

Responsive Healthcare





This report can be accessed online at
<https://www.durdans.com>

Responsive Healthcare

At Durdans, we know that life is precious and that every moment with your loved ones matter to you. That is why we make your well-being a priority so that you have the freedom to stay safe, healthy and be the best possible version of yourself.

As we face one of the most challenging health emergencies in the world during the recent years, we are focused on upholding our promise to protect you and your loved ones by establishing and practicing stringent protocols and precautionary measures that are designed to provide you with an assurance of safety and security amidst this time of uncertainty.

As we enter our 75th year of serving you with dedicated care, we are renewing our pledge to deliver exemplary healthcare services to Sri Lankans; responding to the needs of a nation with compassion.

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Our Business

Vision

At the forefront of medical excellence, defining the future of Sri Lankan healthcare.

Mission

To enhance the lives of our community at large, by unfolding a paradigm shift in all service tiers and excelling in preventative and compassionate patient care.

Values

Empowering Pride

Attract, inspire and motivate passionate individuals

Dedicated Compassion

Creating heartfelt, customer-centred experiences

Advancing Medical Excellence

Driving the medical industry towards greater heights

Prestige Beyond Our Borders

Enhancing our reputation beyond Sri Lanka

Financial Highlights

	2016	2017	2018	2019	2020
Financial Performance					
Turnover (Rs. Mn)	4,728	5,289	5,733	5,806	5,976
Operating Profit (Rs. Mn)	643	621	723	682	755
Profit Before Tax (Rs. Mn)	557	525	603	549	576
Profit After Tax (Rs. Mn)	500	389	488	376	467
Financial Position					
Fixed Assets - NBV (Rs. Mn)	4,286	6,445	6,539	6,959	7,731
Total Assets (Rs. Mn)	5,366	7,939	8,093	8,797	9,852
Capital Employed (Rs. Mn)	4,225	6,530	6,738	7,265	8,367
Net Assets (Rs. Mn)	3,087	5,198	5,009	5,143	5,933
Ratios					
Earnings Per Share (Rs.)	12.67	9.67	11.87	9.50	11.91
Annual Income Growth (%)	16.00	11.87	8.39	1.27	3.00
Interest Cover (Times)	7.44	6.34	6.02	5.15	6.31
Net Assets Per Share (Rs.)	91.14	153.46	147.88	151.83	174.35
Return On Asset (%)	9.30	4.90	6.00	4.28	4.76
Return on Capital Employed (%)	15.22	9.54	10.76	9.40	8.60
Return On Equity (%)	14.30	6.79	8.76	6.59	7.19



Rs. 5.9 Bn
Turnover



Rs. 755 Mn
Operating Profits



Rs. 9.8 Bn
Total Assets



Rs. 11.91
Earnings Per Share



Rs. 8.3 Bn
Capital Employed



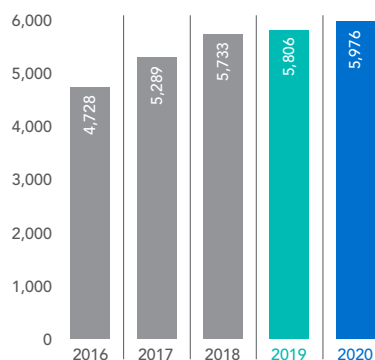
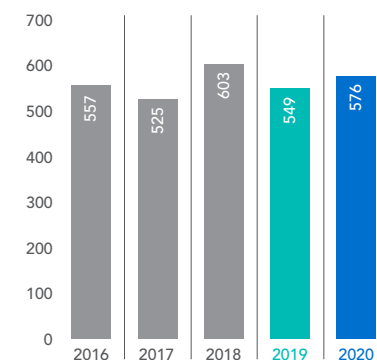
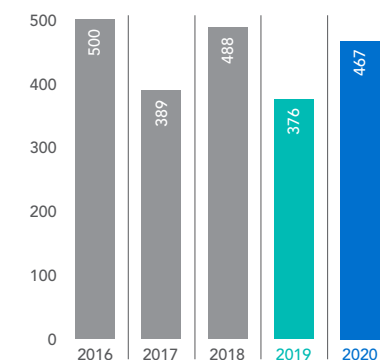
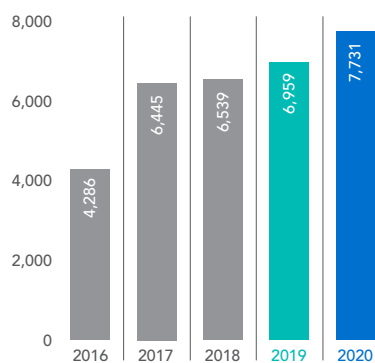
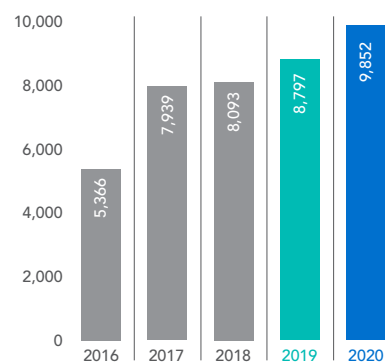
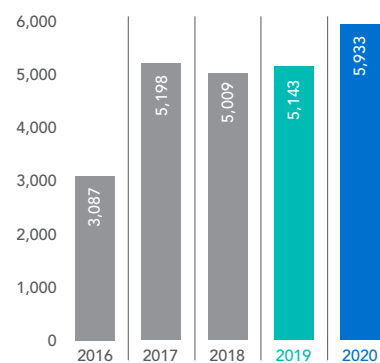
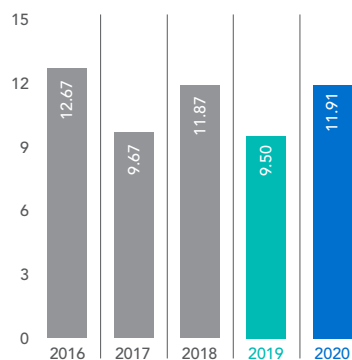
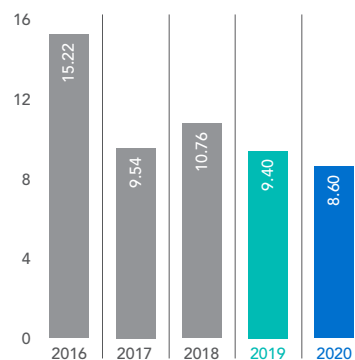
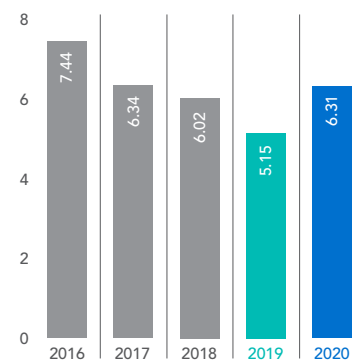
3%
Income Growth



Rs. 174
Net Assets/Share



7.19%
Return On Equity

Turnover (Rs. Mn)**Profit Before Tax (Rs. Mn)****Profit After Tax (Rs. Mn)****Fixed Assets - NBV (Rs. Mn)****Total Assets (Rs. Mn)****Net Assets (Rs. Mn)****Earnings Per Share (Rs.)****Return On Capital Employed (%)****Interest Cover (Times)**



Our Leadership

We are optimistic that we will emerge victorious with our strong business and financial foundation - steering us through turbulent waters into an ocean of opportunities and success.

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Chairman's Review

Durdans Hospital enters its 75th year of providing responsive healthcare to all who seek medical assistance and we believe our success is based on our ethos of 'customer convenience'. While we have many achievements to our credit, we face many challenges and cannot afford to be complacent.



Dear Shareholder

It is with great pleasure that I welcome you to the 74th Annual General Meeting to present you with the Annual Report and Financial Statements for the year 2019/20. Durdans Hospital enters its 75th year of providing responsive healthcare to all who seek medical assistance and we believe our success is based on our ethos of 'customer convenience'. While we have many achievements to our credit, we face many challenges and cannot afford to be complacent.

Non-Communicable Diseases (NCDs) are on the rise, driven by changes in diets, environmental conditions and the stress of modern urban living. Combining dedication and responsibility towards our customers, we work towards delivering efficient care and long-term value to all our stakeholders.

The financial year began on a sad note with the Easter Sunday attacks of April 2019. This had a negative impact on Sri Lanka's economic growth and had a profound effect on consumer sentiments. The financial year under review continued to be challenging thereafter and was further hindered by a slowdown in global economic growth. The emergence of the COVID-19

pandemic at the end of the financial year, has had far-reaching effects globally on human lives as well as on economic activities due to lockdown measures adopted by many countries to control the spread of the virus. However, it is with great pride that I would like to report that we handled this sudden pandemic extremely well, to the extent of developing a PCR kit in-house; a necessary requirement to detect COVID-19.

Economic Backdrop

The Sri Lankan economy remained subdued in this backdrop with a marginal growth of 2.3% in 2019. This growth was mainly propelled by the industry sector while the agriculture sector had been hampered yet again due to unfavourable weather conditions. The services sector, too, was on a downturn due to the cascading effects of the Easter Sunday attacks.

Financial Overview

Even though the external environment was fraught with many challenges, Durdans stood firm as a robust industry player, enabling the Company to make progress in achieving its goals for the year under review. As such, the Company recorded a 3% growth in revenue for the year under review, increasing the revenue from

Rs. 5.81 Bn in 2019 to Rs. 5.98 Bn for the year ended 31st March 2020. Profit before tax grew by 5% to Rs. 576 Mn for the financial year under review compared to Rs. 549 Mn achieved in the previous financial year. The net profit after tax indicated a growth of 24%, closing the year at Rs. 467 Mn. The company is proud to have achieved these results amid these turbulent times and gives due credence to the Directors and the Senior Management Team who led the way to a year-on-year successful strategy implementation.

Opportunities for Growth

At present, advancements in technology, as well as superior healthcare, have led to longevity of life. Yet, it also results in an ageing population, an issue faced by all regions in the world. This is an issue that the present Sri Lankan social welfare and healthcare system is not equipped to handle. However, Durdans' ethos of 'customer convenience' continues to inspire us to provide world-class healthcare to Sri Lankans from all walks of life and leads us to collectively find solutions to the burning issues in healthcare today.

Durdans' ethos of 'customer convenience' continues to inspire us to provide world-class healthcare to Sri Lankans from all walks of life and leads us to collectively find solutions to the burning issues in healthcare today.

We are now even more confident that our plans to develop a more broad-based, customer-centric business model will enable the Company to explore new avenues of success and growth.

We see an increase in NCDs including diabetes, cancer, cardiovascular disease, mental health issues and acute ailments as a result of unhealthy lifestyles and increased urbanisation. We have made this a strategic focus area and are looking to providing solutions to treat this issue. Significant progress has been made during the year and we will make further developments in the years ahead. We continue to face challenges due to Communicable Diseases such as influenza, dengue and COVID-19.

Medical tourism is yet another area which we are concentrating on and as per global statistics, is expected to reach USD 50 Bn by 2021. While we have laid a firm foundation in this area, the travel

ban which has come about due to COVID-19 has taken its toll. However, we are confident that once the travel ban is lifted we will be in a position to serve this market sector and achieve our Vision 2022 project goals by the third quarter of the 2022 calendar year.

We continue to invest in state-of-the-art medical equipment and technology-based health platforms to maximise our medical efficiencies. This year too we invested heavily in this area ensuring that our customers receive the best in medical care at all times. The introduction of a fully-fledged Customer Relationship Management ("CRM") system was yet another innovation which dotted this year's progress. Through this CRM many facilities have been implemented such as consultation appointments, physician consultations, diagnostic reporting along with numerous other facilities.

While this year has had an impressionable impact on the local and global economy with setbacks trickling into the next financial year, we are confident that our past experiences and resilience will see us through these turbulent times. Our fifth strategic road map which was to kick start in 2020/21 has been held back and will be implemented in 2021/22, thus giving us rejuvenated zeal as we work towards our 'Durdans Vision 2022' and beyond.

Approaching the Future with Optimism

It is apparent that COVID-19 has indeed left an impact on the local and global economy and also crippled the day-to-day activities of businesses. We boldly face and overcome these challenges and we are optimistic that we will emerge victorious. This could also be attributed to the Company's flexible approach in facing such situations, which has indeed reaped benefits thus far. We are now even more confident that our plans to develop a more broad-based, customer-centric business model will enable the Company to explore new avenues of success and growth. We are certain that the strong business and financial foundation which the Company currently rests upon will steer us through these turbulent waters into an ocean of opportunities and success.

Appreciation

I would at this moment like to place on record my most sincere appreciation and gratitude to our Director, the late Mr. Sathis Prithiviraj Tudawe who served as a Senior Director of the Company since 1981. Equipped with technical knowledge and experience, he contributed greatly towards the infrastructure development and building maintenance aspects of the healthcare group. He liaised closely with architectural and engineering consultants in 1982 to oversee the construction of the Alfred Place Wing. He was also the guiding force in obtaining regulatory approvals and worked closely with government agencies such as the UDA, CMC, NWSD and the RDA. His insight and far-sighted thinking will indeed be missed.

It has been another extraordinary year for the Durdans Healthcare Group and I would like to extend my deepest gratitude to our highly-qualified, motivated and experienced team of healthcare

Chairman's Review



75 Years

of providing
Responsive
Healthcare



24%

Net Profit amidst
challenging business
environment



Rs. 213 Mn

Investment
in medical
equipment

professionals, including visiting and resident clinicians, allied health professionals and the other supporting staff that were deployed during the COVID-19 lockdown period. Their tireless and brave efforts enabled us to maintain a safe hospital environment and uphold service standards.

As we make headway in a new chapter of growth, I would like to extend my gratitude to the Board of Directors and the Senior Management for their continued support throughout the year. I would also like to thank the entire Durdans family - without their support, we would have not been able to emerge resilient. Their dedication towards the Company and the Durdans brand is indeed appreciated. A big thank you also to the national healthcare regulatory bodies for their continued guidance and corporation which facilitates compliance. I would like to conclude by thanking our loyal clients for their continued patronage of our services and assuring them of our commitment to their health and well-being as we continue to set industry benchmarks for healthcare in Sri Lanka.

Ajith Tudawe
Executive Chairman

15th July 2020

Message from the Director Medical Services

Our growth has been propelled by nimble strategies formulated to provide solutions for perceived market gaps and emerging issues in healthcare, seizing opportunities with smart resource allocation. Financial year 2019/20 was no exception as we strived to achieve our goals continuously to deliver to the multifaceted wants of our customers.

Durdans Hospital has been in the forefront of healthcare in Sri Lanka since its inception in 1945. During its 75-year history, the Company has introduced an array of technologically advanced equipment into the Sri Lankan private healthcare sector. In the current competitive environment, to retain our position in the industry we believe in maintaining excellence in operational efficiency and patient-centric care. To have the competitive advantage we are conscious that we need to continuously invest in developmental activities. Our growth has been propelled by nimble strategies formulated to provide solutions for perceived market gaps and emerging issues in healthcare, seizing opportunities with smart resource allocation. Financial year 2019/20 was no exception as we strived to achieve our goals continuously to deliver to the multifaceted wants of our customers at the present location as well as in the new locations within and outside the country.

Despite digitisation and modern technology invading the industry the human touch that requires healing continues to remain irreplaceable. From the Customer Relations Officer to Specialist Consultants, the approach is crucial to empathise with the patient.

As such the area of training remained a key focus point during the year under review and thus helped in achieving the hospital's goals which were set out for the year.

We consider ourselves to be the hospital of tomorrow and are investing in state-of-the-art medical technology to facilitate this growth continuously. Modern technology available at Durdans Hospital has helped clinicians to diagnose diseases early with faster turnaround times for treatment. The year under review saw the introduction of the Siemens Arcadis Orbic 3D C-arm to facilitate multi-disciplinary surgery and the introduction of an advanced Carl Zeiss Opmi Lumera 700 Eye Microscope which have been two pivotal improvements. Looking ahead we see 'smart hospitals'

which will have automated processes for tracking and analysing data. Hospitals are a repository of data on diverse conditions and diseases, which is being augmented daily through new data from patients. Mining this data will be the next investment that the Company would consider in time to come to enable our healthcare professionals to develop new diagnostic and treatment modalities.

A new trend that is emerging from advance technological improvements in the industry is the shift from long duration surgeries to day surgeries. At Durdans we are taking steps to meet this transition successfully by preparing ourselves for the future requirements of the society in keeping with our vision 2022 plan to cater to that emerging market while introducing a Centre of Excellence in Neurosciences similar to that of existing Cardiac Care with the latest technology. With the intention of further developing this area, Durdans has acquired valuable input from The National Hospital of London and Guy's and St. Thomas Hospital in the United Kingdom.

With climatic change, atmospheric pollution and changing food habits new diseases are emerging and non-communicable and communicable diseases are increasing the burden to our nation's healthcare system. Durdans has identified this and actively invested in the enhancement of our offering, to meet this demand. Preventative medical care is an area which we have earmarked for development in the coming years. As a nation, we are still in the preliminary stages, due to lack of public awareness on same. However, we will be working towards expanding public awareness along with preventative medical services to meet these gaps.

Despite digitisation and modern technology invading the industry the human touch that requires healing continues to remain irreplaceable. From the Customer Relations Officer to Specialist Consultants, the approach is crucial to empathise with the patient. As such the area of training remained a key focus point during the year under review and thus helped in achieving the hospital's goals which were set out for the year. Nurses training was conducted by a training consultant attached to National Healthcare Services UK. Appointing of Team Leaders and Quality Champions among Nurses and Nurse Aides was done with the intention of focusing on quality of care and as a means for career progression. Highly skilled and knowledgeable nurses have always been a recognised aspect at Durdans where other private hospitals have not been able to deliver persistently. Stemming from this, the need to be 'customer centric' has resulted in the Company to initiate several programmes which are now inbuilt into its business blue print. However, care giving remains an evolutionary journey and as

Message from the Director Medical Services



such many changes were incorporated during the year to further develop this area in par with international standards. A fully-fledged Customer Relationship Management (CRM) system was introduced during the year to capture a 360-degree analysis of a customer's visit and boost personalised services. The new information management hotline and financial counselling service was also introduced during the year under review to further enhance customer service.

With medical tourism gaining traction in the country in recent years, we see the promotion of medical care to international patients as an opportunity for Sri Lanka to be known as a medical tourism destination in the region. To capitalise on this opportunity, we ventured into Maldives, Seychelles and UAE markets during the year under review. Further, we tied up with foreign embassies and multinationals to provide healthcare services to their employees, while being named the chosen medical partner to tourists from these embassies.

Geriatrics is another area of care which is increasing attention to support our ageing population. While longer life could be a positive indicator from a health services perspective, the challenge lies in supporting age related illnesses and complications of non-communicable diseases. Advanced medical care will enable faster recovery and help prevent long term complications.

The demand for private healthcare continues to rise and key industry players are expanding their reach rapidly to reach untapped potential outside Colombo increasing their backing to the country's

healthcare strategy. However, the industry is capital intensive and has long pay back periods although rapid advances in technology in both diagnostics and treatments require regular upgrading with state-of-the-art technologically advanced equipment. At Durdans reaching the market outside Colombo is continued to be done by its laboratory network. During the year under review the laboratory network added its 100th location to the network achieving a milestone no other healthcare provider in the country has achieved thus far. The end of the year saw the lab network increasing its locations to 102 numbers island-wide.

The emergence of the COVID-19 pandemic resulted increasing an additional burden to the Government pressurising them to conduct PCR tests adequately to detect COVID-19 patients in the community. The Durdans' associate company Ceygen Biotech (Pvt) Ltd' skilled staff were able to locally develop a real-time PCR confirmatory test, which was subsequently made available at Durdans Hospital at an affordable rate, thus saving the foreign exchange going out of the country and allowing the virus detection with a quick turnaround time. Yet another feat achieved by Durdans Laboratory was the successful introduction of new laboratory investigations to the medical fraternity for better diagnosis of diseases and ailments such as Adiponectin and Glycated Albumin (GA) tests for pre-diagnosis and assessing the efficacy of treatment plans for diabetes. The year under review also saw the introduction of the high sensitive CRP (hsCRP) test which is an early warning for strokes and heart attacks. We continue to strive in the field of medical diagnostic laboratory technology with the focus of improving the quality of life for all our customers. Durdans has maintained solid relationships not only

within the country but with overseas partners namely the American Association of Bioanalysts (AAB) to become the first local healthcare provider to conduct External Quality Assessments (EQAs) while assuring quality results. The laboratory also introduced an integrated and advanced interfacing technology with barcode labelling to reduce the errors arising from manual intervention and errors. This, along with the introduction of a new Laboratory Information System (LIS) enables many functions such as e-Reports for quick digitised reporting to the customer directly to their devices via SMSs, WhatsApp and email. The year under review also introduced a self-service laboratory report kiosk. Our stringent HR policies ensure the careful selection of analysers which in turn allows accurate and reliable reporting at an affordable rate to serve the masses.

As both machinery and consumables are imported, the devaluation of the rupee has a significant impact on our operations leading to pressure on margins and rising costs of healthcare. We also see an increase in regulation of healthcare not just locally but globally as well which is expected to increase compliance costs. A detailed program of process improvements has already commenced to support our strategic goals, streamlining processes and improving cost efficiencies.

I wish to thank the Chairman and the Board of Directors for their visionary leadership and guidance as they charted our journey and allocated the necessary resources. We are bestowed with a passionate and hardworking team who are committed to enhancing our service delivery while maintaining exceptional customer satisfaction rates. I wish to extend my sincere appreciation to my colleagues in the Senior Management team along with our dedicated panel of consultants and nurses for their contribution in delivering a strong performance during the year under review. I deeply appreciate the assistance provided by officials of the Ministry of Health in facilitating compliance. In conclusion, I thank all our customers for their continued patronage of Durdans Hospital and assure them that their health and wellbeing will be our highest priority. Durdans continues to set trends in the industry and looks forward to sharing its journey with you.



Dr. Harsha Baranage
Director Medical Services

15th July 2020

Board of Directors

Parent Company - Ceylon Hospitals PLC

AJITH ERANDAN TUDAWA

Executive Chairman

Ajith Tudawe is the Chairman of Ceylon Hospitals PLC (Durdans Healthcare Group) and a Senior Director at Tudawe Holdings (Pvt) Limited. His broad application and practical knowledge in Accounting and Finance and keen entrepreneurial skills, have enabled him to lead Durdans Hospital to the forefront of Sri Lanka's healthcare landscape. Ajith Tudawe holds a BA degree in Accounting and Finance, CNAA from the UK. He is a fellow of the Institute of Chartered Accountants in England and Wales, Chartered Accountants Australia, the Institute of Chartered Accountants of Sri Lanka and the Association of Chartered Certified Accountants in the UK. He has participated in a myriad of executive education and professional development programmes at universities in Australia, Singapore and the UK.

UPUL DULIP TUDAWA

Director/ Executive Vice President

Upul Tudawe who currently holds the position of Director/Executive Vice President of Ceylon Hospitals, also serves as Group Director of Tudawe Holdings (Pvt) Ltd and its subsidiary companies. He also functions as Chairman of Commercial Marketing Distributors (Pvt) Ltd. Upul holds a Bachelor of Science degree in Microbiology from Texas Tech University and a degree in Medical Technology from the University of Texas Health Science Centre in Houston, USA. Among his affiliations, he is a Member of the American Society of Clinical Pathology (ASCP) and the Australian Institute of Medical Scientists (AIMS).

DR A D PREETHIRAJ ASOKA WIJEGOONEWARDENE

Director/ Senior Vice President – Medical

Dr. Preethiraj Wijegoonewardene holds an MBBS, which he obtained from India along with a Postgraduate Diploma in Family Medicine from the Postgraduate Institute of Medicine (PGIM) in Colombo. He is a Fellow of the College of General Practitioners of Sri Lanka and was awarded an Honorary Fellowship of the Royal College of General Practitioners, UK in November 2008. He is a Patron of the South Asia Primary Care Research Network and was elected as Chairman of the South Asia Board of RCGP International. Dr. Wijegoonewardene was the first Sri Lankan to receive a WONCA Fellowship, he was also awarded an Honorary Fellowship from the Bangladesh Academy of Family Physicians.

Y NIMAL RANJITH PIYASENA

Non-Executive Director

As the Managing Partner of Y. R. Piyasena & Company and Vice-Chairman of Hotel Star Dust in Pottuvil, Nimal Piyasena brings to the board over 40 years of diversified experience in the fields of Finance, Healthcare and Trade Operations.

ASOKA SRIWICKREMA ABEYEWARDENE

Independent, Non-Executive Director

Asoka Abeyewardene is an Independent Director of Ceylon Hospitals PLC, he also serves as Chairman of the Audit Committee, Remuneration Committee and Related Party Transactions Review Committee. He is an Executive Director of Continental Insurance Lanka Ltd, Fellow of The Institute of Chartered Accountants of Sri Lanka, Fellow of the Certified Management Accountants of Sri Lanka, Fellow of the Institute of Directors UK and a former partner of Messrs. KPMG Ford, Rhodes, Thornton & Co. Chartered Accountants.

AHAMED SU-AYID MOHOMED ISMAIL

Independent, Non-Executive Director

With over 30 years of experience in the fields of Financial Management, Risk Management, Auditing, Consulting and Business Advisory Services, Su-ayid Ismail is the Founder/ CEO of BAS Consultants (Pvt) Ltd which provides consulting and advisory services to SMEs and family run businesses. Su-ayid Ismail is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka, Fellow of the Chartered Management Accountants of UK, Member of the Institute of Internal Auditors and a Former Partner of Messrs. Ernst & Young Chartered Accountants. Since 01st October 2019, he functions as the Chief Executive Officer of Tudawe Brothers (Pvt) Ltd.

ASITE DRUPATH BANDARA TALWATTE

Independent, Non-Executive Director

Asite Talwatte currently holds the positions of Chairman of Management Systems (Pvt) Ltd, the Chairperson of the Integrated Reporting Council of Sri Lanka and also serves as a Non-Executive Director on the boards of several listed and private companies. With over 37 years of experience in the fields of Assurance, Business Risk and Advisory Services, he served as Country Managing Partner of Ernst & Young for over 10 years prior to his retirement in March 2016. Asite holds a Post-Graduate Diploma in Business and Financial Administration from the Chartered Accountants of Sri Lanka and the University of Wageningen, Holland as well as an MBA from the University of Sri Jayewardenepura, Sri Lanka. He is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and the Chartered Institute of Management Accountants, UK.

AMINDA SANJEEVE TUDAWE

Executive Director

Aminda Tudawe functions as the Director Supply Chain in a strategic capacity, while he coordinates corporate strategy. He is also a Director of Durdans Medical and Surgical (Pvt) Ltd and Durdans Heart Centre (Pvt) Ltd. He is presently involved in the Durdans Vision 2022 project while working with the Project Consortium. He was instrumental in overseeing the implementation of JCI accreditation at Durdans Hospital during the period 2012 to 2014 and played a vital role in completing several key development projects over the years. He holds a Bachelor of Science (Hons) degree in Business Management from the University of Wales, UK as well as a Master of Business Administration (MBA) degree from the School of Business, University of Leicester, UK.

A V RAVINDRA DE SILVA JAYATILLEKE

Independent, Non-Executive Director

Ravindra Jayatilleke is an Associate Member of the Institute of Chartered Accountants of Sri Lanka and a Fellow of the Chartered Institute of Management Accountants, United Kingdom. He is representing the Board of Directors from the current financial year as an Independent Non-Executive Director. He possesses over 35 years' experience in the fields of Accounting, Auditing and Finance and is providing guidance in finance related matters pertaining to the Company. At present, he serves as the Group Finance Director of Lalan Rubber Group and is a Director of Lalan Rubber Holdings (Pvt) Ltd, Lalan Rubbers (Pvt) Ltd and other subsidiary companies.

Board of Directors

Subsidiary Company - Durdans Medical and Surgical Hospital (Pvt) Ltd

AJITH ERANDAN TUDAW

Executive Chairman

Refer Page 14 for the profile.

UPUL DULIP TUDAW

Director/ Executive Vice President

Refer Page 14 for the profile.

DR A D PREETHIRAJ ASOKA WIJEGOONEWARDENE

Director/ Senior Vice President – Medical

Refer Page 14 for the profile.

Y NIMAL RANJITH PIYASENA

Non-Executive Director

Refer Page 14 for the profile.

ASOKA SRIWICKREMA ABYEWARDENE

Independent, Non-Executive Director

Refer Page 14 for the profile.

MERRILL JOSEPH FERNANDO

Non-Executive Director

Merrill J. Fernando is the founder of 'Dilmah', the tea brand which has gained global recognition. A humanitarian whose underlying philosophy is to make business a matter of human service, he was awarded the prestigious 'Business for Peace Award' by the Nobel Peace Laureates Committee, in Oslo in 2015, he was also honoured with the FIRST Award for Responsible Capitalism in November 2016 for improving the lives of underprivileged children and deprived communities. He was instrumental in creating unique sustainability initiatives such as the 'MJF Charitable Foundation' and 'Dilmah Conservation' which are geared to directly assist humanitarian and environmental initiatives and is funded by the diversion of 10% of pre-tax profits from the sale of Dilmah Tea.

DILHAN CHRISHANTHA FERNANDO

Non-Executive Director

Dilhan Fernando serves as a Group Director of the MJF Group of Companies. He is the Chairperson of the Business and Biodiversity Platform, which was pioneered by 'Dilmah Conservation' together with the Ceylon Chamber of Commerce and International Union for Conservation of Nature (IUCN). He initiated the concepts of tea gastronomy, tea lounges and set up the world's first consumer and hospitality tea school, 'Dilmah School of Tea'. This school was established in order to impart knowledge of and teach the finer aspects of tea in an effort to introduce the beverage to the younger generation. He is also actively involved in work surrounding the 'MJF Charitable Foundation'.

PROF JANAKA DE SILVA

Non-Executive Director

Prof. Janaka de Silva is a Senior Professor and the Chair of Medicine, University of Kelaniya. He is also a Consultant Physician at the Colombo North Teaching Hospital. Professor de Silva was educated at Royal College and obtained his MBBS and MD degrees from the University of Colombo and a D.Phil. from the University of Oxford. He was awarded Fellowships from the Royal College of Physicians

of London, Ceylon College of Physicians, National Academy of Sciences of Sri Lanka, the Royal Australasian College of Physicians and the Royal College of Physicians of Thailand. He is a recipient of the titular national honour 'Vidyajyothi', the highest award for scientific achievement in Sri Lanka. He is currently the Director of the Postgraduate Institute of Medicine, University of Colombo and Chairman of the National Research Council of Sri Lanka.

AHAMED SU-AYID MOHOMED ISMAIL

Independent, Non-Executive Director

Refer Page 14 for the profile.

ARJUN RISHYA FERNANDO

Independent, Non-Executive Director

Arjun Fernando was appointed to the Board of Durdans Medical Surgical Hospital (Pvt) Ltd in November 2017. He currently serves as a Director on the Boards of Central Finance PLC, Nations Trust Bank PLC, Home Finance Company, Fiji, The Solutions Group (Pvt) Ltd and First Media Solutions (Pvt) Ltd. He also serves on the Boards of NDB Capital Holdings, NDB Securities (Pvt) Ltd and NDB Zephyr Partners Ltd for and on behalf of the NDB Capital Group of Companies. He has functioned as the CEO/ Director of DFCC Bank and was on the director boards of several of DFCC Bank's subsidiaries, joint ventures and associates. Prior to joining DFCC Bank, Mr. Fernando has had a long and illustrious career at HSBC Sri Lanka and overseas. He holds an M.Sc. (Management) from Clemson University, USA and a B.Sc. (Engineering) from Southern Illinois University, USA. He is also an Associate of the Chartered Institute of Bankers (ACIB), UK.

AMINDA SANJEEVE TUDAW

Executive Director

Refer Page 15 for the profile.

DR ATHULA KAHANDALIYANAGE

Executive Director

Dr. Athula Kahandaliyanage is a postgraduate in Community Medicine and has 33 years of experience in the Health Sector of which 22 years have been in Health Administration. He became DGHS in 2002 and ended his government career as Secretary to Health Ministry in 2010 during which period he served as Chairman of State Pharmaceuticals Manufacturing Corporation and on the Board of Postgraduate Institute of Management, Sri Lanka Medical Council, State Pharmaceuticals Corporation of Sri Lanka, University Grants Commission, University Council - Peradeniya and Presidential Committees.

Thereafter, he was hand-picked by the World Health Organisation for its Senior Management and served as its Director Health Systems, Sustainable Development and Environment in Southeast Asia Region serving 26% of the world's population based in Delhi. After his retirement as an international civil servant in 2014, he served the Corporate Sector as Director at Fonterra Sri Lanka, as Chairman of SJGH and also as Chairman of Food and Beverages Steering Committee of the Chamber of Commerce of Sri Lanka. He is a fellow of the College of Medical Administrators of Sri Lanka and its Past President in 2005. He is also a Member of the Sri Lanka Medical Association and College of Community Medicine.

Subsidiary Company - Durdans Heart Centre (Pvt) Ltd

AJITH ERANDAN TUDAW

Executive Chairman

Refer Page 14 for the profile.

UPUL DULIP TUDAW

Director/ Executive Vice President

Refer Page 14 for the profile.

DR A D PREETHIRAJ ASOKA WIJEGOONEWARDENE

Director/ Senior Vice President – Medical

Refer Page 14 for the profile.

Y NIMAL RANJITH PIYASENA

Non-Executive Director

Refer Page 14 for the profile.

DR A NEVILLE DHARMAWANSA

Independent, Non-Executive Director

With decades of experience in the healthcare sector, Dr. Dharmawansa holds an MBBS from the University of Ceylon as well as a Postgraduate qualification from UK. He is a Fellow of the Royal College of Physicians in England and is a practicing physician in the Sri Lankan private healthcare sector.

SUMITH ARANGALA

Independent, Non-Executive Director

Sumith Arangala is the Chief Executive Officer of LVL Energy Fund PLC. He is on the Board of its investee companies and is a Non-Executive Independent Director of Renuka Agri Foods PLC. He is also the Acting Chief Executive Officer of Lanka Ventures PLC. He was previously employed at the Capital Development and Investment Company Limited-the pioneer venture capital company in Sri Lanka, and counts nearly 35 years of experience in private equity, venture capital and capital markets. He holds a Bachelor of Engineering degree and a Graduate Diploma in Quality Technology from the Royal Melbourne Institute of Technology, Australia. He is also a Graduate Member of the Institute of Engineers, Australia.

AMINDA SANJEEVE TUDAW

Executive Director

Refer Page 15 for the profile.

Senior Management Team

DR HARSHA BARANAGE

Director Medical Services

Dr. Harsha Baranage who joined the Durdans Group in 2018, holds the position of Director Medical Services. He possesses over 15 years of experience in the field of healthcare as an administrator and is responsible in coordinating multiple events relating to healthcare. He previously held the positions of Medical Director at Asiri Central Hospital and Asiri Surgical Hospital. He has been highly decorated having received the prestigious award at Hospital Management Asia, been honoured by the Government of Maldives, and has been a recipient of several awards and accolades in the local healthcare sector. Dr. Baranage holds a Degree in Medicine (MD), a Post Graduate Degree in Health Administration, MSc in Health Administration from Asia e University as well as a Diploma in General Practice (MCGP) and is currently reading for his PhD.

MAHANIL PERERA

Head of Laboratories

Mahanil Perera joined Durdans in 2011 and is the most long-standing member of the Senior Management team. Having almost three decades of experience in business development and marketing out of which 20 years in Senior Management position, Mahanil presently holds the post of Head of Laboratories. He is responsible for expanding the laboratory network to over 100 branches island-wide and the overall development of the Durdans Medical Centres, Laboratories and Collection Centres. He holds a Post Graduate Diploma in Marketing from the Sri Lanka Institute of Marketing and has obtained a Master's degree in Business Administration from Cardiff Metropolitan University (UK). He is also a life member of the Sri Lanka Institute of Marketing. He represents Durdans Hospital at the Private Health Services Regulatory Council (PHSRC), Private Hospitals Association (PHA), Tertiary and Vocational Education Commission (TVEC) and the Private Medical Laboratory Association (PMLA) as a founder member.

AMINDA SANJEEVE TUDAWA

Director Supply Chain

Refer page 15 for the profile.

DR JITHENDRI PERERA

Deputy Director Medical Services

Dr Jithendri Perera joined the Company in 2006 and has acquired knowledge of the operations across the Group. She was absorbed into the management team in November 2012 and functions as the Deputy Director Medical Services since April 2018. She was instrumental in coordinating clinical and non-clinical activities to achieve Joint Commission International (JCI) accreditation for Durdans Hospital in the capacity of the Senior Manager-in-Charge of the Quality Assurance Department. She holds an MBBS Degree from Rajiv Gandhi University, Bangalore, India with her post qualifying experience at hospitals in both India and Sri Lanka. Besides her administrative role, her interest in clinical medicine especially in Primary Care Family Medicine led her in 2017 to successfully complete the MCGP diploma course conducted by the College of General Practitioners of Sri Lanka.

ANAGI KARUNASENA

Chief Financial Officer

Anagi joined the Company in 2014 in the capacity of Finance Manager and was subsequently promoted to the ranks of CFO in 2016. Backed by a robust financial career spanning over two decades, Anagi has served in varied environments and multifaceted industries. In her current role at Durdans, she oversees the finance function of the Group which encompasses establishing financial strategies, risk identification and management, identifying opportunities for investment growth, improving cost efficiencies and in-depth monitoring of financial performance as well as financial and regulatory compliance. Anagi holds a Master of Business Administration from the Postgraduate Institute of Management, Colombo and a Bachelor of Science Management (Public) Special Degree from the University of Sri Jayewardenepura. She is a Fellow Member of the Institute of Chartered Accountant of Sri Lanka, a Member of CPA Australia as well as an Associate Member of the Sri Lanka Institute of Bankers.

RAKSHITHA TUDAWE

Head of Strategy and Business Development

Having joined the company in 2016, Rakshitha Tudawe oversees the development and execution of strategic initiatives for the group and heads the Business Development Department. He is also the co-founder of the Amrak Institute of Medical Sciences which was incorporated in February 2019. He spearheaded the repositioning of the Durdans Hospital brand in August 2017, revitalising the long-standing brand, and is presently instrumenting the hospital's digital evolution. He is also involved in the establishment of two key strategic business units for the Durdans Vision 2022 Project. He holds a Bachelor of Science (Hons) degree in Business Economics from the University of East Anglia (UEA) in Norwich and a Master of Science degree in Management from Loughborough School of Business and Economics, Loughborough University in the United Kingdom. He has also participated in an executive programme at the INSEAD Business School in Fontainebleau, France and the Ernest and Young head office in La Défense, Paris.

SANJEEWA KODIKARA

Head of Information, Communications and Technology

Sanjeeva who currently serves in the capacity of Head of IT and Communications Technology, joined Durdans in 2017. He counts of over 21 years of experience in the field of Information and communication technology. He is responsible for enhancing the convenience factor in the provision of medical services using new initiatives and technologies, implementation of lean management practices, hardware and cloud platform development as well as providing smarter reporting deployment methods. His experience in the field of IT extends to senior positions held previously at EAM Maliban Textiles (Pvt) Ltd, Orit Trading Lanka, Orit Apparels Lanka (Pvt) Ltd and Quantum Clothing Lanka (Pvt) Ltd and Coats Viyella Holdings (Pvt) Ltd. He holds a Master of Business Administration from Buckingham-shire New University, UK, a Postgraduate Diploma from the British Computer Society, UK, Diploma in Information Systems, Australian Computer Society and Diploma in Computer Systems Design, National Institute of Business Management and progressing CIMA finals.

ERANGA PIERIS

Senior Manager Human Resources

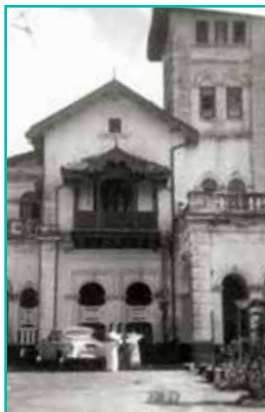
Eranga who has had an illustrious career in the armed forces joined the ranks of Durdans Hospital in March 2018 as Manager Human Resources and Administration. He is currently in the process of integrating HR as a true strategic business partner, it is expected that the restructured HR vision will be championed through the formation of sustainable HR infrastructure, systems, processes and practices. He was promoted to the position of Senior Manager Human Resources in January 2020. Eranga holds a Master of Science in Human Resource Management, from the University of Colombo, Master of Science in Defence and Strategic Studies and a Bachelor of Science in Management and Technical Science from the Kotelawala Defence University. In his current role, Eranga is instrumental for the training and development of employees, facilitating integration of the modern HRIS system and change management which is in turn revolutionising HR practices across the group.

Historical Time Line

We are the only Sri Lankan Hospital to locally develop a real-time PCR confirmatory test for COVID-19 and expanding to become the largest laboratory network in Sri Lanka with 102 locations island-wide.

1939

A military hospital opens to treat British personnel in Ceylon and is known as the forerunner of Durdans Enterprises.



1984

Radiology services were introduced to the public.

1993

The Intensive Care Unit (ICU) was formally established.

1995

The Endoscopy Unit was set up.

1996

The Pathological Laboratory and Blood Bank commenced operations.



2004

The Neonatal and Dialysis Units were established.

2005

Commencement of Ocular surgery and Cochlear Implant surgery for the first time in Sri Lanka.

2010

Durdans Medical and Surgical Hospital (Pvt) Ltd was unveiled to the public and became fully operational.

2012

Operations relating to the Diabetes and Endocrinology Centre and Durdans Oral Health Centre commenced.

2013

The Neuro Centre was established.

2014

Durdans became the first hospital in Sri Lanka to be accredited with the Gold Seal of approval by the Joint Commission International (JCI).

1945

In 1945, a group of doctors recognised an opportunity to develop the fledgling healthcare sector as a private enterprise and took over the former military hospital to establish Ceylon Hospitals Limited.



1968

A special focus was given to maternity care from 1968 when Durdans opened its first maternity ward as well as an outpatient facility.

1982

The Paediatric Ward, Surgical Ward and Operating Theatre complex was set up.

1999

Durdans Heart Surgical Centre (Pvt) Ltd (now known as Durdans Heart Centre) was established and Heart Station became operational.



2001

A formal Emergency Treatment Unit was set up.

2003

Ceylon Hospitals Limited was listed on the Colombo Stock Exchange.



2015

The Phillips Alluraclarity Cardiac, Angiography System and the advanced Ultrasound Phillips EPIQ 7 was installed. Sleep Lab Test services and the Autologous Platelet Rich Plasma Liquid Procedure (APRP) were introduced.



2016

Minimally invasive instruments for Coronary Artery Bypass Grafting (CABG) and valve surgeries were introduced.

The Dietetic and Nutritional Care Centre as well as 'Enhance' Cosmetic Care Centre and the Physiotherapy and Sports Medicine Units were established.

2017

New radiology equipment were introduced including a DEXA Scanner. Laboratory operations were re-accredited with ISO 15189:2012, including the Histopathology Unit, the latter being a first for a hospital.

2018

Relaunch of the Durdans brand under the slogan 'Dedicated to You', enhancing the customer experience with the introduction of sophisticated technology, processes and operations.

New 200-slot multi-storeyed car park was opened.

Durdans Hospital received re-accreditation from the Joint Commission International (JCI).

2019

Philips Azurion Image Guided Therapy System - the most advanced biplane catheterisation laboratory in South Asia was introduced enabling cutting edge neuro, cardiac, vascular and oncological interventions.

An advanced ENT Workstation was set up, ensuring comfort and precision in ENT care. A range of cutting edge diagnostic equipment was introduced during the year to uplift the level of patient care.

2020

- The only Sri Lankan Hospital to locally develop a real-time PCR confirmatory test for COVID-19.
- Expanding to become the largest laboratory network in Sri Lanka with 102 locations island-wide.
- Introducing Durdans Aero Care, the first trained and dedicated aeromedical team within Sri Lanka
- Further upgrading surgical care to international standards with the introduction of new technology
 - The Siemens Arcadis Orbic 3D C-arm to facilitate multidisciplinary surgery
 - An advanced Carl Zeiss Opmi Lumera 700 Eye Microscope
- Improving the customer's journey through the introduction of a fully-fledged 360 degree Customer Relationship Management (CRM) System.



Performance and Management Capital

We have structured this report around the Durdans story of value creation. All our capital reports explain in detail the key aspects of our business and how they operate, which have contributed to us becoming your trusted healthcare partner. We strive towards providing improved standards of healthcare and creating an environment that will provide our customers with a safe and reliable place to seek medical assistance.



New Surgical Instruments



Introduction of Durdans Aerocare



Fully-fledged CRM system



Locally Developed PCR Testing



Customer Relationship Capital

Our patient-centric culture at Durdans provides our customers with a safe and high quality experience from start to finish. Our systems and processes are structured accordingly to ensure that every customer receives the highest level of clinical care with the best possible outcomes. This has also been inbuilt into our work ethic which has brought in dedicated support from our extensive team of healthcare professionals, partners and employees. In addition, we strive to ensure that our healthcare proposition is based on global best practices within the healthcare industry. With the recent COVID-19 global pandemic that created multiple disruptions world-wide, we at Durdans implemented multiple sanitary measures to safeguard all those patronising our premises while making safe corona virus testing facilities available for individuals and organisations via our island wide Durdans laboratory network on an appointment basis. Our new system of booking appointments via the 'Direct Appointments Service' offers our customers the dual purpose of convenience and reliability, while our 1344 hotline is available to anyone who wants further assistance. The year under review also saw the introduction of 'Aerocare', the first by-air ambulatory service within the private sector which will assist all those patients who need to be transported to a hospital in an emergency.

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Quality Standards

We ensure on-going compliance with international safety standards in line with the Joint Commission International ("JCI") accreditation. A comprehensive framework of Standard Operating Procedures is in place to ensure a culture of safety and convenience. In addition to this, quality champions have been assigned to ensure that all standards are complied with while being monitored rigorously and continuously. The champions report to a Quality Committee which is responsible for the implementation and monitoring of all quality standards within the hospital. We currently hold the JCI Gold Standard and the ISO 15189:2012 Standard which are indicators of our commitment to maintain quality in all our operations.



Customer Satisfaction

Strong customer satisfaction ratings during the year reaffirmed the high standards of care. Satisfaction levels are monitored on an on-going basis through regular engagement and feedback mechanisms. A centralised Customer Relationship Management system enables us to manage interactions with clients in detail while ensuring action is taken to resolve shortcomings in a timely manner to continually improve upon the customer experience.

Customer Confidentiality

We recognise the importance of patient privacy and monitor access to patient records. Our systems and processes have been designed in a manner that ensures the safety, privacy and confidentiality of information at all times. We have not encountered any complaints in relation to a breach of customer privacy or the loss of data.

We continue to offer a range of advanced preventive testing options in the form of specialised packages to cater to individuals with varying health needs. Designed to enable the early detection and treatment of disease, our health check packages include screening and diagnostic services such as X-Rays, MRI scans, Mammograms and Endoscopies and cater to both individuals and organisations. With comprehensive reporting, reliable and safe testing and in-depth consultations we strive to provide preventative medical care that uplifts the health and wellness of our clients.



























In an effort to monitor service levels and address any shortfalls, customer feedback both negative and positive is managed and responded to in a timely and efficient manner while patient satisfaction surveys provide critical information for business and strategic planning. Our wide range of services are consistently being upgraded and diversified to cater to growing needs within the healthcare sector.

Performance and Management Capital

Customer Relationship Capital

In an effort to monitor service levels and address any shortfalls, customer feedback both negative and positive is managed and responded to in a timely and efficient manner while patient satisfaction surveys provide critical information for business and strategic planning. Our wide range of services are consistently being upgraded and diversified to cater to growing needs within the healthcare sector.

Services Offered

 Accident and Emergency Care	 Aerocare	 Ambulance Services	 Audiology
 Cardiology	 Dental Services	 Dermatology and Cosmetic Care	 Diabetes and Endocrinology
 Dietetics and Nutrition	 EEG, EMG and ENT Services	 Gastroenterology	 Gynaecology and Obstetrics
 Haematology	 Immunology	 Microbiology	 Physiotherapy and Rehabilitation
 Nephrology	 Neurology	 Oncology	 Ophthalmology
 Orthopaedics	 Plastic and Reconstructive Surgery	 Psychiatry and Psychological Services	 Rheumatology
 Urology	 Vaccination services	 Venereology	 Laboratory services
 OPD Services	 Pharmacy	 Radiology	



Customer Reach Laboratory Operations

One of our key strengths lie in our trusted island-wide laboratory network which, with decades of experience, reliably delivers over 700 laboratory investigations using state-of-the-art technology. The year under review saw our network achieve its 100th milestone, with the opening of a satellite laboratory in Avisawella in the Colombo district. Durdans Laboratories remains committed to making high-quality laboratory services available in all regions. With 102 laboratory outlets and over 1,500 collection partners we have firmly established and our laboratory network as having the largest geographical coverage in the country.

Skilled medical laboratory technicians and support staff collect, transport, analyse and report results under the guidance and scrutiny of expert consultant pathologists. We provide added convenience by enabling island-wide mobile sample collection services to reach out to those unable to visit a collection centre. Test results are also provided hassle-free via SMS and email with social media platform options available via 'Whatsapp' and 'Viber'. An island-wide courier network delivers physical reports, while 1500 collection centres island-wide facilitate easy report collection. Critical test results are communicated immediately to the relevant medical professional for action. A laboratory help desk is available 24/7, 365 days of the year.

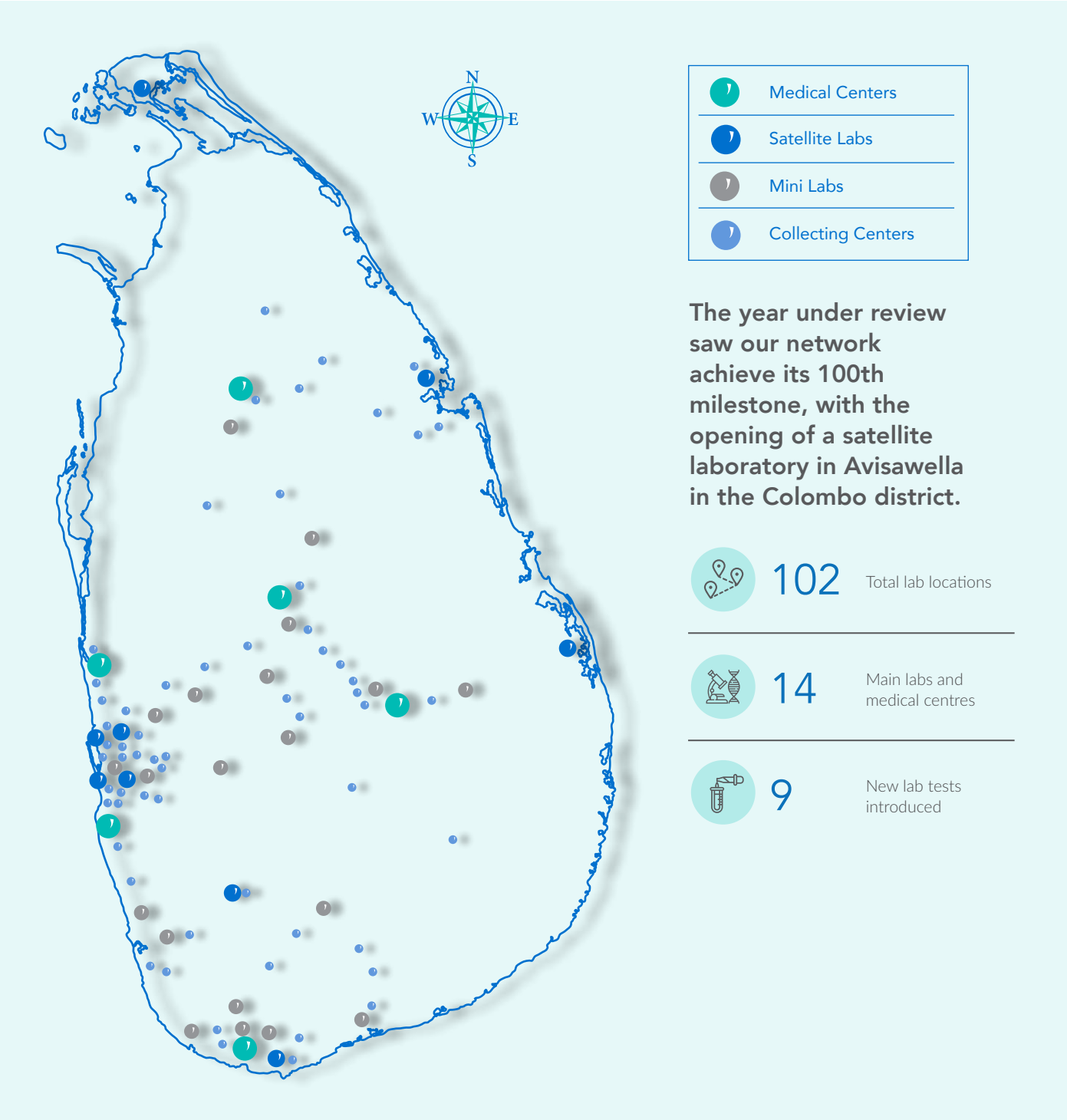
In order to ensure accuracy and reliability of results, all our laboratories and medical centres have up-to-date equipment and experienced technicians who operate within a framework of stringent safety and quality standards to meet the ISO 15189:2012 accreditation. This encompasses the areas of bio-chemistry, chemical pathology, microbiology, endocrinology, haematology, immunology, serology, histopathology and molecular biology. Staff is trained extensively to minimise pre-analytical error and digital barcoding systems are used throughout to ensure accuracy and avoid potential mix-ups. Results are uploaded online onto our Enterprise Resource Planning ("ERP") system permitting authorised staff to access the information and take action from anywhere within the hospital. The hospital also houses its own Molecular Biology Research and Development arm which develops new investigations.

Durdans has 102 laboratory outlets which comprise medical centres, satellite laboratories, mini laboratories and collecting centres which undertake limited laboratory services. The medical centres engage in accepting channel consultations and providing X-Ray and Ultrasound Scan facilities while the satellite laboratories carry out all laboratory related tests. As a support mechanism, 1,500 island-wide collection centres obtain samples to be sent to the laboratories for further investigation. In an effort to streamline laboratory operations for a faster and more efficient service, a new ERP system is to be installed in all of the laboratories located outside of Colombo.

Performance and Management Capital

Customer Relationship Capital

Durdans Laboratory Network



Centre	Type	Operating Hours
Galle		
Karapitiya		
Ambalangoda		
Udugama		
Karapitiya		
Neluwa		
Akuressa		
Baddegama <i>New</i>		
Kandy		
Kandy Private Hospital		
Kegalle		
Nawalapitiya		
Mahiyanganaya		
Kandy Nursing Home		
Matale <i>New</i>		
Keppetipola		
Wadugodapitiya		
Akurana		
Katugastota		
Mawanella		
Gampola		
Shakya Healthcare Centre		
Monaragala <i>New</i>		
Kurunegala		
Dambulla		
Nawinna Hospital		6x6
Polgahawela		
Nawinna Medical Centre		7x8
Paragahadeniya		
Galagedara		
Giriulla		
Malsiripura <i>New</i>		
Mawathagama <i>New</i>		
Narammala <i>New</i>		
Negombo		
Dissanayake Hospital		
Wennappuwa		
Chilaw		
Kochchikade		
Divulapitiya		

Centre	Type	Operating Hours
Marawila		
Kalubowila		7x8
Nagoda		7x9
Wadduwa		6x7
Homagama		6x7
Moratuwa		
Panadura		7x8
Mount Lavinia		
Rathmalana		
Dharga Town		
Kottawa		
Piliyandala		
Aluthgama <i>New</i>		
Matugama <i>New</i>		
Anuradhapura		
Thambuttegama		
Bank Town		
Kebatigollawa		
Kahatagasdigiya		
Kekirawa		
Vavuniya		
Horowpathana <i>New</i>		
Galgamuwa <i>New</i>		
Ragama		
Gampaha		
Wathupitiwala		
Wattala		
Shanthi Medical Centre		
Kiribathgoda		
Kandana		
Veyangoda <i>New</i>		
Peoples Hospital <i>New</i>		
Mawaramandiya <i>New</i>		
Norris - Colombo 10		
Castle Street		
Sri Jayewardenepura		
Kaduwela		
Malabe		
Maligawatta		

Centre	Type	Operating Hours
Golden Key Hospital <i>New</i>		
Athurugiriya <i>New</i>		
Grandpass <i>New</i>		
Jaffna		
Trincomalee		7x9
Kantale		
Trinco Hospital		6x6
Kinniya <i>New</i>		
Matara		7x8
Tangalle		
Matara Chennelling Centre		
Southern Lanka Hospital		
Embilipitiya <i>New</i>		
Ratnapura		
Balangoda		
Kahawatta		
Muwagama		
Awissawella <i>New</i>		
Udawalawe <i>New</i>		
Batticaloa <i>New</i>		
Bambalapitiya		
Ceylinco Healthcare Centre		

Performance and Management Capital

Customer Relationship Capital

Aerocare

A first time within the private sector, Durdans Hospital launched an air ambulatory service managed by a healthcare organisation by which emergency transfers of patients can be made from one destination to another. The hospital recognised the inaccessibility to prompt medical care in situations of an emergency and decided to offer this service to its customers. The aerocare team comprises a qualified doctor and nurse, the former being either a chief anaesthetist, a member of the cardiac bypass team or someone specially selected based on the requirements of the patient and their condition. Experienced and adept at handling emergency situations, every team member underwent rigorous training pre-service commencement. A total of five medical evacuations by helicopter were conducted successfully during the year under review

Diagnostics

Durdans' Pathology and Radiology Department are equipped with advanced up-to-date equipment including clinical analysers, high-end ultrasound equipment and scanners, while being managed by a proficient and competent technical team. We have the capability and expertise to conduct a range of diagnostic investigations including endoscopies, sigmoidoscopies, colonoscopies, bronchoscopies and laryngoscopies. All of our diagnostic services are offered at the main hospital in Colombo with a few mini labs that undertake X-Rays, Scans and ECG services. The DEXA scanner which is a bone densitometry machine allows more advanced diagnostic analyses and assessments to be made in relation to osteoporosis. The installation of a Siemens Arcadis Orbic 3D C-Arm for mobile radiology imaging provides 3D image intensifying visuals to surgeons and radiologists for more accurate diagnosis.

Accident and Emergency

Our 24-hour accident and emergency unit is well-equipped and ready to manage any crisis, while our purpose-built ambulances with remote-access patient monitoring systems allow for vital patient parameters to be sent to the Durdans Heart Centre for analysis by a consultant, allowing treatment to begin en route to the hospital. Our Intensive and Critical Care Units together with its resident consultants and highly-skilled nursing staff ensure that patients are provided with continuous and uninterrupted care.

Medical Services and Surgical Care

The primary focus of medical services is to improve the level of surgical care provided by the hospital so as to make it affordable and accessible to clients. Our Surgical Theatres and Intensive Care Units are structured with adequate and competent staff assigned to each of these divisions to enable seamless care. The introduction of an online theatre booking system is in progress to optimise internal surgical efficiencies. The year under review saw several upgrades including the conversion of the traditional mercury based blood pressure meters to android meters, the introduction of four new holter monitors, an endoscopy table, spirometers

used by the physiotherapy unit, two new ventilators and a Medical Investigations and Treatment Unit (MITU) to further improve surgical and clinical efficiencies.

All of our nurses are continually provided with on the job and classroom training to enhance their ability to manage surgical cases more efficiently. The operations of the surgical theatres are closely monitored and structured so as to maximise service delivery. The hospital has in place more than 50 general surgical packages for the purpose of convenience and affordability to its customers together with specialist consultants and an experienced nursing team at the surgical care centre. A proficient team of neurologists and neurosurgeons are available to provide treatment for strokes and neurological diseases.

We continue to maintain our leading status as a centre of excellence for orthopaedic care. With an orthopaedic navigator for high-precision surgeries, the centre continues to deliver excellent clinical outcomes for knee and hip surgeries. The hospital uses the latest CV-190 endoscopic system which allows for improved image processing and outcomes for minimally invasive procedures.

A first time within the private sector, Durdans Hospital launched an air ambulatory service managed by a healthcare organisation by which emergency transfers of patients can be made from one destination to another. Experienced and adept at handling emergency situations, every team member underwent rigorous training pre-service commencement.

Cardiology

The Durdans Heart Centre has firmly established itself as a centre of excellence in cardiology, cardiac surgery and all related procedures, both interventional and non-interventional. We conduct high-risk, minimally invasive cardiac procedures that have given numerous individuals dealing with 'hard-to-diagnose' heart conditions a new lease of life. While reducing blood loss, the risk of infection and discomfort post-procedure the cutting-edge technology used has enabled faster recovery while opening up the possibility of heart surgery to those who may have been considered high-risk as a result of age and/or medical factors for traditional surgical procedures. We have successfully completed over 12,282 cardiac surgical procedures to date using state-of-the-art equipment and are home to a rich panel of resident consultant cardiac specialists and surgeons.

The year under review saw expansions in the centre's facilities which included the addition of four echo testing rooms, two ECG rooms and the introduction of a cardiac maquet ventilator.

As a community outreach and engagement initiative a heart health forum was held in commemoration of World Heart Day during December 2019. With over 100 participants the educational programme enabled knowledge-sharing and topic-based discussions with leading consultants and allied health professionals to help patients enhance their knowledge on current developments, procedures and preventative measures.

Stem Cell Therapy and Cardiac Intervention

Durdans has adopted advanced cardiac intervention procedures such as Rotablation, Artificial Transcatheter Aortic Valve Implantation (TAVI) performed under local anesthesia via the femoral artery, where conventional open heart surgery is now replaced with implantation of major heart valves without general anaesthesia, for the very first time in Sri Lanka. These patients have been followed up for nearly two years with a 100% success rate. A mature chronic total occlusion revascularisation procedure (stenting and opening of 100% hardened blockages of heart arteries, some that were blocked over 20 years ago or before a bypass) is now available with a success rate over 90%. Pioneering experimental advanced heart failure therapy involving delivery of autologous stem cells into weakened hearts have been performed safely, for the first time in Sri Lanka at Durdans. It is minimally invasive and involves the injection of patient's bone marrow harvested stem cells into the heart's coronary beds to increase the number of functioning heart muscles. These procedures carried out using sophisticated diagnostic imaging systems are performed at Durdans Heart Centre's state-of-the-art Cath Lab.

Obstetrics and Gynaecology

Durdans Hospitals offers gynaecology obstetric, paediatric care and neonatology under this category. Supported by a Special Care Baby Unit (SCBU) and a Neonatal Intensive Care Unit (NICU), we offer care around the clock for babies and their families. Experienced neonatologists, paediatricians and gynaecologists are supported by the latest equipment and technology to safely handle any critical situation that may befall a new-born or mother.

The hospital's main theatre complex is equipped with advanced laparoscopic surgical equipment with in-build modern applications to allow safe and minimally-invasive gynaecology and obstetrics surgeries. Major surgeries can be performed at the surgical theatre using advanced image-guided technology.

With modern facilities, our Maternity Care Unit is designed to cater to the comfort and convenience of pregnant mothers and their families. A dedicated operating theatre and modern labour rooms provide mothers with a safe and comfortable environment for labour and delivery. Our well experienced consultants, attendants and nursing



professionals are available to provide around the clock care and attention. Post-delivery lactation and breastfeeding support is also available to help mothers bond with and care for their new-borns.

Conducted by an experienced multidisciplinary team of consultants and allied health professionals, the Durdans Parent Craft Programme helps expecting mothers and their families prepare for child birth and care. With the support of leading gynaecologists, physiotherapists, paediatricians and dieticians, the programme delivers comprehensive, medically-backed advice to help promote mother and child health and wellness. The interactive programme is conducted regularly to help expecting couples visiting the hospital, gain the knowledge they need to overcome the challenges of pregnancy and new-born care.

Nephrology

The Nephrology Unit of Durdans provides comprehensive services including kidney transplant procedures for individuals with kidney failure. A team of dedicated, efficient and experienced nephrology specialists including transplant surgeons use a multidisciplinary approach to ensure maximum care for a speedy recovery for patients who undergo kidney transplants. Our state-of-the-art laboratory services provide diagnostic support to renal patients for tissue typing and tissue cross matches. As added value, this division will continue to educate the public on preventing kidney failure especially in relation to those with Diabetes and Hypertension. Our holistic aftercare ensures that patients are continually observed and the necessary treatment is provided around the clock until their kidney function returns to a normal level.

Urology

Our Urology unit offers a diverse range of urology services together with the support of several top surgeons and consultants who came aboard during the year under review. The growing incidence of

Performance and Management Capital

Customer Relationship Capital



Chronic Kidney Disease (CKD) especially within rural districts in Sri Lanka for reasons yet to be determined is a cause for concern. The hospital has in place facilities to provide patients with the best care in this area of medicine.

Ophthalmology

Durdans has a fully-fledged eye care centre in place and saw new specialist consultants come on board. A Fundus Camera system, a Biometric system and a Multipoint 532 Laser system are in place to support new ophthalmological procedures including Focal Laser Treatment, Pan Retinal Photocoagulation (PRP), Fundus Fluorescein Angiography (FFA), Fundus photography and Indocyanin Green Angiography (ICGA). Durdans has in place the HD OCT-5000, an ophthalmic diagnostic tool which allows for an entire range of retinal investigations encompassing detailed imaging of the eye, including the optic nerve, retinal nerve fibre around the optic nerve, peripapillary optic nerve, lens, anterior chamber angle, cornea and the macula.

Several new testing procedures were introduced during the year including Central Corneal Thickness measurement (CCT) and Low Vision Refraction. Durdans also conducted eye tests for the employees of the Civil Aviation Department of Sri Lanka and introduced new educational material as well as referral pads for all ophthalmological procedures to improve internal efficiencies. The hospital hopes to introduce the new Zeiss OPMI Lumera 700 surgical microscope to further strengthen facilities in the unit.

Neurology

The Neurology Unit is well equipped to provide an advanced level of care to those afflicted with varying types of neurological issues. With the early detection of tumours, Durdans Hospital facilitates 'Microwave Ablation', a short, quick and highly accurate procedure to treat tumours or masses in any location within the body under the guidance of specialists. The hospital has a CUSA machine

in place for tumour surgery whereby malignancies would be removed with minimal harmful effects on the adjacent tissues. New specialists in Neurology and Neuro Surgery were introduced during the year under review.

Dermatology and Cosmetic Care

This unit is equipped to provide customers with dermatological and cosmetic procedures to enhance aesthetic appearances. Conducted by a team of specialists in the field, minimally invasive procedures are used to ensure comfort and reliability. Procedures include but are not limited to laser acne scar removal, open pore treatment, treatment for scars, keloid and stretch marks, dry skin therapy, skin rejuvenation, Botox treatments, injectable dermal fillers, laser treatments, stem cell PRP treatment, osteochondral grafting of articular cartilage injuries, partial knee replacement surgery and computer navigated joint replacement surgery.

Physiotherapy and Sports Medicine

A team of sports specialists and physiotherapists provide advanced treatment for injuries sustained as a result of sport, exercise or recreation and therapy for patients recovering from chronic illnesses, injuries and surgeries. Comprehensive medical examinations are also conducted for those requiring medical certificates prior to participating in sporting activities. The introduction of the "one physiotherapist per patient" concept via an innovative patient appointment system has paved the way for building better client relationships while increasing the number of patients patronising these services.

The year saw the recruitment of a new manager into this treatment area. The inclusion of a comprehensive roster system has also paved the way for relationship building with clients, while an efficient services has increased the number of patients who visit this treatment area.

Audiology, Speech and Learning

The first private facility to be established in Sri Lanka, this therapy unit offers auditory therapy and speech screening, which includes audiological testing, balance/vestibular testing, cochlear implants, hearing aid evaluation and infant hearing screening programmes. The centre is also one of a few to be authorised by the Civil Aviation Authority to conduct auditory screening for the National Airline. Durdans has further enhanced its customer offering with the in house provision of hearing aids for customer convenience.

Infrastructure

Being strategically located in central Colombo has provided better accessibility to many requiring healthcare. In order to further enhance accessibility, the hospital established a 22 storeyed split-level car park building which currently is the only standalone car park building in Colombo. With the ability to accommodate 200 parking slots and 24/7 accessibility for clients, medical professionals and consultants, the building has enabled the hospital to expand

The year under review saw Durdans launch its 'Direct Appointments Service' for improved convenience and reliability whereby customers can book doctor's appointments via the official hospital website. Customers are now able to make a booking and pay the doctor and hospital fee online without incurring any additional charges.

its services whilst maintaining customer convenience. The facility is to be integrated with a multifaceted smart-sensor system in the future for added convenience in addition to the incorporation of energy saving features on par with international standards.

The hospital is committed to ensuring that all of its equipment is up-to-date and in line with the latest advancements in medical technology. While providing access to top-quality healthcare, Durdans also strives to provide clients with a superior level of comfort. For this purpose it has in place an increased bed capacity together with restructured rooms for added comfort. Apart from the standard rooms offered in its '6th Lane Wing' and 'Alfred House Wing', Durdans also offers accommodation in the form of Deluxe rooms, Grand Deluxe rooms and Grand suites. As part of its Strategic Roadmap for 2022 the hospital intends redeveloping and remodelling its infrastructure and creating a new face for the hospital premises while investing substantially in cutting edge technology. A new entrance to the hospital, a new OPD area and additional consultation services are on the cards, along with a new wellness centre.

A new Central Sterile Services Department (CSSD) was built in close proximity to the operating theatres in order to cater to the overall sterilisation demand of the hospital and to minimise the time taken for sterilisation goods to reach the theatres.

Durdans is in the process of evaluating its systems for a better integrated and accessible network, managing the medical records of its patient for faster and more informed decisions, increasing productivity, reducing operational expenses through reliable network availability, scalability and rapid system diagnosis and repair. Rather than have disparate systems, Durdans intends strengthening its system infrastructure to build efficiency across the organisation. Durdans also introduced a Customer Relationship Management system during the year under review to better manage its customer data base.

Pharmacy

Durdans Hospital has a fully equipped pharmacy that provides all medical and surgical supplies required by its customers. This includes those who seek outpatient care and prescriptions from doctors outside of the hospital. Our counters are accessible at any given time and remain accessible 365 days of the year. A well-defined dispensing process is in place whereby each prescription is checked multiple times by professional and qualified representatives, while stringent and precautionary procedures are adhered to at all times to ensure safety in administering medication. Our pharmacy is located on the ground floor for convenience and for better access. The year under review saw the updating of Durdans' generic database while 'Gluco-meters' were also added into the inventory. The inclusion of a tab system was also introduced in order to improve internal efficiencies.

Channelling

With a wide range of specialists to choose from, our customers can easily access their preferred doctor by way of a phone call to our appointments desk or by channelling online using our direct appointments portal on our website or our through our online partners, 'Doc990' or 'E-channelling', for greater convenience. This has served to increase the number of consultations at the hospital. Durdans also uses the services of a leading telemedicine services provider to enhance its patient convenience. This partnership ties up an online web portal with a mobile application thereby providing customers with easy access to their healthcare requirements.

The year under review saw Durdans launch its 'Direct Appointments Service' for improved convenience and reliability whereby customers can book doctor's appointments via the official hospital website. Customers are now able to make a booking and pay the doctor and hospital fee online without incurring any additional charges. This service provides access to over 80 leading consultants from multiple disciplines. In addition, a dedicated 1344 hotline is available around the clock to provide customer support.

Food and Beverage

Our approach to food quality is sustainable, clean, safe and specific to our patients' nutritional needs. Aside from our patients, the comprehensive food menu prepared by our food and beverages team caters to the needs of our employees, families of patients and other visitors. Dieticians create food menus for patients ensuring quality and compatibility in terms of food safety and nutritional value. Nutrition screening is carried out for all in-patients within 24 hours of admission and a nutrition assessment is carried out for patients who are identified as having a moderate or severe nutritional risk. In terms of food handling, our food is hygienically prepared in a clean kitchen where all staff working in the cooking and preparation lines are equipped with personal protective equipment (PPE) including hairnets, disposable/cloth aprons, safe closed-toe shoes, masks and gloves. Food is delivered to patients in trolleys via a coded system so as to avoid order mix ups.

Performance and Management Capital

Business Partner Capital

An established track record throughout our years in business has attracted more professionals who are able to provide an advanced level of patient care and treatment. Our pharmaceutical supplier relationships have also proved beneficial in terms of providing accessibility to a wide range of medicines that are available at our pharmacy around the clock.

Durdans has established long-standing, mutually-beneficial partnerships over the years and has collaborated with numerous consultants of varying disciplines who are respected professionals within the healthcare sector. An established track record throughout our years in business has attracted more professionals who are able to provide an advanced level of patient care and treatment. Our pharmaceutical supplier relationships have also proved beneficial in terms of providing accessibility to a wide range of medicines that are available at our pharmacy around the clock.

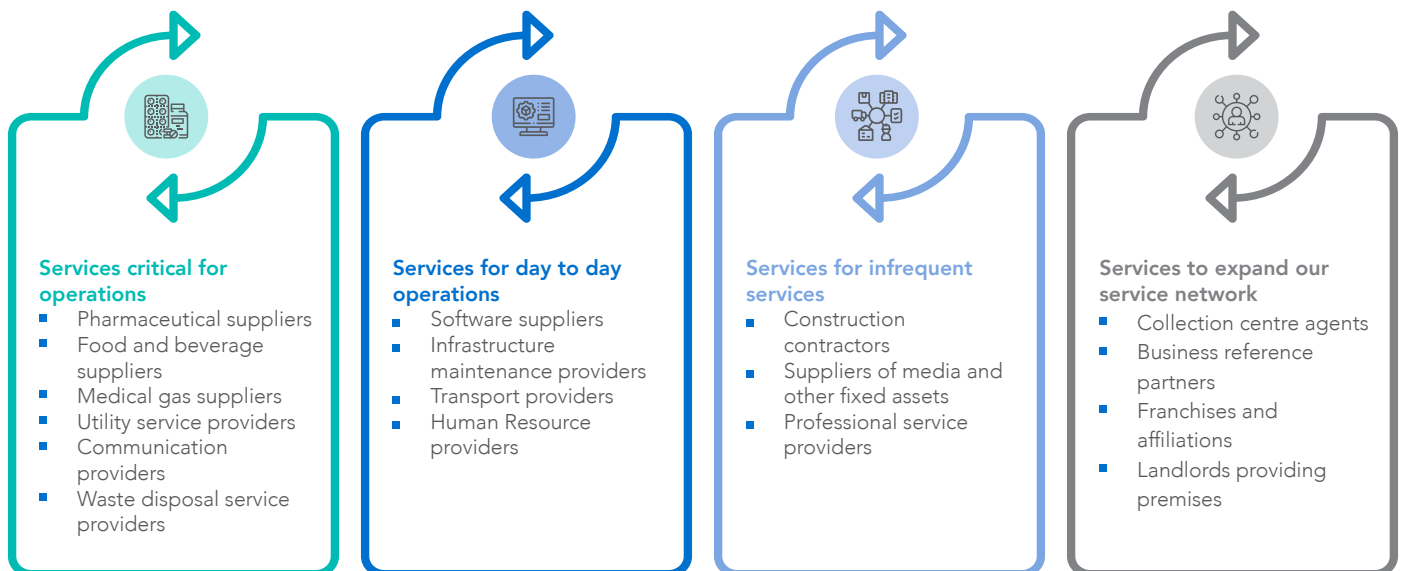
Ethical Business Partnerships

When establishing relationships with our business partners and consultants, we take measures to ensure that they ethically comply with all required regulatory and legal requirements and are not negligent in their duties. In line with our vetting procedures, we have been able to establish sound business relationships that have been mutually beneficial to all parties concerned. Durdans Hospital has a structured feedback system in place to ensure that

our customer and partner expectations are being met. All concerns are addressed with the Senior Management to remedy issues and strengthen partner relationships. Durdans also prioritises relationships with local business suppliers as a means to uplift the economy and improve cost efficiencies.

Our business partners are in alignment with our vision and contribute to achieving our goals. Our visiting consultants are at the forefront of our medical services and share our commitment to provide the highest standard of patient care. We also have close links with general and pharmaceutical suppliers both locally and internationally. Clear communication and management of expectations is essential to building long-term and mutually-beneficial relationships. We have in place channels and mechanisms whereby regular feedback is obtained and necessary action is taken thereon. To ensure smooth continuance of our service provision we need to have uninterrupted supply of quality goods and services. We procure our medical equipment from

Our Business Partners





reputed global brands to ensure high quality. Our long standing relationships with all of our suppliers have guaranteed reliability and improved efficiency. We pay close attention to our process work flows which we believe will help further facilitate this area while transparency at all levels remains in the forefront of all our business dealings.

As a socially responsible Sri Lankan Company we accept that we have a role to play in developing the local economy and the business community. In the process of procurement we try to purchase from local suppliers as far as possible provided they can meet quality standards. This has also led to lower logistics and labour costs.

A medical and surgical insurance benefit plan courtesy the National Insurance Trust Fund (NITF) brought on board Durdans as its medical services provider. Stemming from this relationship, Durdans embarked on an island-wide green initiative where 110 saplings were planted in collaboration with the Sri Lanka Port Authority to fight pollution and mitigate climate change.

Performance and Management Capital

Investor Capital

Our investors have been a key element in making our existence and operations possible and we ensure that we maintain honest and transparent relationships with them at all times. The seamless interactions between the different forms of capital have been a major factor in our success and in creating value as given below.

The global COVID-19 pandemic subjected financial markets to high levels of volatility and divestments. Sri Lanka as an emerging economy witnessed capital outflows with a 70% outflow of foreign owned Treasury Bills and Bonds while the Sri Lankan Rupee depreciated by 5.3% over a similar time frame. The All Share Price

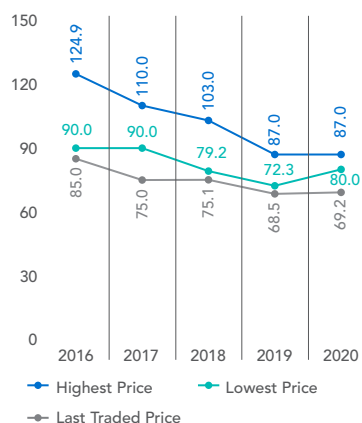
Index at the Colombo Stock Exchange fell to its lowest level while trading was suspended to prevent panic selling. Market trading was halted for three full days as a cooling off period. Although business was resumed on 20th March, a further decline in key indices as a result of a steep decline in share prices resulted in another closure of the Colombo Stock Exchange.

As the pandemic followed less than a year after the Easter attacks in 2019 the Board of Directors made a conscious decision to not issue any dividend payments for the year under review.

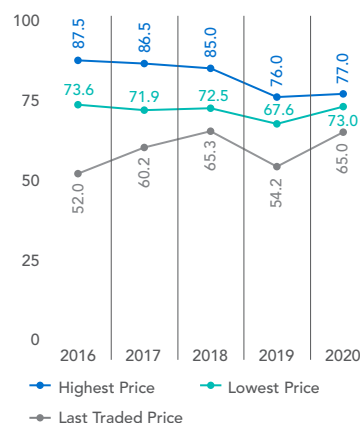
Ordinary Share Capital

Share Price Trend	2016 Rs.	2017 Rs.	2018 Rs.	2019 Rs.	2020 Rs.
Ordinary Shares - Voting					
Highest Price	124.90	110.00	103.00	87.00	87.00
Lowest Price	85.00	75.00	75.10	68.50	69.20
Last Traded Price	90.00	90.00	79.20	72.30	80.00
Ordinary Shares - Non-Voting					
Highest Price	87.50	86.50	85.00	76.00	77.00
Lowest Price	52.00	60.20	65.30	54.20	65.00
Last Traded Price	73.60	71.90	72.50	67.60	73.00

Ordinary Shares - Voting (Rs.)



Ordinary Shares - Non-Voting (Rs.)



The global COVID-19 pandemic subjected financial markets to high levels of volatility and divestments. Sri Lanka as an emerging economy witnessed capital outflows with a 70% outflow of foreign owned Treasury Bills and Bonds while the Sri Lankan Rupee depreciated by 5.3% over a similar time frame.

Share Trading Information

Share price trend	2016	2017	2018	2019	2020
	Rs.	Rs.	Rs.	Rs.	Rs.
Number of Shares Traded					
Ordinary Shares – Voting	156,267	1,572,288	1,363,951	594,280	961,768
Ordinary Shares – Non-Voting	252,616	342,946	1,848,488	778,920	432,034
Share Trading Turnover					
Ordinary Shares – Voting	16,956,458	153,051,838	133,369,757	45,240,924	77,085,529
Ordinary Shares – Non-Voting	20,182,423	26,936,817	129,216,269	52,995,054	29,878,071

Sustainable Value for Investors

Share Price Trend	2018	2019	2020
	Rs.	Rs.	Rs.
Ordinary Shares - Voting			
Highest Price	103.00	87.00	87.90
	28th June 2017	23rd May 2018	12th Feb 2020
Lowest Price	75.00	68.50	69.20
	09th February 2018	31st December 2018	23rd April 2019
Last Traded Price	79.00	72.30	80.00
	29th March 2018	29th March 2019	13th March 2020
Ordinary Shares - Non-Voting			
Highest Price	85.00	76.00	77.00
	19th May 2017	26th April 2018	08th July 2019
Lowest Price	65.00	54.20	65.00
	26th December 2017	21st September 2018	13th November 2019
Last Traded Price	73.00	67.60	73.00
	29th March 2018	29th March 2019	13th March 2020

Performance and Management Capital

Investor Capital

Financial Activity

Description	2016	2017	2018	2019	2020
Earnings per Share (Rs.)	12.67	9.67	11.87	9.50	11.91
Net Assets Value per Share (Rs.)	91.14	153.46	147.88	151.83	174.35
Return on Assets (%)	9	5	6	4	5
Return on Capital Employed (%)	15	10	11	9	9
Return on Equity (%)	14	7	9	7	7

Dividend Distribution

Description	2016	2017	2018	2019	2020
Dividend per Share (Rs.)	3.60	3.60	3.60	3.60	2.20
Total Dividend Paid (Rs.)	121,941,814	121,941,814	121,941,814	121,941,814	74,519,994
Dividend Payout Ratio (%)	56	58	76	58	34

Human Capital

Our employees not only hone professional and technical skills, but also soft skills that are required to provide an exemplary service. Durdans takes pride in being an equal opportunity employer who does not discriminate based on gender, race, ethnicity, religion or disability. Durdans Workforce Diversity Policy, Gender Diversity Policy and Boardroom Diversity Policy is testimony to this.

We understand and believe that the proper management of human resources is vital for the retention of clinical and non-clinical staff, maintaining staff morale, providing opportunities for professional development and the ability of Durdans to deliver quality healthcare services and improve patient health outcome. Processes and policies are in place to provide staff with opportunities for career progression, training and development in order to foster a happier environment to work in. Our human resource function aims to create a culture that recognises its people as a direct link to the success of the organisation. Our employees not only hone professional and technical skills, but also soft skills that are

required to provide an exemplary service. Over the years we have developed effective strategies to ensure efficient recruitment, training and task performance for long-term retention of our employees. Furthermore, Durdans takes pride in being an equal opportunity employer who does not discriminate based on gender, race, ethnicity, religion or disability. Durdans Workforce Diversity Policy, Gender Diversity Policy and Boardroom Diversity Policy is testimony to this. We strive to create a positive and conducive workplace to be in by facilitating effective communication and clear channels for feedback.

Share price trend	2016	2017	2018	2019	2020
Employee Strength (No.)	2,217	2,092	2,084	2,070	2,056
Proportion of Female Employees Out of Total (%)	71	70	69	68	69
Employees Below the Age of 30 Years (No.)	970	910	832	763	988
Monthly Remuneration Per Employee (Rs.)	48,361	60,030	68,613	72,730	77,093
Distribution of Value Addition to Employees (Rs. Mn)	1,286	1,506	1,595	1,736	1,852

Employee Diversity and Equal Opportunity

At Durdans Hospital we take pride in being an equal opportunity employer and remain committed to providing fair and equal opportunities for employment. We do not discriminate on any categorical basis inclusive of race, religion, gender, marital status and sexual orientation. Our total work force as at 31st March 2020 amounted to 2,056 employees of which 31% (637) comprised male employees and 69% (1,419) comprised female employees.

Age	No. of Employees
18 yrs	09
19 yrs to 45 yrs	1713
46 yrs to 60 yrs	315
above 60 yrs	19

No. of Employees



637

Male



1,419

Female

Employee Recruitment

We ensure that our workforce competency levels are satisfactory to carry out their functions. Recruitment at every level pays attention to the respective levels of skill and experience to ensure that the right person is recruited for the right job. It is based on pre-defined job specifications and qualifications. All medical professionals, resident doctors and consultants have to be credentialed and privileged by the hospital prior to them providing their services at Durdans. A 'Credentialing and Privileging Committee' is in place for this purpose. Credentials of our staff are always checked

Performance and Management Capital

Human Capital



carefully, while specific education and skill requirements are in place for every specialised discipline.

Durdans' Human Resource team periodically reviews the staffing of all departments to assess if there are any vacancies or skill gaps that need to be filled. With an employee turnover rate of 19% in 2019, Durdans has identified a talent pool as part of its succession plans.

Training and Development

Durdans' success is a result of the sound performance of its people. Therefore, we continue to equip our employees with adequate and relevant training to enhance their performance levels in line with the dynamic needs of the industry and the long-term objectives of the organisation. By investing in our human resources in this manner, we engage our employees better, keep them motivated and help them carry out their functions responsibly and effectively.

The year under review saw a range of training programmes being offered which encompassed patient care, health and safety as well as customised programmes for the Senior and Corporate Management. The Durdans Nurses Training School is an institute that provides a three-year residential programme with State-approved curricular and exams. It is highly respected for its level of teaching and brings in a high standard of nursing capability.

A performance management assessment is conducted annually to better understand the employer-employee expectation, the employees' aspirations and how the business can support employees in their work and career. In addition to this, informal checks take place during the year to discuss and manage

performance progress and expectations. With healthcare being a dynamic industry, Durdans prioritises continued professional development and training of all levels of staff.

Employee Communication

Effective employee communication ensures that the hospital staff remains engaged and committed to adding value to the customer experience. To this end Durdans employs a range of effective communication channels including circulars and the Intranet. Senior Management is encouraged to conduct meetings with the personnel of their respective units, thereby creating opportunity for them to voice their concerns and discuss areas for improvement in relation to process development and efficiencies. Employees are also updated regularly on any new development within the hospital in relation to processes, policies and systems.

Employee Engagement

We recognise that effective employee engagement ensures motivation and commitment towards the job assigned to the staff which in turn adds value to the customer experience. In order to improve employee engagement, all hospital communications and new developments in relation to processes, policies and systems are channelled via periodic emails in all three languages, in addition to the Intranet, circulars and the monthly hospital newsletter. Further frequent meetings are encouraged between the senior management and their subordinates, creating a space for them to discuss areas for improvement and voice their concerns.

While many planned events focusing employee engagement could not be carried out during the year under review due to the April 21st

Easter Sunday bomb attacks in the first part of the financial year and the COVID-19 pandemic in the last quarter of the same year due to restrictions in people movements and gatherings due to security and health reasons, the Company was able to conduct the following activities taking additional precautions to ensure staff safety.

- Avurudhu celebrations were held with the involvement of Durdans management and staff, preceded by the traditional lighting of the oil lamp.
- The nursing staff and management of Durdans hospital celebrated International Nurses' Day, in recognition of the contribution made by nurses around the world. Dance performances and poetry recitals were key highlights of the event, with tokens of appreciation handed out to all nurses.
- The Durdans Annual Get-Together held at the Taj Samudra Hotel, with the participation of over 1,000 employees.
- Durdans Hospital celebrated Christmas by spreading joy and cheer with the singing of Christmas Carols by staff members.

Benefits and Rewards

Durdans ensures that its remuneration schemes are unbiased and on par with market standards while keeping with regulatory policy. Remuneration consists of guaranteed fixed salaries as well as fixed and variable allowances which are determined based on market surveys conducted from time-to-time for various employee categories.

A performance management framework is in place which has contributed towards nurturing a performance-driven culture. Performance incentives are determined based on a pre-agreed matrix linked to the overall Company performance as well as to employee performances as identified from the annual performance appraisal system. A list of other benefits available for full time permanent employees is given below:

- Performance based bonus in addition to the regular bonus scheme as decided by the management
- Performance incentives for clinical and non-clinical staff for the work performed beyond their expected capacity
- Hostel accommodation for nursing staff, student nurses and nurse aids
- Staff meals at subsidised rates
- Monetary benefits for OPD services
- Medical and hospitalisation insurance cover to staff and their family members.
- Insurance schemes which provide monetary benefits to the next of kin in the event of death of an employee after a critical illness
- Free staff transport service for those working late hours
- Workmen compensation insurance policy covering the risk of permanent/ temporary disabilities due to work related accidents



- Special discounts for employees for out-patient services such as laboratory services, radiology, dental services and in-house treatment sought by employees and their family members.

Employees are rewarded at an individual and at a department level for achieving performance targets. Recognising the best 'Customer Relationship Officer', 'Best Nurse' and 'Best Employee' of the month is an initiative which was implemented to further motivate and recognise employees for their good work.

Employees are rewarded at an individual and at a department level for achieving performance targets. Recognising the best 'Customer Relationship Officer', 'Best Nurse' and 'Best Employee' of the month is an initiative which was implemented to further motivate and recognise employees for their good work. The recipients of these monthly awards receive a cash award along with free lunch for a period of one month.

Health and Safety

As its duty of care, Durdans has in place adequate health and safety measures to ensure that its customers are not subject to any risk at the hospital premises, while protecting the health, safety and welfare of all its employees. Patient safety encompasses a significant level of detail from accurate identification of the patient to clear and

Performance and Management Capital

Human Capital



effective communication, careful labelling and storage of medicines for ease of identification and administration, defined procedures for surgical and non-surgical operations, proper documentation and monitoring systems, up-to-date equipment for ease of operation as well as basic life support training which is compulsory for doctors, nurses, healthcare workers and other staff at the hospital. Safety programmes such as fire safety training and mock drills for emergency evacuations are carried out on a routine basis.

Due to the nature of its operations, Durdans has in place multiple committees to oversee health and safety in relation to its patients and staff within the hospital. The Quality Assurance Committee, the Infection Control and Prevention Committee, the Hospital Safety and Emergency Preparedness Committee and the Credentialing and Privileging Committee are all engaged in ensuring that occupational hazards are reduced to a minimum, while related risks are minimised and mitigated.

All employees are provided with routine fire safety training procedures and protocols, while fire wardens are appointed to each unit in order to lead evacuations should the need arise. All medical equipment is subjected to preventive maintenance and is serviced regularly to avoid any damage to its operators.

Hygiene is of paramount importance. Regular training is provided to staff to ensure high standards of health at all times. All employees are provided with surgical gloves and masks to minimise the risk of infection while lead aprons are a must for staff at the radiology unit and the cardiac catheterisation laboratories. Employees are educated on hand washing practices by way of posters and regular practical training sessions. Special eye



washes are installed in all clinical and non-clinical areas to protect employees from possible chemical splashes which could arise due to accidental chemicals spills. In addition, employees in clinical areas are recipients of various vaccines as a protective measure from infections, epidemics and communicable diseases to which they are exposed to on a daily basis.

Our safety policies and emergency response systems are constantly reviewed and updated in collaboration with our dedicated Quality Assurance Department. The introduction of departmental Standard Operating Procedures (SOPs) and safety measures helps in keeping these numbers at a minimal level.

Event Calendar

At Durdans we believe that in order for our staff to perform better they should be motivated via non-monetary benefits as well. In keeping with this policy an event calendar is drawn up every year which includes monthly events encouraging all employees to participate in. During the year under review a sum of Rs. 8 Mn was allocated for such the events which took place during the year.

Whistle Blowing Policy

A Whistle-Blowing Policy is in place whereby employees can come forward to report any suspected or possible incidents of fraud, malpractices or other illegal activities. Employees can report their concerns in confidence without fear of reprisals.

Intellectual Capital

The year under review saw the development of a mobile registration facility to reduce the time spent by patients in registering themselves with the hospital on arrival while a new loyalty program in place provides registered customers with price advantages in the form of discounts on lab tests and other monetary benefits on specific services.

We have identified the worth of our intellectual capital base which comprises all that is not quantifiable and more specifically intangible. Not reflected in its balance sheet, Durdans has built up a significant quantum of assets which have contributed immensely towards its success and growth. From its brand value, IT systems and processes, organisational knowledge and competencies, culture, expertise and collective know-how, this capital base has served to enhance the value of Durdans significantly.

Brand Equity

Our years in business have created a strong and dynamic brand that is reflected in the quality of service provided to our customers. This brand equity is a vital ingredient of our business and by nurturing it from inception with the support, competence, dedication and loyalty of our staff we have gained competitive advantage in terms of building value and being one of the top medical service providers in Sri Lanka. Testimony to this is the growing number of customers who patronise our services annually and their continued customer loyalty. Over the years we have gathered expertise in diverse medical areas and have stayed abreast of technological developments. At the end of the day, our brand equity is all about providing a better level of service for our stakeholders, especially our customers.

Automation

A user friendly ERP system is in place to reduce the impact of any errors made. Patient records are stored under unique codes for convenience and ease of reference while all processes are designed to be in line with our value chain. As an ideal solution for efficiency, waste reduction and cost effectiveness, Durdans continues to innovate and automate its processes for shorter lead times and enhanced customer experiences. From patient billing, admissions, laboratory examination results to discharge, the objective of Durdans is to divert its human resources towards growing patient volumes and care while reducing the time spent on manual processes. An added advantage is that automation has allowed a data feedback loop that is used for performance improvement and optimisation.

Durdans Hospital's online service reach has enabled patients to access their laboratory reports within four hours through an easy-to-use SMS which will take them to the Customer Portal where they can view and download their reports as required within the parameters of customer safety and convenience. Durdans Hospital



remains committed to finding new ways of providing customer convenience using the latest in digital healthcare services and advancements in technology.

The year under review saw the development of a mobile registration facility to reduce the time spent by patients in registering themselves with the hospital on arrival while a new loyalty program in place provides registered customers with price advantages in the form of discounts on lab tests and other monetary benefits on specific services. Durdans reduced the turnaround time in sending reports to their patients within two hours while channelling information with regard to consultant's appointment details is sent to the client for customer convenience. Also Durdans have enhanced the customer experience in channelling a doctor by indicating the ongoing channelling number with the help of e-channelling platform. The video channelling feature was the very latest introduction to provide patients access to healthcare services during a pandemic situation.

Development of the Laboratory Information System (LIS) and integration with the radiology unit was a key feature during the year under review. Additionally, the radiology unit also saw increased efficiency and streamlining of its services as a new booking system and an SMS service for reports was integrated.

Performance and Management Capital

Intellectual Capital

The introduction of a 'Stroke Management' process and 'Aerocare' units are two other innovative ventures which Durdans embarked on, in their journey to provide the best healthcare to their patients, while minimising medical risks and turnaround time, thus saving lives.

Corporate Culture

The corporate culture of Durdans is one that combines engagement and accountability. We have understood the need for value-based care and drive cultural improvement to ensure this. Employee engagement is a critical ingredient of our success and we make a concerted effort towards creating a committed workforce that delivers compassionate and efficient care. We do this by investing in the training of our employees, motivating and rewarding them financially and otherwise to ensure their job satisfaction and continued loyalty. Armed with the Joint Commission International (JCI) certification, Durdans Hospital continues to demonstrate its dedication towards being a leading healthcare provider and partner to the community at large. While being endorsed for patient safety and quality of care Durdans continues to focus on clinical care as an essential service offered by a tertiary health care service provider. This has allowed Durdans to benchmark its performance levels with that of international standards.

Patient Care

Our focus is to treat individuals and not just illnesses. Providing world class health care and ensuring a high degree of patient satisfaction is priority. As an on-going process, we remain committed towards improving our levels of service, quality of infrastructure, training, competencies of personnel and efficiency of our operational systems. As a means to further improve what we do, Durdans has in place, customer feedback systems, as well as a formal and informal means of evaluating its customer needs and requirements.

Our team of physicians and specialists comprise experts in their respective fields and we pride ourselves in providing clinical excellence and individualised approaches to all our patients. Many of our patients undergo complex treatments and it is the safe and effective coordination of many elements that have contributed to success in the level of patient care provided. In place is a comprehensive clinical governance framework wherein clinical risk, clinical effectiveness, workforce effectiveness and the level of consumer participation is measured. The Clinical Governance Unit works closely with the Risk Management Committee through which the Board of Directors is kept up-to-date.

Clinical risk is concerned with the safety of the clinical processes and how best the risk of error could be minimised. Policies are formulated with this in mind, reviewed and updated regularly based on new risk assessments. Employees are also encouraged to report risks and near misses as a means to improve on the existing levels of safety. A policy is in place for whistle-blowers and for the investigation of any incidents that may occur. Clinical effectiveness identifies quality and safety indicators as a means to measure the effectiveness of the services provided. All indicators are benchmarked and used to measure performance, while more serious incidents are reported to Senior Management, investigated and addressed. The Governance Committee and the Clinical advisory panels have adequate representation by clinicians and all high-risk areas are audited on a regular basis.

Social and Environmental Capital

All waste material is disposed of in a manner conducive to the environment and a proper garbage disposal system is in place for safe and responsible disposal. Food waste is collected daily for a piggery while infectious waste is incinerated using the hospital incinerators in accordance with Central Environmental Authority (“CEA”) regulations.



Our strategic initiatives and corporate objectives are centred on creating value for our stakeholders in the short, medium and long term. As an organisation employing in excess of 2,000 employees and providing healthcare to numerous in-patients and out patients, we have understood the need to provide responsible, safe, secure and essentially high quality healthcare services. We have structured our processes accordingly while retaining our focus to be a leading healthcare provider, Durdans also ensures that its vision and performance is aligned with the need to be financially, socially and environmentally sustainable always. This report reflects our commitment towards being a responsible corporate entity.

Waste Disposal

As community leaders and stewards providing healthcare, Durdans generates a large quantum of waste material that contributes towards environmental hazards. Our focus on waste and water management, energy efficiency and the greater environment form a major part of our initiative to give back and protect the environment in the process of carrying out our operation. Employees are trained to segregate waste based on the categories of it being clinical and laboratory material, paper, food, glass,

plastics and sharp items. Colour coded bins are provided to each unit for this purpose.

Material Waste

All waste material is disposed of in a manner conducive to the environment and a proper garbage disposal system is in place for safe and responsible disposal. Food waste is collected daily for a piggery while infectious waste is incinerated using the hospital incinerators in accordance with Central Environmental Authority (“CEA”) regulations while electronic and mercurial waste are disposed appropriately through CEA-approved contractors.

General Waste - Blue	
Infected Waste - Yellow	
Food Waste - Green	
Plastic/ Polythene - Orange	
Glass - Red	
Paper/ Recyclable - Brown	

Performance and Management Capital

Intellectual Capital

	Units Consumed	Cost (Rs.)
Energy		
2018/19	7,688,893	168,879,117
2019/20	7,275,601	159,474,128
Saving	413,292	9,404,989
Water		
2018/19	118,565	11,938,899
2019/20	115,991	9,642,785
Saving	2,574	2,296,114



5 %

Energy Saving



2 %

Water Saving

Emissions

The hospital's tie up with the Industrial Technology Institute ("ITI") an independent third party ensures that emission levels of the company are measured and monitored. This ITI report is submitted annually to the CEA to obtain the license to operate the hospital incinerators at its own premises while adhering to all conditions stipulated by the CEA.

Energy and Water Consumption

Considering that hospitals are energy intensive establishments, Durdans ensures that it uses its energy sources efficiently to better manage its operating costs and minimise its rate of air emissions. Energy saving light sources, tracking computer usage, LED televisions and the choice of air conditioners used within the building premises are in line with this objective of energy conservation. Water consumption on the other hand is also a significant component being used in sanitation, heating, ventilation, cooking and washing amongst many others and internal measures have been adopted to optimise usage and minimise wastage of this resource.

As part of its initiative to consume energy more efficiently, heat pump systems were introduced as a replacement to boilers, fluorescent lighting was replaced by low wattage LED lighting and elevator functioning times were altered to regulate usage while lighting rosters were put in place to switch-off lights in areas not requiring same during off-peak hours or during day-time for energy

saving. Durdans has also obtained proposals for the installation of solar panels in the car park building roof top and paste UV film on the windows to reduce heat flows and AC consumption.

The decommissioning of two air conditioner chillers originally located on the 5th and 9th floors translated into a significant saving in energy consumption and monetary savings. This initiative was in an effort to ease the load on the national grid while maintaining our own goal of becoming energy efficient. The grid below provides tabulates the energy and monetary savings through these initiatives.

Considering that hospitals are energy intensive establishments, Durdans ensures that it uses its energy sources efficiently to better manage its operating costs and minimise its rate of air emissions. The decommissioning of two air conditioner chillers originally located on the 5th and 9th floors translated into a significant saving in energy consumption and monetary savings.

Fuel Consumption

Durdans implemented a heat recovery system in the previous financial year through which heat generation was channelled towards warming cool water for distribution throughout the hospital. This initiative resulted in shutting down of two boilers previously used for water heating translating in to a considerable reduction in fuel consumption. This also resulted in zero use of fuel and a parallel cost saving.

	Diesel (Ltrs)
Diesel (Fuel)	
2018/19	69,492
2019/20	67,399
Saving	2,093



3 %

Fuel Saving

Parent Craft Programme

Durdans featured its monthly Parent Craft program which comprised of a specially-designed, free-of-charge pre-natal seminar for expecting parents. Held every last Saturday of each calendar month for third trimester pregnancies, the program was conducted in all three languages by its in-house obstetricians, gynaecologists, senior nursing staff and addressed parental anxieties in relation to labour, childbirth and post care.

Durdans Heart Health Forum

Durdans Hospital conducted its 'Heart Health Forum', a periodic event aimed at spreading awareness about cardiovascular disease prevention and overall cardiac care. The session titled "Be Your Own Heart Hero" was conducted by a panel of renowned specialists including cardio-thoracic surgeons, cardiologists, physiotherapists, nutritionists and senior medical officers. Opened to the general public, the three-hour programme focused on new developments in cardiac healthcare, available medical and surgical interventions, risks of heart disease and preventive measures, as well as addressing those individuals who underwent cardiac interventions. A cooking demonstration for a 'heart-healthy' diet and relaxation therapy session were also conducted.

In today's economic, social and political milieu, global warming and climate change have become global issues. In this context, we cannot be a socially responsible organisation without addressing the environmental impact of our operations and other measures we can take to safeguard the natural environment. Durdans continuously strives to minimise the negative impacts that its operations are having on the natural environment. We monitor our impact on a regular and random basis to identify any corrective action needed. The key areas we focus on are conservation of electricity, water, systematic disposal of hazardous materials and emissions.

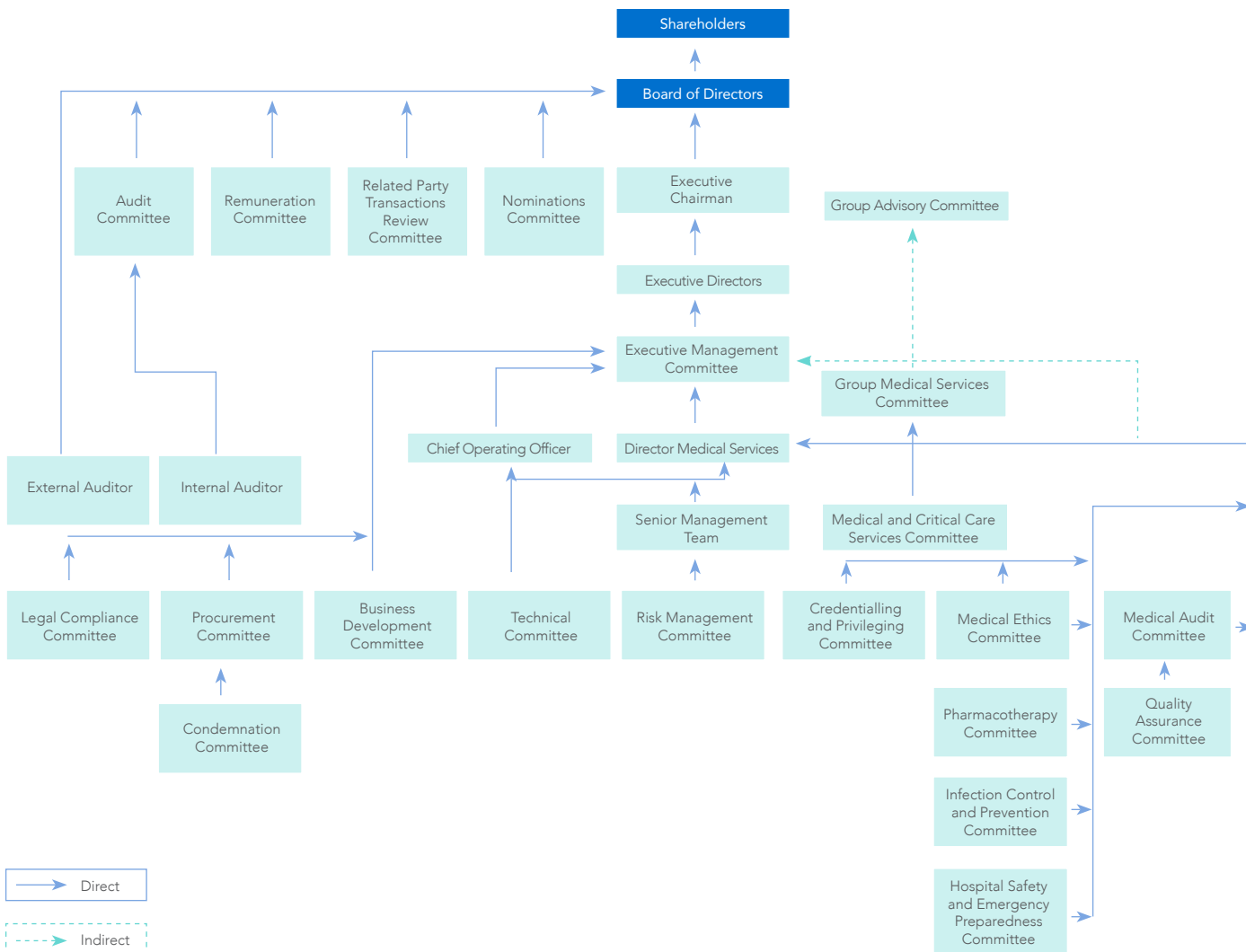
Corporate Governance

1. Executive Summary

The Company has in place a structured corporate governance framework which serves to maintain and enhance sustainable shareholder value. In addition to the compliance with mandatory requirements, the Company follows its own internal benchmarks and processes in order to meet best practice in governance. Given below in detail are the compliance rules and standards adhered to by the Company in terms of mandatory provisions included

under the Companies Act, Listing Rules of the Colombo Stock Exchange ("CSE") and the Securities and Exchange Commission of Sri Lanka ("SEC") in addition to all other rules and regulations and legislations relevant to the business of the Company. Further, where relevant and appropriate the Company has ensured that it practices the Revised Code of Best Practices on Corporate Governance issued in 2017, jointly advocated by the SEC and the Institute of Chartered Accountants of Sri Lanka ("CASL").

2. Governance Structure



2.1 The Board of Directors

2.1.1 Board Responsibilities

The key responsibilities of the Board include the following.

- Appointing and reviewing the performance of Executive Chairman
- Reviewing and approving annual plans and long-term business plans
- Providing direction and guidance to formulate medium and long-term strategies aimed at promoting the long-term success of the Company
- Overseeing systems of internal control and risk management functions
- Reviewing and approving strategic investments and capital expenditure
- Ensuring all related party transactions are in compliance to statutory obligations
- Monitoring systems of governance and compliance
- Approving any amendments to constitutional documents

Some key decisions made by the Board during the year were as follows.

- **The Company declared a dividend of Rs. 3.60 per share on 09th May 2019 for the FY 2018/19**
- **The Company appointed two new Directors to its Board, namely Mr. A. V. R. De S. Jayatilleke; an Independent Non-Executive Director and Mr. A. S. Tudawe; an Executive Director w.e.f. 01st November 2019**

2.1.2 Board Composition

As at the date of reporting the Board comprised nine Directors of whom three served in the capacity of Non-Executive, Independent Directors. In keeping with the applicable rules and codes the Company continues to maintain the right balance between Executive, Non-Executive and Independent Directors. The composition of Executive and Non-Executive, Independent Directors brings the right mix of knowledge required to operate

the business sustainably. The Executive Directors bring in extensive knowledge of the business through experience while the Non-Executive, Independent Directors bring in the required experience, objectivity and independent oversight to the business.

During the year under review there were no changes to the Board composition.

Current composition of the Board is as follows

Designation	1	2	3	4	5	6	7	8	9
	Executive			Non-Executive, Not Independent			Non-Executive, Independent		
Gender	Male								
Age Group	< 40	40-60		60-70			> 70		
Board Tenure	< 1 year		1-5 years		Over 5 years				

2.1.3 Board Appointments

Two new Directors were appointed to the Board with effect from 01st November 2019. Board appointments follow a formal and a structured process under the purview of the Nominations Committee.

Refer page 142 to this Annual Report for the detailed Nominations Committee Report.

New Directors when appointed are made known to shareholders via public announcements and are also declared in the quarterly interim releases as well as in the Annual Report.

Prior to appointment, prospective candidates for Directorship are required to report their business affiliation and change to their professional responsibilities and business associations to the Nominations Committee which will examine such facts and make recommendations to the Board accordingly.

2.1.4 Board Skills

The Board brings in diverse exposure from the fields of Management, Medical Administration, Banking, Finance, Economics, Marketing and Human Resources. All Directors possess skills, expertise and knowledge complemented with integrity and independent professional judgment.

Details of qualifications and their experience are provided under the Board profile section of this Annual Report.

The Board through a regular review of its composition ensures that the skills representation is in place with current and future needs of the Company.

Corporate Governance

Individual Directors are also encouraged to seek expert opinion and professional advice on subject matters of which they do not possess full knowledge or expertise, which also enables better decision making.

2.1.5 Re-election

All Directors are subject to election by shareholders at the first Annual General Meeting after their appointments. One-third of the Non-Executive Directors come-up for re-election at every Annual General Meeting. The Board discusses the possibility of any impairment of Directors independence due to extended

Board tenures and collectively evaluates the re-election of such Board members. The Executive Directors other than the Executive Chairman are re-elected in a manner that is similar to the re-election of Non-Executive Directors.

2.1.6 Board Meetings

2.1.6.1 Regularity of Meetings

During the year four Board meetings were held. All Board meetings are pre-scheduled. Details of the Board meeting dates and the Director participation at each meeting is provided below.

	Board Meeting Date				Eligible to Attend
	09th May 2019	22nd August 2019	21st November 2019	20th February 2020	
Executive					
Mr. A. E. Tudawe	✓	✓	✓	✓	4
Mr. U. D. Tudawe	✓	✓	✓	✓	4
Mr. A. S. Tudawe	-	-	✓	✓	2
Non-Executive, Not Independent					
Dr. A. D. P. A. Wijegoonewardene	✓	✓	✓	✓	4
Mr. Y. N. R. Piyasena	✓	✓	✓	✓	4
Mr. Su-ayid M. Ismail	✓	✓	✓	✓	4
Non-Executive, Independent					
Mr. A. S. Abeyewardene	✓	✓	✓	✓	4
Mr. A. D. B. Talwatte	✓	✓	✓	✓	4
Mr. A. V. R. De S. Jayatilleke	-	-	✓	✓	2

2.1.6.2 Timely Information to Board

Directors were provided with necessary information well in advance by way of board papers and proposals for all four Board meetings held during the year to help extensive discussion, informed deliberations and effective decision making.

Members of the Senior Management team made presentations to the Board on important issues relating to strategy, risk management, investment proposals, re-structuring and system procedures where necessary.

2.1.6.3 Board Agenda

The Executive Chairman ensures that all Board proceedings are conducted smoothly and effectively approving the agenda for each meeting prepared by the Board Secretary. The typical Board Agenda in 2019/20 took the following form.

- Confirmation of previous meeting minutes
- Ratification of Circular Resolutions

- Matters arising from previous meeting minutes
- Board Sub Committee reports and other matters exclusive to the Board
- Status updates on major projects
- Review of Performance – in summary and in detail
- Approval of quarterly and annual financial statements
- New Resolutions
- Tabling of Compliance Reports

2.1.6.4 Board Secretary

A representative from the Company Secretaries Messrs. Nexia Corporate Consultants (Pvt) Ltd functions as the Secretary to the Board. In addition to maintaining board minutes and board records, the Board Secretary provides support to ensure the Board receives timely and accurate information. The Board Secretary also provide advice relating to Corporate Governance matters, board procedures and applicable rules and regulations.

2.1.6.5 Non-Executive Directors' Time Dedication

In addition to attending to Board Meetings the Directors have attended respective sub-committee meetings and have contributed to decision making via Circular Resolutions and one-on-one meetings with key management personnel where necessary.

2.1.6.6 Ensuring Independence and Managing Conflict of Interest

Directors make general disclosures of interest every financial year as required. Potential conflicts if any are reviewed by the Board from time to time to ensure the integrity of the Board's independence.

During the Board Meetings, Directors who have an interest in a matter under discussion excused themselves and abstained from voting on the subject matter.

All Directors once appointed to the Board will obtain Board clearance prior to;

- Engaging in any transaction that could create or potentially create a conflict
- Accepting a new position
- Any changes to their current Board representation or interest

The criteria on which independence of Non-Executive Directors was reviewed is as given below;

Criteria	Status of Non-Executive Independent Directors
1. Employed by the Company during the period of two years immediately preceding appointment as Director	None of the Independent, Non-Executive Directors are employed or have been employed by the Company previously
2. Currently has/had during the two years preceding appointment as a Director has directly or indirectly engaged in material business relationships with the Company	None of the Independent, Non-Executive Directors has/had a material business relationship with the Company
3. Has a close family member who is a Director, CEO (and/ or equivalent) position in the Company	No family member of the Independent, Non-Executive Directors, is a Director, CEO of the Company
4. Has a Significant Shareholding (carrying not less than 10% of the voting rights) in the Company	None of the Independent, Non-Executive Directors shareholding exceeds 1% of voting rights
5. Has served on the Board continuously for a period exceeding nine years from the date of first appointment	Mr. A. S. Abeyewardene a Non-Executive Director of the Company has served on the Board continuously for a period exceeding nine years from the date of first appointment. However, based on the annual declaration made and other information available to the Board, the Board believes that Mr. A. S. Abeyewardene is nevertheless an independent director (Refer sub-section (a) of this section for the criteria for determining the independence)
6. Has a relationship resulting in income/ non-cash benefits equivalent to 20% of the Director's annual income	Independent, Non-Executive Directors' income/ non cash benefits are less than 20% of individual Director's income
7. Is a director or an employee of another company in which a majority of other directors of the Company are employed or are Directors or have a significant shareholding or have a material business relationship	None of the Independent, Non-Executive Directors are Directors of another company as defined

(a) Criteria for Determination of Independence of Non-Executive Director Mr. A. S. Abeyewardene

- He has never been an employee of the Company
- He does not have a close family member who is a director, Chief Executive Officer and/ or holding any equivalent position in the Company
- He has no significant shareholding in the Company
- He is not employed in another company or business in which a majority of the other directors of the Company are employed or are directors, having significant shareholding or material business relationship or business connection with
- He is not a director of another company in which a majority of the other directors of the Company are employed or are directors or has a business connection in the Company or a significant shareholding

Corporate Governance

2.1.6.7 Director Remuneration

(a) Executive Director Remuneration

The Remuneration Committee is responsible for determining the compensation of the Executive Chairman and the Executive Directors of the Company.

Refer Page 73 of this Annual Report for the detailed Remunerations Committee Report.

Executive Director Remuneration is a combination of fixed and variable components. The variable component is linked to the Business Value Growth based on the Group's bottom line and expected returns on shareholder funds. Further, the Remuneration Committee consults the Executive Chairman about any proposal relating to the Executive Director Remuneration, other than that of the Executive Chairman.

(b) Non-Executive Director Remuneration

The compensation of Non-Executive Directors is determined in reference to the fees paid to Non-Executive Directors of comparable companies. Non-Executive Directors were paid

additional fees for either chairing or being a member of a sub-committee. Non-Executive Directors are not paid any performance incentive payments.

2.2 Board Sub Committees

The Board has delegated some of its functions to Board Sub-Committees while retaining final decision rights.

The four Board Sub-Committees set up in view of delegating Board functions are as listed below.

1. Audit Committee ("AC")
2. Remuneration Committee ("RC")
3. Nominations Committee ("NC")
4. Related Party Transactions Review Committee ("RPTRC")

The Board Sub-Committee comprise of principally Independent Non-Executive Directors. The membership of the four Board Sub-Committees for the year under consideration was as follows.

Committee Membership	Board Sub-Committees			
	AC	RC	NC	RPTRC
Executive				
Mr. A. E. Tudawe - Executive Chairman	-	-	■	-
Mr. U. D. Tudawe - Executive Vice President	-	-	■	-
Mr. A. S. Tudawe	-	-	-	-
Non-Executive Director, Not Independent				
Dr. A. D. P. A. Wijegoonewardene	-	-	-	-
Mr. Y. N. R. Piyasena	■	-	-	■
Mr. Su-ayid M. Ismail	■	-	■	■
Non-Executive Director, Independent				
Mr. A. S. Abeyewardene	●	●	●	●
Mr. A. D. B. Talwatte	■	■	■	■
Mr. A. V. R. De S. Jayatilleke	-	■	■	-

● Committee Chairman

■ Committee Member

Considering the above, the Company confirms that it has complied with the mandatory disclosure requirements of Section 7.6 of the Listing Rules of the Colombo Stock Exchange ("CSE") in relation to the contents of the Annual Report and Accounts of a listed entity.

The table below provides reference to the relevant sections of this Annual Report where specified information is disclosed together with page references for the convenience of the reader.

Rule No.	Disclosure Requirements	Section/ Reference	Page(s)
7.6 (i)	Names of persons who held the position of Director during the financial year	Our Leadership section to this Annual Report	14
7.6 (ii)	Principal activities of the Company and its subsidiaries during the financial year and any changes thereon	Note 14 to the Financial Statements	81
		Group Structure	81
7.6 (iii)	The names and the number of shares held by the 20 largest shareholders of voting and non-voting shares and the percentage of such shares held as at financial year end	Share Information	137
7.6 (iv)	The public holding percentage	Share Information	136
7.6 (v)	Directors' and Chief Executive Officer's holding in shares at the beginning and end of the financial year	Annual Report of the Board of Directors	62
7.6 (vi)	Information pertaining to material and foreseeable risk factors	Enterprise Risk	54
7.6 (vii)	Details of material issues pertaining to employees and industrial relations	Note 29 to the Financial Statements	123
7.6 (viii)	Extents, locations, valuations and the number of buildings on the Company's land holdings and investment properties as at the end of the financial year	Note 10.3 to the Financial Statements	100
7.6 (ix)	Number of shares representing the stated capital as at the financial year end	Note 16 to the Financial Statements	103
7.6 (x)	A distribution schedule stipulating the number of shareholders in each class of equity and the percentage of their total holdings as at the financial year end	Share Information	135
7.6 (xi)	Ratios and market price information (Equity, dividend per share, dividend payout ratio, net assets value per share, market value per share)	Share Information	136
7.6 (xii)	Significant changes in the entity or its subsidiaries' fixed assets and the market value of land, if the value differs substantially from the book value	Note 10.3 to the Financial Statements on 'Property, Plant and Equipment'	100
7.6 (xiii)	Details of funds raised through public issues, rights issues and private placements during the financial year	Not applicable	-
7.6 (xiv)	Information in respect of Employee Share Option Schemes	Not applicable	-
7.6 (xv)	Disclosures pertaining to Corporate Governance Practices in terms of Rules 7.10.3, 7.10.5 (c), 7.10.6 (c), of Section 7 of the Listing Rules	Corporate Governance	46 - 50
7.6 (xvi)	Disclosures on Related Party Transactions exceeding 10% of the Equity or 5% of the total assets of the entity as per audited financial statements, whichever is lower	Related Party Transaction Review Committee Report	66
		Note 31 to the Financial Statements	124 - 126

Corporate Governance

The Company also confirms that it is in compliance with the Corporate Governance requirements of Section 7.10 of the Listing Rules of the CSE and disclosure of compliance with the said rules as given below

Rule No.	Area Covered	Requirement	Compliance Status	Details
7.10.1	Non-Executive Directors	Two or one-third of the total number of Directors whichever is higher should be Non-Executive	Compliant	6 out of 9 Directors are Non-Executive Directors
7.10.2(a)	Independent Directors	Two or one-third of Non-Executive Directors, whichever is higher should be Independent	Compliant	3 out of 6 Non-Executive Directors are Independent
7.10.2(b)	Non-Executive Directors	Each Non-Executive Director should submit a declaration of independence/non-independence	Compliant	All Non-Executive Directors have submitted the declaration in the prescribed format
7.10.3(a)	Disclosures relating to Directors	The names of the Directors determined to be Independent will be set out in the Annual Report	Compliant	Corporate Governance section to the Annual Report
7.10.3(b)	Disclosures relating to Directors	A determination has to be made by the Board as to the independence or the non-independence of Non-Executive Directors	Compliant	Corporate Governance section 2.1.6.6 to this Annual Report
7.10.3(c)	Disclosures relating to Directors	Brief resume of each independent Director should be disclosed in the Annual Report	Compliant	Our Leadership section in this Annual Report
7.10.5	Remuneration Committee	A listed company shall have a Remuneration Committee	Compliant	Board Sub-Committees under Corporate Governance report in this Annual Report
7.10.5(a)	Remuneration Committee Composition	i) Remuneration committee shall comprise of a minimum of two Independent Non-Executive Directors or a majority of independent Non-Executive Directors whichever is higher	Compliant	The Remuneration Committee report under Board Sub Committees
		ii) A Non-Executive Director shall be appointed as Chairman of the Committee by the Board	Compliant	
7.10.5(b)	Remuneration Committee	The Remuneration Committee shall recommend the remuneration of the Chief Executive Officer and the Executive Directors	Compliant	Corporate Governance report section 2.1.6.7 in this Annual Report

Rule No.	Area Covered	Requirement	Compliance Status	Details
7.10.5(c)	Remuneration Committee	The Annual Report shall set out:		
		i) Names of Directors comprising the Remuneration Committee	Compliant	The Remuneration Committee report under Board Sub-Committees
		ii) Statement of the Remuneration Policy	Compliant	
		iii) Aggregate remuneration paid to Executive and Non-Executive Directors	Compliant	Note 07 to the Financial Statements
7.10.6	Audit Committee	A listed company shall have an Audit Committee	Compliant	Audit Committee Report under Board Sub-Committees
7.10.6(a)	Audit Committee	The Audit Committee shall comprise two independent Non-Executive Directors or a majority of independent Non-Executive Directors whichever is higher	Compliant	Audit Committee Report under Board Sub-Committees
		The Chief Executive Officer and Chief Financial Officer shall attend Audit Committee meetings	Compliant	
		One Non-Executive Director who is a member of a professional accounting body shall be appointed as Chairman of the Audit Committee by the Board	Compliant	
7.10.6(b)	Audit Committee	Audit Committee shall have functions as set out in section 7.10.6 of the listing rules	Compliant	Audit Committee Report under Board Sub Committees
7.10.6(c)	Audit Committee	The Annual Report shall:		Audit Committee Report under Board Sub-Committees
		i) set out the names of Directors that comprises the Audit Committee	Compliant	
		ii) determine the independence of the Auditors and disclose the basis for such determination	Compliant	
		iii) contain a report of the Audit Committee setting out the manner of its functional compliance	Compliant	

Enterprise Risk Management

Enterprise Risk Management ("ERM") in healthcare comprises clinical and administrative systems, processes and reports employed to detect, monitor, assess, mitigate and prevent risks. By employing ERM, healthcare organisations proactively and systematically safeguard patient safety as well as the organisation's assets, market share, accreditation, brand value and community standing. Deployment of healthcare risk management was traditionally focused on the important role of patient safety and minimising medical errors, the loss of which could threaten an organisation's ability to achieve its mission and decrease protection against financial liability. However, with the expanding role of healthcare technologies, increased cyber security concerns, the fast-pace of medical science and the industry's ever-changing regulatory, legal and political climate, healthcare risk management has evolved, becoming more complex over time.

Risk Management Process at Durdans

The management is responsible in applying an effective risk management strategy within the Company. The Audit Committee plays an integral role in risk management and oversees the adequacy and efficiency of internal controls across the Group, through internal audit reports and compliance statements.

As part of its risk management, the Company adopts a risk treatment process of mitigating, minimising, accepting and/

or transferring risk. Accordingly, the Company has implemented operational and management controls while establishing mitigation plans which are regularly verified by the in-house Quality Assurance Division ("QAD") and the independent Internal Audit Team. In order to manage risks on a routine basis, a 'Department Risk Register' is maintained by each unit in conjunction with the QAD. The QAD in turn verifies this register on a quarterly basis to assess the implementation of the mitigation plans/control measures in place and determine staff knowledge on the same to avoid such risks becoming an eventuality. In addition to the above, specific mitigation mechanisms such as business continuity plans, disaster recovery plans and insurance to cover residual non-systematic risks are also employed.

The impact of an event is estimated by ascertaining the possible loss that would be incurred by the Company in the event the risk occurs. A five-point ranking is used to assess the gravity of risk; Catastrophic, Major, Moderate, Minor and Insignificant.

The likelihood of occurrence is also categorised in a similar manner; Rare, Unlikely, Possible, Likely and Almost Certain. The probability of occurrence is assigned based on the extensive experience the team has in the field. The risks are further classified on dual parameters of the likelihood of occurrence and the overall impact on the business using the assessment of Low, Moderate, High and Extreme.

Likelihood		Consequence				
		Insignificant	Minor	Moderate	Major	Catastrophic
		1	2	3	4	5
Rare	1	Low	Low	Low	Moderate	Moderate
Unlikely	2	Low	Moderate	Moderate	High	High
Possible	3	Low	Moderate	High	High	Extreme
Likely	4	Moderate	High	High	Extreme	Extreme
Almost Certain	5	Moderate	High	Extreme	Extreme	Extreme

The aim of the Company in having a comprehensive risk management process as described above is to reap the following benefits

1. Reduce the financial result variability and operational surprises
2. Identification, management and communication of greatest risks
3. Efficient allocation of resources and management time
4. Better capitalisation on risk opportunities
5. Improve or preserve market reputation
6. Align with governance, regulatory and credit rating requirements
7. Increase organisational value
8. Manage regulatory and legislative changes

Key Risk Factors Evaluated During the Year

With the Easter Sunday bomb attacks and the COVID-19 pandemic which was faced by the Company during the year under review the Company re-visited its risk assessments relating to 'bomb attacks' and 'preparedness for pandemics' to mitigate the risks to the extent known and possible given the volatile and evolving circumstances.

The Company's risk mitigation strategy involved reviewing and reviving the existing Business Continuity Plan ("BCP") and allowing operations and back office functions to continue through alternate working arrangements by strictly adhering to Government directives.

Even though risks associated with COVID-19 pandemic and its resultant effects will need to be assessed as the situation evolves, the Company ensured that operations are continuing unhindered

to the extent possible while ensuring all health and safety aspects of its patients, employees and all other stakeholders as per Government and Health Authority directives issued from time to time.

The Company was successful in implementing remote consultation services and connecting medical consultants with patients over digital platforms, thereby reducing the need for hospital visits to obtain essential medical advice during the lock-down period.

To assist the Government of Sri Lanka ("GOSL"), in controlling the spread of COVID-19, the Company commenced providing PCR testing facilities to the public with the approval of the Ministry of Health ("MOH").

Considering the risks that affected the business during the year under review, the Company has realigned its ERM on a more holistic approach to cover not only the traditional aspects of risks such as patient safety and medical liability but also those risks that are continuously evolving in a dynamic environment as the sector strives to meet new demands from all its stakeholders. Therefore, eight risk domains encompassing the Durdans ERM was revisited, reviewed and revised during the year as given below;

1. Patient safety/ clinical risks including physician alignment, integration and relationships
2. Strategic risks covering competitor strategic actions, failure to effectively develop or execute strategy
3. Financial risk including access to capital and funding, payment reform and revenue cycle management
4. Operational risks emphasising on patient satisfaction, patient complaints and performance scores
5. Employee related risks focusing loss or departure of key individuals, inability to attract and retain employees
6. Technological risks including cyber risks and non-privacy IT risks
7. Hazards covering catastrophic events and pandemics
8. Regulatory/ legal compliance and economic risks

Based on the risk areas given above, the Company has identified the risks which require focus and attention at corporate level. With the identification of the top corporate risks, the Company has formulated a comprehensive framework to enable risk management decisions that maximise creation and protection of value, while stressing the use of technology to synchronise risk mitigation efforts across the Company. This framework has further assisted in the elimination of risks associated with siloed departments or business units. Additionally, data analytics are embedded to support decision-making, departmental cohesiveness, risk prioritisation and resource allocation. Analytics are also used as an important tool for monitoring benchmarks as a means of demonstrating value achieved through ERM initiatives. Considering the foregoing, listed below are the key risks identified within the corporate risk profile along with their respective status and mitigating action plans.

Patient Safety and Clinical Risks

The risk arising from the lack of safety measures for patients and staff is of high importance to the Company. As such, an in-depth evaluation of such risks is carried out on a routine basis to map out all potential areas of risk by clearly defining the actions that should be in place.

With the international accreditation bestowed on the 'Durdans' Brand, the connected measurable elements ensuring patient care is continuously monitored, at all times. With respect to this risk aspect, the following internal elements of risks that could potentially hinder patient safety have been identified;

- Procedures performed in disagreement with medical protocols
- Occurrences of cross-contamination
- Incorrect and/ or improper surgeries
- Incorrect dispensing and/ or administration of medicine
- Food poisoning

Additionally, exposure to environmental risk poses a challenge in the present-day context. In this regard, vaccinations against infections such as Hepatitis B are administered to staff who face exposure to such diseases. Further, regular screening tests are conducted for staff of critical care units to minimise hospital-borne infections. Awareness programmes are also initiated for medical and clinical staff and healthcare professionals to mitigate some of the more challenging issues.

Clinical Risk Management ("CRM") plays a crucial role in enabling Durdans to identify, contain and manage risks relating to patient care. Managing the unexpected is an essential everyday concern in high-risk organisations such as hospitals. Modern medicine has led to increasingly complex forms of treatment and processes of care. While this has resulted in a range of opportunities for improved care, it has also increased the risk of adverse events and patient harm. Risks associated with patient care can never be completely eliminated and therefore, clinical risk management plays a crucial role in enabling hospitals to enhance patient safety.

Durdans' fundamental business philosophy revolves around excellent medical, clinical and aftercare services extended to its patients. Further to the above, the CRM processes adopted by Durdans include;

- Credentialing and privileging medical staff
- Incident monitoring and tracking
- Complaints monitoring and tracking
- Infection control
- Medical record documentation/ medical secrecy
- Preparedness for pandemics

Enterprise Risk Management

Strategic Risks

To achieve short and long-term strategic objectives, the Company has created an organisational structure which has clearly defined roles and responsibilities for every member of the Durdans team. This structure has served to leverage the existing functions and teams rather than create bureaucracy or overburden the leadership with decisions and tasks that can be handled by the rest of the team. Furthermore, transparent, repeatable processes have been implemented and where possible, existing processes are used to ensure minimal disruption and provide clear direction and well-defined deliverables. Where new approaches are needed, Durdans has deployed strong change management disciplines to optimise workforce involvement and acceptance. Further, appropriate risk metrics are determined for meaningful reporting formats, establishing a process for monitoring risk metrics to make sure information is relevant, reliable and provided on a regular basis. The Company has also developed and implemented tools and templates needed to efficiently standardise and sustain the risk management process, emphasising practicality and cost/ benefit optimisation.

Financial Risks

The Company's continuous drive to invest in advanced technology requires seeking and obtaining the necessary finance for investments. Being mindful of the gearing level of the entity, the Company ensures it manages its borrowings with due care. It ensures that financial obligations are settled in a timely manner. Further, the management exhibits the utmost diligence in monitoring market fluctuations in relation to interest rates with the objective of obtaining the best returns for the Company.

The liquidity position of the Company is monitored very closely and cash flows are managed on a daily basis with extreme care. Any investment opportunity is supported by a feasibility study to guarantee an acceptable Return on Investment ("ROI").

With corporate customers and insurance companies comprising a significant portion of the business debt portfolio, receivables are closely monitored to reduce the risk arising from grant of credit. To strengthen the process of granting credit to corporates the Company adopts a credit evaluation process where credit limits and credit periods are granted by the Executive Management Committee of the Company. As a control measure, an internal operating procedure has been developed to avoid any unauthorised credit limit being entered into the operating system without the knowledge and approval of the management of the Company.

Even though healthcare services are expected to recover faster than most other sectors of the economy from the impact of the COVID-19, the exact turnaround time cannot be predicted, as there is likely to be a general hesitancy in the public to recommence normal day-to-day activities. Due to the massive economic disruptions which have ensued from the pandemic, the spending capacity of individuals seeking private healthcare is likely to be reduced. The Company is also aware of the rising cost of services and the possible shortage of drugs, consumables and allied medical care facilities which have resulted in stocking some of the regularly used items well in advance to meet any future demands.

This undoubtedly will result in cost of services offered by the Company, thereby shrinking the margins of the Company as well as the Group. Taking all of the above into account the Company has ensured its financial stability by reducing costs and curtailing expenses including salaries/ overtime to all staff by efficient staff deployment in addition to enhancing the funding lines proactively ahead of any future requirements.

Operational Risk

In any organisation, people and processes inherently incur errors and contribute towards ineffective operations. In evaluating operational risks, practical remedial steps are required to eliminate the exposure and to ensure successful responses. Considering the above, an annual review of operational risks is carried out by an external risk management organisation and the outcome thereof is reported to the Board of Directors for their information and for appropriate action where necessary. Several operational risk mitigation measures carried out by Durdans is listed below;

- Backup arrangements for utility services and critical medical equipment
- Periodic review and calibrations of medical equipment by the Bio-Medical engineering team to ensure expected performance
- Backup arrangements for data and IT system security
- Effective supply chain management coupled with rigorous stock management procedures to avoid stock outs, eliminate wastage and pilferage as well as minimise the value of expired stocks
- An HRM framework with clear policies and procedures for selection, recruitment, training and development

Damage to reputation causes irreparable loss to a brand and brand image. Hence safeguarding the organisation's reputation by following guidelines to handle consumer grievances has always been a key area of focus for the Company. The Durdans team places a great degree of emphasis on ensuring every experience is a memorable one for each patron at every service touch point. Constant improvements to an already well-established system of operations is undertaken by the management daily, considering the feedback received from all stakeholders to ensure an improved service.

During the COVID-19 pandemic the Company's BCP which is in place, ensured that core operational staff was deployed to provide critical service areas subject to the required health and safety precautions. The outpatient pharmacy was made operational 24x7 to assist the clients to purchase medicines during the period of pandemic curfew without any hassle.

Employee Related Risks

The Company continues to value its people as the most important asset of the organisation considering it is they who translate corporate vision into reality by delivering high levels of care to its patrons. Every employee epitomises the values of the Company while at work, as well as outside of working hours.

The private healthcare sector today is a dynamic one, which makes it necessary to constantly enhance the people agenda in a manner beneficial to employees and the Company. Hence Durdans is constantly addressing the needs of its staff members and taking steps to motivate employee engagement through a performance-driven culture. In doing so, every team member is made to understand how his/her role delivers value and contributes towards the organisation's performance, thereby enhancing their commitment to uphold the best standards of service delivery.

Durdans have taken steps continuously to transform its organisational culture and create a cohesive team environment. Efforts are also taken to improve communication among management, staff, team leaders and units to disseminate information across the organisation in a more effective and efficient manner. Results of the annual employee satisfaction survey carried out by the Human Resources Department were collated carefully and corrective action taken to improve/ address employee concerns.

With the COVID-19 pandemic continuing with an indefinite end point the Information Technology and communication facilities of the Company have been upgraded and re-aligned, enabling employees to remotely access the core business systems with enhanced security features to maintain effective communication channels on a 24x7 basis.

Economic Risks

The Company operates in a dynamic environment where various economic factors impact the business and its operations.

With healthcare being an essential service, Durdans is insulated against economic shocks to a certain extent in comparison to other industries. However, the Company has been adept in identifying potential risks which could impact its business plan and generate proactive steps to mitigate the same. The Company follows a detailed management review process enabling the team to take prompt action to reverse any negative impact urgently. With the collective experience of the team, changes are anticipated effectively and the adverse impact minimised.

Information Technology and Information Management Related Risk

Daily operations at Durdans are managed using a fully-fledged ERP system which was developed in-house. The security of information and the uninterrupted service of its systems are of utmost importance for the continued operations of the Company. The loss of data due to technical failure, system downtimes, threat of viruses and data security are some of the key concerns the Company has identified and steps have been taken to minimise all possible risks arising from these threats.

The system currently runs on a high availability solution powered by a VMware platform to maintain zero downtime. Security has been improved on the servers through VLAN and firewalls, combined with real time monitoring and alerting systems against intrusions and suspicious activity. The Company has also installed a 'cloud

backup solution' to further minimise the loss of valuable data. During the year Company has also taken steps to implement an off-site Disaster Recovery Site ("DRS") further enhancing operational efficiency of the ERP system in use for day-to-day operations.

Patient data is managed confidentially with the creation of high security zones within the network, only accessible to designated personnel. The Company has also taken measures to install firewalls to protect data against unauthorised access, in addition to implementing measures for Data Leakage Prevention ("DLP") and real-time threat monitoring alerts. All external laboratories are connected to the main hospital using a state-of-the-art IP-VPN with enhanced security and redundancy.

The Company has in place a strong Information Technology governance framework. However, given the higher incidence of remote working arrangements, measures have been taken to further strengthen the IT governance and cybersecurity framework.

Regulatory and Legal Compliance Risks

The regulatory environment continues to pose a degree of uncertainty resulting in the hospital been challenged in its efforts to define medium and long-term strategies. As a mitigatory measure Durdans has resorted to implementing structures which are robust and effective while being flexible and acceptable to changes within the legal framework and business requirements. Durdans also participates in various industry forums for greater awareness, while enlisting the support of decision makers to obtain greater clarity and ensure increased consistency with respect to Government policies and initiatives.

Given below is a risk rating as per the risk review done during the year

Risk	Risk Rating
Patient Safety and Clinical Risks	High
Strategic Risks	Moderate
Financial Risks	Low
Operational Risks	Low
Employee Related Risks	Moderate
Economic Risks	High
Information Technology and Information Management Related Risks	Low
Regulatory and Legal Risks	High



Financial Analysis

At Durdans, we have upgraded and re-aligned our business strategy - enabling employees to remotely maintain effective communication channels on a 24x7 basis.

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Annual Report of the Board of Directors on the Affairs of the Company

General

The Directors have pleasure in presenting their report and the audited financial statements of the Company and the Group for the year ended 31st March 2020 and the auditor's report on the Consolidated Financial Statements.

This report provides the information as required by the Companies Act No. 07 of 2007, the Listing Rules of the Colombo Stock Exchange and recommended best practices on Corporate Governance. This report was approved by the Board of Directors on 25th June 2020.

1. Principal Activities and Business Review

Ceylon Hospitals PLC is the holding company of Durdans Heart Centre (Pvt) Ltd and Durdans Medical and Surgical Hospital (Pvt) Ltd constituting the Durdans Hospitals Group.

The Chairman's Review and Management Discussion and Analysis sections are incorporated into this report by reference. They contain details of development and performance of the Group's businesses during the year, an indication of the key performance indicators and information regarding principal risks and uncertainties together with information equivalent to that required for a business review.

The measures taken by the Company to manage its risks are detailed in the report titled Enterprise Risk Management on Pages from 54 to 57 of this report.

2. Future Developments

Since 20th March 2020 the Company has primarily focused on ensuring continuity of business activities, albeit at reduced operational levels subject to the guidelines set out by the Government of Sri Lanka ("GOSL"). The utmost importance had been given to the health and safety of its employees and clients and providing stability for all stakeholders in the value chain. Accordingly, core operational staff was deployed at the hospital to provide critical service areas subject to the required health and safety precautions.

The foregoing circumstances have compelled the management to take conscious measures to reduce costs and curtail expenses including the reduction of salaries/ overtime of all staff whilst maintaining the service quality levels at the expected norms. The Company has shown reduced profitability for the last quarter of the financial year 2019/20 and negative profitability for the first month of the financial year 2020/21. This trend is expected to continue until at least the end of the first quarter of the current financial year.

The Company has been successful in implementing remote consultation services and connecting medical Consultants with patients over digital platforms thereby reducing the need for hospital visits to obtain essential medical advice during the lock-down period.

To support the GOSL in controlling the spread of the COVID-19 virus, the Company has commenced providing PCR testing facilities to the public for COVID-19 detection with the approval of the Ministry of Health ("MOH").

The information technology and communications facilities of the Company have been upgraded and re-aligned, enabling employees to remotely access core business systems and maintain effective communication channels on a 24x7 basis.

The Company remains committed to completing the Vision 2022 Project - the planned hospital re-development and refurbishment project embarked in 2008, which is not expected to be completed by the end of the second quarter of 2022/23.

3. Financial Statements of the Company and the Group

The Financial Statements of both the Company and the Group duly certified by the Chief Financial Officer and approved by two directors in compliance with sections 152, 153 and 168 of the Companies Act No. 07 of 2007 are given on Page 77 of the Annual Report.

4. Auditors Report

The Company's external auditors, Messrs. B. R. De Silva & Co. Chartered Accountants performed the audit on the financial statements for the year ended 31st March 2020. The Auditor's report on the Financial Statements is given on Pages from 71 to 73 of the Annual Report as required by Section 168 (l) (c) of the Statutes.

5. Accounting Policies

A summary of the significant accounting policies adopted in the preparation of the Financial Statements is given on Pages from 81 to 83 of the Annual Report as required by Section 168 (l) (d) of the Companies Act No. 07 of 2007. The policies adopted are consistent with those adopted in the previous financial year.

6. Results and Dividends

6.1 Gross Revenue

The total revenue of the Group for the year ended 31st March 2020 was Rs. 5.9 Bn (2019 - Rs. 5.8 Bn). An analysis of the income is given in Note 03 to the Financial Statements on Page 94 to this Annual Report.

6.2 Profit and Appropriations

The profit before income tax of the Group for the year ended 31st March 2020 was Rs. 576 Mn (2018/19 - Rs. 549 Mn) and the profit after tax for the year ended 31st March 2020 was Rs. 467 Mn (2018/19 - Rs. 376 Mn). The details of the Group profits are given on Page 74 to this report.

6.3 Dividend on Ordinary Shares

The Board recommends a final dividend of Rs. 2.20 per share for the year ended 31st March 2020 to be paid in 17th September 2020. Prior to recommending the dividend, in accordance with Section 56 (2) and (3) of the Companies Act No. 07 of 2007, the Board of Directors signed a certificate stating that, in their opinion, based on the available information, the Company will satisfy the solvency test immediately after the distribution is made. The Company has obtained a certificate from the Auditors for the said solvency statement in terms of Section 57 of the Companies Act.

6.4 Provision for Taxation

Income tax for 2019/20 has been provided on taxable income arising from the operations of the Group and has been disclosed in accordance with Sri Lanka Accounting Standards. The Group has also provided deferred tax on all known temporary differences using the liability method as permitted by the Sri Lanka Accounting Standard (LKAS 12) on Income Tax.

Information on income tax expenses and deferred taxes is given in the Notes to the Financial Statements on Page 96 of this Annual Report.

6.5 Reserves

The Group's total reserves as at 31st March 2020 amounted to Rs. 4.99 Bn (2018/19 - Rs. 4.23 Bn). The movement of the reserves are given on Page 78 under 'Statement of Changes in Equity' and in the Notes to the Financial Statements of this Annual Report.

6.6 Property Plant and Equipment, Investments Properties, Leasehold Properties and Intangible Assets

Details of capital expenditure incurred on property plant and equipment are given in the Notes to the Financial Statements from Pages from 98 to 99.

7. Creditor Payment

For all trade creditors, it is the Group policy to:

- Agree and confirm the terms of payment at the commencement of business with that supplier.
- Pay in accordance with any contract agreed with the supplier or as required by law, and
- Continuously review payment procedures and liaise with suppliers as a means of eliminating difficulties and maintaining good working relationships.

8. Directors

8.1 List of Directors

The Board of Directors of the Company as at the date of this report comprise of nine members having extensive Medical, Financial and Commercial knowledge and expertise. The qualifications and experience of the directors are given in the 'Board of Directors' section from Pages 14 to 15 of this Annual Report.

Names of the persons who held office as Directors of the Company as at 31st March 2020 and the names of the persons who ceased to hold office as Directors (if any) of the Company at any time during the year 2019/20, as required by Section 168 (l) (h) of the Companies Act No. 07 of 2007 are given below.

Mr. A. E. Tudawe
Chairman

Mr. U. D. Tudawe
Executive Director

Dr. A. D. P. A. Wijegoonewardene
Non-Executive Director

Mr. Y. N. R. Piyasena
Non-Executive Director

Mr. A. S. Abeyewardene
Independent, Non-Executive Director

Mr. Su-ayid M. Ismail
Non-Executive Director

Mr. A. D. B. Talwatte
Independent, Non-Executive Director

Mr. A. S. Tudawe
Executive Director
w.e.f 01st November 2019

Mr. A. V. R. De S. Jayatileke
Independent, Non-Executive Director
w.e.f 01st November 2019

8.2 Independence of Directors

The Board has made a determination as to the independence of each non-executive director and confirms that three of the non-executive directors meet the criteria of independence in terms of Rule 7.10.4 of Listing Rules.

Each of the independent directors has submitted a signed and dated declaration of his independence against the specified criteria.

Dr. A. D. P. A. Wijegoonewardene plays a consultative role in the Group Advisory Committee.

Annual Report of the Board of Directors on the Affairs of the Company

8.3 Election of Directors

In terms of Article No. 65 of the Articles of Association of the Company, Mr. A. S. Tudawe and Mr. A. V. R. De S. Jayatilleke, Directors appointed since the last Annual General Meeting will be elected as Directors of the Company at the upcoming Annual General Meeting.

8.4 Re-election of Directors

In Accordance with the Article No. 58 of the Articles of Association of the Company and the Corporate Governance Code Mr. Su-ayid M. Ismail will retire by rotation at the Annual General Meeting in August 2020 and being eligible, will offer himself for re-election with the unanimous consent of the Directors.

8.5 Recommendation for Re-election

Dr. A. D. P. A. Wijegoonewardene, Mr. Y. N. R. Piyasena and Mr. A. S. Abeyewardene shall vacate their office as per the requirements of Section 210 of the Companies Act No. 07 of 2007 and three separate resolutions will be tabled at the forthcoming Annual General Meeting to obtain the sanction of the shareholders to re-appoint them as Directors to the Board as per Section 211 of the Companies Act No. 07 of 2007.

8.6 Disclosure of Directors Dealings in Shares

Directors' Interest in Ordinary Shares of the Company are depicted in the table below;

	31st March 2020		31st March 2019	
	No. of Shares		No. of Shares	
	Voting	Non-Voting	Voting	Non-Voting
Mr. A. E. Tudawe	205,052	-	205,052	-
Dr. A. D. P. A. Wijegoonewardene	220,582	-	199,462	-
Mr. U. D. Tudawe	170,616	-	170,616	-
Mr. Y. N. R. Piyasena	500,000	-	553,134	-
Mr. A. S. Abeyewardene	1,440	1,200	1,440	1,200
Mr. Su-ayid M. Ismail	100	-	100	-
Mr. A. D. B. Talwatte	1,000	-	-	-
Mr. A. S. Tudawe	-	1,000	-	-
Mr. A. V. R. De S. Jayatilleke	-	-	-	-

8.7 Remuneration and Other Benefits

Directors' remuneration and other benefits, in respect of the Company for the financial year ended 31st March 2020 is given in Note 07 to the Financial Statements on Page 95 of this Annual Report as required by Section 168 (l) (f) of the Companies Act No. 07 of 2007.

8.8 Directors' Interests in Contracts or Proposed Contracts

Directors have no direct or indirect interest in any contract or proposed contract with the Company for the year ended 31st March 2020 other than those disclosed on Page 126 of this Annual Report.

The Directors have declared all material interests in contracts involving the Company and refrained from voting on matters in which they were materially interested. They have also disclosed their interest in other companies to ensure that they refrain from voting on a matter in which they have an interest.

8.9 Related Party Transaction

The Company's transactions with Related Parties given in Notes 14 and 31 to the Financial Statements, have complied with Colombo Stock Exchange Listing Rule 9.3.2 and the Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

9. Articles of Association

The Articles of Association of the Company may be amended by passing of a special resolution.

10. Stated Capital

The stated capital of the Company as at 31st March 2020 was Rs. 916 Mn comprising 33,872,726 voting and non-voting ordinary shares (2018/19 – Rs. 916 Mn comprising 25,527,272 voting shares and 8,345,454 non-voting shares). Details of the stated capital are given in Note 16 to the Financial Statements on Page 103 of this

Annual Report. The rights and obligations attached to the ordinary shares are set out in the Articles of Association of the Company, a copy of which can be obtained from the Secretaries upon request.

11. Share Information

Details of share-related information are given on Page 135 to this Annual Report and information relating to earnings, dividends and net assets per share is given in the Management Discussions and Analysis on Page 36 of this Annual Report.

12. Public Holding of Shares in the Company

The public shareholding as at 31st March 2020 for voting and non-voting shares was 23.56% and 60.79% respectively.

13. Substantial Shareholding

Substantial shareholders are required to notify their interests in accordance with Section 200 of the Companies Act and oblige shareholders to comply with the notification obligations to the Company contained in the rules of the Colombo Stock Exchange.

The Twenty Largest Shareholders of the Company as at 31st March 2020 are indicated on Page 137 of this Annual Report.

14. Equitable Treatment to Shareholders

The Company has always ensured that all Shareholders are treated equitably.

15. Corporate Donations

During the year, the Company made donations to charity amounting to Rs. 1,225,957 (2018/19 - Rs. 738,865). The information given above on donations form an integral part of the Report of the Board of Directors as required by the Section 168 (l) (g) of the Companies Act No. 07 of 2007.

16. Environmental Protection

The Group and the Company have not, to the best of their knowledge engaged in any activity, which was detrimental to the environment.

17. Statutory Payments

The Directors, to the best of their knowledge and belief are satisfied that all statutory payments due to the Government and in relation to employees have been made to date.

18. Compliance with Laws and Regulations

To the best of knowledge and belief of the Directors the Company and the Group have not engaged in any activity, which contravenes laws and regulations of the country.

19. Events after the Reporting Period

There have been no material events occurring after the Balance Sheet date that would require adjustments to or disclosure in the Financial Statements other than as disclosed in Note 28 to the Financial Statements on Page 123 to this Annual Report.

20. Going Concern

The Board of Directors has reviewed the Company's business plans and is satisfied that the Company has adequate resources to continue its operation in the foreseeable future. After considering the financial position, operating conditions, regulatory and other factors and such other matters required to be addressed in the Corporate Governance code, the Directors have a reasonable expectation that the Company possesses adequate resources to continue in operation for the foreseeable future. For this reason, the Group of Companies continues to adopt the Going Concern basis in preparing the financial statements.

Details of the adoption by the Group and the Company of the going concern basis in preparing the financial statements are set out in the financial review within the business review section and are incorporated into this report by reference.

21. Risk Management and System of Internal Control

21.1 Risk Management

Specific steps that have been taken by the Company are detailed on Pages from 54 to 57 this Annual Report.

21.2 System of Internal Control

The Board of Directors has established an effective and comprehensive system of Internal Controls to ensure that proper controls are in place to safeguard the assets of the Company, to detect and prevent fraud and irregularities, to ensure that proper records are maintained and Financial Statements presented are reliable. Monthly Management Accounts are prepared, giving the management relevant, reliable and up-to-date Financial Statements and key performance indicators.

The Audit Committee reviews on a regular basis, the reports, policies and procedures to ensure that a comprehensive internal control framework is in place. More details in this regard can be seen on Page 69 of this Annual Report.

The Board has conducted a review of the internal controls covering financial, operational and compliance controls and risk management and have obtained reasonable assurance of their effectiveness and successful adherence therewith for the period up to the date of signing the Financial Statements.

Annual Report of the Board of Directors on the Affairs of the Company

21.3 Audit Committee

The composition of the Audit Committee and their Report is given on Page 69 of this Annual Report.

22. Corporate Governance

The Corporate Governance practices of the Company are set out from Pages from 46 to 53 of this Annual Report. The Directors acknowledge their responsibility for the Group's corporate governance and the system of internal control.

23. Operational Excellence

To increase efficiency and reduce operating cost the Company has ongoing initiatives to drive policy and process standardisation and to optimise the use of existing technology platforms.

24. Appointment of Auditors

The Financial Statements for the year have been audited by Messrs. B. R. De Silva & Co. Chartered Accountants, who offer themselves for re-appointment. A resolution to re-appoint them as Auditors and authorise the Directors to fix their remuneration will be proposed at the Annual General Meeting.

25. Auditor's Remuneration and Interest in Contracts with the Company

The Group audit fees paid for the year 2019/20 amounted to Rs. 5.7 Mn. Apart from that, the Company has engaged Messrs. B. R. De Silva & Co. Chartered Accountants, the external auditors to advice on accounting matters arising from the introduction of new Accounting Standards for the year under consideration. As far as the Directors are aware, the Auditors do not have any other relationship or interest in contracts with the Company.

26. Annual General Meeting

The 74th Annual General Meeting of the Company will be held Virtually via an online platform at 4.00 p.m. on 27th August 2020.

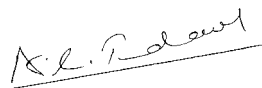
27. Notice of Meeting

Details of the Annual General Meeting are given in the Notice of Meeting.

28. Acknowledgement of the Contents of the Report

As required by Section 168 (1) (k) of the Companies Act No. 07 of 2007 the Board of Directors hereby acknowledge the contents of this Report.

For and on behalf of the Board,



A. E. Tudawe
Chairman



U. D. Tudawe
Director

25th June 2020

Statement of Directors' Responsibility

The following statement which should be read in conjunction with the Auditor's statement of responsibilities has been made with a view to distinguish between the respective responsibilities of the Directors and the Auditors in relation to the financial statements.

Section 150, 152 (1) and 153 (1) of the Companies Act No. 07 of 2007 require that the Directors prepare the financial statements and circulate it among the shareholders. These financial statements comprise a Statement of Comprehensive Income, which presents a true and fair view of the profit or loss of the Company for its financial year as well as a Statement of Financial Position, which presents a true and fair view of the state of affairs of the Company as at the end of its financial year.

As the Directors are satisfied that the Company has adequate resources to continue in business for the foreseeable future, the financial statements continue to be prepared on a 'going concern' basis.

In preparing the Financial Statements as disclosed on Pages from 74 to 132, the Directors consider that the Company and its subsidiaries have used appropriate accounting policies that have been applied consistently and supported by reasonable and prudent judgment and estimates, while all accounting standards considered to be applicable and relevant have been followed.

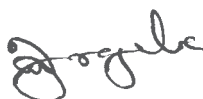
The Directors are responsible for ensuring that the Company and its subsidiaries maintain accounting records which disclose with reasonable accuracy, the financial position of the Company and its subsidiaries while complying with the provisions of the Companies Act No. 07 of 2007.

The Directors have a general responsibility to take reasonable steps in safeguarding the assets of the Company and its subsidiaries, provide proper consideration towards the establishment of appropriate internal control systems with a view to detecting and preventing frauds and other irregularities.

Compliance Report

The Directors confirm to the best of their knowledge that 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, all other known statutory dues which were due and payable by the Company and its subsidiaries as at the reporting date have been paid or where relevant provided for in arriving at the financial results for the year under review.

By Order of the Board



Nexia Corporate Consultants (Pvt) Ltd
Secretaries

25th June 2020

Report of the Related Party Transactions Review Committee (RPTRC)

Objective

The objective of the Committee is to exercise oversight on behalf of the Board of Ceylon Hospitals PLC and its subsidiaries that all Related Party Transactions ("RPTs") are in compliance with Section 9 of the listing rules of the Colombo Stock Exchange ("CSE"), the Code as issued by the Securities Exchange Commission of Sri Lanka and also the best practices as recommended by CA Sri Lanka.

Responsibility

The responsibility of the Committee is to ensure that the interests of the shareholders are collectively considered by the Company when entering into a RPT and fairness and transparency is maintained at all times.

Considering the foregoing the Committee conducts its meetings in compliance with the policy guidelines developed for the Company in this respect which is in line with Section 9 of the listing rules of CSE. The RPTRC policy guideline is in consistent to the operating model and the delegated decision making rights of the Ceylon Hospitals Group.

As per the policy the RPTRC has identified the RPTs' in terms of institutions as well as individuals. Under individuals, in addition to Directors, all Senior Management personnel of the Company have been identified as Key Management Personnel ("KMPs") to increase transparency and enhance good governance.

Composition of the Committee

The Committee comprise of the following Directors;

Mr. Asoka Abeyewardene

Chairman (Independent, Non-Executive Director)

Mr. Su-ayid M. Ismail

Member (Non-Executive Director)

Mr. Y. N. R. Piyasena

Member (Non-Executive Director)

Mr. A. D. B. Talwatte

Member (Independent, Non-Executive Director)

Conduct of Meetings

The Committee has to meet at least once every quarter.

During the financial year ended 31st March 2020 the Committee held four meetings. The meeting attendance was as follows

Name	Attended/ Eligibility to Attend
Mr. A. S. Abeyewardene	4/4
Mr. Su-ayid M. Ismail	4/4
Mr. Y. N. R. Piyasena	3/4
Mr. A. D. B. Talwatte	4/4

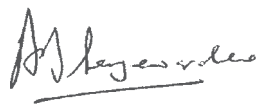
At the quarterly RPTRC meeting, all recurrent transactions carried out with subsidiaries and associates are reported. As per the set Terms of Reference, the Committee also reviewed and pre-approved all proposed non-recurrent RPTs' of the Company where such transactions were to be executed or was already executed and required evaluation by the Committee. Mechanisms are in place for the KMPs' to declare RPTs if any that they are connected with as per the Company RPT policy guidelines.

Activities during the Year

The activities and the views of the committee has been communicated to the Board on a quarterly basis through verbal briefings and by tabling minutes of the Committees' meetings along with the detail reports of RPTs' carried out with subsidiaries and associates of the Company.

There were no RPTs' where KMPs' were involved requiring declaration to the RPTRC during the year under concern.

The RPT Review Committee was satisfied that there were no other transactions to be reported in the Annual Report for the year ended 31st March 2020 other than those disclosed in the report under the Financial Statements Note 31. RPT disclosures are made in the Financial Statements as required by the Sri Lanka Accounting Standard (LKAS 24) on Related Party Disclosures.



A. S. Abeyewardene

Chairman - Related Party Transactions Review Committee

25th June 2020

Report of the Remuneration Committee

Scope of the Committee

Scope of the Committee is to review and recommend overall remuneration policy and performance-based pay plans for the Company and agree with the Board a framework to remunerate the Executive Chairman and Executive Director(s) based on performance targets, benchmark principles, performance related pay schemes, industry trends and past remuneration and succession planning of Key Management Personnel.

Determining compensation of Non-Executive Directors is not under the scope of this Committee.

Remuneration Policy

The remuneration policy is designed to reward, motivate and retain the Company's Key Management Personnel and the executive team with market competitive remuneration and benefits to support the creation of shareholder value. Accordingly, salaries and other benefits are reviewed periodically taking into account the performance of the individuals and industry standards.

The responsibilities of the Remuneration Committee

- to make recommendations to the Board on the Company's policy and structure for all executive directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing a remuneration policy.
- to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives.
- to make recommendations to the Board on the remuneration packages of all executive directors and senior management, including benefits in kind and compensation payments, including any compensation payable for loss or termination of their office or appointment.
- to review and approve the compensation payable to executive directors and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company.
- to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate.
- to ensure that no executive director or any of his associates is involved in deciding his own remuneration.
- to consult the Executive Chairman about remuneration proposals for other executive directors and senior management team.

The Remuneration Committee will seek the assistance of external agencies/ independent professionals to carry out salary surveys and other remuneration related advice if and when necessary to consider salaries paid by comparable companies, time commitment, responsibilities and employment conditions in the Group.

Composition of the Committee

The Committee comprise of the following Directors;

Mr. A. S. Abeyewardene

Chairman (Independent, Non-Executive Director)

Mr. A. D. B. Talwatte

Member (Independent, Non-Executive Director)

Mr. A. V. R. De S. Jayatilleke

Member (Independent, Non-Executive Director)
w.e.f. 01st December 2019

The quorum of the committee shall be two. The Committee held two meetings during the year under review.

Attendance at Meetings

Name	Attended/ Eligibility to Attend
Mr. A. S. Abeyewardene	2/2
Mr. A. D. B. Talwatte	2/2
Mr. A. V. R. De S. Jayatilleke	1/1

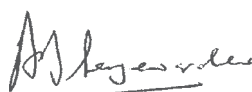
Activities of the Committee for the year 2019/20

- The Committee reviewed the succession plan prepared by the Management for the key Corporate Management positions.
- The Committee reviewed and determined the bonus payable for 2018/19 performance according to the 'Business Value Growth' index for the Executive Directors and senior management staff and recommended same to the Board for approval prior to payment.
- The Committee also determined the annual increment in salaries based on the performance of each key management personnel considering the independent KPI evaluation study carried out by Messrs. Ernst & Young Advisory Services (Pvt) Ltd.

The Committee continued to report on its activities and recommended to the Board for approval the matters discussed at its meetings. The annual management performance appraisal scheme, the calculation of short-term incentives was executed in accordance with the approvals given by the Board, based on discussions conducted by the Committee.

The Aggregate remuneration paid to Executive and Non-Executive Directors as required by Section 7.10.5 (c) to the Listing Rules of the Colombo Stock Exchange is given in Note 07 to the Financial Statements.

The Committee wishes to report that the Company has complied with the provisions of the Companies Act No. 07 of 2007 in relation to remuneration of Executive Directors.



A. S. Abeyewardene

Chairman - Remuneration Committee

25th June 2020

Report of the Nominations Committee

Terms of Reference

The Terms of Reference clearly states the purpose of establishing the Committee, its composition, authority and conduct and scheduling of meetings.

The Board Nominations Committee was established by the Board to ensure Board's oversight and control over "Selection of Directors including Chairman, Chief Executive Officer"

Authority of the Committee

The Committee has the authority to discuss issues under its purview and report back to the Board with recommendations, enabling the Board to take a final decision on the matter. The Members of the Committee have the authority to express their independent views when making decisions. The Committee regularly reviews the structure, size, composition and competencies of the Board and makes recommendations to the Board with regard to any changes. If a need arises, professionals from outside may be invited for advice on specific issues.

Duties of the Committee

The duties of the Committee include inter-alia the following:

- To implement a procedure to select/ appoint new Directors including Executive Chairman.
- Evaluate the independence of the Non-Executive Directors and effectiveness of the Board of Directors.
- Review the process for succession planning to ensure that the Board has the correct balance of individuals to discharge its duties effectively.
- To consider and recommend from time-to-time, the requirements of additional/ new expertise and the succession arrangements for retiring Directors.
- To make recommendations on any other matters referred to the Committee by the Board of Directors.

Composition of the Committee

The Committee comprise of the following Directors;

Mr. A. S. Abeyewardene

Chairman (Independent, Non-Executive Director)

Mr. A. D. B. Talwatte

Member (Independent, Non-Executive Director)

Mr. Su-ayid M. Ismail

Member (Independent, Non-Executive Director)

Mr. A. V. R. De S. Jayatilleke

Member (Independent, Non-Executive Director)

w.e.f. 01st December 2019

Mr. A. E. Tudawe

Member (Executive Chairman)

Mr. U. D. Tudawe

Member (Executive Vice President, Director)

The Committee is chaired by an Independent Director who has experience in the relevant subject and constitutes Executive and Non-Executive, Independent Directors from the Board to ensure that the responsibilities of the Committee are discharged effectively.

To hold a meeting there shall be a quorum of three members of the Committee who are Non-Executive Directors of whom at least one should be independent.

Activities of the Committee in 2019/20

During the year, the Committee unanimously decided to appoint two new Directors to the Board after evaluating their experience and exposure in the corporate world and the value addition they could make to the Company as a Director.

The Committee also recommended the re-election of Directors who retire by rotation and the Directors who vacate from their office in terms of Section 210 of the Companies Act No. 07 of 2007 considering the performance and contribution made by them towards the overall discharge of the Board's responsibilities.

The Committee has acted within the parameters set by its terms of reference. The Committee continued to work closely with the Board of Directors on matters assigned to the Committee and reported back to the Board of Directors with its recommendations.

Meetings and Attendance

During the year the Committee met once and three out of four members were present for same. All proceedings of the Committee meetings were reported to the Board of Directors.



A. S. Abeyewardene

Chairman - Nominations Committee

25th June 2020

Report of the Audit Committee

Role of the Committee

The Audit Committee assist the Board in fulfilling its responsibilities in relation to the integrity of the financial statements of the Company and the Group, the internal control and risk management systems of the Group and its compliance with legal and regulatory requirements, the External Auditors' performance, qualifications and independence, the adequacy and performance of the Internal Audit function.

The scope and responsibilities of the Committee are set out in the terms of reference of the Committee, which is approved by the Board and reviewed annually. The Committee's responsibilities relate to the Group as a whole and in discharging its responsibilities the Committee places reliance on the work carried out by internal and external auditors to the Company and its subsidiaries. An interactive forum with the participation of members of the Audit Committee and the Senior Management team is also held to discuss ways and means of improvement and exchange information on best practices in effective internal controls.

The effectiveness of the Committee is evaluated annually by its members and feedback on same communicated to the Board of Directors at each year end.

Composition of the Committee

The Committee comprise of the following Directors;

Mr. A. S. Abeyewardene

Chairman (Independent, Non-Executive Director)

Mr. Y. N. R. Piyasena

Member (Non-Executive Director)

Mr. Su-ayid M. Ismail

Member (Non-Executive Director)

Mr. A. D. B. Talwatte

Member (Independent, Non-Executive Director)

Profiles of the Committee Chairman and the Members are given on Pages 14 and 17 of this report.

The Committee held five meetings during the financial year ended 31st March 2020. Attendance of the Committee members is given below;

Name	Attended/ Eligibility to Attend
Mr. A. S. Abeyewardene - Chairman	5/5
Mr. Y. N. R. Piyasena - Member	3/5
Mr. Su-ayid M. Ismail - Member	5/5
Mr. A. D. B. Talwatte - Member	5/5

The Executive Chairman, the Chief Financial Officer, the External Auditors and Internal Auditors attended meetings by invitation as required. Other Senior Management team members of the Company also attended the meetings on a need basis. The Committee engaged with the management to review the key risks faced by the Group with a view to obtaining assurance that appropriate and effective risk mitigation strategies were in place. The activities and views of the Committee was communicated to the Board of Directors quarterly through verbal briefings.

Financial Reporting

The Audit Committee has reviewed and discussed the Group's quarterly and annual financial statements prior to publication, with the support of the management and External Auditors. The review included ascertaining compliance of the statements and disclosures with the Sri Lanka Accounting Standards, the appropriateness and changes in accounting policies and material judgemental matters.

The Committee also discussed with the External Auditors and management any matters communicated to the Committee by the External Auditors in their reports to the Committee on the audit for the year.

The Committee obtained independent input from the External Auditors on the impact of several new Sri Lanka Accounting Standards that would come into effect in the current financial year and in the future and satisfied themselves that the necessary preparatory work was being undertaken to enable the Company and the Group to adopt them.

Internal Audit, Risks and Controls

The Committee reviewed the adequacy of the Internal Audit coverage for the Group and the Internal Audit Plans for the Group with the Executive Chairman and the Senior Management team. The Internal Auditors regularly reported to the Committee on the adequacy and effectiveness of internal controls in the Group and compliance with laws and regulations and established policies and procedures of the Group. Reports from the Internal Auditors on the operations of the Company and its subsidiaries were also reviewed by the Committee. Follow-up action taken on the recommendations of the Internal Auditors and any other significant follow-up matters are documented and presented to the Committee as an update to the matters arising from previous meeting minutes every quarter.

During the financial year, the Committee with the approval of the Board implemented a digital forensic audit tool to further enhance the assurance of six selected data sets across the Company and Group. The scope of application of this tool is to have measures to optimise internal process efficiencies and behavioural responses with a view to enhancing operational controls.

Report of the Audit Committee

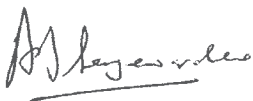
External Audit

The External Auditors' Letter of Engagement, including the scope of the audit, was reviewed and discussed by the Committee with the External Auditors and the management prior to the commencement of the audit.

The External Auditors kept the Committee advised regarding matters of significance that were pending resolution. Prior to the conclusion of the Audit, the Committee met with the External Auditors and Management to discuss all audit issues and to agree on their treatment. This included the discussion of formal reports from the External Auditors to the Committee. The Committee also met the External Auditors before finalisation of the financial statements in order to obtain their input on specific issues and to ascertain whether they had any areas of concern relating to their work. The External Auditors' final management reports on the audit of the Company and Group financial statements for the year 2019/20 were discussed with the management and the auditors.

The Committee was satisfied that the independence of the External Auditors has not been impaired by any event or service that gives rise to a conflict of interest. Due consideration was given to the nature of the services provided by the Auditors and the level of audit and non-audit fees received by the Auditors from the Group. The Committee also reviewed the arrangements made by the Auditors to maintain their independence and confirmation was obtained from the Auditors on their compliance with the independence guidance given in the Code of Ethics of the Institute of Chartered Accountants of Sri Lanka.

The performance of the External Auditors has been evaluated and discussed with the Senior Management of the Company and the Committee has recommended to the Board that Messrs. B. R. De Silva & Co. Chartered Accountants be re-appointed as the Auditors of the Company for the financial year ending 31st March 2021, subject to approval by the shareholders at the Annual General Meeting.



A. S. Abeyewardene

Chairman - Audit Committee

25th June 2020

Independent Auditor's Report



Private & Confidential

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CEYLON HOSPITALS PLC

Opinion

We have audited the Consolidated Financial Statements of Ceylon Hospitals PLC and its subsidiaries (the Group), which comprise the Consolidated Statement of Financial Position as at 31st March 2020, and the Consolidated Statement of Profit and Loss and Other Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying Financial Statements of the Company and the Group give a True and Fair view of, the Financial Position of the Company and the Group as at 31st March 2020, and of their Financial Performance and their Cash Flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis of Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are

Independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of Sri Lanka and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of Sri Lanka. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

We have fulfilled the responsibilities described in the Auditor's responsibilities for the Audit of Financial Statements section of our report, including in relation to those matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our opinion on the accompanying financial statements.

Partners - N.S.C.De Silva FCA, FCMA (UK), CGMA, L.C.Piyasena FCA, L.L.S.Wickremasinghe FCA,
F.S.N.Marikkar FCA, S.M.S.S.Bandara MBA, FCA, D.S.De Silva LL.B., Attorney-at-Law
ACA, ACMA (UK), CGMA
Partner (Kandy) W.L.L. Perera FCA.

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Independent Auditor's Report

Key Audit Matter	How the matter was Addressed
<p>1. Recognition of Revenue</p> <p>Revenue of the Group for the year ended 31st March 2020 was Rs. 5,975,781,838.</p> <p>Revenue of the Group is disclosed in Note 3 and related accounting policies are disclosed in Note 2.5.1 to the Financial Statements.</p> <p>Revenue of the Group is sourced through provision of medical services. It is important to ensure that all the services provided have been captured for invoicing and taken to revenue.</p>	<ul style="list-style-type: none"> ■ Our audit procedures in relation to revenue recognition included both tests of controls as well as substantive procedures. ■ Our testing of the company's manual and automated controls focused on controls around the timely and accurate recording of sales transactions. ■ We reviewed the group's accounting policies in respect of revenue recognition and found them to be in compliance with Sri Lanka Accounting Standards. ■ We performed analytical review procedures to assess whether the recognised revenue was in line with the expected level. ■ Checked a sample of invoices raised to patients, to ensure revenue is recognised and measured in accordance with the contractual terms of the contracts and the Group's accounting policies. ■ Discussed with management regarding the contractual arrangements where consultant medical personnel are involved and tested the appropriateness of the recognition of revenue on a gross or net basis. ■ Carried out substantive test in respect of cut-off at the end of the year. ■ Assessed the adequacy of the disclosures in the Financial Statements.
<p>2. Transactions held with Related Parties</p> <p>Related party balances and disclosure of the Group are disclosed in Notes 14 and 31 to the Financial Statements.</p> <p>The Group is engaged in related party transactions during the ordinary course of business. A considerable part of revenue, recurring expenditure and capital expenditure of the company are channelled through related companies.</p>	<ul style="list-style-type: none"> ■ Evaluated the process established by the management in identifying and reporting related party transactions. ■ Reviewed the reports of related party transaction review committee. ■ Reviewed a sample of transactions and ensured that transactions have taken place on arm's length basis. ■ Critically examined the accuracy of inter-company reconciliations carried out by the management on a quarterly basis. ■ Checked the adequacy of disclosures made in the Financial Statements in accordance with Sri Lanka Accounting Standards.

Other information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the Financial Statements and 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 and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained on the audit or otherwise appears to be materially misstated. If, based on the work we

have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the Consolidated Financial Statements in accordance with Sri Lanka Accounting Standards and for such internal control as management determines is necessary to enable the preparation of Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error. In preparing the Consolidated Financial Statements, management is responsible for assessing the Group's ability to continue as a going concern,

disclosing, as applicable, matters related to Going Concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing 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 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 Sri Lanka Auditing Standards 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 Consolidated Financial Statements.

We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide Those Charged with Governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, 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 Financial Statements of the current year and are therefore the Key Audit Matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing the independent auditor's report is FCA 2972.



B. R. DE SILVA & CO.
Chartered Accountants
Colombo 05.

25th June 2020
SB/RT/ag

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31st March,		Group		Company	
		2020	2019	2020	2019
	Note	Rs.	Rs.	Rs.	Rs.
Revenue	3	5,975,781,838	5,806,352,697	3,495,296,914	3,449,632,770
Cost of Sales		(2,124,055,461)	(2,181,038,705)	(1,224,629,243)	(1,319,388,028)
Gross Profit		3,851,726,377	3,625,313,992	2,270,667,671	2,130,244,742
Other Operating Income	4	52,860,300	56,051,511	32,786,335	32,544,275
Overheads					
Administration Expenses		(2,676,949,481)	(2,514,002,329)	(1,747,654,295)	(1,579,467,015)
Other Operating Expenses		(583,043,430)	(544,450,263)	(372,651,552)	(358,914,473)
Finance Cost	5	(140,725,775)	(135,809,798)	(128,996,372)	(120,630,554)
Finance Income	5.1	70,790,604	61,461,043	180,143,487	209,977,733
		(3,329,928,082)	(3,132,801,347)	(2,069,158,732)	(1,849,034,309)
Share of Profit of an Equity Accounted Investee	6	1,006,002	697,090	-	-
Profit Before Taxation	7	575,664,597	549,261,246	234,295,274	313,754,708
Taxation	8	(108,571,420)	(172,942,515)	(16,891,186)	(102,114,756)
Net Profit After Taxation		467,093,177	376,318,731	217,404,088	211,639,952

For the Year Ended 31st March,	Note	Group		Company	
		2020	2019	2020	2019
		Rs.	Rs.	Rs.	Rs.
Other Comprehensive Income					
Items that will not be Reclassified to Profit or Loss					
Net Change in Fair Value on Equity Investments at FVOCI		(4,936,895)	(2,061,613)	(56,000)	(508,000)
Net Gain/ (Loss) on Gratuity Valuation		(16,121,768)	(21,494,084)	(13,059,801)	(17,285,774)
Deferred Tax Charge on Revaluation Gain and Gratuity Valuation		(186,833,715)	-	(159,424,091)	-
Revaluation Gain on Land and Building		710,335,310	-	529,554,555	-
Other Comprehensive Income for the Year		502,442,931	(23,555,697)	357,014,663	(17,793,774)
Total Comprehensive Income for the Year		969,536,109	352,763,035	574,418,750	193,846,179
Profit Attributable to:					
Equity Holders of the Parent		403,273,863	321,768,112	217,404,088	211,639,952
Non-Controlling Interest		63,819,315	54,550,619	-	-
		467,093,178	376,318,731	217,404,088	211,639,952
Total Comprehensive Income Attributable to:					
Equity Holders of the Parent		884,706,233	299,247,164	574,418,750	193,846,179
Non-Controlling Interest		84,829,876	53,515,870	-	-
		969,536,109	352,763,034	574,418,750	193,846,179
Earnings Per Share - Basic	9	11.91	9.50	6.42	6.25

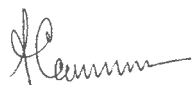
The Significant Accounting Policies and the Notes from Pages from 81 to 132 form an integral part of these Financial Statements.

Consolidated Statement of Financial Position

As at 31st March,	Note	Group		Company	
		2020	2019	2020	2019
		Rs.	Rs.	Rs.	Rs.
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	10	7,693,426,377	6,958,737,731	4,982,572,131	4,324,720,466
Right-of-use Assets	10.4	190,533,787	-	190,533,787	-
Investments in Subsidiaries	11	-	-	1,457,591,424	1,457,591,424
Investment in an Equity Accounted Investee	6	6,503,427	5,497,425	229,960	229,960
Other Financial Assets	20.2.3	75,691,202	75,424,577	61,897,550	57,837,505
Prepaid Rent		1,089,952	1,189,952	-	-
		7,967,244,745	7,040,849,685	6,692,824,852	5,840,379,355
Current Assets					
Inventories	12	379,749,270	309,297,748	308,921,464	228,713,011
Trade and Other Receivables	13	273,575,782	215,382,981	140,403,671	132,129,362
Advances and Prepayments	13.1	211,272,120	122,513,617	183,676,406	94,235,915
Amounts Due from Related Parties	14	59,901,508	25,906,346	370,232,447	165,382,821
Other Financial Assets	20.2.3	754,326,033	659,001,992	88,029,898	77,428,088
Tax Refund Due	25	18,800,220	20,772,401	9,533,629	-
Cash and Cash Equivalents	15	149,206,677	403,497,054	96,243,072	62,263,772
		1,846,831,610	1,756,372,139	1,197,040,587	760,152,969
Total Assets		9,814,076,355	8,797,221,824	7,889,865,439	6,600,532,324
EQUITY AND LIABILITIES					
Equity Attributable to Equity Holders of the Parent					
Stated Capital	16	916,366,104	916,366,104	916,366,104	916,366,104
Revaluation Reserve	17	2,483,785,396	1,986,852,512	1,931,062,779	1,564,589,060
Fair Value Reserve		65,922,050	69,939,257	-	56,000
Revenue Reserves	18	2,439,752,628	2,169,903,886	1,588,064,320	1,502,005,103
		5,905,826,178	5,143,061,759	4,435,493,203	3,983,016,267
Non-Controlling Interests					
	19	587,759,783	564,743,689	-	-
		6,493,585,961	5,707,805,448	4,435,493,203	3,983,016,267

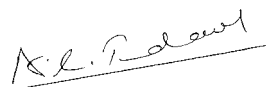
As at 31st March,	Note	Group		Company	
		2020	2019	2020	2019
		Rs.	Rs.	Rs.	Rs.
Non-Current Liabilities					
Interest Bearing Loans and Borrowings	20.3	660,450,403	592,577,563	610,850,403	521,002,563
Deferred Revenue	21	-	-	35,051,029	36,841,314
Retirement Benefit Obligations	22	265,291,247	228,444,975	235,102,125	202,506,305
Deferred Tax Liabilities	23	909,548,189	735,932,264	699,797,374	550,280,213
		1,835,289,839	1,556,954,802	1,580,800,931	1,310,630,396
Current Liabilities					
Bank Overdraft		614,495,777	755,244,128	466,736,394	693,019,494
Interest Bearing Loans and Borrowings	20.3	344,892,847	222,367,951	325,692,847	201,776,300
Trade and Other Payables	24	510,461,116	550,641,293	292,269,424	301,282,135
Taxation Payable	25	-	-	-	3,105,671
Amounts Due to Related Parties	14.2	15,350,815	4,208,202	788,872,639	107,702,062
		1,485,200,555	1,532,461,574	1,873,571,304	1,306,885,662
Total Equity and Liabilities		9,814,076,355	8,797,221,824	7,889,865,439	6,600,532,324

These Financial Statements are prepared in compliance with the requirements of the Companies Act No. 07 of 2007.



Anagi Karunasena
Chief Financial Officer

The Board of Directors are responsible for the preparation and presentation of these Financial Statements.
Signed for and on behalf of the Board by,



A. E. Tudawe
Chairman



U. D. Tudawe
Director

25th June 2020

Statement of Changes In Equity

Group	Stated Capital	Revaluation Reserve	Fair Value Reserve	Accumulated Profits	Total	Non- Controlling Interest	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 01st April 2018	916,366,104	1,986,852,512	71,705,083	2,034,329,093	5,009,252,792	561,186,237	5,570,439,029
Net Profit for the Year	-	-	-	321,768,112	321,768,112	54,550,619	376,318,731
Other Comprehensive Income							
Deferred Tax Effect on Revaluation Gain	-	-	-	-	-	-	-
Net Gain/ (Loss) on Gratuity Valuation	-	-	-	(20,755,123)	(20,755,123)	(738,961)	(21,494,084)
Net Change in Fair Value on Equity Investments at FVOCI	-	-	(1,765,825)	-	(1,765,825)	(295,788)	(2,061,613)
Total Comprehensive Income for the Year	-	-	(1,765,825)	301,012,989	299,247,164	53,515,870	352,763,034
Transactions with Owners in their Capacity as Owners							
Share Buy-back	-	-	-	(43,496,384)	(43,496,384)	(7,442,392)	(50,938,776)
Non-Controlling Interest on Acquisition of Subsidiary	-	-	-	-	-	1,086,000	1,086,000
Dividend Paid - Ordinary Shares	-	-	-	(121,941,814)	(121,941,814)	(43,602,025)	(165,543,839)
	-	-	-	(165,438,198)	(165,438,198)	(49,958,417)	(215,396,615)
Balance as at 31st March 2019	916,366,104	1,986,852,512	69,939,258	2,169,903,884	5,143,061,758	564,743,689	5,707,805,448
Net Profit for the Year	-	-	-	403,273,863	403,273,863	63,819,315	467,093,178
Other Comprehensive Income							
Revaluation Gain on Land and Building	-	683,922,401	-	-	683,922,401	26,412,909	710,335,310
Deferred Tax Effect on Revaluation Gain	-	(186,989,517)	-	-	(186,989,517)	(4,090,864)	(191,080,381)
Net Gain/ (Loss) on Gratuity Valuation	-	-	-	(15,631,875)	(15,631,875)	(489,893)	(16,121,768)
Deferred Tax Effect on Gratuity Valuation	-	-	-	4,148,569	4,148,569	98,097	4,246,666
Net Change in Fair Value on Equity Investments at FVOCI	-	-	(4,017,208)	-	(4,017,208)	(919,688)	(4,936,895)
Total Comprehensive Income for the Year	-	496,932,884	(4,017,208)	391,790,557	884,706,233	84,829,876	969,536,109
Transactions with Owners in their capacity as Owners							
Dividend Paid - Ordinary Shares	-	-	-	(121,941,814)	(121,941,814)	(61,813,783)	(183,755,596)
	-	-	-	(121,941,814)	(121,941,814)	(61,813,783)	(183,755,596)
Balance as at 31st March 2020	916,366,104	2,483,785,396	65,922,050	2,439,752,627	5,905,826,178	587,759,783	6,493,585,961

Company	Stated Capital Rs.	Revaluation Reserves Rs.	Fair Value Reserve Rs.	Accumulated Profits Rs.	Total Rs.
Balance as at 01st April 2018	916,366,104	1,564,589,060	564,000	1,429,592,738	3,911,111,901
Net Profit for the Year	-	-	-	211,639,953	211,639,953
Other Comprehensive Income					
Net Gain/ (Loss) on Gratuity Valuation	-	-	-	(17,285,774)	(17,285,774)
Net Profit on Equity Instruments Designated at Fair Value through Other Comprehensive Income	-	-	(508,000)	-	(508,000)
Total Comprehensive Income for the Year	-	-	(508,000)	194,354,179	193,846,179
Transactions with Owners in their capacity as Owners					
Dividend Paid - Ordinary Shares	-	-	-	(121,941,814)	(121,941,814)
	-	-	-	(121,941,814)	(121,941,814)
Balance as at 31st March 2019	916,366,104	1,564,589,060	56,000	1,502,005,103	3,983,016,266
Net Profit for the Year	-	-	-	217,404,088	217,404,088
Other Comprehensive Income					
Revaluation Gain on Land and Building	-	529,554,555	-	-	529,554,555
Deferred Tax Effect on Revaluation Gain	-	(163,080,835)	-	-	(163,080,835)
Net Gain/ (Loss) on Gratuity Valuation	-	-	-	(13,059,801)	(13,059,801)
Deferred Tax Effect on Gratuity Valuation	-	-	-	3,656,744	3,656,744
Net Profit on Equity Instruments Designated at Fair Value through Other Comprehensive Income	-	-	(56,000)	-	(56,000)
Total Comprehensive Income for the Year	-	366,473,720	(56,000)	208,001,031	574,418,750
Transactions with Owners in their Capacity as Owners					
Dividend Paid - Ordinary Shares	-	-	-	(121,941,814)	(121,941,814)
	-	-	-	(121,941,814)	(121,941,814)
Balance as at 31st March 2020	916,366,104	1,931,062,779	-	1,588,064,320	4,435,493,203

Statement of Cash Flows

For the Year Ended 31st March,	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Cash Flows from/ (used in) Operating Activities				
Net Profit before Income Tax Expenses	575,664,597	549,261,247	234,295,274	313,754,708
Adjustments for				
Inventory Write-off/ (Write-in)	3,858,432	(211,584)	4,105,749	(213,159)
Bad Debts Write-off	6,763,829	4,970,833	4,012,116	2,391,022
Depreciation Charge for the Year	513,940,929	425,281,296	314,789,942	231,412,384
Finance Income	(70,790,604)	(61,461,043)	(180,143,487)	(209,977,733)
Finance Costs	140,725,775	135,809,798	128,996,372	120,630,554
Amortisation of Deferred Rent	100,000	175,048	(1,790,286)	(1,790,286)
Profit/ (Loss) on Disposal of Property, Plant and Equipment	1,116,782	(9,804,509)	1,260,020	(6,023,138)
(Increase)/ Decrease in Financial Instruments	578,438	(337,914)	578,438	(237,241)
Share of Profit of an Equity Accounted Investee	(1,006,002)	(697,090)	-	-
Provision for Defined Benefit Plans	50,640,547	41,804,280	43,815,671	35,763,580
Operating Profit before Working Capital Changes	1,221,592,723	1,084,790,362	549,919,809	485,710,691
(Increase)/ Decrease in Inventories	(74,309,953)	(4,788,021)	(84,314,200)	(4,272,569)
(Increase)/ Decrease in Trade and Other Receivables	(153,715,133)	10,302,936	(101,726,916)	15,720,101
Increase/ (Decrease) in Trade and Other Payables	(70,236,433)	61,524,232	(39,068,967)	26,838,252
Increase/ (Decrease) in Related Party Dues	(22,852,550)	(19,596,689)	476,320,951	(145,817,790)
Cash Generated from Operations	900,478,653	1,132,232,820	801,130,677	378,178,685
Finance Costs Paid	(110,669,519)	(135,809,798)	(98,940,116)	(120,630,554)
Defined Benefit Plan Costs Paid	(29,916,043)	(25,363,585)	(24,279,651)	(17,501,245)
Tax Paid	(121,823,546)	(117,441,130)	(39,437,416)	(16,674,052)
Net Cash from/ (used in) Operating Activities	638,069,546	853,618,306	638,473,494	223,372,834
Cash Flows from/ (used in) Investing Activities				
Acquisition of Property, Plant and Equipment	(519,805,416)	(863,480,007)	(426,457,959)	(610,049,851)
Proceeds from sale of Property Plant and Equipment	1,290,000	11,606,561	1,000,000	7,721,561
(Acquisition)/ Disposal of other Investments	(101,106,001)	(119,735,161)	(15,296,294)	(30,706,269)
Income from Investments	70,790,604	61,461,043	180,143,487	184,838,703
Net Cash Flows from/ (used in) Investing Activities	(548,830,813)	(910,147,563)	(260,610,765)	(448,195,856)
Cash Flows from/ (used in) Financing Activities				
Receipts from Interest bearing Loans and Borrowings	406,304,449	642,571,439	406,304,449	546,571,439
Re-payments to Interest bearing Loans and Borrowings	(425,329,613)	(535,886,399)	(401,962,961)	(491,775,284)
Dividends Paid	(183,755,596)	(165,543,839)	(121,941,814)	(121,941,814)
Net Cash Flows from/ (used in) Financing Activities	(202,780,760)	(58,858,799)	(117,600,325)	(67,145,659)
Net Increase/ (Decrease) in Cash and Cash Equivalents	(113,542,026)	(115,388,056)	260,262,400	(291,968,681)
Cash and Cash Equivalents at the beginning of the Year	(351,747,074)	(236,359,018)	(630,755,722)	(338,787,041)
Cash and Cash Equivalents at the end of the Year	(465,289,100)	(351,747,074)	(370,493,322)	(630,755,722)
Analysis of Cash and Cash Equivalents				
Bank Overdraft	(614,495,777)	(755,244,128)	(466,736,394)	(693,019,494)
Cash in Hand and at Bank	149,206,677	403,497,054	96,243,072	62,263,772
	(465,289,100)	(351,747,074)	(370,493,322)	(630,755,722)

Notes to the Financial Statements

1 Corporate Information

1.1 General

Ceylon Hospitals PLC ("Company") is a Public Limited Liability Company, incorporated and domiciled in Sri Lanka and listed in the Colombo Stock Exchange. The registered office and the principal place of business are situated at No. 03, Alfred Place, Colombo 03.

1.2 Parent Enterprise and Ultimate Parent Enterprise

The consolidated financial statements of the Company for the year ended 31st March 2020 comprise the Company and its subsidiaries. (together referred to as the 'Group'). The Company's parent undertaking is Durdans Management Services Ltd which is incorporated and domiciled in Sri Lanka.

1.3 Principal Activities and Nature of Operations

During the year the principal business activities of the group were as follows:

Name of the Company	Nature of the Business
Ceylon Hospitals PLC	Providing Healthcare Services
Durdans Heart Centre (Pvt) Ltd	Providing preventive Cardiac Care Services and Cardiac Surgical Care
Durdans Medical and Surgical Hospital (Pvt) Ltd	Providing Healthcare Services
Amrak Institute of Medical Sciences (Pvt) Ltd	Providing allied medical science courses
Ceygen Biotech (Pvt) Ltd	Supplying of Molecular Biological, Biochemical, Biotechnological Reagents, Kits, Equipment and Accessories for Molecular diagnostics and research

1.4 Companies in the Group

Subsidiaries and Equity Accounted Investee

The Group Financial Statements include the results of the Durdans Heart Centre (Pvt) Ltd, Durdans Medical and Surgical Hospital (Pvt) Ltd and Amrak Institute of Medical Sciences (Pvt) Ltd which are subsidiaries of the Company and the share of profit from the Equity Accounted Investee, Ceygen Biotech (Pvt) Ltd. The details of subsidiaries and Equity Accounted Investee are as follows:

Company Name	Year of Incorporation	Ownership Percentage
Subsidiary Companies		
Durdans Heart Centre (Pvt) Ltd	1999/00	81.16%
Durdans Medical and Surgical Hospital (Pvt) Ltd	2007/08	85.39%
Amrak Institute of Medical Sciences (Pvt) Ltd	2017/18	45.70%
Equity Accounted Investee		
Ceygen Biotech (Pvt) Ltd	2009/10	46.00%

2 Basis of Preparation and Accounting Policies

2.1 Basis of Preparation of Financial Statements

2.1.1 Basis of Preparation

The consolidated financial statements of the Group and separate financial statements of the Company have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/ LKAS) as issued by the Institute of Chartered Accountants of Sri Lanka ("CASL").

These financial statements presented in Sri Lanka Rupees have been prepared on a historical cost basis except for the revaluation of certain property, plant and equipment, financial instruments at fair value and derivative financial instruments that have been measured at fair value. The retirement benefit obligations are measured at the present value of the defined benefit obligation. All these measures are explained in the respective notes to the financial statements.

2.1.1.1 COVID-19 Impact on the Business/ Operations of the Company

With the onset of the COVID-19 pandemic in early February 2020, like most other private sector hospitals in Sri Lanka, the company and its subsidiaries started to witness a reduction in patient volumes and activity levels. This situation further deteriorated in March 2020 with the detection of COVID-19 patients in Sri Lanka. The company revenue which began falling in the last two months of the last quarter, suddenly experienced rapid decline due to low inpatient occupancy, the shut-down of all outpatient clinics including consultations and the closure of its island-wide laboratory network.

Since 20th March 2020, the company has primarily focused on ensuring continuity of business activities, albeit at reduced operational levels, subject to the guidelines set out by the Government of Sri Lanka ("GOSL"). The utmost importance has been given to the health and safety of its employees and clients and providing stability for all stakeholders in the value chain. Accordingly, core operational staff have been deployed at the hospital to provide critical service areas subject to the required health and safety precautions. The outpatient pharmacy at the hospital has been made operational 24/7 to assist the clients to purchase medicines during the lock-down period.

Notes to the Financial Statements

The foregoing circumstances have compelled the management to take conscious measures to reduce costs and curtail expenses including the reduction of salaries/overtime for senior staff, executives, senior managers and directors, whilst maintaining the service delivery quality levels at the expected norms. The Company has shown reduced profitability for the last quarter of the financial year 2019/20 and negative profitability for the first month of the financial year 2020/21. This trend is expected to continue until at least the end of the first quarter of the current financial year.

2.1.1.2 The Company's Responses to the Impacts

The company has been successful in implementing remote consultation services and connecting medical consultants with patients over digital platforms, thereby reducing the need for hospital visits to obtain essential medical advice during the lock-down period.

To assist the GOSL in controlling the spread of the COVID-19 virus, the company has commenced providing PCR testing facilities to the public for COVID-19 detection with the approval of the Ministry of Health ("MOH").

The information technology and communication facilities of the company have been upgraded and re-aligned, enabling employees to remotely access core business systems and maintain effective communication channels on a 24/7 basis.

The Company remains committed to complete the Vision 2022 Project: the planned hospital re-development and refurbishment project embarked by the Company in 2018, which is now expected to be completed by the end of the second quarter of 2022/23.

2.1.1.3 Future Expectations for the Business/ Operations of the Company

With effect from 11th May 2020, the GOSL lifted the island-wide curfew and relaxed travel restrictions within the Colombo, Kalutara and Gampaha districts which have thus far been more stringent as they have been affected more by the pandemic. This is expected to assist the company greatly as a majority of its activity and revenue is generated from serving clients' from these three districts. With the relaxing of the curfew, new challenges are likely to emerge. The Company will respond adaptively to these challenges as and when they arise, making sure to conform to the guidelines and regulations imposed by the GOSL and national health authorities.

Even though healthcare services are expected to recover faster than most other sectors of the economy, the exact turnaround period cannot be predicted, as there is likely to be a general hesitancy in the public to recommence normal day-to-day activities. Due to the massive economic disruptions that have ensued from the pandemic, the spending capacity of individuals seeking private healthcare is likely to be reduced and the company will also have to address rising costs and possible shortages especially drugs, consumables and allied medical care facilities. This would

undoubtedly increase the cost of package in surgical procedures further, thereby shrinking the margins of the company as well as the healthcare group. The management is confident that the healthcare group has sufficiently strong equity and facilities from funding institutions to meet these increased challenges resulting from the COVID-19 pandemic.

The COVID-19 crisis has spurred the development and adoption of new technology across all aspects of life from e-commerce to remote working and learning, and the company too needs to embrace these new technologies and make the required investments whilst undertaking appropriate changes to its operational framework. Despite these challenges, we remain committed to meet the healthcare needs of our clients island-wide and will continue to closely observe the market conditions and developments and take required actions at the appropriate time. CHPLC will continue to adhere to the Good Enterprise Governance Framework that is in place and deliver value to all its stakeholders, especially to its shareholders.

2.1.1.4 Revaluation of Non-Financial Assets

The valuation was carried out by an independent valuer as at 31st March 2020 based on inputs and material that was available to him prior to 31st March 2020. As there is no evidence of any property valuation as at 31st March 2020 to ascertain any decline in land values, the valuation as at 31st March 2020 will continue until the situation settles and the open market returns to normalcy.

The outbreak of COVID-19 declared by the World Health Organisation as a 'Global Pandemic' on 11th March 2020 has impacted both local and global markets.

Consequently, as per valuer's opinion, the value reflected represent the best estimate based on the market conditions that prevailed at the date of reporting meeting the requirements in Sri Lanka Accounting Standard (SLFRS 13) on Fair Value Measurement.

2.1.1.5 Fair Value Measurement and Related Fair Value Disclosures

The fair value of the equity portfolio as at 31st March 2020 was based on the 20th March 2020 closing market price; which date was the last trading day at Colombo Stock Exchange prior to the pandemic curfew imposed by the Government due to COVID-19 outbreak.

The above valuation method used does not exceed the market value reported as at 31st December 2019 for the said equity portfolio.

2.1.2 Statement of Compliance

The Consolidated Financial Statements of Ceylon Hospitals PLC and its subsidiary companies have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRS/ LKAS) as laid down by CASL and the requirements of the Companies Act No. 07 of 2007.

2.1.3 Going Concern

The Directors have made an assessment on the Company's ability to continue as a going concern and they certified that the Company has adequate resources to continue its operations in the foreseeable future. The Group had positive net asset position as at the reporting date. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, these financial statements are prepared on going concern basis.

2.1.4 Changes in Accounting Policies and Disclosures

In these financial statements, the Group has applied Sri Lanka Accounting Standard (SLFRS 16) on Leases and IFRIC Interpretation (IFRIC 23) on Uncertainty over Income Tax Treatment which became effective for the annual reporting periods beginning on or after 01st January 2019, for the first time. The Group has not early adopted any other standard, interpretation or amendment that has been issued but not effective.

2.1.4.1 Sri Lanka Accounting Standard (SLFRS 16) on Leases

SLFRS 16 became effective for annual periods beginning on or after 01st January 2019. SLFRS 16 supersedes Sri Lanka Accounting Standard (LKAS 17) on Leases, IFRIC Interpretation (IFRIC 4) on Determining whether an Arrangement contains a Lease, SIC Interpretation (SIC 15) on Operating Lease - Incentives and SIC Interpretation (SIC 27) on Evaluating the Substance of Transactions involved in the legal form of a Leases. This standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet. Lessor accounting under SLFRS 16 is substantially unchanged from LKAS 17 where by lessors will continue to classify leases as either operating or finance leases using similar principles as in LKAS 17. Therefore, SLFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted SLFRS 16 using the modified retrospective method of adoption with the date of initial application as 01st January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised on the date of initial application. The Group elected to use the transitional practical expedient to not reassess whether a contract is or contains a lease at 01st January 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying LKAS 17 at the date of initial application.

The Group recognised right of use of assets and lease liabilities for those leases previously classified as operating leases. The right of use of assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate on the date of initial application.

2.1.4.2 IFRIC Interpretation (IFRIC 23) on Uncertainty over Income Tax Treatment

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

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances, the Group applies significant judgement in identifying uncertainties over income tax treatments.

The Group determined, based on its tax compliance, that it is probable that its tax treatments will be accepted by the taxation authorities. The interpretation did not have an impact on the consolidated financial statements of the Company.

2.1.5 Changes in Accounting Policies and Disclosures

In these financial statements, the Group has applied SLFRS 16 and IFRIC 23 which became effective for the annual reporting periods beginning on or after 01st January 2019, for the first time. The Group has not early adopted any other standard, interpretation or amendment that has been issued but not effective.

2.1.6 Functional Currency and Presentation Currency

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

2.1.7 Use of Estimates and Judgments

The preparation of the financial statements in conformity with SLFRS/ LKAS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses, judgments and estimates based on historical experience and other factors, including expectations that are believed to be reasonable under the circumstances. Hence, actual results may differ from those estimates and judgemental decisions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future period affected.

Notes to the Financial Statements

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

Note 10: Revaluation of Land and Building

Note 22: Retirement Benefit Obligations

Note 23: Deferred Tax Asset/ Liability

2.1.8 Comparative Information

Comparative Information has been reclassified, wherever necessary, to conform to the current year's presentation and classification.

2.1.9 Measurement of Fair Value

A number of the Group's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities. The Group regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, the Group assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SLFRS, including the level in the fair value hierarchy in which such valuations should be classified. When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 01: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 02: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 03: Inputs for the asset or liability that is not based on observable market data (unobservable inputs).

2.2 Significant Accounting Policies

2.2.1 Basis of Consolidation

2.2.1.1 Business Combination

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

2.2.1.2 Subsidiaries

Subsidiaries are those enterprises controlled by the Group. The Group controls an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which the control commences until the date that on which control ceases.

A listing of the Group's significant subsidiaries is set out in Note 1.4 to the financial statements.

2.2.1.3 Non-Controlling Interests

The interest of the outside shareholders of the Group is disclosed separately under the heading of Non-Controlling Interest ("NCI"). NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

2.2.1.4 Investment in Equity Accounted Investee

The Group's investment in its equity accounted investee is accounted for using the equity method. Equity accounted investee is an entity in which the Group has a significant influence.

Under the equity method, the investment in the equity accounted investee is carried in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the equity accounted investee. Goodwill relating to the equity accounted investee is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The Statement of Comprehensive Income reflects the share of the results of operations of the equity accounted investee. Where there has been a change recognised directly in the equity of the equity accounted investee, the Group recognises its share of any changes and discloses this, when applicable, in the Statement of Changes in Equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the equity accounted investee.

The share of profit of an equity accounted investee is shown on the face of the income statement. This is the profit attributable to equity holders of the associate and therefore is profit after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its equity accounted investee. The Group determines at each reporting date whether there is any objective evidence that the investment in the equity accounted investee is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the equity accounted investee and its carrying value and recognises the amount in the 'share of profit from equity accounted investee' in the income statement.

Upon loss of significant influence over the equity accounted investee, the Group measures and recognises any retaining investment at its fair value. Any difference between the carrying amount of the equity accounted investee upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognised in profit or loss.

2.2.1.5 Transactions Eliminated on Consolidation

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2.2.1.6 Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to groups of cash-generating units that are expected to benefit from the synergies of the combination.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation.

2.2.1.7 Financial Year

All Companies in the Group have a common financial year, which ends on 31st March.

2.2.2 Foreign Currency Transactions

The Group's consolidated financial statements are presented in Sri Lanka Rupees ("Rupees"), which is also the parent company's functional currency. Transactions in foreign currencies are translated into Sri Lanka Rupees ("Rs.") at the foreign exchange rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated in to rupees at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translations are recognised in the Statement of Comprehensive Income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference.

2.3 Valuation of Assets and their Measurement Bases

2.3.1 Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowances for obsolete and slow moving items. The cost of inventories is based on Weighted Average Cost. The cost includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Net realisable value is the estimated price at which inventories can be sold in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.3.2 Property, Plant and Equipment

Property, plant and equipment are tangible items that are held for servicing, or for administrative purposes and are expected to be used more than one period.

2.3.2.1 Recognition

Property, plant and equipment are recognised if it is probable that future economic benefits associated with the assets will flow to the Group and cost of the asset can be reliably measured.

2.3.2.2 Measurement

Property, plant and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any cost includes expenditures that are directly attributable to the

Notes to the Financial Statements

acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other cost directly attributable to bringing the asset to a working condition for its intended use and the cost of dismantling and removing the items and restoring the site on which they are located.

All other repair and maintenance costs are recognised in the income statement as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

2.3.2.3 Subsequent Expenditure

When significant parts of property, plant and equipment are required to be replaced at intervals, the Group derecognises the replaced part and recognises the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item, if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised.

2.3.2.4 Revaluation of Land and Buildings

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity in the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the income statement, in which case the increase is recognised in the income statement. A revaluation deficit is recognised in the income statement, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve. Any balance remaining in the revaluation surplus in respect of an asset is transferred directly to Accumulated Profits on retirement or disposal of the assets.

The Company policy is to revalue the Company land and building between 3-5 years.

2.3.2.5 Depreciation

The provision for depreciation is calculated by using straight line basis on the cost or valuation of all property, plant and equipment

other than freehold land, in order to write off such amounts over the following estimated useful lives. The principal annual rates used are:

Ceylon Hospitals PLC

Buildings	@	2.5%
Plant and Machinery	@	10%
Electrical Equipment	@	10%
Furniture and Fittings	@	10%
Sundry Equipment	@	10%
Telephones	@	20%
Electrical Power Plant and Transformer	@	10%
Air Conditioners	@	10%
Motor Vehicles	@	10%
Linen	@	50%
Computer Equipment	@	20%

Durdans Heart Centre (Pvt) Ltd

Cardiac Catheterisation Laboratory	@	10%
Theatre and SICU Equipment	@	10%
Furniture and Fittings	@	20%
Computer Equipment	@	25%
Electrical and Other Equipment	@	20%
Motor Vehicles	@	20%

Durdans Medical and Surgical Hospital (Pvt) Ltd

Buildings	@	2.5%
Computer Equipment	@	20%
Medical Equipment	@	10%
Furniture and Fittings	@	5%
Curtaining and Linen	@	50%
Other Equipment	@	10%

Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognised.

2.3.2.6 Borrowing Cost

Borrowing cost directly attributable to the acquisition, construction or production of an qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets, until such time the assets are substantially ready for their intended use.

2.3.2.7 Restoration Cost

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

2.3.2.8 Capital Work-in-Progress

The cost of self-constructed assets includes the cost of materials, direct labour and direct overheads including any other costs directly attributable to bring the assets to a workable condition of their intended use and capitalised borrowing cost. Capital Work-In-Progress is transferred to the respective asset accounts when the asset is available for use and all work connected to construction is completed.

2.3.2.9 Impairment of Property, Plant and Equipment

The carrying value of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount the assets are written down to their recoverable amount. Impairment losses are recognised in the Profit or Loss unless it reverses a previous revaluation surplus for the same asset.

2.3.2.10 De-recognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset calculated as the difference between the net disposal proceeds and the carrying amount. Gains or losses on de-recognition are recognised in profit or loss and gains are not classified as revenue.

2.3.3 Right of Use Assets

2.3.3.1 Basis of recognition

The Group applies SLFRS 16 in accounting for all lease hold rights except for short term leases, which are held for use in the provision for services.

2.3.3.2 Basis of Measurement

The Group recognises right-of-use assets at the date of commencement of the lease, which is the present value of lease payments to be made over the lease term. Right-of-Use assets are measured at cost less any accumulated amortisation and impairment losses and adjusted for any re-measurement of lease liabilities. The cost of the right-of-use assets includes the amount of lease liabilities recognised, initial direct cost incurred and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are amortised on the straight line basis over the lease term.

2.3.3.3 Lease Liability

At the commencement date of the lease, the bank recognises lease liabilities, measured at present value of lease payments to be made over the lease term.

The present value of lease commitments as at 01st April 2019 has been calculated using weighted average incremental borrowing rate of 13.44%. The Group applied modified retrospective approach in accordance with SLFRS 16 when accounting for right-of-use assets and operating lease liabilities.

2.3.4 Intangible Assets

An intangible asset is initially recognised at cost, if it is probable that future economic benefit will flow to the enterprise and the cost of the asset can be measured reliably. Following the initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

The estimated useful life for intangible assets with finite useful life is as follows;

Software Licenses – Over four years

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the Cash Generating Unit ("CGU") level.

An Intangible Asset is de-recognised on disposal or when no future economic benefits are expected from it. The gain or loss arising from de-recognition of such intangible assets is included in the profit or loss when the item is derecognised.

2.3.5 Financial Instruments - Recognition and Measurement

Recognition and Initial Measurement

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

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

Transaction cost in relation to financial assets and financial liabilities at fair value through profit or loss are adjusted through the Income Statement.

Notes to the Financial Statements

2.3.5.1 Classification and Subsequent Measurement of Financial Assets

From 01st April 2018, as per Sri Lanka Accounting Standard (SLFRS 9) on Financial Instruments, the Group classifies all of its financial assets based on the business model for managing the assets and the assets' contractual terms measured at either;

- Amortised cost
- Fair value through other comprehensive income (FVOCI)
- Fair value through profit or loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at FVTPL:

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

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

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

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

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

(a) Financial Assets - Business Model Assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because

this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Group's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for de-recognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

(b) Assessment of whether Contractual Cash Flows are Solely Payments of Principal and Interest (SPPI test)

For the purposes of this assessment, principal is defined as the fair value of the financial asset on initial recognition. Interest is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable rate features;
- Prepayment and extension features; and
- Terms that limits the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the sole payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

(c) Financial Assets - Subsequent Measurement and Gains and Losses

(i) Financial Assets at Fair Value through Profit or Loss

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

(ii) Financial Assets at Amortised Cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on de-recognition is recognised in profit or loss.

(iii) Debt Investments at Fair Value through Other Comprehensive Income

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in Other Comprehensive Income ("OCI"). On de-recognition, gains and losses accumulated in OCI are reclassified to profit or loss.

(iv) Equity Investments at Fair Value through Other Comprehensive Income

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

(d) De-recognition - Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
 - the Group has transferred substantially all the risks and rewards of the asset, or
 - the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.
- When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of it, the asset is recognised to the extent of the Group's continuing involvement in it.

In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.3.5.2 Classification and Subsequent Measurement of Financial Liabilities

As per SLFRS 9, the Group classifies financial liabilities, other than financial guarantees and loan commitments into one of the following categories:

- Financial liabilities at fair value through profit or loss, and within this category as -
 - Held-for-trading; or
 - Designated at fair value through profit or loss;
- Financial liabilities measured at amortised cost

(a) Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

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(b) Financial Liabilities Designated at Fair Value through Profit or Loss

Financial liabilities designated at fair value through profit or loss are recorded in the SOFP at fair value when

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis, or
- A group of financial liabilities are managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy and information about the group is provided on that basis to entity's key management personnel, or
- The liabilities containing one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited.

(c) Financial Liabilities Measured at Amortised Cost

After initial recognition, such financial liabilities are subsequently measured at amortised cost using the Effective Interest Rate ("EIR") method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

(d) De-recognition - Financial Liabilities

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

2.3.5.3 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

2.3.5.4 Fair value of Financial Instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Notes 20.4 to 20.11.

(a) Impairment of Non-Derivative Financial Assets

The Group recognises loss allowances for Expected Credit Loss ("ECLs") on:

- Financial assets measured at amortised cost;
- Debt investments measured at FVOCI; and
- Contract assets

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12 month ECLs.

Debt securities that are determined to have low credit risk at the reporting date; and other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12 month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

(b) Measurement of ECLs

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

(c) Credit-Impaired Financial Assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit impaired. A financial asset is 'credit impaired' when one or more

events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 90 days past due;
- The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- It is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

Presentation of Allowance for ECL in the Statement of Financial Position.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

(d) *Write-off*

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(e) *Impairment of Non-Financial Assets*

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than biological assets, investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, if asset could not be tested for impairment on an individual basis, then assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units ("CGUs"). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a

pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses of CGU's are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

Impairment Losses of assets carried at valuation are first set off against the revaluation surplus and, Losses in excess of revaluation surplus, are charged to profit or loss.

2.4 Liabilities and Provisions

Liabilities classified as current liabilities on the reporting date are those, which fall due for payment on demand or within one year from the reporting date. Non-current liabilities are those balances that fall due for payment after one year from the reporting date.

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the Statement of Comprehensive Income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

All known liabilities have been accounted for in preparing the financial statement.

2.4.1 Retirement Benefit Obligations

2.4.1.1 Defined Benefit Plan - Gratuity

Employees are eligible to receive a gratuity payment of half month's salary per year of service at the end of service, provided the employee has provided 5 years of service. Defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The present value of the defined benefit obligation is calculated annually by independent actuaries using Projected Unit Credit Method (PUC) as recommended by Sri Lanka Accounting Standard (LKAS 19) on Employee Benefits. The defined benefit liability is recognised in the reporting date.

The actuarial gains and losses are charged or credited to Other Comprehensive Income in the period in which they arise. The assumptions based on which the results of the actuarial valuation was determined as at 31st March 2020 are given below. However, according to the Payment of Gratuities Act No.12 of 1983, the

Notes to the Financial Statements

liability for the gratuity payment to an employee arises only on the completion of 5 years of continued service with the Company.

- a. Average Rate of Interest - 10% (Per annum)
- b. Average Rate of Salary Increase - 7%
- c. Average Retirement Age - 55 years
- d. The Company will continue in business as a going concern

The liability is not externally funded.

2.4.1.2 Defined Contribution Plans - Employees' Provident Fund and Employees' Trust Fund

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in accordance with the respective Statutes and Regulations.

2.4.2 Leases

The Group applies Sri Lanka Accounting Standard SLFRS 16 "Leases" in accounting for all lease hold rights except for short term leases, which are held for use in providing of services.

The Group recognises right-of-use assets at the date of commencement of the leases, which is the present value of lease payments to be made over the lease term. Right-of-use of assets are measured at cost less any accumulated amortisation and impairment losses and adjusted for any re-measurement of lease liabilities. The cost of the right-of-use assets includes the amount of lease liabilities recognised, initial direct cost incurred and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are amortised on the straight line basis over the lease term.

2.4.3 Capital Commitments and Contingencies

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefits is not probable or cannot be reliably measured. Capital commitment and contingent liabilities of the Group are disclosed in the respective notes to the Financial Statements.

2.4.4 Events Subsequent to the Reporting Period

The materiality of the events after the reporting period has been considered and appropriate adjustments and provisions have been made in the financial statements wherever necessary.

2.5 Statement of Profit or Loss and Other Comprehensive Income

2.5.1 Revenue from Contracts with Customer

The Group/ Company is in the business of providing healthcare services and sale of pharmaceuticals. Revenue from contracts with customers is recognised when control of the goods or services

are transferred to the customer at an amount that reflects the consideration to which the Group/ Company expects to be entitled in exchange for those services or goods.

The Group/ Company recognised the revenue based on SLFRS 15 with effect from 01st April 2018. It applies to all contracts with customers to provide goods and services in the ordinary course of business. The Group/ Company adopts principle based five steps model for revenue recognition.

Accordingly, revenue is recognised only when all of the following criteria are met:

- The parties to the contract have approved the contract/s;
- The entity can identify each party's rights regarding goods or services to be transferred;
- The entity can identify the payment term for the goods or services to be transferred;
- The contract has commercial substance;
- It is probable that the entity will collect the consideration to which it will be entitled in exchange for goods or services that will be transferred to the customer.

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

Revenue from sale of pharmaceutical items are recognised at a point in time when control of that items are transferred to the customer.

Revenue from outpatients are recognised at a point in time when services are rendered.

Revenue from inpatients are recognised over time by measuring the progress towards complete satisfaction of that performance obligation.

The Group/ Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group/ Company has concluded that the service revenues are presented net of doctor fees in cases where the Group/ Company is not the primary obligor and does not have the pricing latitude.

2.5.1.1 Finance Income

Interest income is recorded as it accrues using the EIR, which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a

shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included under finance income in the Statement of Profit or Loss.

2.5.1.2 Dividends

Dividend income is recognised when the Group's right to receive the payment is established.

2.5.1.3 Rental Income

Rental income is recognised on an accrual basis.

2.5.1.4 Other Income

Other Income is recognised on an accrual basis.

2.5.1.5 Gains or Losses on the Disposal of Property, Plant and Equipment

Net gains and losses on the disposal of Property, Plant and Equipment and other non-current assets including investments have been accounted for in the Statement of Comprehensive Income, having deducted from proceeds on disposal, the carrying amount of the assets and related selling expenses.

2.5.2 Expenditure Recognition

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

For the purpose of presentation of the Statement of Comprehensive Income, the Directors are of the opinion that the function of expenses method, presents fairly the elements of the Company's performance and hence, such presentation method is adopted.

2.5.3 Taxation

As per LKAS 12 tax expense is the aggregate amount included in determination of profit or loss for the period in respect of current and deferred taxes. Income tax expense is recognised in the statement of profit or loss, except to the extent it relates to items recognised directly in OCI, in which case it is recognised in OCI. The Group applied IFRIC 23 in determination of taxable profit, tax bases, unused tax losses, unused tax credits and tax rates with effect from 01st January 2020, when there is uncertainty over the income tax treatment.

2.5.3.1 Current Taxes

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act No. 24 of 2017.

2.5.3.2 Deferred Taxation

Deferred Tax is provided in full, using the liability method on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

2.5.4 Earnings per Share

The Financial Statements present basic Earnings per Share ("EPS") data for its ordinary shareholders. The EPS is calculated by dividing the Profit or Loss attributable to ordinary shareholders of the Company by the number of ordinary shares in issue.

2.5.5 Dividend on Ordinary Shares

Dividend on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Company's shareholders. Interim dividends are deducted from equity when they are declared and are no longer the discretion of the Company.

2.6 The Cash Flow Statements

2.6.1 Cash and Cash Equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short term highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of cash flow statement, cash and cash equivalent consists of cash in hand and deposits in banks net of outstanding bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

Investment with short term maturities i.e. three months or less from the date of acquisitions is also treated as cash equivalents.

The cash flow statements are prepared using the Indirect Method in accordance with the Sri Lanka Accounting Standard (LKAS 7) on Statement of Cash Flows, whereby gross cash receipts and gross cash payments on operating activities, investing activities and financial activities are recognised.

Notes to the Financial Statements

For the Year Ended 31st March,		Group		Company	
		2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
3	Revenue				
	Healthcare Services	5,975,781,838	5,806,352,697	3,495,296,914	3,449,632,770
4	Other Operating Income				
	Deferred Income of Residential Fees	-	-	1,790,286	1,790,286
	Sundry Income	53,977,082	46,247,002	32,256,069	24,730,851
	Profit/ (Loss) on Disposal of Property, Plant and Equipment	(1,116,782)	9,804,509	(1,260,020)	6,023,138
		52,860,300	56,051,511	32,786,335	32,544,275
5	Finance Cost				
	Loan Interest	67,998,303	93,083,942	57,179,071	78,724,905
	Debenture Interest	-	-	-	-
	Interest Expenses on Overdrafts	40,474,656	39,917,112	40,148,707	39,673,536
	Other Interest	30,056,256	76,792	30,056,256	76,792
	Bank Charges	2,196,560	2,103,702	1,612,338	1,587,071
	Loan Processing Expenses	-	628,250	-	568,250
		140,725,775	135,809,798	128,996,372	120,630,554
5.1	Finance Income				
	Interest Income	70,482,616	61,031,908	13,674,027	9,600,073
	Dividend Income	307,987	429,136	166,469,460	200,377,660
		70,790,604	61,461,043	180,143,487	209,977,733

6 Investment in Equity Accounted Investee

The Company has a 46% interest in Ceygen Biotech (Pvt) Ltd, which is engaged in the production and supply of Molecular Biology, Biochemical and Biotechnology reagents for Molecular Diagnostic and research purposes.

Ceygen Biotech (Pvt) Ltd is a private limited liability company. The following table illustrates summarised financial information of the Ceygen Biotech (Pvt) Ltd:

For the Year Ended 31st March,	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Current Assets	10,795,351	8,530,862	-	-
Non-Current Assets	4,390,228	4,786,445	-	-
Current Liabilities	544,238	1,768,768	-	-
Equity	14,641,342	11,548,539	-	-
Profit for the Year	2,186,905	1,515,374	-	-
Share of the Profit from Equity Accounted Investee	1,006,002	697,090	-	-
Carrying Amount of the Investment	6,503,427	5,497,425	-	-
Carrying Amount of Equity Accounted Investee as at the end of Year is made up as follows;				
Balance at the beginning of the Year	5,497,425	4,800,335	229,960	229,960
Share of Profit from Equity Accounted Investee	1,006,002	697,090	-	-
Balance at the end of the Year	6,503,427	5,497,425	229,960	229,960

7 Profit/ (Loss) From Ordinary Activities Before Taxation

Profit/ (Loss) from ordinary activities before taxation is stated after charging all expenses including the following.

For the Year Ended 31st March,	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Directors' Fees and Remuneration	59,477,319	46,921,792	56,797,319	43,881,792
Auditors Remuneration - Internal	3,828,558	2,744,133	2,642,728	1,645,022
- External	1,980,000	1,891,759	950,000	1,102,475
Depreciation	431,332,922	425,281,296	232,181,935	231,412,384
Defined Benefit Plan Costs - Gratuity	50,640,547	41,804,280	43,815,671	35,763,580
Legal Fees	2,322,954	8,181,527	1,771,470	4,691,639
Salaries	1,237,205,171	1,160,982,649	787,279,829	700,276,056
Employee's Provident Fund	99,948,630	90,017,239	81,429,314	72,447,688
Employee's Trust Fund	25,578,405	23,521,792	20,352,240	18,091,076

Notes to the Financial Statements

For the Year Ended 31st March,		Group		Company	
		2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
8	Income Tax Expenses				
	Income Tax (Note 8.1)	123,795,727	139,225,406	26,798,117	58,713,517
	Deferred Income Tax				
	Decrease/ (Increase) in Deferred Tax Assets	(6,161,108)	(12,333,459)	(4,490,482)	(11,835,699)
	(Decrease)/ Increase in Deferred Tax Liabilities	(9,063,199)	46,050,568	(5,416,449)	55,236,938
	Deferred Taxation Charge/ (Reversal)	(15,224,307)	33,717,109	(9,906,931)	43,401,239
	Income Tax Expense	108,571,420	172,942,515	16,891,186	102,114,756
8.1	Reconciliation between Current Tax Expense and the Accounting Profit				
	Accounting Profit before Taxation	575,664,597	549,261,247	234,295,274	313,754,708
	Consolidation Adjustments	164,635,079	205,590,971	-	-
	Income not Subject to Taxation	(181,652,557)	(258,321,964)	(175,998,874)	(200,377,660)
	Aggregated Disallowed Expenses	626,420,484	538,209,269	382,100,167	304,441,263
	Aggregated Allowed Expenses	(554,349,943)	(516,259,352)	(365,426,652)	(297,909,430)
	Taxable Profit	630,717,660	518,480,171	74,969,915	119,908,881
	Statutory Tax - Business Income	119,481,967	100,217,217	26,212,949	30,886,466
	Statutory Tax - Other Income	4,313,760	13,869,158	585,168	2,688,020
	Dividend Tax	-	25,139,031	-	25,139,031
	Income Tax Provision	123,795,727	139,225,406	26,798,117	58,713,517

Parent Company - Ceylon Hospitals PLC

The Company is liable for Income Tax for the year of assessment 2019/20 as follows;

at the rate of 28% from April to December 2019

at the rate of 14% from January to March 2020

Durdans Heart Centre (Pvt) Ltd

The Company is liable for Income Tax for the year of assessment 2019/20 as follows;

at the rate of 28% from April to December 2019

at the rate of 14% from January to March 2020

Durdans Medical and Surgical Hospital (Pvt) Ltd

The Company is liable for Income Tax for the year of assessment 2019/20 as follows;

at the rate of 15% from April to December 2019

at the rate of 14% from January to March 2020

9 Earnings Per Share

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

For the Year Ended 31st March,	Group		Company	
	2020	2019	2020	2019
Profit Attributable to Equity Holders of the Parent (Rs.)	403,273,865	321,768,112	217,404,088	211,639,953
Weighted Average Number of Shares Outstanding during the Year	33,872,726	33,872,726	33,872,726	33,872,726
Earnings Per Share (Rs.)	11.91	9.50	6.42	6.25

Notes to the Financial Statements

10 Property, Plant and Equipment

10.1 Group

	Freehold Land	Buildings and Fittings	Medical and Other Equipment	Furniture and Fittings	Computer Equipment	Motor Vehicles	Motor Vehicles on Finance Lease	Capital WIP	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cost/ Valuation									
Balance as at 01st April 2018	3,144,960,000	2,216,445,132	2,693,306,264	230,467,584	191,977,806	109,977,778	7,050,000	39,021,090	8,633,205,654
Additions	-	3,843,035	484,769,190	14,818,242	26,155,932	18,050,000	-	315,843,608	863,480,007
Transfer from Capital Work in Progress	-	78,345,697	28,500	-	-	-	-	(78,374,197)	-
Disposals/ Transfers	-	-	(19,299,024)	(4,388,133)	(1,889,396)	(5,459,283)	(7,050,000)	-	(38,085,836)
Balance as at 31st March 2019	3,144,960,000	2,298,633,864	3,158,804,930	240,897,693	216,244,342	122,568,495	-	276,490,501	9,458,599,824
Additions	-	-	213,402,694	22,035,389	25,256,014	-	-	197,398,944	458,093,040
Revaluation	600,580,000	(5,779,130)	-	-	-	-	-	-	594,800,870
Impairment	-	(55,660,000)	-	-	-	-	-	-	(55,660,000)
Disposals/ Transfers	-	-	(6,781,756)	-	-	-	-	-	(6,781,756)
Balance as at 31st March 2020	3,745,540,000	2,237,194,734	3,365,425,868	262,933,082	241,500,356	122,568,495	-	473,889,444	10,449,051,979
Accumulated Depreciation									
Balance as at 01st April 2018	-	73,261,080	1,730,056,088	135,950,748	116,152,367	31,877,451	7,050,000	-	2,094,347,735
Depreciation Charge for the Year	-	81,140,449	282,030,323	19,385,437	20,955,249	21,533,588	236,250	-	425,281,296
Disposals/ Transfers	-	-	(7,021,404)	-	-	(5,459,283)	(7,286,250)	-	(19,766,937)
Balance as at 31st March 2019	-	154,401,529	2,005,065,007	155,336,185	137,107,616	47,951,756	-	-	2,499,862,094
Transfer to Revaluation	-	(168,411,440)	-	-	-	-	-	-	(168,411,440)
Depreciation Charge for the Year	-	95,850,095	230,655,028	20,993,485	67,494,802	16,339,512	-	-	431,332,922
Impairment	-	(2,783,000)	-	-	-	-	-	-	(2,783,000)
Disposals/ Transfers	-	-	(4,374,974)	-	-	-	-	-	(4,374,974)
Balance as at 31st March 2020	-	79,057,185	2,231,345,061	176,329,670	204,602,418	64,291,268	-	-	2,755,625,602
Net Book Value									
At 31st March 2019	3,144,960,000	2,144,232,334	1,153,739,923	85,561,508	79,136,726	74,616,739	-	276,490,501	6,958,737,731
At 31st March 2020	3,745,540,000	2,158,137,549	1,134,080,807	86,603,412	36,897,938	58,277,227	-	473,889,444	7,693,426,377

10.2 Company

	Freehold Land	Buildings and Fittings	Medical and Other Equipment	Furniture and Fittings	Computer Equipment	Motor Vehicles	Motor Vehicles on Finance Lease	Capital WIP	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cost/ Valuation									
Balance as at 01st April 2018	2,312,960,000	996,716,081	1,321,738,277	146,512,520	178,418,812	62,913,885	3,150,000	39,021,090	5,061,430,666
Additions	-	3,843,035	249,716,931	13,601,949	24,532,997	3,150,000	-	315,204,938	610,049,851
Transfer from Capital Work in Progress	-	78,345,697	28,500	-	-	-	-	(78,374,197)	-
Disposals/ Transfers	-	-	(7,021,404)	-	-	-	(3,150,000)	-	(10,171,404)
Balance as at 31st March 2019	2,312,960,000	1,078,904,813	1,564,462,304	160,114,469	202,951,810	66,063,885	-	275,851,831	5,661,309,112
Additions	-	-	128,545,896	13,210,781	24,145,446	-	-	196,836,941	362,739,065
Revaluation	501,080,000	26,009,750	-	-	-	-	-	-	527,089,750
Impairment	-	(55,660,000)	-	-	-	-	-	-	(55,660,000)
Disposals/ Transfers	-	-	(6,601,756)	-	-	-	-	-	(6,601,756)
Balance as at 31st March 2020	2,814,040,000	1,049,254,563	1,686,406,445	173,325,251	227,097,256	66,063,885	-	472,688,772	6,488,876,172
Accumulated Depreciation									
Balance as at 01st April 2018	-	33,008,007	860,126,314	101,828,780	102,051,461	15,419,353	1,212,223	-	1,113,646,139
Depreciation Charge for the Year	-	43,008,533	144,868,344	16,715,675	19,698,420	6,885,163	236,250	-	231,412,384
Disposals/ Transfers	-	-	(7,021,404)	-	-	-	(1,448,473)	-	(8,469,877)
Balance as at 31st March 2019	-	76,016,540	997,973,254	118,544,455	121,749,881	22,304,516	-	-	1,336,588,646
Depreciation Charge for the Year	-	57,606,425	87,332,554	16,866,439	63,651,166	6,725,353	-	-	232,181,935
Transfer to Revaluation	-	(55,341,805)	-	-	-	-	-	-	(55,341,805)
Impairment	-	(2,783,000)	-	-	-	-	-	-	(2,783,000)
Disposals/ Transfers	-	-	(4,341,736)	-	-	-	-	-	(4,341,736)
Balance as at 31st March 2020	-	75,498,160	1,080,964,071	135,410,894	185,401,047	29,029,869	-	-	1,506,304,041
Net Book Value									
At 31st March 2019	2,312,960,000	1,002,888,273	566,489,050	41,570,014	81,201,929	43,759,369	-	275,851,831	4,324,720,466
At 31st March 2020	2,814,040,000	973,756,403	605,442,374	37,914,357	41,696,209	37,034,016	-	472,688,772	4,982,572,131

Notes to the Financial Statements

10 Property, Plant and Equipment Contd.

10.3 Revaluation of Land and Buildings

The Company uses the revaluation model of measurement to account for land and buildings. In this regard the Company engaged Mr. P. B. Kalugalgedera an independent, Chartered Valuer and Surveyor to determine the fair value of its land and buildings.

Valuation is as defined in the Sri Lanka Accounting Standard (SLFRS 13) on Fair Value Measurement. The valuation is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal market or in the most advantageous market at the measurement date under current market conditions.

The Carrying Value of the Assets if revaluation has not been carried out would be as follows.

As at 31st March,	Group		Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Description				
Land	1,029,843,737	1,029,843,737	613,150,237	613,150,237
Building	1,700,590,147	1,873,082,675	797,089,551	931,816,681
Total	2,730,433,884	2,902,926,412	1,410,239,788	1,544,966,918

The following properties are fair valued and recorded under freehold land and buildings. Fair value measurement disclosure for revalued land and buildings based on unobservable inputs are as follows

Company	Property	Location	Number of Buildings per Land	Extent	Independent Valuer	Valuation Input	Significant Unobservable Input	Effective Date of Revaluation	Range Rs.	Fair Value Rs.
Ceylon Hospitals PLC	Land	No. 03, Alfred Place, Colombo 03	01	0A-3R-30.24P	Mr. P. B. Kalugalgedera	Open market based evidence	Land value per perch	31st March 2020	15,000,000 -18,000,000	2,323,840,000
		No. 05, Alfred Place, Colombo 03	01	0A-0R-32.68P	Mr. P. B. Kalugalgedera	Open market based evidence	Land value per perch	31st March 2020	14,000,000 - 16,000,000	490,200,000
	Building	No. 03, Alfred Place, Colombo 03		71,714 sq.ft.	Mr. P. B. Kalugalgedera	Direct Capital Comparison method adopting the depreciated value of building	Rate per sq.ft.	31st March 2020	2,550 - 5,750	315,387,000
	Building	No. 05, Alfred Place, Colombo 03		68,280 sq.ft.	Mr. P. B. Kalugalgedera	Direct Capital Comparison method adopting the depreciated value of building	Rate per sq.ft.	31st March 2020	8,000	546,240,000
Durdans Medical and Surgical Hospital (Pvt) Ltd	Land	No. 03, Alfred Place, Colombo 03	01	0A-1R-26.54 - No. 04 6th Lane	Mr. P. B. Kalugalgedera	Open market based evidence	Land value per perch	31st March 2020	14,000,000 -15,000,000	931,560,000
	Building	No. 03, Alfred Place, Colombo 03		211,552 sq.ft.	Mr. P. B. Kalugalgedera	Direct Capital Comparison method adopting the depreciated value of building	Rate per sq.ft.	31st March 2020	5,850	1,237,579,200

The surplus arising from the revaluation net of deferred tax is recognised in the Other Comprehensive Income and transferred to Revaluation Reserve in Equity.

10.4 Right-of-Use Assets

10.4.1 Group

	Cost			Balance as at 31st March 2020 Rs.	Depreciation			Balance as at 31st March 2020 Rs.	WDV	
	Balance as at 01st April 2019 Rs.	Additions Rs.	Transfers/ (Disposals) Rs.		Balance as at 01st April 2019 Rs.	Amortisation Rs.	Transfers/ (Disposals) Rs.		Balance as at 01st April 2019 Rs.	Balance as at 31st March 2020 Rs.
Freehold Assets										
Right of Use Assets	-	273,141,793		273,141,793	-	82,608,006	-	82,608,006	-	190,533,787
Total	-	273,141,793	-	273,141,793	-	82,608,006	-	82,608,006	-	190,533,787

10.4.2 Company

	Cost			Balance as at 31st March 2020 Rs.	Depreciation			Balance as at 31st March 2020 Rs.	WDV	
	Balance as at 01st April 2019 Rs.	Additions Rs.	Transfers/ (Disposals) Rs.		Balance as at 01st April 2019 Rs.	Amortisation Rs.	Transfers/ (Disposals) Rs.		Balance as at 01st April 2019 Rs.	Balance as at 31st March 2020 Rs.
Freehold Assets										
Right of Use Assets	-	273,141,793		273,141,793	-	82,608,006	-	82,608,006	-	190,533,786
Total	-	273,141,793	-	273,141,793	-	82,608,006	-	82,608,006	-	190,533,786

Leased Assets

Basis of Recognition

The Group applies Sri Lanka Accounting Standard (SLFRS 16) on Leases to account for all lease hold rights except for short term leases, which are held for use in providing of services.

Basis of Measurement

The Group recognises right-of-use assets at the date of commencement of the lease, which is the present value of lease payments to be made over the lease term. Right-of-use of assets are measured at cost less any accumulated amortisation and impairment losses are adjusted for any re-measurement of lease liabilities. The cost of the right-of-use assets includes the amount of lease liabilities recognised, initial direct cost incurred and lease payments made on or before the commencement date less any lease incentives received.

Right-of-use assets are amortised on the straight line basis over the lease term.

Notes to the Financial Statements

11 Investments in Subsidiaries

Company

As at 31st March,	2020				2019			
	Number of Shares	Holding %	Carrying Value Rs.	Directors Valuation Rs.	Number of Shares	Holding %	Carrying Value Rs.	Directors Valuation Rs.
Durdans Heart Centre (Pvt) Ltd	11,362,035	81.16	130,091,410	130,091,410	11,362,035	81.16	130,091,410	130,091,410
Durdans Medical and Surgical Hospital (Pvt) Ltd	120,896,033	83.30	1,327,500,014	1,327,500,014	120,896,033	83.30	1,327,500,014	1,327,500,014
	132,258,068		1,457,591,424	1,457,591,424	132,258,068		1,457,591,424	1,457,591,424

Directors' valuation of investment in unquoted shares have been determined based on the cost of the investments.

As at 31st March,	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
12 Inventories				
Drugs and Dressings	102,813,111	119,677,707	30,985,305	40,762,624
Lab Reagents and Consumables	238,476,860	169,106,857	238,476,860	169,106,857
Pantry Stocks	2,397,200	3,145,853	2,397,200	1,476,198
General Stocks	39,412,099	19,167,331	39,412,099	19,167,332
Less: Provision for Slow Moving and Obsolete Stock	(3,350,000)	(1,800,000)	(2,350,000)	(1,800,000)
	379,749,270	309,297,748	308,921,464	228,713,011
13 Trade and Other Receivables				
Trade Debtors	266,277,939	196,034,886	127,735,417	110,281,868
Other Receivables	16,823,448	26,717,244	16,485,777	25,547,555
Less: Impairment Allowance for Bad Debts	(9,525,605)	(7,369,149)	(3,817,524)	(3,700,061)
	273,575,782	215,382,981	140,403,671	132,129,362
13.1 Advances and Prepayments				
Advances	155,507,171	74,520,355	141,796,077	63,260,821
Prepayments	55,764,949	47,993,262	41,880,329	30,975,093
	211,272,120	122,513,617	183,676,406	94,235,915

13.1.1 Classification of Trade and Other Receivables

Trade receivables are amounts due from customers for services rendered in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the group's impairment policies and the calculation of the loss allowance are provided in Note 33.3.

13.1.2 Fair Value of Trade and Other Receivables

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

13.1.3 Impairment and Risk Exposure

Information about the impairment of trade receivables and the group's exposure to credit risk can be found in Note 33.3

As at 31st March,	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
14 Related Party Transactions				
14.1 Amounts due from Related Parties				
Durdans Management Services Ltd	58,422,632	24,530,446	18,498,768	2,255,726
Durdans Heart Centre (Pvt) Ltd	-	-	109,189,948	69,812,035
Durdans Medical and Surgical Hospital (Pvt) Ltd	-	-	241,064,854	91,774,160
Amrak Institute of Medical Sciences (Pvt) Ltd	-	-	-	165,000
Ceygen Biotech (Pvt) Ltd	1,478,877	1,375,900	1,478,877	1,375,900
	59,901,508	25,906,346	370,232,447	165,382,821
14.2 Amounts due to Related Parties				
Durdans Management Services Ltd	15,350,815	4,208,202	12,735,910	594,288
Durdans Heart Centre (Pvt) Ltd	-	-	20,052,249	7,512,227
Durdans Medical and Surgical Hospital (Pvt) Ltd	-	-	756,084,479	99,595,547
Amrak Institute of Medical Sciences (Pvt) Ltd	-	-	-	-
	15,350,815	4,208,202	788,872,639	107,702,062
15 Cash and Cash Equivalents				
Favourable Cash and Cash Equivalent Balances	149,206,677	403,497,054	96,243,072	62,263,772
16 Stated Capital				
33,872,726 Shares (2018/19 - 33,872,726)	916,366,104	916,366,104	916,366,104	916,366,104

Notes to the Financial Statements

As at 31st March,		Group		Company	
		2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
17	Revaluation Reserve				
	Revaluation Reserve	2,483,785,396	1,986,852,512	1,931,062,779	1,564,589,060
		2,483,785,396	1,986,852,512	1,931,062,779	1,564,589,060
18	Revenue Reserves				
	Accumulated Profits				
	Balance at the beginning of the Year	2,169,903,885	2,034,329,095	1,502,005,103	1,429,592,738
	Profit for the Year	403,273,863	321,768,112	217,404,088	211,639,953
	Share Buy-back	-	(43,496,384)	-	-
	Dividend Paid				
	- Ordinary Shares	(121,941,814)	(121,941,814)	(121,941,814)	(121,941,814)
	Other Comprehensive Income				
	- Net Gain/ (Loss) from Gratuity Valuation	(11,483,307)	(20,755,123)	(9,403,057)	(17,285,774)
	Balance at the end of the Year	2,439,752,628	2,169,903,886	1,588,064,320	1,502,005,103
	Total Revenue Reserves	2,439,752,628	2,169,903,886	1,588,064,320	1,502,005,103
As at 31st March,				2020	2019
				%	%
19	Non-Controlling Interest				
19.1	Proportion of Equity Interest held by Non-Controlling Interest				
	Company Name				
	Durdans Heart Centre (Pvt) Ltd			18.84%	18.84%
	Durdans Medical and Surgical Hospital (Pvt) Ltd			16.70%	16.70%
	Amrak Institute of Medical Sciences (Pvt) Ltd			54.30%	54.30%

As at 31st March,	2020 Rs.	2019 Rs.
19.2 Accumulated Balances of Material Non-Controlling Interest		
Balance at the beginning of the Year	564,743,689	561,186,237
Profit for the Year	63,819,315	54,550,619
Increase/ (Decrease) in the Share of Minority Interest	-	(6,356,392)
Other Comprehensive Income		
- Net Gain/ (Loss) on Land and Building Valuation	26,412,909	-
- Deferred Tax Effect on Revaluation Gain	(4,090,863)	-
- Net Gain/ (Loss) from Gratuity Valuation	(391,796)	(738,961)
- Net Gain/ (Loss) on Available for Sale Financial Assets	(919,688)	(295,788)
Dividend Paid	(61,813,783)	(43,602,025)
Balance at the end of the Year	587,759,783	564,743,689

As at 31st March,	Durdans Medical and Surgical Hospital (Pvt) Ltd	Durdans Heart Centre (Pvt) Ltd	Amrak Institute of Medical Sciences (Pvt) Ltd
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19.3 Financial Information of Subsidiaries that have Material Non-Controlling Interests

Total Comprehensive Income attributable to Non-Controlling Interest	74,844,128	9,877,525	108,222
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Notes to the Financial Statements

As at 31st March,		Group		Company	
		2020	2019	2020	2019
		Rs.	Rs.	Rs.	Rs.
Notes					
20	Financial Assets and Financial Liabilities				
20.1	Summary of Financial Assets and Liabilities				
	Financial Assets				
	Financial Assets at Amortised Cost				
	Trade and Other Receivables	13	273,575,782	215,382,982	140,403,671
	Other Financial Assets at Amortised Cost	20.2.1	810,078,831	709,802,945	136,329,912
	Cash and Cash Equivalents	15	149,206,677	403,497,054	96,243,072
	Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)	20.2.3	19,938,405	24,623,624	13,597,537
			1,252,799,695	1,353,306,604	386,574,192
					329,658,727
	Financial Liabilities				
	Financial Liabilities at Amortised Cost				
	Interest Bearing Loans and Borrowings	20.3	1,005,343,251	814,945,514	936,543,251
	Trade Payables	24	275,930,866	282,832,723	155,965,221
	Other Payables	24	234,530,250	267,808,570	136,304,203
			1,515,804,367	1,365,586,808	1,228,812,675
					1,024,060,998

The Group's exposure to various risks associated with the financial instruments is discussed in Note 33. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

20.2 Financial Assets

20.2.1 Financial Assets at Amortised Cost

Classification of Financial Assets at Amortised Cost

The Group classifies its Financial Assets at amortised cost only if both of the following criteria are met:

1. The asset is held within a business model whose objective is to collect the contractual cash flows, and
2. The contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, these are subsequently measured at amortised cost (gross carrying amount using the Effective Interest Rate, less provision for impairment). Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the Effective Interest Rate ("EIR"). The amortisation is included in Interest Income while the losses arising from impairment are recognised in impairment charges for loans and other losses in the Income Statement.

This comprises Financial Investments - Loans and Receivables and Held-to-Maturity Investments that were previously classified under Sri Lanka Accounting Standard (LKAS 39) on Financial Instruments: Recognition and Measurement.

As at 31st March,	Group		Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Financial Assets at Amortised Cost				
Refundable Deposits	55,752,797	50,800,953	48,300,013	43,605,529
Deposits in Financial Institutions	754,326,033	659,001,992	88,029,898	77,428,088
Total Financial Assets at Amortised Cost	810,078,831	709,802,945	136,329,912	121,033,618

20.2.2 Financial Assets at Fair Value through Other Comprehensive Income

Classification of Financial Assets at Fair Value through Other Comprehensive Income

Upon initial recognition, the Group elects to classify irrevocably some of its equity investments held for strategic purpose, as equity instruments at FVOCI when they meet the definition of Equity under Sri Lanka Accounting Standard (LKAS 32) on Financial Instruments: Presentation and are not held for trading. These are strategic investments and the group considers this classification to be more relevant.

Gains and losses on these equity instruments are never recycled to profit or loss instead directly transferred to retained earnings at the time of de-recognition. Dividends are recognised in profit or loss as Finance Income when the right of the payment has been established. Equity Instruments at FVOCI are not subject to an impairment assessment.

These instruments comprise quoted and unquoted shares that had been previously classified as Available-for-Sale under LKAS 39.

As at 31st March,	Group		Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Financial Assets at FVOCI				
Equity Shares in Listed Companies	5,574,299	10,404,864	61,562	696,000
Equity Shares in Non-Listed Companies	13,576,940	13,500,000	13,500,000	13,500,000
Investment in Unit Trust	787,166	718,760	35,976	35,976
Total Financial Assets at FVOCI	19,938,405	24,623,624	13,597,537	14,231,976

Notes to the Financial Statements

As at 31st March,	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
20 Financial Assets and Financial Liabilities Contd.				
20.2.3 Other Financial Assets				
Current Financial Assets				
Deposits in Financial Institutions	754,326,033	659,001,992	88,029,898	77,428,088
Total Current Financial Assets	754,326,033	659,001,992	88,029,898	77,428,088
Non-Current Financial Assets				
Refundable Deposits	55,752,797	50,800,953	48,300,013	43,605,529
Equity Shares in Listed Companies	5,574,299	10,404,864	61,562	696,000
Equity Shares in Non-Listed Companies	13,576,940	13,500,000	13,500,000	13,500,000
Investment in Unit Trust	787,166	718,760	35,976	35,976
Total Non-Current Financial Assets	75,691,202	75,424,577	61,897,550	57,837,505
Total Other Financial Assets	830,017,235	734,426,569	149,927,448	135,265,593

Risk Exposure and Fair Value Measurements

Information about the Group's exposure to price risk is provided in Note 33.5.

20.3 Interest Bearing Loans and Borrowings

		2020			2019		
		Repayable within One Year	Repayable after One Year	Total	Repayable within One Year	Repayable after One Year	Total
Group	Note	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Bank Loans	20.3.1	248,800,028	547,120,324	795,920,352	222,367,951	592,577,563	814,945,515
Finance Lease	20.3.2	96,092,819	113,330,079	209,422,899	-	-	-
		344,892,847	660,450,403	1,005,343,251	222,367,951	592,577,563	814,945,515

	Balance as at 01st April 2019	Loans Obtained	Repayment	Balance as at 31st March 2020
	Rs.	Rs.	Rs.	Rs.
20.3.1 Bank Loans - Group				
DFCC Bank	449,232,800	201,301,211	(114,287,002)	536,247,009
National Development Bank - Revolving Loan	30,000,000	120,000,000	(120,000,000)	30,000,000
Union Bank - Revolving Loan	15,000,000	60,000,000	(60,000,000)	15,000,000
Hatton National Bank	26,611,631	19,438,756	(15,585,467)	30,464,919
Seylan Bank	191,863,120	-	(83,652,442)	108,210,678
People's Bank	102,237,965	5,564,482	(31,804,701)	75,997,746
	814,945,515	406,304,449	(425,329,613)	795,920,352

	Balance as at 01st April 2019	Lease Obtained	Lease Interest	Repayment	Balance as at 31st March 2020
	Rs.	Rs.	Rs.	Rs.	Rs.
20.3.2 Finance Leases - Group					
Lease Creditors	273,121,756	-	30,056,256	(93,755,113)	209,422,899
	273,121,756	-	30,056,256	(93,755,113)	209,422,899

Lease Liability

At the commencement date of the lease, the Group recognises lease liabilities, measured at present value of lease payments to be made over the lease term.

The present value of lease commitments as at 01st January 2019 has been calculated using the Weighted Average Incremental Borrowing Rate of 13.44%.

The Company applied modified retrospective approach in accordance with Sri Lanka Accounting Standard (SLFRS 16) on Leases when accounting for right-of-use assets and operating lease liabilities.

Notes to the Financial Statements

20. Financial Assets and Financial Liabilities Contd.

20.3 Interest Bearing Loans and Borrowings

Company	Note	2020			2019		
		Repayable within One Year	Repayable after One Year	Total	Repayable within One Year	Repayable after One Year	Total
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Bank Loans	20.3.3	229,600,028	497,520,324	727,120,352	201,776,300	521,002,563	722,778,863
Lease Creditors	20.3.4	96,092,819	113,330,079	209,422,899	-	-	-
		325,692,847	610,850,403	936,543,251	201,776,300	521,002,563	722,778,863

	Balance as at 01st April 2019	Loans Obtained	Repayment	Balance as at 31st March 2020
	Rs.	Rs.	Rs.	Rs.

20.3.3 Bank Loans - Company

DFCC Bank	357,066,148	201,301,211	(90,920,350)	467,447,009
National Development Bank - Revolving Loan	30,000,000	120,000,000	(120,000,000)	30,000,000
Union Bank - Revolving Loan	15,000,000	60,000,000	(60,000,000)	15,000,000
Hatton National Bank	26,611,631	19,438,756	(15,585,467)	30,464,919
Seylan Bank	191,863,120	-	(83,652,442)	108,210,678
People's Bank	102,237,965	5,564,482	(31,804,701)	75,997,746
	722,778,863	406,304,449	(401,962,961)	727,120,352

	Balance as at 01st April 2019	Lease Obtained	Lease Interest	Repayment	Balance as at 31st March 2020
	Rs.	Rs.	Rs.	Rs.	Rs.

20.3.4 Finance Leases - Company

Lease Creditors	273,121,756	-	30,056,256	(93,755,113)	209,422,899
	273,121,756	-	30,056,256	(93,755,113)	209,422,899

Lease Liability

At the commencement date of the lease, the Group recognises lease liabilities, measured at present value of lease payments to be made over the lease term.

The present value of lease commitments as at 01st January 2019 has been calculated using the Weighted Average Incremental Borrowing Rate of 13.44%.

The Company applied modified retrospective approach in accordance with Sri Lanka Accounting Standard (SLFRS 16) on Leases when accounting for right-of-use assets and operating lease liabilities.

20.3.5 Bank Loan Details - Group

Lender	Total Outstanding Rs.	Interest Rate %	Date Obtained	Repayment Terms	Security
DFCC Bank					
- 36 Mn	25,800,000	AWDR + 5.5%	09th April 2018	In 60 equal monthly capital instalments of Rs. 600,000 commencing after a grace period of 6 months	Mortgage over Equipment financed by the Loan
- 60 Mn	43,000,000	AWPLR + 1.5%	09th April 2018	In 60 equal monthly capital instalments of Rs. 1,000,000 commencing after a grace period of 6 months	Loan Agreement for Rs. 60 Mn
- 75 Mn	39,106,168	AWPLR + 1.4%	19th July 2018	In 48 equal monthly instalments of Rs. 1,563,000 from the date of first disbursement	Loan Agreement for Rs. 75 Mn
- 125 Mn	20,498,384	AWPLR + 1.6%	01st September 2016	In 36 equal monthly instalments of Rs. 3,472,222 commencing after a grace period of 12 months from the date of first disbursement	Loan Agreement for Rs. 125 Mn
- 150 Mn	64,360,042	AWPLR + 1.6%	01st September 2016	In 48 equal monthly instalments of Rs. 3,125,000 commencing after a grace period of 12 months from the date of first disbursement	Corporate Guarantee from Durdans Medical and Surgical Hospital (Pvt) Ltd for Rs. 150 Mn
- 750 Mn	343,482,415	AWPLR + 1.4%	10th April 2018	In 72 equal monthly instalments of Rs. 5,555,556 commencing after a grace period of 24 months from the date of first disbursement	Corporate Guarantee from Durdans Medical and Surgical Hospital (Pvt) Ltd for Rs. 750 Mn
National Development Bank					
- 30 Mn	30,000,000	Money Market Loan Rate	05th April 2013	Repayable on demand	Revolving Loan Facility
Hatton National Bank					
- 92 Mn	30,464,919	AWPLR + 1.25%	15th May 2019	In 59 equal monthly instalments of Rs. 1,533,350 and final instalment of Rs. 1,532,350 with a grace period of 6 months	Loan Agreement for Rs. 92 Mn

Notes to the Financial Statements

20. Financial Assets and Financial Liabilities Contd.

20.3.5 Bank Loan Details - Group Contd.

Lender	Total Outstanding Rs.	Interest Rate %	Date Obtained	Repayment Terms	Security
Union Bank					
- 15 Mn	15,000,000	Money Market Interest Rate	05th December 2014	In 1-30 days with the option to roll-over up to a maximum of 90 days	Primary floating Mortgage Bond over stock comprising of medicine drugs and assignment over book debts
Seylan Bank					
- 350 Mn	108,210,678	AWDR + 3%	05th October 2015	In 24 equal monthly instalments of Rs. 2,500,000 and 24 equal monthly instalments of Rs. 3,750,000 after a grace period of 12 months In 24 equal monthly instalments of Rs. 3,500,000, 12 equal monthly instalments of Rs. 4,750,000, 12 equal monthly instalments of Rs. 4,800,000 and one instalment, of Rs. 6,200,000 after a grace period of 12 months	(i) Corporate Guarantee from Durdans Medical and Surgical Hospital (Pvt) Ltd for Rs. 350 Mn (ii) Loan Agreement for Rs. 150 Mn (iii) Loan Agreement for Rs. 200 Mn
People's Bank					
- 50 Mn	30,575,000	AWPLR + 1.5%	20th December 2017	In 53 equal monthly instalments of Rs. 925,000 and final instalment of Rs. 975,000 with a grace period of 6 months	Loan Agreement for Rs. 50 Mn
- 100 Mn	45,422,746	AWPLR + 1.25%	22nd May 2018	In 53 equal monthly instalments of Rs. 1,850,000 and final instalment of Rs. 1,950,000 with a grace period of 6 months	Loan Agreement for Rs. 100 Mn
Total	795,920,352				

20.3.6 Bank Loan Details - Company

Lender	Total Outstanding Rs.	Interest Rate %	Date Obtained	Repayment Terms	Security
DFCC Bank					
- 75 Mn	39,106,168	AWPLR + 1.4%	19th July 2018	In 48 equal monthly instalments of Rs. 1,563,000 from the date of first disbursement	Loan Agreement for Rs. 75 Mn
- 125 Mn	20,498,384	AWPLR + 1.6%	01st September 2016	In 36 equal monthly instalments of Rs. 3,472,222 commencing after a grace period of 12 months from the date of first disbursement	Loan Agreement for Rs. 125 Mn
- 150 Mn	64,360,042	AWPLR + 1.6%	01st September 2016	In 48 equal monthly instalments of Rs. 3,125,000 commencing after a grace period of 12 months from the date of first disbursement	Corporate Guarantee from Durdans Medical and Surgical Hospital (Pvt) Ltd for Rs. 150 Mn
- 750 Mn	343,482,415	AWPLR + 1.4%	10th April 2018	In 72 equal monthly instalments of Rs. 5,555,556 commencing after a grace period of 24 months from the date of first disbursement	Corporate Guarantee from Durdans Medical and Surgical Hospital (Pvt) Ltd for Rs. 750 Mn
National Development Bank					
- 30 Mn	30,000,000	Money Market Loan Rate	05th April 2013	In 1-30 days with the option to roll-over up to a maximum of 90 days	Revolving Loan Facility
Hatton National Bank					
- 92 Mn	30,464,919	AWPLR + 1.25%	15th May 2019	In 59 equal monthly instalments of Rs. 1,533,350 and final instalment of Rs. 1,532,350 with a grace period of 6 months	Loan Agreement for Rs. 92 Mn
Union Bank					
- 15 Mn	15,000,000	Money Market Interest Rate	05th December 2014	In 1-30 days with the option to roll-over up to a maximum of 90 days	Primary floating Mortgage Bond over stock comprising of medicine drugs and assignment over book debts

Notes to the Financial Statements

20. Financial Assets and Financial Liabilities Contd.

20.3.6 Bank Loan Details - Company Contd.

Lender	Total Outstanding Rs.	Interest Rate %	Date Obtained	Repayment Terms	Security
Seylan Bank					
- 350 Mn	108,210,678	AWDR + 3%	05th October 2015	In 24 equal monthly instalments of Rs. 2,500,000 and 24 equal monthly instalments of Rs. 3,750,000 after a grace period of 12 months	(i) Corporate Guarantee from Durdans Medical and Surgical Hospital (Pvt) Ltd for Rs. 350 Mn
				In 24 equal monthly instalments of Rs. 3,500,000, 12 equal monthly instalments of Rs. 4,750,000, 12 equal monthly instalments of Rs. 4,800,000 and one instalment of Rs. 6,200,000 after a grace period of 12 months	(ii) Loan Agreement for Rs. 150 Mn (iii) Loan Agreement for Rs. 200 Mn
People's Bank					
- 50 Mn	30,575,000	AWPLR + 1.5%	20th December 2017	In 53 equal monthly instalments of Rs. 925,000 and final instalment of Rs. 975,000 with a grace period of 6 months	Loan Agreement for Rs. 50 Mn
- 100 Mn	45,422,746	AWPLR + 1.25%	22nd May 2018	In 53 equal monthly instalments of Rs. 1,850,000 and final instalment of Rs. 1,950,000 with a grace period of 6 months	Loan Agreement for Rs. 100 Mn
Total	727,120,352				

20.4 Fair Value - Group

Set out below is a comparison by class of the carrying amounts and fair values of the Group's financial instruments that are carried in the financial statements.

As at 31st March 2020	Notes	Carrying Amount			Fair Value
		Amortised Cost	Fair Value through Other Comprehensive Income	Fair Value through Profit or Loss	Total
Financial Assets					
Trade and Other Receivables	13	273,575,782	-	-	273,575,782
Prepayments	13.1	211,272,120	-	-	211,272,120
Other Financial Assets	20.2	810,078,831	19,938,405	-	830,017,235
Cash and Cash Equivalents	15	149,206,677	-	-	149,206,677
		1,444,133,410	19,938,405	-	1,464,071,815

Financial Liabilities

Interest Bearing Loans and Borrowings	20.3.1	795,920,352	-	-	795,920,352	795,920,352
Trade and Other Payables	24	510,461,116	-	-	510,461,116	510,461,116
Bank Overdraft		614,495,777	-	-	614,495,777	614,495,777
		1,920,877,245	-	-	1,920,877,245	1,920,877,245

As at 31st March 2019	Notes	Carrying Amount				Fair Value
		Loans and Receivables	Fair Value through Other Comprehensive Income	Other Financial Liabilities	Total	Total
Financial Assets						
Trade and Other Receivables	13	215,382,982	-	-	215,382,982	215,382,982
Prepayments	13.1	122,513,617	-	-	122,513,617	122,513,617
Other Financial Assets	20.2	709,802,945	24,623,624	-	734,426,568	734,426,568
Cash and Cash Equivalents	15	403,497,054	-	-	403,497,054	403,497,054
		1,451,196,597	24,623,624	-	1,475,820,221	1,475,820,221

Financial Liabilities

Interest Bearing Loans and Borrowings	20.3.1	814,945,515	-	-	814,945,515	814,945,515
Trade and Other Payables	24	550,641,293	-	-	550,641,293	550,641,293
Bank Overdraft		755,244,128	-	-	755,244,128	755,244,128
		2,120,830,936	-	-	2,120,830,936	2,120,830,936

Notes to the Financial Statements

20. Financial Assets and Financial Liabilities Contd.

20.5 Fair Value - Company

Set out below is a comparison by class of the carrying amounts and fair values of the Group's financial instruments that are carried in the financial statements.

As at 31st March 2020	Notes	Carrying Amount			Fair Value
		Amortised Cost	Fair Value through Other Comprehensive Income	Fair Value through Profit or Loss	Total
Financial Assets					
Trade and Other Receivables	13	140,403,671	-	-	140,403,671
Prepayments	13.1	183,676,406	-	-	183,676,406
Other Financial Assets	20.2	136,329,912	13,597,537	-	149,927,449
Cash and Cash Equivalents	15	96,243,072	-	-	96,243,072
		556,653,061	13,597,537	-	570,250,598

Financial Liabilities

Interest Bearing Loans and Borrowings	20.3.3	727,120,352	-	-	727,120,352	727,120,352
Trade and Other Payables	24	292,269,424	-	-	292,269,424	292,269,424
Bank Overdraft		466,736,394	-	-	466,736,394	466,736,394
		1,486,126,170	-	-	1,486,126,170	1,486,126,170

As at 31st March 2019	Notes	Carrying Amount				Fair Value
		Loans and Receivables	Fair Value through Other Comprehensive Income	Other Financial Liabilities	Total	Total
Financial Assets						
Trade and Other Receivables	13	132,129,362	-	-	132,129,362	132,129,362
Prepayments	13.1	94,235,915	-	-	94,235,915	94,235,915
Other Financial Assets	20.2	121,033,618	14,231,976	-	135,265,593	135,265,593
Cash and Cash Equivalents	15	62,263,772	-	-	62,263,772	62,263,772
		409,662,666	14,231,976	-	423,894,642	423,894,642

Financial Liabilities

Interest Bearing Loans and Borrowings	20.3.3	722,778,863	-	-	722,778,863	722,778,863
Trade and Other Payables	24	301,282,135	-	-	301,282,135	301,282,135
Bank Overdraft		693,019,494	-	-	693,019,494	693,019,494
		1,717,080,492	-	-	1,717,080,492	1,717,080,492

Fair Value of Financial Assets and Liabilities

The Fair values of the Financial Assets and Liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values.

Due to Short-Term Nature Carrying Amount of Cash and Cash Equivalents, Trade Receivables and Payables and Other Current Liabilities approximate as their Fair Value Amount.

The Fair Value of Loans from banks and Other Financial Liabilities, obligations under Finance Leases, as well as other Non-Current Financial Liabilities is estimated by discounting future Cash Flows using rates currently available for Debt on similar terms, Credit Risk and remaining maturities.

Fair value of Available-for-Sale Financial Assets is derived from quoted market prices in active markets, if available.

20.6 Fair Value Hierarchy

The Judgments and Estimates made in determining the Fair Values of the Financial Instruments that are recognised and measured at Fair Value in the Financial Statements explained below. To provide an indication about the reliability of the inputs used in determining Fair Value, the Group has classified its Financial Instruments into the three levels prescribed under the Accounting Standards. An explanation of each level follows underneath the table.

Recurring Fair Value Measurement	Group				Company			
	Level 01	Level 02	Level 03	Total	Level 01	Level 02	Level 03	Total
As at 31st March 2020	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Fair Value through Other Comprehensive Income								
Equity Shares in Listed Companies	5,574,299	-	-	5,574,299	61,562	-	-	61,562
Equity Shares in Non-Listed Companies	-	-	13,576,940	13,576,940	-	-	13,500,000	13,500,000
Investment in Unit Trust		751,190	35,976	787,166			35,976	35,976
	5,574,299	751,190	13,612,916	19,938,405	61,562	-	13,535,976	13,597,537

Recurring Fair Value Measurement	Group				Company			
	Level 01	Level 02	Level 03	Total	Level 01	Level 02	Level 03	Total
As at 31st March 2019	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Fair Value through Other Comprehensive Income								
Equity Shares in Listed Companies	10,404,864	-	-	10,404,864	696,000	-	-	696,000
Equity Shares in Non-Listed Companies	-	-	13,500,000	13,500,000	-	-	13,500,000	13,500,000
Investment in Unit Trust		682,784	35,976	718,760		35,976		35,976
	10,404,864	682,784	13,535,976	24,623,624	696,000	35,976	13,500,000	14,231,976

Notes to the Financial Statements

20. Financial Assets and Financial Liabilities Contd.

20.7 Recognised Fair Value Measurement

The Group uses the following hierarchy for determining and disclosing the Fair Value of Financial Instruments by valuation techniques:

Level 01: The Fair Value of Financial Instruments Traded in Active Markets is based on Quoted Market Prices at the end of the reporting period. The Quoted Market Price used for Financial Assets held by the Group is the current bid price. These instruments are included in level 01.

Level 02: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 02.

Level 03: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 03. This is the case for unlisted equity securities.

*The Group has not disclosed the fair values for financial instruments such as Cash and Short-Term Deposits, Trade Receivables, Trade Payables because their carrying amounts are a reasonable approximation of fair value.

20.8 Transfers between Levels of Fair Value Hierarchy

There were no transfers between level 01, level 02 and level 03 during the Year.

20.9 Valuation Techniques used to Determine Fair Values

Specific valuation techniques used to value financial instruments include:

- The use of Quoted Market Prices or dealer quotes for similar instruments
- For Other Financial Instruments - Discounted Cash Flow Analysis

All of the resulting Fair Value estimates are included in level 01 except for unlisted equity securities, where the Fair Values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

20.10 Fair Value measurement using Significant Unobservable Input

As at 31st March,	Group		Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Balance at the Beginning of the Year	-	-	-	-
Acquisitions	13,576,940	13,500,000	13,500,000	13,500,000
Gains/ (Losses) recognised in Other Comprehensive Income	-	-	-	-
Balance at the End of the Year	13,576,940	13,500,000	13,500,000	13,500,000

20.11 Valuation Inputs and Relationships to Fair Value

The following table summarises the quantitative information about the significant unobservable inputs used in level 03 Fair Value measurements.

Description	Fair Value		Unobservable	Relationship of Unobservable Input to Fair Value
	2020 Rs.	2019 Rs.		
Unlisted Equity Security	13,576,940	13,500,000	Earning Growth Rate Risk adjusted Discount Factor	Estimated Fair Value would increase/ (decrease) if net cash inflow and discount rate increase/ (decrease)

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
21 Deferred Revenue				
Balance as at 01st April	-	-	36,841,314	38,631,600
Less: Amortised during the Year	-	-	(1,790,286)	(1,790,286)
Balance as at 31st March	-	-	35,051,029	36,841,314

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
22 Retirement Benefit Obligations				
22.1 Retirement Benefit Obligations - Provision for the Year				
Balance as at 01st April	228,444,975	182,422,394	202,506,305	160,235,950
Provision for the Year	66,762,315	71,386,167	56,875,471	59,771,600
	295,207,289	253,808,561	259,381,776	220,007,550
Payments made during the Year	(29,916,043)	(25,363,585)	(24,279,651)	(17,501,245)
Balance as at 31st March	265,291,247	228,444,975	235,102,125	202,506,305

Notes to the Financial Statements

22 Retirement Benefit Obligations Contd.

22.2 Movement in Net Defined Benefit Obligation

The following table shows a reconciliation from the balance at the beginning of the year to the end of the year for Net Defined Benefit Obligation and its components.

	Group		Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Balance as at 01st April	228,444,975	182,422,393	202,506,305	160,235,950
Expenses Recognised in Profit or Loss				
Current Service Cost	25,128,947	22,649,930	22,275,694	18,938,806
Interest Cost	25,511,600	19,154,351	21,539,977	16,824,775
	50,640,547	41,804,281	43,815,671	35,763,581
Expenses Recognised in Other Comprehensive Income				
Actuarial (Gain)/ Loss	16,121,768	29,581,886	13,059,801	24,008,019
Other				
Benefits paid during the Year	(29,916,043)	(25,363,585)	(24,279,651)	(17,501,245)
Balance as at 31st March	265,291,247	228,444,975	235,102,125	202,506,305

Messrs. Actuarial and Management Consultant (Pvt) Ltd, Actuary, carried out an actuarial valuation of defined benefit obligation for Ceylon Hospitals PLC, Durdans Medical and Surgical Hospital (Pvt) Ltd and Durdans Heart Centre (Pvt) Ltd as at 31st March 2020. The Liability is not externally funded. The Actuarial valuation is performed annually.

22.3 Actuarial Assumptions

The following were the principal actuarial assumptions at the reporting date.

	Group		Company	
As at 31st March,	2020	2019	2020	2019
Discount Rate	10%	11%	10%	11%
Salary Increase Rate	7%	8%	7%	8%
Staff Turnover Rate - Up to 49 years	24% - 29%	20% - 27%	29%	27%
Disability Rate	10%	10%	10%	10%
Retirement Age	55 years	55 years	55 years	55 years

22.4 Sensitivity Analysis

The following table demonstrates the sensitivity to reasonably possible changes at the reporting date in the key assumptions employed with all other variables held constant in the employment benefit liability measurement.

The sensitivity of the statement of financial position is the effect of the assumed changes in discount rate and salary increment rate on the employment benefit obligation for the year.

As at 31st March,	Group		Company	
	Increase	Decrease	Increase	Decrease
Discount Rate (1% movement)	(42,141,676)	(31,162,411)	(37,151,930)	(27,702,225)
Salary Increments (1% movement)	(30,018,198)	(43,386,024)	(26,681,404)	(38,267,217)

23 Deferred Taxation

23.1 Deferred Tax Provision

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Balance as at 01st April	735,932,264	701,191,907	550,280,213	513,601,220
Provision for the Year	173,615,926	34,740,357	149,517,161	36,678,993
Balance as at 31st March	909,548,189	735,932,264	699,797,374	550,280,213
Deferred Tax Provision as at the end of Year is made up as follows;				
Deferred Tax Provision from:				
Temporary Difference of Property, Plant and Equipment	431,715,660	345,354,694	242,505,882	215,865,513
Temporary Difference of Retirement Benefit Obligation	453,459,917	(68,910,532)	457,291,492	(62,777,427)
Temporary Difference of Revaluation of Property, Plant and Equipment	24,372,612	459,488,102	-	397,192,127
	909,548,189	735,932,264	699,797,374	550,280,213

Notes to the Financial Statements

23 Deferred Taxation Contd.

23.2 Movement in Tax Effect of Temporary Differences - Group

	Balance as at 01st April 2019	Recognised in Profit or Loss	Recognised in Other Comprehensive Income	Balance as at 31st March 2020
	Rs.	Rs.	Rs.	Rs.
Deferred Tax Assets				
Defined Benefit Obligations	(69,360,821)	(8,137,231)	(4,246,666)	(81,744,718)
	(69,360,821)	(8,137,231)	(4,246,666)	(81,744,718)
Deferred Tax Liability				
Property, Plant and Equipment	345,804,983	(5,080,558)	-	340,724,425
Revaluation Gain on Land and Building	459,488,102	-	191,080,381	650,568,483
	805,293,085	(5,080,558)	191,080,381	991,292,908
Net Deferred Tax Liability	735,932,265	(13,217,789)	186,833,715	909,548,189

23.3 Movement in Tax Effect of Temporary Differences - Company

	Balance as at 01st April 2019	Recognised in Profit or Loss	Recognised in Other Comprehensive Income	Balance as at 31st March 2020
	Rs.	Rs.	Rs.	Rs.
Deferred Tax Assets				
Defined Benefit Obligations	(62,777,427)	(4,490,481)	(3,656,744)	(70,924,653)
	(62,777,427)	(4,490,481)	(3,656,744)	(70,924,653)
Deferred Tax Liability				
Property, Plant and Equipment	215,865,513	(5,416,449)	-	210,449,064
Revaluation Gain on Land and Building	397,192,127	-	163,080,835	560,272,962
	613,057,640	(5,416,449)	163,080,835	770,722,026
Net Deferred Tax Liability	550,280,213	(9,906,931)	159,424,091	699,797,374

		Group		Company	
		2020	2019	2020	2019
		Rs.	Rs.	Rs.	Rs.
24	Trade and Other Payables				
	Trade Creditors	275,930,866	282,832,723	155,965,221	145,843,450
	Accrued Expenses and Sundry Payables	234,530,250	267,808,570	136,304,203	155,438,685
		510,461,116	550,641,293	292,269,424	301,282,135
25	Taxation Payable				
	Balance as at 01st April	(20,772,401)	(17,417,646)	3,105,671	(13,794,764)
	Provision for the Year	123,795,727	114,086,375	26,798,117	33,574,487
	Payments during the Year	(92,480,214)	(93,217,230)	(25,402,446)	-
	Tax Credits for				
	- ESC Paid	(25,186,643)	(22,248,514)	(13,600,713)	(16,145,429)
	- WHT Deducted	(4,156,688)	(1,975,386)	(434,259)	(528,622)
	Balance as at 31st March	(18,800,220)	(20,772,401)	(9,533,629)	3,105,671

26 Capital Commitments

The Company entered into a construction contract with Tudawe Brothers (Pvt) Ltd for a total value of Rs. 1,144,950,469 (excluding VAT) in respect of the Durdans 2022 remodelling and reconstruction project in the year 2018/19.

Payments are done to the contractor on a progressive basis based on a certificate of work done collectively issued by the designated Chartered Architect and Chief Quantity Surveyor to the project.

27 Contingent Liabilities

There were no contingent liabilities as at 31st March 2020 that require adjustments to or disclosures in the Financial Statements.

28 Events Occurring after the Balance Sheet Date

There were no material events occurring after the balance sheet date that require adjustments to or disclosures in the Financial Statements.

29 Employee and Industrial Relations

There were no material issues pertaining to employee and industrial relations that require disclosure in Financial Statements.

30 Dividends

This represents the second interim dividend paid at the rate of Rs. 2.74 per share for the Year 2018/19 and first interim dividend of Rs. 0.86 per share paid for the Year 2019/20.

Notes to the Financial Statements

31 Related Party Disclosure

A Related Party Transaction is transfer of resources, services or obligations among related parties, regardless of whether a price is charged.

The Company carries out transactions in the ordinary course of its business on an arm's length basis with parties who are defined as Related Parties in Sri Lanka Accounting Standard (LKAS 24) on Related Party Transactions.

31.1 Substantial Shareholding, Immediate and Ultimate Parent Company

The Company's immediate parent company is Durdans Management Services Ltd, which holds 68.12% of the issued Ordinary Shares (Voting) of the Company as at the reporting date.

31.2 Recurrent Related Party Transactions

There were no recurrent related party transactions which in aggregate value exceed 10% of gross revenue of the Company as per 31st March 2020 audited Financial Statements, which required additional disclosures in 2019/20 Annual Report under CSE Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission's directive issued under Section 13 (C) of the Securities and Exchange Commission Act.

31.3 Non-Recurrent Related Party Transactions

There were no non-recurrent related party transactions which in aggregation exceeded 10% of the equity or 5% of the total assets of the Company as per 31st March 2020 audited Financial Statements which required disclosure in 2019/20 Annual Report under Colombo Stock Exchange ("CSE") rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission's directive issued under Section 13 (C) of the Securities and Exchange Commission Act.

31.4 Key Management Personnel Information

According to Sri Lanka Accounting Standard (LKAS 24) on Related Party Disclosures, Key management Personnel are those having authority and responsibility for planning, directing and controlling activities of the entity. Accordingly, the Board of Directors (including Executive and Non executive Directors) have been classified as Key Management Personnel of the Company.

31.5 Transactions held with Key Management Personnel ("KMP")

31.5.1 Compensation for Key Management Personnel

As at 31st March,	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Short-term Employee Benefits	59,477,319	46,921,792	56,797,319	43,881,792
Post Employment Benefits	-	-	-	-
Other Long-Term Benefits	-	-	-	-
Terminal Benefits	-	-	-	-
Share Based Payments	-	-	-	-
	59,477,319	46,921,792	56,797,319	43,881,792

The short term employee benefits include emoluments paid to the Executive Directors and director fees paid for Board attendance to all Directors.

Emoluments to the Directors' of the Company and Group are disclosed in Note 07 to the Financial Statements.

31.5.2 Loans to Directors

No loans have been given to Directors of the Company and its parent company.

Other than those disclosed above, there are no material transactions held with the Key Management Personnel of the Company and its parent company.

31.6 Transactions with Related Entities

The Directors/ Key Management Personnel of the Company as at 31st March 2020 were Directors of following Companies as set out below and transactions included in Note 31.7 carried out with such companies during the Year.

Name of the Director	Durdans Management Services Ltd	Commercial Marketing and Distributors (Pvt) Ltd	Tudawe Brothers (Pvt) Ltd	Tudawe Engineering Services (Pvt) Ltd	Durdans Medical and Surgical Hospital (Pvt) Ltd	Durdans Heart Centre (Pvt) Ltd	Amrak Institute of Medical Sciences (Pvt) Ltd	Ceygen Biotech (Pvt) Ltd
Mr. A. E. Tudawe	✓	-	✓	✓	✓	✓	-	-
Mr. U. D. Tudawe	✓	✓	✓	✓	✓	✓	-	✓
Dr. A. D. P. A. Wijegoonewardena	✓	-	-	-	✓	✓	-	-
Mr. Y. N. R. Piyasena	✓	-	-	-	✓	✓	-	-
Dr. A. N. Dharmawansa	✓	-	-	-	-	✓	-	-
Mr. A. S. Abeywardene	-	-	-	-	✓	-	-	-
Mr. Su-ayid M. Ismail	-	-	-	-	✓	-	-	-
Mr. A. D. B. Talwatte	-	-	-	-	-	-	-	-
Mr. A. R. Fernando	-	-	-	-	✓	-	-	-
Mr. A. S. Tudawe	✓	-	-	-	✓	✓	✓	-
Mr. R. N. Tudawe	-	-	-	-	-	-	✓	-

Name of the Company	Relationship
Ceylon Hospitals PLC	Company
Durdans Management Services Ltd	Immediate/ Ultimate Parent Company
Durdans Medical and Surgical Hospital (Pvt) Ltd	Subsidiary
Durdans Heart Centre (Pvt) Ltd	Subsidiary
Amrak Institute of Medical Sciences (Pvt) Ltd	Subsidiary
Ceygen Biotech (Pvt) Ltd	Equity Accounted Investee
Tudawe Brothers (Pvt) Ltd	Affiliate
Tudawe Engineering Services (Pvt) Ltd	Affiliate
Commercial Marketing Distributors (Pvt) Ltd	Affiliate

Notes to the Financial Statements

31 Related Party Disclosure Contd.

31.7 Transactions held with Companies in which Directors of the Company hold Other Directorships

The Company has carried out transactions with entities where the Chairman or a Director of the Company is the Chairman or a Director of such entities as detailed below.

31.7.1 Transactions held between Ceylon Hospitals PLC and Related Companies

Name of Related Company	Description of Transaction	2020 Rs.	2019 Rs.
Transactions held with Immediate Parent Company			
Durdans Management Services Ltd	Management fee	(40,760,513)	(35,316,902)
	Sharing of utilities and other cost	18,498,767	-
Transactions held with Subsidiary Companies			
Durdans Heart Centre (Pvt) Ltd	Sale of drugs and consumables	2,327,767	2,704,789
		(1,201,489)	(677,971)
	Rendering of medical services	223,204,075	205,842,392
		(83,345,336)	(79,423,509)
	Sharing utilities and other cost	91,546,102	84,511,662
		(11,414,785)	(3,024,194)
Durdans Medical and Surgical Hospital (Pvt) Ltd	Cath lab hiring charges	-	219,000
	Sale of drugs and consumables	13,257,010	14,905,579
		(12,282,782)	(8,363,945)
	Rendering of medical services	230,474,975	217,262,392
		(542,468,562)	(416,050,453)
	Sharing of utilities and other cost	463,421,242	468,719,505
Amrak Institute of Medical Sciences (Pvt) Ltd		(740,578,162)	(591,941,958)
	Sharing utilities and other cost	90,810	299,425
		(715,500)	-
Transactions with Equity Accounted Investee			
Ceygen Biotech (Pvt) Ltd	General services	102,978	51,446
Transactions with Other related Companies			
Commercial Marketing Distributors (Pvt) Ltd	Supply of drugs	(99,138,673)	(64,873,769)
Tudawe Brothers (Pvt) Ltd	Diagnostic Service	1,424,774	1,178,645
	Car Park construction cost	-	(49,865,458)
	Project 2022 construction cost	(85,066,535)	(188,986,756)
Digital Health (Pvt) Ltd	Channelling fee	163,149,422	189,635,638
	Service charge	(2,229,470)	(1,142,401)

32 Assets Pledged as Collaterals

Following assets of the Group have been pledged as collaterals for overdraft facilities and loans obtained by the Group to the respective financial institutions concerned.

Name of Financial Institution	Nature of Facility	Facility Granted	Securities Pledged
Ceylon Hospitals PLC			
Union Bank	Revolving Loan	15 Mn	Over the company inventories and trade debtors balance
Commercial Bank	Bank Overdrafts	78 Mn	Mortgage of fixed deposits amount of Rs. 78 Mn in the name of the Company together with duly executed letter of authority and letter of set off.
Durdans Heart Centre (Pvt) Ltd			
DFCC Bank	Term Loan	50 Mn	Mortgage over equipment financed
	Term Loan	36 Mn	Mortgage over equipment financed
Commercial Bank	Bank Overdrafts	10 Mn	Over the Company inventories and trade debtors balance

33 Financial Risk Management

33.1 Overview

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance. Current year profit and loss information has been included where relevant to add further context.

The Group has exposure mainly to following risks from its use of Financial Instruments

- Credit Risk
- Liquidity Risk
- Market Risk

33.2 Risk Management Framework

The Board of Directors have the overall responsibility for establishment and oversight of the Group Risk Management Framework.

The Group's Risk Management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

The Group's senior management oversees the management of these risks. The Group's senior management is supported by a financial acumen team that advises on financial risks and the appropriate financial risk governance framework for the Group. The finance team provides assurance to the Group's senior management that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with group policies and group risk appetite.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and group activities. The Group through its training and management standards and procedures, aim to develop a discipline and constructive environment in which all employee understand their roles and obligations.

Notes to the Financial Statements

33 Financial Risk Management Contd.

33.3 Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is being exposed to the credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions and other financial instruments.

33.3.1 Credit Risk Exposure

The Group's maximum exposure to credit risk as at the end of year based on the carrying value of Financial Assets in the statement of Financial Position is given below. There were no off Balance Sheet exposure as at the Year end.

As at 31st March,	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Financial Assets at Amortised Cost				
Trade and Other Receivables	273,575,782	215,382,982	140,403,671	132,129,362
Other Financial Assets at Amortised Cost	810,078,831	709,802,945	136,329,912	121,033,618
Loans and Receivables	-	-	-	-
Cash and Cash Equivalents	149,206,677	403,497,054	96,243,072	62,263,772
Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)	19,938,405	24,623,624	13,597,537	14,231,976
	1,252,799,695	1,353,306,604	386,574,192	329,658,727

33.3.2 Credit Risk Exposure on Trade Receivables

The Group's maximum exposure to credit risk on trade receivables as at the end of year based on the carrying value in the Statement of Financial Position.

As at 31st March,	Note	Group		Company	
		2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Trade Receivables	13	266,277,939	196,034,886	127,735,417	110,281,868

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers various statistics of the Group's customer base including default risk, business relationship with due attention given to past performances, stability of industry and credit worthiness.

Customer credit risk is managed by each business unit subject to the Group's established policies, procedures and controls relating to customer credit risk management. Credit quality of the customer is assessed based on an extensive credit evaluation format and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored while Letters of Guarantees are obtained from patients who are admitted to the hospital through corporate customers.

33.3.3 Impairment Losses

The requirement for an impairment is analysed at each reporting date on an individual basis for major clients. The Group applies the Sri Lanka Accounting Standard (SLFRS 9) on Financial Instruments simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables, contract assets 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 month before 31st March 2020 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. The Group has identified the inflation rate of healthcare sector to be the most relevant factors and accordingly adjusts the historical loss rates based on expected change in this factor.

On that basis, the loss allowance as at 31st March 2020 (on adoption of SLFRS 9) was determined as follows for trade receivables.

Company	31 - 60	61 - 90	91 - 120	121-180	Over 180
Expected Loss Rate (%)	2 - 20	5 - 36	10 - 74	15 - 100	24 - 100
Loss Allowance (Rs.)	1,336,552	1,271,738	1,537,812	2,281,048	721,168

Group	31 - 60	61 - 90	91 - 120	121-180	Over 180
Expected Loss Rate (%)	1 - 2	2 - 5	6 - 11	12 - 18	19 - 35
Loss Allowance (Rs.)	1,707,527	2,762,060	4,678,682	2,943,597	764,534

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 make repayment after long due period.

Impairment losses on trade receivables is presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Notes to the Financial Statements

33 Financial Risk Management Contd.

33.4 Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligations with its liabilities that are settled by delivering cash or another financial asset. The group's approach to managing liquidity is to ensure that, it will have sufficient liquid assets to settle liabilities when it is due, without breaching any loan covenant and incurring undesirable losses.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures, finance leases and hire purchase contracts. The Group assesses the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

	On Demand Rs.	Less than 03 Months Rs.	03 to 12 Months Rs.	01 to 05 Years Rs.	More than 05 Years Rs.	Total Rs.
Year ended 31st March 2020						
Interest Bearing Loans and Borrowings	-	45,000,000	20,498,384	386,939,553	343,482,415	795,920,352
Trade and Other Payables	-	275,930,866	234,530,250	-	-	510,461,116
Amounts Due to Related Parties	-	15,350,815	-	-	-	15,350,815
Bank Overdrafts	614,495,777	-	-	-	-	614,495,777
	614,495,777	336,281,681	255,028,634	386,939,553	343,482,415	1,936,228,060
Year ended 31st March 2019						
Interest Bearing Loans and Borrowings	-	105,333,792	172,813,546	515,025,025	21,773,152	814,945,515
Trade and Other Payables	-	282,832,723	267,808,570	-	-	550,641,293
Amounts Due to Related Parties	-	4,208,202	-	-	-	4,208,202
Bank Overdrafts	755,244,128	-	-	-	-	755,244,128
	755,244,128	392,374,718	440,622,116	515,025,025	21,773,152	2,125,039,138

33.5 Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument which will fluctuate because of changes in market prices. Market prices comprise two types of risk: interest rate risk and other price risk, such as equity price risk. Financial instruments affected by market risk include Loans and Borrowings, Deposits, Other Financial Assets measured at fair value in Profit or Loss or Other Comprehensive Income and Derivative Financial Instruments.

33.5.1 Foreign Exchange Risk

The Group being a provider of healthcare services to international patients, is exposed to foreign exchange risk, which is primarily to US Dollar. However, having lower value of debtor balances outstanding from international patients, the impact on financials is minimum.

33.5.2 Interest Rate Risk

Interest rate risk is the risk that the fluctuation of fair value or future cash flows of a financial instrument which will fluctuate because of changes in market interest rates.

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates such as Weighted Average Deposits Rates and Weighted Average Prime Lending Rate.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings, after the impact of interest rate changes. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings as follows.

	Increase/ Decrease in basis points	Effect on Profit Before Tax Rs.
2020		
Interest Bearing Loans and Borrowings	+ 100 bp	(15,950,143)
	- 100 bp	15,950,143
2019		
Interest Bearing Loans and Borrowings	+ 100 bp	(13,590,799)
	- 100 bp	13,590,799

33.5.3 Price Risk

The Group's exposure to equity securities price risk arises from investments held by the Group and classified in the Statement of Financial Position either as at Fair Value through Other Comprehensive Income (FVOCI) or at fair value through profit or loss.

The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

The table below summarises the impact of increases/decreases of these two indexes on the Group's equity and post tax profit for the period. The analysis is based on the assumption that the equity indexes had changed by 1% with all other variables held constant and that all the Group's equity instruments moved in line with the indexes.

	Increase/ Decrease in basis points	Effect on Equity Rs.
2020		
Equity Investment at Fair Value through Other Comprehensive Income	+ 100 bp	55,743
	- 100 bp	(55,743)

Notes to the Financial Statements

34 Capital Management

Capital includes ordinary shares and other equities attributable to the equity holders of the parent.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payments to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31st March 2020 and 31st March 2019.

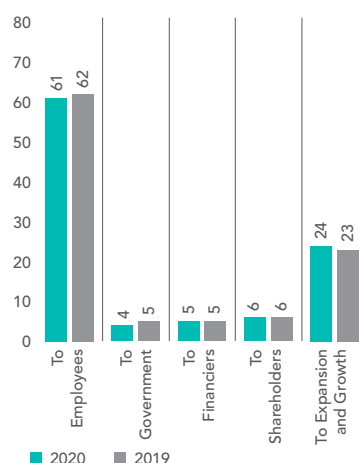
The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio between 25% and 40%. The Group's net debt is made of interest bearing loans and borrowings, bank overdrafts, trade and other payables less cash and cash equivalents.

As at 31st March,	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Interest Bearing Loans and Borrowings	1,005,343,251	814,945,514	936,543,251	722,778,863
Trade and Other Payables	510,461,116	550,641,293	292,269,424	301,282,135
Bank Overdrafts	614,495,777	755,244,128	466,736,394	693,019,494
Less: Cash and Cash Equivalents	(149,206,677)	(403,497,054)	(96,243,072)	(62,263,772)
	1,981,093,468	1,717,333,882	1,599,305,997	1,654,816,719
Equity	5,905,826,178	5,143,061,758	4,435,493,203	3,983,016,266
Capital and Net Debt	7,886,919,646	6,860,395,641	6,034,799,200	5,637,832,986
Gearing Ratio	25%	25%	27%	29%

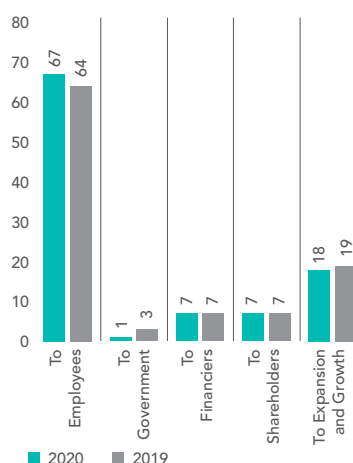
Value Added Statement

Value Added	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Turnover	5,975,781,838	5,806,352,697	3,495,296,914	3,449,632,770
Cost of Material and Services	(3,016,200,503)	(3,052,463,084)	(1,696,215,240)	(1,758,992,831)
Other Income	52,860,300	56,051,511	32,786,335	32,544,275
	3,012,441,635	2,809,941,124	1,831,868,009	1,723,184,214
Distribution of Value Added				
To Employees				
Salaries and Others	1,851,690,593	1,736,114,637	1,228,099,836	1,103,019,919
To Government				
Income Tax	123,795,727	139,225,506	26,798,117	58,713,517
To Capital Providers				
Interest on Loans	138,529,215	133,001,054	127,384,034	118,398,441
To Shareholders				
Dividend	183,755,596	165,543,839	121,941,814	121,941,814
To Expansion and Growth				
Depreciation	431,332,922	425,281,296	232,181,935	231,412,384
Retained Profit	283,337,582	210,774,792	95,462,274	89,698,139
	3,012,441,635	2,809,941,124	1,831,868,009	1,723,184,214
To Employees	61%	62%	67%	64%
To Government	4%	5%	1%	3%
To Financiers	5%	5%	7%	7%
To Shareholders	6%	6%	7%	7%
To Expansion and Growth	24%	23%	18%	19%

Group (%)



Company (%)



Ten Year Summary

	Group									
	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12	2010/11
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Operating Results										
Total Income	5,975,782	5,806,353	5,733,404	5,289,462	4,728,335	4,083,367	3,961,268	3,830,369	3,546,523	3,054,399
Other Income	52,860	56,052	35,483	33,787	38,060	51,247	53,492	34,335	22,155	23,728
Finance Cost	140,726	135,810	121,724	98,420	86,492	125,005	186,728	182,428	164,558	151,094
Profit Before Tax	575,665	549,261	603,001	525,223	556,741	266,100	261,167	308,040	347,462	240,042
Income Tax	108,571	172,943	115,128	136,251	56,695	42,312	32,093	30,334	61,210	81,659
Profit After Tax	467,093	376,319	487,873	388,972	500,046	223,788	229,074	277,706	288,231	158,383
Dividend (Company)	121,942	121,942	121,942	121,942	91,456	67,745	-	135,491	50,809	42,341
Balance Sheet										
Assets										
Property Plant and Equipment	7,219,537	6,682,247	6,499,837	6,077,397	4,127,603	4,107,470	4,158,468	4,239,622	4,310,489	4,000,023
WIP - Building in Construction	473,889	276,491	39,021	368,081	158,282	-	-	-	6,543	8,498
Other Financial Assets	830,017	734,427	665,630	572,356	379,505	266,353	241,568	169,884	193,682	95,102
Investment in an Equity Accounted Investee	6,503	5,497	4,800	3,753	3,030	2,679	2,038	877	-	-
Inventories	379,749	309,298	304,510	319,092	256,094	229,775	254,095	214,699	215,965	166,722
Receivables	544,749	363,803	356,938	458,273	275,154	244,212	193,696	185,481	185,481	178,959
Tax refund Due	18,800	20,772	17,418							
Deferred Revenue	1,090	1,190	1,365	1,800	460	600	660	760	860	2,400
Goodwill										
Cash and Cash Equivalents	149,207	403,497	203,387	138,134	165,675	80,807	48,456	96,959	21,279	71,062
	9,624,243	8,797,222	8,092,905	7,938,886	5,365,804	4,931,896	4,898,979	4,908,282	4,934,299	4,522,766
Equity and Liabilities										
Stated Capital	916,366	916,366	916,366	916,366	916,366	916,366	916,366	916,366	916,366	916,366
Reserves	4,989,460	4,226,696	4,092,887	4,281,723	2,171,026	1,861,307	1,737,356	1,617,374	1,512,620	1,125,265
Non Controlling Interest	587,760	564,744	561,186	529,101	408,109	361,829	348,633	494,335	488,029	400,145
Interest-Bearing Borrowings	1,005,343	814,946	708,224	855,369	877,561	907,846	1,072,360	1,086,439	1,352,120	1,359,039
Provisions and Other Liabilities	1,700,651	1,519,226	1,374,496	986,352	706,982	569,110	489,453	544,009	518,301	504,601
Overdrafts	614,496	755,244	439,746	369,976	285,760	315,438	334,811	249,759	146,862	217,350
	9,814,076	8,797,222	8,092,905	7,938,886	5,365,804	4,931,896	4,898,979	4,908,282	4,934,298	4,522,766
Company										
Shareholder Information										
	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12	2010/11
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Earnings Per Share (Rs.)	6.42	6.25	4.76	6.25	6.41	4.52	5.49	6.23	6.20	3.12
Dividend Per Share (Rs.)	2.20	3.60	3.60	3.60	3.60	2.70	2.00	-	2.00	1.50
Dividend Payout Ratio (%)	34	58	76	58	56	60	36	-	32	48
Net Asset Per Share (Rs.)	130.95	117.59	115.46	125.97	81.16	78.24	75.92	71.49	69.26	59.01
Return On Equity (%)	4.90	5.31	4.13	4.96	7.89	5.78	7.12	8.71	8.87	7.76
Return On Assets (%)	2.76	3.21	2.56	3.48	5.08	3.85	4.46	5.55	5.84	3.50

Share Information

Voting Shares

Distribution of Shareholders

Shareholding	Resident			Non-Resident		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
1 - 1,000	1,884	443,693	1.74	18	5,553	0.02
1,001 - 10,000	282	775,219	3.04	11	42,590	0.17
10,001 - 100,000	45	1,350,743	5.29	2	79,243	0.31
100,001 - 1,000,000	15	4,221,056	16.54	1	144,135	0.56
Over 1,000,000	2	18,465,040	72.33	-	-	-
Total	2,228	25,255,751	98.94	32	271,521	1.06

Categories of Shareholders

	No. of Shareholders	No. of Shares
Individual	2,166	5,685,899
Institutional	94	19,841,373
	2,260	25,527,272

Non-Voting Shares

Distribution of Shareholders

Shareholding	Resident			Non-Resident		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
1 - 1,000	857	218,899	2.62	4	640	0.01
1,001 - 10,000	361	1,059,321	12.69	10	56,160	0.67
10,001 - 100,000	69	2,003,200	24.00	3	149,123	1.79
100,001 - 1,000,000	4	1,218,445	14.60	1	609,925	7.31
Over 1,000,000	2	3,029,741	36.31	-	-	-
Total	1,293	7,529,606	90.22	18	815,848	9.78

Share Information

Categories of Shareholders

	No. of Shareholders	No. of Shares
Individual	1,238	2,950,859
Institutional	73	5,394,595
	1,311	8,345,454

Public Shareholding

	2019/20		2018/19	
	Voting	Non-Voting	Voting	Non-Voting
Number of Shareholders	2,260	1,311	2,263	1,326
Holding Percentage (%)	23.56	60.79	23.29	78.60
Market Capitalisation (Rs. Mn)	2,042	609	1,846	564
Float Adjusted Market Capitalisation (Rs. Mn)	481	370	430	443
Float Adjusted Market Capitalisation Option	Less than Rs. 2.5 Bn (Option 5)		Less than Rs. 2.5 Bn (Option 5)	

Investor Ratios

	2019/20	2018/19
Earnings per Share (Rs.)	6.42	6.25
Dividend per Share (Rs.)	2.20	3.60
Net Asset Value per Share (Rs.)	130.95	117.59
Dividend Payout Ratio (%)	34	58

Market Activities

Market Value per Share

	2019/20			2018/19		
	Highest Traded Price Rs.	Lowest Traded Price Rs.	Last Traded Price Rs.	Highest Traded Price Rs.	Lowest Traded Price Rs.	Last Traded Price Rs.
Voting	87.00	69.20	80.00	87.00	68.50	72.30
	12th February 2020	23rd April 2019	13th March 2020	12th June 2018	31st December 2018	29th March 2019
Non-Voting	77.00	65.00	73.00	76.00	54.20	67.60
	08th July 2019	13th November 2019	13th March 2020	26th April 2018	21st September 2018	29th March 2019

Share Trading Information

	2019/20		2018/19	
	Number of Shares Traded	Turnover Rs.	Number of Shares Traded	Turnover Rs.
Voting	961,768	77,085,529	594,280	45,240,924
Non-Voting	432,034	29,878,071	778,920	52,995,054

Top 20 Shareholders Listed as at 31st March 2020

Voting Shareholders

Name of the Shareholder	Country of Residence	As at 31st March 2020		As at 31st March 2019	
		Number of Shares	Holding %	Number of Shares	Holding %
Durdans Management Services Ltd	Sri Lanka	17,388,055	68.12	17,118,098	67.06
Employee Provident Fund - Citi Bank, Colombo 07	do	1,076,985	4.22	1,076,985	4.22
Lawrance Tudawe Management Services (Pvt) Ltd	do	598,982	2.35	598,982	2.35
Mr. Y. N. R. Piyasena	do	500,000	1.96	553,134	2.17
Renuka Capital PLC	do	-	-	402,823	1.58
Mr. Rajiyah Shamindra Vatsalan Jt. Mrs. J. J. B. Aloysius Rajiyah	do	400,000	1.57	-	-
Mr. Merrill J. Fernando	do	367,530	1.44	261,787	1.03
Mr. S. P. Tudawe (Deceased)	do	307,936	1.21	307,936	1.21
Cargo Boat Development Company PLC	do	305,485	1.20	305,485	1.20
MJF Holdings Ltd	do	270,981	1.06	270,981	1.06
Mr. A. D. P. A. Wijegoonewardene	do	220,582	0.86	199,462	0.78
Mr. A. E. Tudawe	do	205,052	0.80	205,052	0.80
Mrs. H. K. Weerasinghe	do	200,000	0.78	200,000	0.78
Mrs. L. I. Weerasinghe	do	200,000	0.78	200,000	0.78
Mrs. T. T. Weerasinghe	do	200,000	0.78	200,000	0.78
Mr. U. D. Tudawe	do	170,616	0.67	170,616	0.67
Mr. A. D. Tudawe	do	161,984	0.63	161,984	0.63
Bnysanv Re-steyn Capital Frontier Fund	Cayman Islands	144,135	0.56	289,288	1.13
Mr. Deen Mohamed Fazal Aslam	Sri Lanka	111,908	0.44	-	-
Mr. P. K. C. P. Samarasinghe	do	-	-	124,845	0.49
Mr. R. R. Tudawe	do	100,000	0.39	100,000	0.39
Commercial Bank of Ceylon PLC - A/C No. 4	do	83,000	0.33	83,000	0.33
Total		23,013,231	90.15	22,830,458	89.44

Share Information

Non-Voting Shareholders

Name of the Shareholder	Country of Residence	As at 31st March 2020		As at 31st March 2019	
		Number of Shares	Holding %	Number of Shares	Holding %
Durdans Management Services Ltd	Sri Lanka	1,875,370	22.47	1,545,049	18.51
Employee Provident Fund	do	1,154,371	13.83	1,154,371	13.83
Bnysanv Re-Steyn Capital Frontier Fund	Cayman Islands	609,925	7.31	755,000	9.05
MJF Holdings Ltd	Sri Lanka	598,646	7.17	598,646	7.17
E W Balasuriya & Co. (Pvt) Ltd	do	330,619	3.96	330,619	3.96
Mr. D. Ratnayake	do	146,866	1.76	146,866	1.76
Mr. A. H. Munasinghe	do	142,314	1.71	142,314	1.71
Mr. A. N. Esufally	do	-	-	127,440	1.53
Tudawe Engineering Services (Pvt) Ltd	do	91,986	1.10	91,986	1.10
Mr. D. A. Cabraal	do	82,500	0.99	82,500	0.99
Mr. S. S. Sithambaranathan	do	74,947	0.90	74,963	0.90
Mr. P. S. De Mel	do	70,822	0.85	70,822	0.85
Mr. A. D. Tudawe	do	70,151	0.84	70,151	0.84
Mr. U. D. Wickremesooriya Jt. Mrs. S. F. Wickremesooriya	do	69,272	0.83	69,272	0.83
Ms. T. T. Weerasinghe	do	68,485	0.82	68,485	0.82
Commercial Bank of Ceylon PLC/ P. Subhasinghe	do	66,238	0.79	-	-
Peoples Leasing & Finance PLC/ Mr. P. A. I. S. Perera	do	65,454	0.78	65,454	0.78
Motor Service Station (Pvt) Ltd	do	-	-	65,427	0.78
Commercial Bank of Ceylon PLC A/C No. 04	do	61,100	0.73	61,100	0.73
Mr. D. P. L. De Mel	do	58,908	0.71	58,908	0.71
Saman Villas Limited	do	58,462	0.70	-	-
Mr. M. A. Ismail	do	50,000	0.60	63,600	0.76
Total		5,746,436	68.85	5,642,973	67.61

Notes

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Notes

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Notice of Meeting

Notice is hereby given that the 74th Annual General Meeting of the Shareholders of Ceylon Hospitals PLC will be held on 27th August 2020 at 4.00 p.m. at the Durdans Auditorium (11th floor) on a virtual platform.

The business to be brought forward before the meeting will be:

1. To receive and consider the Annual Report of the Directors and the Statement of Accounts for the year ended 31st March 2020 with the Report of the Auditors thereon. (Resolution 1)
2. To elect Mr. A. S. Tudawe, Director appointed since the last Annual General Meeting in terms of Article No. 65. of the Articles of Association. (Resolution 2)
3. To elect Mr. A. V. R. De S. Jayatilleke, Director appointed since the last Annual General Meeting in terms of Article No. 65. of the Articles of Association. (Resolution 3)
4. To re-elect Mr. Su-ayid M. Ismail who retires by rotation in terms of Article No. 58 of the Articles of Association and being eligible offers himself for re-election. (Resolution 4)
5. To re-appoint Mr. A. S. Abeyewardene, Director who vacates office in terms of Section 210 of the Companies Act No. 07 of 2007 and for this purpose to pass the following resolution as an Ordinary Resolution.
"Resolved that the age limit stipulated in Section 210 of the Companies Act No. 07 of 2007 shall not apply to Mr. A. S. Abeyewardene who is more than 70 years, and that he be appointed a Director of the Board in terms of Section 211 of the Companies Act No. 07 of 2007". (Resolution 5)
6. To re-appoint Dr. A. D. P. A. Wijegoonewardene, Director who vacates office in terms of Section 210 of the Companies Act No. 07 of 2007 and for this purpose to pass the following resolution as an Ordinary Resolution.
"Resolved that the age limit stipulated in Section 210 of the Companies Act No. 07 of 2007 shall not apply to Dr. A. D. P. A. Wijegoonewardene who is more than 70 years, and that he be appointed a Director of the Board in terms of Section 211 of the Companies Act No. 07 of 2007." (Resolution 6)
7. To re-appoint Mr. Y. N. R. Piyasena, Director who vacates office in terms of Section 210 of the Companies Act No. 07 of 2007 and for this purpose to pass the following resolution as an Ordinary Resolution.
"Resolved that the age limit stipulated in Section 210 of the Companies Act No. 07 of 2007 shall not apply to Mr. Y. N. R. Piyasena who is more than 70 years, and that he be appointed a Director of the Board in terms of Section 211 of the Companies Act No. 07 of 2007." (Resolution 7)

8. Declaration of dividends

To declare a first and final dividend of Rs. 2.20 per share for the year ended 31st March 2020 as recommended by the Directors. (Resolution 8)

9. To re-appoint Messrs. B. R. De Silva & Co. Chartered Accountants, the retiring Auditors who have expressed their willingness to continue in office as Company's Auditors for the ensuring year and to authorise the Board of Directors to determine their remuneration. (Resolution 9)

10. To authorise the Directors to determine donations for the year 2020/21. (Resolutions 10)

By Order of the Board

Nexia Corporate Consultants (Pvt) Ltd
Secretaries

21st July 2020

1. A shareholder entitled to attend and vote is entitled to appoint a proxy to attend and vote at the virtual meeting instead of him/ her.
2. A Proxy need not be a shareholder of the Company.
3. A Form of Proxy accompanies this notice.

Form A

Registration of Shareholder Details for Online Meeting

1. Full Name of the Principal Shareholder :
2. Residential Address :
3. NIC No./ Passport No./ Company Registration No :
4. Contact No (Residence) : (Mobile) :
5. Email Address :
6. Names of the Joint Holder(s) (If any) (i)
(ii)
7. National Identify Card Number(s) of Joint holder(s) (i)
(ii)

In the event a proxy holder is appointed by the Shareholder, following details are to be furnished;

8. Full Name :
9. Residential Address :
10. NIC No./ Passport No. :
11. Contact No (Residence) : (Mobile) :
12. Email Address :

Participation in the AGM - Please tick the cage below

I/ My Proxy holder am/ is willing to participate at the AGM via the online platform

☐

Signature(s)
	Principal Shareholder	01st Joint Holder	02nd Joint Holder
Date:	Date:	Date:	

Notes:

- Shareholders are requested to provide their email address in the space provided in order to forward the web link/ username/ password/ necessary instructions, if they wish to attend the meeting through an online platform.
- In the case of a company/ corporation, the shareholder details form must be under its Common Seal which should be affixed and attested in the manner prescribed by its Articles of Association.
- In the case of a Power of Attorney, this form signed by the Power of Attorney must be deposited at the Registered Office of the Company for registration.

Form of Proxy - Voting Shareholders

I/ We, Mr./ Mrs./ Miss of
 (address)
 being a member of Ceylon Hospitals PLC, hereby appoint

Mr. A. E. Tudawe	or failing him
Dr. A. D. P. A. Wijegoonewardene	or failing him
Mr. U. D. Tudawe	or failing him
Mr. Y. N. R. Piyasena	or failing him
Mr. A. S. Abeyewardene	or failing him
Mr. Su-ayid M. Ismail	or failing him
Mr. A. D. B. Talwatte	or failing him
Mr. A. S. Tudawe	or failing him
Mr. A. V. R. De S. Jayatilleke	or failing him

Mr./ Mrs./ Miss of
 (address)
 as my/ our proxy to attend (and vote for me/ us) on my/ our behalf at the 74th Annual General Meeting of the Company to be held on 27th August 2020 and at any adjournment thereof.

Note

If the Proxy Form is signed by an Attorney, the relative Power of Attorney should also accompany the completed Form of Proxy, if it has not already been registered with the Company.

Resolutions	For	Against
1. To adopt the Statement of Accounts for the year ended 31st March 2020		
2. To elect Mr. A. S. Tudawe		
3. To elect Mr. A. V. R. De S. Jayatilleke		
4. To re-elect Mr. Su-ayid M. Ismail		
5. To re-appoint Mr. A. S. Abeyewardene		
6. To re-appoint Dr. A. D. P. A. Wijegoonewardene		
7. To re-appoint Mr. Y. N. R. Piyasena		
8. To declare dividends		
9. To re-appoint Auditors		
10. To authorise the Board of Directors to determine donations		

Mark your preference with "X"

Signed on this day of2020.

.....
 Signature

Instructions to Complete the Form of Proxy

1. Kindly perfect the Form of Proxy after filling legibly your full name and address, by signing in the space provided and dating same.
2. If the Proxy Form is signed by an Attorney, the relative Power of Attorney should also accompany the completed form of proxy, if it has not already been registered with the Company.
3. The completed Form of Proxy should be deposited at the Registered Office of the Company at No. 03, Alfred Place, Colombo 03. (not less than 72 hours before the time appointed for the holding of the meeting).
4. A member is entitled to appoint a proxy to attend instead of himself and a proxy need not be a member of the Company.

Form of Proxy - Non-Voting Shareholders

I/ We, Mr./ Mrs./ Miss of
..... (address)
being a member of Ceylon Hospitals PLC, hereby appoint

Mr. A. E. Tudawe	or failing him
Dr. A. D. P. A. Wijegoonewardene	or failing him
Mr. U. D. Tudawe	or failing him
Mr. Y. N. R. Piyasena	or failing him
Mr. A. S. Abeyewardene	or failing him
Mr. Su-ayid M. Ismail	or failing him
Mr. A. D. B. Talwatte	or failing him
Mr. A. S. Tudawe	or failing him
Mr. A. V. R. De S. Jayatilleke	or failing him

Mr./ Mrs./ Miss of
..... (address)
as my/ our proxy to attend on my/ our behalf at the 74th Annual General Meeting of the Company to be held on 27th August 2020 and at any adjournment thereof.

Note

If the Proxy Form is signed by an Attorney, the relative Power of Attorney should also accompany the completed Form of Proxy, if it has not already been registered with the Company.

Signed on this day of2020.

.....
Signature

Instructions to Complete the Form of Proxy

1. Kindly perfect the Form of Proxy after filling legibly your full name and address, by signing in the space provided and dating same.
2. If the Proxy Form is signed by an Attorney, the relative Power of Attorney should also accompany the completed form of proxy, if it has not already been registered with the Company.
3. The completed Form of Proxy should be deposited at the Registered Office of the Company at No. 03, Alfred Place, Colombo 03. (not less than 72 hours before the time appointed for the holding of the meeting).
4. A member is entitled to appoint a proxy to attend instead of himself and a proxy need not be a member of the Company.

Corporate Information

Name of Company

Ceylon Hospitals PLC

Brand Name

DURDANS

Legal Form

A quoted public company with limited liability incorporated in Sri Lanka under the Companies Ordinance No. 51 of 1938 and registered under the Companies Act No. 07 of 2007

Company Registration Number

PQ 113

Stock Exchange Listing

The Ordinary Shares of the Company are listed on the Colombo Stock Exchange of Sri Lanka

Registered Office

No. 03, Alfred Place, Colombo 03

Bankers

Commercial Bank of Ceylon PLC
Bank of Ceylon
DFCC Bank PLC
Union Bank PLC
National Development Bank PLC
Nations Trust Bank PLC
Seylan Bank PLC
Sampath Bank PLC
Hatton National Bank PLC
People's Bank
Cargills Bank Ltd.

Auditors

B. R. De Silva & Co. Chartered Accountants
No. 22/4, Vijaya Kumaranatunga Mawatha
Colombo 05

Lawyers

Mr. D. F. R. Jayamaha
Hector Jayamaha Law Office
No. 228, Thimbirigasyaya Road
Colombo 05

Secretaries

Nexia Corporate Consultants (Pvt) Ltd
No. 181, Nawala Road
Narahrenpita

Registrars

SSP Corporate Services (Pvt) Ltd
No. 546, Galle Road
Colombo 03

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No. 03, Alfred place, Colombo 03

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