession Planning of key members of the Leadership Team.
- Recommend to the Board, the remuneration payable to the Executive Directors, Chief Executive Officer and/or equivalent position thereof.

The Chief Executive will report to the Committee on significant group-wide changes in salary structures and terms and conditions affecting Key Management Personnel for their review.

MEETINGS

The Committee met two times during the financial year under review.

ATTENDANCE AT REMUNERATION COMMITTEE MEETINGS

Director	18 October 2023	29 February 2024
Prof Malik K Ranasinghe	✓	✓
Mr Amitha L Gooneratne	✓	✓
Mr Hasitha Premaratne	✓	✓

REMUNERATION POLICY

The remuneration policy is designed to attract, motivate, and retain highly qualified, competent, and experienced workforce to achieve the goals and objectives of the Company and reward performance accordingly in the backdrop of industry norms to support the continued success of the business and creation of shareholder value.

PERFORMANCE APPRAISAL, REMUNERATION AND BENEFITS FOR EMPLOYEES

Performance against set goals are evaluated in an annual performance appraisal process. Rewards and recognition are based on performance achieved by each employee. A workflow-based Performance Appraisal system is in operation and is being used by all Executives to record and review performance.

REMUNERATION COMMITTEE REPORT

The remuneration package of employees consists of a fixed component of basic salary and allowances and a variable component of various incentives and annual performance-based bonus. The employees enjoy other benefits such as meals, medical insurance, company excursion, common transport, etc.

TASKS OF REMUNERATION COMMITTEE

- Review of remuneration of the Board and Senior Management.
- Evaluate the performance of Chief Executive and the Members of the Group Leadership Team against predetermined targets and goals.
- Formulate guidelines, policies, and parameters for the compensation structures for all Executive staff of the Company and review the same frequently to ensure they are in par with the market/industry rates.
- Assess and recommend to the Board of Directors the promotions of the Key Management Personnel.
- Review of succession plans and the transition plan of key members of Leadership Team.

REMUNERATION OF BOARD OF DIRECTORS

No remuneration is paid to Non-Executive Directors other than the director fees paid based on their participation at Board meetings and other Committee meetings. Details of Directors emoluments are disclosed on [Page 10](#).

CONCLUSION

The Committee wishes to report that the Company has complied with the Colombo Stock Exchange Listing Rules (9.11 – Remuneration Committee). The Committee is of the view that the current performance appraisal, career development, rewards and recognition processes provide a reasonable assurance that the Company's human capital is valued and appreciated. The Committee is satisfied that the Company follows appropriate Human Resource management processes and remuneration policies designed to attract, grow, and retain employees with professional, managerial, and operational expertise who can assume leadership roles in the organisation to achieve strategic and operational objectives.



Mr William (Bill) C McRaith

Chairman
Remuneration Committee

5 June 2024

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

INTRODUCTION

The Related Party Transactions Review Committee was formed by the Board as a Board Committee.

COMPOSITION OF THE COMMITTEE

The Committee comprised of two Independent Non-Executive Directors and a Non-Executive Director during the period. The composition of the Committee fulfilled the requirements of the Listing Rules Section 9.14 of the Colombo Stock Exchange, throughout the financial year. The composition of the Related Party Transactions Review Committee is given below.

MEMBERS OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

- Mr Amitha Lal Gooneratne – (Chairman) (IND/NED) resigned w.e.f. 31 March 2024
- Prof Malik Kumar Ranasinghe - (IND/NED) resigned w.e.f. 31 March 2024
- Mr Hasitha Premaratne – (NED) resigned w.e.f. 31 March 2024
- Mr Shrihan B Perera – (Chairman) (IND/NED) appointed w.e.f. 1 April 2024
- Mr Ajit Gunewardene – (IND/NED) appointed w.e.f. 1 April 2024
- Mr Kit Vai Tou – (NED) appointed w.e.f. 1 April 2024

IND/NED – Independent Non-Executive Director

NED – Non-Executive Director

(Refer to [Pages 103](#) for a brief profile of each Directors)

TERMS OF REFERENCE

The Related Party Transactions Review Committee has terms of reference, dealing with its authority and duties. The terms of reference covers aspects relating to matters prescribed in the Listing Rules of the Colombo Stock Exchange. Terms of reference of the Committee include the following:

- Review in advance all proposed Related Party Transactions of the Company except those explicitly exempted by the Code;
- Determine whether Related Party Transactions that are to be entered into by the Company require the approval of the Board or shareholders of the Company
- Ensure that no Director of the Company shall participate in any discussion of a proposed Related Party Transaction for which he or she is a related party, unless such Director is requested to do so by

the Committee for the express purpose of providing information concerning the Related Party Transaction to the Committee in its ongoing dealings with the relevant related party. Thereafter, the Committee, on an annual basis, shall review and assess ongoing relationships with the related party to determine whether they are in compliance with the Committee's guidelines and that the Related Party Transaction remains appropriate.

POLICIES AND PROCEDURES

The members of the Board of Directors of the Company have been identified as Key Management Personnel. In accordance with the Related party Transaction 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 of the Company.

MEETINGS

The Committee met on four occasions during the financial year 2023/24 and the members' attendance record is set out in the Conformance Report given below:

Related Party Transactions Review Committee Member	24 May 2023	18 August 2023	22 November 2023	22 February 2024
Prof Malik K Ranasinghe	✓	✓	✓	✓
Mr Amitha L Gooneratne	✓	✓	✓	✓
Mr Hasitha Premaratne	✓	✓	✓	✓

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

RELATED PARTY TRANSACTIONS DURING THE YEAR

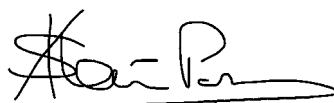
The activities and observations of the Committee are communicated to the Board. During the year, there were no non-recurrent or recurrent Related Party Transactions that exceeded the respective thresholds mentioned in the Listing Rules. Details of other Related Party Transactions entered in to by the Company during the year is disclosed in Note 35 to the Financial Statements.

DECLARATION

Related Party Transaction Review Committee has reviewed all the Related Party Transactions during the financial year at the quarterly meetings and communicated the comments/observations to the Board of Directors. The Board of Directors confirm that the Company has complied with the requirements of Section 9 of the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Related Party transactions [2013], issued by the Securities and Exchange Commission of Sri Lanka.

COMMITTEE EVALUATION

The annual evaluation of the Committee was conducted by the Board during the year and the review concluded that the Committee continues to operate effectively.



Mr Shrihan B Perera

FCMA (UK), CGMA, BSc M. Eng UOM

Chairman of the Related Party
Transactions Review Committee

5 June 2024


NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

COMPOSITION OF THE COMMITTEE

The Nominations and Governance Committee comprises of three Non-Executive Directors where two of them are independent. One of the Independent Directors, functions as the Chairman of the Committee.

- Mr Ajit Gunewardene (Chairman) – (IND/NED) resigned from the position capacity changed as a member w.e.f. 1 April 2024
- Mr William (Bill) C McRaith (Chairman) – (IND/NED) appointed w.e.f. 1 April 2024
- Mr Amitha L Gooneratne – (IND/NED) resigned w.e.f. 31 March 2024
- Mr Mohamed Ashroff Omar – (NED)

IND/NED – Independent Non-Executive Director
NED – Non-Executive Director

[Refer to [Pages](#)  for a brief profile of each Director.]

The Committee’s composition met the requirements of the rule 9.11.4 of Listing Rules of the Colombo Stock Exchange.

SECRETARY

Corporate Services (Private) Limited

INVITEES

The Chief Executive Officer attended these meetings on a need basis.

CHARTER OF THE NOMINATIONS COMMITTEE

The scope of functions and responsibilities of the Nominations Committee of Teejay Lanka PLC are governed by the Nominations Committee Charter which is in line with the Listing rules of the Colombo Stock Exchange – Section 9.11 Corporate Governance – Nominations committee and directives of the CA code of best practice on Corporate Governance 2023. Nominations Committee Charter is periodically reviewed and revised with the concurrence of Board of Directors. The terms of reference of the Committee are clearly defined in the Nominations Charter of the Committee.

MEETINGS

The Nominations and Governance Committee met two times during the year.

ATTENDANCE AT NOMINATIONS COMMITTEE MEETINGS

Director	4 December 2023	9 February 2024
Mr Ajit Gunewardene	✓	✓
Mr Amitha Lal Gooneratne	✓	✓
Mr Ashroff Omar	✓	✓

NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

ROLE OF THE NOMINATIONS AND GOVERNANCE COMMITTEE

Evaluate the appointment of Directors to the Board of Directors and Board Committees of the Company in accordance with the procedure in place to evaluate, select and appoint/re-appoint Directors.

Ensure every appointee undergoes an induction to the Group where they are apprised on the Company policies, Corporate Governance, Listing Rules, securities market regulation and other applicable laws and regulations. Ensure that all Directors are updated with any such regulatory changes.

From time to time review the structure, size, composition and competencies (including the skills, knowledge and experience) of the board based on the needs of the Business and make recommendations to the Board with regard to any changes;

Establish and maintain a suitable process for the periodic evaluation of the performance of Board of Directors and the CEO of the Entity to ensure that their responsibilities are satisfactorily discharged.

The Committee continues to regularly evaluate candidates for the Board and for the position of CEO.

Review and recommend the overall corporate governance framework of the Listed Entity taking into account the Listing Rules of the Exchange, other applicable regulatory requirements and industry/international best practices.

A member of the Nominations and Governance Committee shall not participate in decisions relating to his/her own appointment.

CONCLUSION

The Independent Non-Executive Directors of the Company meet the criteria for determining independence in terms of the Listing Rules of the Colombo Stock Exchange. All Directors including independent directors were present during the Board Meetings conducted during the year where major issues were discussed. The independent directors were consulted from time to time on matters related to their expertise and relevance. During the reporting period,

the following appointments were made consequent to the recommendation of the Committee:

- Mr William (Bill) C McRaith – Independent Non-Executive Director
- Mr Shrihan B. Perera – Independent Non-Executive Director

(Refer to [Pages](#)  for a brief profile of each Director.)

The two Directors mentioned above nominated by the Board to fill the casual vacancies that occurred during the year will retire in terms of Article 27(3) of the Articles of Association and being eligible will present themselves for re-election at the next AGM.

The Company has complied with the implementation of the revised listing rules Section 9 Corporate Governance on the set due dates.



Mr William (Bill) C McRaith

Chairman of the Nominations and Governance Committee

5 June 2024

REPORT OF THE BOARD OF DIRECTORS

1. The Board of Directors of Teejay Lanka PLC ("the Company") has pleasure in presenting to the members their report together with the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 March 2024.

FORMATION

2. Teejay Lanka PLC is a public limited liability company incorporated as a limited liability company in Sri Lanka on 12 July 2000, and was subsequently listed on the main board of the Colombo Stock Exchange of Sri Lanka on 9 August 2011.
- The Company owns 100% of issued stated capital of Teejay Lanka Prints (Private) Limited and Teejay Mauritius (Private) Limited. Teejay India (Private) Limited is a subsidiary of Teejay Mauritius (Private) Limited (Previously known as Ocean Mauritius Limited) and considered to be a sub subsidiary of the Company. The Company is the ultimate parent of the Group.
- The Board of Directors approved these financial statements on 5 June 2024.

NATURE OF THE BUSINESS OF THE COMPANY

3. The nature of the business of the Company and its subsidiaries is given in Note 1 to the financial statements on [Page 10](#).

FINANCIAL STATEMENTS

4. The financial statements which include statement of financial positions as at 31 March 2024, the statement of profit or loss, the statements of comprehensive income, the statement of changes in equity, the statements of cash flows and notes to the financial statements of the Group and the Company for the year ended 31 March 2024 are set out on [Pages 11 to 15](#). All amounts are stated in United States Dollar, unless otherwise stated.

INDEPENDENT AUDITOR'S REPORT

5. The Independent Auditor's Report on the financial statements is given on [Pages 16 to 17](#).

ACCOUNTING POLICIES

6. The accounting policies adopted by the Group and the Company have been consistently applied from previous year. The significant accounting policies including any new accounting standards adopted in the preparation of financial statements are given on [Pages 18 to 20](#).

REVIEW OF BUSINESS

7. The state of affairs of the Group and the Company as at 31 March 2024 and the financial performance for the year ended 31 March 2024 are set out in the statement of financial position on [Page 11](#), statement of profit or loss on [Page 12](#) and statement of comprehensive income on [Page 13](#).

PROPERTY, PLANT AND EQUIPMENT

8. The movements in property, plant and equipment during the year are set out in Note 14 to the consolidated financial statements.

MARKET VALUE OF PROPERTIES

9. The Directors are of the opinion that the carrying amount of properties stated in Note 14 to the consolidated financial statements reflect their fair values.

SUBSIDIARIES

10. The Company's interest in subsidiaries as at 31 March 2024 is as follows:

Name of the subsidiary	Country of incorporation and operation	Shareholdings %
Teejay Lanka Prints (Private) Limited	Sri Lanka	100
Teejay Mauritius (Private) Limited	Mauritius	100
Teejay India (Private) Limited (holding through TMPL)	India	99.99

REPORT OF THE BOARD OF DIRECTORS

DIVIDENDS

11. The Company paid a final dividend of USD 1,657,917 (LKR 537,554,981) representing LKR 0.75 per share approved by the shareholders at the Annual General Meeting held on 18 August 2023 in respect of the year ended 31 March 2023.

Further, the Board of Directors has recommend to propose the payment of LKR 0.75 per share as final dividend to the shareholders of the Company for the year ended 31 March 2024 subjected to obtaining the approval of the shareholders at the forthcoming annual general meeting.

RESERVES

12. Total reserves and their composition are set out in the statement of changes in equity on [Page 10](#) and [Page 11](#) of the consolidated financial statements.

STATED CAPITAL

13. The stated capital of the Company as at 31 March 2024 amounted to LKR 4,442,234,508 (USD 39,606,881) consisting of 716,739,975 ordinary shares.

SHAREHOLDING

14. As at 31 March 2024, there were 8,240 registered shareholders and the twenty largest shareholders of the Company with the corresponding shareholding percentages held are set out as follows:

	Number of shares	Percentage of holdings %
Brandix Lanka Limited – Number 1 Account	233,629,844	32.60
Pacific Textured Jersey Holdings Limited	195,926,217	27.34
Bbh – Fidelity Funds	47,101,753	6.57
Jpmcb Na-Fidelity Asian Values Plc	19,300,949	2.69
Citibank New York S/A Norges Bank Account 2	17,356,440	2.42
Pemberton Asian Opportunities Fund	10,988,061	1.53
J B Cocoshell (Private) Limited	8,753,539	1.22
Mr Rajinda Priyanjith Weerasooriya	8,735,939	1.22
Mr Hanif Yusoof	8,290,942	1.16
Employees Provident Fund	6,979,333	0.97
Rubber Investment Trust Limited – A/C No 01	5,393,548	0.75
Hatton National Bank PLC – Senfin Growth Fund	4,953,926	0.69
Citibank Hong Kong S/A Hostplus Pooled Superannuation Trust	4,649,481	0.65
Ssbt-Sunsuper Pty. Ltd. As Trustee For Sunsuper Superannuation Fund	3,826,628	0.53
Standard Chartered Bank Difc Branch S/A Efg Hermes Uae L.L.C	3,814,630	0.53
Gf Capital Global Limited	3,076,050	0.43
Employees Trust Fund Board	2,677,561	0.37
Sam Innovators (Private) Limited	2,500,000	0.35
Mr Lintotage Kevin Marc Fernando	2,351,546	0.33
Mcsen Range Private Limited	2,031,400	0.28

REPORT OF THE BOARD OF DIRECTORS

DIRECTORS

15. The Board of Directors of the Company consists of seven Directors as at end of the financial year with wide financial and commercial knowledge and experience. The following were the Directors of the Company during the year ended 31 March 2024:

Mr. Ajit Damon Gunewardene – Chairman and Independent Non-Executive Director

Mr Mohamed Ashroff Omar –
Non-Executive Director

Mr Hasitha Premaratne –
Non-Executive Director

Mr Shrihan Blaise Perera –
Independent Non-Executive Director

Mr William (Bill) C McRaith –
Independent Non-Executive Director

Mr Kit Vai Tou –
Non-Executive Director

Mr Masaru Okutomi –
Non-Executive Director

The Board has determined that Mr Amitha Gooneratne and Prof. M K Ranasinghe who have served on the board for over ten years as independent as they have not been directly involved in the management of the Company and their contribution at meetings of the Board are made from an independent point of view and expressed from a broader perspective than of the Company alone.

DIRECTOR'S INTEREST IN TRANSACTIONS

16. The Directors of the Company have made general disclosures provided for in section 192 (2) of the Companies Act No. 07 of 2007. The Directors' interests in contracts and proposed contracts with the Company, both direct and indirect, are set out in Note 35 to the financial statements.

DIRECTOR'S REMUNERATION AND OTHER BENEFITS

17. The remuneration and other benefits of the Directors are given in Note 8 to the financial statements on [Page 10](#).

DIRECTOR'S INTEREST IN SHARES

18. As at 31 March 2024, Mr. Ajit Damon Gunewardene held 713,723 shares and Mr. Hasitha Premaratne held 40,000 shares of the Company.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

19. The Directors are responsible for the preparation of financial statements of the Company and Group to reflect a true and fair view of the state of its affairs. The Directors are of the view that these financial statements have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards, the Companies Act No. 07 of 2007, the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, the Inland Revenue Act No. 24 of 2017 and amendments thereto and the Listing Rules of the Colombo Stock Exchange.

The Statement of Directors' responsibility for financial reporting is given on [Page 11](#).

INTEREST REGISTER

20. The Interest register is maintained by the Company as per the Companies Act No. 07 of 2007. All Directors have made declarations as provided for in Section 192 (2) of the Companies Act No. 07 of 2007. The related entries were made in the interest register during the year under review.

RISK MANAGEMENT

21. The Board has instituted an effective and comprehensive system of internal controls covering financial, operations, compliance control and risk management required to carry on the business activities of the Company and its subsidiaries in an orderly manner, safeguard its assets and secure as far as possible the accuracy and reliability of the records. The key financial risks management disclosures are given in Note 3 to the financial statements on [Pages 12-13](#).

CORPORATE GOVERNANCE

22. The Directors place great emphasis on instituting and maintaining effective corporate governance practices and principles in respect of management and operations of the Group. Accordingly, systems and structures have been introduced and improved from time to time to enhance risk management measures and to improve accountability and transparency.

STATUTORY PAYMENTS

23. All statutory payments due to the Governments of Sri Lanka, India and Mauritius and on behalf of employees have been made or accrued for as at date of the statement of financial position.

REPORT OF THE BOARD OF DIRECTORS

EMPLOYEE SHARE OPTION SCHEME

24. Consequent to the shareholders granting approval on 26 November 2015, the Company established an Employee Share Option Scheme (ESOS) for Executive Directors and/or Executives in management positions in the Company as may be decided by the Board or a Board committee appointed by the Board. This scheme was established on the recommendation of the Board having taken into consideration the benefits that will accrue to the Company by employees involved in the management of the Company participating in the equity of the Company and thereby in the profits of the Company. The maximum number of shares that were authorised to be issued to eligible employees under the ESOS was 27,090,851 shares representing 4.1% of the issued shares of the Company as at 1 April 2015.

As at 31 March 2024, a total of 20,790,142 shares have been issued to eligible employees under the ESOS out of the maximum number of 27,090,851 shares authorised to be granted as share options under the ESOS. During the year ended 31 March 2024, a balance options of 6,300,709 were granted to the eligible employees under Grant 7.

The Board hereby declares and confirms that the Company has not directly or indirectly provided funds for any employee under the ESOS.

Further disclosure on ESOS are provide in Note 33 to there financial statements.

ENVIRONMENTAL PROTECTION

25. After making adequate enquiries from management, the Directors are satisfied that the Company and its subsidiaries operate in a manner that minimises the detrimental effects on the environment and provides products and services that have a beneficial effect on the customers and the communities within which the Company and its subsidiaries operates.

DONATIONS

26. The Company has made donations in cash amounting to USD 57,865 (LKR 18,078,104) during the year ended 31 March 2024 [2022/23 – USD 36,225 (LKR 12,744,201)].

GOING CONCERN

27. The financial statements are prepared on going concern principle. After making adequate enquiries from management, the Directors are satisfied that the Group has adequate resources to continue its operations in the foreseeable future.

EVENTS AFTER THE END OF REPORTING PERIOD

28. No events have occurred since the statement of financial position date which would require adjustments to, or disclosure in, these financial statements.

INDEPENDENT AUDITORS

29. The Audit Committee of the Company has recommended the re-appointment of Messrs. Deloitte Partners Sri Lanka, Chartered Accountants, as the auditors of the Company and a resolution relating to their re-appointment and authorising the Directors to fix their remuneration and to audit the financial

statements for the accounting year ending 31 March 2024 will be proposed at the Annual General Meeting.

The remuneration payable by the Company to the independent auditors for statutory audit and non audit services are given in Note 8 to the financial statements.

The Directors are satisfied that, based on written representations made by the independent auditors to the Board, the auditors did not have any relationship or any interest with the Company and subsidiaries that would impair their independence.

By Order of the Board,



Mohamed Ashroff Omar
Director



Hasitha Premaratne
Director



Corporate Services (Private) Limited
Director
5 June 2024

STATEMENT OF THE DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The responsibility of the Directors in relation to the financial statements of the Group and the Company, is set out in the following statement. The responsibility of the Independent Auditors, in relation to the financial statements, prepared in accordance with the provisions of the Companies Act, No. 07 of 2007 ("the Act"), is set out in the Independent Auditor's Report on [Pages 10](#).

The financial statements comprise the:

- statements of income and other comprehensive income, which present a true and fair view of the results of the Group and the Company for the year ended 31 March 2024; and
- statement of financial position, which present a true and fair view of the state of affairs of the Group and the Company as at 31 March 2024,
- which comply with the requirements of the Act.

The Directors have ensured that, in preparing these financial statements:

- appropriate accounting policies have been selected and applied in a consistent manner and material departures, if any, have been disclosed and explained;
- all applicable Sri Lanka Accounting Standards (LKASs/SLFRSs) adopted by the Institute of Chartered Accountants of Sri Lanka, as relevant, have been followed; and
- judgements and estimates have been made which are reasonable and prudent.

The Directors have also ensured that the Company and its subsidiaries have adequate resources to continue in operation to justify applying the going concern basis in preparing these financial statements.

Further, the Directors have as part of their responsibility ensured that the Company and its subsidiaries maintains sufficient accounting records to disclose, with reasonable accuracy the financial position of the Group and the Company, and to ensure that the financial statements presented comply with the requirements of the Act.

The Directors have also taken reasonable steps to safeguard the assets of the Company and its subsidiaries and in this regard to give proper consideration to the establishment of appropriate internal control systems with a view to preventing and detecting fraud and other irregularities.

The management and the Directors of the Company and its subsidiaries meet periodically with the independent statutory auditors to review the manner in which the auditors are performing their responsibilities, and to discuss auditing, internal control and financial reporting issues. To ensure complete independence, the independent statutory auditors have full and free access to the members of the Board to discuss any matter of substance.

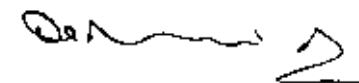
The Directors have ensured that the independent statutory auditors have been provided with every opportunity to take whatever steps and undertake whatever inspections that may be considered to be appropriate to enable them to give an independent audit opinion.

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

COMPLIANCE REPORT

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

By order of the Board



Corporate Services (Private) Limited

Secretaries

5 June 2024

Colombo

FINANCIAL REPORTS

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Group

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Profit or Loss

Statement of
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Company

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Statement of
Comprehensive
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Cash Flows

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FINANCIAL CALENDAR

Dividend Calendar	2023/24	2022/23
Final dividends for the previous year paid/payable	11 September 2023	08 September 2022
First interim dividend for the year paid/payable	–	–

Annual General Meeting (AGM) Calendar	2023/24	2022/23
Annual Report and Accounts for the year signed	5 June 2024	27 July 2023
Annual General Meeting to be held	(13th AGM) 28 June 2024	(12th AGM) 18 August 2023

Interim Financial Statements Calendar – Submission to the Colombo Stock Exchange (CSE)	2023/24 Submitted on	2022/23 Submitted on
For the three months ended/ending 30 June (Unaudited)	10 August 2023	10 August 2022
For the six months ended/ending 30 September (Unaudited)	1 November 2023	2 November 2022
For the nine months ended/ending 31 December (Unaudited)	1 February 2024	9 February 2023
For the twelve months ended/ending 31 March (Unaudited)	16 May 2024	17 May 2023

Interim Financial Statements Calendar – Publication in the Newspapers	2023/24 Submitted on	2022/23 Submitted on
For the three months ended/ending 30 June (Unaudited)	11 August 2023	11 August 2022
For the six months ended/ending 30 September (Unaudited)	2 November 2023	3 November 2023
For the nine months ended/ending 31 December (Unaudited)	2 February 2024	10 February 2023
For the twelve months ended/ending 31 March (Unaudited)	17 May 2024	18 May 2023

INDEPENDENT AUDITOR'S REPORT



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REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

We have audited the financial statements of Teejay Lanka PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries (the Group). The financial statements of the Company and the consolidated financial statements of the Group comprise:

- the statement of financial position as at 31 March 2024;
- the statement of profit or loss for the year then ended;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of material accounting policies.

In our opinion, the accompanying financial statements 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company and the Group in accordance with the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka ("CA Sri Lanka Code of Ethics"). We have fulfilled our other ethical responsibilities in accordance with the Code of Ethics.

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.

C S Manoharan FCA, T U Jayasinghe FCA, H P V Lakdeva FCA, K M D R P Manatunga ACA, L A C Tillekeratne ACA, M D B Boyagoda FCA, N R Gunasekara FCA, W D A S U Perera ACA, D C A J Yapa ACA, Minfaz Hilmy FCA

Regd. Office: P.O. Box 918, 100 Braybrooke Place, Colombo 02, Sri Lanka. Reg. No.: w/4179

INDEPENDENT AUDITOR'S REPORT



The Company:

Key audit matter	How our audit addressed the Key audit matter
<p>Impairment assessment of investments in subsidiaries</p> <p><i>Refer to notes 2.3, 2.8 and 18 of the consolidated financial statements for disclosures of related accounting policies and balances related to investment in subsidiaries.</i></p> <p>The carrying value of the Company's investments in subsidiaries as at 31 March 2024 amounted to LKR 5.1 Bn and represents 13% of the total assets of the Company as at 31 March 2024.</p> <p>Given the current financial performance of the subsidiaries of the Company, the management has assessed the impairment of its investments in subsidiaries.</p> <p>Accordingly, in estimating at the recoverable amount of the investments in subsidiaries the management has engaged an expert. The management has used the Discounted Cash Flow (DCF) method to arrive at Value-In-Use (VIU) of the investments in the subsidiaries, which are the recoverable amounts of investments in subsidiaries.</p> <p>The key inputs used in the valuation method referred to above, are cash flow projections, sales growth rates, terminal value, discount rate etc. and the determination of which involves management assumptions and judgment. The management has considered the potential impact of current uncertain economic conditions and outlook of the apparel industry in cash flow projections.</p> <p>The management has performed sensitivity analysis over their cash flow forecasts and earnings projections, which are sensitive to changes in future economic conditions and industry performance.</p> <p>Based on above, the management has determined that the carrying values of investments in subsidiaries are less than the recoverable amounts of the investments as at 31 March 2024.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Evaluating management's assessment in determining whether there are any indicators that the carrying amount of investments in subsidiaries may not be recoverable; • Obtaining an understanding of the process followed by the management with the support of management's expert in evaluating the recoverability of investments in subsidiaries; • Evaluating the competence, capabilities and objectivity of the expert engaged by the management; • Where impairment indicators were noted by management, satisfying ourselves that the final impairment calculations performed by the expert, including the assumptions used, were approved by senior management; • Checking the appropriateness of the selection of the impairment testing technique; • Testing the VIU calculation for the reasonableness of the key assumptions used as detailed below, in respect of the discounted cash flow model: <ul style="list-style-type: none"> – Agreeing the forecasted information to management approved budgets and business plans; – Assessing reasonableness of the long-term growth rate, discount rate used with the assistance of the auditor's valuation expert by comparing with the published economic forecasts, and agreeing inputs used in the calculation to external data, where available. – Testing the reliability of management's projections, by comparing actual results for 2023/2024 to the forecasts prepared for 2023/2024 in the previous year;

Key audit matter	How our audit addressed the Key audit matter
<p>The determination of VIU for investments in subsidiaries was important to our audit and was a key audit matter because the:</p> <ul style="list-style-type: none"> – Carrying value of the investments in subsidiaries in the statement of financial position is significant and the carrying value of the investments in subsidiaries may be impaired due to the current financial performance of the subsidiaries; and – Inherently subjective nature of the valuations requiring judgements in determining the method of valuation to be adopted and the use of estimates and various assumptions in the valuations. 	<ul style="list-style-type: none"> – Checking the mathematical accuracy of the discounted cash flow model; and – Re-performing the sensitivity analysis performed by management by stress-testing the discount rate and terminal growth rate. <p>Based on the work performed, we found that the estimation of the recoverable amounts of investments in subsidiaries was based upon appropriate valuation methods and reasonable assumptions.</p>
<p>Valuation of inventories</p> <p><i>Refer to notes 2.12 and 20 of the consolidated financial statements for disclosures of related accounting policies and balances related to Inventories.</i></p> <p>The Company and Group had inventories valued at lower of cost and net realisable values of LKR 7.6 Bn. and LKR 11.6 Bn. respectively as at 31 March 2024, which comprised raw materials, work in progress, finished goods, engineering spares and consumables.</p> <p>The total inventories represented approximately 19% in the Company's and 21.1% in Group's total assets. The Group estimates the write down required for slow moving and obsolete inventories of raw materials, work in progress, finished goods, engineering spares and consumables, based on the inventory residence periods and through physical verification in order to determine the Net Realisable Value (NRV) of items of inventory.</p> <p>In addition, the Group estimates written down required for finished goods inventories through subsequent realisable values.</p>	<ul style="list-style-type: none"> • We performed a recalculation of the inventory write down amounts made to individual inventory categories based on the system generated inventory ageing reports, which provided the residence periods in respect of inventory items, for which system reliance was placed. • We compared the residence periods and write down determined by management in the current year to those applied in prior years and checked the reasonableness of basis for write down to net realisable values using our understanding of industry practices. • Further, we checked the write down amounts considered by management for damaged and obsolete inventory, if any, that were physically identified during our stock count observation. We also compared the cost of items of finished goods inventories as at 31 March 2024 to their net realisable values subsequent to year end. • We reviewed the year-to-year movement in the amount considered for write down for each category of inventory considering subsequent write offs, reversals on re-use and amounts realised on disposals.

INDEPENDENT AUDITOR'S REPORT



Key audit matter	How our audit addressed the Key audit matter
<p>We focused on this area as inventories represent a significant balance to total assets and estimation of write down to net realisable value involves a high level of management judgement which could result in estimation uncertainty.</p> <p>Impairment assessment of property, plant and equipment</p> <p><i>Refer to notes 2.6, 2.9 and 14 of the consolidated financial statements for disclosures of related accounting policies and balances related to property, plant and equipment (PPE).</i></p> <p>The Company and Group had PPE valued at historical cost less depreciation amounting to LKR 7 Bn and LKR 18.1 Bn respectively as at 31 March 2024.</p> <p>PPE is reviewed, whenever an event or changes in circumstances indicate that the carrying amount may not be recoverable, for impairment based on the recoverable amount determined by the management with the assistance of valuation expert using Value-In-Use (VIU) calculations. The VIU calculations are based on the Discounted Cash Flows (DCF) of each Cash Generating Unit (CGU) to which the PPE belongs to.</p> <p>The key inputs used in the valuation method referred to above, are cash flow projections, sales growth rates, terminal value, discount rate etc, disclosed in Note 17 to the financial statements, and determination of which involves management assumptions and judgment. The management has considered the potential impact of current uncertain economic conditions and outlook of the apparel industry in cash flow projections.</p> <p>The management has performed sensitivity analysis over their cash flow forecasts and earnings projections, which are sensitive to changes in future economic conditions and industry performance.</p>	<p>Based on the procedures performed above, we found management's judgement in determining the amount of write down required for slow moving and obsolete inventory to be appropriate.</p> <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Evaluating management's assessment in determining whether there are any indicators that the carrying amount of PPE may not be recoverable; • Obtaining an understanding of the process followed by the management with the support of management's expert in evaluating the recoverability of PPE; • Evaluating the competence, capabilities and objectivity of the expert engaged by the management; • Where impairment indicators were noted by management, satisfying ourselves that the final impairment calculations performed by the management with the assistance of expert, including the assumptions used, were approved by senior management; • Checking the appropriateness of the selection of the impairment testing technique; • Testing the VIU calculation for the reasonableness of the key assumptions used as detailed below, in respect of the discounted cash flow model: <ul style="list-style-type: none"> - Agreeing the forecasted information to management approved budgets and business plans; - Assessing reasonableness of the long-term growth rate, discount rate used with the assistance of the auditor's valuation expert by comparing with the published economic forecasts, and agreeing inputs used in the calculation to external data, where available;

Key audit matter	How our audit addressed the Key audit matter
<p>Based on above, the management has determined that the carrying value is less than the recoverable amounts of PPE as at 31 March 2024.</p> <p>Impairment testing of PPE was a key audit matter due to:</p> <ul style="list-style-type: none"> - Carrying value of PPE in the statement of financial position is significant and the carrying value of PPE may be impaired due to the current financial performance of the Company/Group and due to other internal and external indicators as stipulated in the relevant accounting standards; and - Inherently subjective nature of the valuations requiring judgements in determining the method of valuation to be adopted and the use of estimates and various assumptions in the valuations. 	<ul style="list-style-type: none"> - Testing the reliability of management's projections, by comparing actual results for 2023/2024 to the forecasts prepared for 2023/2024 in the previous year; - Checking the mathematical accuracy of the discounted cash flow model; and - Re-performing the sensitivity analysis performed by management by stress-testing the discount rate and terminal growth rate. <p>Based on the work performed, we found that the estimation of the recoverable amounts of property, plant and equipment was based upon appropriate valuation methods and reasonable assumptions.</p>

Other information

Management is responsible for the other information. The other information comprises the information included in the Annual Report for the year ended 31 March 2024 ["the Annual Report"] but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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 on the other information that we obtained prior to the date of this auditor's report, 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.

INDEPENDENT AUDITOR'S REPORT



Other matter

We have audited the financial statements of Teejay Lanka PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries (the Group) for the year ended 31 March 2024 presented in USD, the functional currency of the Company and prepared in accordance with Sri Lanka Accounting Standards ("USD financial statements"). The accompanying financial statements presented in Sri Lankan Rupees ("LKR financial statements") have been derived from those USD financial statements on which we have expressed an unqualified opinion on 5 June 2024.

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the separate/consolidated 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 scepticism 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 Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and 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 separate/consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company/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 separate/consolidated 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 ethical requirements in accordance with the Code of Ethics 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, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate/consolidated 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.

CHARTERED ACCOUNTANTS


CA Sri Lanka Membership Number: 3015
Colombo

5 June 2024

STATEMENT OF PROFIT OR LOSS

[All amounts in Sri Lanka Rupees '000]

Year ended 31 March	Note	Group		Company	
		2024	2023	2024	2023
Revenue from contracts with customers	6	60,733,952	84,037,126	38,578,691	50,382,703
Cost of sales		(55,677,311)	(77,194,229)	(33,258,507)	(45,824,413)
Gross profit		5,056,641	6,842,897	5,320,184	4,558,290
Other income – net	7	203,167	531,632	103,277	1,518,781
Distribution expenses		(579,776)	(610,340)	(394,987)	(374,822)
Administrative expenses		(2,589,737)	(3,185,376)	(1,456,131)	(1,226,978)
Net impairment Reversal/(Provision) on financial assets	21 (a)	122,903	(283,737)	129,437	(175,586)
Operating profit	8	2,213,198	3,295,076	3,701,780	4,299,685
Finance income	10	454,693	811,488	501,108	745,083
Finance costs	10	(1,095,512)	(990,090)	(336,786)	(380,096)
Finance (costs)/income – net	10	(640,819)	(178,602)	164,322	364,987
Profit before tax		1,572,379	3,116,474	3,866,102	4,664,672
Income tax expense	11	(462,843)	(989,743)	(1,106,910)	(1,211,260)
Profit for the year		1,109,536	2,126,731	2,759,192	3,453,412
Attributable to:					
Equity holders of the parent		1,109,536	2,126,731		
Earnings per share					
Basic earnings per share (LKR)	12 (a)	1.548	2.967		
Diluted earnings per share (LKR)	12 (b)	1.547	2.967		


The Notes on [Pages](#)  form an integral part of these Financial Statements.

Independent Auditor's Report is set out on [Pages](#) .

STATEMENT OF COMPREHENSIVE INCOME

[All amounts in Sri Lanka Rupees '000]

Year ended 31 March	Note	Group		Company	
		2024	2023	2024	2023
Profit for the year		1,109,536	2,126,731	2,759,192	3,453,412
Other comprehensive income					
Items that will not be reclassified to profit or loss subsequently					
Actuarial (loss) on defined benefit obligations	26	(312,478)	(89,317)	(270,429)	(66,717)
Deferred tax credit attributable to remeasurement of defined benefit obligations	27	94,446	27,328	81,129	20,015
Items that maybe subsequently reclassified to profit or loss subsequently					
Currency translation difference		(2,295,337)	2,827,851	(2,139,761)	2,250,769
Other comprehensive loss for the year		(2,513,369)	2,765,862	(2,329,061)	2,204,067
Total comprehensive (loss)/income for the year		(1,403,833)	4,892,593	430,131	5,657,479
Attributable to:					
Equity holders of the parent		(1,403,833)	4,892,593		

The Notes on [Pages](#)  form an integral part of these Financial Statements.

Independent Auditor's Report is set out on [Pages](#) .

STATEMENT OF FINANCIAL POSITION

[All amounts in Sri Lanka Rupees '000]

		Group		Company	
As at 31 March	Note	2024	2023	2024	2023
ASSETS					
Non-current assets					
Property, plant and equipment	14	18,142,428	20,258,577	7,021,499	7,307,902
Right-of-use assets	15	1,681,152	1,740,026	629,527	716,426
Capital work-in-progress	16	703,359	1,835,964	508,793	1,199,100
Intangible assets	17	606,388	161,339	442,191	121,789
Goodwill	17	98,268	105,829	Nil	Nil
Investments in subsidiaries	18	Nil	Nil	5,126,027	5,520,444
Deferred tax assets	27	2,239,540	1,856,016	Nil	Nil
Non-current receivables	21	625,842	Nil	1,324,794	1,026,453
		24,096,977	25,957,751	15,052,831	15,892,114
Current assets					
Inventories	20	11,645,818	13,382,977	7,559,901	8,182,897
Trade and other receivables	21	9,773,644	9,025,553	9,489,475	8,150,077
Current tax receivables		614,466	496,702	Nil	Nil
Other financial assets	22	1,668,451	3,281,426	1,180,819	2,860,590
Cash and cash equivalents	23	7,233,344	7,913,808	6,054,353	5,238,133
		30,935,723	34,100,466	24,284,548	24,431,697
Total assets		55,032,700	60,058,217	39,337,379	40,323,811
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	30	4,442,234	4,442,234	4,442,234	4,442,234
Share option scheme	33	181,691	153,491	181,691	153,491
Exchange equalisation reserve	31	15,752,202	18,047,539	13,393,498	15,533,259
Retained earnings	32	9,754,037	9,400,088	10,436,101	8,403,764
		30,130,164	32,043,352	28,453,524	28,532,748

As at 31 March	Note	Group		Company	
		2024	2023	2024	2023
Non-current liabilities					
Borrowings	25	4,139,942	6,238,676	Nil	Nil
Lease liabilities	15	1,229,391	1,340,989	437,363	494,152
Deferred tax liabilities	27	2,213,454	2,363,673	700,937	595,372
Retirement benefit obligations	26	875,378	568,559	522,388	246,452
		8,458,165	10,511,897	1,660,688	1,335,976
Current liabilities					
Trade and other payables	24	10,866,322	10,555,776	5,901,919	5,659,239
Current tax liabilities		281,655	489,789	281,655	488,137
Borrowings	25	5,183,782	6,343,276	2,992,455	4,251,383
Lease liabilities	15	112,612	114,127	47,138	56,328
		16,444,371	17,502,968	9,223,167	10,455,087
Total liabilities		24,902,536	28,014,865	10,883,855	11,791,063
Total equity and liabilities		55,032,700	60,058,217	39,337,379	40,323,811

The Board of Directors is responsible for the preparation and presentation of these financial statements. These Financial Statements were approved for issue by the Board of Directors on 5 June 2024.

These financial statements are in compliance with the requirements of the Companies Act No. 07 of 2007.



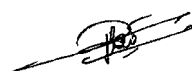
Renuja Selvanathan
Chief Financial Officer



Mohamed Ashroff Omar
Director



Pubudu De Silva
Chief Executive Officer



Hasitha Premaratne
Director


Signed on behalf of the Board on 5 June 2024.

The notes on [Pages 10](#) form an integral part of these financial statements. Independent auditor's report is set out on [Pages 11](#).

STATEMENT OF CHANGES IN EQUITY – GROUP

[All amounts in Sri Lanka Rupees '000]

	Note	Stated capital	Exchange equalisation reserve	Reserve for share option scheme	Retained earnings	Total
Balance at 1 April 2022		4,442,234	15,219,688	153,491	8,410,456	28,225,869
Profit for the year		Nil	Nil	Nil	2,126,731	2,126,731
Other comprehensive (loss)/income for the year		Nil	2,827,851	Nil	(61,989)	2,765,862
Total comprehensive income for the year		Nil	2,827,851	Nil	2,064,742	4,892,593
Transactions with owners:						
Final dividend paid – 2021/22	13	Nil	Nil	Nil	(1,075,110)	(1,075,110)
		Nil	Nil	Nil	(1,075,110)	(1,075,110)
Balance at 31 March 2023		4,442,234	18,047,539	153,491	9,400,088	32,043,352
Balance at 1 April 2023		4,442,234	18,047,539	153,491	9,400,088	32,043,352
Profit for the year		Nil	Nil	Nil	1,109,536	1,109,536
Other comprehensive loss for the year		Nil	(2,295,337)	Nil	(218,032)	(2,513,369)
Total comprehensive (loss)/income for the year		Nil	(2,295,337)	Nil	891,504	(1,403,833)
Transactions with owners:						
Final dividend paid – 2022/23	13	Nil	Nil	Nil	(537,555)	(537,555)
Share option scheme	33	Nil	Nil	28,200	Nil	28,200
		Nil	Nil	28,200	(537,555)	(509,355)
Balance at 31 March 2024		4,442,234	15,752,202	181,691	9,754,037	30,130,164

The Notes on [Pages](#)  form an integral part of these Financial Statements.

Independent Auditor's Report is set out on [Pages](#) .

STATEMENT OF CHANGES IN EQUITY – COMPANY

[All amounts in Sri Lanka Rupees '000]

	Note	Stated capital	Exchange equalisation reserve	Reserve for share option scheme	Retained earnings	Total
Balance at 1 April 2022		4,442,234	13,282,490	153,491	6,072,164	23,950,379
Profit for the year		Nil	Nil	Nil	3,453,412	3,453,412
Other comprehensive (loss)/income for the year		Nil	2,250,769	Nil	(46,702)	2,204,067
Total comprehensive income for the year		Nil	2,250,769	Nil	3,406,710	5,657,479
Transactions with owners:						
Final dividend paid – 2021/22	13	Nil	Nil	Nil	(1,075,110)	(1,075,110)
		Nil	Nil	Nil	(1,075,110)	(1,075,110)
Balance at 31 March 2023		4,442,234	15,533,259	153,491	8,403,764	28,532,748
Balance at 1 April 2023		4,442,234	15,533,259	153,491	8,403,764	28,532,748
Profit for the year		Nil	Nil	Nil	2,759,192	2,759,192
Other comprehensive loss for the year		Nil	(2,139,761)	Nil	(189,300)	(2,329,061)
Total comprehensive (loss)/income for the year		Nil	(2,139,761)	Nil	2,569,892	430,131
Transactions with owners:						
Final dividend paid – 2022/23	13	Nil	Nil	Nil	(537,555)	(537,555)
Share option scheme	33 (b)	Nil	Nil	28,200	Nil	28,200
		Nil	Nil	28,200	(537,555)	(509,355)
Balance at 31 March 2024		4,442,234	13,393,498	181,691	10,436,101	28,453,524

The Notes on [Pages](#)  form an integral part of these Financial Statements.

Independent Auditor's Report is set out on [Pages](#) .

STATEMENT OF CASH FLOWS

[All amounts in Sri Lanka Rupees '000]

Year ended 31 March	Note	Group		Company	
		2024	2023	2024	2023
Cash flows from operating activities					
Cash generated from operations	34	4,693,734	8,911,348	3,285,473	6,637,573
Finance income received	10	429,549	424,986	430,384	434,267
Finance cost paid	10	(953,620)	(844,153)	(296,361)	(344,268)
Retirement benefit obligations paid	26	(199,921)	(99,017)	(94,904)	(24,365)
Tax paid		(1,115,642)	(725,946)	(1,115,642)	(690,961)
Net cash generated from operating activities		2,854,100	7,667,218	2,208,950	6,012,246
Cash flows from investing activities					
Additions or expenses incurred on capital work-in-progress	16	(1,878,338)	(3,334,414)	(1,355,202)	(1,555,122)
Net decrease/(increase) in investment in financial assets		1,612,975	(1,459,280)	1,679,771	(1,390,245)
Net cash (used in)/ generated from investing activities		265,363	(4,793,694)	324,569	(2,945,367)

Year ended 31 March	Note	Group		Company	
		2024	2023	2024	2023
Cash flows from financing activities					
Dividend paid	13	(537,555)	(1,075,110)	(537,555)	(1,075,110)
Settlement of borrowings		(15,570,332)	(8,429,819)	(13,842,741)	(961,544)
Proceeds received from bank borrowings		13,527,586	7,976,179	13,107,417	Nil
Principal elements of lease payments	15	(142,164)	(158,714)	(81,783)	(83,324)
Net cash used in financing activities					
		(2,722,465)	(1,687,464)	(1,354,662)	(2,119,978)
Net (decrease)/increase in cash and cash equivalents					
		(133,728)	1,186,060	1,178,857	946,901
Cash and cash equivalents at beginning of year					
		7,351,402	6,165,342	4,860,741	3,913,840
Cash and cash equivalents at end of year					
	23	7,217,674	7,351,402	6,039,598	4,860,741

The Notes on [Pages](#)  form an integral part of these Financial Statements.

Independent Auditor's Report is set out on [Pages](#) .

NOTES TO THE FINANCIAL STATEMENTS

[All amounts in Sri Lanka Rupees '000]

1. GENERAL INFORMATION

Teejay Lanka PLC is a public limited company incorporated in Sri Lanka on 12 July 2000, listed on the Main Board of the Colombo Stock Exchange of Sri Lanka on 9 August 2011. The registered office of the Company is located at Block D8-D14, Seethawaka Export Processing Zone, Avissawella. The Company carries on the business of manufacturing and selling of weft knit fabrics.

The Company changed its name to Teejay Lanka PLC with effect from 15 September 2016.

These financial statements have been approved for issue by the Board of Directors on 5 June 2024.

The Company owns 100% of issued stated capital of Teejay Lanka Prints (private) Limited and Teejay Mauritius (private) Limited. Teejay India (private) Limited is a fully owned subsidiary of Teejay Mauritius (private) Limited (Previously known as Ocean Mauritius Limited). The Company is the ultimate parent of the Group. The details of subsidiaries are given under Note 18 to these financial statements.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

These financial statements are prepared in accordance with the Sri Lanka Accounting Standards (LKASs/SLFRSs) adopted by the Institute of Chartered Accountants of Sri Lanka. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements of the Company and the Group have been prepared in accordance with Sri Lanka Accounting Standards, which comprise Sri Lanka Financial Reporting Standards ("SLFRS"s), Sri Lanka Accounting Standards ("LKAS"s), relevant interpretations of the Standing Interpretations Committee ("SIC") and International Financial Reporting Interpretations Committee ("IFRIC"). These financial statements have been prepared under the historical cost convention except for financial assets and financial liabilities which are measured at amortised cost/fair value.

The preparation of financial statements in conformity with Sri Lanka Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's and the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Company's and the Group's financial statements are disclosed in Note 4 to the financial statements.

The financial statements are prepared and presented in United States Dollars, in accordance with and comply with Sri Lanka Accounting Standards. The financial statements are also presented in Sri Lanka Rupee (LKR) for local statutory requirements. The conversion to LKR is performed in accordance with the recommendations made in the Sri Lanka Accounting Standard (LKAS) 21: The Effects of Changes in Foreign Exchange Rates. The procedures followed are as follows:

- (a) Assets and liabilities for each statement of financial position presented (including comparatives) are translated at the closing rate at the date of that statement of financial position.

- (b) Income and expenses for each income statement (including comparatives) are translated at the exchange rates existing at the dates of the transactions or a rate that approximates the actual exchange rates; and
- (c) All resulting exchange differences are recognised in other comprehensive income.

The preparation and the presentation of these Financial Statements are in compliance with the Companies Act No. 07 of 2007.

2.1.1 Going concern

The financial statements are prepared on going concern principle. After making adequate enquiries from management, the Directors are satisfied that the Group and Company have adequate resources to continue their operations in the foreseeable future.

2.2 Changes in accounting policy and disclosures

(a) The Group and the Company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 April 2023:

Amendments to LKAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements – Disclosure of Accounting Policies

The Group and the Company have adopted the amendments to LKAS 1 for the first time in the current year. The amendments change the requirements in LKAS 1 with regard to disclosure of accounting

NOTES TO THE FINANCIAL STATEMENTS

[All amounts in Sri Lanka Rupees '000]

2. Summary of material accounting policy information (Contd.)

policies. The amendments replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in LKAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The IASB has also developed guidance and examples to explain and demonstrate the application of the “four-step materiality process” described in IFRS Practice Statement 2.

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

The Group and the Company have adopted the amendments to LKAS 12 for the first time in the current year. The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit.

Following the amendments to LKAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in LKAS 12.

Amendments to LKAS 12 Income Taxes – International Tax Reform – Pillar Two Model Rules

The Group and the Company have adopted the amendments to LKAS 12 for the first time in the current year. The IASB amends the scope of LKAS 12 to clarify that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements qualified domestic minimum top up taxes described in those rules.

The amendments introduce a temporary exception to the accounting requirements for deferred taxes in LKAS 12, so that an entity would neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

Following the amendments, the Group and the Company are required to disclose that it has applied the exception and to disclose separately its current tax expense (income) related to Pillar Two income taxes.

Amendments to LKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates

The Group and the Company have adopted the amendments to LKAS 8 for the first time in the current year. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. The definition of a change in accounting estimates was deleted.

(b) New and revised Accounting Standards in issue but not yet effective and not early adopted in 2023/24

At the date of authorisation of these financial statements, the Group and the Company have not applied the following new and revised Accounting Standards that have been issued but are not yet effective and had not yet been adopted by the International Financial Reporting Standards Board:

NOTES TO THE FINANCIAL STATEMENTS

[All amounts in Sri Lanka Rupees '000]

2. Summary of material accounting policy information (Contd.)

Amendments to SLFRS 10 Consolidated Financial Statements and LKAS 28 Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to SLFRS 10 and LKAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The directors of the parent company anticipate that the application of these amendments may have an impact on the group's consolidated financial statements in future periods should such transactions arise.

Amendments to LKAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current

The amendments to LKAS 1 published in January 2020 affect only the presentation of liabilities as current or noncurrent in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of "settlement" to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 April 2024, with early application permitted. The ICASL has aligned the effective date with the 2022 amendments to LKAS 1. If an entity applies the 2020 amendments for an earlier period, it is also required to apply the 2022 amendments early. The directors of the parent company anticipate that the application of these amendments may have an impact on the group's consolidated financial statements in future periods.

Amendments to LKAS 1 Presentation of Financial Statements—Non-current Liabilities with Covenants

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

NOTES TO THE FINANCIAL STATEMENTS

[All amounts in Sri Lanka Rupees '000]

2. Summary of material accounting policy information (Contd.)

The amendments are applied retrospectively for annual reporting periods beginning on or after 1 April 2024. Earlier application of the amendments is permitted. If an entity applies the amendments for an earlier period, it is also required to apply the 2020 amendments early.

The directors of the parent company anticipate that the application of these amendments may have an impact on the group's consolidated financial statements in future periods.

Amendments to LKAS 7 Statement of Cash Flows and SLFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements

The amendments add a disclosure objective to LKAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, SLFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

The term 'supplier finance arrangements' is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information.

To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements:

- The terms and conditions of the arrangements
- The carrying amount, and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements
- The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers
- Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement
- Liquidity risk information

The amendments, which contain specific transition reliefs for the first annual reporting period in which an entity applies the amendments, are applicable for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted.

Amendment to SLFRS 16 Leases – Lease Liability in a Sale and Leaseback

The amendments to SLFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in SLFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to determine "lease payments" or "revised lease payments" such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in SLFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

As part of the amendments, the IASB amended an Illustrative Example in SLFRS 16 and added a new example to illustrate the subsequent measurement of a right-of-use asset and lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The illustrative examples also clarify that the liability, that arises from a sale and leaseback transaction that qualifies as a sale applying SLFRS 15, is a lease liability.

The amendments are effective for annual reporting periods beginning on or after 1 April 2024. Earlier application is permitted. If a seller-lessee applies the amendments for an earlier period, it is required to disclose that fact.

A seller-lessee applies the amendments retrospectively in accordance with LKAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied SLFRS 16.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees '000)

2. Summary of material accounting policy information (Contd.)

2.3 Consolidation

The Consolidated Financial Statements comprise the financial statements of the Company and its subsidiaries (together referred to as the "Group").

2.3.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owner of the acquiree and the equity interest issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Acquisition related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is

re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent is accounted for within equity.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred assets. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.3.1.1 Changes in ownership interests in subsidiaries without change of control

Transaction with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2.3.1.2 Disposal of subsidiaries

When the Group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the financial asset. In addition, any amount previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.3.2 Financial period

All companies in the Group have a common financial year, which ends on 31 March.

2.4 Segment reporting

Operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

2.5 Foreign currency translation

(a) Functional and presentation currency

The financial statements are prepared and presented in United States Dollars (USD), the currency of the primary economic environment in which the entity and its subsidiaries operate. The Directors of the Company

NOTES TO THE FINANCIAL STATEMENTS

[All amounts in Sri Lanka Rupees '000]

2. Summary of material accounting policy information (Contd.)

and its subsidiaries are of the opinion that the use of USD as the functional currency provides information about the Company and its subsidiaries that is useful and reflects the economic substance of the underlying events and circumstances relevant to the Company and its subsidiaries as:

- (i) It is the currency mainly influences sales prices for goods and services which are denominated and settled in USD.
- (ii) It is the currency mainly influences material costs of providing goods and services, the currency in which such costs are denominated and settled in USD.

Hence the Directors of the Company have decided to use United States Dollars as the functional currency from the date of incorporation.

Financial statements of the Company and the Group are translated to Sri Lanka Rupees for local statutory requirements.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses are presented in the income statement within "net finance income".

2.6 Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation.

(a) Cost

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

All property, plant and equipment are initially recorded at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items and also includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Cost of long term capital projects are carried forward in capital work-in-progress until they are available for use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate only when it is probable that future economic benefit associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

(b) Depreciation

Depreciation is calculated using the straight line method to allocate the cost of each asset, to their residual values over their estimated useful lives commencing from the date of acquisition, date available for use or date of commencement of use. On disposal of assets depreciation is calculated exclusive of the date on which disposal takes place.

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

Buildings on leasehold lands	23 to 50 years
Plant, machinery and equipment installation	3 to 10 years
Fixtures, fittings and factory equipment	4 to 8 years
Office equipment	5 years
Computer and communication equipment	3 to 4 years
Motor vehicles	4 years

NOTES TO THE FINANCIAL STATEMENTS

[All amounts in Sri Lanka Rupees '000]

2. Summary of material accounting policy information (Contd.)

Depreciation begins when an item of property, plant and equipment is available for use and will continue until it is derecognised, even if during that period the item is idle.

(c) Borrowing costs

Interest costs on borrowings to finance the construction of qualifying assets are capitalised, during the period of time that is required to complete and prepare the asset for its intended use.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains/(losses) on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

(d) Impairment of property, plant and equipment

The carrying value of property, plant and equipment is reviewed for impairment either annually or when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount the assets are written down to their recoverable amount. Impairment losses are recognised in the income statement.

2.7 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. If the total of the consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of subsidiary acquired, in the case of bargain purchases, the difference is recognised directly in the income statement.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Cash Generating Unit [CGU], or group of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within equity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) Computer software

Computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful life.

Costs associated with maintaining computer software programmed are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

NOTES TO THE FINANCIAL STATEMENTS

[All amounts in Sri Lanka Rupees '000]

2. Summary of material accounting policy information (Contd.)

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed four years.

2.8 Investments

In the Company's separate financial statements, investments in subsidiaries are stated at cost less accumulated impairment losses. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

2.9 Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.10 Accounting for leases – where the Company is the lessee

The Group and Company leases lands and warehouses.

Contracts may contain both lease and non-lease components. The Group and Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable, and
- variable lease payment that are based on an index or a rate.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the Group and Company's incremental borrowing rate. Lease payments are allocated between principal and finance cost. The finance cost is charged to income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

To determine the incremental borrowing rate, the Group and Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The Group and Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs, and
- restoration costs.

NOTES TO THE FINANCIAL STATEMENTS

[All amounts in Sri Lanka Rupees '000]

2. Summary of material accounting policy information (Contd.)

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group and Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

2.11 Financial instruments

2.11.1 Financial Asset

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

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

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at Amortised cost. Interest income from these financial Assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in

profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

NOTES TO THE FINANCIAL STATEMENTS

[All amounts in Sri Lanka Rupees '000]

2. Summary of material accounting policy information (Contd.)

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's and Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(d) Impairment of financial assets

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

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

2.11.2 Financial liabilities

2.11.2.1 Classification and initial recognition

Financial liabilities are initially recognised at fair value, net of transaction costs.

The Group and Company classifies its financial liabilities as other financial liabilities, based on the purpose for which the financial liabilities were issued. Other financial liabilities mainly include trade and other payables and borrowings.

2.11.2.2 Subsequent measurement

Financial liabilities are subsequently carried at amortised cost using effective interest method.

2.11.2.3 Derecognition

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

2.11.3 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legal enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the Weighted Average Cost (WAC) method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

2.13 Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

The Group applies the SLFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 March 2024 or 1 April 2023 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables and accordingly adjusts the historical loss rates based on expected changes.

NOTES TO THE FINANCIAL STATEMENTS

[All amounts in Sri Lanka Rupees '000]

2. Summary of material accounting policy information (Contd.)

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income within distribution expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against distribution expenses in the statement of comprehensive income.

2.14 Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand, deposits held at call with banks, net of bank overdrafts. In the statement of financial position, bank overdrafts are included in borrowings in current liabilities.

2.15 Stated capital

The ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.16 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Account payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.17 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statements over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

2.18 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the

cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they incurred.

2.19 Provisions

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

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligation may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

NOTES TO THE FINANCIAL STATEMENTS

[All amounts in Sri Lanka Rupees '000]

2. Summary of material accounting policy information (Contd.)

2.20 Employee benefits

(a) Defined benefit plan – Gratuity

A defined benefit plan is a pension plan that is not a defined contribution plan. A defined benefit plan defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The defined benefit plan of the Company and its subsidiary, Teejay Lanka Prints (Private) Limited, comprise the gratuity provided under the Act, No. 12 of 1983. The defined benefit plan of overseas subsidiary, Teejay India (Private) Limited, comprises the gratuity provided under the Act, No. 39 of 1972.

The liability recognised in the statement of financial position in respect of defined pension plans is the present value of the defined benefit obligation at the date of statement of financial position. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using government bonds.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in statement of comprehensive income.

The assumptions based on which the results of the actuarial valuation was determined, are included in Note 26 to the financial statements.

(b) Defined contribution plans

For defined contribution plans, such as the Employees' Provident Fund and Employees' Trust Fund, the Company and its local subsidiary contributes 12% and 3% respectively, of the employees' basic or consolidated wage or salary. For defined contribution plan, the Provident Fund, the overseas subsidiary, Teejay India (Private) Limited, contributes 12%, of the employees' basic or consolidated wage or salary. The Group has no further payment obligations once the contributions have been paid. The Group and Company employees are members of these defined contribution plans.

(c) Short term employee benefits

The wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

2.21 Current and deferred income tax

The tax expense for the period comprises current and deferred tax.

(a) Current taxes

Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Company and its subsidiaries operate generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situation in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to tax authorities.

(b) Deferred income taxes

Deferred tax is recognised using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the date of the statement of financial position and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investment in subsidiaries, except for deferred income tax liability where the timing of the reversal of temporary difference is controlled by the Group and its probable that the temporary difference will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

[All amounts in Sri Lanka Rupees '000]

2. Summary of material accounting policy information (Contd.)

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiary only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.22 Revenue recognition

Goods and services deliverable under contracts with customers are identified as separate performance obligations ("obligations") to the extent that the customer can benefit from the goods or services on their own or together with other resources that are readily available to the customer and that the separate goods and services are considered distinct from other goods and services in the agreement. Where individual goods and services do not meet the criteria to be identified as separate obligations they are aggregated with other goods and/or services in the agreement until a separate obligation is identified.

The Group determines the transaction price to which it expects to be entitled to in return for providing the promised obligations to the customer based on the

committed contractual amounts, net of sales taxes and discounts. The transaction price is allocated between the identified obligations according to the relative standalone selling prices of the obligations. The standalone selling price of each obligation deliverable in the contract is determined according to the prices that the Group would achieve by selling the same goods and/or services included in the obligation to a similar customer on a standalone basis. Where the Group does not sell equivalent goods or services in similar circumstances on a standalone basis it is necessary to estimate the standalone price. When estimating the standalone price, the Group maximises the use of external input; observing the standalone prices for similar goods and services when sold by third parties or using a cost-plus reasonable margin approach.

Revenue from the sales which included bulk discount is recognised based on the price specified in the contract, net of the estimated rebates. Accumulated experience is used to estimate the rebates and its provision. Rebates are estimated using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

Payment of the transaction price is due immediately when the products are delivered and accepted by the customer. It is the Group's policy to sell its products to the end customer with a right of return. Therefore, a refund liability (included in trade and other payables) and a right to the returned goods (included in other current assets) are recognised for the products expected to be returned. Accumulated experience is used to estimate such returns at the time of sale at a portfolio level (expected value method). Because the number of products returned has been steady for years, it is highly probable that a significant reversal in the

cumulative revenue recognised will not occur. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date.

Revenue is recognised when the respective obligations in the contract are delivered to the customer and payment remains probable. The revenue is recognised as follows:

Sale of goods and performance of services.

Sale are recognised upon delivery of products and customer acceptance, if any, or performance of services.

Interest income

Interest income is recognised using the effective interest method.

Royalty income

Royalty income was recognised on an accrual basis.

Other income

Other income is recognised on an accrual basis.

2.23 Expenditure recognition

(a) Operating expenses

The expenses are recognised on an accrual basis. All expenses incurred in the ordinary course of business and in maintaining property, plant and equipment in a state of efficiency is charged against income in arriving at the profit for the period.

NOTES TO THE FINANCIAL STATEMENTS

[All amounts in Sri Lanka Rupees '000]

2. Summary of material accounting policy information (Contd.)

(b) Net financing costs

Net financing costs comprise interest payable on borrowings, interest receivable on funds invested, and foreign exchange gains and losses that are recognised in the income statement.

All interest and other costs incurred in connection with borrowings except for the acquisition or construction of qualifying assets as noted in 2.18 are expensed as incurred as part of net financing costs.

2.24 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.25 Share based payments

The Company operates a number of equity settled, share based compensation plan, under which the Group receives services from employees as consideration for equity instruments (option) of the Company. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specific period of time).

At the end each reporting period, the Company revises its estimates of the number of options that are expected to vest based on the non market vesting conditions and service conditions. The Company recognises the impact of the revision to original estimates, if any, in the statement of comprehensive income, with a corresponding adjustment to equity.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to stated capital.

2.26 Comparative Information

The presentation and classification of the financial statements of previous year have been amended, where relevant following for better presentation and to be comparable with those of the current year. A summary of such changes is as follows:

Statement of Financial Position as of 31 March 2023:

	As reported previously	Reclassifications	Current presentation
Non-current	Nil	1,026,453	1,026,453
Loan granted to related party			
Current	1,507,365	(1,026,453)	480,912
Loan granted to related party	1,507,365	Nil	1,507,365

- (a) Loan granted to related party which was previously classified under trade and other receivables under current assets in the statement of financial position is now included under "loan granted to related party" under non-current assets based on the repayment terms.

Management believes that the above reclassification gives a fair presentation.

NOTES TO THE FINANCIAL STATEMENTS

[All amounts in Sri Lanka Rupees '000]

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group is exposed to a variety of financial risks. These include foreign exchange risks, credit risks, interest rate risks and liquidity risks. Based on the economic outlook and the Group's exposure to these risks, the Board approves various risk management strategies from time to time. The Group's overall risk management programme focuses on the unpredictability of financial markets and seek to minimise potential adverse effects on the Group's financial performance.

3. Financial risk management (Contd.)

Risk	Exposure arising from	Measurement	Management
Market risk – foreign exchange	Future commercial transactions not denominated in United States Dollars (USD)	Cash flow forecasting Sensitivity analysis	Monitoring market on an ongoing basis and booking of forward contracts when required
Market risk – interest rate	Borrowings and investments	Sensitivity analysis	Comparing and analysing market interest rates monthly
Credit risk	Cash and cash equivalents, short term deposits and trade and other receivables	Age analysis Credit ratings	Diversification of short term bank deposits, credit limits and credit monitoring
Liquidity risk	Trade and other liabilities and borrowings	Rolling cash flow forecast	Availability of committed credit facilities and adequate cash and cash equivalents with the Company and its subsidiaries

(a) Market risk

(i) Foreign exchange risk

The Group is sensitive to the fluctuations in exchange rates and is principally exposed to fluctuations in the value of the United States Dollar (USD) against the Sri Lankan Rupee (LKR) and Indian Rupee (INR). The Company's and its subsidiaries functional currency is USD in which most of the transactions are denominated. Foreign exchange risks arises from local expenses including salaries and wages and, assets and liabilities denominated in Sri Lanka Rupees (LKR) and Indian Rupees (INR). The foreign currency exposure is disclosed under Notes 15, 21, 22, 23, 24 and 25.

At 31 March 2024, if LKR had strengthened by 1% against USD in the financial year, profit before tax would have decreased by LKR 25,206,281 (2023 – LKR 64,245,431). The analysis assumes that all other variables, in particular interest rates, remain constant.

At 31 March 2024, if INR had strengthened by 1% against USD in the financial year, loss before tax would have decreased by LKR 12,011,749 (2023 – LKR 391,213). The analysis assumes that all other variables, in particular interest rates, remain constant.

During the year ended 31 March 2024, the Group and Company recorded a net foreign exchange gain of LKR 25,144,243 and LKR 70,723,530 respectively (2023 – in Group an exchange gain of LKR 386,501,984 and in Company an exchange gain of LKR 310,816,395 respectively) on transaction and translation of LKR and INR denominated balances.

NOTES TO THE FINANCIAL STATEMENTS

[All amounts in Sri Lanka Rupees '000]

3. Financial risk management (Contd.)

Exposure

The group's exposure to foreign currency risk at the end of the reporting period, expressed in LKR, Euro, INR and GBP was as follows:

	Note	Group		Company	
		2024	2023	2024	2023
Trade and other receivables	21 (b)	1,322,130	682,216	983,302	93,380
Cash and cash equivalents	23 (a)	224,323	319,114	195,893	300,944
Other financial assets	22 (b)	70,028	74,584	70,027	74,585
Borrowings	25 (h)	(1,508,480)	Nil	(1,508,480)	Nil
Lease liabilities	15 (d)	(791,344)	(842,523)	(573)	(13,232)
Trade and other payables	24 (c)	(1,691,935)	(3,005,502)	(404,287)	(2,279,730)
Net exposure		(2,375,278)	(2,772,111)	(664,118)	(1,824,053)

(ii) 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 exposure to the risk of changes in market interest rates relates to primarily to the Company's and its subsidiaries term deposits and bank borrowings. The Group manages its interest rate risk by daily monitoring and managing cash flows, keeping borrowings to a minimum, negotiating favorable rates on borrowings and deposits.

The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the group to cash flow interest rate risk. The Group exposure to the risk of changes in market interest rates relates to primarily to the Group's long-term debt obligations with floating interest rates. The Group manages its interest rate risk by monitoring and managing cash flows, keeping borrowings to a minimum, negotiating favorable rates on borrowings and deposits.

(iii) Sensitivity analysis

If interest rates had been higher by 100 basis points and all other variables were held constant, the profit before tax for the year ended 31 March 2024 would have decreased by LKR 94,644,572 of Group and LKR 28,395,565 of Company (2023 - LKR 139,074,363 of Group and LKR 15,905,330 of Company). This is mainly attributable to the Group's exposure to interest rates on variable rate of interest.

	For the year ended 31 March 2024		For the year ended 31 March 2023	
	Interest expense	Profit before tax	Interest expense	Profit before tax
Group				
Borrowings	94,645	1,477,734	139,074	2,977,400
Company				
Borrowings	31,884	3,834,218	15,905	4,648,767

(b) Credit risk

The credit risk arises from cash and cash equivalents and short term deposits with banks and financial institutions, as well as credit exposures to foreign customers, including outstanding receivables and committed transactions.

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts as described in Notes 21, 22, and 23.

The credit risk of customers are assessed taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal limits approved by management. The compliance with credit limits are monitored regularly by management. There are no significant risk concentration of credit risk through exposure to individual customers.

Credit quality of the financial assets have been disclosed in Note 19.

NOTES TO THE FINANCIAL STATEMENTS

[All amounts in Sri Lanka Rupees '000]

3. Financial risk management (Contd.)

(c) Liquidity risk

The Group monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

Group

As at 31 March 2024	Note	Due within 3 months	Due between 3 months and 1 year	Due between 1 and 5 years	Over 5 years	Total
Liabilities						
Bank overdrafts	25	15,670	Nil	Nil	Nil	15,670
Amounts due to related companies	24	432,280	Nil	Nil	Nil	432,280
Trade and other payables (excluding statutory liabilities)	24	9,750,447	577,988	Nil	Nil	10,328,435
Borrowings	25	3,625,417	1,444,182	4,238,455	Nil	9,308,054
Lease liabilities		28,158	87,336	591,748	3,166,460	3,873,702
Total liabilities		13,851,972	2,109,506	4,830,203	3,166,460	23,958,141

As at 31 March 2023	Note	Due within 3 months	Due between 3 months and 1 year	Due between 1 and 5 years	Over 5 years	Total
Liabilities						
Bank overdrafts	25	562,406	Nil	Nil	Nil	562,406
Amounts due to related companies	24	460,050	Nil	Nil	Nil	460,050
Trade and other payables (excluding statutory liabilities)	24	5,831,325	4,190,745	Nil	Nil	10,022,070
Borrowings	25	4,197,419	1,583,451	6,238,676	Nil	12,019,529
Lease liabilities		30,324	90,974	637,279	3,443,506	4,202,083
Total liabilities		11,081,524	5,865,170	6,875,955	3,443,506	27,266,155

NOTES TO THE FINANCIAL STATEMENTS

[All amounts in Sri Lanka Rupees '000]

3. Financial risk management (Contd.)

Company

As at 31 March 2024	Note	Due within 3 months	Due between 3 months and 1 year	Due between 1 and 5 years	Over 5 years	Total
Liabilities						
Bank overdrafts	25	14,755	Nil	Nil	Nil	14,755
Amounts due to related companies	24	550,908	Nil	Nil	Nil	550,908
Trade and other payables (excluding statutory liabilities)	24	4,748,982	555,194	Nil	Nil	5,304,176
Bank borrowings	25	2,977,700	Nil	Nil	Nil	2,977,700
Lease liabilities		13,076	39,228	212,399	671,632	936,335
Total liabilities		8,305,421	594,422	212,399	671,632	9,783,874

As at 31 March 2023	Note	Due within 3 months	Due between 3 months and 1 year	Due between 1 and 5 years	Over 5 years	Total
Liabilities						
Bank overdrafts	25	377,392	Nil	Nil	Nil	377,392
Amounts due to related companies	24	1,298,417	Nil	Nil	Nil	1,298,417
Trade and other payables (excluding statutory liabilities)	24	2,798,481	1,522,310	Nil	Nil	4,320,791
Bank borrowings	25	2,905,493	968,498	Nil	Nil	3,873,991
Lease liabilities		14,082	42,246	228,742	737,392	1,022,462
Total liabilities		7,393,865	2,533,054	228,742	737,392	10,893,053

NOTES TO THE FINANCIAL STATEMENTS

[All amounts in Sri Lanka Rupees '000]

3. Financial risk management (Contd.)

3.2 Capital management

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

The capital structure of the Group represents equity attributable to owners of the Group, comprising stated capital and reserves.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (current and non-current) less cash and cash equivalents. Total capital is calculated as "equity", as shown in the statement of financial position, plus net debt.

The gearing ratios at 31 March were as follows:

	Note	Group	
		2024	2023
Total borrowings	25	9,323,724	12,581,952
Lease liabilities	15	1,342,003	1,455,116
Less: Cash and cash equivalents and short term deposits	22 and 23	[8,901,795]	(11,195,234)
Net debt		1,763,932	2,841,834
Total equity		30,130,164	32,043,352
Total capital		31,894,096	34,885,186
Gearing ratio		6%	8%

During 2023/2024, the Group's strategy, which was unchanged from the year ended 31 March 2023, was to maintain the net debts below 30% of the total capital.

4. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company and Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

(a) Impairment assessment of goodwill

The Group tests goodwill for impairment annually in accordance with its accounting policy stated in Note 2.7 to the financial statements and whenever events or change in circumstances indicate that this is necessary within the financial year. The recoverable amounts of cash-generating units have been determined based on Value In Use (VIU) calculations. These calculations require the use of estimates and are disclosed in Note 17 to the financial statements.

(b) Defined benefit plan – Gratuity

The present value of the defined benefit plan depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for defined benefit plan include the discount rate. Any changes in these assumptions will impact the carrying amount of defined benefit plan.

NOTES TO THE FINANCIAL STATEMENTS

[All amounts in Sri Lanka Rupees '000]

4. Critical accounting estimates, assumptions and judgements (Contd.)

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the defined benefit plan. Other key assumptions for defined benefit plan are based in part on current market conditions. Additional information is disclosed in Note 26.

(c) Estimated useful lives of property, plant and equipment (PPE)

The Company reviews annually the estimated useful lives of PPE based on factors such as business plan and strategies, expected level of usage and future developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the estimated useful lives of PPE would increase the recorded depreciation charge and decrease the PPE balance.

(d) Impairment of property plant and equipment

The Company reviews property, plant and equipment for impairment in accordance with the Accounting Policy in Note 2.9. The recoverable amount of these assets have been determined based on higher of the assets' fair value less cost to sell and value in use. These calculations require the use of estimates and judgements.

Management believes that any reasonable possible change in the estimated future cash flows of exporting Montessori products which the recoverable amounts of the Company is based would not cause the Company's carrying amount to exceed its recoverable amount.

4.2 Critical judgements in applying the entity's accounting policies

(a) Critical judgements in determining the lease term – SLFRS 16

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of buildings and motor vehicles, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group and Company is typically reasonably certain to extend (or not terminate);
- If any leasehold improvements are expected to have a significant remaining value, the Group and Company is typically reasonably certain to extend (or not terminate), and
- Otherwise, the Group and Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset;

Most extension options in buildings and motor vehicles leases have not been included in the lease liability, because the Group and Company could replace the assets without significant cost or business disruption.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group and Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(b) Current economic crisis

Current economic crisis which primarily affected the Company and its subsidiary in Sri Lanka operations since early March 2022 and continue to evolve and change as their affects are far reaching. Accordingly, in preparing the financial statements, the management has considered the impact of economic crisis primarily as following:

NOTES TO THE FINANCIAL STATEMENTS

[All amounts in Sri Lanka Rupees '000]

4. Critical accounting estimates, assumptions and judgements (Contd.)

Credit risk management

The Group is exposed to credit risk from its operating activities and from its financing activities, including receivables, deposits with financial institutions, foreign exchange transactions and other financial instruments. SLFRS 9 framework requires the estimation of Expected Credit Loss (ECL) based on current and forecasted economic conditions. In order to assess ECL under forecasted economic conditions, the Company utilises a range of economic scenarios of varying severity, appropriate weightings to ensure that ECL estimates are representative of a range of possible economic outcomes. The Group has reviewed the potential impact of the economic crisis on the inputs and assumptions for the SLFRS 9 ECL measurement in light of available information. Overall, the economic crisis remains fluid and continues to evolve. The Group is conducting frequent reviews of its financial assets of various customer segments with similar loss patterns, reviewing the weightings of forward-looking scenarios for each type of product/market and continuously measuring the historical default rates. Accordingly, these reviews help to ensure that an accurate view of the Company's and its subsidiaries assessment of the ECL on their financial assets.

Bank balances are placed with financial institutions whose credit ratings, as assigned by reputable external credit rating agencies, are of a higher grade. These balances are generally callable on demand except those with restrictions and there has been no history of defaults. The Group limits its credit risk with regard to bank balances by only dealing with reputable banks and counterparties with high credit ratings and no history of default. Considering these factors, management has assessed there is minimal credit risk on bank balances and the expected credit loss these is not material to the financial statements.

Liquidity management

The effect of the economic crisis on the liquidity and funding risk profile of the Group is being continuously monitored by the management. The Group regularly calibrates stress testing scenarios based on current market conditions in order to assess the impact on the Group's liquidity. During 2023/24, the Group has renegotiated inventory purchases and improved payment terms with vendors and has divested certain financial assets to ensure adequate liquidity. It has further strengthened its liquidity buffer through selective drawdowns of available facilities. As a consequence, the Group has maintained a healthy liquidity position during the year and a positive net current asset position as at the date of the statement of financial position.

Going concern

The Group or the Company has not noted any events or conditions that may cast significant doubt about the Group's and Company's ability to continue as a going concern.

5. SEGMENT INFORMATION

(a) Description of segments and principal activities

Management examines the Group's performance both from a product and geographic perspective and has identified two reportable segments of its business:

1: Textile manufacturing - Sri Lanka and India:

The business of manufacturing and selling of weft knit fabrics to export and to indirect export are included in the textile manufacturing.

2: Fabric printing - Sri Lanka:

Rotary screen printing of knitted and woven fabrics to export and to indirect export are included in the fabric printing.

Management uses a measure of adjusted earnings before interest, tax, depreciation, and amortisation (EBITDA) to assess the performance of the operating segments. Information about segment revenue is disclosed in Note 6.

NOTES TO THE FINANCIAL STATEMENTS

[All amounts in Sri Lanka Rupees '000]

5. Segment Information (Contd.)

(b) Adjusted EBITDA

Adjusted EBITDA excludes discontinued operations and the effects of significant items of income and expenditure which may have an impact on the quality of earnings arising from an isolated or non-recurring event. It also excludes the effects of equity settled share based payments. Interest income and finance costs are not allocated to segments as this type of activity is driven by the central treasury function which manages the cash position of the Group.

	Group	
	2024	2023
Textile manufacturing		
– Sri Lanka	5,080,312	5,422,556
– India	436,251	1,028,717
	5,516,563	6,451,273
Fabric printing – Sri Lanka	(226,589)	171,127
Fabric printing – India	28,173	54,144
	(198,416)	225,271
Total adjusted EBITDA	5,318,147	6,676,544

Adjusted EBITDA reconciles to operating profit before income tax as follows:

	Group	
	2024	2023
Total adjusted EBITDA	5,318,147	6,676,544
Depreciation of property, plant and equipment	(3,010,681)	(3,172,679)
Amortisation of intangible assets	(145,303)	(84,214)
Depreciation on right-of-use assets	51,035	(124,575)
Net finance cost	(640,819)	(178,602)
Profit before income tax from continuing operations	1,572,379	3,116,474
Taxation:		
Textile manufacturing		
– Sri Lanka	(1,106,910)	(1,211,260)
– India	522,949	356,215
Fabric printing – Sri Lanka	121,118	(134,698)
Profit after tax	1,109,536	2,126,731

NOTES TO THE FINANCIAL STATEMENTS

[All amounts in Sri Lanka Rupees '000]

5. Segment Information (Contd.)

(c) Segment assets

Segment assets are measured in the same way as in the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

The Group's deferred tax assets are not considered to be segment assets.

As at 31 March	Group	
	2024	2023
Textile manufacturing		
– Sri Lanka	39,337,379	40,323,811
– India	28,482,373	31,489,322
Fabric printing – Sri Lanka	3,257,977	4,213,058
Total segment assets	71,077,729	76,026,191
Inter segment eliminations	(18,284,569)	(17,823,990)
Unallocated:		
Deferred tax assets	2,239,540	1,856,016
Total assets as per the statement of financial position	55,032,700	60,058,217

(d) Segment liabilities

Segment liabilities are measured in the same way as in the financial statements. These liabilities are allocated based on the operations of the segment.

The Group's deferred tax liabilities are not considered to be segment liabilities.

As at 31 March	Group	
	2024	2023
Textile manufacturing		
– Sri Lanka	10,182,918	11,195,691
– India	18,273,636	18,591,236
Fabric printing – Sri Lanka	717,085	1,099,774
Total segment liabilities	29,173,639	30,886,701
Inter segment eliminations	(6,484,557)	(5,235,509)
Unallocated:		
Deferred tax liabilities	2,213,454	2,363,673
Total liabilities as per the statement of financial position	24,902,536	28,014,865

(e) Non-current assets additions

Segment non-current assets are measured in the same way as in the financial statements. These assets are allocated based on the operations of the segment.

As at 31 March	Group	
	2024	2023
Textile manufacturing		
– Sri Lanka	2,014,559	1,102,012
– India	811,711	6,727,262
Fabric printing – Sri Lanka	132,093	308,556
Total segment non-current asset addition	2,958,363	8,137,830

NOTES TO THE FINANCIAL STATEMENTS

[All amounts in Sri Lanka Rupees '000]

6. REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group and the Company derives following types of revenue:

	Group		Company	
	2024	2023	2024	2023
Textile sector	57,654,280	79,589,658	38,578,691	50,382,703
Printing sector	3,079,672	4,447,468	Nil	Nil
Total revenue from continuing operations	60,733,952	84,037,126	38,578,691	50,382,703

(a) Segment revenue

Sales between segments are eliminated on consolidation. The revenue from external parties is measured in the same way as in the statement of income statement.

Year ended 31 March 2024	Total segment revenue	Inter segment revenue	Revenue from external customers
Revenue			
Textile manufacturing			
– Sri Lanka	38,578,691	1,041,660	37,537,031
– India	22,761,161	2,643,912	20,117,249
Fabric printing – Sri Lanka	2,530,044	920,230	1,609,814
Fabric printing – India	1,469,858	Nil	1,469,858
Total segment revenue	65,339,754	4,605,802	60,733,952

Year ended 31 March 2023	Total segment revenue	Inter segment revenue	Revenue from external customers
Revenue			
Textile manufacturing			
– Sri Lanka	50,382,703	1,435,799	48,946,904
– India	35,584,227	4,941,474	30,642,753
Fabric printing – Sri Lanka	4,153,622	1,553,417	2,600,204
Fabric printing – India	1,847,264	Nil	1,847,265
Total segment revenue	91,967,816	7,930,690	84,037,126

(b) Recognising revenue from major business activities

Textile sector

Timing of recognition:

The Group manufactures and sells of weft knit fabrics to foreign markets as well as to the local exporters. Sales are recognised at the point of fulfilling the performance obligations.

Measurement of revenue:

The fabrics are sold to the customers with a right to return faulty products. Revenue from sales is based on the transaction price specified in the sales contracts allocated to the performance obligations. No element of financing is deemed present as the sales are made with a credit term of 30-60 days, which is consistent with market practice.

Printing sector

Timing of recognition:

The Group prints rotary screen of knitted and woven fabrics to foreign markets as well as to the local exporters. Sales are recognised at the point of fulfilling the performance obligations.

Measurement of revenue:

The printed fabrics are sold to the customers with a right to return faulty products. Revenue from sales is based on the transaction price specified in the sales contracts allocated to the performance obligations. No element of financing is deemed present as the sales are made with a credit term of 30 - 60 days, which is consistent with market practice.

Further information about significant accounting policies are provided in Note 2.22.

NOTES TO THE FINANCIAL STATEMENTS

[All amounts in Sri Lanka Rupees '000]

7. OTHER INCOME – NET

	Group		Company	
	2024	2023	2024	2023
Scrap sales	184,802	367,190	78,013	102,282
Screen cost recovery	18,695	164,442	Nil	Nil
Royalty income [See Note (a) below and Note 35 (v)]	Nil	Nil	Nil	946,707
Net loss on write off of intangible assets	(8,963)	Nil	(8,963)	Nil
Other income	8,633	Nil	8,633	Nil
Steam coal cost recovery [Note 35 (vi)]	Nil	Nil	25,594	104,792
Dividend income from subsidiary [Note 35 (vii)]	Nil	Nil	Nil	365,000
	203,167	531,632	103,277	1,518,781

8. RESULTS FROM OPERATING ACTIVITIES

The following items have been charged/(credited) in arriving at operating profit.

	Note	Group		Company	
		2024	2023	2024	2023
Directors' emoluments		10,814	10,086	8,411	8,401
Auditors' remuneration – audit		18,723	19,399	6,280	2,598
– non audit		2,612	2,593	2,507	2,449
		21,335	21,992	8,787	5,047
Depreciation on property, plant and equipment	14	3,010,681	3,172,679	1,283,640	1,375,905
Depreciation on right-of-use assets	15	100,663	124,575	56,207	49,449
Remeasurement of right of use assets	15	(151,698)	Nil	Nil	Nil
(Reversal of provision)/ provision for slow and non-moving inventories	20	(492,066)	857,038	(734,269)	842,819
(Reversal of provision) provision for impairment of trade receivables	21 (a)	(122,903)	283,737	(129,437)	175,586
Amortisation of intangible assets	17	145,303	84,214	104,805	61,177
Legal and professional fees		128,515	139,546	8,732	12,229
Research and development expenses		265,933	424,230	239,790	262,419
Repair and maintenance expenditure		855,839	869,690	478,502	546,895
Employee benefit expense	9	5,451,193	5,176,275	2,962,744	2,573,029

NOTES TO THE FINANCIAL STATEMENTS

[All amounts in Sri Lanka Rupees '000]

9. EMPLOYEE BENEFIT EXPENSE

	Note	Group		Company	
		2024	2023	2024	2023
Salaries, wages and other fringe benefits		4,775,727	4,599,959	2,601,681	2,315,821
Defined contribution plans		443,221	419,772	247,952	215,653
Retirement benefit obligations	26	204,045	156,544	84,911	41,555
Share options granted to directors and employees	33 (b)	28,200	Nil	28,200	Nil
		5,451,193	5,176,275	2,962,744	2,573,029
Average number of persons employed by the Group and the Company during the year – full time		3,154	3,353	1,438	1,485

10. NET FINANCE (COST)/INCOME

		Group		Company	
	Note	2024	2023	2024	2023
Finance income:					
Net foreign transaction and translation gains		25,144	386,502	70,724	310,816
Interest income on related party loan	35 (viii)	Nil	Nil	68,487	76,690
Interest income on short term deposits		429,549	424,986	361,897	357,577
Total finance income		454,693	811,488	501,108	745,083
Finance costs:					
Interest expense					
– bank overdrafts		(12,424)	(16,874)	(12,407)	(15,544)
– short term bank borrowings		(333,687)	(385,460)	(283,954)	(328,724)
– Interest charge on lease liabilities	15	(141,892)	(145,937)	(40,425)	(35,828)
– term loan		(607,509)	(441,819)	Nil	Nil
Finance cost expensed		(1,095,512)	(990,090)	(336,786)	(380,096)
Net finance (cost)/ income		(640,819)	(178,602)	164,322	364,987

NOTES TO THE FINANCIAL STATEMENTS

[All amounts in Sri Lanka Rupees '000]

11. INCOME TAX EXPENSE

Note	Group		Company	
	2024	2023	2024	2023
Current income tax:				
Current income tax on profits for the year	907,130	1,150,740	907,130	1,123,458
Minimum alternative tax credit entitlement	Nil	(16,441)	Nil	Nil
Net over provision for income tax in respect of prior years	(11,333)	(139,482)	(38,363)	(142,262)
Total current tax:	895,797	994,817	868,767	981,196
Deferred tax:				
(Reversal)/origination of temporary differences 27	(432,954)	(5,074)	238,143	230,064
Income tax expense	462,843	989,743	1,106,910	1,211,260
Deferred tax released to other comprehensive income 27	(94,446)	(27,328)	(81,129)	(20,015)
Income tax charged to statement of comprehensive income	368,397	962,415	1,025,781	1,191,245

The tax on the Group's and Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate applicable to profits of the Group and Company as follows:

	Group		Company	
	2024	2023	2024	2023
Profit before tax	1,572,379	3,116,474	3,866,102	4,664,672
Tax calculated at effective tax rate of Group 30% (2023 – 35.8%) and Company 30% (2023 – 30%)	924,480	1,115,765	938,328	1,111,651
Income not subject to tax	(103,037)	(219,749)	(99,341)	(207,542)
Expenses not deductible for tax purposes	534,395	561,912	456,146	469,678
Impact on additional allowable expenses	(448,708)	(307,188)	(388,003)	(250,329)
Minimum alternative tax credit entitlement	Nil	(16,441)	Nil	Nil
Over provision for income tax in respect of prior years	(11,333)	(139,482)	(38,363)	(142,262)
Adjustments due to the change of estimated deferred tax base in previous years	(432,954)	(5,074)	238,143	230,064
Tax charge	462,843	989,743	1,106,910	1,211,260

NOTES TO THE FINANCIAL STATEMENTS

[All amounts in Sri Lanka Rupees '000]

11. Income tax expense (Contd.)

Group tax expense is based on the taxable profit of individual companies within the Group. At present the tax laws of Sri Lanka do not provide for group taxation.

All the companies within the Group are liable for income tax as per the provisions of tax laws enacted in respective countries tax jurisdictions.

Provision for income tax for the year ended 31 March 2024 in respect of Teejay Lanka PLC Company and Teejay Lanka Prints (Private) Limited, a subsidiary of the Company, has been made in the financial statements, in terms of the changes to the Inland Revenue Act No. 24 of 2017, as passed in parliament on 09 December 2022. The Company and its subsidiary in Sri Lanka were liable for income tax at a rate of 14% up to 30 September 2022 and from 1 October 2022 onwards, are liable for income tax at a rate of 30%.

Teejay India (Private) Limited is a unit established in Special Economic Zone in Andhra Pradesh, India and eligible for deduction of hundred percent of profits and gains derived for a period of five consecutive assessment years beginning with the assessment year in which the Company commenced its operations and fifty percent of profits and gains derived for the next five consecutive assessment years. Further, following these concessions, the Company is eligible for the deduction of fifty percent of profits generated from export revenue for five consecutive years provided fulfilment of certain conditions.

The first five years of the concession period commenced in 2009 and expired in 2013 and the second five years of the concession period commenced in 2014 and expired in 2018. The Company is currently enjoying a tax concession of fifty percent of profits generated from export revenue for five consecutive years commencing from 2019.

Teejay Mauritius (Private) Limited is liable for income tax at a rate of 15%.

Further information about deferred tax is provided in Note 27.

12. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year:

	Note	Group		Company	
		2024	2023	2024	2023
Profit attributable to equity holders of the Company		1,109,536	2,126,731	2,759,192	3,453,412
Weighted average number of ordinary shares	30 (b)	716,740	716,740	716,740	716,740
Basic earnings per share – LKR		1.548	2.967	3.850	4.818
(b) Diluted					
Profit attributable to equity holders of the Company		1,109,536	2,126,731	2,759,192	3,453,412
Weighted average number of ordinary shares	Note (c) below	717,430	716,740	717,430	716,740
Diluted earnings per share – LKR		1.547	2.967	3.846	4.818

NOTES TO THE FINANCIAL STATEMENTS

[All amounts in Sri Lanka Rupees '000]

12. Earnings per share (Contd.)

(c) Weighted average number of shares used as the denominator

Note	Group		Company	
	2024	2023	2024	2023
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	716,740	716,740	716,740	716,740
Adjustments for calculation of diluted earnings per share:				
Options	690	Nil	690	Nil
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	717,430	716,740	717,430	716,740

13. DIVIDEND PER SHARE

Note	Group and Company			
	2024		2023	
	Per share LKR	LKR	Per share LKR	LKR
Declared and paid during the year				
Cash basis				
Final Dividend (a)	0.75	537,555	1.50	1,075,110
Interim Dividend	Nil	Nil	Nil	Nil
Total Dividend	0.75	537,555	1.50	1,075,110
Relevant year basis				
Final Dividend [Proposed/paid] (b)	0.75	537,555	0.75	537,555
Interim Dividend	Nil	Nil	Nil	Nil
Total Dividend	0.75	537,555	0.75	537,555

(a) The Company declared and paid final dividend of LKR 537,554,981 representing LKR 0.75 per share on 27 July 2023 for the year ended 31 March 2023.

(b) Further, the Board of Directors recommended to propose the payment of LKR 537,554,981 representing LKR 0.75 per share as final dividend to the shareholders of the Company for the year ended 31 March 2024 subject to obtaining the Board approval of the Shareholders at the forthcoming Annual General Meeting.

NOTES TO THE FINANCIAL STATEMENTS

[All amounts in Sri Lanka Rupees '000]

14. PROPERTY, PLANT AND EQUIPMENT

Group	Note	Buildings on leasehold land	Plant, machinery and equipment installation	Fixtures, fittings and factory equipment	Office equipment	Computer and communication equipment	Motor vehicles	Total
At 31 March 2022								
Cost		7,831,313	20,502,258	2,724,523	268,674	968,795	51,418	32,346,981
Accumulated depreciation		[2,012,847]	[13,082,954]	[1,471,742]	[250,876]	[780,747]	[32,569]	[17,631,735]
Net book amount		5,818,466	7,419,304	1,252,781	17,798	188,048	18,849	14,715,246
Year ended 31 March 2023								
Opening net book value		5,818,466	7,419,304	1,252,781	17,798	188,048	18,849	14,715,246
Transfers from capital work-in-progress	16	320,437	6,856,027	216,082	4,623	239,375	Nil	7,636,544
Disposal – cost		[5,967]	[51,780]	[86,456]	[1,046]	[603]	Nil	[145,852]
Disposal – accumulated depreciation		5,967	51,780	86,456	1,046	603	Nil	145,852
Effect of movement in foreign exchange rates		606,975	318,472	138,382	2,374	10,143	3,120	1,079,466
Depreciation charge	8	[445,611]	[2,236,347]	[323,759]	[10,433]	[144,018]	[12,511]	[3,172,679]
Closing net book amount		6,300,267	12,357,456	1,283,486	14,362	293,548	9,458	20,258,577
At 31 March 2023								
Cost		8,752,758	27,624,977	2,992,531	274,625	1,217,710	54,538	40,917,139
Accumulated depreciation		[2,452,491]	[15,267,521]	[1,709,045]	[260,263]	[924,162]	[45,080]	[20,658,562]
Net book amount		6,300,267	12,357,456	1,283,486	14,362	293,548	9,458	20,258,577
Year ended 31 March 2024								
Opening net book value		6,300,267	12,357,456	1,283,486	14,362	293,548	9,458	20,258,577
Transfers from capital work-in-progress	16	70,027	1,873,021	308,282	3,357	47,019	Nil	2,301,706
Disposal – cost		Nil	Nil	[27,292]	Nil	[882]	Nil	[28,174]
Disposal – accumulated depreciation		Nil	Nil	27,292	Nil	882	Nil	28,174
Effect of movement in foreign exchange rates		[437,441]	[858,314]	[93,260]	[877]	[17,134]	[148]	[1,407,174]
Depreciation charge	8	[293,669]	[2,306,243]	[280,799]	[5,981]	[114,679]	[9,310]	[3,010,681]
Closing net book amount		5,639,184	11,065,920	1,217,709	10,861	208,754	Nil	18,142,428
At 31 March 2024								
Cost		8,385,344	28,639,684	3,180,261	277,105	1,246,713	54,390	41,783,497
Accumulated depreciation		[2,746,160]	[17,573,764]	[1,962,552]	[266,244]	[1,037,959]	[54,390]	[23,441,069]
Net book amount		5,639,184	11,065,920	1,217,709	10,861	208,754	Nil	18,142,428

NOTES TO THE FINANCIAL STATEMENTS

[All amounts in Sri Lanka Rupees '000]

14. Property, plant and equipment (Contd.)

Company	Note	Buildings on leasehold land	Plant, machinery and equipment installation	Fixtures, fittings and factory equipment	Office equipment	Computer and communication equipment	Motor vehicles	Total
At 31 March 2022								
Cost		2,901,448	10,685,189	2,410,528	51,178	662,193	34,073	16,744,609
Accumulated depreciation		[782,437]	[7,263,126]	[1,206,743]	[40,846]	[510,277]	[15,224]	[9,818,653]
Net book amount		2,119,011	3,422,063	1,203,785	10,332	151,916	18,849	6,925,956
Year ended 31 March 2023								
Opening net book value		2,119,011	3,422,063	1,203,785	10,332	151,916	18,849	6,925,956
Transfers from capital work-in-progress	16	114,824	602,907	192,316	3,948	101,168	Nil	1,015,163
Disposal – cost		[5,967]	Nil	[86,456]	[1,046]	[603]	Nil	[94,072]
Disposal – accumulated depreciation		5,967	Nil	86,456	1,046	603	Nil	94,072
Effect of movement in foreign exchange rates		216,944	373,020	132,850	1,126	15,628	3,120	742,688
Depreciation charge	8	[117,298]	[844,775]	[294,524]	[4,669]	[102,128]	[12,511]	[1,375,905]
Closing net book amount		2,333,481	3,553,215	1,234,427	10,737	166,584	9,458	7,307,902
At 31 March 2023								
Cost		3,227,249	11,661,116	2,649,238	55,206	778,386	37,193	18,408,388
Accumulated depreciation		[893,768]	[8,107,901]	[1,414,811]	[44,469]	[611,802]	[27,735]	[11,100,486]
Net book amount		2,333,481	3,553,215	1,234,427	10,737	166,584	9,458	7,307,902
Year ended 31 March 2024								
Opening net book value		2,333,481	3,553,215	1,234,427	10,737	166,584	9,458	7,307,902
Transfers from capital work-in-progress	16	22,260	1,174,001	305,083	3,261	28,936	Nil	1,533,541
Disposal – cost		Nil	Nil	[27,292]	Nil	[882]	Nil	[28,174]
Disposal – accumulated depreciation		Nil	Nil	27,292	Nil	882	Nil	28,174
Effect of movement in foreign exchange rates		[161,949]	[273,466]	[90,491]	[692]	[9,559]	[147]	[536,304]
Depreciation charge	8	[106,300]	[828,593]	[264,641]	[4,584]	[70,211]	[9,311]	[1,283,640]
Closing net book amount		2,087,492	3,625,157	1,184,378	8,722	115,750	Nil	7,021,499
At 31 March 2024								
Cost		3,087,560	12,561,651	2,836,538	57,775	796,881	37,046	19,377,451
Accumulated depreciation		[1,000,068]	[8,936,494]	[1,652,160]	[49,053]	[681,131]	[37,046]	[12,355,952]
Net book amount		2,087,492	3,625,157	1,184,378	8,722	115,750	Nil	7,021,499

NOTES TO THE FINANCIAL STATEMENTS

[All amounts in Sri Lanka Rupees '000]

14. Property, plant and equipment (Contd.)

(a) Property, plant and equipment of the Group and the Company include fully depreciated assets still in use, the cost of which as at 31 March 2024 amounted to LKR 19,140,052,995 and LKR 11,172,436,624 respectively (2023 Group – LKR 17,906,689,970 and Company – LKR 11,046,777,896).

(b) The Company has constructed nine buildings on four plots of lands leased from the Board of Investment of Sri Lanka at Seethawaka International Industrial Park. The remaining lease periods as of 31 March 2024 are 27,11,14 and 14 years respectively. The subsidiary company, Teejay Lanka Prints (Private) Limited, has constructed two buildings on two plots of lands leased from the Board of Investment of Sri Lanka at Seethawaka International Industrial Park. The remaining lease periods as of 31 March 2024 are 23 and 27 years respectively. The sub-subsidiary company, Teejay India (Private) Limited, has constructed a building on a land sub leased at Brandix India Apparel City park. The remaining lease period as of 31 March 2024 is 21 years.

(c) Depreciation expense of Group of LKR 2,876,453,373 (2023 – LKR 2,903,828,834) and LKR 134,228,481 (2023 – LKR 268,850,388) has been charged to cost of goods sold and administrative expenses respectively. Depreciation expense of the Company of LKR 1,211,434,234 (2023 – LKR 1,302,607,132) and LKR 72,204,907 (2023 – LKR 73,297,151) has been charged to cost of goods sold and administrative expenses respectively.

(d) Teejay India (Private) Limited has mortgaged the assets related to the expansion project as security for the loan obtained (Note 25).

15. LEASES

This note provides information for leases where the Group/Company is the lessee.

(a) Amounts recognised in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

Right-of-use assets

	Note	Group		Company	
		2024	2023	2024	2023
Leasehold land		1,681,152	1,740,026	629,527	716,426
		1,681,152	1,740,026	629,527	716,426
Lease liabilities					
Current lease liabilities		112,612	114,127	47,138	56,328
Non-current lease liabilities		1,229,391	1,340,989	437,363	494,152
		1,342,003	1,455,116	484,501	550,480
Movement relating to leases:					
Right-of use assets					
Right-of-use asset recognised as at 1 April – Land		1,740,026	1,341,498	716,426	671,156
Additions made during the year – Land and buildings		18,346	413,441	18,346	23,618
Effect of movement in foreign exchange rates		(128,255)	109,662	(49,038)	71,101
Depreciation charged during the year – Land	8	(100,633)	(124,575)	(56,207)	(49,449)
Remeasurement of right-of-use assets	8	151,698	Nil	Nil	Nil
Right-of-use asset recognised as at 31 March		1,681,152	1,740,026	629,527	716,426

NOTES TO THE FINANCIAL STATEMENTS

[All amounts in Sri Lanka Rupees '000]

15. Leases (Contd.)

Note	Group		Company	
	2024	2023	2024	2023
Lease liabilities				
Lease liability recognised as at 1 April – Land	1,455,116	973,481	550,480	519,005
Additions made during the year – Land and buildings	18,346	413,441	18,346	23,618
Interest charged during the year	141,892	145,937	40,425	35,828
Rentals paid during the year	(142,164)	(158,714)	(81,783)	(83,324)
Effect of movement in exchange rates	(131,187)	80,971	(42,967)	55,353
Lease liability recognised as at 31 March	1,342,003	1,455,116	484,501	550,480

(b) Amounts recognised in the income statement

The income statement shows the following amounts relating to leases:

Depreciation charge of right-of-use assets

Note	Group		Company	
	2024	2023	2024	2023
Leasehold Land	100,663	124,575	56,207	49,449
	100,663	124,575	56,207	49,449

Remeasurement of right-of-use assets

Note	Group		Company	
	2024	2023	2024	2023
Leasehold Land	151,698	Nil	Nil	Nil
	151,698	Nil	Nil	Nil
Interest charge on lease liabilities	141,892	145,937	40,425	35,828

(c) The total cash outflows for leases of Group and Company for the financial year ended 31 March 2024 were LKR 142,164,422 (2023 – LKR 158,713,804) and LKR 81,782,786 (2023 – LKR 83,324,439) respectively.

(d) The carrying amounts of lease liabilities are denominated in following currencies:

Note	Group		Company	
	2024	2023	2024	2023
US Dollars	550,659	612,593	483,928	537,248
LKR	574	13,233	573	13,232
INR	790,770	829,290	Nil	Nil
	1,342,003	1,455,116	484,501	550,480

NOTES TO THE FINANCIAL STATEMENTS

[All amounts in Sri Lanka Rupees '000]

16. CAPITAL WORK-IN-PROGRESS

	Note	Group		Company	
		2024	2023	2024	2023
Balance at beginning of the year		1,835,964	5,268,720	1,199,100	696,570
Expenses incurred		1,878,338	3,334,414	1,355,202	1,555,122
Transferred to property, plant and equipment	14	(2,301,706)	(7,636,544)	(1,533,541)	(1,015,163)
Transferred to intangible assets	17	(638,311)	(87,845)	(462,672)	(63,230)
Effect of movement in foreign exchange rates		(70,926)	957,219	(49,296)	25,801
Balance at end of the year		703,359	1,835,964	508,793	1,199,100

(a) Capital work in progress of Group and Company as of 31 March 2024 mainly comprises of a Knitting machines amounting to LKR 256,398,682.

17. INTANGIBLE ASSETS

Group	Note	Goodwill	Computer software	Total
At 31 March 2022				
Cost		96,010	886,198	982,208
Accumulated amortisation		Nil	(742,807)	(742,807)
Net book amount		96,010	143,391	239,401
Year ended 31 March 2023				
Opening net book amount		96,010	143,391	239,401
Transferred from capital work-in-progress	16	Nil	87,845	87,845
Effect of movement in foreign exchange rates		9,819	14,317	24,136
Amortisation charge	8	Nil	(84,214)	(84,214)
Closing net book amount		105,829	161,339	267,168
At 31 March 2023				
Cost		105,829	988,360	1,094,189
Accumulated amortisation		Nil	(827,021)	(827,021)
Net book amount		105,829	161,339	267,168

NOTES TO THE FINANCIAL STATEMENTS

[All amounts in Sri Lanka Rupees '000]

17. Intangible assets (Contd.)

Group	Note	Goodwill	Computer software	Total
Year ended 31 March 2024				
Opening net book amount		105,829	161,339	267,168
Transferred from capital work-in-progress	16	Nil	638,311	638,311
Write off – cost		Nil	(39,202)	(39,202)
Write off – accumulated depreciation		Nil	30,239	30,239
Effect of movement in foreign exchange rates		(7,561)	(38,996)	(46,557)
Amortisation charge	8	Nil	(145,303)	(145,303)
Closing net book amount		98,268	606,388	704,656
At 31 March 2024				
Cost		98,268	1,548,473	1,646,741
Accumulated amortisation		Nil	(942,085)	(942,085)
Net book amount		98,268	606,388	704,656

Company	Note	Computer software	Total
At 31 March 2022			
Cost		670,802	670,802
Accumulated amortisation		(561,998)	(561,998)
Net book amount		108,804	108,804
Year ended 31 March 2023			
Opening net book amount		108,804	108,804
Transferred from capital work-in-progress	16	63,230	63,230
Effect of movement in foreign exchange rates		10,932	10,932
Amortisation charge	8	(61,177)	(61,177)
Closing net book amount		121,789	121,789
At 31 March 2023			
Cost		744,964	744,964
Accumulated amortisation		(623,175)	(623,175)
Net book amount		121,789	121,789

NOTES TO THE FINANCIAL STATEMENTS

[All amounts in Sri Lanka Rupees '000]

17. Intangible assets (Contd.)

Company	Note	Computer software	Total
Year ended 31 March 2024			
Opening net book amount		121,789	121,789
Transferred from capital work-in-progress	16	462,672	462,672
Write off – cost		(39,202)	(39,202)
Write off – accumulated depreciation		30,239	30,239
Effect of movement in foreign exchange rates		(28,502)	(28,502)
Amortisation charge	8	(104,805)	(104,805)
Closing net book amount		442,191	442,191
At 31 March 2024			
Cost		1,139,932	1,139,932
Accumulated amortisation		(697,741)	(697,741)
Net book amount		442,191	442,191

(a) Amortisation charge amounting to LKR 145,302,777 (2023 Group – LKR 84,214,167) and LKR 104,804,913 (2023 Company – LKR 61,176,945) relating to the computer software of Group and the Company respectively are included in cost of sales.

(b) Impairment tests for goodwill

Management reviews the business performance based on geography and type of business. Goodwill is monitored by management at the level of the operating segments identified in Note 5.

Summary of the goodwill allocation is presented below.

As at 31 March	Note	Group	
		2024	2023
Teejay Lanka Prints (Private) Limited		28,046	30,203
Teejay Mauritius (Private) Limited		70,222	75,626
		98,268	105,829

The recoverable amount of all CGUs has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five year period. Cash flows beyond the five- year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long term average growth rate for the business in which the CGU operates.

For each of the CGUs with significant amount of goodwill the key assumptions, long term growth rate and discount rate used in the value-in-use calculations are as follows.

- Sales volume is the average annual growth rate over the five-year forecast period. It is based on current industry trends and includes long term inflation forecasts for each company in which each business segment operates.
- Gross margin is the average margin as a percentage of revenue over the five-year forecast period. It is based on current sales margin levels and sales mix, with adjustments made to reflect the expected future price rises in key raw materials.

NOTES TO THE FINANCIAL STATEMENTS

[All amounts in Sri Lanka Rupees '000]

17. Intangible assets (Contd.)

Other operating costs are the fixed costs of the CGUs, which do not vary significantly with sales volumes or prices. Management forecasts these cost based on the current structure of the business, adjusting for inflationary increases and these do not reflect any future restructuring or cost saving measures. The amounts disclosed above are the average operating cost for the five year forecast period.

Annual capital expenditure is the expected cash costs of each segment for five-year forecast period.

Significant estimate: key assumptions used for value in use calculations

The Group tests whether goodwill has suffered any impairment on an annual basis. For the 2024 and 2023 reporting periods, the recoverable amount of the cash-generating units (CGUs) was determined based on value in use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period.

Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. These growth rates are consistent with forecasts included in industry in which each CGU operates.

The following table sets out the key assumptions for those CGUs that have significant goodwill allocated to them:

	Teejay Lanka Prints (Private) Limited	Teejay Mauritius (Private) Limited (Previously known as Ocean Mauritius Limited)
2024		
Sales volume (% annual growth rate)	2	25
Long-term growth rate (%)	2	2
Pre-tax discount rate (%)	24.7	9.45
2023		
Sales volume (% annual growth rate)	4	16
Long-term growth rate (%)	3	3
Pre-tax discount rate (%)	26.13	11.40

NOTES TO THE FINANCIAL STATEMENTS

[All amounts in Sri Lanka Rupees '000]

17. Intangible assets (Contd.)

Management has determined the values assigned to each of the above key assumptions as follows:

Assumption	Approach used to determining values
Sales volume	Average annual growth rate over the five-year forecast period; based on past performance and management's expectations of market development.
Sales price	Average annual growth rate over the five-year forecast period; based on current industry trends and including long-term inflation forecasts for each territory.
Budgeted gross margin	Based on past performance and management's expectations for the future.
Other operating costs	Fixed costs of the CGUs, which do not vary significantly with sales volumes or prices. Management forecasts these costs based on the current structure of the business, adjusting for inflationary increases but not reflecting any future restructurings or cost-saving measures. The amounts disclosed above are the average operating costs for the five-year forecast period
Annual capital expenditure	Expected cash costs in the CGUs. This is based on the historical experience of management, and the planned refurbishment expenditure. No incremental revenue or cost savings are assumed in the value in use model as a result of this expenditure.
Long-term growth rate	This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in specific industry.
Pre-tax discount rates	Reflect specific risks relating to the relevant segments and the countries in which they operate.

18. INVESTMENTS IN SUBSIDIARIES

	Company	
	2024	2023
Unquoted investments		
At the beginning of the year	5,520,444	5,008,257
Effect of movement in foreign exchange rates	(394,417)	512,187
At the end of the year	5,126,027	5,520,444

(a) Details of the company incorporated in Sri Lanka, in which the Company had control are set out below:

Name of company	Nature of business activities	Indirect holding	Direct holding
Teejay Lanka Prints (Private) Limited	Rotary screen printing of knitted and woven fabrics	Nil	100%

(b) Details of the companies incorporated outside Sri Lanka (situated in India and Mauritius), in which the Group /Company had control directly/indirectly are set out below:

Name of company	Nature of business activities	Indirect holding	Direct holding
Teejay Mauritius (Private) Limited	Investment holding	Nil	100%
Teejay India (Private) Limited	Manufacturing of knitted fabrics	99.99%	Nil

NOTES TO THE FINANCIAL STATEMENTS

[All amounts in Sri Lanka Rupees '000]

19. FINANCIAL INSTRUMENTS BY CATEGORY

(a) Financial assets – at amortised cost

Due to the short-term nature of the financial assets, their fair value is considered to be the same as their amortised cost.

	Note	Group		Company	
		2024	2023	2024	2023
Trade receivables	21	6,104,069	5,097,336	4,521,722	3,662,459
Other receivables (excluding advances)		1,342,430	317,169	202,853	126,019
Amounts due from related companies	21	2,746,523	3,188,855	4,421,168	4,427,600
Other financial assets	22	1,668,451	3,281,426	1,180,819	2,860,590
Cash and cash equivalents	23	7,233,344	7,913,808	6,054,353	5,238,133
		19,094,817	19,798,594	16,380,915	16,134,801

(b) Financial liabilities – at amortised cost

Due to the short-term nature of the financial liabilities, their carrying amount is considered to be the same as their amortised cost.

For the borrowings, the fair values are not materially different from their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

	Note	Group		Company	
		2024	2023	2024	2023
Trade payables	24	8,064,156	7,321,126	3,670,536	2,593,054
Accrued expenses	24	1,827,585	2,372,450	1,466,447	1,614,108
Other payables	24	436,694	328,494	167,193	113,629
Amount due to related companies	24	432,280	460,050	550,908	1,298,417
Short-term bank borrowings	25	4,093,355	5,780,870	2,977,700	3,873,991
Long-term bank borrowings	25	4,139,942	4,774,200	Nil	Nil
Buyers credit from bank	25	1,074,757	1,464,476	Nil	Nil
Bank overdrafts	25	15,670	562,406	14,755	377,392
Lease liabilities	15	1,342,003	1,455,116	484,501	550,480
		21,426,442	24,519,188	9,332,040	10,421,071

(c) Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired and past due but not impaired can be assessed by historical information about counterparty default rates of trade and related party receivables or external credit rating with reference to financial institutions:

NOTES TO THE FINANCIAL STATEMENTS

[All amounts in Sri Lanka Rupees '000]

19. Financial instruments by category (Contd.)

Trade receivables and amount due from related parties:

	Group		Company	
	2024	2023	2024	2023
Export customers/overseas	3,592,512	2,087,991	2,237,961	660,394
Local customers	2,511,557	3,009,345	2,283,761	3,002,065
Related parties	2,585,979	3,008,513	3,385,826	1,946,460
	8,690,048	8,105,849	7,907,548	5,608,919

Counterparties without external credit rating:

	Group		Company	
	2024	2023	2024	2023
Group 1	6,427,128	3,716,159	7,447,690	2,506,454
Group 2	2,262,920	2,555,455	459,858	1,293,230
Group 3	Nil	1,834,235	Nil	1,809,235
Total unimpaired trade and related party receivables	8,690,048	8,105,849	7,907,548	5,608,919

Group 1 – customers/related parties (less than 3 months).

Group 2 – customers/related parties (more than 3 months) with no defaults in the past.

Group 3 – customers/related parties (more than 6 months) with some defaults in the past. All defaults were fully recovered.

Cash and cash equivalents:

	Group		Company	
	2024	2023	2024	2023
AAA	Nil	416,406	Nil	Nil
AA	95,301	Nil	Nil	Nil
A+	764,579	295,354	307,684	273,960
A	62,108	2,100,815	42,875	464,409
A-	4,859,977	1,719,763	4,290,229	1,423,965
AA-	1,447,344	1,757,013	1,412,369	1,695,213
BBB+	Nil	1,622,769	Nil	1,378,941
BBB-	2,044	Nil	Nil	Nil
BB+	77	Nil	Nil	Nil
Cash in hand	1,914	1,688	1,196	1,645
	7,233,344	7,913,808	6,054,353	5,238,133

Other financial assets

	Group		Company	
	2024	2023	2024	2023
AAA	Nil	1,912	Nil	Nil
A	1,668,451	3,279,514	1,180,819	2,860,590
	1,668,451	3,281,426	1,180,819	2,860,590

NOTES TO THE FINANCIAL STATEMENTS

[All amounts in Sri Lanka Rupees '000]

20. INVENTORIES

	Group		Company	
	2024	2023	2024	2023
Raw materials	5,037,796	4,650,467	2,733,197	2,863,319
Work-in-progress	3,466,929	5,000,664	2,327,483	3,500,414
Finished goods	862,527	951,996	569,986	454,658
Engineering spares, needles and sinkers	717,134	775,382	413,497	441,236
Effluent chemicals, fuel and consumables	522,621	971,099	484,625	259,137
Goods in transit	1,038,811	1,033,369	1,031,113	664,133
	11,645,818	13,382,977	7,559,901	8,182,897

Inventories are stated after a provision for impairment of inventories and the total movement on the provision is as follows:

Note	Group		Company	
	2024	2023	2024	2023
Balance at the beginning of the year	3,051,435	2,064,904	2,489,517	1,566,791
(Reversal of provision)/ provision for slow and non moving inventories 8	[492,066]	857,038	[734,269]	842,819
Effect of movement in foreign exchange rates	[190,092]	129,493	[136,200]	79,907
Balance at the end of the year	2,369,277	3,051,435	1,619,048	2,489,517

21. TRADE AND OTHER RECEIVABLES

Note	Group		Company	
	2024	2023	2024	2023
Non-current				
Loan given to related party 35 (xii)	Nil	Nil	698,952	1,026,453
Advances to subcontractors (h)	625,842	Nil	625,842	Nil
	625,842	Nil	1,324,794	1,026,453
Current				
Trade receivables – external customers	6,219,562	5,364,643	4,567,786	3,859,916
Less – provision for impairment a	(115,493)	(267,307)	[46,064]	(197,457)
	6,104,069	5,097,336	4,521,722	3,662,459
Trade receivable due from related companies 35 (x) (a)	2,692,215	3,104,844	3,412,089	1,958,380
Less – provision for impairment 35 (x) (a)	(106,236)	(96,331)	[26,263]	(11,920)
	2,585,979	3,008,513	3,385,826	1,946,460
Other receivables from related companies 35 (x) (b)	160,544	180,342	270,025	1,820,228
Loan given to related party 35 (xii)	Nil	Nil	765,317	480,912
	2,746,523	3,188,855	4,421,168	4,247,600
Prepayments	43,736	60,795	2,176	13,702
Other receivables d	811,720	453,562	525,282	209,073
Statutory receivables	67,596	225,005	19,127	17,243
	7,027,121	5,836,698	5,068,307	3,902,477
	9,773,644	9,025,553	9,489,475	8,150,077
Total trade and other receivables	10,399,486	9,025,553	10,814,269	9,176,530

NOTES TO THE FINANCIAL STATEMENTS

[All amounts in Sri Lanka Rupees '000]

21. Trade and other receivables (Contd.)

(a) Impairment of trade receivables

The Group/Company apply the SLFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 March 2024 or 1 April 2023 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables and accordingly adjusts the historical loss rates based on expected changes.

On that basis, the loss allowance as at 31 March 2024 and 1 April 2023 was determined as follows for trade receivables:

	Group		Company	
	2024	2023	2024	2023
Loss allowance	221,729	363,638	72,327	209,377

2024 – Group	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
Expected loss rate	0.0059	0.0039	0.1402	0.9889	
Gross carrying amount – trade receivable	6,673,504	1,538,818	348,602	129,124	8,690,048
Loss allowance	39,119	6,047	48,871	127,692	221,729

2023 – Group	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
Expected loss rate	0.0065	0.0055	0.0324	0.5827	
Gross carrying amount – trade receivable	6,150,170	1,069,906	360,748	525,026	8,105,850
Loss allowance	40,143	5,911	11,671	305,913	363,638

2024 – Company	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
Expected loss rate	0.0072	0.0070	0.0368	0.3769	
Gross carrying amount – trade receivable	5,112,325	822,674	75,079	71,905	6,081,983
Loss allowance	36,739	5,727	2,761	27,100	72,327

NOTES TO THE FINANCIAL STATEMENTS

[All amounts in Sri Lanka Rupees '000]

21. Trade and other receivables (Contd.)

(a) Impairment of trade receivables (Contd.)

2023 – Company	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
Expected loss rate	0.0085	0.0083	0.0415	0.4315	
Gross carrying amount – trade receivable	4,509,434	700,576	280,077	355,543	5,845,630
Loss allowance	38,529	5,807	11,634	153,407	209,377

The closing loss allowances for trade receivables as at 31 March reconcile to the opening loss allowances as follows:

	Note	Group		Company	
		2024	2023	2024	2023
Opening loss allowance as at 1 April					
– calculated under SLFRS 9		363,638	97,020	209,377	45,838
(Decrease)/increase in loss allowance recognised in profit or loss during the year	8	(122,903)	283,737	(129,437)	175,586
Effect of movement in foreign exchange rate		(19,006)	(17,119)	(7,613)	(12,047)
At 31 March		221,729	363,638	72,327	209,377

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group/Company and a failure to make contractual payments for a period of greater than 60 days from the due date.

(b) The carrying amounts of trade and other receivables are denominated in following currencies:

	Group		Company	
Note	2024	2023	2024	2023
US Dollars	9,077,356	8,343,337	9,830,967	9,083,150
LKR	958,048	115,041	949,935	90,751
Euro	37,793	2,922	24,983	2,629
INR	317,905	564,253	Nil	Nil
GBP	8,384	Nil	8,384	Nil
	10,399,486	9,025,553	10,814,269	9,176,530

- (c) The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Group/Company does not hold any collateral as security.
- (d) Other receivables of the Group mainly consist of advances to suppliers of LKR 462,153,926 (2023 – LKR 91,146,480) and refundable deposit of LKR 224,656,209 (2023 – LKR 248,138,408). Other receivables of the Company mainly consist of advances to suppliers amounting to LKR 343,853,106 (2023 – LKR 88,139,689) and refundable deposit amounting to LKR 16,846,076 (2023 – LKR 17,897,521).
- (e) The other classes within trade and other receivables do not contain impaired assets.
- (f) Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.
- (g) Due to the short-term nature of the other current receivables, their carrying amount is considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different from their carrying amounts.
- (h) Advances to subcontractor entirely consists of an amount of LKR 625,842,000 granted by the Company to Lumiere Textiles (Private) Limited in line with the service agreement entered on 29 March 2022 covering a period of 5 years and the subsequent addendum dated on 18 September 2023 thereon made to the original service agreement. The advance granted is for the purpose of being utilised in rendering the services by the subcontractor in conversion of greige to finished fabric.

NOTES TO THE FINANCIAL STATEMENTS

[All amounts in Sri Lanka Rupees '000]

22. OTHER FINANCIAL ASSETS – AT AMORTISED COST

Note	Group		Company	
	2024	2023	2024	2023
Short term deposits	1,668,451	3,281,426	1,180,819	2,860,590

The movement in the other financial assets during the year is as follows:

Other financial assets

	Group	Company
As at 1 April 2023	3,281,426	2,860,590
Maturities of fixed deposits	(9,472,059)	(5,875,667)
Investment in the fixed deposits	8,010,596	4,311,514
Effect of movement in foreign exchange rates	(151,512)	(115,618)
Balance as at 31 March 2024	1,668,451	1,180,819

- (a) The weighted average effective interest rate of the Group on short term deposits (USD) was 6.4% – 11% (year ended 31 March 2023 – 5.35% – 11.0%). The weighted average effective interest rate of the Company on short term deposits (USD) was 6.4% – 9.1% (year ended 31 March 2023 – 9.5% – 11.0%).

- (b) The carrying amounts of other financial assets are denominated in following currencies:

Note	Group		Company	
	2024	2023	2024	2023
US Dollars	1,598,423	3,206,842	1,110,792	2,786,005
LKR	70,028	74,584	70,027	74,585
	1,668,451	3,281,426	1,180,819	2,860,590

23. CASH AND CASH EQUIVALENTS

Note	Group		Company	
	2024	2023	2024	2023
Cash at bank and in hand	7,233,344	7,913,808	6,054,353	5,238,133

For the purpose of the statement of cash flows, the year end cash and cash equivalents comprise the following:

Note	Group		Company	
	2024	2023	2024	2023
Cash and bank balances	7,233,344	7,913,808	6,054,353	5,238,133
Bank overdrafts	(15,670)	(562,406)	(14,755)	(377,392)
	7,217,674	7,351,402	6,039,598	4,860,741

NOTES TO THE FINANCIAL STATEMENTS

[All amounts in Sri Lanka Rupees '000]

23. Cash and cash equivalents (Contd.)

(a) The cash and cash equivalents are denominated in following currencies:

	Note	Group		Company	
		2024	2023	2024	2023
US Dollars		7,009,021	7,594,694	5,858,460	4,937,189
LKR		212,953	313,544	195,893	300,944
INR		11,370	5,570	Nil	Nil
		7,233,344	7,913,808	6,054,353	5,238,133

24. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2024	2023	2024	2023
Trade payables		8,064,156	7,321,126	3,670,536	2,593,054
Amounts due to related companies	35 (xi)	432,280	460,050	550,908	1,298,417
Accrued expenses	(a)	1,827,585	2,372,450	1,466,447	1,614,108
Other payables		436,694	328,494	167,193	113,629
Statutory payables	(b)	105,607	73,656	46,835	40,031
		10,866,322	10,555,776	5,901,919	5,659,239

- (a) Accrued expenses of the Group mainly consist accrued employee bonus of LKR 313,076,161 (2023 – LKR 333,091,478), air freight expenses of LKR 284,196,288 (2023 – LKR 128,375,373) and bulk discount of LKR 346,619,656 (2023 – LKR 483,030,322). Accrued expenses of the Company mainly consist of accrued employee bonus of LKR 299,014,368 (2023 – LKR 172,000,740), air freight expenses of LKR 106,160,332 (2023 – LKR 97,774,025) and bulk discount of LKR 323,388,439 (2023 – LKR 364,302,333).
- (b) Statutory payables of the Group mainly consist of EPF payable of LKR 53,580,220 (2023 – LKR 46,481,611), ETF payable of LKR 6,998,978 (2023 – LKR 3,472,117) and PAYE payable of LKR 22,710,476 (2023 – LKR 12,932,990). Statutory payables of the Company mainly consist of PAYE payable of LKR 15,525,898 (2023 – LKR 12,932,990), EPF payable of LKR 26,405,612 (2023 – LKR 23,147,868) and ETF payable of LKR 3,960,827 (2023 – LKR 3,472,117).
- (c) The carrying amounts of trade and other payables are denominated in following currencies:

	Note	Group		Company	
		2024	2023	2024	2023
US Dollars		9,174,387	7,550,274	5,497,632	3,379,509
LKR		152,401	2,304,020	13,992	2,279,730
INR		895,728	701,482	908	Nil
EUR		636,085	Nil	384,222	Nil
GBP		7,721	Nil	5,165	Nil
		10,866,322	10,555,776	5,901,919	5,659,239

- (d) The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

NOTES TO THE FINANCIAL STATEMENTS

[All amounts in Sri Lanka Rupees '000]

25. BORROWINGS

	Note	Group		Company	
		2024	2023	2024	2023
Current					
Bank overdrafts	23	15,670	562,406	14,755	377,392
Short-term bank borrowings		4,093,355	5,780,870	2,977,700	3,873,991
Buyers credit from bank	(a) below	1,074,757	Nil	Nil	Nil
		5,183,782	6,343,276	2,992,455	4,251,383
Non-current					
Long-term bank borrowings		4,139,942	4,774,200	Nil	Nil
Buyers credit from bank	(a) below	Nil	1,464,476	Nil	Nil
		4,139,942	6,238,676	Nil	Nil
Total borrowings		9,323,724	12,581,952	2,992,455	4,251,383

(a) Buyers credit from bank represents the loan obtained from Standard Chartered bank under LC facility for the purpose of import of machinery for the Teejay India (Private) Limited, a sub-subsidiary of the Company, expansion project (Interest rate – 3 months LIBOR+2.5%). Buyers credit, from bank is secured by the letter of comfort given by the Teejay Lanka PLC, the parent company.

(b) The maturity of non-current borrowings is as follows:

	Note	Group		Company	
		2024	2023	2024	2023
Between 1 to 2 years		1,616,657	1,464,476	Nil	Nil
Between 2 to 5 years		2,523,285	4,774,200	Nil	Nil
		4,139,942	6,238,676	Nil	Nil

The loan of USD 15 Mn. consists of a loan obtained by Teejay India (Private) Limited, a sub subsidiary of the Company, from the Standard Chartered Bank in relation to the expansion project. The loan has a grace period which is due to end in 2024 and repayment will commence in year 2025 January with a repayment period 03 years. Teejay India (Private) Limited has mortgaged the assets related to the expansion project as a security for the loan obtained.

(c) The interest rate exposure of the borrowings of the Group are as follows:

	Note	Group		Company	
		2024	2023	2024	2023
Total borrowings:					
– at floating rate		9,323,724	12,581,952	2,992,455	4,251,383
		9,323,724	12,581,952	2,992,455	4,251,383

NOTES TO THE FINANCIAL STATEMENTS

[All amounts in Sri Lanka Rupees '000]

25. Borrowings (Contd)

(d) Weighted average effective interest rates:

	Group		Company	
	2024	2023	2024	2023
- Bank borrowings	LIBOR + 2.25% - 3.25% & SOFR + 2.5% & Fixed rate 10%	LIBOR + 2.25% - 3.25% & SOFR + 4.1%	SOFR + 2.5% & Fixed rate 10 %	SOFR + 4.1%
- Bank overdrafts	Floating rate 7% - 9.75%	Floating rate 7% - 9.75%	Floating rate 7%	LIBOR + 6% (Floating rate 7%)
- Buyers credit from bank	N/A	LIBOR + 2.5%	N/A	N/A

(e) The bank overdrafts of the Company as at 31 March 2024 and 2023 represent book overdrawn situations amounting to LKR 14,755,426 and LKR 350,428,871 respectively in the Company. Borrowings from related company are unsecured.

(f) Teejay India (Private) Limited bank borrowings are secured by the letter of comfort given by Teejay Lanka PLC and mortgaged the assets related to the expansion project as a security for the loan obtained. All other bank borrowings are on a clean basis.

(g) The exposure of the Group's/Company's borrowings to interest rate changes and the contractual repricing dates at the end of the reporting period are as follows:

Note	Group		Company	
	2024	2023	2024	2023
6 months or less	9,323,724	12,581,952	2,992,455	4,251,383

(h) The carrying amounts of borrowings are denominated in following currencies:

Note	Group		Company	
	2024	2023	2024	2023
US Dollars	7,815,244	12,581,952	1,483,975	4,251,383
LKR	1,508,480	Nil	1,508,480	Nil
	9,323,724	12,581,952	2,992,455	4,251,383

(i) For the majority of the borrowings, the fair values are not materially different from their carrying amounts, since either:

- the interest payable on those borrowings is close to current market rates, or
- the borrowings are of a short-term nature.

NOTES TO THE FINANCIAL STATEMENTS

[All amounts in Sri Lanka Rupees '000]

26. RETIREMENT BENEFIT OBLIGATIONS – GRATUITY

	Group		Company	
	2024	2023	2024	2023
Statement of financial position obligations for:				
Gratuity benefits	875,378	568,559	522,388	246,452
Statement of comprehensive income charge:				
Gratuity benefits	204,045	156,544	84,911	41,555
Other comprehensive income:				
Remeasurement losses	312,478	89,317	270,429	66,717

(a) The movement in the defined benefit obligation over the year is as follows:

	Group		Company	
	2024	2023	2024	2023
At the beginning of the year	568,559	424,817	246,452	162,819
Current service cost	123,643	111,055	30,675	16,041
Interest cost	80,402	45,489	54,236	25,514
Remeasurement losses	312,478	89,317	270,429	66,717
Benefits paid	(199,921)	(99,017)	(94,904)	(24,365)
Effect of movement in foreign exchange rates	(9,783)	(3,102)	15,500	(274)
At the end of the year	875,378	568,559	522,388	246,452

(b) The amounts recognised in the income statement are as follows:

	Group		Company	
	2024	2023	2024	2023
Current service cost	123,643	111,055	30,675	16,041
Interest cost	80,402	45,489	54,236	25,514
Total included in employee benefit expense	204,045	156,544	84,911	41,555

As stated in paragraph 2.20 (a) under summary of material accounting policy information, an actuarial valuation of Teejay Lanka PLC and Teejay Lanka Prints (Private) Limited, subsidiary of the Company, was carried out by an independent actuary, Messrs. Piyal S Goonetilleke and Associates, using the Projected Unit Credit method to calculate the liability for gratuity as at 31 March 2024. An actuarial valuation of the Teejay India (Private) Limited defined benefit obligations was carried out by an independent firm, KP Actuaries and Consultants, using the Projected Unit Credit method to calculate the liability for gratuity as at 31 March 2024. The provision for gratuity is not externally funded.

NOTES TO THE FINANCIAL STATEMENTS

[All amounts in Sri Lanka Rupees '000]

26. Retirement benefit obligations – Gratuity (Contd)

(c) The principal actuarial assumptions used in the calculation were as follows:

	Group		Company	
	2024	2023	2024	2023
Discount rate	7.15%-13.09%	7.3% -17.81%	13.09%	17.81%
Future salary increases				
– non executive staff	7.50%-12.50% p.a.	7.50%-12.50% p.a.	12.50% p.a.	12.50% p.a.
– executive staff	7.50%-12.50% p.a.	7.50%-12.50% p.a.	12.50% p.a.	12.50% p.a.
Staff turnover factor				
– non executive staff	Age-related	Age-related	Age-related	Age-related
– executive staff	Age-related	Age-related	Age-related	Age-related

In addition to the above, demographic assumptions such as mortality, disability and retirement age were considered for the actuarial valuation. GA 1983 Mortality Table was taken as the basis for the mortality assumption.

(d) The sensitivity of the gratuity to changes in the weighted principal assumptions is:

Group – 2024	Impact on retirement benefit obligations		
	Change in assumption (%)	Increase in assumption (%)	Decrease in assumption (%)
Discount rate	1	Decrease by 3 to 12.05	Increase by 3.2 to 14.30
Future salary increase	1	Increase by 3.1 to 13.93	Decrease by 3 to 11.98
Staff turnover factor	1	Increase by 0.2 to 1.32	Decrease by 0.4 to 0.82

Group – 2023	Impact on retirement benefit obligations		
	Change in assumption (%)	Increase in assumption (%)	Decrease in assumption (%)
Discount rate	1	Decrease by 4.02 to 10.83	Increase by 4.37 to 12.52
Future salary increase	1	Increase by 3.93 to 13.54	Decrease by 3.73 to 11.81
Staff turnover factor	1	Increase by 0.92 to 6.83	Decrease by 1.03 to 5.34

Company – 2024	Impact on retirement benefit obligations		
	Change in assumption (%)	Increase in assumption (%)	Decrease in assumption (%)
Discount rate	1	Decrease by 12.05	Increase by 14.30
Future salary increase	1	Increase by 13.93	Decrease by 11.98
Staff turnover factor	1	Increase by 1.32	Decrease by 0.82

Company – 2023	Impact on retirement benefit obligations		
	Change in assumption (%)	Increase in assumption (%)	Decrease in assumption (%)
Discount rate	1	Decrease by 10.47	Increase by 12.14
Future salary increase	1	Increase by 13.21	Decrease by 11.48
Staff turnover factor	1	Increase by 5.83	Decrease by 4.94

NOTES TO THE FINANCIAL STATEMENTS

[All amounts in Sri Lanka Rupees '000]

26. Retirement benefit obligations – Gratuity (Contd)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the retirement benefit obligations to significant actuarial assumptions the same method (present value of the retirement benefit obligations calculated with the projected unit credit method at the end of the reporting period) has been applied.

(e) Maturity profile of the retirement benefit obligations:

The weighted average duration of the defined benefit obligation of Group and Company is 15 years. The expected maturity analysis of undiscounted retirement obligation:

Note	Group		Company	
	2024	2023	2024	2023
Less than 1 year	10,946	12,205	9,529	11,410
Between 1 – 2 years	119,590	65,787	41,975	24,123
Between 2 – 5 years	423,457	282,441	182,576	191,833
Over 5 years	957,489	1,211,680	645,746	713,311
Total	1,511,482	1,572,113	879,826	940,677

27. DEFERRED INCOME TAX LIABILITIES

Deferred tax liabilities/(assets) of the Group are calculated on all temporary differences and deductible temporary differences under the liability method using tax rates of 2024 30% – 34% (2023 – 30% – 34%).

Note	Group		Company	
	2024	2023	2024	2023
At the beginning of the year	507,657	487,151	595,372	367,733
(Credited)/charged to statement of comprehensive income	11	(432,954)	(5,074)	238,143
Tax release relating to components of other comprehensive income	11	(94,446)	(27,328)	(81,129)
Effect of movement in foreign exchange rates		(6,343)	52,908	(51,449)
At end of the year	(26,086)	507,657	700,937	595,372

A summary of deferred tax (assets)/liabilities of the Group and Company are as follows:

	Group		Company	
	2024	2023	2024	2023
Deferred tax assets	(2,239,540)	(1,856,016)	(740,680)	(979,339)
Deferred tax liabilities	2,213,454	2,363,673	1,441,617	1,574,711
Deferred tax (assets)/liabilities (net)	(26,086)	507,657	700,937	595,372

NOTES TO THE FINANCIAL STATEMENTS

[All amounts in Sri Lanka Rupees '000]

27. Deferred income tax liabilities (Contd)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are as follows:

	Group		Company	
	2024	2023	2024	2023
Deferred tax assets:				
– Deferred tax assets to be recovered after more than 12 months	(2,239,540)	(1,856,016)	(740,680)	(979,339)
Deferred tax liabilities:				
– Deferred tax liabilities to be recovered after more than 12 months	2,004,013	2,173,850	1,259,199	1,394,172
– Deferred tax liabilities to be recovered within 12 months	209,441	189,823	182,418	180,539
	2,213,454	2,363,673	1,441,617	1,574,711
Deferred tax (assets)/ liabilities (net)	(26,086)	507,657	700,937	595,372

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Group

Deferred tax liabilities	Accelerated tax depreciation	Total
At 31 March 2022	918,784	918,784
Charged to income statement	1,493,243	1,493,243
Effect of movement in foreign exchange rates	(48,354)	(48,354)
At 31 March 2023	2,363,673	2,363,673
Charged to income statement	19,779	19,779
Effect of movement in foreign exchange rates	(169,998)	(169,998)
At 31 March 2024	2,213,454	2,213,454

NOTES TO THE FINANCIAL STATEMENTS

[All amounts in Sri Lanka Rupees '000]

27. Deferred income tax liabilities (Contd)

Deferred tax assets	Retirement benefit obligations	Provision for impairment of inventory	Provision for impairment of trade receivables	Tax losses	Provision for bonus	Total
At 31 March 2022	(108,993)	(238,965)	(40,436)	Nil	(43,239)	(431,633)
Credited to income statement	(37,611)	(621,301)	(97,724)	(685,640)	(56,041)	(1,498,317)
Credited directly to other comprehensive income	(27,328)	Nil	Nil	Nil	Nil	(27,328)
Effect of movement in foreign exchange rates	(4,957)	34,776	5,178	65,346	919	101,262
At 31 March 2023	(178,889)	(825,490)	(132,982)	(620,294)	(98,361)	(1,856,016)
Credited to income statement	(16,976)	262,838	46,595	(733,404)	(11,786)	(452,733)
Credited directly to other comprehensive income	(94,446)	Nil	Nil	Nil	Nil	(94,446)
Effect of movement in foreign exchange rates	19,104	44,063	6,857	85,936	7,695	163,655
At 31 March 2024	(271,207)	(518,589)	(79,530)	(1,267,762)	(102,452)	(2,239,540)

Company

Deferred tax liabilities	Accelerated tax depreciation	Total
At 31 March 2022	649,575	649,575
Charged to income statement	949,166	949,166
Effect of movement in foreign exchange rates	(24,030)	(24,030)
At 31 March 2023	1,574,711	1,574,711
Credited to income statement	(21,824)	(21,824)
Effect of movement in foreign exchange rates	(111,270)	(111,270)
At 31 March 2024	1,441,617	1,441,617

NOTES TO THE FINANCIAL STATEMENTS

[All amounts in Sri Lanka Rupees '000]

27. Deferred income tax liabilities (Contd)

Deferred tax assets	Retirement benefit obligations	Provision for impairment of inventory	Provision for impairment of trade receivables	Provision for bonus	Total
At 31 March 2022	(22,795)	(219,351)	(6,417)	(33,280)	(281,843)
Credited to income statement	(33,937)	(578,179)	(61,612)	(45,374)	(719,102)
Credited directly to other comprehensive income	(20,015)	Nil	Nil	Nil	(20,015)
Effect of movement in foreign exchange rates	2,811	32,673	5,216	921	41,621
At 31 March 2023	(73,936)	(764,857)	(62,813)	(77,733)	(979,339)
[Credited]/charged to income statement	(12,233)	251,948	38,831	(18,579)	259,967
Credited directly to other comprehensive income	(81,129)	Nil	Nil	Nil	(81,129)
Effect of movement in foreign exchange rates	10,581	40,348	2,284	6,608	59,821
At 31 March 2024	(156,717)	(472,561)	(21,698)	(89,704)	(740,680)

NOTES TO THE FINANCIAL STATEMENTS

[All amounts in Sri Lanka Rupees '000]

28. CONTINGENCIES

Other than those disclosed below, there were no material contingent liabilities against the Group outstanding as at the financial position date.

- (a) Teejay India (Private) Limited, a fully owned subsidiary of Teejay Lanka PLC, which is incorporated in India, has been issued with tax assessments by the Department of Income Tax in India disputing that the comparable and methods applied by the subsidiary to determine arm's length principles were not in line with the Transfer Pricing Regulations enacted in India. These tax assessments represent the additional total income proposed by the Tax Authority to the total income of the Company and not the tax impact of these assessments. The tax impact is estimated to be LKR 520,218,982. The Company has appealed against these assessments in the Disputed Resolution Panel/Income Tax Appellate Tribunal (ITAT).
- (b) During the year ended 31 March 2023, Teejay Lanka PLC has been issued with tax assessments by the Department of Inland Revenue of Sri Lanka to a value of LKR 274,676,271 applicable for the year of assessment 2018/19 disputing that the Company is not eligible for the concessionary rate of 14% applicable for indirect/deemed exports. Further, the Department of Inland of Revenue of Sri Lanka disputed that deemed interest income required to be recognised in relation to the other receivables from the related parties as of 31 March 2019. The Company has appealed against these assessments in the Tax Appeal Commission. Management has submitted the written appeal on 13 June 2023 and currently at the hearing Stage at Tax Appeal Commission.

During the year ended 31 March 2024, Teejay Lanka PLC has been issued with tax assessments by the Department of Inland Revenue of Sri Lanka to a value of LKR 616,802,522 applicable for the year of assessment 2019/20 disputing that the Company is not eligible for the concessionary rate of 14% applicable for indirect/deemed exports. Further, the Department of Inland of Revenue of Sri Lanka disputed that deemed interest income required to be recognised in relation to the other receivable from the related parties as of 31 March 2020. The Company has requested for an administrative Review made under Section 139(1) of the Inland Revenue Act No. 24 of 2017 and decision on the request for an administrative review has not yet been confirmed by the Commissioner General of Inland Revenue.

29. COMMITMENTS

Capital commitments

Capital expenditure contracted at the end of the reporting period, but not yet incurred is as follows:

Note	Group		Company	
	2024	2023	2024	2023
Property, plant and equipment	300,900	22,373	296,407	Nil
Intangible assets (a)	Nil	171,845	Nil	49,176
	300,900	194,218	296,407	49,176

- (a) The Company has provided letters of financial support to Teejay India (Private) Limited expressing its commitment to extend financial assistance as and when required.

Operating commitments

There were no material operating commitments outstanding as at the statement of financial position date.

Financial commitments

There were no material financial commitments outstanding as at the statement of financial position date.

NOTES TO THE FINANCIAL STATEMENTS

[All amounts in Sri Lanka Rupees '000]

30. STATED CAPITAL

	No. of Shares	Amount (LKR)
At 31 March 2023	716,739,975	4,442,234
At 31 March 2024	716,739,975	4,442,234

- (a) All issued shares are fully paid.
- (b) For the purpose of calculation of basic earnings per share, the weighted average number of shares have been considered based on the date of issue of shares.
- (c) Ordinary shares have a par value of LKR 37.60 Ordinary shareholders entitle to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held.
- (d) On a show of hands every holder of ordinary shares present at a meeting, in person or by proxy, is entitled to one vote, and on a poll each share is entitled to one vote.
- (e) Information relating to the share based payments, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the reporting period, is set out in Note 33.

31. EXCHANGE EQUALISATION RESERVE

The exchange equalisation reserve at the statement of financial position date represents all exchange differences resulting from the translation of assets, liabilities, income, expenses and equity items as explained in Note 2.1 to the accounting policies.

32. RETAINED EARNINGS

	Note	Group	Company
At 1 April 2022		8,410,456	6,072,164
Profit for the year		2,126,731	3,453,412
Remeasurement of retirement benefit obligations	26	(89,317)	(66,717)
Deferred tax attributable to remeasurement of retirement benefit obligations	27	27,328	20,015
Dividends	13	(1,075,110)	(1,075,110)
At 31 March 2023		9,400,088	8,403,764
At 1 April 2023		9,400,088	8,403,764
Profit for the year		1,109,536	2,759,192
Remeasurement of retirement benefit obligations	26	(312,478)	(270,429)
Deferred tax attributable to remeasurement of retirement benefit obligations	27	94,446	81,129
Dividends	13	(537,555)	(537,555)
At 31 March 2024		9,754,037	10,436,101

NOTES TO THE FINANCIAL STATEMENTS

[All amounts in Sri Lanka Rupees '000]

33. SHARE-BASED PAYMENTS

The Employee Share Option Scheme established in 2015 ("ESOS") is designed to provide long-term incentives for executive directors and executive management personnel to deliver long-term shareholder returns. Under the plan, allocation of share options to eligible employees will be based on criteria determined by the board of directors. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

The amount of share options that will be granted from and out of the maximum number of shares authorised to be granted as share options under the ESOS will be determined from time to time by the Board of Directors. In this regard, the Board may consider the Company's total return to shareholders, including share price growth, dividends and capital returns, ranking within a peer group of companies that are listed on the Colombo Stock Exchange over an identified period of time.

The exercise price of options is based on the volume weighted average price at which the Company's shares are traded on the Colombo Stock Exchange, taking into consideration all share transactions of such shares during the thirty Market days immediately preceding the date on which share options are granted to eligible employees under the ESOS.

When a share option is exercised, each option is convertible into one ordinary share.

Set out below are summaries of options granted under the plan:

	2024		2023	
	Average exercise price as per share option	No. of options (thousands)	Average exercise price as per share option	No. of options (thousands)
At the beginning of the year	Nil	Nil	Nil	Nil
Granted	29.81	6,301	Nil	Nil
Exercised [see Note (b) below]	Nil	Nil	Nil	Nil
Expired	Nil	Nil	Nil	Nil
At the end of year	29.81	6,301	Nil	Nil
Vested and exercisable at 31 March	Nil	Nil	Nil	Nil

(a) Fair value of share options granted

The fair value of the options amounting to LKR 28,200 was recognised as an employee benefits expenses and credited to reserve.

The fair value at the grant date is independently determined using the Black Scholes Model that takes into account the exercise price, the term of the option, the impact of dilution (where material), the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk free interest rate for the term of the option and the correlations and volatilities of the peer group companies.

NOTES TO THE FINANCIAL STATEMENTS

[All amounts in Sri Lanka Rupees '000]

33. Share-based payments (Contd.)

The model inputs for options granted during the year ended 31 March 2024 included:

(b) Exercise price: LKR 29.81

(c) Grant date: 28 July 2023

(d) Expiry date: 27 May 2024

(e) Share price at grant date: LKR 35.10

(f) Expected price volatility of the Company's shares: 32.97%

(g) Expected dividend yield: 11.47%, and

(h) Risk-free interest rate: 8%

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

(b) expenses arising from share-based payment transactions:

	Note	Group		Company	
		2024	2023	2024	2023
Options issued under employee share option plan	9	28,200	Nil	28,200	Nil

(b) As at 31 March 2024, a total of 20,790,142 shares have been issued to eligible employees under the ESOS out of the maximum number of 27,090,851 shares authorised to be granted as share options under the ESOS. During the year ended 31 March 2024, a balance options of 6,300,709 were granted to the eligible employees under Grant 7.

The directors of the Company hereby declare that the Company has not, directly or indirectly, provided funds for the ESOS.

34. CASH GENERATED FROM OPERATIONS

Reconciliation of profit before tax to cash generated from operations:

	Note	Group		Company	
		2024	2023	2024	2023
Profit before tax		1,572,379	3,116,474	3,866,102	4,664,672
Adjustments for:					
Depreciation on property, plant and equipment	14	3,010,681	3,172,679	1,283,640	1,375,905
Depreciation on right-of-use assets	15 (b)	100,663	124,575	56,207	49,449
Remeasurement of right-of-use assets	15 (b)	(151,698)	Nil	Nil	Nil
Amortisation of intangible assets	17	145,303	84,214	104,805	61,177
(Reversal of provision)/provision for slow and non moving inventories	20	(492,066)	857,038	(734,269)	842,819
(Reversal of provision)/provision for impairment of trade receivables	21 (a)	(122,903)	283,737	(129,437)	175,586
Interest income	10	(429,549)	(424,986)	(430,384)	(434,267)
Interest expense	10	1,095,512	990,090	336,786	380,096
Loss on write-offs of property, plant and equipment	7	8,963	Nil	8,963	Nil
ESOP Expense	33 (6)	28,200	Nil	28,200	Nil
Effect of movement in foreign exchange rates		(1,458,484)	812,200	(1,322,087)	478,554
Retirement benefit obligations	26	204,045	156,544	84,911	41,555
Changes in working capital:					
– inventories		2,229,225	2,972,800	1,357,265	2,378,188
– trade and other receivables		(1,251,030)	3,141,023	(1,508,302)	(229,538)
– trade and other payables		204,493	(6,375,040)	283,073	(3,146,623)
Cash generated from operations		4,693,734	8,911,348	3,285,473	6,637,573

NOTES TO THE FINANCIAL STATEMENTS

[All amounts in Sri Lanka Rupees '000]

35. DIRECTORS' INTEREST IN CONTRACTS WITH THE COMPANY AND RELATED PARTY TRANSACTIONS

The directors of the Company are also directors of following companies with which the Company had transactions in the ordinary course of business during the year.

	Ajit Damon Gunewardene	Mohamed Ashroff Omar	Hasitha Premaratne	Shrihan Blaise Perera	William Charles McRaith	Kit Vai Tou	Masaru Okutomi	Amitha Lal Gooneratne	Malik Kumar Ranasinghe
Pacific Textiles Limited	-	-	-	-	-	✓	✓	-	-
Brandix Lanka (Private) Limited	-	✓	✓	-	-	-	-	-	-
Brandix Apparel (Private) Limited	-	✓	✓	-	-	-	-	-	-
Teejay Lanka Prints (Private) Limited	-	✓	✓	✓	-	-	-	✓	✓
Teejay India (Private) Limited	-	✓	✓	✓	-	-	-	-	-
Teejay Mauritius (Private) Limited	-	✓	✓	✓	-	-	-	-	-
Fortude (Private) Limited	-	✓	-	-	-	-	-	-	-
Brandix Apparel Solutions (Private) Limited	-	✓	✓	-	-	-	-	-	-
Brandix India Apparel City (Private) Limited	-	✓	✓	-	-	-	-	-	-
Adhishtan Investments India (Private) Limited	-	✓	-	-	-	-	-	-	-
BrandM Apparel Haiti Limited	-	✓	-	-	-	-	-	-	-
Quantum Clothing India (Private) Limited	-	✓	-	-	-	-	-	-	-
Brandix Apparel India (Private) Limited	-	✓	✓	-	-	-	-	-	-
Inqube Global (Private) Limited	-	✓	✓	-	-	-	-	-	-
Lanka Indian Oil Company PLC	-	-	-	-	-	-	-	✓	-
Digital Mobility Solutions Lanka (Private) Limited	✓	-	-	-	-	-	-	-	-
Brandix Intimate India (Private) Limited	-	✓	-	-	-	-	-	-	-
Brandix Intimate Apparel Limited	-	✓	✓	-	-	-	-	-	-
Brandix Apparel India (Private) Limited	-	✓	✓	-	-	-	-	-	-
Brandix Apparel Solutions (Private) Limited	-	✓	✓	-	-	-	-	-	-
Pacific Overseas Textiles Macao Commercial Offshore Limited	-	-	-	-	-	✓	✓	-	-
Brandix Casualwear Bangladesh Limited	-	✓	-	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

[All amounts in Sri Lanka Rupees '000]

35. Directors' interest in contracts with the Company and related party transactions (Contd.)

Mr. Amitha Lal Gooneratne has resigned from the board of directors with the effect from 31 March 2024

Prof. Malik Kumar Ranasinghe has resigned from the board of directors with the effect from 31 March 2024

Mr. Shrihan Blaise Perera was appointed to the board of directors with the effect from 1 March 2024

Mr. William Charles McRaith was appointed to the board of directors with the effect from 1 March 2024

The following transactions were carried out with related parties under normal commercial terms:

(i) Sale of goods and services:

	Relationship	Aggregate value of related party transactions entered into during the financial year (LKR)				Aggregate value of related party transactions as a % of net revenue			
		Group		Company		Group		Company	
		2024	2023	2024	2023	2024	2023	2024	2023
Sale of goods:									
Brandix Apparel (Pvt) Ltd	Affiliate	12,240,948	17,703,224	4,528,906	6,252,928	20.2%	21.1%	11.7%	12.4%
Teejay Lanka Prints (Private) Limited	Subsidiary	Nil	Nil	776,996	760,324	Nil	Nil	2.0%	1.5%
Teejay India (Private) Limited	Sub-subsidiary	Nil	Nil	264,664	675,475	Nil	Nil	0.7%	1.3%
BrandM Apparel Haiti Limited	Affiliate	546,514	997,674	452,302	413,560	0.9%	1.2%	1.2%	0.8%
Brandix Apparel India (Private) Limited	Affiliate	7,802,667	11,213,816	569,297	1,160,971	12.8%	13.3%	1.5%	2.3%
Incube Global (Private) Limited	Affiliate	40,086	656,764	40,086	633,946	0.1%	0.8%	0.1%	1.3%
Quantum Clothing India (Private) Limited	Affiliate	Nil	284,873	Nil	250,726	Nil	0.3%	Nil	0.5%
Brandix Intimate India Pvt Ltd	Affiliate	378,818	Nil	284,032	Nil	0.6%	Nil	0.7%	Nil
		21,009,033	30,856,351	6,916,283	10,147,930	34.6%	36.7%	17.9%	20.1%

NOTES TO THE FINANCIAL STATEMENTS

[All amounts in Sri Lanka Rupees '000]

35. Directors' interest in contracts with the Company and related party transactions (Contd.)

(ii) (a) Purchase of goods and services:

	Relationship	Aggregate value of related party transactions entered into during the financial year (LKR)				Aggregate value of related party transactions as a % of net revenue			
		Group		Company		Group		Company	
		2024	2023	2024	2023	2024	2023	2024	2023
Pacific Textiles Limited	Shareholder	56,208	223,479	30,392	183,346	0.1%	0.3%	0.1%	0.4%
Teejay Lanka Prints (Private) Limited	Subsidiary	Nil	Nil	979,087	1,501,196	Nil	Nil	2.5%	3.0%
Teejay India (Private) Limited	Sub-Subsidiary	Nil	Nil	2,395,153	4,233,052	Nil	Nil	6.2%	8.4%
Lanka Indian Oil Company PLC	Affiliate	56,459	671,785	54,412	515,820	0.1%	0.8%	0.1%	1.0%
Teejay Mauritius Private Limited	Subsidiary	Nil	Nil	1,000	Nil	Nil	Nil	0.0%	Nil
		112,667	895,264	3,460,044	6,433,414	0.2%	1.1%	9.0%	12.7%

(b) Advance granted for future fabric purchases

	Relationship	Aggregate value of related party transactions entered into during the financial year (LKR)				Aggregate value of related party transactions as a % of net revenue			
		Group		Company		Group		Company	
		2024	2023	2024	2023	2024	2023	2024	2023
Teejay Mauritius (Private) Limited	Subsidiary	Nil	Nil	2,094,199	Nil	Nil	Nil	5.4%	Nil
		Nil	Nil	2,094,199	Nil	Nil	Nil	5.4%	Nil

The amount of LKR 2,094,199 receivable from Teejay Mauritius (Private) Limited, a subsidiary of the Company, represents an initial advance paid to import fabric through Teejay Mauritius (Private) Limited by the Company. The Company has entered into an agreement with Teejay Mauritius (Private) Limited on 18 January 2024

to formalise this arrangement. Consequent to this agreement, Teejay Mauritius (Private) Limited is expected to place orders with Teejay India (Private) Limited, a sub subsidiary of the Company, or with third party fabric manufacturers, to fulfil the orders placed by the Company time to time.

NOTES TO THE FINANCIAL STATEMENTS

[All amounts in Sri Lanka Rupees '000]

35. Directors' interest in contracts with the Company and related party transactions (Contd.)

(iii) Purchase of administrative and other services:

	Relationship	Aggregate value of related party transactions entered into during the financial year (LKR)				Aggregate value of related party transactions as a % of net revenue			
		Group		Company		Group		Company	
		2024	2023	2024	2023	2024	2023	2024	2023
Pacific Textiles Limited	Shareholder	Nil	7,032	Nil	7,032	Nil	0.01%	Nil	0.01%
Brandix Lanka (Private) Limited	Shareholder	20,017	37,134	2,481	4,100	0.03%	0.04%	0.01%	0.01%
Teejay Lanka Prints (Private) Limited	Subsidiary	Nil	Nil	1,353	Nil	Nil	Nil	0.00%	Nil
Teejay India (Private) Limited	Sub-Subsidiary	Nil	Nil	40,047	Nil	Nil	Nil	0.10%	Nil
Fortude (Private) Limited	Affiliate	779	Nil	Nil	Nil	0.00%	Nil	Nil	Nil
Brandix Apparel (Private) Limited	Affiliate	137,887	163,359	113,618	125,851	0.23%	0.19%	0.29%	0.25%
Brandix Apparel Solutions (Private) Limited	Affiliate	1,169	13,450	783	11,556	0.00%	0.02%	0.00%	0.02%
Brandix Apparel India (Private) Limited	Affiliate	346	Nil	Nil	Nil	0.00%	0.00%	Nil	Nil
Brandix India Apparel City (Private) Limited	Affiliate	1,010,086	1,372,350	Nil	Nil	1.66%	1.63%	Nil	Nil
Adhishtan Investments India (Private) Limited	Affiliate	25,524	29,413	Nil	Nil	0.04%	0.03%	Nil	Nil
Digital Mobility Solutions Lanka (Private) Limited	Affiliate	1,819	2,099	1,819	2,099	0.00%	0.00%	0.00%	0.00%
BrandM Apparel Haiti Limited	Affiliate	4,577	Nil	4,577	Nil	0.01%	Nil	0.01%	Nil
Brandix Casualwear Bangladesh Limited	Affiliate	6,980	Nil	Nil	Nil	0.01%	Nil	Nil	Nil
		1,209,184	1,624,837	164,678	150,638	1.99%	1.93%	0.43%	0.30%

NOTES TO THE FINANCIAL STATEMENTS

[All amounts in Sri Lanka Rupees '000]

35. Directors' interest in contracts with the Company and related party transactions (Contd.)

(iv) Reimbursement of Expenses:

	Relationship	Aggregate value of related party transactions entered into during the financial year (LKR)				Aggregate value of related party transactions as a % of net revenue			
		Group		Company		Group		Company	
		2024	2023	2024	2023	2024	2023	2024	2023
Teejay Lanka Prints (Private) Limited	Subsidiary	Nil	Nil	127,628	16,128	Nil	Nil	0.33%	0.03%
Brandix Apparel (Pvt) Ltd	Affiliate	5,076	Nil	5,076	Nil	0.01%	Nil	0.01%	Nil
Teejay India (Private) Limited	Sub-Subsidiary	Nil	Nil	15,506	Nil	Nil	Nil	0.04%	Nil
Pacific Textiles Limited	Shareholder	7,283	Nil	7,282	Nil	0.01%	Nil	0.02%	Nil
		12,359	Nil	155,492	16,128	0.00%	0.00%	0.40%	0.03%

(v) Royalty income received (Note 7)

	Relationship	Aggregate value of related party transactions entered into during the financial year (LKR)				Aggregate value of related party transactions as a % of net revenue			
		Group		Company		Group		Company	
		2024	2023	2024	2023	2024	2023	2024	2023
Teejay India (Private) Limited	Sub-subsidiary	Nil	Nil	Nil	946,707	Nil	Nil	Nil	1.88%

NOTES TO THE FINANCIAL STATEMENTS

[All amounts in Sri Lanka Rupees '000]

35. Directors' interest in contracts with the Company and related party transactions (Contd.)

(vi) Steam coal sales – (net) (Note 7)

	Relationship	Aggregate value of related party transactions entered into during the financial year (LKR)				Aggregate value of related party transactions as a % of net revenue			
		Group		Company		Group		Company	
		2024	2023	2024	2023	2024	2023	2024	2023
Teejay Lanka Prints (Private) Limited	Subsidiary	Nil	Nil	25,594	104,792	Nil	Nil	0.07%	0.21%

(vii) Dividend income received – (Note 7)

	Relationship	Aggregate value of related party transactions entered into during the financial year (LKR)				Aggregate value of related party transactions as a % of net revenue			
		Group		Company		Group		Company	
		2024	2023	2024	2023	2024	2023	2024	2023
Teejay Lanka Prints (Private) Limited	Subsidiary	Nil	Nil	Nil	365,000	Nil	Nil	Nil	0.72%

NOTES TO THE FINANCIAL STATEMENTS

[All amounts in Sri Lanka Rupees '000]

35. Directors' interest in contracts with the Company and related party transactions (Contd.)

(viii) Interest Income on related party loan – (Note 10)

	Relationship	Aggregate value of related party transactions entered into during the financial year (LKR)				Aggregate value of related party transactions as a % of net revenue			
		Group		Company		Group		Company	
		2024	2023	2024	2023	2024	2023	2024	2023
Teejay Mauritius (Private) Limited	Subsidiary	Nil	Nil	68,487	76,690	Nil	Nil	0.18%	0.15%

(ix) Warehouse rent expenses

	Relationship	Aggregate value of related party transactions entered into during the financial year (LKR)				Aggregate value of related party transactions as a % of net revenue			
		Group		Company		Group		Company	
		2024	2023	2024	2023	2024	2023	2024	2023
Teejay Lanka Prints (Private) Limited	Subsidiary	Nil	Nil	9,719	11,106	Nil	Nil	0.03%	0.02%

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees '000)

35. Directors' interest in contracts with the Company and related party transactions (Contd.)

Outstanding balances arising from sale/purchase of goods/services:

(x) Receivables from related parties:

(a) Trade receivables

	Relationship	Group		Company	
		2024	2023	2024	2023
Brandix Apparel (Private) Limited	Affiliate	1,493,642	1,877,516	898,156	910,646
Brandix Apparel India (Private) Limited	Affiliate	958,584	892,594	142,253	173,317
BrandM Apparel Haiti Limited	Affiliate	128,868	277,748	110,327	99,755
Teejay Lanka Prints (Private) Limited	Subsidiary	Nil	Nil	91,486	472,651
Inqube Global (Private) Limited	Affiliate	1,286	23,362	1,286	23,362
Brandix Intimate India Private	Affiliate	109,478	Nil	81,665	Nil
Teejay India (Private) Limited	Sub-subsidiary	Nil	Nil	165,906	244,977
Brandix Intimate Apparel Limited	Affiliate	Nil	5,156	Nil	5,156
Quantum Clothing India (Private) Limited	Affiliate	Nil	28,468	Nil	28,516
Teejay Mauritius (Private) Limited	Subsidiary	Nil	Nil	1,921,010	Nil
Brandix India Apparel City (Private) Limited	Affiliate	357	Nil	Nil	Nil
		2,692,215	3,104,844	3,412,089	1,958,380
Less – provision for impairment of amounts due from related companies		(106,236)	(96,331)	(26,263)	(11,920)
Total amount due from related companies		2,585,979	3,008,513	3,385,826	1,946,460

NOTES TO THE FINANCIAL STATEMENTS

[All amounts in Sri Lanka Rupees '000]

35. Directors' interest in contracts with the Company and related party transactions (Contd.)

Movement of loss allowance during the year is as follows:

	Group		Company	
	2024	2023	2024	2023
At the beginning of the year	96,331	43,913	11,920	10,814
Increase in provision for impairment from related companies	17,798	52,975	16,108	Nil
Effect of movement in foreign exchange rates	(7,893)	(557)	(1,765)	1,106
At the end of the year	106,236	96,331	26,263	11,920

(b) Other receivables

	Relationship	Group		Company	
		2024	2023	2024	2023
Adhishtan Investments India (Private) Limited	Affiliate	6,102	6,376	Nil	Nil
Brandix India Apparel City (Private) Limited	Affiliate	114,861	125,439	Nil	Nil
Teejay India (Private) Limited	Sub-Subsidiary	Nil	Nil	246,907	1,792,893
Digital Mobility Solutions Lanka (Private) Limited	Affiliate	415	447	415	447
Lanka Indian Oil Company PLC	Affiliate	18,671	46,698	2,208	26,888
Brandix Intimate India (Private) Limited	Affiliate	Nil	1,382	Nil	Nil
Pacific Textiles Limited	Shareholder	18,917	Nil	18,917	Nil
BrandM Apparel Haiti LTD	Affiliate	1,578	Nil	1,578	Nil
		160,544	180,342	270,025	1,820,228

NOTES TO THE FINANCIAL STATEMENTS

[All amounts in Sri Lanka Rupees '000]

35. Directors' interest in contracts with the Company and related party transactions (Contd.)

(xi) Payables to related parties:

	Relationship	Group		Company	
		2024	2023	2024	2023
Pacific Textiles Limited	Shareholder	1,093	17,255	Nil	17,255
Teejay India (Private) Limited	Sub-Subsidiary	Nil	Nil	326,222	655,896
Teejay Lanka Prints (Private) Limited	Subsidiary	Nil	Nil	97,592	543,937
Brandix Lanka (Private) Limited	Shareholder	8,066	6,601	3,781	1,552
Brandix Apparel (Private) Limited	Affiliate	145,872	86,852	121,984	69,648
Adhishtan Investments India (Private) Limited	Affiliate	6,564	593	Nil	Nil
Brandix Apparel Solutions (Pvt) Ltd	Affiliate	506	10,500	386	10,129
Brandix India Apparel City (Private) Limited	Affiliate	270,179	337,768	Nil	Nil
Brandix Apparel India Limited	Affiliate	Nil	481	Nil	Nil
Teejay Mauritius (Private) Limited	Subsidiary	Nil	Nil	943	Nil
		432,280	460,050	550,908	1,298,417

NOTES TO THE FINANCIAL STATEMENTS

[All amounts in Sri Lanka Rupees '000]

35. Directors' interest in contracts with the Company and related party transactions (Contd.)

(xii) Loan given to related company (Note 21):

Relationship	Group		Company	
	2024	2023	2024	2023
Non-current				
TeejayMauritius(Private)Limited	Nil	Nil	698,952	1,026,453
Current				
TeejayMauritius(Private)Limited	Nil	Nil	765,317	480,912
TeejayMauritius(Private)Limited	Nil	Nil	1,464,269	1,507,365

Loan granted is unsecured, interest is charged at 5% per annum and is repayable in twenty quarterly instalments commencing from 30 March 2023.

(xiii) Key Management compensation:

Key management includes the Board of Directors (executive and non-executive) and all members of Company's senior management. The compensation paid or payable to key management for employee services is shown below:

	Group		Company	
	2024	2023	2024	2023
Salaries and other benefits	277,022	269,691	227,575	227,984
Post-employment benefits	8,959	7,111	6,470	6,011
	285,981	276,802	234,045	233,995

36. EVENTS AFTER THE END OF REPORTING PERIOD

No events have occurred since the statement of financial position date which would require adjustments to, or disclosure in, these financial statements.



SUPPLEMENTARY INFORMATION

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Notice of
Meeting

ASSURANCE STATEMENT



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Independent practitioner's assurance report to the Board of Directors of Teejay Lanka PLC on the Sustainability reporting criteria presented in the Integrated Annual Report FY 2023/24

SCOPE

We have been engaged by Teejay Lanka 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 Teejay Lanka PLC's Economic, Environment, Social and Governance (EESG) indicators (the "Subject Matter") contained in Teejay Lanka 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 TEEJAY LANKA PLC

In preparing the Subject Matter, Teejay Lanka 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.

Teejay Lanka PLC's responsibilities

Teejay Lanka 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.

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 Sajewani 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

ASSURANCE STATEMENT



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 Teejay Lanka PLC on 4 March 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.

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.

ASSURANCE STATEMENT



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 Teejay Lanka PLC for the year ended 31 March 2024, in order for it to be in accordance with the Criteria.

A handwritten signature in black ink, appearing to read 'Remot + Yours', is positioned above a horizontal line.

Chartered Accountants

5 June 2024
Colombo

TEN YEAR FINANCIAL SUMMARY – GROUP

All Amounts in Sri Lanka Rupees Thousands	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Income Statement										
Revenue	60,733,952	84,037,126	49,587,964	31,780,287	33,276,977	31,746,592	24,647,488	22,137,641	17,820,179	13,678,462
Cost of Sales	55,677,311	77,194,229	45,010,323	27,990,328	29,047,934	28,060,534	21,736,289	19,061,926	14,825,317	12,057,430
Gross Profit	5,056,641	6,842,897	4,577,641	3,789,959	4,229,042	3,686,058	2,911,199	3,075,715	2,994,862	1,621,032
Operating Profit	2,213,198	3,295,076	2,573,103	2,441,402	2,728,431	2,344,649	1,810,842	1,992,405	2,167,608	1,201,046
Profit before taxation	1,572,379	3,116,474	2,863,720	2,599,336	2,811,964	2,257,062	1,817,716	2,011,370	2,228,947	1,361,544
Current taxation	462,843	[989,743]	[332,466]	[459,739]	[428,180]	[398,345]	[221,602]	[52,195]	[58,280]	[29,385]
Profit after taxation	1,109,536	2,126,731	2,531,250	2,139,602	2,383,784	1,858,717	1,596,114	1,959,175	2,170,667	1,332,159
Assets										
Non-current assets	24,096,977	25,957,751	21,996,498	10,499,504	10,673,443	9,026,474	8,437,181	7,788,112	6,710,361	3,415,789
Current assets	30,935,723	34,100,466	37,897,277	20,599,835	16,289,050	13,359,457	11,127,755	8,981,687	8,266,947	5,329,871
Total assets	55,032,700	60,058,217	59,893,775	31,099,339	26,962,493	22,385,931	19,564,936	16,769,799	14,977,308	8,745,660
Equity										
Capital and reserves										
Stated capital	4,442,234	4,442,234	4,442,234	4,248,787	4,056,683	4,056,683	4,056,683	3,942,686	3,853,024	2,849,899
Hedging reserve	Nil	Nil	Nil	Nil	Nil	Nil	9,673	Nil	Nil	Nil
Exchange equalisation reserve	13,393,498	18,047,539	15,219,684	6,225,275	5,263,128	4,171,784	2,577,679	2,446,006	2,090,184	1,240,168
Share option scheme	181,691	153,491	153,491	153,491	96,760	96,760	85,505	63,746	42,283	19,473
Retained earnings	10,436,101	9,400,088	8,410,460	7,136,671	6,231,783	5,600,028	4,971,882	4,724,786	4,150,852	2,925,111
Total equity	28,453,524	32,043,352	28,225,869	17,764,224	15,648,354	13,925,255	11,701,422	11,177,224	10,136,343	7,034,651

TEN YEAR FINANCIAL SUMMARY – GROUP

All Amounts in Sri Lanka Rupees Thousands	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Liabilities										
Non-current liabilities										
Borrowings	4,139,942	6,238,676	5,581,171	197,620	412,192	801,182	1,106,784	567,429	141,680	Nil
Lease liabilities	1,229,391	1,340,989	930,430	654,657	627,993	Nil	Nil	Nil	Nil	
Deferred tax liabilities	2,213,454	2,363,673	918,784	626,990	647,880	538,266	318,004	247,932	240,227	114,316
Retirement benefit obligations	875,378	568,559	424,817	520,422	377,583	251,932	207,666	208,120	190,931	131,969
	8,458,165	10,511,897	7,855,202	1,999,689	2,065,648	1,591,380	1,632,454	1,023,481	572,838	246,285
Current liabilities	16,444,371	18,195,538	23,812,704	11,335,426	9,248,491	6,869,296	6,231,060	4,569,094	4,268,127	1,464,724
Total liabilities	24,902,536	28,707,435	31,667,906	13,335,115	11,314,139	8,460,676	7,863,514	5,592,575	4,840,965	1,711,009
Total equity and liabilities	55,032,700	60,750,787	59,893,775	31,099,339	26,962,493	22,385,931	19,564,936	16,769,799	14,977,308	8,745,660
Net Cash generated from operating activities	2,854,100	7,667,218	4,766,105	2,343,764	3,848,633	3,585,008	3,010,383	1,697,896	3,768,007	1,238,444
Net Cash used in investing activities	265,363	(4,793,694)	(6,105,085)	(1,427,656)	(1,875,661)	(576,668)	(1,222,713)	(1,052,446)	(1,786,985)	(610,204)
Net cash used in financing activities	(2,722,465)	(1,687,464)	3,300,578	(1,814,757)	(1,136,433)	(1,479,124)	(540,849)	(74,790)	(1,211,660)	(806,308)
Net (decrease)/increase in cash and cash equivalents	(133,728)	1,186,060	1,961,598	(898,649)	836,539	1,529,216	1,246,821	570,660	769,362	(178,068)
Ratios and Statistics (%)										
Annual growth in turnover	(27.73)	69.5	56.0	(4.5)	4.8	28.8	11.3	24.2	30.3	7.5
Gross profit margin	8.3	8.1	9.2	11.9	12.7	11.6	11.8	13.9	16.8	11.9
Net profit margin	1.8	2.5	5.1	6.7	7.2	5.9	6.5	8.8	12.2	9.7

TEN YEAR FINANCIAL SUMMARY – GROUP

All Amounts in Sri Lanka Rupees Thousands	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Earnings per share	1.5	2.9	3.5	3.0	3.4	2.7	2.3	2.8	3.2	2.0
Net assets per share at year end	42.04	44.7	39.4	25.2	22.3	19.8	16.7	16.0	14.6	10.6
Dividend per share	0.75	1.50	2.00	1.66	2.40	1.75	1.95	2.30	1.60	1.30
Dividend pay out	48.4	50.6	56.6	54.7	70.7	73.6	70.1	80.2	49.3	64.3
Debt to equity	0.35	0.39	0.41	0.19	0.25	0.21	0.24	0.21	0.18	0.3
Dividend yield	2.0	4.7	5.0	4.2	10.3	5.8	6.1	6.2	5.0	64.3
Return on equity (ROE)	3.6	7.1	11.0	12.8	16.1	14.5	14.0	18.4	25.3	19.9
Return on assets (ROA)	1.9	3.5	5.6	7.4	9.7	8.9	8.8	12.3	18.3	15.5
Gearing ratio	34.8	39.3	40.7	18.6	25.0	21.3	24.2	18.7	8.9	0.3
Current ratio	1.9	1.9	1.6	1.8	1.8	1.9	1.8	2.0	1.9	10.6
Quick ratio	1.17	1.18	1.3	1.4	1.2	1.3	1.1	1.0	0.9	0.7

SHAREHOLDER INFORMATION

SHAREHOLDING AS OF 31 MARCH 2024

Number of shares held	Residents			Non- Residents			Total		
	Number of share holders	Number of shares	%	Number of share holders	Number of shares	%	Number of share holders	Number of shares	%
1- 1,000	5,043	1,902,584	0.27	16	9,500	0.00	5,059	1,912,084	0.27
1,001- 10,000	2116	8,281,707	1.16	28	181,868	0.03	2,144	8,463,575	1.18
10,001- 100,000	776	26,916,023	3.76	22	679,465	0.09	798	27,595,488	3.85
100,001-1,000,000	186	59,112,181	8.25	20	8,030,535	1.12	206	67,142,716	9.37
1,000,001 and Over	21	298,849,235	41.70	13	312,776,877	43.64	34	611,626,112	85.33
Total	8,142	395,061,730	55.12	99	321,678,245	44.88	8,241	716,739,975	100.00

CATEGORIES OF SHAREHOLDERS

Categories of Shareholders	Total		
	Number of Shareholders	Number of shares	%
Individuals	7,948	96,742,322	13.50
Institutions	292	619,997,653	86.50
Total	8,240	716,739,975	100.00

SHARE TRADING INFORMATION

	2023/24	2022/23
Highest (LKR)	40.00 18 March 2024	47.90 5 August 2022
Lowest (LKR)	28.70 23 May 2023	30.80 18 January 2023
Closing (LKR)	37.60	32.00
Number of transactions	10,384	17,486
Number of shares traded	67,787,624	66,105,293
Value of shares traded (LKR)	2,348,936,274	2,566,661,992

SHAREHOLDER INFORMATION

TOP 20 SHAREHOLDER LIST AS AT 31 MARCH 2024

Name	Shares	%
1. Brandix Lanka Ltd. – Number 1 Account	233,629,844	32.60
2. Pacific Textured Jersey Holdings Limited	195,926,217	27.34
3. BBH – Fidelity Funds	47,101,753	6.57
4. JPMCB NA – Fidelity Asian Values PLC	19,300,949	2.69
5. Citibank Newyork S/A Norges Bank Account 2	17,356,440	2.42
6. Pemberton Asian Opportunities Fund	10,988,061	1.53
7. J.B. Cocoshell (Pvt) Ltd.	8,753,539	1.22
8. Mr Rajinda Priyanjith Weerasooriya	8,735,939	1.22
9. Mr Hanif Yusoof	8,290,942	1.16
10. Employees Provident Fund	6,979,333	0.97
11. Rubber Investment Trust Ltd A/C No. 01	5,393,548	0.75
12. Hatton National Bank PLC – Senfin Growth Fund	4,953,926	0.69
13. Citibank Hong Kong S/A Hostplus Pooled Superannuation Trust	4,649,481	0.65
14. SSBT – Sunsuper Pty. Ltd. As Trustee For Sunsuper Superannuation Fund	3,826,628	0.53
15. Standard Chartered Bank Difc Branch S/A Efg Hermes UAE L.L.C	3,814,630	0.53
16. GF Capital Global Limited	3,076,050	0.43
17. Employees Trust Fund Board	2,677,561	0.37
18. Sam Innovators (Pvt) Ltd.	2,500,000	0.35
19. Mr Lintotage Kevin Marc Fernando	2,351,546	0.33
20. MCSEN Range Private Limited	2,031,400	0.28

PUBLIC SHAREHOLDINGS

	31 Mar 2024		31 Mar 2023	
Number of Shares	284,245,783	39.66%	285,069,377	39.77%

DIRECTORS' SHAREHOLDING

Directors	31 Mar 2024		31 Mar 2023	
	Number of Shares	%	Number of Shares	%
Ajit Damon Gunewardene	713,723	0.10	713,723	0.10
M A Hasitha Premaratne	40,000	0.01	40,000	0.01

CEO'S SHAREHOLDING

















Chief Executive Officer's holding in Shares of the Company	31 Mar 2024		31 Mar 2023	
	Number of Shares	%	Number of Shares	%
P H Pubudu Karunathilake De Silva	565,155	0.08	1,115,155	0.16

GRI CONTENT INDEX

Statement of use		Teejay Lanka PLC has reported in accordance with the GRI Standards for the period 1 April 2023 to 31 March 2024.			
GRI 1 used		GRI 1: Foundation 2021			
Applicable GRI Sector Standard(s)		N/A			
GRI Standard/ Other Source	Disclosure	Location	Omission		GRI Sector Standard Ref. No.
			Requirement(s) Omitted	Reason Explanation	

General Disclosures

GRI 2: General Disclosures 2021

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2-2	Entities included in the organisation's sustainability reporting	About Teejay Page  , About this Report Page 	
2-3	Reporting period, frequency and contact point	About this Report Page 	
2-4	Restatements of information	About this Report Page 	
2-5	External assurance	About this Report Page 	
2-6	Activities, value chain and other business relationships	About Teejay Lanka Page  , Our Approach to Sustainable Fabrics Page  , Supply Chain Page 	
2-7	Employees	Our People Page 	
2-8	Workers who are not employees	Our People Page 	
2-9	Governance structure and composition	Corporate Governance – Governance Structure Page 	
2-10	Nomination and selection of the highest governance body	Corporate Governance – GRI Governance Disclosures Page 	
2-11	Chair of the highest governance body	Corporate Governance – GRI Governance Disclosures Page 	
2-12	Role of the highest governance body in overseeing the management of impacts	Corporate Governance – GRI Governance Disclosures Page 	







GRI CONTENT INDEX

Statement of use		Teejay Lanka PLC has reported in accordance with the GRI Standards for the period 1 April 2023 to 31 March 2024.				
GRI 1 used		GRI 1: Foundation 2021				
Applicable GRI Sector Standard(s)		N/A				
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	Corporate Governance – GRI Governance Disclosures Page				
	2-14 Role of the highest governance body in sustainability reporting	Corporate Governance – GRI Governance Disclosures Page				
	2-15 Conflicts of interest	Corporate Governance – GRI Governance Disclosures Page				
	2-16 Communication of critical concerns	Corporate Governance – GRI Governance Disclosures Page				
	2-17 Collective knowledge of the highest governance body	Corporate Governance – GRI Governance Disclosures Page				
	2-18 Evaluation of the performance of the highest governance body	Corporate Governance – GRI Governance Disclosures Page				
	2-19 Remuneration policies	Corporate Governance – GRI Governance Disclosures Page				
	2-20 Process to determine remuneration	Corporate Governance – GRI Governance Disclosures Page				
	2-21 Annual total compensation ratio	An omission				
	2-22 Statement on sustainable development strategy	Chairman’s Statement Page				
	2-23 Policy commitments	Chairman’s Statement Page , Building a Sustainable Business Page				
	2-24 Embedding policy commitments	Building a Sustainable Business – Embedding Our Policy Commitments Page				

GRI CONTENT INDEX

Statement of use		Teejay Lanka PLC has reported in accordance with the GRI Standards for the period 1 April 2023 to 31 March 2024.			
GRI 1 used		GRI 1: Foundation 2021			
Applicable GRI Sector Standard(s)		N/A			
GRI Standard/ Other Source	Disclosure	Location	Omission		GRI Sector Standard Ref. No.
			Requirement(s) Omitted	Reason	Explanation
	2-25 Processes to remediate negative impacts	Building a Sustainable Business – Processes to Remediate Negative Impacts Page			
	2-26 Mechanisms for seeking advice and raising concerns	Building a Sustainable Business – Processes to Remediate Negative Impacts Page			
	2-27 Compliance with laws and regulations	Building a Sustainable Business – Precautionary Principle and Compliance with Laws and Regulations Page			
	2-28 Membership associations	About Teejay Lanka Page			
	2-29 Approach to stakeholder engagement	Building a Sustainable Business – Approach to Stakeholder Engagement Page			
	2-30 Collective bargaining agreements	Building a Sustainable Business – Labour Practices and Social Responsibility Page , Our People – Communication and Compliance Page			
Material Topics					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Building a Sustainable Business – Materiality Assessment Methodology Page			
	3-2 List of material topics	Building a Sustainable Business – Prioritised Material Topics Page			









GRI CONTENT INDEX

Statement of use		Teejay Lanka PLC has reported in accordance with the GRI Standards for the period 1 April 2023 to 31 March 2024.				
GRI 1 used		GRI 1: Foundation 2021				
Applicable GRI Sector Standard(s)		N/A				
GRI Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement(s) Omitted	Reason	Explanation	
Economic performance						
GRI 3: Material Topics 2021	3-3	Management of material topics	Building a Sustainable Business – Management of Material Topics Page  , Corporate Website (www.teejay.com)			
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	Financial Capital – Economic Value Added Page 			
	201-2	Financial implications and other risks and opportunities due to climate change	Financial Capital – Assessing the Potential Financial Impacts of Climate Change Page  and Page 			
	201-3	Defined benefit plan obligations and other retirement plans	Corporate Website (www.teejay.com)			
	201-4	Financial assistance received from Government	Full disclosure omitted	Information unavailable/ incomplete	Teejay did not receive assistance from the Government	
Anti-corruption						
GRI 3: Material Topics 2021	3-3	Management of material topics	Corporate Website (www.teejay.com)			
GRI 205: Anti- corruption 2016	205-1	Operations assessed for risks related to corruption	Corporate Website (www.teejay.com)			
	205-2	Communication and training about anti-corruption policies and procedures	Corporate Website (www.teejay.com)			
	205-3	Confirmed incidents of corruption and actions taken	Building a Sustainable Business – Precautionary Principle and Compliance with Laws and Regulations Page  and Page 			

GRI CONTENT INDEX

Statement of use		Teejay Lanka PLC has reported in accordance with the GRI Standards for the period 1 April 2023 to 31 March 2024.				
GRI 1 used		GRI 1: Foundation 2021				
Applicable GRI Sector Standard(s)		N/A				
GRI Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement(s) Omitted	Reason	Explanation	
Materials						
GRI 3: Material Topics 2021	3-3	Management of material topics	Corporate Website (www.teejay.com)			
GRI 301: Materials 2016	301-1	Materials used by weight or volume	Materials: Sustainable Sourcing to Support Circularity Page			
	301-2	Recycled input materials used	Materials: Sustainable Sourcing to Support Circularity Page			
Energy						
GRI 3: Material Topics 2021	3-3	Management of material topics	Energy: Championing the Energy Transition Page , Corporate Website (www.teejay.com)			
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	Energy: Championing the Energy Transition Page			
	302-2	Energy consumption outside of the organisation	Full disclosure omitted	Information unavailable/ incomplete		
	302-3	Energy intensity	Energy: Championing the Energy Transition Page			
	302-4	Reduction of energy consumption	Energy: Championing the Energy Transition Page			
	302-5	Reductions in energy requirements of products and services	Energy: Championing the Energy Transition Page			

GRI CONTENT INDEX

Statement of use		Teejay Lanka PLC has reported in accordance with the GRI Standards for the period 1 April 2023 to 31 March 2024.				
GRI 1 used		GRI 1: Foundation 2021				
Applicable GRI Sector Standard(s)		N/A				
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	Water: Stewardship of Water Resources Page  , Corporate Website (www.teejay.com)			
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	Water: Stewardship of Water Resources Page  , Corporate Website (www.teejay.com)			
	303-2	Management of water discharge-related impacts	Water: Stewardship of Water Resources Page  , Corporate Website (www.teejay.com)			
	303-3	Water withdrawal	Input: Responsible Water-Withdrawal Page 			
	303-4	Water discharge	Output: Stringent Standards for Effluent Discharge Page 			
	303-5	Water consumption				
Emissions						
GRI 3: Material Topics 2021	3-3	Management of material topics	Emissions: Decarbonising our Operations Page  , Corporate Website (www.teejay.com)			
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Emissions: Decarbonising our Operations Page 			
	305-2	Energy indirect (Scope 2) GHG emissions	Emissions: Decarbonising our Operations Page 			
	305-3	Other indirect (Scope 3) GHG emissions	Full disclosure omitted	Information unavailable/incomplete	Teejay intends to report on this in the near future	










GRI CONTENT INDEX

Statement of use		Teejay Lanka PLC has reported in accordance with the GRI Standards for the period 1 April 2023 to 31 March 2024.				
GRI 1 used		GRI 1: Foundation 2021				
Applicable GRI Sector Standard(s)		N/A				
GRI Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement(s) Omitted	Reason	Explanation	
	305-4	GHG emissions intensity	Full disclosure omitted	Information unavailable/incomplete	Teejay intends to report on this in the near future	
	305-5	Reduction of GHG emissions	Emissions: Decarbonising our Operations Page👉			
	305-6	Emissions of ozone-depleting substances (ODS)	Emissions: Decarbonising our Operations Page👉			
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Emissions: Decarbonising our Operations Page👉			
Waste						
GRI 3: Material Topics 2021	3-3	Management of material topics	Waste: Reducing Waste and Unlocking Value Page👉, Corporate Website (www.teejay.com)			
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	Waste: Reducing Waste and Unlocking Value Page👉			
	306-2	Management of significant waste-related impacts	Waste: Reducing Waste and Unlocking Value Page👉			
	306-3	Waste generated	Waste: Reducing Waste and Unlocking Value Page👉			
	306-4	Waste diverted from disposal	Waste: Reducing Waste and Unlocking Value Page👉			
	306-5	Waste directed to disposal	Waste: Reducing Waste and Unlocking Value Page👉			

GRI CONTENT INDEX

Statement of use		Teejay Lanka PLC has reported in accordance with the GRI Standards for the period 1 April 2023 to 31 March 2024.				
GRI 1 used		GRI 1: Foundation 2021				
Applicable GRI Sector Standard(s)		N/A				
GRI Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement(s) Omitted	Reason	Explanation	
Supplier environmental assessment						
GRI 3: Material Topics 2021	3-3	Management of material topics	Corporate Website (www.teejay.com)			
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	Supply Chain – Due Diligence and Compliance Page	Full disclosure omitted	Information unavailable/incomplete	Teejay intends to report on this in the near future
	308-2	Negative environmental impacts in the supply chain and actions taken	Supply Chain – Driving Sustainability across the Supply Chain Page	Full disclosure omitted	Information unavailable/incomplete	Teejay intends to report on this in the near future
Employment						
GRI 3: Material Topics 2021	3-3	Management of material topics	Our People Page , Corporate Website (www.teejay.com)			
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	Our People – Attracting and Retaining Talent Page	Omitted	Information unavailable	Partially reported
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Our People Page			
	401-3	Parental leave	Our People – Employee Engagement and Welfare Page			

GRI CONTENT INDEX

Statement of use		Teejay Lanka PLC has reported in accordance with the GRI Standards for the period 1 April 2023 to 31 March 2024.				
GRI 1 used		GRI 1: Foundation 2021				
Applicable GRI Sector Standard(s)		N/A				
GRI Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement(s) Omitted	Reason	Explanation	
Occupational health and safety						
GRI 3: Material Topics 2021	3-3	Management of material topics	Corporate Website (www.teejay.com)			
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	Building a Sustainable Business – Labour Practices and Social Responsibility Page  , Our People – Occupational Health and Safety Page 			
	403-2	Hazard identification, risk assessment, and incident investigation	Our People – Occupational Health and Safety Page  , Corporate Website (www.teejay.com)			
	403-3	Occupational health services	Our People – Occupational Health and Safety Page 			
	403-4	Worker participation, consultation, and communication on occupational health and safety	Our People – Occupational Health and Safety Page 			
	403-5	Worker training on occupational health and safety	Our People – Occupational Health and Safety Page 			
	403-6	Promotion of worker health	Our People – Occupational Health and Safety Page 			
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Our People – Occupational Health and Safety Page 			
	403-8	Workers covered by an occupational health and safety management system	Our People – Occupational Health and Safety Page 			

GRI CONTENT INDEX

Statement of use		Teejay Lanka PLC has reported in accordance with the GRI Standards for the period 1 April 2023 to 31 March 2024.				
GRI 1 used		GRI 1: Foundation 2021				
Applicable GRI Sector Standard(s)		N/A				
GRI Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement(s) Omitted	Reason	Explanation	
	403-9 Work-related injuries	Our People – Occupational Health and Safety Page				
	403-10 Work-related ill health	Our People – Occupational Health and Safety Page				
Training and education						
GRI 3: Material Topics 2021	3-3 Management of material topics	Corporate Website (www.teejay.com)				
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Our People – Training and Development Page				
	404-2 Programmes for upgrading employee skills and transition assistance programmes	Our People – Training and Development Page				
	404-3 Percentage of employees receiving regular performance and career development reviews	Our People – Performance Management and Recognition Page				
Diversity and equal opportunity						
GRI 3: Material Topics 2021	3-3 Management of material topics	Corporate Website (www.teejay.com)				
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Our People – Fostering Diversity, Equity, and Inclusion Page	Omitted	Information unavailable	Partially covered	
	405-2 Ratio of basic salary and remuneration of women to men		Full disclosure omitted	Information unavailable/incomplete	Teejay intends to report on this in the near future	

GRI CONTENT INDEX

Statement of use		Teejay Lanka PLC has reported in accordance with the GRI Standards for the period 1 April 2023 to 31 March 2024.				
GRI 1 used		GRI 1: Foundation 2021				
Applicable GRI Sector Standard(s)		N/A				
GRI Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement(s) Omitted	Reason	Explanation	
Non-discrimination						
GRI 3: Material Topics 2021	3-3	Management of material topics	Corporate Website (www.teejay.com)			
GRI 406: Non- discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	Our People – Communication and Compliance Page			
Child labour						
GRI 3: Material Topics 2021	3-3	Management of material topics	Corporate Website (www.teejay.com)			
GRI 408: Child Labour 2016	408-1	Operations and suppliers at significant risk for incidents of child labour	Our People – Communication and Compliance Page , Supply Chain – Due Diligence and Compliance Page			
Forced or compulsory labour						
GRI 3: Material Topics 2021	3-3	Management of material topics	Corporate Website (www.teejay.com)			
GRI 409: Forced or Compulsory Labour 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Our People – Communication and Compliance Page , Supply Chain – Due Diligence and Compliance Page			
Local communities						
GRI 3: Material Topics 2021	3-3	Management of material topics	Corporate Website (www.teejay.com)			
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programmes	Community Responsibility – Driving Community Development Page			
	413-2	Operations with significant actual and potential negative impacts on local communities	Community Responsibility – Driving Community Development Page			

GRI CONTENT INDEX

Statement of use		Teejay Lanka PLC has reported in accordance with the GRI Standards for the period 1 April 2023 to 31 March 2024.				
GRI 1 used		GRI 1: Foundation 2021				
Applicable GRI Sector Standard(s)		N/A				
GRI Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement(s) Omitted	Reason	Explanation	
Community Responsibility – Driving Community Development Page						
GRI 3: Material Topics 2021	3-3	Management of material topics	Corporate Website (www.teejay.com)			
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	Supply Chain – Due Diligence and Compliance Page			
	414-2	Negative social impacts in the supply chain and actions taken	Supply Chain – Due Diligence and Compliance Page			
Customer health and safety						
GRI 3: Material Topics 2021	3-3	Management of material topics	Corporate Website (www.teejay.com)			
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	Chemicals: Responsible Management Page , Prioritising Customer Health and Safety Page			
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Chemicals: Responsible Management Page , Prioritising Customer Health and Safety Page			
Customer privacy						
GRI 3: Material Topics 2021	3-3	Management of material topics	Corporate Website (www.teejay.com)			
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Customer Centricity – Sustainable Sourcing Page			

GLOSSARY OF FINANCIAL TERMS

A

ACCOUNTING POLICIES

Specific principles, bases, conventions, rules and practices adopted by an enterprise in preparing and presenting Financial Statements.

C

CAPITAL EMPLOYED

Total assets less interest free liabilities.

CAPITAL RESERVES

Profits of a company that, for various reasons, are not regarded as distributable to shareholders as dividends. These include gains on revaluation of capital assets.

CASH AND CASH EQUIVALENT

Short-term highly liquid assets those are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

CONTINGENCIES

A condition or situation existing at the reporting date where the outcome will be confirmed only by occurrence or non-occurrence of one or more future events.

CURRENT RATIO

Current assets divided by current liabilities.

D

DEBT TO EQUITY RATIO

Interest bearing borrowings divided by equity.

DEFERRED TAXATION

Sum set aside for tax in the accounts of an entity that will become liable in a period other than that under review.

DIVIDEND COVER

Profit attributable to equity holders divided by gross dividend. Measures the number of times dividend is covered by distributable profit.

DIVIDEND PAYOUT RATIO

Dividends per share divided by earnings per share.

E

EARNINGS PER SHARE

Profits attributable to ordinary shareholders divided by the number of ordinary shares in issue and ranking for dividend.

G

GROSS DIVIDEND

Portion of profits, inclusive of tax withheld, distributed to shareholders.

I

INTEREST COVER

Earnings before interest, tax, divided by finance expenses.

N

NET ASSETS PER SHARE

Shareholders' funds divided by the number of ordinary shares issued.

O

OPERATING PROFIT MARGIN

Operating Profit divided by turnover.

P

PRICE EARNINGS RATIO

Market price of a share divided by earnings per share.

R

RELATED PARTIES

Parties who could control or significantly influence the financial and operating policies of the business.

RETURN ON ASSETS

Net profit for the year divided by assets.

RETURN ON EQUITY

Net profit for the year divided by equity.

REVENUE RESERVES

Reserves considered as being available for distributions and investments.

S

SHAREHOLDERS' FUNDS

Total of issued and fully paid up capital and reserves.

V

VALUE ADDITIONS

The quantum of wealth generated by the activities of the group and its application.

W

WORKING CAPITAL

Capital required to finance the day to day operations (current assets minus current liabilities).

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of Teejay Lanka PLC will be held online via a virtual platform on Friday, 28 June 2024, at 5.30pm for the following purposes:

AGENDA

1. To receive and consider the Annual Report of the Board and the Financial Statements of the Company for the financial year ended 31 March 2024 together with the Report of the Auditors thereon.
2. To re-appoint Deloitte Partners, Chartered Accountants, as the Auditors of the Company, to hold office until the conclusion of the next Annual General Meeting of the Company at a remuneration to be agreed upon with them by the Board of Directors and to audit the Financial Statements of the Company for the ensuing year.
3. To re-elect Mr William (Bill) C McRaith, who retires in terms of Article 27 (3) of the Articles of Association and being eligible has offered himself for re-election.
4. To re-elect Mr Shrihan B Perera, who retires in terms of Article 27 (3) of the Articles of Association and being eligible has offered himself for re-election.
5. To declare a final dividend of LKR 0.75 per share for the financial year ended 31 March 2024 as recommended by the Board.
6. To consider and if thought fit to pass the following Special Resolutions to amend the Articles of Association of the Company in line with and to comply with the Listing Rules of the Colombo Stock Exchange that are currently in force.

Special Resolution 1:

IT IS HEREBY RESOLVED THAT article 27 (1) be deleted in its entirety and substituted with the following Article 27 (1):

27 (1) "Unless otherwise determined by ordinary resolution of the shareholders of the Company, the number of Directors of the Company shall not be less than five (5) and not more than nine (9).

Special Resolution 2 :

IT IS HEREBY RESOLVED that article 27 (5) be deleted in its entirety and be substituted with the following new articles numbered 27 (5) (a) to 27 (5) (d).

27 (5) (a) A Director may, if he is unable to attend to his duties as a Director, by notice in writing under his hand to the registered office of the Company or by notice sent by facsimile transmission or by email, appoint any person to be an Alternate Director of the Company in exceptional circumstances and for a maximum period of one (01) year from the date of appointment and at any time remove the alternate Director so appointed.

27 (5) (b) If an Alternate Director is appointed by and for a Non-Executive Director, such alternate should not be an executive of the Company.

27 (5) (c) If an Alternate Director is appointed by and for an Independent Director, the person so appointed should meet the criteria of independence specified in the Listing Rules of the Colombo Stock Exchange and the Company shall satisfy the requirements relating to the minimum number of Independent Directors specified in the Rules. The Nominations and Governance Committee shall review and determine that the person nominated as the alternate would qualify as an independent director before such appointment is made.

27 (5) (d) The attendance of any Alternate Director at any meeting, including a Board committee meeting, shall be counted for the purpose of quorum.

Special Resolution 3:

IT IS HEREBY RESOLVED THAT article 27 (6) be amended by inserting the words "Subject to Article 27 (5) above" so that the amended article shall be read as follows:

27 (6) Subject to Article 27 (5) above, a Director appointed by another Director to be his alternate director shall thereupon be entitled to exercise (in addition to his own right of voting as a Director) such appointer's rights at meetings of the Board. A person may act as an Alternate Director for more than one Director.

Special Resolution 4:

IT IS HEREBY RESOLVED that article No. 27 (8) be deleted in its entirety and that Articles 27 (9), 27 (10) (a), 27 (10) (b), 27 (11) and 27 (12) be renumbered as Articles 27 (8), 27 (9) (a), 27 (9) (b), 27 (10) and 27 (11) respectively.

6. To authorise Directors to determine contributions to charities.

By order of the Board,



Corporate Services (Private) Limited
Secretaries

Teejay Lanka PLC
Colombo

At Colombo, on this 5 June 2024.

GLOSSARY OF FINANCIAL TERMS

Note:

Any shareholder entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote/speak in his/her stead and a form of proxy is sent herewith for this purpose. A proxy need not be a shareholder of the Company. A completed form of proxy must be deposited at the registered office of the Company, at No. Block D8 – D14, Seethawaka, Export Processing, Zone, Avissawella or e-mailed to corporateservices@corporateservices.lk not less than 48 hours before the time appointed for the holding of the meeting.

Meeting guidelines

- (A) The meeting is to be held on line with the guidelines given by the Colombo Stock Exchange.
- (B) The Annual General Meeting will be held in the manner set out below:
 - (i) The shareholders who wish to participate at the meeting will be able to join the meeting through audio or audio and visual means via Zoom. In order for us to forward the access information necessary for participation at the meeting, which shall include the meeting identification number, access password, and access telephone number, please forward the duly completed registration form including your e-mail address and contact telephone number to the registered address of the Company not less than 48 hours before the time appointed for the holding of the meeting, so that the login information could be forwarded to the e-mail addresses so provided.

- (ii) In terms of Circular No. 4 of 2022 from the Colombo Stock Exchange, the Company will not be sending printed copies of the Annual Reports to the shareholders. A shareholder who requires a hardcopy of the Annual Report must forward the duly completed Request Form to the secretaries.

The Annual Report, Notice of Meeting, Form of Proxy and Registration Form and the Form of Request will be published on the website of the Colombo Stock Exchange (<https://www.cse.lk/pages/company-profile/company-profile.component.html?symbol=TJL.N0000>) and the website of the Company (www.teejay.com).

- (iii) Proxy forms are forwarded to the shareholders together with the Notice of Meeting and Registration form. Proxy forms have been uploaded to the Company's website (www.teejay.com) and should be duly completed as per the instructions given therein and sent to the registered address of the Company or e-mailed to corporateservices@corporateservices.lk not less than 48 hours before the time appointed for the holding of the meeting and the proxy so appointed shall participate at the meeting through audio or audio visual means only.
- (iv) The shareholders who are unable to participate at the Annual General Meeting via Zoom could send their queries, if any, to email address corporateservices@corporateservices.lk at any time before the meeting time and the responses to the same will be included in the minutes of the meeting.

- (v) Voting in respect of the items in specified in the agenda to be passed will be registered by using the audio or audio and visual means (Zoom) or a designated ancillary online application. All of such procedures will be explained to the shareholders prior to the commencement of the meeting.
- (vi) Shareholders can use the "Q&A Forum" to communicate your questions/concerns as and when required.
- (vii) For any questions please contact Riyas Ahmed of Teejay Lanka PLC on +94 76 603 6366 during office hours.

FORM OF PROXY

*I/We
..... of

Being a shareholder/shareholders of Teejay Lanka PLC do hereby appoint:

- | | |
|--------------------------------|-----------------|
| 1. Mr A D Gunewardene | or failing him, |
| 2. Mr Mohamed Ashroff Omar | or failing him, |
| 3. Mr M Okutomi | or failing him, |
| 4. Mr Hasitha Premaratne | or failing him, |
| 5. Mr Kit Vai Tou | or failing him, |
| 6. Mr William (Bill) C McRaith | or failing him, |
| 7. Mr Shrihan B Perera | or failing him, |

..... of

as *my/our Proxy to attend and vote/speak at the Annual General Meeting of the Company to be held online via a virtual platform on 28 June 2024 at 5.30pm held and at any adjournment thereof.

	For	Against
1. To receive and consider the Annual Report of the Board and the Financial Statements of the Company for the financial year ended 31 March 2024 together with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-appoint Messrs Deloitte Partners as the auditors of the Company and to audit the Financial Statements for the ensuing Year and authorise the Directors to fix their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect Mr William (Bill) C McRaith, who retires in terms of Article 27 (3) of the Articles of Association and being eligible has offered himself for re-election.	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-elect Mr Shrihan B Perera, who retires in terms of Article 27 (3) of the Articles of Association and being eligible has offered himself for re-election.	<input type="checkbox"/>	<input type="checkbox"/>
5. To declare a final dividend of LKR 0.75 per share as recommended by the Board.	<input type="checkbox"/>	<input type="checkbox"/>
6. To pass Special Resolution 1	<input type="checkbox"/>	<input type="checkbox"/>
To pass Special Resolution 2	<input type="checkbox"/>	<input type="checkbox"/>
To pass Special Resolution 3	<input type="checkbox"/>	<input type="checkbox"/>
To pass Special Resolution 4	<input type="checkbox"/>	<input type="checkbox"/>
7. To authorise the Directors to determine contributions to charities.	<input type="checkbox"/>	<input type="checkbox"/>

Signed this day of 2024.

.....
Signature/s

Instructions as to completion

1. Kindly perfect the Form of Proxy after filling in legibly your full name, address and sign in the space provided. Please fill in the date of signature.
2. Please return the completed Form of Proxy to the Company after crossing out one or the other of the alternative words indicated by the asterisks on the body of the Form and by indicating with an "X" in the space provided against each resolution, the manner in which you wish your vote to be cast.
3. A Member entitled to attend and vote at the meeting is entitled to appoint a Proxy who need not be a member, to attend and vote instead of him.
4. In the case of a Corporate Member, the Form must be completed under its Common Seal, or signed by its attorney or by an officer on behalf of the corporation. The Company may, but shall not be bound to require evidence of the authority of any such attorney or officer.
5. If the Form of Proxy is signed by an Attorney, the relevant Power of Attorney should also accompany the completed Form of Proxy, in the manner prescribed by the Articles of Association.
6. The completed Form of Proxy should be deposited at the Registered Office of the Company, Block D8 – D14, Seethawaka Export Processing Zone, Avissawella not less than forty eight (48) hours before the appointed time for meeting.
7. If there is any doubt as to the manner in which the proxy should vote by reason of the manner in which instructions in 2 above have been carried out, the proxy holder will vote as she/he thinks fit.
8. A shareholder appointing a proxy (other than a director of the Company) to attend the meeting should indicate the proxy holder's National Identity Card (NIC) number on the Form of Proxy and should instruct the proxy holder to bring his/her National Identity Card to the Meeting.

CORPORATE INFORMATION

NAME

Teejay Lanka PLC

LEGAL FORM

A public quoted Company with limited liability, incorporated on 12 July 2000.

COMPANY REGISTRATION NO.

PV 7617 PB/PQ

STOCK EXCHANGE LISTING

The issued Ordinary Shares of the Company was listed on the Main Board of the Colombo Stock Exchange of Sri Lanka on 9 August 2011.

REGISTERED OFFICE

Block D8 – D14, Seethawaka
Export Processing Zone,
Avisawella.

DIRECTORS

Mr Ajit Damon Gunewardene – Chairman
Mr Mohamed Ashroff Omar
Mr Masaru Okutomi
Mr Hasitha Premaratne
Mr Kit Vai Tou
Mr Shrihan B Perera
Mr William (Bill) C McRaith

SECRETARIES

Corporate Services (Private) Limited
216, de Saram Place,
Colombo 10,
Sri Lanka.

AUDITORS

Deloitte Partners Sri Lanka

ATTORNEYS

F J & G de Saram
Attorneys-at-Law
216, de Saram Place,
Colombo 10,
Sri Lanka.

BANKERS

The Hongkong and Shanghai Banking Corporation Ltd.
Deutsche Bank AG
Standard Chartered Bank
Bank of Ceylon
People's Bank
DFCC Bank PLC
National Development Bank PLC
Nations Trust Bank PLC
Commercial Bank of Ceylon PLC
Hatton National Bank
ICICI Bank Limited
Canara Bank
Seylan Bank PLC

INVESTOR RELATIONS

Pubudu De Silva
Renuja Selvanathan



Teejay Lanka PLC

Block D8-D14
Seethawaka Export Processing Zone,
Awissawella,
Sri Lanka

Email: info@teejay.com

Telephone: +94 35 427 9500

Fax: +94 36 427 9595



www.teejay.com