

*Hands that Care for Generations*



This report is available on:



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



# Hands that Care for Generations

At Durdans Hospital, we believe that the power to change the future lies in our hands. With cutting-edge technology and the expertise of the best professionals in healthcare, our services have served and impacted generations for the better.

Today, in the backdrop of a life-changing pandemic, we at Durdans Hospital assure each stakeholder of a healthcare experience designed to support and empower them now, and in the years to come.

At Durdans Hospital, we protect generations with hands that care.

# Contents

---

## OUR BUSINESS

**3**  
Purpose, Vision, Mission and  
Core Values

**4**  
Financial Highlights

---

## OUR LEADERSHIP

**6**  
Chairman's Review

**10**  
Message from the Director  
Medical Services

**12**  
Board of Directors

**16**  
Senior Management Team

**18**  
Historical Time Line

**20**  
Management Discussion and  
Analysis

**42**  
Corporate Governance

**50**  
Enterprise Risk Management

---

## FINANCIAL ANALYSIS

**56**  
Annual Report of the Board of  
Directors on the Affairs of the  
Company

**61**  
Statement of Directors'  
Responsibility

**62**  
Report of the Related  
Party Transactions Review  
Committee

**63**  
Report of the Remuneration  
Committee

**64**  
Report of the Audit  
Committee

**66**  
Independent Auditor's  
Report

**70**  
Consolidated Statement  
of Profit or Loss and Other  
Comprehensive Income

**72**  
Consolidated Statement of  
Financial Position

**74**  
Statement of Changes in  
Equity

**76**  
Statement of Cash Flows

**78**  
Notes to the Financial  
Statements

**128**  
Value Added Statement

**129**  
Ten Year Summary

**130**  
Share Information

**134**  
Notice of Meeting

**135**  
Form A

**137**  
Form of Proxy - Voting  
Shareholders

**139**  
Form of Proxy - Non-Voting  
Shareholders

**IBC**  
Corporate Information

# Our Business



## PURPOSE

We strive, with passion, to meet the healthcare needs of people and build healthier communities.



## VISION

Our Vision is to be acclaimed as the most trusted healthcare provider.



## MISSION

Our Mission is to integrate advanced technology with empowered healthcare teams to deliver exceptional patient-centric care.

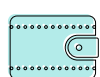


## CORE VALUES

- Innovation** - We search for new and better ways to deliver safe and convenient care.
- Compassion** - We strive to build a caring environment that's conducive to health and healing.
- Good Governance** - We enforce transparent and ethical decision making at all levels.
- Integrity** - We strive to build an environment that fosters accountability and honesty.
- Quality** - We are committed to maintaining excellent quality standards.
- Learning** - We believe that continual learning and development is the recipe for long-term success.

# Financial Highlights

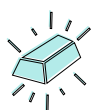
Group	2017	2018	2019	2020	2021
<b>Financial Performance</b>					
Turnover (Rs. Mn)	5,289	5,733	5,806	5,976	5,546
Operating Profit (Rs. Mn)	621	723	682	755	640
Profit Before Tax (Rs. Mn)	525	603	549	576	696
Profit After Tax (Rs. Mn)	389	488	376	467	600
<b>Financial Position</b>					
Fixed Assets - NBV (Rs. Mn)	6,445	6,539	6,959	7,693	7,715
Total Assets (Rs. Mn)	7,939	8,093	8,797	9,852	10,883
Capital Employed (Rs. Mn)	6,530	6,738	7,265	8,329	8,929
Net Assets (Rs. Mn)	5,198	5,009	5,143	5,933	6,628
<b>Ratios</b>					
Earnings Per Share (Rs.)	9.67	11.87	9.50	11.91	16.54
Interest Cover (Times)	6.34	6.02	5.15	6.31	7.14
Net Assets Per Share (Rs.)	153.46	147.88	151.83	174.35	213.17
Return On Assets (%)	4.90	6.00	4.50	4.76	5.52
Return On Capital Employed (%)	10.00	11.00	9.40	8.60	6.72
Return On Equity (%)	7.50	9.70	7.40	7.19	8.31



**Rs. 5.5 Bn**  
Turnover



**Rs. 640 Mn**  
Operating Profits



**Rs. 10.8 Bn**  
Total Assets



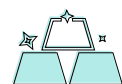
**Rs. 16.54**  
Earnings Per Share



**Rs. 8.9 Bn**  
Capital Employed



**29%**  
Profit Growth

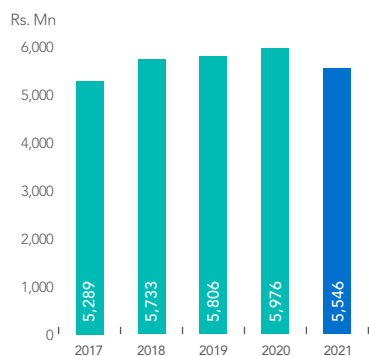


**Rs. 213**  
Net Assets/Share

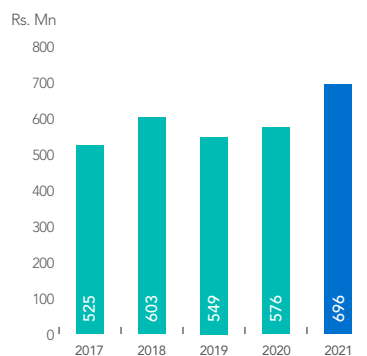


**5.52%**  
Return On Assets

#### Turnover



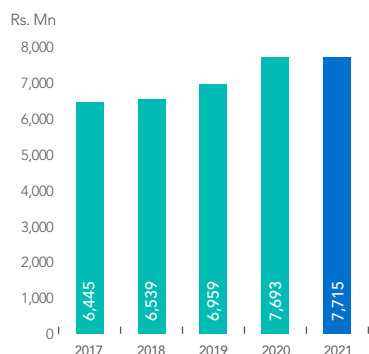
#### Profit Before Tax



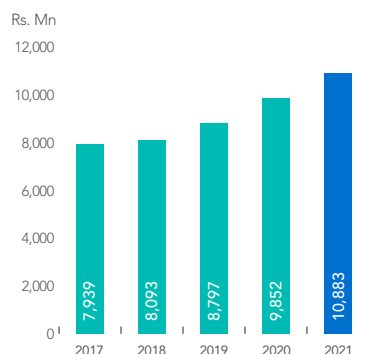
#### Profit After Tax



#### Fixed Assets - NBV



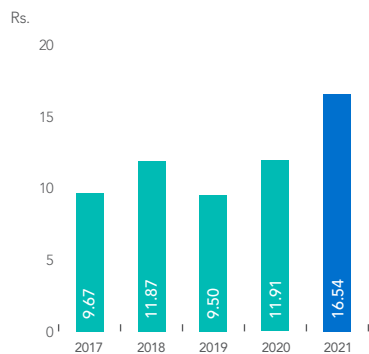
#### Total Assets



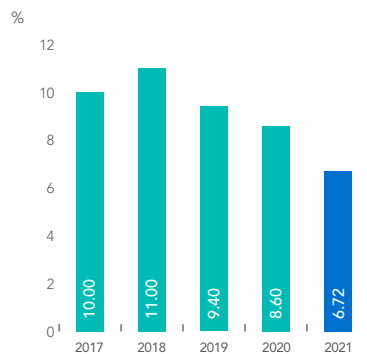
#### Net Assets



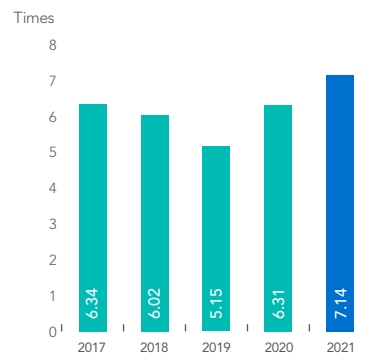
#### Earnings Per Share



#### Return on Capital Employed



#### Interest Cover

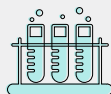


# Chairman's Review



**29%**

growth in year-on-year net profit.



**1,500**

collection centres located island-wide.



**30**

plus medical disciplines offered.



**480,000**

patient registrations during the year.



**80**

leading consultants of multiple disciplines.



**62%**

female representation in the workforce.



The Durdans Vision 2022 project intends to transform the way the hospital is able to deliver healthcare services by introducing purpose-built facilities and holistic, patient-centric healthcare services. We are also in the process of finalising a five-year strategic road map from 2021 to 2026...

## Overview

The global COVID-19 pandemic will undoubtedly be remembered as one of the most difficult periods in recent history. Its aggressive spread has resulted in a death toll exceeding three million and disrupted international trade drastically to create a global socio-economic and humanitarian crisis. The reality is that the impact of this pandemic will continue to spill over into most economies, causing a contraction before any upward growth trajectory.

Durdans Hospital began experiencing the financial implications of the pandemic on the eve of its 75th anniversary in January 2020, at the very start of the outbreak in the country. The international public health

emergency status, rising fear of contracting the disease from public spaces and recommended social distancing guidelines resulted in a rapid drop in total patient admissions and outpatient numbers. It took several months for the trend to reverse after the first lockdown. Although in-patient admissions rose soon after, the second lockdown quickly reversed these gains.

Despite the worsening economy, very low occupancy levels and demand for outpatient care, Durdans Hospital was able to maintain sound cash flows with prudent cost control measures. Although gearing rose for about five months, we managed to recover in the fourth quarter and bring short-term borrowing to manageable levels.



The foundation of Durdans Hospital is built on striving for and delivering excellence in healthcare. With this in mind, we worked to ensure that our service and quality standards were maintained during this period paying close attention to patient and healthcare worker safety. While the year under review has been extremely challenging, it has also helped our establishment learn, adapt and grow.

It is in this backdrop that I present to you our annual report for the financial year ending 31st March 2021.

## Healthcare Industry and Acceleration of Change

The global pandemic placed a heavy strain on the healthcare workforce, infrastructure and supply chain, necessitating innovation and resource-intensive changes within a very short period. Both the public and private sector healthcare providers were forced to operate under immense stress.

Quarantine institutions, dedicated hospitals, wards, emergency and critical care units had to be established and strengthened. Laboratory services, disease surveillance and information systems needed to be enhanced and

dedicated spaces had to be created within hospital premises as precautionary measures. Case detection, isolation and treatment required significant investment in diagnostics such as PCR tests and the technology and supplies to support them. Personnel Protection Equipment had to be made available to manage patients and dedicated transportation had to be organised for patients and staff.

From a regulatory perspective, hospitals had to be reorganised to manage individuals suspected of having COVID-19. Strict protocols were introduced and followed to safely transport COVID-19 positive patients to government-designated treatment centres under the guidance of the Ministry of Health. The Government had to amend quarantine regulations granting more authority to public health workers for case detection, isolation and quarantine.

Training programmes were conducted by the World Health Organisation and Health Ministry focusing on emergency medicine, prevention and screening for and detection of COVID-19 as well as the quarantine, isolation and treatment of individuals suspected of, or positive for, the infection. A national campaign was



From a regulatory perspective, hospitals had to be reorganised to manage individuals suspected of having COVID-19. Strict protocols were introduced and followed to safely transport COVID-19 positive patients to government-designated treatment centres under the guidance of the Ministry of Health. The Government had to amend quarantine regulations granting more authority to public health workers for case detection, isolation and quarantine.

launched by the healthcare sector and the Government, in partnership with the media, to drive awareness of the disease and encourage lifestyle changes that prevent its spread.

Notable during this period was the decline in other respiratory and diarrheal diseases. Medical professionals and doctors theorise that this trend may have been due to improved personal hygiene practices such as frequent hand washing, social distancing and the use of masks. Paediatric admissions were also very low, likely due to the closure of schools and decreased exposure of children.

## Financial Overview

The first quarter of the financial year 2020/21 witnessed a significant decline in revenue after the first wave of COVID-19 that drastically impacted not just the healthcare sector but the economy as a whole. Although the hospital experienced gains from its medical laboratories, they were offset by a large drop in outpatient and inpatient volumes due to the extended island-wide lockdown and curfew that was imposed. Durdans adopted prudent cost control measures and was, therefore, able to retain its profit margins at consistent levels during this period.



# Chairman's Review

The year under review was undoubtedly a very challenging one amidst a global pandemic and struggling economy. Adjusting to a new normal and being able to adapt and innovate to serve our customers has helped us grow and prepare for the unexpected.



Although the situation reversed to a slight degree after the first lockdown, the third quarter was impacted once again with the second wave of COVID-19 that commenced in October 2020. Coupled with the depreciation of the Rupee that impacted exchange rates and prevailing country inflation rates, the Company reported a top-line of Rs. 5.55 Bn, versus Rs. 5.98 Bn in the previous financial year.

Despite the pandemic, Durdans Hospital performed well from September 2020 onwards due to its COVID-19 real-time PCR testing services which made significant contributions towards the Company's top and bottom line. With a strong capitalised balance sheet and an adequate base of internally generated

funds, the Company continues to maintain low levels of gearing during these challenging times and reports a bottom line of Rs. 600 Mn for this financial year, which is an increase from Rs. 467 Mn in the previous financial year.

## Durdans Vision 2022 Project and Strategic Road Map for 2026

The Durdans Vision 2022 project intends to transform the way the hospital is able to deliver healthcare services by introducing purpose-built facilities and holistic, patient-centric healthcare services. We are also in the process of finalising a five-year strategic road map from 2021 to 2026 under the guidance of a

reputed European strategic management guru, which will incorporate and build on the Durdans Vision 2022 platform. Through these two initiatives, we hope to transform the landscape of the hospital into an unmatched state-of-the-art tertiary healthcare institution in the country that is able to support the health and wellness needs of people in every aspect.

As part of this strategic thrust, we will be unveiling a brand-new complex for the hospital in the last quarter of 2022. The Sixth Lane Wing and Durdans Heart Centre building will be undergoing complete refurbishment from August 2021 to September 2022. The future will involve the establishment of state-of-the-art Medical Centres of Excellence that are to confer the hospital with distinctive advantages in Cardiac Care, Eye Care, Orthopaedic Care, Genitourinary Care, Preventive and Rehabilitative Care, as well as in Neurology and Neurosurgery. With more comprehensive, purpose-built facilities, we intend on driving a paradigm shift in the way healthcare is delivered in Sri Lanka.

Another key project that we hope to implement by 2023 is the transformation of our Enterprise Resource Planning ("ERP") platform. We will be converting the existing home-grown system to a comprehensive international standard ERP that will allow the Company to better manage and integrate core business verticals such as planning, procurement, inventory management, finance and human resources under a single robust system. We will be revamping the back end of the system to enable faster turnaround times and a more user-friendly interface for internal and customer-facing processes.

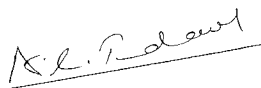
Through its subsidiary company, Amrak Institute of Medical Sciences (Pvt) Ltd, Durdans has also initiated a complete overhaul of its Nurse Training School. Amrak is working with Durdans to re-structure its free nursing programmes and

boost the quality of education the school can provide. This project has led to Amrak establishing itself as a certifying body for quality nurses. The first batch from the new and improved programme will graduate in 2023. Amrak has also commenced delivering its own nursing diplomas and degrees, allowing students to upskill themselves and work abroad. The hospital's investment in Amrak will help the start-up position itself in the market and grow to give a satisfactory return on investment to its owning company and shareholders.

## Appreciation

The year under review was undoubtedly a very challenging one amidst a global pandemic and struggling economy. Adjusting to a new normal and being able to adapt and innovate to serve our customers has helped us grow and prepare for the unexpected. Our ability to remain resilient and move forward has been a team effort and is undoubtedly a reflection of the dedication and perseverance of our people at every level.

I would like to extend my gratitude and appreciation to the Board of Directors, Senior Management as well as every employee for their continued commitment during these unprecedented times. To all our visiting consultants, investors, shareholders and numerous stakeholders who continue to maintain their faith in our future, I look forward to working with you to take the Durdans brand to greater heights.



**A. E. Tudawe**  
Executive Chairman

20th May 2021

# Message from the Director Medical Services

The learning in 2020 was the need for a clear and precise contingency plan in the event of a future disease outbreak and a need to be prepared. This realisation has become a fundamental inclusion in the Durdans 'Vision 2022'. The plan is to create a contained and dedicated facility in the event of a sudden infectious disease eruption whether it be an epidemic, endemic or pandemic and have in place the infrastructure and support required to cater to patients requiring specialised treatment.



The healthcare sector is being faced with its biggest challenge of being in uncharted territory. Ceylon Hospitals PLC has always been a strong contender in being able to manage and overcome its obstacles by way of innovative and 'out-of-the-box' thinking. The Easter Bombings in April 2019 followed by the prevailing global pandemic which is COVID-19 has only served to strengthen resolve and create new avenues to move forward.



The year under review proved to be unprecedented in terms of the global pandemic COVID-19 which presented the world with multiple challenges on varying fronts. The global healthcare industry was no exception with the majority of its workers serving on the frontlines in an effort to manage and curtail the spread of the mutating viral outbreak that caused staggering death tolls worldwide and consequently, a global emergency that continues to date.

Being one of the largest health and socio-economic crises since World War II, Ceylon Hospitals PLC was also impacted by same in the financial year under review. However, its experience of being in the forefront of the industry for 75 years brought forth strategic business acumen to navigate the challenges efficiently. Significant effort and funds were invested in creating a safe environment for its customers, all those visiting its establishment and patronising its services. All of its safety protocols were re-evaluated, strengthened and implemented, together with the setting up of new guidelines as to how patients should be managed. All visiting patients were subjected to a thorough screening and sanitisation process after which

they were segregated in demarcated areas in line with their medical condition thereby preventing cross infection. Additional physical space was reallocated for this purpose. Ceylon Hospitals PLC also established an Infection Control Committee headed by a renowned microbiologist as well as a Medical Advisory Committee whose specialist panel of advisors bring to the table a wealth of clinical knowledge essential for managing prevailing times. The hospital continues to leverage on multiple social media platforms and its internal network including its newsletters to create awareness and educate the general public, its stakeholders and shareholders on the situation surrounding the pandemic.

Collaboration with the relevant authorities at a national level has helped Durdans streamline its operations, identify infected patients quickly at the point of entrance and systematically transfer them to a government-approved facility for further treatment as and when required. Hospital staff are provided with Personal Protective Equipment (PPE) of high quality while an around-the-clock disinfection process is in place to minimise viral spread. All of Durdans' prudent measures and strategic



thinking together with adherence to international protocols and its own internal safety protocols/ procedures reflected in increased customer confidence and consequently a higher number of patients visiting from its third financial quarter onwards.

In the backdrop of having to maintain social distancing among its staff and ensure retention of its workforce, a virtual working environment was created to ensure a smooth flow of operations under the guidance of the Chairman. Smaller in-house teams were created to operate as support units with the provision of meals and accommodation. This measure enabled the seamless functioning of an overall complex operation virtually.

Durdans Hospital expanded its laboratory network during the year to 108 outlets thereby extending its islandwide reach. As part of the hospital's diversification strategy, it aims to attract an increased number of patients from the coastal regions of Sri Lanka. A key area of focus included the empowerment of its employees within its support healthcare segment and the upgrading of their skills and abilities. On the job training together with an ongoing collaboration with the 'Amrak Institute of Medical Sciences' helped bridge the skill gap to a great extent by way of providing accredited on site and online training programs/courses to deliver up to date, relevant and practical expertise needed by the healthcare sector. The cardiac theatre operation benefitted significantly with the appointment of cardiac theatre technicians which in turn improved the operational efficiency within the theatre and the level of cardiac care provided to all of its patients. In addition to this, Durdans Hospital saw the appointment of a Surgical Theatre Manager for streamlined and efficient management of its Department of Surgery, surgical theatres and wards as well as the surgical intensive care units. The hospital placed much emphasis on upgrading its procedures and guidelines to enhance the total customer experience while aiming to

transform the mindset of its staff for faster and more efficient decision making.

In line with its vision to further strengthen its centres of excellence, Durdans introduced technologically advanced equipment to its Ophthalmology, Cardiology, Gynecology and Obstetrics units, these being a first to the country. The ZEISS OPMI Lumera 700 Surgical Microscope representing the pinnacle of ophthalmic surgical visualisation will serve to improve accuracy and efficiency in all aspects of ophthalmic applications inclusive of surgical procedures and while interpreting patients' test results more accurately. The Humphrey Field Analyzer 3, the gold standard of perimetry using liquid lens technology will enhance clinical efficiency in the field of ophthalmology by reducing testing time and providing greater interactive analysis.

Built using the powerful EPIQ ultrasound platform, the EPIQ CVx-Premium Cardiology Ultrasound System will provide advanced image quality, quantification and intelligence for cardiologists, increasing diagnostic confidence and simplifying workflow for clinicians reducing the need for repeat scans. The Voluson E8 Ultrasound System, a premium high-performance ultrasound system for women's healthcare needs will provide significantly unmatched and advanced diagnosing capabilities by acquiring and analysing images in a few seconds.

The learning in 2020 was the need for a clear and precise contingency plan in the event of a future disease outbreak and a need to be prepared. This realisation has become a fundamental inclusion in the Durdans 'Vision 2022'. The plan is to create a contained and dedicated facility in the event of a sudden infectious disease eruption whether it be an endemic, epidemic or pandemic and have in place the infrastructure and support required to cater to patients requiring specialised treatment. The future is also about wellness and wellbeing with a greater focus on mental health and

Ceylon Hospitals PLC is intent on creating greater awareness by way of a 'hospital to home' concept. Another key area is to bring about health awareness among the general public for which plans are underway involving health collaborations with Companies and its employees.

The healthcare sector is being faced with its biggest challenge of being in uncharted territory. Ceylon Hospitals PLC has always been a strong contender in being able to manage and overcome its obstacles by way of innovative and 'out-of-the-box' thinking. The Easter Bombings in April 2019 followed by the prevailing global pandemic which is COVID-19 has only served to strengthen resolve and create new avenues to move forward. In the midst of the challenges, patient-centric care and safety continue to be of paramount importance for which the hospital's JCI accreditation is testimony to this. Our team of trained employees are dedicated towards providing the best in healthcare excellence and as the Director, Medical Services, I take pride in working with these individuals who have risen and continue to rise above the challenges that have come our way.



**Dr. H. Baranage**  
Director Medical Services

20th May 2021

# Board of Directors

## Ceylon Hospitals PLC

### AJITH TUDAWE

#### Executive Chairman

Ajith Tudawe is the Chairman of Ceylon Hospitals PLC (Durdans Healthcare Group) and a Senior Director at Tudawe Holdings (Pvt) Ltd. His knowledge and skill in Business, Finance, and Strategic Management have been instrumental in leading Durdans Hospital to the forefront of Sri Lanka's healthcare landscape. Ajith Tudawe holds a BA degree in Accounting from the UK. He is a Fellow Member of the following professional institutions namely, The Institute of Chartered Accountants in England and Wales, the Institute of Chartered Accountants in 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 from the Business Schools of universities in Australia, Singapore and the UK.

### UPUL TUDAWE

#### Director/ Executive Vice President

Upul Tudawe, the Director/Executive Vice President of Ceylon Hospitals PLC also serves as Group Director of Tudawe Holdings (Pvt) Ltd, its subsidiary companies and is the Chairman of Commercial Marketing Distributors (Pvt) Ltd. Upul Tudawe 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 many affiliations, he is a Member of the American Society of Clinical Pathology (ASCP) and the Australian Institute of Medical Scientists (AIMS). He also functions as the Director Laboratory Services for over 25 years.

### DR PREETHIRAJ

#### WIJEGOONEWARDENE

#### Director/ Senior Vice President - Medical

Dr. Preethiraj Wijegoonewardene holds an MBBS 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 from the Royal College of General Practitioners, UK in November 2008. He was elected as Chairman of the South Asia Board of the Royal College of General Practitioners International. Dr. Wijegoonewardene was the first Sri Lankan to receive a WONCA Fellowship in recognition of his contribution to family medicine in South Asia and World WONCA and was awarded an honorary Fellowship from the Bangladesh Academy of Family Physicians.

### NIMAL 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 over 40 years of diversified experience to the Board in the fields of Finance, Healthcare and Trade Operations.

### ASOKA ABEYEWARDENE

#### Independent, Non-Executive Director

Asoka Abeyewardene is an Independent Director of Ceylon Hospitals PLC and 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.

### SU-AYID ISMAIL

#### Non-Executive Director

With over 40 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 Institute of Management Accountants, UK, Member of the Institute of Internal Auditors and a Former Partner of Messrs. Ernst & Young Chartered Accountants. He currently functions as the Chief Executive Officer of Tudawe Brothers (Pvt) Ltd.

### ASITE TALWATTE

#### Independent, Non-Executive Director

Asite Talwatte is the Chairman of Management Systems (Pvt) Ltd, the Chairperson of the Integrated Reporting Council of Sri Lanka and 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 the Country Managing Partner of Ernst & Young for over 10 years prior to his retirement in March 2016. Asite Talwatte 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 Jayawardenepura, 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 TUDAWE

### Executive Director

Aminda Tudawe directs the supply chain of the group and the coordination of the corporate strategy of Durdans Hospital. He is also a Director of Durdans Medical and Surgical Hospital (Pvt) Ltd and Durdans Heart Centre (Pvt) Ltd. He is presently involved in the Durdans Vision 2022 project in collaboration with the project consortium. He was also involved in the implementation of JCI accreditation at Durdans Hospital and played a 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 degree from the School of Business, University of Leicester, UK.

## RAVINDRA 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, UK and possesses over 35 years of experience in the fields of Accounting, Auditing and Finance. As an Independent, Non-Executive Director on the Board of Ceylon Hospitals PLC, he provides guidance in finance related matters pertaining to the Company. At present, Ravindra Jayatilleke functions as the Group Finance Director of Lalan Rubber Group and is a Director of Lalan Rubber Holdings (Pvt) Ltd, Lalan Rubbers (Pvt) Ltd and connected subsidiary companies.

# Board of Directors

## Durdans Medical and Surgical Hospital (Pvt) Ltd

### AJITH TUDAWA

#### Executive Chairman

Refer page 12 for the profile.

### UPUL TUDAWA

#### Director/ Executive Vice President

Refer page 12 for the profile.

### DR PREETHIRAJ

#### WIJEGOONEWARDENE

#### Director/ Senior Vice President - Medical

Refer page 12 for the profile.

### NIMAL PIYASENA

#### Non-Executive Director

Refer page 12 for the profile.

### ASOKA ABEYEWARDENE

#### Independent, Non-Executive Director

Refer page 12 for the profile.

### MERRILL FERNANDO

#### Non-Executive Director

Merrill Fernando is the Chairman of MJF Holdings Limited and one of Sri Lanka's first tea tasters in the then British-dominated trade. He is the founder of 'Dilmah Tea' brand name which re-launched, redefined and re-established the quality of Ceylon tea. 'Dilmah' is now, a much-respected global name, renowned for its quality and the philosophy of caring and sharing behind the brand. Having established the brand on the unique philosophy of making business a matter of human service, Merrill Fernando's 'MJF Charitable Foundation' and 'Dilmah Conservation' fulfil this pledge by diverting a minimum of 15% of pre-tax profits from the sale of Dilmah Tea towards direct humanitarian and environmental interventions.

### DILHAN FERNANDO

#### Non-Executive Director

Dilhan Fernando is the CEO of Dilmah Tea. His efforts have focused on bringing tea to a new generation with innovations such

as tea gastronomy, tea lounges (branded as t-Lounges) and by enhancing peoples' knowledge in tea through the Dilmah School of Tea. Dilhan also nurtures his father's pledge to make business a matter of human service through the work of the MJF Charitable Foundation and Dilmah Conservation. Dilhan currently chairs the Biodiversity Sri Lanka Platform which was pioneered by Dilmah Conservation together with the Ceylon Chamber of Commerce and IUCN (International Union for Conservation of Nature). Dilhan is the Chairman of the United Nations Global Compact in Sri Lanka, a corporate sustainability initiative by the UN.

### PROF JANAKA DE SILVA

#### Independent, Non-Executive Director

Prof. Janaka de Silva is a Senior Professor and the Chair of Medicine at the University of Kelaniya. He is also a Consultant Physician at the Colombo North Teaching Hospital. Professor de Silva was educated at Royal College, obtained his MBBS and MD degrees from the University of Colombo and has 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, honorary Fellowships from the Royal Australasian College of Physicians, the Royal College of Physicians of Thailand and the Royal College of Physicians and Surgeons of Glasgow. He is a recipient of the titular national honour 'Vidyajyothi', the highest award for scientific achievement in Sri Lanka.

### SU-AYID ISMAIL

#### Non-Executive Director

Refer page 12 for the profile.

### ARJUN FERNANDO

#### Independent, Non-Executive Director

Arjun Fernando was appointed to the Board of Durdans Medical and Surgical Hospital (Pvt) Ltd in November 2017. He is currently a Director of Central Finance PLC and Nations Trust Bank PLC. 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 as Director of several of DFCC Bank's subsidiaries, joint ventures and associates. Prior to joining DFCC Bank, Mr. Fernando had a long and illustrious career overseas and at HSBC Sri Lanka. 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 TUDAWA

#### Executive Director

Refer page 13 for the profile.

### DR ATHULA

#### KAHANDALIYANAGE

#### Independent, Non-Executive Director

Dr. Athula Kahandaliyanage holds a postgraduate degree in Community Medicine and has 43 years of experience in the Health Sector of which 32 have been in Health Administration. He became DGHS in 2002 and ended his career in the Government as Secretary to the Health Ministry in 2010. During this period, he served as Chairman of SPMC, served on the Board of the Postgraduate Institute of Management, Sri Lanka Medical Council, State Pharmaceuticals Corporation of Sri Lanka, University Grants Commission, University Council, Peradeniya and many Presidential Committees. He was subsequently hand-picked by the World Health Organisation for its Senior Management cadre and served as its Director Health Systems, Sustainable Development and Environment in the Southeast Asia Region based in Delhi. After his retirement as an international civil servant in 2014, he served within the Corporate Sector as Director of Fonterra Sri Lanka and Chairman of SJGH. He is a Fellow of the College of Medical Administrators of Sri Lanka and was its Past President in 2005.



## RAKSHITHA TUDAWE

### Executive Director

Having joined the company in 2016, Rakshitha Tudawe oversees the development and execution of strategic initiatives for the group. 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 currently overseeing 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, UK and a Master of Science degree in Management from Loughborough University, UK. He has also participated in executive programmes at the INSEAD Business School in Fontainebleau, France and the Ernst and Young head office in La Défense, Paris.

## NAVEEN SOORIYARACHCHI

### Independent, Non-Executive Director

Naveen Sooriyarachchi is an Independent Non-Executive Director of Durdans Medical and Surgical Hospital (Pvt) Ltd. A renowned banking professional, he holds a Humphrey Fellowship in Investment Banking from the Boston University, USA, a Master's degree in Business Administration from the University of Colombo and is an Associate of the Institute of Bankers, Sri Lanka. His extensive experience of 40 years includes key corporate management positions at Commercial Bank of Ceylon PLC. He was also a consultant to the International Finance Corporation (World Bank Group), Washington. His business acumen and expertise has been reflected in Commercial Bank being awarded 'Best Trade Finance Bank in Sri Lanka' for 2019 and 2020 by the 'Asian Banker' as well as the Best Corporate Bank in Sri Lanka in 2019 by International Finance of the UK under his leadership.

## Durdans Heart Centre (Pvt) Ltd

## AJITH TUDAWE

### Executive Chairman

Refer page 12 for the profile.

## UPUL TUDAWE

### Director/ Executive Vice President

Refer page 12 for the profile.

## DR PREETHIRAJ

## WIJEGOONEWARDENE

### Director/ Senior Vice President - Medical

Refer page 12 for the profile.

## NIMAL PIYASENA

### Non-Executive Director

Refer page 12 for the profile.

## DR NEVILLE DHARMAWANSA

### Independent, Non-Executive Director

With decades of experience in the healthcare sector, Dr. Dharmawansa is a renowned physician in the Sri Lankan private healthcare sector. He holds an MBBS from the University of Ceylon as well as a postgraduate qualification from the United Kingdom. He is also a Fellow of the Royal College of Physicians in England.

## AMINDA TUDAWE

### Executive Director

Refer page 13 for the profile.

## DR ATHULA

## KAHANDALIYANAGE

### Independent, Non-Executive Director

Refer page 14 for the profile.

## RAKSHITHA TUDAWE

### Executive Director

Refer page 15 for the profile.

# Senior Management Team

## DR HARSHA BARANAGE

### Director Medical Services

Dr. Harsha Baranage joined the Durdans Group in 2018 and works as the Director Medical Services. He possesses over 15 years of experience in the field of healthcare as an administrator and is responsible for pioneering and coordinating multiple developments and innovations relating to healthcare. He previously held the positions of Medical Director at Asiri Central Hospital and Asiri Surgical Hospital. He has received the prestigious Asian Hospital Management Award (AHMA) from Hospital Management Asia, has been honoured by the Government of Maldives for health promotions and activities conducted in Maldives and has been a recipient of several awards and accolades within 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, a Diploma in General Practice (MCGP) and is currently reading for his MBA and Ph.D. from AeU, Malaysia.

## MAHANIL PERERA

### Chief Operating Officer

Mahanil Perera joined Durdans in 2011 and is the most long-standing member of the Senior Management team. With almost three decades of experience in growth and sales, 20 years has been in Senior Management. He is responsible for the overall development and expansion of the laboratory network to over 100 branches island wide. During the period under review, he was able to contribute significant value by making available the COVID-19 RT-PCR testing via the laboratory network. Mahanil was promoted to the position of Chief Operating Officer in February 2021. 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.

## DR JITHENDRI PERERA

### Deputy Director Medical Services

Dr. Jithendri Perera joined the Company in 2006 and acquired knowledge of the operations across the Group. She was absorbed into the management team in November 2012 and has been 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 Senior Manager-in-Charge of the Quality Assurance Department. She holds an MBBS Degree from Rajiv Gandhi University, Bangalore, India with post qualifying experience in hospitals in India and Sri Lanka. Besides her administrative role, her interest in clinical medicine especially in Primary Care Family Medicine led her towards the successful completion of the MCGP diploma course in 2017 conducted by the College of General Practitioners of Sri Lanka.

## ERANGA PIERIS

### Senior Manager Human Resources

Eranga who 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 and 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 Degree 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 in 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.

## DHANYA HERAT-GUNARATNE

### Chief Financial Officer

Dhanya joined Durdans in 2020 and is presently the Chief Financial Officer. He counts over 29 years of experience in diverse industries locally and overseas including John Keells Holdings PLC and Messrs. Ernst & Young Chartered Accountants, Bahrain and Sri Lanka. He brings with him extensive experience in the fields of Finance & Accounting, Auditing and Taxation with over 15 years of exposure in managing and implementing ERP solutions. Prior to joining Durdans, Dhanya served as General Manager, Operations, MAS Legato and was instrumental in setting up the financial shared services centre for the Group. Dhanya is a Fellow of the Institute of Chartered Accountants of Sri Lanka.

## CLIFFORD MARTIN

### Senior Manager Laboratory Operations

Clifford Martin is the Senior Manager, Laboratory Operations and has been with Durdans for more than three years. He holds a Diploma in Business Management as well as a certification in Leadership Management from the Post Graduate Institute of Management, University of Sri Jayawardenepura. His experience entails more than 25 years spent in a senior managerial capacity at renowned Richard Pieris Distributors Ltd, Jay Kay Marketing Services constituent of conglomerate John Keells Holdings PLC and at Jacks of Fiji Ltd in the Fiji Islands. Clifford brings to the table experience in Customer Service, Care and Quality Management practices among many other areas.

## RUKSHAN PERERA

### Senior Manager Operations

As Senior Manager, Operations, Rukshan Perera has been with Durdans Hospital for five years and oversees multiple operational areas including Customer Care, Channelling and Nurse Aides, Food and Beverage, Security, Fire and Transport and Housekeeping of Departments to name a few. His exposure spans multiple years in the Healthcare industry and the Wellness/ Hospitality industry at Adaaran Luxury Boutique and Wellness Resort, Maldives the latter being part of the renowned Aitken Spence Group of Hotels. He is presently pursuing a Master's degree in Business Administration from the University of West London and holds certifications in Human Resource Management from the Institute of Personnel Management, Sri Lanka and Quality Assurance Management from the Sri Lanka Standards Institution, Sri Lanka.

## LASANTHA WADUGE

### Senior Manager Growth and Sales

Lasantha Waduge is the Senior Manager Growth and Sales at Durdans Healthcare Group and has been with the organisation for 16 years. A qualified marketer by profession, Lasantha holds an MBA with merit from the University of Wales, a Post Graduate Diploma from the Chartered Institute of Marketing, UK and a Higher Diploma in Computer Software Engineering affiliated to the Institute for Certification of Computing Professionals, USA. He brings to the table significant experience in the fields of Strategic Management, Strategic Marketing and Brand Management. He is also a visiting lecturer in Strategic Management for Lincoln University, Malaysia and in Strategic Marketing for the Chartered Institute of Marketing, UK.

## TEHANI SAMARAWEEERA

### Senior Manager Supply Chain

Tehani Samaraweera joined Durdans Hospital in 2021 and is presently the Senior Manager, Supply Chain. She is a Business Management professional with over 11 years of experience in Project Management, Change Management, Process Documentation and Logistics & Supply Chain Management. A significant part of her work experience is represented by years spent in foreign corporate institutions in Australia including NCR Australia, Richemont Australia, Message Labs (Symantec), Intercontinental Hotel, Sydney and as Project Manager at Frimi, Sri Lanka. She holds a Bachelor of Business Degree in Hospitality and Tourism from Macquarie University, Australia, a Certificate IV major in Business Studies from the Sydney Institute of Business and Technology, Macquarie, Australia and holds a Prince 2 Foundation & Practitioner certification in Project Management from Simplilearn.

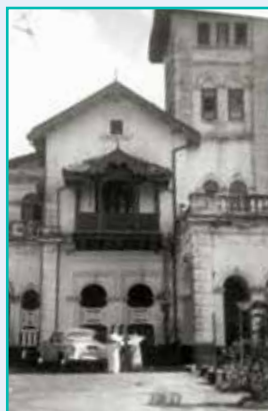
## ISHARI DALUGODA

### Deputy Head Human Resources

Ishari Dalugoda is a HR professional who joined Durdans Hospital in 2021. A specialist in Employee Relations and Industrial Relations, her experience of over 12 years encompasses areas in employee performance, strategic HR, counselling and training. An Associate member of the Chartered Institute of Personnel Management of Sri Lanka, she holds a Master's degree in Business Administration from Anglia Ruskin University, London, UK, multiple professional HR qualifications from CIPM, Sri Lanka and is pursuing a Diploma in Psychology and Counselling from the Sri Lanka Foundation Institute. Ishari has contributed significant value in several companies locally including Arpico Finance Company PLC, The Finance Company PLC, Global Hands (Pvt) Ltd, Mobitel (Pvt) Ltd as well as Pioneer Insurance Brokers and Emirates Bank, Dubai, UAE.

# Historical Time Line

The journey of Durdans Hospital began during World War II between the years 1939 and 1945.



**1939**

With the outbreak of hostilities during the Second World War, the British Government commandeered the premises now known as 'Durdans Hospital' at its current location to provide medical and surgical care for the sick and injured military personnel in the then British colony of Ceylon.

**1984**

Radiology services were introduced to the public for the first time.

**1993**

The Intensive Care Unit (ICU) was formally established.

**1995**

Strategic management was introduced together with the establishment of Durdans' 1st Strategic Road Map.

The Endoscopy unit was established.

**2000**

Durdans Heart Surgical Centre commenced cardiac surgeries.

The catheterisation laboratory was setup to commence invasive and interventional procedures for the first time at Durdans.

**2001**

A formal Accidents & Emergency Care Unit was set up.

The restructuring of Durdans Hospital commenced.

Formulation of strategic road map II.

**2003**

Ceylon Hospitals Limited was listed on the Colombo Stock Exchange.



**1945**

With the cessation of hostilities, a group of general practitioners in medicine and surgery, realised the need for private healthcare for the people of Ceylon. They took over the former military hospital and incorporated a legal entity known as 'Ceylon Hospitals Limited'. The commercial operations of Ceylon Hospitals Limited as a healthcare provider and operator began in January 1946.

**1968**

Special focus was provided to Maternity care when Durdans opened its new maternity ward as well as an outpatient facility.

**1982**

The new Pediatric ward, surgical ward and operating theatre complex were set up.

**1996**

A strategic alliance with the largest free-standing Heart Institute in Asia was established.

The Pathological Laboratory and Blood Bank commenced operations.

**1997**

The infrastructural development of the Heart Station and Heart Command Centre commenced.

**1999**

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

Durdans' islandwide satellite laboratory network commenced operations during the year.

**2004**

The Neonatal and Dialysis units were established.

**2005**

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

**2007**

Durdans' 3rd Strategic Road Map was introduced.

**2009**

Construction of the 6th Lane Hospital wing commenced.

**2010**

The Orthopaedic Unit commenced operations.

## 2011

The 6th Lane Hospital wing was unveiled to the public and became fully operational. Operations commenced under Durdans Medical and Surgical Hospital (Pvt) Ltd.

A brand-new eye centre was setup.

Genitourinary unit was setup.

## 2012

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

## 2013

The Neurology Unit was established.

## 2016

The Dietetic and Nutritional care centre, the 'Enhance' cosmetic care centre and the Physiotherapy and Sports Medicine units were established.

## 2017

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

A new 180-slot multi-storeyed split-level car park was opened.

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

## 2020

The 'Amrak Institute of Medical Sciences' was incorporated as a subsidiary of Durdans Hospital while the Nursing Training School was revamped in collaboration with 'Amrak'.



## 2014

Durdans became the first hospital in Sri Lanka to be accredited with the Gold Seal of approval by the Joint Commission International (JCI), USA, which is the highest accreditation in healthcare delivery.

## 2015

The 4th Strategic Road Map was introduced.

The Cosmetic centre was setup.



## 2018

Commenced major infrastructural development project on the re-development and remodelling of Durdans (scheduled to be completed by the last quarter of 2022).

The Bi-Plane Catheterisation laboratory was setup to commence invasive and interventional head to toe procedures.

## 2019

A formal ENT Clinic was setup and an advanced ENT Workstation was installed, ensuring comfort and precision in ENT care.

## 2021

- Durdans Hospital embarked on the next phase of its Strategic Road Map in alignment with its Durdans Vision 2022.
- Durdans commenced the upgrade of its Enterprise Resource Planning platform for better efficiency and to streamline its business processes.
- The 5th Strategic Road Map was introduced.
- Refurbishment of the Heart Centre, extended Heart Centre Building and the Sixth Lane Hospital wing (Durdans Medical and Surgical Hospital (Pvt) Ltd) will commence shortly and is scheduled to be completed in 2022.

# Management Discussion and Analysis



**8.31%**  
Return on Equity



**Rs. 696 Mn**  
Profit Before Tax



**Rs. 6.6 Bn**  
Net Assets



**Rs. 7.14**  
Interest Coverage

It is very apparent that the global pandemic COVID-19 will continue to create multiple disruptions for the foreseeable future. In relation to this, Sri Lanka is undergoing numerous changes on a demographic and epidemiological front that requires enhanced medical intervention.

This report is organised around Durdans story of value creation. Each capital report explains key aspects of our business which have helped us become a trusted health partner. We at Durdans, work consistently towards delivering high standards of healthcare and creating an environment that will provide our customers with a safe and reliable place to seek medical assistance. A patient-centric culture ensures that our customers receive a high-quality experience and sound clinical care provided by a team of experienced healthcare professionals, partners and

employees. It is very apparent that the global pandemic COVID-19 will continue to create multiple disruptions for the foreseeable future. In relation to this, Sri Lanka is undergoing numerous changes on a demographic and epidemiological front that requires enhanced medical intervention. Accordingly, we will continue to adapt and safeguard all those who patronise our services.

With a shift to virtual platforms, Durdans has provided its customers with the option of scheduling their appointments online

together with a 24-hour hotline for all those who require additional support and assistance. Additional convenience involves enabling islandwide 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' while 1,500 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 also available 24/7, 365 days of the year.



Being the first Sri Lankan hospital to receive the Gold Standard issued by the Joint Commission International and the ISO 15189:2012 standard, Durdans Hospital continues to demonstrate its dedication towards being a leading healthcare provider and partner to the community at large while reaffirming its commitment to maintaining quality in all of its operations.



JCI Gold Seal of Approval

**ISO  
15189:2012  
CERTIFIED**

*In place is a framework of Standard Operating Procedures to support the customer's convenience, safety, experience and ensure that the set of quality standards in place are adhered to throughout the organisation. A team of appointed quality champions work towards ensuring compliance and report to the Committee.*

*Our foundation to add value is built upon the following parameters which have helped us grow in business.*

## Quality Standards

In place is a framework of Standard Operating Procedures (SOPs) to support the customer's convenience, safety, experience and ensure that the set of quality standards in place are adhered to throughout the organisation. A team of appointed quality champions work towards ensuring compliance and report to the Committee. Being the first Sri Lankan hospital to receive the Gold Standard issued by the Joint Commission International ("JCI") and the ISO 15189:2012 standard, Durdans Hospital continues to demonstrate its dedication towards being a leading healthcare provider and partner to the community at large while reaffirming its commitment to maintaining quality in all of its operations.

## Customer Satisfaction

Our focus is to provide our customers with a holistic experience. Providing world-class healthcare and ensuring a high degree of patient satisfaction is priority. We aim to understand customer expectations which have reflected in high customer satisfaction ratings. As an ongoing 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.

## Customer Care and Safety

Our team of specialists comprise of 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.

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 while 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 the Senior Management, investigated and addressed.

In order to ensure accuracy and reliability of test results, all our laboratories and medical centres work with experienced technicians within a framework of stringent safety and quality standards. Our staff are 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 necessary action from anywhere within the hospital. The hospital also houses its own Molecular Biology Research and Development arm which has the proficiency, capacity and expertise to develop new investigations in-house without external intervention.





**1344  
Hotline**


## Durdans Laboratory Network




Durdans Hospital caters to a demographic range of patients and a key strength is the trust that clinicians and patients have placed in its islandwide laboratory network and diagnostic services.

 **108** Total laboratory locations

 **14** Main laboratories and medical centres

 **9** Laboratories operate 24/7

-  Medical Centres
-  Satellite Laboratories
-  Mini Laboratories
-  Collecting Centres



Centre	Type	Operating Hours
Galle	🏠	🕒
Karapitiya	🏠	🕒
Ambalangoda	🏠	🕒
Udugama	🏠	🕒
Neluwa	🏠	🕒
Akuressa	🏠	🕒
Baddegama	🏠	🕒
Karapitiya	🏠	🕒
Ahangama	🏠	🕒
Kandy	🏠	🕒
Kegalle	🏠	🕒
Nawalapitiya	🏠	🕒
Mahiyanganaya	🏠	🕒
Kandy Nursing Home	🏠	🕒
Matale	🏠	🕒
Katugastota	🏠	🕒
Monaragala	🏠	🕒
Keppetipola	🏠	🕒
Wadugodapitiya	🏠	🕒
Akurana	🏠	🕒
Mawanella	🏠	🕒
Gampola	🏠	🕒
Shakya Healthcare Centre	🏠	🕒
Mahaiyawa	🏠	🕒
Kurunegala	🏠	🕒
Dambulla	🏠	🕒
Nawinna Hospital	🏠	🕒
Polgahawela	🏠	🕒
Nawinna Medical Centre	🏠	🕒
Paragahadeniya	🏠	🕒
Galagedara	🏠	🕒
Giriulla	🏠	🕒
Malsiripura	🏠	🕒
Mawathagama	🏠	🕒
Narammala	🏠	🕒
Negombo	🏠	🕒
Chilaw	🏠	🕒
Wennappuwa	🏠	🕒
Kochchikade	🏠	🕒
Divulapitiya	🏠	🕒
Marawila	🏠	🕒

Centre	Type	Operating Hours
Kalubowila	🏠	8/8
Nagoda	🏠	6/7
Wadduwa	🏠	7/9
Homagama	🏠	🕒
Moratuwa	🏠	🕒
Panadura 1	🏠	🕒
Panadura 2	🏠	6/7
Mount Lavinia	🏠	🕒
Rathmalana	🏠	🕒
Dharga Town	🏠	🕒
Kottawa	🏠	🕒
Piliyandala	🏠	🕒
Aluthgama	🏠	🕒
Matugama	🏠	🕒
Maharagama	🏠	🕒
Bandaragama	🏠	🕒
Anuradhapura	🏠	🕒
Thambuttegama	🏠	🕒
Polonnaruwa	🏠	🕒
Bank Town	🏠	🕒
Kebatigollawa	🏠	🕒
Kahatagasdigiliya	🏠	🕒
Kekirawa	🏠	🕒
Vavuniya	🏠	🕒
Horowpathana	🏠	🕒
Galgamuwa	🏠	🕒
Medawachchiya	🏠	🕒
Ragama	🏠	8/8
Wathupitiwala	🏠	🕒
Gampaha	🏠	🕒
Wattala	🏠	🕒
Shanthi Medical Centre	🏠	🕒
Kiribathgoda	🏠	🕒
Kandana 1	🏠	🕒
Kandana 2	🏠	🕒
Veyangoda	🏠	🕒
Peoples Hospital	🏠	🕒
Mawaramandiya	🏠	🕒
Norris - Colombo 10	🏠	8/8
Castle Street	🏠	🕒
Sri Jayewardeneputra	🏠	🕒

Centre	Type	Operating Hours
Kaduwela	🏠	🕒
Malabe	🏠	🕒
Maligawatta	🏠	🕒
Golden Key Hospital	🏠	🕒
Grandpass	🏠	🕒
Narahenpita	🏠	🕒
Kolonnawa	🏠	🕒
Jaffna	🏠	🕒
Kilinochchi	🏠	🕒
Trincomalee	🏠	🕒
Kantale	🏠	🕒
Trinco Hospital	🏠	🕒
Matara	🏠	🕒
Tangalle	🏠	🕒
Matara Channelling Centre	🏠	🕒
Embilipitiya	🏠	🕒
Debarawewa	🏠	🕒
Ratnapura	🏠	🕒
Balangoda	🏠	🕒
Kahawatta	🏠	🕒
Muwagama	🏠	🕒
Awissawella	🏠	🕒
Udawalawe	🏠	🕒
Batticaloa	🏠	🕒
Kalmunai	🏠	🕒
Bambalapitiya	🏠	🕒

# Management Discussion and Analysis

## Customer Confidentiality

We recognise the importance of patient privacy and adhere to how we allow accessibility to patient records. Considering the sensitivity of the spectrum of data handled, our systems and processes are GDPR compliant to ensure that the collection, processing and securing of personal data is carried out systematically. Durdans places significant weightage on its data confidentiality and accordingly, we maintain medical records in line with hospital policy.

## Customer Reach

Durdans Hospital caters to a demographic range of patients and a key strength is the trust that clinicians and patients have placed in its island-wide laboratory network and diagnostic services. The Durdans Laboratory has an established network of 108 outlets across 13 locations with over 72 partner collection centres island-wide. Medical laboratory technicians and support staff collect, transport, analyse and report results under the guidance and scrutiny of consultant pathologists. Durdans Laboratory provides additional convenience by enabling mobile sample collection services island-wide to reach out to those unable to travel or reach a collection centre.

Durdans has 13 main laboratories which comprise six medical centres in the main towns of Galle, Anuradhapura, Negombo, Kurunegala, Moratuwa and Kandy, as well as eight satellite laboratories in the regions of Kalubowila, Maradana, Ratnapura, Ragama, Trincomalee, Matara, Batticaloa and Jaffna. Its network of 23 mini laboratories 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, 72 island-wide collection centres obtain samples to be sent to the laboratories for further investigation.

## Aerocare

In place is an air ambulatory service by which emergency transfer of patients can be made from one destination to another. Durdans launched this service in 2019 after recognising the inaccessibility to prompt medical care in situations of an emergency. The 'Aerocare' team comprises a qualified doctor and nurse, an anaesthetist, an experienced member of the cardiac 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 undergoes rigorous training pre-service commencement.

## Diagnostics

Durdans' Pathology and Radiology Department is equipped with advanced up-to-date equipment including clinical analysers, high-end ultrasound equipment, CT and MRI scanners, while being managed by a proficient and competent technical team. The capability and expertise are in place to conduct a range of diagnostic investigations including endoscopies, sigmoidoscopies, colonoscopies, bronchoscopies and laryngoscopies. All of Durdans' diagnostic services are offered at the main hospital in Colombo with a few mini laboratories 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

The 24-hour accident and emergency unit is well-equipped and ready to manage any crisis, while 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 hospital. 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

A key aspect of medical services is to improve the level of surgical care provided by the hospital so as to make it affordable, accessible and convenient to its clients. The appointment of a new surgical team leader to oversee surgical care saw a significant improvement in process efficiencies as well as a change in the cultural dynamics within the surgical care unit. The relocation of the theatre office together with an online theatre booking system served to improve turnaround times while infrastructural developments involving an upgrade of the consultants' lounge and the establishment of modern conveniences within, attracted more specialist consultants and surgeons from other hospitals to join the Durdans surgical team. These changes also served to create a seamless flow of operation and connectivity between the surgical theatre, surgical wards and the surgical ICU improving the overall functional efficiency of the Surgical Care Unit. The establishment of cultural changes also augured well to strengthen team dynamics which contributed towards Durdans maintaining leading status as a centre of excellence in orthopaedic care. A proficient team of neurologists and neurosurgeons are also available to provide treatment for strokes and neurological diseases.

## 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. It conducts minimally



### 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

Cardiology Ultrasound System developed by Phillips which will provide advanced image quality, quantification and intelligence for cardiologists for improved diagnosis.

## Stem Cell Therapy and Cardiac Intervention

As a first in Sri Lanka, conventional open-heart surgery was replaced with the procedural implantation of major heart valves without the need for general anaesthesia. Durdans has adopted advanced cardiac intervention procedures such as Rotablation, Artificial Transcatheter Aortic Valve Implantation (TAVI) performed via the femoral artery under local anaesthesia. Patients who have undergone such procedures have had a 100% success rate with no complications for over two years. A mature chronic total occlusion revascularisation procedure involving stenting and opening of 100% hardened blockages of heart arteries (some blocks being 20 years old or prior to a bypass) is now available with a success rate of 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 Hospital. A minimally invasive procedure, it 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 Hospital offers gynaecology and obstetrics care under this category. The hospital's main theatre complex is equipped with advanced laparoscopic surgical equipment with in-built modern applications to allow safe and minimally invasive related surgeries. Major surgeries are performed at the surgical theatre using advanced image-guided technology.

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 a significantly high number of 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 the introduction of the most advanced EPIQ CVx Premium

# Management Discussion and Analysis



The year under review saw the introduction of the Voluson E8 Ultrasound System with a BT20 platform and View Point software. A high-performance ultrasound system for women's healthcare needs will provide advanced diagnosing capabilities by acquiring and analysing images in a few seconds.

## Paediatrics and Neonatology

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 are supported by the latest equipment and technology to safely handle any critical situation that may befall a new-born or mother.

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 childbirth and post care. With the support of leading obstetricians, 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 visit the hospital, gain the knowledge they need to overcome the challenges of pregnancy and new-born care.

## Nephrology and Urology

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 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. Our specialists in renal medicine are dedicated to improving care for patients who need assistance in this area for which a fully equipped Renal Dialysis Centre is in place. We also offer a diverse range of urology services together with the support of several top surgeons and consultants who came aboard during the year under review.

## 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 such as the Central Corneal Thickness measurement (CCT) and Low Vision Refraction are in place.

The year under the review saw the addition of two new pieces of equipment to further strengthen facilities at the eye care unit of the hospital. The ZEISS OPMI Lumera 700 Surgical Microscope used in cataract and retinal surgeries will improve accuracy and efficiency in all aspects of ophthalmic applications inclusive of surgical procedures while providing an unparalleled depth of field and greater

The Humphrey Field Analyzer 3 (HFA860), which is the most advanced visual field machine globally and the first of its kind in Sri Lanka will enhance clinical efficiency in the field of ophthalmology by reducing testing time and providing greater interactive analysis. With Vertex monitoring, faster and improved gaze tracking, this device is able to deliver a patient's refraction correction instantly...

clarity. Its additional features including integrated recording, a Keratoscope attachment and integrated monitor which are presently unavailable in other competitive surgical microscopes in the country.

The Humphrey Field Analyzer 3 (HFA860), which is the most advanced visual field machine globally and the first of its kind in Sri Lanka will enhance clinical efficiency in the field of ophthalmology by reducing testing time and providing greater interactive analysis. With Vertex monitoring, faster and improved gaze tracking, this device is able to deliver a patient's refraction correction instantly in addition to a Blue on Yellow (SWAP) feature for early detection of Glaucoma.

## 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 could be removed with minimal harmful effects on the adjacent tissues. New specialists in Neurology and Neurosurgery 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 and stem cell PRP treatment.

## 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 inclusion of a comprehensive roster system has also paved the way for building relationships with clients, while efficient services have 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 the 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. This has been facilitated by a 11-storeyed split-level car park building which currently is the only standalone car park building in Colombo. With the ability to accommodate 183 parking slots and 24/7 accessibility for clients, medical professionals and consultants, the building has enabled the hospital to expand its service reach while maintaining customer convenience.

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 'Sixth 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



# Management Discussion and Analysis



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 patients 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.

## Pharmacy

Durdans Hospital has a fully equipped pharmacy that provides 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 better access.

## Channelling

With a wide range of specialists to choose from, our customers can easily access their preferred doctor by way of a telephone call to our appointments desk, channelling online using our direct appointments portal on our website or via 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 easy access to their healthcare requirements. With 'Direct Appointments Service' customers can book doctor's appointments via the official hospital website, 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 beverage 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 nutritional 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.

## Business Partner Capital

Durdans prioritises its relationships with local business suppliers as a means to uplift the economy and improve cost efficiencies provided quality standards are strongly adhered to. The supply chain of the hospital is large and we have established a systematic approach to managing these relationships.

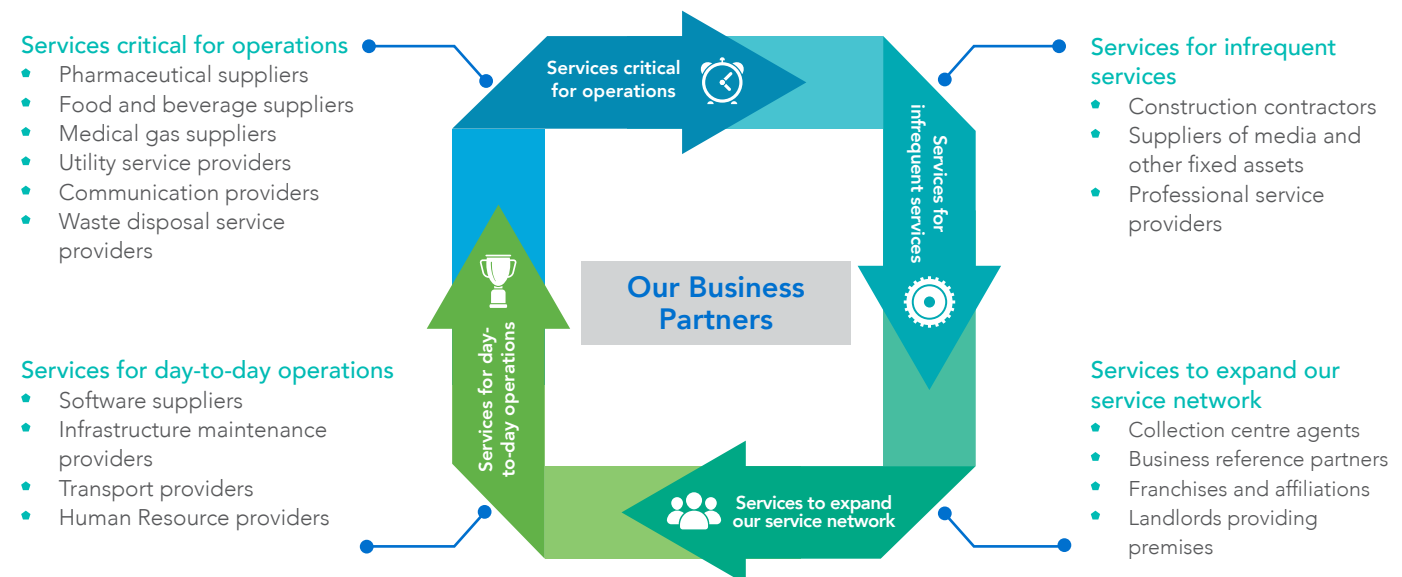
With an established track record and years in business, we have established long-term, interdependent relationships with a large number of individuals and organisations who share similar goals and values and continue to attract a large pool of professionals who enjoy working with us. The success of our enterprise is linked to this and is reflected in the long standing and mutually beneficial relationships with our partners who understand our vision and strive with us to achieve same. We have collaborated with numerous consultants of varying disciplines who are respected professionals within the healthcare sector and share our commitment to provide the highest standard of patient care. We also have close links and long-standing relationships with general and pharmaceutical

suppliers both locally and overseas as well as suppliers of medical equipment from reputed global brands. This has proved beneficial in terms of providing accessibility to a wide range of medication and technologically advanced medical equipment.

Durdans prioritises its relationships with local business suppliers as a means to uplift the economy and improve cost efficiencies provided quality standards are strongly adhered to. The supply chain of the hospital is large and we have established a systematic approach to managing these relationships. Supplier agreements are signed with all of our suppliers which require adherence at minimum to Sri Lankan laws and regulations. We strive to establish sound

business relationships and address any concerns while promoting sustainability practices throughout the supply chain. Any grievances with regard to supplier assessments and related activities can be informed to the relevant sectors of the Group.

In place is a Code of Ethics and Business Conduct which encompasses the standard of integrity the Directors, Management and employees are expected to maintain which will in-turn build values and enrich lives. In turn a structured feedback system ensures that our customer and partner expectations are being met. All concerns are addressed with the Senior Management to remedy issues and strengthen partner relationships.



# Management Discussion and Analysis

## Financial Capital

A strong capitalised balance sheet built over a period coupled with an adequate base of internally generated funds allowed the Company to maintain adequate cashflows and a substantial net worth in the midst of challenging times.

The operating landscape in the midst of two consecutive catastrophic challenges, the Easter Bombings in April 2019 followed by a global pandemic in March 2020 presented multiple challenges and a strain on the financial resources of multiple industries. The healthcare industry was no exception. While Durdans' operating performance was challenged during the year, Durdans Hospital aimed to maximise efficient usage of its financial resources to generate sustainable shareholder returns while overall profitability was upheld by significant foreign exchange gains and ancillary come.

The first quarter of the financial year 2020/21 witnessed a significant decline in revenue after the first wave of COVID-19. Although the hospital experienced gains from its medical laboratories, it was offset by a large drop in outpatient and inpatient

volumes due to the extended island-wide lockdown and curfew imposed. The Company reported a first quarter net loss of Rs. 49 Mn versus a first quarter profit of Rs.165 Mn in the previous financial year. Durdans adopted prudent cost control measures via staff remuneration and overtime as well as administration related expenditure and was therefore, able to retain its profit margins at consistent levels during this period. In line with the surge in pandemic numbers, Durdans commenced the sourcing of PCR testing kits from its associate Company Ceygen Biotech which contributed significantly to the Company and Group revenue levels.

This reversed the situation to a greater degree improving the Company's second quarter performance until third quarter was impacted once again with the second wave of COVID-19 that commenced in

October 2020. The Company reported a third quarter revenue of Rs. 978 Mn which translated to a third quarter bottom line of Rs. 161 Mn.

Durdans witnessed a pickup in trend in the last quarter of 2020/21. A reduction in gearing, the depreciation of the Rupee against the US Dollar that impacted exchange rates together with prevailing country inflation resulted in the Company reporting a top line of Rs. 3.51 Bn a marginal growth of 0.57% from Rs. 3.49 Bn in the previous financial year while Group revenue witnessed a marginal decline to Rs. 5.54 Bn.

A strong capitalised balance sheet built over a period coupled with an adequate base of internally generated funds allowed the Company to maintain adequate cashflows and a substantial net worth in the midst of challenging times.

## Operational Results

Description	2017	2018	2019	2020	2021
Revenue (Rs. Mn)	5,289	5,733	5,806	5,976	5,546
Gross Profit (Rs. Mn)	3,147	3,417	3,625	3,852	3,494
Gross Profit Margin (%)	59	60	62	64	63
Net Profit (Rs. Mn)	389	488	376	467	600
Net Profit Margin (%)	7	9	6	8	11
Current Asset Ratio (%)	103	111	115	124	137
Quick Asset Ratio (%)	80	88	94	99	110
Debt to Equity Ratio (%)	39	45	54	51	51
Interest Cover (Times)	6.34	6.02	5.15	6.31	7.14



## Revenue

Description	2017	2018	2019	2020	2021
Revenue (Rs. Mn)	5,289	5,733	5,806	5,976	5,546
Revenue Growth (%)	12	8	1	3	(7)

## Other Operating Income

Description	2017	2018	2019	2020	2021
Other Operating Income (Rs. Mn)	34	35	56	53	63
Other Operating Income Growth (%)	(11)	3	60	(5)	19

## Finance Costs

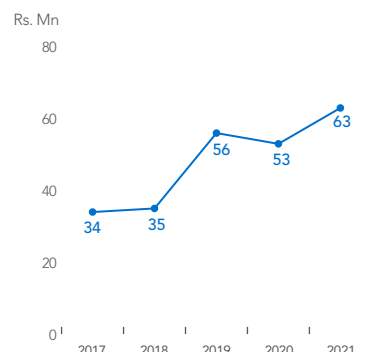
Description	2017	2018	2019	2020	2021
Finance Cost (Rs. Mn)	98	122	136	141	97
Finance Cost Growth (%)	14	24	12	4	(31)
Finance Income (Rs. Mn)	37	64	61	71	50
Finance Income Growth (%)	109	73	(5)	16	(29)

Description	2020	2021
Loan and Lease Interest (Rs. Mn)	68	46
Overdraft Interest (Rs. Mn)	40	20
Total	108	66

## Net Profit

Description	2017	2018	2019	2020	2021
Profit After Tax (Rs. Mn)	389	488	376	467	600
Profit After Tax Growth (%)	(22)	25	(23)	24	29

### Other Operating Income



### Profit After Tax



 **Rs. 3.4 Bn**  
Gross Profit

# Management Discussion and Analysis

## Investor Capital

The Sri Lankan stock market was able to rebound and maintain an upward trajectory at a time when Asian and frontier market equities experienced multiple foreign capital outflows in line with global investment trends.



Economic disruptions worldwide stemming from the COVID-19 global pandemic continues to exert a strain on numerous economic parameters including interest rates, foreign exchange rates, trade as well as monetary inflows/ outflows. This was exacerbated considering that the country was just recovering from the catastrophic Easter bombings in April 2019 one year prior. With the first wave of the pandemic being brought under control, the economy began to recover in third quarter of the calendar year 2020, the positive momentum continuing into fourth quarter despite a second wave of COVID-19 infections. The Government took proactive measures to mitigate the impact of the pandemic by allocating resources for health measures, cash transfers, and postponing tax payments to ease the burden on the general public. Having said that, rising public expenditure and declining revenues resulted in a widening of the fiscal deficit in 2020.

After posting a growth of 2.3% in 2019, the country's GDP contracted by an estimated 3.6% in 2020 due to the global pandemic induced crisis (IMF and the Department of Census and Statistics) which prompted a decline in both external and internal demand, while impacting tourism (a sector that had already been impacted negatively from the Easter 2019 terrorist attacks), construction, textile and transport industries. Job and earning losses disrupted private consumption and uncertainty impeding investment.

The adverse situation caused public finances to further deteriorate in 2020, increasing the budget deficit to an estimated 8.8% from 6.9% one year earlier. Debt-to-GDP ratio increased to 100.1% in 2020, from 86.8% in 2019 with approximately half of the debt being denominated in foreign currency resulting in a depreciating Rupee. Inflation stood at approximately 4.6% in 2020 and is

expected to remain high due to rising demand and import controls, which reduced competition in the domestic market. The COVID-19 crisis also caused a spike in unemployment to 8.4% in 2020/21 from 4.8% one year earlier.

The Central Bank of Sri Lanka (CBSL) contributed significantly to the crisis response. It undertook measures to ease monetary policy, increase liquidity in the market and support businesses. It introduced a debt moratorium for COVID-19 affected businesses and individuals. Although the trade balance and remittance inflows improved narrowing the current account deficit, a sharp decline in imports during 2020 offset the decline in exports while financial inflows were insufficient to meet external liabilities. As a result, reserves declined to a 11-year low in February 2021, before a currency swap worth USD 1.5 Bn with the People's Bank of China was approved in March 2021. Due to a shortage of foreign currency, the exchange rate depreciated by 6.5% from January through 17th March 2021.

On a more positive note, although the All Share Price Index ("ASPI") of the Colombo Stock Exchange faced numerous setbacks in 2020 including a drop to its lowest levels and the latter suspending trading, local investor interest and engagement contributed towards a drastic reversal of this trend resulting in the ASPI becoming one of the best performing indices globally during unprecedented times recording greater percentage growth than any other primary index globally in 2021. The Sri Lankan stock market was able to rebound and maintain an upward trajectory at a time when Asian and frontier market equities experienced multiple foreign capital outflows in line with global investment trends.

## Financial Activity

Group	2017	2018	2019	2020	2021
Earnings Per Share (Rs.)	9.67	11.87	9.50	11.91	16.54
Net Assets Per Share (Rs.)	153.46	147.88	151.83	174.35	213.17
Return on Assets (%)	4.90	6.00	4.50	4.76	5.52
Return on Capital Employed (%)	10.00	11.00	9.40	8.60	6.72
Return on Equity (%)	7.50	9.70	7.40	7.19	8.31

## Dividend Distribution

Description	2017	2018	2019	2020	2021
Dividend per Share (Rs.)	3.60	3.60	3.60	2.20	3.20
Total Dividends (Rs. Mn)	122	122	122	75	108
Dividend Payout Ratio (%)	58	76	58	34	24

## Share Price Trends

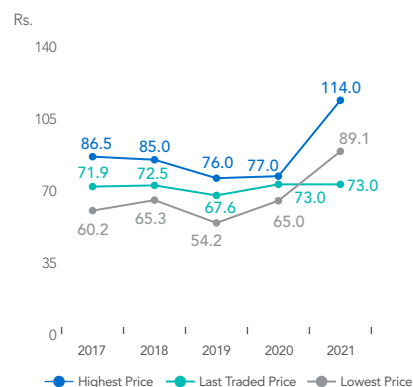
Ordinary Shares - Voting	2017	2018	2019	2020	2021
Highest Price (Rs.)	110.00	103.00	87.00	87.90	123.00
Lowest Price (Rs.)	75.00	75.10	68.50	69.20	75.00
Last Traded Price (Rs.)	90.00	79.20	72.30	80.00	101.25

Ordinary Shares - Non-Voting	2017	2018	2019	2020	2021
Highest Price (Rs.)	86.50	85.00	76.00	77.00	114.90
Lowest Price (Rs.)	60.20	65.30	54.20	65.00	67.10
Last Traded Price (Rs.)	71.90	72.50	67.60	73.00	89.10

Ordinary Shares - Voting



Ordinary Shares – Non-Voting



# Management Discussion and Analysis

## Investor Capital

### Market Activity

#### Share Trading Information

Description	2017	2018	2019	2020	2021
<b>Number of Shares Traded</b>					
Ordinary Shares - Voting	1,572,288	1,363,951	594,280	961,781	1,690,329
Ordinary Shares - Non-Voting	342,946	1,848,488	778,920	432,034	891,839
<b>Share Trading Turnover</b>					
Ordinary Shares - Voting	153,051,838	133,369,757	45,240,924	77,085,529	168,258,102
Ordinary Shares - Non-Voting	26,936,817	129,216,269	55,995,054	29,878,071	69,129,179

Ordinary shares – Voting	2018	2019	2020	2021
Highest Price (Rs.)	103.00 28th June 2017	87.00 23rd May 2018	87.90 12th February 2020	123.00 07th January 2021
Lowest Price (Rs.)	75.00 09th February 2018	68.50 31st December 2018	69.20 23rd April 2019	75.00 13th May 2020
Last Traded Price (Rs.)	79.00 29th March 2018	72.30 29th March 2019	80.00 13th March 2020	101.25 31st March 2021

Ordinary Shares – Non-Voting	2018	2019	2020	2021
Highest Price (Rs.)	85.00 19th May 2017	76.00 26th April 2018	77.00 08th July 2019	114.90 07th January 2021
Lowest Price (Rs.)	65.00 26th December 2017	54.20 21st September 2018	65.00 13th November 2019	67.10 13th May 2020/ 24th March 2021
Last Traded Price (Rs.)	17.00 29th March 2018	67.60 29th March 2019	73.00 13th March 2020	89.10 30th March 2021

## Human Capital

With healthcare being a dynamic industry, Durdans prioritises continued professional development and training of its staff at all levels. We have placed strategic emphasis on developing a talent pipeline by identifying high-performing employees and providing clear plans for their career progression.

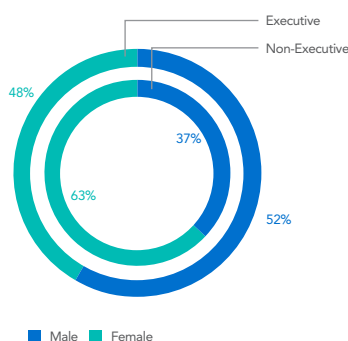
At Durdans Hospital, the customer experience is powered by a team in excess of 2,000 employees which include highly skilled medical officers, nurses, medical support staff and administrative staff as well as a resident consultant base and visiting consultants. Accordingly, our human resource team plays a critical role in creating an environment in which patients feel safe and cared for. The entire industry continues to grapple with a shortage of skilled medical professionals given the dominance of the Government sector in healthcare and our role as employers is to offer an attractive employee value proposition to attract, motivate and retain a dedicated team while being a preferred employer in healthcare.

### Employee Diversity and Equal Opportunity

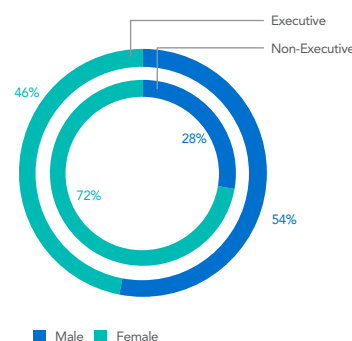
Employee diversity is important to us and we strive to create a culture in which employees feel valued and motivated. Durdans is an equal opportunity employer and does not discriminate based on gender, race, ethnicity, religion or disability. The Durdans Workforce Diversity Policy, Gender Diversity Policy and Boardroom Diversity Policy is testimony to this. We strive to create a positive and conducive workplace to work in by facilitating effective communication and clear channels for feedback. Our total work force as at 31st March 2021 amounted to 2,003 employees of which 62% comprised female employees and 38% comprised male employees.

Group	2017	2018	2019	2020	2021
Employee Strength (No.)	2,092	2,084	2,070	2,056	2,003
Female Employees as a % of Total Employees	70	69	68	69	69
Employees Below the Age of 30 Years (No.)	910	832	763	988	1,067

Employee Diversity - 2021



Employee Diversity - 2020



Employee Diversity - 2021	Male	Female	Total
Executive	118	108	226
Non-Executive	650	1,127	1,777
<b>Total</b>	<b>768</b>	<b>1,235</b>	<b>2,003</b>

Employee Diversity - 2020	Male	Female	Total
Executive	126	109	235
Non-Executive	516	1,305	1,821
<b>Total</b>	<b>642</b>	<b>1,414</b>	<b>2,056</b>

# Management Discussion and Analysis

## Human Capital

### Employee Recruitment

We ensure that our workforce competency levels are suited to the respective job role so 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. A 'Credentialing and Privileging Committee' is in place for this purpose. Credentials of our staff are always checked carefully, while specific education and skill requirements are in place for every specialised discipline.

The 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. Durdans has identified a talent pool as part of its succession plan and recruited 686 employees comprising doctors, nurses and administrative staff. Retention is an industry-wide challenge given the increasing competition for skilled labour in the industry.

An end to end recruitment portal implemented towards the end of 2019 is in place whereby vacancies are uploaded

on to the Durdans' official website and the internal HIRS system to provide accessibility to its employees as well as the general public. Bulk of the recruitment process is carried out virtually in relation to the documentation processes involved while an assessment centre involving psychometric testing is conducted for employees recruited to the executive capacity and above. In place is a buddy system, whereby a co-worker/mentor is assigned to a new recruit for a period of six months for the purpose of integration into the workplace.

Year	2018				2019				2020				2021			
Average Length of Service	0-5	6-10	11-20	21+	0-5	6-10	11-20	21+	0-5	6-10	11-20	21+	0-5	6-10	11-20	21+
Number of Employees	1,504	258	277	45	1,499	260	263	48	1,488	253	263	52	1,415	264	271	53

### Training and Development

Employees undergo annual performance appraisals, enabling the identification of training needs and areas for further improvement. A performance management assessment is conducted annually to better understand the employer-employee expectation, the employees' aspirations and how the business can support them 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 its staff at all levels. We have placed strategic emphasis on developing a talent pipeline by identifying high-performing employees and providing clear plans for their career progression.

The Durdans Nurses Training School is an institute that provides a three-year residential programme with State-approved curriculum and exams. It is highly respected for its level of teaching and brings in a high standard of nursing capability.

Year	2018	2019	2020	2021
Total Training Hours	14,548	14,528	22,174	13,586
Training Hours per Person	8.01	12.43	17.84	6.70
Training Budget	4,938,500	9,096,000	9,096,000	10,248,000





## Employee Communication

Effective employee communication ensures that hospital staff remain engaged and committed to adding value to the customer experience. Durdans employs a range of effective communication channels including circulars and the Intranet. The 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 developments within the hospital in relation to processes, policies and systems. The year under review saw bulk of the communication being carried out virtually in the backdrop of the global pandemic.



## Employee Engagement

We recognise that effective employee engagement ensures motivation and commitment towards the job which in turn adds value to the customer experience. In order to improve employee engagement, all hospital communication 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 newsletters. In addition to this, 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. Many planned events focusing on employee engagement could not be carried out during the year under review due to the COVID-19 global pandemic.

A new Employee Value Proposition (EVP) project was launched in an effort to enhance employee branding and the performance culture at Durdans. Working in collaboration with the Colombo Leadership Academy, focus interviews were conducted independently for 700

employees within the hospital, the findings of which were submitted to the Board of Directors. Based on these findings, three key employee pillars namely, 'purpose', 'status' and 'performance learning' were identified as being important parameters to majority of the employees. Durdans and its human resource team is in the process of evaluating its present HR policies to identify how best they could incorporate these parameters.

## Benefits and Rewards

Durdans ensures that its remuneration schemes are unbiased and on par with market standards and industry norms while adhering to 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 performance as identified from the annual performance appraisal system. A list of other benefits available for full time permanent employees is given below:

- Contribution to EPF/ETF.
- Performance based incentives in addition to the regular bonus incentive scheme decided by Management.
- Performance incentives for clinical and non-clinical staff for work performed beyond their expected capacity.
- Hostel accommodation for nursing staff, student nurses and nurse aides.
- 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.

# Management Discussion and Analysis

## Human Capital

Regular training is provided to staff to ensure high standards of health are maintained at all times. All employees are provided with Personal Protective Equipment (PPE), to minimise the risk of infection while lead aprons are a must for staff at the radiology unit and the cardiac catheterisation laboratories.

- 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.
- In the backdrop of the pandemic, arrangements were made to provide an insurance cover for every employee who tested positive for COVID-19.

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

Health and Safety of our patients and employees is of paramount importance and are key elements of our foundation. We ensure that these parameters are in line with international best practices and the requirements of the Hospital's accreditations. A quality and safety driven culture is in place and incorporated in to our culture of by way of our policies, training programmes and other employee engagement mechanisms. 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 Credentialling and Privileging Committee are all engaged in ensuring that occupational hazards are reduced to a minimum, while related risks are minimised and mitigated. Parallely our safety policies and emergency response systems are constantly reviewed and updated in collaboration with our dedicated Quality Assurance Department to ensure optimal standards are maintained in relation to Health and Safety.

Regular training is provided to staff to ensure high standards of health are maintained at all times. All employees are provided with Personal Protective Equipment (PPE), 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 wash stations 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.

Patient safety encompasses a significant level of detail from accurate identification of the patient to clear and 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. 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.

### 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

Durdans is among Sri Lanka's reputed and respected healthcare brands. It was ranked among the top 100 most valuable Sri Lankan brands by Brand Finance in 2020 and was recognised as one of the most respected entities in the same year by LMD, a renowned publication in business.

Durdans has built up a significant intellectual capital base which has 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

Durdans is among Sri Lanka's reputed and respected healthcare brands. It was ranked among the top 100 most valuable Sri Lankan brands by Brand Finance in 2020 and was recognised as one of the most respected entities in the same year by LMD, a renowned publication in business. Our years in business have created a strong presence that has been reflected in the increasing number of customers who patronise our services, their continued customer loyalty and ultimately the international accreditations we hold. Supported by a patient-centric approach which has helped strengthen our brand equity, our way forward is geared at further improving same by way of building market share of each of our centres of excellence, attracting and retaining the best mix of consultants and expanding our reach further to all segments of society. We maintain close engagement with all our stakeholders including our regulators, policy makers to ensure growth and development of not just Durdans but the healthcare industry as a whole.

### Infrastructure and Technology

The extent to which infrastructure and technology has been developed will in turn reflect in the hospital being able to attract patients and consultants, its accessibility to its stakeholders and its



ability to provide high quality healthcare. Durdans Hospital recognises this and places significant importance in upgrading these parameters while creating value for its stakeholders. As part of the Durdans Vision 2022, the hospital hopes to make a significant paradigm shift in the healthcare experience it provides its customers from start to finish which will include infrastructural changes, and technologically advanced medical centres of excellence thereby giving Durdans a new face lift. The Hospital is also in the process of upgrading its ERP platform for shorter lead times, to provide its customers with more convenience and an enhanced customer experience. 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.

### 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

# Management Discussion and Analysis

## Intellectual Capital

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 healthcare 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. Sound patient experiences are central to all we do. Accordingly, we ensure that we engage closely with the patient to understand their needs and build goodwill in order to deliver a sound experience and a high quality of service. We understand that patient feedback is critical to understand and identify service gaps and to drive further improvement. Accordingly, Durdans has a structured mechanism in place to obtain customer feedback as well as a formal and informal means of evaluating its customer needs and requirements.

During the year we improved our complaint handling process thereby improving overall patient satisfaction levels. The widespread use of social media has compounded the challenge of maintaining brand reputation, as negative messages from dissatisfied customers can spread instantly, impacting brand image negatively. We aim to proactively respond to these reviews and understand the cause of customer dissatisfaction to address same.

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.

We respect a patient's privacy and confidentiality of information and remain committed to ensuring that all patient related information including medical records, investigations and diagnostic summaries are stored in secure platforms.

# Social and Environmental Capital







The hospital’s tie up with the Industrial Technology Institute, 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.

As a responsible corporate citizen, we strive to provide healthcare services sustainably with minimal adverse impact on the environment. Accordingly, we initiate steps while making a conscious effort to conserve energy and water and dispose of hazardous waste in a responsible manner.

## Waste Disposal

As community leaders and stewards providing healthcare, Durdans generates a large quantum of waste material that contributes towards environmental hazards and employees are trained to dispose of waste in a manner conducive to the environment for which a proper garbage disposal system is in place for safe and responsible disposal. Waste is segregated 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.

The main types of solid waste generated inclusive of plastic cans, cardboard and paper are segregated at source and sent to third party recyclers approved by the Central Environmental Authority. 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	

## 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

Our energy requirements are fulfilled entirely through the National Grid. As part of its initiative to consume energy more efficiently, heat pump systems are in place as a replacement to boilers, fluorescent lighting has replaced low wattage LED lighting, elevator functioning times are altered to regulate usage while lighting rosters are in place to switch-off lights in areas not requiring same during off-peak hours or during the day. Water

consumption on the other hand is also a significant component being used in sanitation, heating, ventilation, cooking and washing among many other uses. Internal measures have been adopted to optimise usage and minimise wastage of water including the installation of sensor taps, control sensors and an incident reporting system to identify leaks. Creating awareness and instilling the importance of energy and water conservation among employees have also contributed towards controlling usage.

# Corporate Governance

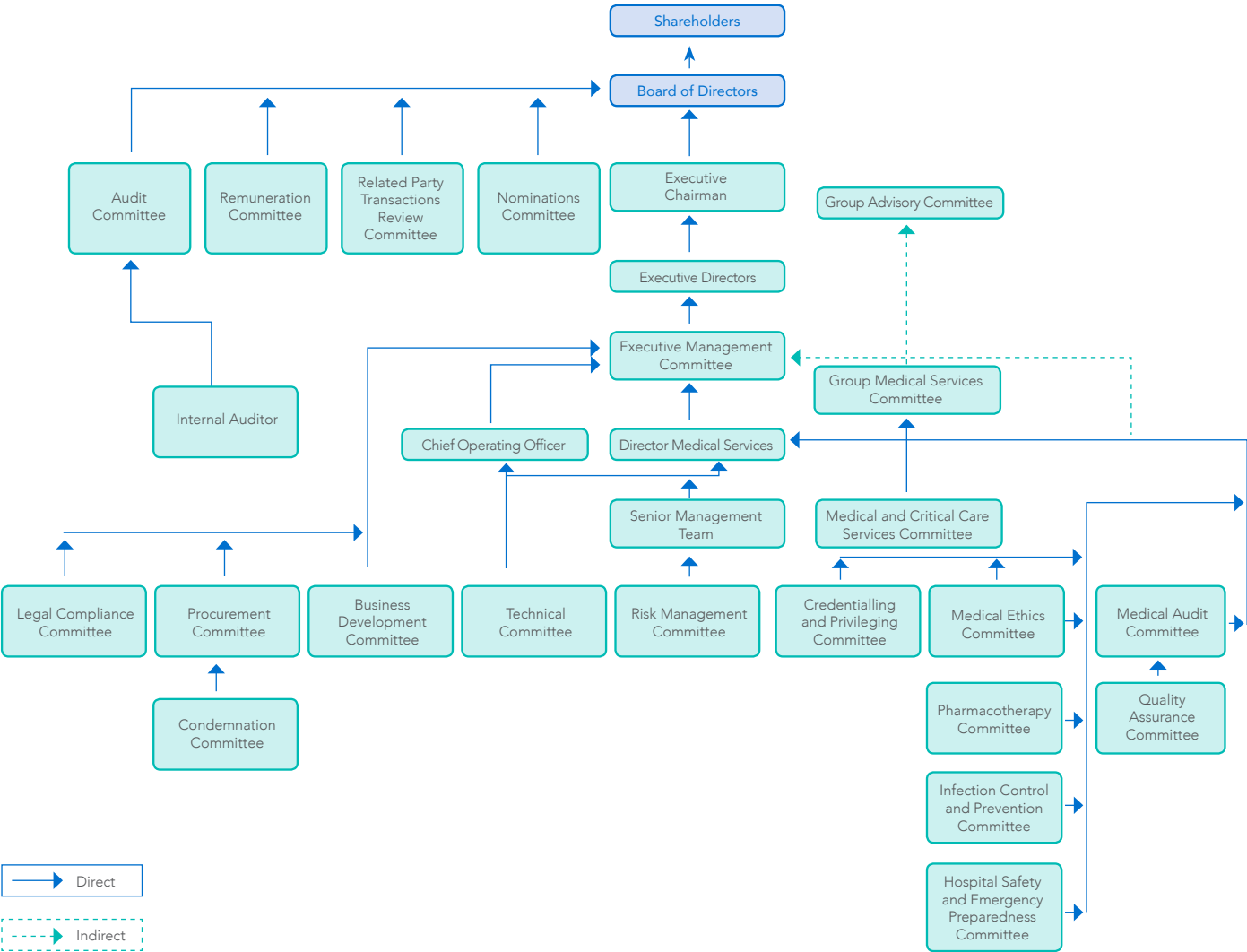
## 1 Executive Summary

The Company has in place a structured corporate governance framework which serves to maintain and enhance sustainable shareholder value. In addition to compliance with mandatory requirements, the Company follows its own internal benchmarks and processes

in order to meet best practices in governance. Detailed below 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



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.

## 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 the 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 with statutory obligations
- Monitoring systems of governance and compliance
- Approving any amendments to constitutional documents

### 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

	1	2	3	4	5	6	7	8	9
Designation	Executive			Non-Executive, Non-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

Board appointments follow a formal and structured process under the purview of the Nominations Committee.

New Director appointments are made known to shareholders via public announcements and are 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 affiliations and any changes in 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 their qualifications and experience are provided under the Board profile section of this Annual Report.

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

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 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 its 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.

# Corporate Governance

## 2.1.6 Board Meetings

### 2.1.6.1 Regularity of Meetings

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

### 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 2020/21 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

	Board Meeting Date				Eligible to Attend
	25th June 2020	20th August 2020	19th September 2020	23rd February 2021	
Executive					
Mr. A. E. Tudawe	✓	✓	✓	✓	4
Mr. U. D. Tudawe	✓	✓	✓	✓	4
Mr. A. S. Tudawe	✓	✓	✓	✓	4
Non-Executive, Non-Independent					
Dr. A. D. P. A. Wijegoonewardene	✓	✓	✓	✓	4
Mr. Y. N. R. Piyasena	✓	✓	✓	✓	4
Mr. A. S. M. Ismail	✓	✓	✓	✓	4
Non-Executive, Independent					
Mr. A. S. Abeyewardene	✓	✓	✓	✓	4
Mr. A. D. B. Talwatte	✓	✓	✓	✓	4
Mr. A. V. R. De S. Jayatilleke	✓	✓	-	✓	4

### 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 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 excuse themselves and abstain 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

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 63 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.

# Corporate Governance

## 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 listed below.

1. Audit Committee ("AC")
2. Remuneration Committee ("RC")

3. 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.

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 on page 47 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.

### Committee Membership

	Board Sub-Committees		
	AC	RC	RPTRC
<b>Executive</b>			
Mr. A. E. Tudawe - Executive Chairman	-	-	-
Mr. U. D. Tudawe - Executive Vice President	-	-	-
Mr. A. S. Tudawe	-	-	-
<b>Non-Independent, Non-Executive</b>			
Dr. A. D. P. A. Wijegoonewardene	-	-	-
Mr. Y. N. R. Piyasena	•	•	•
Mr. A. S. M. Ismail	•	-	•
<b>Independent, Non-Executive</b>			
Mr. A. S. Abeyewardene	•	•	•
Mr. A. D. B. Talwatte	•	•	•
Mr. A. V. R. De S. Jayatilleke	-	-	-

- Committee Chairman
- Committee Member

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	12 - 13
7.6 (ii)	Principal activities of the Company and its subsidiaries during the financial year and any changes thereon	Note 1.3 to the Financial Statements Group Structure	78
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	132 - 133
7.6 (iv)	The public holding percentage	Share Information	131
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	56
7.6 (vi)	Information pertaining to material and foreseeable risk factors	Enterprise Risk	50 - 54
7.6 (vii)	Details of material issues pertaining to employees and industrial relations	Note 30 to the Financial Statements	118
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	96
7.6 (ix)	Number of shares representing the stated capital as at the financial year end	Note 18 to the Financial Statements	111
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	130
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	131
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'	96
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	48 - 49
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 Note 32 to the Financial Statements	62 118 - 121

# 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
		ii) Statement of the Remuneration Policy	Compliant	Sub-Committees
		iii) Aggregate remuneration paid to Executive and Non-Executive Directors	Compliant	Note 7 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:		
		i) set out the names of Directors that comprises the Audit Committee	Compliant	Audit Committee Report under Board Sub-Committees
		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 for 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 policy, the Company adopts a 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 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 namely '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.

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 the greatest risks
3. Efficient allocation of resources and management time
4. Better capitalisation of 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

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



## Key Risk Factors Evaluated During the Year

Considering the continuation of the COVID-19 pandemic, the Company re-engineered its operation to suit the new normal. The Company proactively responded to changed patient needs in terms of remote service provision and increased sensitivity to price.

Even though the risks associated with the COVID-19 pandemic and its resultant effects continue to be assessed as the situation evolves, the guidelines available and necessary upgradation of the Business Continuity Plan ("BCP"), continued to ensure that operations remain unhindered to the maximum extent possible while ensuring the health and safety of its patients, employees and other stakeholders are met as per Government and Health Authority directives issued.

During the year, the Company started operating Intermediate Care Centres with the approval of the Ministry of Health to cater to the growing need for isolation centres to manage COVID-19 positive individuals under direct medical supervision. The remote consultation service connecting medical consultants with patients over digital platforms, thereby reducing the need for hospital visits to obtain essential medical advice and the provision of PCR testing facilities to the public also continued throughout the year.

Considering the risks that affected the business during the year under review, the Company realigned its ERM using a more holistic approach to cover not only the traditional aspects of risks such as patient safety and medical liability but also those continually evolving risks while striving to meet new demands from all its stakeholders. Therefore, eight risk domains encompassing the Durdans ERM were

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 action, 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 patient satisfaction, patient complaints and performance scores
5. Employee related risks focusing on 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 listed 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 emphasising 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 all of

the above, 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 for the Company. As such, an in-depth evaluation of such risk is carried out on a routine basis to map out all potential areas of risk and 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 aspect of risk, the following internal elements of risk that could potentially hinder patient safety have been identified as follows:

- Procedures performed that are not aligned 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 COVID-19 and Hepatitis B are administered to staff who face exposure to such disease. 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.

# Enterprise Risk Management

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. In addition to the above, the CRM processes adopted by Durdans include

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

## 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 standardise and sustain the risk management process efficiently in an effort to emphasise 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 the grant of credit.

Even though healthcare services are expected to recover faster than many other economic sectors from the impact of 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 massive economic disruptions that

have ensued from the pandemic and the multiple waves of spread, 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 will undoubtedly affect the 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 consideration, the Company has ensured its financial stability by reducing costs and curtailing expenses including salaries and/or overtime to all staff by efficient staff deployment in addition to enhancing the funding lines proactively ahead of any future requirements.

## Operational Risks

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 exposure and to ensure successful responses. Considering the above, the annual risk based internal audit plan is developed, presented the Audit Committee for approval and executed. Several operational risk mitigation measures carried out by Durdans are listed below.

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

Throughout the COVID-19 pandemic, the Company's BCP which is in place, continues to ensure that core operational staff are deployed to provide critical service areas subject to the required health and safety precautions. The outpatient pharmacy was made operational 24/7 to assist clients purchase medicines during the period of the 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 has 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.

With an indefinite end to the COVID-19 pandemic, 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 24/7 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 generates proactive steps to mitigate same. The Company follows a detailed management review process enabling the team to take prompt action quickly to reverse any negative impact. With the collective experience of the team, changes are anticipated effectively and the adverse impact minimised.

## Information Technology and Information Management Related Risks

Daily operations are managed using a fully-fledged ERP system 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. A 'cloud backup solution' has also been installed to further minimise the loss of valuable data, while steps have been taken to implement an off-site Disaster Recovery Site ("DRS") for enhancing operational efficiency of the ERP system for day-to-day operations.

Patient data is managed confidentially with the creation of high security zones within the network and which is 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.

# Enterprise Risk Management

## Regulatory and Legal Compliance Risks

The regulatory environment continues to pose a degree of uncertainty resulting in the hospital being 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 adaptable 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

**56**

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

**61**

Statement of Directors' Responsibility

**62**

Report of the Related Party Transactions  
Review Committee

**63**

Report of the Remuneration Committee

**64**

Report of the Audit Committee

**66**

Independent Auditor's Report

**70**

Consolidated Statement of Profit or Loss  
and Other Comprehensive Income

**72**

Consolidated Statement of Financial  
Position

**74**

Statement of Changes in Equity

**76**

Statement of Cash Flows

**78**

Notes to the Financial Statements

# 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 2021 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 20th May 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 Healthcare 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 50 to 54 of this report.

## 2 Future Developments

With the unprecedented challenges and operating conditions that followed, the Company focused on ensuring continuity of their business in the midst of the global pandemic and in line with the guidelines set out by the Government of Sri Lanka ("GOSL") and the respective health authorities.

Durdans evaluated the resilience of its business under multiple scenarios with due consideration given to the health and safety of its employees and customers while providing stability for its stakeholders in the value chain. Accordingly, core operational staff were deployed at the hospital to provide critical support to ensure health and safety precautions were adhered to while proactive action was taken to mitigate the risk of spread of the COVID-19 virus. The Company was also successful in implementing remote consultation services and connecting its medical consultants with patients over digital platforms. This reduced the need for hospital visits to obtain essential medical advice during the lock-down period.

The above circumstances also 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. Together with strong organic cashflows that were channelled towards reducing the Company's gearing, the Company reported a revenue of Rs. 3.51 Bn a marginal growth of 0.57% from Rs. 3.49 Bn in the previous financial year.

To support the GOSL in controlling the spread of the COVID-19 virus, the Company commenced providing PCR testing facilities to the public for COVID-19 detection with the approval of the Ministry of Health. An upgrade of the Company's Enterprise Resource Planning Platform which is in progress, together with its communication and IT portals will streamline business processes while enabling employees to remotely access core business systems and maintain effective communication channels on a 24/7 basis.

The Company is in its next strategic phase of development which is geared towards accomplishing the Vision 2022 Project.

## 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 Pages from 70 to 127 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 2021. The Auditor's report on the Financial Statements is given on Pages from 66 to 69 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 78 to 89 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 2021 was Rs. 5.5 Bn (2019/20 - Rs. 5.9 Bn). An analysis of the income is given in Note 3 to the Financial Statements on Page 90 of this Annual Report.

### 6.2 Profit and Appropriations

The profit before income tax of the Group for the year ended 31st March 2021 was Rs. 696 Mn (2019/20 - Rs. 576 Mn) and the profit after tax for the year ended 31st March 2021 was Rs. 600 Mn (2019/20 - Rs. 467 Mn). The details of the Group profits are given on Pages 70 and 71 of this report.

### 6.3 Dividend on Ordinary Shares

The Board recommends a final dividend of Rs. 3.20 per share for the year ended 31st March 2021 to be paid on 14th June 2021. 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 and 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 2020/21 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 92 of this Annual Report.

### 6.5 Reserves

The Group's total reserves as at 31st March 2021 amounted to Rs. 5.7 Bn (2019/20 - Rs. 4.9 Bn). The movement of the reserves are given on Page 74 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 94 to 97.

## 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 the supplier.
- Pay in accordance with any contract agreed upon with the supplier or as required by law.
- 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 and 15 of this Annual Report.

Names of the persons who held office as Directors of the Company as at 31st March 2021 and the names of the persons who ceased to hold office as Directors (if any) of the Company at any time during the year 2020/21, 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. A. S. M. Ismail**

Non-Executive Director

**Mr. A. D. B. Talwatte**

Independent, Non-Executive Director

**Mr. A. S. Tudawe**

Executive Director

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

Independent, Non-Executive Director

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

## 8.2 Independence of Directors

The Board has decided 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 have 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.

## 8.3 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. U. D.

Tudawe will retire by rotation at the Annual General Meeting in June 2021 and being eligible, will offer himself for re-election with the unanimous consent of the Directors.

## 8.4 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.

## 8.5 Disclosure of Directors Dealings in Shares

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

	31st March 2021		31st March 2020	
	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	-	220,582	-
Mr. U. D. Tudawe	170,616	-	170,616	-
Mr. Y. N. R. Piyasena	501,000	-	500,000	-
Mr. A. S. Abeyewardene	1,440	1,200	1,440	1,200
Mr. A. S. M. Ismail	100	-	100	-
Mr. A. D. B. Talwatte	1,000	-	1,000	-
Mr. A. S. Tudawe	-	1,000	-	1,000
Mr. A. V. R. De S. Jayatilleke	100	-	-	-

## 8.7 Remuneration and Other Benefits

Directors' remuneration and other benefits, in respect of the Company for the financial year ended 31st March 2021 is given in Note 7 to the Financial Statements on Page 91 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 2021 other than those disclosed on Page 121 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 15 and 32 to the Financial Statements, have complied with Section 09 of Colombo Stock Exchange Listing Rules 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 2021 was Rs. 916 Mn comprising 25,527,272 voting shares and 8,345,454 non-voting shares (2019/20 - Rs. 916 Mn comprising the same share structure). Details of the stated capital are given in Note 18 to the Financial Statements on Page 111 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 130 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 33 of this Annual Report.

## 12 Public Holding of Shares in the Company

The public shareholding as at 31st March 2021 for voting and non-voting shares was 23.46% and 51.88% 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 20 Largest Shareholders of the Company as at 31st March 2021 are indicated on Page 132 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. 27,500 (2019/20 - Rs. 1,225,957). 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 29 to the Financial Statements on Page 118 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 50 to 54 this Annual Report.

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

## 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 the reports, policies and procedures on a regular basis, to ensure that a comprehensive internal control framework is in place. More detail in this regard can be seen on Page 64 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.

## 21.3 Audit Committee

The composition of the Audit Committee and their Report is given on Page 64 of this Annual Report.

## 22 Corporate Governance

The Corporate Governance practices of the Company are set out from Pages from 42 to 49 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 2020/21 amounted to Rs. 3.8 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 75th Annual General Meeting of the Company will be held via an online platform at 4.00 p.m. on 29th June 2021.

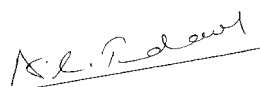
## 27 Notice of Meeting

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

20th May 2021

# 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 70 to 127, 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.

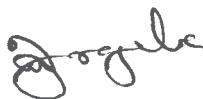
The Directors are responsible for ensuring that the Company and its subsidiaries maintain accounting records which disclose with reasonable accuracy, the financial position of the Company and its subsidiaries while complying with the provisions of the Companies Act No. 07 of 2007.

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

20th May 2021

# Report of the Related Party Transactions Review Committee

## 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.

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 comprises 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. S. M. Ismail**

Member (Non-Executive Director)

**Mr. Y. N. R. Piyasena**

Member (Non-Executive Director)

## Conduct of Meetings

The Committee meets at least once every quarter.

During the financial year ended 31st March 2021 the Committee held five meetings. The meeting attendance was as follows

Name	Attended/ Eligibility to Attend
Mr. A. S. Abeyewardene	5/5
Mr. A. D. B. Talwatte	5/5
Mr. A. S. M. Ismail	5/5
Mr. Y. N. R. Piyasena	5/5

At the quarterly RPTRC meeting, all recurrent transactions carried out with subsidiaries and associates are reported. The Committee reviewed and preapproved all proposed non-current Related Party Transactions (RPTs) of the parent Ceylon Hospitals PLC and related parties. At quarterly RPTRC meetings, all recurrent transactions carried out with subsidiaries and other affiliates are reviewed and reported.

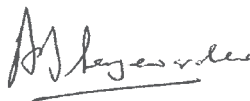
Mechanisms are in place for the KMPs' to declare RPTs, if any, that they are connected with as per the Company RPT policy guidelines.

## 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 2021 other than those disclosed in the report under the Financial Statements Note 32. 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

20th May 2021



# 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 comprises 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)

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	1/1
Mr. A. D. B. Talwatte	1/1
Mr. A. V. R. De S. Jayatilleke	1/1

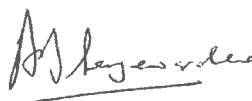
Activities of the Committee for the year 2020/21

- 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 2020/21 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 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 7 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

20th May 2021

# 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.

## 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. A. D. B. Talwatte

Member (Independent, Non-Executive Director)

### Mr. A. S. M. Ismail

Member (Non-Executive Director)

Profiles of the Committee Chairman and the Members are given on Page 12 of this report.

The Committee held five meetings during the financial year ended 31st March 2021. 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	5/5
Mr. A. D. B. Talwatte - Member	5/5
Mr. A. S. M. Ismail - Member	5/5

The Executive Chairman, the Manager Risk and Compliance, 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, the Manager Risk and Compliance and the Senior Management team. The Manager Risk and Compliance and 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 Manager Risk and Compliance and 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.

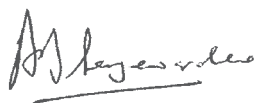
## External Audit

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 2020/21 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 2022, subject to approval by the shareholders at the Annual General Meeting.



**A. S. Abeyewardene**

Chairman - Audit Committee

20th May 2021

# 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 ("the Company") and its subsidiaries ("the Group"), which comprise the Consolidated Statement of Financial Position as at 31st March 2021, and the Consolidated Statement of profit or loss, Consolidated Statement of 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 2021, and of its Financial Performance and its 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 (SLAuSs). 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 these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our 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 LLB, Attorney-at-Law  
ACA, ACMA (UK), CGMA  
Partner (Kandy) W.L.L. Perera FCA.

22/4,  
Vijaya Kumaranatunga Mv.,  
Colombo 05,  
Sri Lanka.  
Telephone : +94 112 513 420 - 22  
+94 114 510 268  
Fax : +94 114 512 404  
E-mail : brds@eureka.lk  
Web : www.brdesilva.com

## Key Audit Matter

## How the matter was Addressed

### 1 Recognition of Revenue

The company and the group has recognised a revenue of Rs. 3,518,805,279 and Rs. 5,545,520,697 respectively for the year ended 31st March 2021.

Revenue of the group is disclosed in Note 3 and related accounting policies are disclosed in Note 2.5.1 to the financial statements.

Revenue is considered as a key area of focus considering the significance of total value, the number of transactions, judgement involved in the timing of recognition and dependence on IT systems over recognition of revenue.

- 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 & 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.

### 2 Transactions held with Related Parties

Related party balances and disclosure of the group are disclosed in Notes 15 and 32 to the financial statements.

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.

- 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 are taken place on arm's length basis.
- Critically examined the accuracy of intercompany 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.

# Independent Auditor's Report

## Other information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and 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.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.



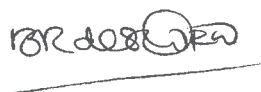
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 2972.



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

20th May 2021

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31st March,		Group		Company	
		2021	2020	2021	2020
	Note	Rs.	Rs.	Rs.	Rs.
Revenue	3	5,545,520,697	5,975,781,838	3,518,805,279	3,495,296,914
Cost of Services		(2,051,797,956)	(2,124,055,461)	(1,260,971,897)	(1,224,629,243)
Gross Profit		3,493,722,741	3,851,726,377	2,257,833,382	2,270,667,671
Other Operating Income	4	62,559,408	52,860,300	45,555,138	32,786,335
Less: Expenses					
Administration Expenses		(2,337,358,057)	(2,676,949,481)	(1,610,285,893)	(1,747,654,295)
Other Operating Expenses		(579,085,355)	(583,043,430)	(367,843,598)	(372,651,552)
Finance Cost	5	(96,679,241)	(140,725,775)	(88,168,536)	(128,996,372)
Finance Income	5.1	50,308,199	70,790,604	216,541,227	180,143,487
		(2,962,814,455)	(3,329,928,082)	(1,849,756,800)	(2,069,158,732)
Share of Profit of an Equity Accounted Investee	6	102,871,053	1,006,002	-	-
Profit Before Taxation	7	696,338,747	575,664,597	453,631,720	234,295,274
Taxation	8	(96,080,038)	(108,571,420)	(7,513,385)	(16,891,186)
Net Profit after Taxation		600,258,708	467,093,177	446,118,335	217,404,088
<b>Other Comprehensive Income</b>					
<b>Items that will not be reclassified to Profit or Loss</b>					
Net Change in Fair Value on Equity Investments at FVOCI		3,067,846	(4,936,895)	128,000	(56,000)
Actuarial Gain/(Loss) on Gratuity Valuation		33,234,605	(16,121,768)	31,089,631	(13,059,801)
Deferred Tax Reversal on Revaluation Gain		208,629,082	(191,080,381)	203,481,017	(163,080,835)
Deferred Tax Charge on Actuarial Gain/(Loss) on Gratuity Valuation		(7,617,870)	4,246,666	(4,352,548)	3,656,744
Impairment of Building		-	(52,877,000)	-	(52,877,000)
Net Revaluation Gain on Land and Building		-	763,212,310	-	582,431,555
Other Comprehensive Income for the Year		237,313,663	502,442,931	230,346,100	357,014,663
<b>Total Comprehensive Income for the Year</b>		<b>837,572,372</b>	<b>969,536,109</b>	<b>676,464,435</b>	<b>574,418,750</b>

For the Year Ended 31st March,		Group		Company	
		2021	2020	2021	2020
	Note	Rs.	Rs.	Rs.	Rs.
<b>Profit Attributable to:</b>					
Equity Holders of the Parent		560,348,637	403,273,863	446,118,335	217,404,088
Non-Controlling Interest		39,910,072	63,819,315	-	-
		600,258,709	467,093,178	446,118,335	217,404,088
<b>Total Comprehensive Income Attributable to:</b>					
Equity Holders of the Parent		796,596,949	884,706,233	676,464,435	574,418,750
Non-Controlling Interest		40,975,423	84,829,876	-	-
		837,572,372	969,536,109	676,464,435	574,418,750
Earnings Per Share - Basic	9	16.54	11.91	13.17	6.42

The Significant Accounting Policies and the Notes from Pages 78 to 127 form an integral part of these Financial Statements.

# Consolidated Statement of Financial Position

As at 31st March,		Group		Company	
		2021	2020	2021	2020
Note	Rs.	Rs.	Rs.	Rs.	
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	10	7,714,637,852	7,693,426,377	5,083,366,773	4,982,572,131
Right-of-Use Assets	10.5	214,543,912	190,533,787	214,543,912	190,533,787
Investments in Subsidiaries	11	-	-	1,457,591,424	1,457,591,424
Investment in an Equity Accounted Investee	6	109,374,480	6,503,427	229,960	229,960
Other Financial Assets	12.2.3	165,972,625	75,691,202	66,909,787	61,897,550
Prepaid Rent		989,952	1,089,952	-	-
		8,205,518,822	7,967,244,745	6,822,641,856	6,692,824,852
Current Assets					
Inventories	13	535,877,348	379,749,270	450,474,703	308,921,464
Trade and Other Receivables	14	237,949,899	273,575,782	157,209,413	140,403,671
Advances and Prepayments	14.1	155,456,368	211,272,120	121,193,915	183,676,406
Amounts due from Related Parties	15.1	2,417,729	59,901,508	82,769,157	370,232,447
Other Financial Assets	12.2.3	1,106,140,985	754,326,033	123,176,421	88,029,898
Tax Refund Due	16	-	18,800,220	-	9,533,629
Cash and Cash Equivalents	17	640,115,418	149,206,677	225,210,725	96,243,072
		2,677,957,747	1,846,831,610	1,160,034,334	1,197,040,587
Total Assets		10,883,476,569	9,814,076,355	7,982,676,189	7,889,865,439
EQUITY AND LIABILITIES					
Equity Attributable to Equity Holders of the Parent					
Stated Capital	18	916,366,104	916,366,104	916,366,104	916,366,104
Revaluation Reserve	19	2,691,662,322	2,483,785,396	2,134,543,796	1,931,062,779
Fair Value Reserve	20	68,435,952	65,922,050	128,000	-
Accumulated Profit	21	2,951,438,752	2,439,752,628	1,986,399,741	1,588,064,320
		6,627,903,130	5,905,826,178	5,037,437,641	4,435,493,203
Non-Controlling Interests	22	592,626,434	587,759,783	-	-
		7,220,529,564	6,493,585,961	5,037,437,641	4,435,493,203

		Group		Company	
As at 31st March,		2021	2020	2021	2020
	Note	Rs.	Rs.	Rs.	Rs.
Non-Current Liabilities					
Interest Bearing Loans and Borrowings	12.3	823,144,131	660,450,403	784,444,131	610,850,403
Deferred Revenue	23	-	-	33,260,743	35,051,029
Retirement Benefit Obligations	24	242,881,507	265,291,247	217,078,158	235,102,125
Deferred Tax Liabilities	25	642,693,565	909,548,189	440,808,879	699,797,374
		1,708,719,203	1,835,289,839	1,475,591,911	1,580,800,931
Current Liabilities					
Bank Overdraft		221,736,551	614,495,777	72,893,970	466,736,394
Interest Bearing Loans and Borrowings	12.3	829,175,967	344,892,847	793,415,967	325,692,847
Trade and Other Payables	26	671,130,016	510,461,116	384,716,020	292,269,424
Taxation Payable	16	55,190,781	-	41,894,086	-
Amounts Due to Related Parties	15.2	176,994,487	15,350,815	176,726,594	788,872,639
		1,954,227,802	1,485,200,555	1,469,646,637	1,873,571,304
Total Equity and Liabilities		10,883,476,569	9,814,076,355	7,982,676,189	7,889,865,439

The Significant Accounting Policies and the Notes from Pages 78 to 127 form an integral part of these Financial Statements.

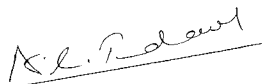
These Financial Statements are prepared in compliance with the requirements of the Companies Act No. 07 of 2007.



**H. M. D. Herat-Gunaratne**  
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

20th May 2021

# Statement of Changes in Equity

Group	Stated Capital Rs.	Revaluation Reserve Rs.	Fair Value Reserve Rs.	Accumulated Profit Rs.	Total Rs.	Non- Controlling Interest Rs.	Total Rs.
<b>Balance as at 01st April 2019</b>	916,366,104	1,986,852,512	69,939,257	2,169,903,885	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
<b>Other Comprehensive Income</b>							
Impairment of Building	-	(52,877,000)	-	-	(52,877,000)	-	(52,877,000)
Net Revaluation Gain on Land and Building	-	736,799,401	-	-	736,799,401	26,412,909	763,212,310
Deferred Tax Effect on Revaluation Gain	-	(186,989,517)	-	-	(186,989,517)	(4,090,864)	(191,080,381)
Actuarial 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)
<b>Total Comprehensive Income for the Year</b>	-	496,932,884	(4,017,208)	391,790,556	884,706,233	84,829,876	969,536,109
<b>Transactions with Owners in their Capacity as Owners</b>							
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)
<b>Balance as at 31st March 2020</b>	916,366,104	2,483,785,396	65,922,050	2,439,752,628	5,905,826,178	587,759,783	6,493,585,961
Net Profit for the Year	-	-	-	560,348,637	560,348,637	39,910,072	600,258,709
<b>Other Comprehensive Income</b>							
Deferred Tax Effect on Revaluation Gain	-	207,876,926	-	-	207,876,926	752,156	208,629,082
Actuarial Gain/ (Loss) on Gratuity Valuation	-	-	-	32,864,908	32,864,908	369,697	33,234,605
Deferred Tax Charge on Actuarial Gain / (Loss) on Gratuity Valuation	-	-	-	(7,007,424)	(7,007,424)	(610,446)	(7,617,870)
Net Change in Fair Value on Equity Investments at FVOCI	-	-	2,513,902	-	2,513,902	553,944	3,067,846
<b>Total Comprehensive Income for the Year</b>	-	207,876,926	2,513,902	586,206,122	796,596,949	40,975,423	837,572,372
<b>Transactions with Owners in their capacity as Owners</b>							
Share of Additional Capital Attributable to NCI	-	-	-	-	-	1,750,000	1,750,000
Dividend Paid - Ordinary Shares	-	-	-	(74,519,997)	(74,519,997)	(37,858,772)	(112,378,769)
	-	-	-	(74,519,997)	(74,519,997)	(36,108,772)	(110,628,769)
<b>Balance as at 31st March 2021</b>	916,366,104	2,691,662,322	68,435,952	2,951,438,752	6,627,903,130	592,626,434	7,220,529,564



Company	Stated Capital Rs.	Revaluation Reserves Rs.	Fair Value Reserve Rs.	Accumulated Profit Rs.	Total Rs.
<b>Balance as at 01st April 2019</b>	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
<b>Other Comprehensive Income</b>					
Impairment of Building	-	(52,877,000)	-	-	(52,877,000)
Net Revaluation Gain on Land and Building	-	582,431,555	-	-	582,431,555
Deferred Tax Effect on Revaluation Gain	-	(163,080,835)	-	-	(163,080,835)
Actuarial Gain/ (Loss) on Gratuity Valuation	-	-	-	(13,059,801)	(13,059,801)
Deferred Tax Effect on Gratuity Valuation	-	-	-	3,656,744	3,656,744
Net Change in Fair Value on Equity Investments at FVOCI	-	-	(56,000)	-	(56,000)
<b>Total Comprehensive Income for the Year</b>	-	366,473,720	(56,000)	208,001,031	574,418,750
<b>Transactions with Owners in their capacity as Owners</b>					
Dividend Paid - Ordinary Shares	-	-	-	(121,941,814)	(121,941,814)
	-	-	-	(121,941,814)	(121,941,814)
<b>Balance as at 31st March 2020</b>	916,366,104	1,931,062,779	-	1,588,064,320	4,435,493,203
Net Profit for the Year	-	-	-	446,118,335	446,118,335
<b>Other Comprehensive Income</b>					
Deferred Tax Effect on Revaluation Gain	-	203,481,017	-	-	203,481,017
Actuarial Gain/ (Loss) on Gratuity Valuation	-	-	-	31,089,631	31,089,631
Deferred Tax Effect on Gratuity Valuation	-	-	-	(4,352,548)	(4,352,548)
Net Change in Fair Value on Equity Investments at FVOCI	-	-	128,000	-	128,000
<b>Total Comprehensive Income for the Year</b>	-	203,481,017	128,000	472,855,418	676,464,435
<b>Transactions with Owners in their Capacity as Owners</b>					
Dividend Paid - Ordinary Shares	-	-	-	(74,519,997)	(74,519,997)
	-	-	-	(74,519,997)	(74,519,997)
<b>Balance as at 31st March 2021</b>	916,366,104	2,134,543,796	128,000	1,986,399,741	5,037,437,641

The Significant Accounting Policies and the Notes from Pages 78 to 127 form an integral part of these Financial Statements.

# Statement of Cash Flows

		Group		Company	
For the Year Ended 31st March,		2021	2020	2021	2020
	Note	Rs.	Rs.	Rs.	Rs.
Cash Flows from/ (used in) Operating Activities					
Net Profit before Income Tax Expenses		696,338,747	575,664,597	453,631,720	234,295,274
Adjustments for					
Inventory Write-off/ (Write-in)		6,704,743	3,858,432	5,549,788	4,105,749
Bad Debts Write-off		11,335,291	6,763,829	3,545,328	4,012,116
Depreciation Charge for the Year		10	354,739,758	431,332,922	190,060,673
Amortisation of Right-of-use assets		10.5	101,992,081	82,708,007	101,892,081
Finance Income		5.1	(50,308,199)	(70,790,604)	(216,541,227)
Finance Costs		5	96,679,241	140,725,775	88,168,536
Amortisation of Deferred Rent		23	-	-	(1,790,286)
Profit/ (Loss) on Disposal of Property, Plant and Equipment			(5,339,678)	1,116,782	(5,339,678)
					1,260,020
(Increase)/ Decrease in Financial Instruments			5,412,191	578,438	128,000
					578,438
Share of Profit of an Equity Accounted Investee		6	(102,871,053)	(1,006,002)	-
					-
Provision for Defined Benefit Plans		24.2	49,844,622	50,640,547	43,503,922
					43,815,671
Operating Profit before Working Capital Changes			1,164,527,745	1,221,592,723	662,808,858
					549,919,809
(Increase)/ Decrease in Inventories		13	(162,832,821)	(74,309,953)	(147,103,025)
					(84,314,200)
(Increase)/ Decrease in Trade and Other Receivables		14	80,106,344	(153,715,133)	42,131,421
					(101,726,916)
Increase/ (Decrease) in Trade and Other Payables		26	160,668,899	(70,236,433)	92,446,595
					(39,068,967)
Increase/ (Decrease) in Dues from Related Parties		15.1	219,127,452	(22,852,550)	(324,682,755)
					476,320,951
Cash Generated from Operations			1,461,597,619	900,478,653	325,601,094
					801,130,677
Finance Costs Paid			(70,134,683)	(110,669,519)	(61,623,977)
					(98,940,116)
Defined Benefit Plan Costs Paid		24.1	(39,019,757)	(29,916,043)	(30,438,258)
					(24,279,651)
Tax Paid		16	(87,932,461)	(121,823,546)	(15,945,697)
					(39,437,416)
Net Cash from/ (used in) Operating Activities			1,264,510,718	638,069,546	217,593,161
					638,473,494

For the Year Ended 31st March,		Group		Company	
		2021	2020	2021	2020
	Note	Rs.	Rs.	Rs.	Rs.
<b>Cash Flows from/ (used in) Investing Activities</b>					
Acquisition of Property, Plant and Equipment		(384,556,339)	(710,339,203)	(299,170,421)	(616,991,746)
Acquisition of Right-of-Use assets		(2,525,092)	190,533,787	(2,425,092)	190,533,787
Proceeds from Sale of Property, Plant and Equipment		13,944,783	1,290,000	13,654,783	1,000,000
(Acquisition)/ Disposal of Other Investments		(444,340,707)	(101,106,001)	(40,158,759)	(15,296,294)
Income from Investments	5.1	50,308,199	70,790,604	216,541,227	180,143,487
Net Cash Flows from/ (used in) Investing Activities		(767,169,155)	(548,830,813)	(111,558,261)	(260,610,765)
<b>Cash Flows from/ (used in) Financing Activities</b>					
Receipts from Interest bearing Loans and Borrowings	12.3.1	915,630,028	406,304,449	890,630,028	406,304,449
Repayments of Interest bearing Loans and Borrowings	12.3.1	(302,106,277)	(331,574,500)	(282,766,277)	(308,207,848)
Lease Rent Payment	12.3.4	(116,568,576)	(93,755,113)	(116,568,576)	(93,755,113)
Proceeds from the Issue of Shares		1,750,000	-	-	-
Dividends Paid		(112,378,769)	(183,755,596)	(74,519,997)	(121,941,814)
Net Cash Flows from/ (used in) Financing Activities		386,326,405	(202,780,760)	416,775,177	(117,600,325)
<b>Net Increase/ (Decrease) in Cash and Cash Equivalents</b>					
		883,667,967	(113,542,026)	522,810,077	260,262,403
<b>Cash and Cash Equivalents at the beginning of the Year</b>					
		(465,289,100)	(351,747,074)	(370,493,322)	(630,755,722)
<b>Cash and Cash Equivalents at the end of the Year</b>					
		418,378,867	(465,289,100)	152,316,755	(370,493,319)
<b>Analysis of Cash and Cash Equivalents</b>					
Bank Overdraft		(221,736,551)	(614,495,777)	(72,893,970)	(466,736,394)
Cash in Hand and at Bank	17	640,115,418	149,206,677	225,210,725	96,243,072
		418,378,867	(465,289,100)	152,316,755	(370,493,319)

The Significant Accounting Policies and the Notes from Pages 78 to 127 form an integral part of these Financial Statements.

# 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 located 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 2021 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 Business 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	Conducting 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) Limited 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	52.51%
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") and in compliance with the requirements of the Companies Act No. 07 of 2007 and provide appropriate disclosures as required by the Listing Rules of the CSE.

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. These Financial Statements, except for information on cash flows have been prepared following the accrual basis of accounting.

#### 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 the Institute of Chartered Accountants of Sri Lanka ("CASL") and the requirements of the Companies Act No. 07 of 2007.

#### 2.1.3 Responsibility for Financial Statements

The Board of Directors of the Company is responsible for the preparation and presentation of the Financial Statements of the Group and the Company as per the provisions of the Companies Act No. 07 of 2007 and Sri Lanka Accounting Standards.

The Board of Directors acknowledges their responsibility for Financial Statements as set out in the Annual Report of the Board

of Directors, Statement of Directors' Responsibility, and the certification on the Statement of Financial Position.

These Financial Statements include the following components:

- i. The Income Statement and a Statement of Profit or Loss and Other Comprehensive income.
- ii. The Statement of Financial Position.
- iii. The Statement of Changes in Equity.
- iv. The Statement of Cash Flows.
- v. Notes to the Financial Statements comprising significant Accounting Policies and other explanatory information.

#### 2.1.4 Going Concern

The Directors having assessed the existing and probable impact of COVID-19 on the Company and the Group's business on a range of factors such as normalisation of revenue streams, cost management efforts implemented, ability to differ capital expenses and debt repayments, availability of cash reserves and the confidence to source financing to continue the operations with least possible impact was satisfied that the Company and its subsidiaries and associates have adequate resources to continue in operation for the foreseeable future. As such the preparation and presentation of financial statements was based on the Going Concern concept of accounting.

#### 2.1.5 Functional Currency and Presentation Currency

The Consolidated Financial Statements are presented in Sri Lankan Rupees, which is the Group's functional and presentation currency. All financial information presented in Rupees has been rounded to the nearest Rupee.

#### 2.1.6 Use of Estimates and Judgments

The preparation of the financial statements in conformity with SLFRSs and LKASs 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.

##### 2.1.6.1 Judgment

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included

in the Note 10.5 Right-of-Use-Assets, whether an arrangement contains a lease and lease classification.

#### 2.1.6.2 Assumptions and Estimation Uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the year ended 31st March 2021 is included in the following notes:

**Note 24** – Measurement of defined benefit obligations: Key actuarial assumptions;

**Note 25** – Recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;

**Note 10** – Measurement of useful lifetime of Property, Plant and Equipment;

**Note 28** – Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources; and

**Note 12** – Fair Valuation of Investments classified as Fair Value through Other Comprehensive Income

#### 2.1.7 Comparative Information

The Financial Statements for the comparative periods comprise results for the 12 month period from 01st April 2019 to 31st March 2020. In this circumstance, the comparative information for the Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Cash Flow Statement and related notes are comparable with the current period.

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

#### 2.1.8 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:

# Notes to the Financial Statements

## *Level 1:*

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

## *Level 2:*

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 3:*

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 1.3 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 into 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 transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of 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 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.

# Notes to the Financial Statements

## 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 statement of income. 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 Profit 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	-	10%

### 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	-	10%
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 a 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 exceed 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 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.

### 2.3.4 Right-of-Use Assets

#### 2.3.4.1 Basis of Recognition

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

#### 2.3.4.2 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.

#### 2.3.4.3 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 of 31st March 2021 has been calculated using weighted average incremental borrowing rate of 10%. The Group applied modified retrospective approach in accordance with SLFRS 16 when accounting for right-of-use assets and operating lease liabilities.

### 2.3.5 Financial Instruments - Recognition and Measurement

#### 2.3.5.1 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 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 dealt with through the Income Statement.

#### 2.3.5.2 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.

# Notes to the Financial Statements

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 solely 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 paramount, 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 derecognition 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:

(i) *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.

(ii) 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.

2.3.5.3 *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 as 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.

(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

- (i) 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
- (ii) 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
- (iii) 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.

# Notes to the Financial Statements

## (c) Financial Liabilities Measured at Amortised Cost

After initial recognition, such financial liabilities are subsequently measured at amortised cost using the 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.

### 2.3.5.4 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.

### 2.3.5.5 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 Note 12.5.

## (a) Impairment of Non-Derivative Financial Assets

The Group recognises loss allowances for Expected Credit Losses ("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.



(d) *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.

(e) *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.

(f) *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 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. They 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.

## 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 five 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 Employees 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 were determined as at 31st March 2021 are given below. However, according to the Payment of Gratuities Act No. 12 of 1983, the liability for the gratuity payment to an employee arises only on the completion of five years of continued service with the Company.

- Average Rate of Interest - 7% (Per annum)
- Average Rate of Salary Increase - 5%
- Average Retirement Age - 55 years
- Employee Turnover rate - 30% across the board up to age 49 and zero thereafter
- 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.



# Notes to the Financial Statements

## 2.4.2 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.

## 2.4.3 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

Revenue is recognised when the obligation to provide goods and services is satisfied in accordance with Sri Lanka Accounting Standards (SLFRS 15) on Revenue from Contracts with Customers. The consideration is determined with reference to the amount the group expects to be entitled in exchange for transferring the promised goods or services to the customer.

#### 2.5.1.1 Rendering of Services

Revenue from rendering of Healthcare services is recognised over time.

#### 2.5.1.2 Sale of Medicine and Related Products

Revenue from the sales of medicine and related products is recognised at the point of sale.

#### 2.5.1.3 Interest

Interest Income is recognised on an accrual basis. Interest on financial instruments measured at amortised cost is recognised using effective interest rate.

#### 2.5.1.4 Dividends

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

#### 2.5.1.5 Rental Income

Rental income is recognised on an accrual basis.

#### 2.5.1.6 Other Income

Other Income is recognised on an accrual basis.

#### 2.5.1.7 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

#### 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.

### **2.7 COVID-19 Impact on the Business/ Operations of the Company:**

On 11th March 2020 the World Health Organisation declared the novel coronavirus ("COVID-19") outbreak a pandemic. The outbreak poses a serious public health threat and global economic downturn. The impact of COVID-19 and measures to prevent its spread are affecting the local economies and these have triggered significant disruptions to businesses worldwide, resulting in economic slowdown in many countries, including Sri Lanka.

Responding to the potentially serious threat that COVID-19 presents to public health, the Sri Lankan government has taken measures to contain the outbreak, pending further developments. The emergence and spread of the coronavirus have also resulted in many business restricts and limit travel of the staff members to client organisations due to government restrictions, organisation level precautions and government restrictions and other health reasons.

Due to the prevailing pandemic circumstances in the country government imposed lockdown twice during the FY 2020. During the 1st wave of COVID-19, entire country was under lockdown from 17th March 2020 and lockdown restrictions were eased in other districts gradually whereas lockdown was extended in Colombo till 11th May 2020. However, again due to the arising of a second wave of COVID-19 pandemic, the western province was again locked down for a two-week period from 28th October 2020 to 08th November 2020.

With the onset of the COVID-19 pandemic, 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 October 2020 due to the second wave of COVID-19 pandemic. The company revenue which began falling in the first quarter and company experienced rapid decline due to low inpatient occupancy, the shutdown of all outpatient clinics including consultations, and the closure of its islandwide laboratory network.

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 lockdown period.

The foregoing circumstances have compelled the management to take conscious measures to reduce costs and curtail expenses 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 next financial year.

#### **2.7.1 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 lockdown period.

To assist the Government of Sri Lanka 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 MOH. 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.

# Notes to the Financial Statements

For the Year Ended 31st March,		Group		Company	
		2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
<b>3</b>	<b>Revenue</b>				
	Healthcare Services	5,545,520,697	5,975,781,838	3,518,805,279	3,495,296,914
<b>4</b>	<b>Other Operating Income</b>				
	Deferred Income of Residential Fees	-	-	1,790,286	1,790,286
	Sundry Income	57,219,731	53,977,082	38,425,175	32,256,070
	Profit/ (Loss) on Disposal of Property, Plant and Equipment	5,339,678	(1,116,782)	5,339,678	(1,260,020)
		62,559,408	52,860,300	45,555,138	32,786,335
<b>5</b>	<b>Finance Cost</b>				
	Loan Interest	46,257,136	67,998,303	39,712,427	57,179,071
	Debenture Interest	-	-	-	-
	Interest Expenses on Overdrafts	20,204,293	40,474,656	18,900,842	40,148,707
	Interest Expense on Leases	26,544,558	30,056,256	26,544,558	30,056,256
	Bank Charges	3,673,254	2,196,560	3,010,708	1,612,338
	Loan Processing Charges	-	-	-	-
		96,679,241	140,725,775	88,168,536	128,996,372
<b>5.1</b>	<b>Finance Income</b>				
	Interest Income	49,678,472	70,482,618	9,444,128	13,674,027
	Dividend Income	629,727	307,987	207,097,100	166,469,460
		50,308,199	70,790,604	216,541,227	180,143,487

## 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 Ceygen Biotech (Pvt) Ltd:

For the Year Ended 31st March,	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Current Assets	289,429,126	10,795,351	-	-
Non-Current Assets	3,583,175	4,390,228	-	-
Current Liabilities	55,338,023	544,238	-	-
Equity	237,366,133	14,641,342	-	-
Profit for the Year	223,626,889	2,186,905	-	-
Share of the Profit from Equity Accounted Investee	102,871,053	1,006,002	-	-
Carrying Amount of the Investment	109,374,480	6,503,427	-	-
<b>6.1 Carrying amount of Equity Accounted Investee as at the end of Year is made up as follows;</b>				
Balance at the beginning of the Year	6,503,427	5,497,425	229,960	229,960
Share of Profit from Equity Accounted Investee	102,871,053	1,006,002	-	-
Dividend Income	-	-	-	-
Balance at the end of the Year	109,374,480	6,503,427	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	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Directors' Fees and Remuneration	57,654,518	59,477,319	54,854,518	56,797,319
Auditors Remuneration - Internal	1,991,608	3,828,558	1,304,759	2,642,728
- External	1,980,000	1,980,000	950,000	950,000
Depreciation	354,739,758	431,332,922	190,060,673	232,181,935
Defined Benefit Plan Costs - Gratuity	49,844,622	50,640,547	43,503,922	43,815,671
Legal Fees	5,229,991	2,322,954	1,668,171	1,771,470
Salaries	1,160,282,329	1,237,205,171	810,625,193	787,279,829
Employee's Provident Fund	89,702,244	99,948,630	74,515,898	81,429,314
Employee's Trust Fund	23,146,235	25,578,405	18,782,468	20,352,240

# Notes to the Financial Statements

For the Year Ended 31st March,		Group		Company	
		2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
<b>8</b>	<b>Taxation</b>				
	Income Tax (Note 8.1)	133,502,504	123,795,727	38,952,465	26,798,117
	Dividend Tax	28,420,947	-	28,420,947	-
	<b>Deferred Income Tax</b>				
	Decrease/ (Increase) in Deferred Tax Assets	27,622,435	(6,161,107)	23,115,432	(4,490,481)
	(Decrease)/ Increase in Deferred Tax Liabilities	(93,465,847)	(9,063,199)	(82,975,459)	(5,416,449)
	<b>Deferred Taxation Charge/ (Reversal)</b>	(65,843,413)	(15,224,307)	(59,860,027)	(9,906,931)
	Income Tax Expense	96,080,038	108,571,420	7,513,385	16,891,186
<b>8.1</b>	<b>Reconciliation between Current Tax expense and the Accounting profit</b>				
	Accounting Profit before Taxation	696,338,747	575,664,597	453,631,720	234,295,274
	Consolidation Adjustments	110,363,593	164,635,079	-	-
	Income not Subject to Taxation	(286,523,082)	(181,652,557)	(233,568,635)	(175,998,874)
	Aggregated Disallowed expenses	584,252,237	626,420,483	395,683,256	382,100,167
	Aggregated Allowed expenses	(551,061,302)	(554,349,943)	(359,729,837)	(365,426,652)
	Taxable Profit	553,370,193	630,717,660	256,016,504	74,969,915
	Statutory Tax - Business Income	122,426,556	119,481,967	36,662,354	26,212,949
	Statutory Tax - Other Income	11,075,948	4,313,760	2,290,111	585,168
	Income Tax Provision	133,502,504	123,795,727	38,952,465	26,798,117

**Ceylon Hospitals PLC**

The Company is liable for Income Tax for the year of assessment 2020/21 at the rate of 14%

**Durdans Heart Centre (Pvt) Ltd.**

The Company is liable for Income Tax for the year of assessment 2020/21 at the rate of 14%

**Durdans Medical and Surgical Hospitals (Pvt) Ltd**

The Company is liable for Income Tax for the year of assessment 2020/21 at the rate of 14%

**Amrak Institute of Medical Sciences (Pvt) Ltd**

The Company is liable for Income Tax for the year of assessment 2020/21 at the rate of 14%

## 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	
	2021	2020	2021	2020
Profit Attributable to Equity Holders of the Parent (Rs.)	560,348,637	403,273,863	446,118,335	217,404,088
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.)	16.54	11.91	13.17	6.42

# 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	Capital WIP	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Cost/ Valuation</b>								
Balance as at 01st April 2019	3,144,960,000	2,298,633,864	3,158,804,930	240,897,692	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	262,933,081	241,500,356	122,568,495	473,889,444	10,449,051,979
Additions	-	960,950	164,936,245	11,297,441	27,926,869	21,525,000	157,619,834	384,266,339
Disposals/ Transfers	-	-	(4,798,563)	-	-	(21,780,000)	-	(26,578,563)
Balance as at 31st March 2021	3,745,540,000	2,238,155,684	3,525,563,550	274,230,522	269,427,226	122,313,495	631,509,278	10,806,739,755
<b>Accumulated Depreciation</b>								
Balance as at 01st April 2019	-	154,401,529	2,005,065,007	155,336,185	137,107,617	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	204,602,419	64,291,268	-	2,755,625,602
Depreciation Charge for the Year	-	97,354,646	202,017,927	19,322,397	22,219,607	13,825,182	-	354,739,758
Disposals/ Transfers	-	-	(3,525,779)	-	-	(14,737,679)	-	(18,263,458)
Balance as at 31st March 2021	-	176,411,830	2,429,837,209	195,652,067	226,822,026	63,378,771	-	3,092,101,902
<b>Net Book Value</b>								
At 31st March 2020	3,745,540,000	2,158,137,549	1,134,080,808	86,603,412	36,897,937	58,277,227	473,889,444	7,693,426,377
At 31st March 2021	3,745,540,000	2,061,743,853	1,095,726,341	78,578,455	42,605,200	58,934,724	631,509,278	7,714,637,852



## 10.2 Company

	Freehold Land	Buildings and Fittings	Medical and Other Equipment	Furniture and Fittings	Computer Equipment	Motor Vehicles	Capital WIP	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Cost/ Valuation</b>								
Balance as at 01st April 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	1,049,254,564	1,686,406,445	173,325,251	227,097,256	66,063,885	472,688,772	6,488,876,172
Additions	-	960,950	81,317,242	10,884,720	27,732,513	21,525,000	156,749,996	299,170,421
Disposals/ Transfers	-	-	(4,798,563)	-	-	(21,780,000)	-	(26,578,563)
Balance as at 31st March 2021	2,814,040,000	1,050,215,514	1,762,925,123	184,209,970	254,829,769	65,808,885	629,438,768	6,761,468,029
<b>Accumulated Depreciation</b>								
Balance as at 01st April 2019	-	76,016,540	997,973,253	118,544,455	121,749,881	22,304,516	-	1,336,588,646
Depreciation Charge for the Year	-	57,606,425	87,332,553	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	1,080,964,070	135,410,894	185,401,047	29,029,869	-	1,506,304,040
Depreciation Charge for the Year	-	56,575,918	91,043,083	14,843,596	20,860,395	6,737,680	-	190,060,673
Disposals/ Transfers	-	-	(3,525,779)	-	-	(14,737,679)	-	(18,263,458)
Balance as at 31st March 2021	-	132,074,079	1,168,481,374	150,254,490	206,261,443	21,029,871	-	1,678,101,255
<b>Net Book Value</b>								
At 31st March 2020	2,814,040,000	973,756,404	605,442,375	37,914,357	41,696,209	37,034,016	472,688,772	4,982,572,131
At 31st March 2021	2,814,040,000	918,141,435	594,443,750	33,955,480	48,568,326	44,779,015	629,438,768	5,083,366,773

# 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 done as defined in the Sri Lanka Accounting Standards (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	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Description				
Land	1,029,843,737	1,029,843,737	613,150,237	613,150,237
Building	1,658,075,393	1,700,590,147	777,162,312	797,089,551
<b>Total</b>	<b>2,687,919,130</b>	<b>2,730,433,884</b>	<b>1,390,312,549</b>	<b>1,410,239,788</b>

### 10.4 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.

## 10.5 Right-of-Use Assets

### 10.5.1 Group

	Cost				Depreciation				WDV	
	Balance as at 01st April 2020	Additions	Transfers/ (Disposals)	Balance as at 31st March 2021	Balance as at 01st April 2020	Additions	Transfers/ (Disposals)	Balance as at 31st March 2021	As at 31st March 2021	As at 01st April 2020
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Freehold Assets</b>										
Right-of-Use Assets	273,141,793	125,902,206	-	399,044,000	82,608,007	101,892,081	-	184,500,088	214,543,912	190,533,787
<b>Total</b>	273,141,793	125,902,206	-	399,044,000	82,608,007	101,892,081	-	184,500,088	214,543,912	190,533,787

### 10.5.2 Company

	Cost				Depreciation				WDV	
	Balance as at 01st April 2020	Additions	Transfers/ (Disposals)	Balance as at 31st March 2021	Balance as at 01st April 2020	Additions	Transfers/ (Disposals)	Balance as at 31st March 2021	As at 31st March 2021	As at 01st April 2020
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Freehold Assets</b>										
Right-of-Use Assets	273,141,793	125,902,206	-	399,044,000	82,608,007	101,892,081	-	184,500,088	214,543,912	190,533,787
<b>Total</b>	273,141,793	125,902,206	-	399,044,000	82,608,007	101,892,081	-	184,500,088	214,543,912	190,533,787

#### Basis of Recognition

The Group applies Sri Lanka Accounting Standard (SLFRS 16) on Leases in accounting for all lease hold rights except for short term leases, which are held for use in the provision 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 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 to 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

### 11.1 Company

As at 31st March,	2021				2020			
	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

As at 31st March,	Note	Group		Company	
		2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
<b>12 Financial Assets and Financial Liabilities</b>					
<b>12.1 Summary of Financial Assets and Liabilities</b>					
<b>Financial Assets</b>					
<i>Financial Assets at Amortised Cost</i>					
Trade and Other Receivables	14	237,949,899	273,575,782	157,209,413	140,403,671
Other Financial Assets at Amortised Cost	12.2.1	1,166,122,196	810,078,831	175,826,208	136,329,912
Cash and Cash Equivalents	17	640,115,418	149,206,677	225,210,725	96,243,072
Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)	12.2.2	30,991,414	19,938,405	14,260,000	13,597,537
		2,075,178,927	1,252,799,695	572,506,346	386,574,192
<b>Financial Liabilities</b>					
<i>Financial Liabilities at Amortised Cost</i>					
Interest Bearing Loans and Borrowings	12.3	1,652,320,099	1,005,343,251	1,577,860,099	936,543,251
Trade Payables	26	315,310,555	275,930,866	160,706,183	155,965,221
Other Payables	26	355,819,460	234,530,250	224,009,836	136,304,203
		2,323,450,114	1,515,804,367	1,962,576,118	1,228,812,675

## 12.2 Financial Assets

### 12.2.1 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.

As at 31st March,	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
<b>Financial Assets at Amortised Cost</b>				
Refundable Deposits	59,981,211	55,752,797	52,649,787	48,300,013
Deposits in Financial Institutions	1,106,140,985	754,326,033	123,176,421	88,029,898
<b>Total Financial Assets at Amortised Cost</b>	<b>1,166,122,196</b>	<b>810,078,831</b>	<b>175,826,208</b>	<b>136,329,912</b>

### 12.2.2 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 derecognition. 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.

As at 31st March,	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
<b>Financial Assets at FVOCI</b>				
Equity Shares in Listed Companies	16,681,724	5,574,299	760,000	61,562
Equity Shares in Non-Listed Companies	14,309,690	13,576,940	13,500,000	13,500,000
Investment in Unit Trust	-	787,166	-	35,976
<b>Total Financial Assets at FVOCI</b>	<b>30,991,414</b>	<b>19,938,405</b>	<b>14,260,000</b>	<b>13,597,537</b>

# Notes to the Financial Statements

## 12 Financial Assets and Financial Liabilities Contd.

### 12.2.3 Other Financial Assets

As at 31st March,	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
<b>Current Financial Assets</b>				
Deposits in Financial Institutions	1,106,140,985	754,326,033	123,176,421	88,029,898
<b>Total Current Financial Assets</b>	1,106,140,985	754,326,033	123,176,421	88,029,898
<b>Non-Current Financial Assets</b>				
Refundable Deposits	59,981,211	55,752,797	52,649,787	48,300,013
Equity Shares in Listed Companies	16,681,724	5,574,299	760,000	61,562
Equity Shares in Non-Listed Companies	14,309,690	13,576,940	13,500,000	13,500,000
Investment in Unit Trust	-	787,166	-	35,976
Investment in Debentures	75,000,000	-	-	-
<b>Total Non-Current Financial Assets</b>	165,972,625	75,691,202	66,909,787	61,897,550
<b>Total Other Financial Assets</b>	1,272,113,610	830,017,235	190,086,208	149,927,448

*Risk exposure and fair value measurements*

Information about the group's exposure to price risk is provided in Note 34.5.3.

### 12.3 Interest Bearing Loans and Borrowings

Group	Note	2021			2020		
		Repayable within One Year Rs.	Repayable after One Year Rs.	Total Rs.	Repayable within One Year Rs.	Repayable after One Year Rs.	Total Rs.
Bank Loans	12.3.1	722,691,900	686,752,203	1,409,444,103	248,800,028	547,120,324	795,920,352
Finance Leases	12.3.2	106,484,067	136,391,928	242,875,996	96,092,819	113,330,079	209,422,899
		829,175,967	823,144,131	1,652,320,099	344,892,847	660,450,403	1,005,343,251

Company	Note	2021			2020		
		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	12.3.3	686,931,900	648,052,203	1,334,984,103	229,600,028	497,520,324	727,120,352
Lease Creditors	12.3.4	106,484,067	136,391,928	242,875,996	96,092,819	113,330,079	209,422,899
		793,415,967	784,444,131	1,577,860,099	325,692,847	610,850,403	936,543,251

### 12.3.1 Bank Loans - Group

	Balance at the beginning of the Year	Loans Obtained	Repayment	Balance at the end of the Year
	Rs.	Rs.	Rs.	Rs.
DFCC Bank	536,247,009	55,572,726	(70,132,680)	521,687,055
National Development Bank - Revolving Loan	30,000,000	350,000,000	(30,000,000)	350,000,000
Commercial Bank		510,057,302	(23,323,000)	486,734,302
Union Bank - Revolving Loan	15,000,000	-	(15,000,000)	-
Hatton National Bank	30,464,919	-	(30,464,919)	-
Seylan Bank	108,210,678	-	(108,210,678)	-
People's Bank	75,997,746	-	(24,975,000)	51,022,746
	795,920,352	915,630,028	(302,106,277)	1,409,444,103

### 12.3.2 Finance Leases - Group

	Balance at the beginning of the Year	Lease Obtained	Lease Interest	Repayment	Balance at the end of the Year
	Rs.	Rs.	Rs.	Rs.	Rs.
Lease Creditors	209,422,899	123,477,115	26,544,558	(116,568,576)	242,875,996
	209,422,899	123,477,115	26,544,558	(116,568,576)	242,875,996

#### 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 31st March 2021 has been calculated using weighted average incremental borrowing rate of 10%.

The Company applied modified retrospective approach in accordance with SLFRS 16 when accounting for right-of-use assets and operating leases liabilities.



# Notes to the Financial Statements

## 12 Financial Assets and Financial Liabilities Contd.

### 12.3.3 Bank Loans - Company

	Balance at the beginning of the Year Rs.	Loans Obtained Rs.	Repayment Rs.	Balance at the end of the Year Rs.
DFCC Bank	467,447,009	55,572,726	(54,932,680)	468,087,055
National Development Bank - Revolving Loan	30,000,000	350,000,000	(30,000,000)	350,000,000
Commercial Bank		485,057,302	(19,183,000)	465,874,302
Union Bank - Revolving Loan	15,000,000	-	(15,000,000)	-
Hatton National Bank	30,464,919	-	(30,464,919)	-
Seylan Bank	108,210,678	-	(108,210,678)	-
People's Bank	75,997,746	-	(24,975,000)	51,022,746
	727,120,352	890,630,028	(282,766,277)	1,334,984,103

### 12.3.4 Finance Leases - Company

	Balance at the beginning of the Year Rs.	Lease Obtained Rs.	Lease Interest Rs.	Repayment Rs.	Balance at the end of the Year Rs.
Lease Creditors	209,422,899	123,477,115	26,544,558	(116,568,576)	242,875,996
	209,422,899	123,477,115	26,544,558	(116,568,576)	242,875,996

#### 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 31st March 2021 has been calculated using weighted average incremental borrowing rate of 10%.

The Company applied modified retrospective approach in accordance with SLFRS 16 when accounting for right-of-use assets and operating leases liabilities.

### 12.3.5 Bank Loans - Group

Lender	Total Outstanding Rs.	Date Obtained	Repayment Terms	Security
<b>DFCC Bank</b>				
36 Mn	18,600,000	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	35,000,000	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	30,415,904	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
150 Mn	38,616,010	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	399,055,141	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
<b>National Development Bank</b>				
350 Mn	350,000,000	25th March 2020	In 1-30 days with the option to roll-over up to a maximum of 30 days.	Revolving Loan Facility
<b>Commercial Bank</b>				
100 Mn	49,041,771	15th Jan 2021	Term Loan to settle existing high cost term loan facilities enjoyed with other banks (remaining period 1 year) 23 months + (Final ) with interest	Loan Agreement for Rs. 100 Mn
350 Mn	350,000,000	15th Mar 2021	Term Loan to absorb the existing ODs with other banks to streamline the company's OD facilities. Repayment: Rs. 6,485,000 x 53 months + Rs. 6,295,000 (Final) with interest including a grace period of 6 months, interest to be serviced during the grace period	Loan Agreement for Rs. 350 Mn
160 Mn	66,832,531	15th Jan 2021	Term Loan to settle existing high cost term loan facilities enjoyed with other banks (remaining period 2 years) 11 months + (Final) with interest	Loan Agreement for Rs. 160 Mn
25 Mn	20,860,000	8th July 2020	24 equal monthly instalments after a grace period of six months	Loan Agreement for Rs. 25 Mn
<b>People's Bank</b>				
50 Mn	22,250,000	20th December 2017	In 53 equal monthly instalments of Rs. 925,000 and a final instalment of Rs. 975,000 with a grace period of 6 months.	Loan Agreement for Rs. 50 Mn
100 Mn	28,772,746	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
<b>Total</b>	<b>1,409,444,103</b>			

# Notes to the Financial Statements

## 12 Financial Assets and Financial Liabilities Contd.

### 12.3.5 Bank Loans - Group

Lender	Total Outstanding Rs.	Date Obtained	Repayment Terms	Security
<b>DFCC Bank</b>				
75 Mn	30,415,904	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
150 Mn	38,616,010	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	399,055,141	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
<b>National Development Bank</b>				
350 Mn	350,000,000	25th March 2020	In 1-30 days with the option to rollover up to a maximum of 30 days.	Revolving Loan Facility
<b>Commercial Bank</b>				
100 Mn	49,041,771	15th Jan 2021	Term Loan to settle existing high cost term loan facilities enjoyed with other banks (remaining period 1 year) 23 months + (Final) with interest	Loan Agreement for Rs. 100 Mn
350 Mn	350,000,000	15th Mar 2021	Term Loan to absorb the existing ODs with other banks to streamline the company's OD facilities. Repayment: Rs. 6,485,000 x 53 months + Rs. 6,295,000 (Final) with interest including a grace period of 6 months, interest to be serviced during the grace period	Loan Agreement for Rs. 350 Mn
160 Mn	66,832,531	15th Jan 2021	Term Loan to settle existing high cost term loan facilities enjoyed with other banks (remaining period 2 years) 11 months + (Final) with interest	Loan Agreement for Rs. 160 Mn
<b>People's Bank</b>				
50 Mn	22,250,000	20th December 2017	In 53 equal monthly instalments of Rs. 925,000 and final instalments of Rs. 975,000 with a grace period of 6 months.	Loan Agreement for Rs. 50 Mn
100 Mn	28,772,746	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
<b>Total</b>	<b>1,334,984,103</b>			

## 12.4 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.

		Carrying Amount			Fair Value	
		Amortised Cost	Fair Value through Other Comprehensive Income	Fair Value through Profit or Loss	Total	Total
As at 31st March 2021	Notes	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Financial Assets</b>						
Trade and Other Receivables	14	237,949,899	-	-	237,949,899	237,949,899
Prepayments	14.1	155,456,368	-	-	155,456,368	155,456,368
Other Financial Assets	12.2.1	1,166,122,196	30,991,414	-	1,197,113,610	1,197,113,610
Cash and Cash Equivalents	17	640,115,418	-	-	640,115,418	640,115,418
		2,199,643,881	30,991,414	-	2,230,635,295	2,230,635,295

### Financial Liabilities

Interest Bearing Loans and Borrowings	12.3.1	1,409,444,103	-	-	1,409,444,103	1,409,444,103
Trade and Other Payables	26	671,130,016	-	-	671,130,016	671,130,016
Bank Overdraft		221,736,551	-	-	221,736,551	221,736,551
		2,302,310,669	-	-	2,302,310,669	2,302,310,669

		Carrying Amount			Fair Value	
		Amortised Cost	Fair Value through Other Comprehensive Income	Fair Value through Profit or Loss	Total	Total
As at 31st March 2020	Notes	Rs.	Rs.	Rs.	Rs.	Rs.

### Financial Assets

Trade and Other Receivables	14	273,575,782	-	-	273,575,782	273,575,782
Prepayments	14.1	211,272,120	-	-	211,272,120	211,272,120
Other Financial Assets	12.2.1	810,078,831	19,938,405	-	830,017,235	830,017,235
Cash and Cash Equivalents	17	149,206,677	-	-	149,206,677	149,206,677
		1,444,133,410	19,938,405	-	1,464,071,815	1,464,071,815

### Financial Liabilities

Interest Bearing Loans and Borrowings	12.3.1	795,920,352	-	-	795,920,352	795,920,352
Trade and Other Payables	26	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

# Notes to the Financial Statements

## 12 Financial Assets and Financial Liabilities Contd.

### 12.4 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.

		Carrying Amount			Fair Value	
		Amortised Cost	Fair Value through Other Comprehensive Income	Fair Value through Profit or Loss	Total	Total
As at 31st March 2021	Notes	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Financial Assets</b>						
Trade and Other Receivables	14	157,209,413	-	-	157,209,413	157,209,413
Prepayments	14.1	121,193,915	-	-	121,193,915	121,193,915
Other Financial Assets	12.2.1	175,826,208	14,260,000	-	190,086,208	190,086,208
Cash and Cash Equivalents	17	225,210,725	-	-	225,210,725	225,210,725
		679,440,261	14,260,000	-	693,700,261	693,700,261

#### Financial Liabilities

Interest Bearing Loans and Borrowings	12.3.3	1,334,984,103	-	-	1,334,984,103	1,334,984,103
Trade and Other Payables	26	384,716,020	-	-	384,716,020	384,716,020
Bank Overdraft		72,893,970	-	-	72,893,970	72,893,970
		1,792,594,092	-	-	1,792,594,092	1,792,594,092

		Carrying Amount			Fair Value	
		Amortised Cost	Fair Value through Other Comprehensive Income	Fair Value through Profit or Loss	Total	Total
As at 31st March 2020	Notes	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Financial Assets</b>						
Trade and Other Receivables	14	140,403,671	-	-	140,403,671	140,403,671
Prepayments	14.1	183,676,406	-	-	183,676,406	183,676,406
Other Financial Assets	12.2.1	136,329,912	13,597,537	-	149,927,449	149,927,449
Cash and Cash Equivalents	17	96,243,072	-	-	96,243,072	96,243,072
		556,653,061	13,597,537	-	570,250,598	570,250,598

#### Financial Liabilities

Interest Bearing Loans and Borrowings	12.3.3	727,120,352	-	-	727,120,352	727,120,352
Trade and Other Payables	26	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

#### 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.

#### 12.5 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 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
As at 31st March 2021	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Fair Value through Other Comprehensive Income</b>								
Equity Shares in Listed Companies	16,681,724	-	-	16,681,724	760,000	-	-	760,000
Equity Shares in Non-Listed Companies	-	-	14,309,690	14,309,690	-	-	13,500,000	13,500,000
Investment in Unit Trust		-	-	-			-	-
	16,681,724	-	14,309,690	30,991,414	760,000	-	13,500,000	14,260,000

Recurring Fair Value Measurement	Group				Company			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
As at 31st March 2020	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Fair Value through Other Comprehensive Income</b>								
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

# Notes to the Financial Statements

## 12 Financial Assets and Financial Liabilities Contd.

### 12.6 Recognised Fair Value Measurement

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

- Level 1:** 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 1.
- Level 2:** 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 2.
- Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. 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.

### 12.7 Transfers between Levels of Fair Value Hierarchy

There were no transfers between Level 1, Level 2 and Level 3 during the Year.

### 12.8 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 1 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.

### 12.9 Fair Value measurement using Significant Unobservable Input

As at 31st March,	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Balance at the beginning of the Year	-	-	-	-
Acquisitions	14,309,690	13,576,940	13,500,000	13,500,000
Gains/ (Losses) recognised in Other Comprehensive Income	-	-	-	-
Balance at the end of the Year	14,309,690	13,576,940	13,500,000	13,500,000



## 12.10 Valuation Inputs and Relationships to Fair Value

The following table summarises the quantitative information about the Significant Unobservable Inputs used in Level 3 fair value measurements.

Description	Fair Value		Un-observable Input	Relationship of Un-observable Input to Fair Value
	2021 Rs.	2020 Rs.		
Unlisted Equity Security	14,309,690	13,576,940	Earning Growth Rate Risk adjusted Discount Factor	Estimated fair value would increase/ (decrease) if net cash inflow and discount rate increase/ (decrease)

As at 31st March,		Group		Company	
		2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
<b>13</b>	<b>Inventories</b>				
	Drugs and Dressings	115,912,908	102,813,111	33,208,847	30,985,305
	Lab Reagents and Consumables	388,637,553	238,476,860	388,637,553	238,476,860
	Pantry Stocks	6,165,159	2,397,200	1,881,178	2,397,200
	General Stocks	32,713,076	39,412,099	32,713,076	39,412,099
	Less: Provision for Slow Moving and Obsolete Stock	(7,551,348)	(3,350,000)	(5,965,950)	(2,350,000)
		535,877,348	379,749,270	450,474,703	308,921,464
<b>14</b>	<b>Trade and Other Receivables</b>				
	Trade Debtors	214,476,730	266,277,939	130,798,258	127,735,417
	Other Receivables	27,256,043	16,823,449	26,697,065	16,485,777
	Less: Impairment Allowance for Trade debtors	(3,782,874)	(9,525,605)	(285,910)	(3,817,524)
		237,949,899	273,575,782	157,209,413	140,403,671
<b>14.1</b>	<b>Advances and Prepayments</b>				
	Advances	97,981,061	155,507,171	79,125,381	141,796,077
	Prepayments	57,475,307	55,764,949	42,068,534	41,880,329
		155,456,368	211,272,120	121,193,915	183,676,406

# Notes to the Financial Statements

## 14 Trade and Other Receivables Contd.

### 14.2 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 34.3.1.

### 14.3 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.

### 14.4 Impairment and Risk Exposure

Information about the impairment of trade receivables and the group's exposure to credit risk can be found in Note 34.3.1.

As at 31st March,	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
<b>15 Related Party Transactions</b>				
<b>15.1 Amounts Due from Related Parties</b>				
Durdans Management Services Ltd	61,644	58,422,631	-	18,498,767
Durdans Heart Centre (Pvt) Ltd	-	-	41,590,524	109,189,948
Durdans Medical and Surgical Hospital (Pvt) Ltd	-	-	38,822,548	241,064,854
Ceygen Biotech (Pvt) Ltd	2,356,085	1,478,877	2,356,085	1,478,877
	2,417,729	59,901,509	82,769,157	370,232,447
<b>15.2 Amounts Due to Related Parties</b>				
Durdans Management Services Ltd	267,893	15,350,815	-	12,735,910
Durdans Heart Centre (Pvt) Ltd	-	-	-	20,052,249
Durdans Medical and Surgical Hospital (Pvt) Ltd	-	-	-	756,084,479
Ceygen Biotech (Pvt) Ltd	176,726,594	-	176,726,594	-
	176,994,487	15,350,815	176,726,594	788,872,639

As at 31st March,	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
<b>16 Taxation Payable</b>				
Balance at the beginning of the Year	(18,800,220)	(20,772,401)	(9,533,629)	3,105,671
Provision for the Year	133,502,504	123,795,727	38,952,465	26,798,117
Dividend Tax	28,420,947	-	28,420,947	-
Payments during the Year	(87,932,451)	(92,480,214)	(15,945,697)	(25,402,446)
Tax credits for				
- ESC Paid	-	(25,186,643)	-	(13,600,713)
- WHT deducted	-	(4,156,688)	-	(434,259)
Balance at the end of the Year	55,190,781	(18,800,220)	41,894,086	(9,533,629)
<b>17 Cash and Cash Equivalents</b>				
Favourable Cash and Cash Equivalent Balances	640,115,418	149,206,677	225,210,725	96,243,072
<b>18 Stated Capital</b>				
33,872,726 Shares	916,366,104	916,366,104	916,366,104	916,366,104
<b>19 Revaluation Reserve</b>				
Revaluation Reserve	2,691,662,322	2,483,785,396	2,134,543,796	1,931,062,779
	2,691,662,322	2,483,785,396	2,134,543,796	1,931,062,779

The revaluation reserves relates to revaluation of freehold land and buildings and represents the fair value changes of the freehold lands and buildings as at the date of revaluation.

# Notes to the Financial Statements

As at 31st March,	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
<b>20 Fair Value Reserve</b>				
Fair Value Reserve	68,435,952	65,922,050	128,000	-
	68,435,952	65,922,050	128,000	-

Fair Value Reserves represents the changes in fair value of financial investments designated as Financial Assets at Fair Value through Other Comprehensive Income.

As at 31st March,	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
<b>21 Revenue Reserves</b>				
<b>21.1 Accumulated Profits</b>				
Balance at the beginning of the Year	2,439,752,628	2,169,903,885	1,588,064,320	1,502,005,103
Profit for the Year	560,348,637	403,273,863	446,118,335	217,404,088
Dividend Paid				
- Ordinary Shares	(74,519,997)	(121,941,814)	(74,519,997)	(121,941,814)
Other Comprehensive Income				
- Actuarial Gain/ (Loss) from Gratuity Valuation	25,857,484	(11,483,307)	26,737,083	(9,403,057)
Total Revenue Reserves	2,951,438,752	2,439,752,628	1,986,399,741	1,588,064,320

As at 31st March,	Company	
	2021 %	2020 %
<b>22 Non-Controlling Interest</b>		
<b>22.1 Proportion of Equity Interest held by Non-Controlling Interest</b>		
<b>Company Name</b>		
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	47.49	54.30

As at 31st March,	Company	
	2021 Rs.	2020 Rs.
<b>22.2 Accumulated Balances of Material Non-Controlling Interest</b>		
Balance at the beginning of the Year	587,759,783	564,743,689
Profit for the Year	39,910,072	63,819,315
Increase/ (Decrease) in the Share of Minority Interest	1,750,000	-
Other Comprehensive Income		
- Net Gain/ (Loss) on Land and Building Valuation	-	26,412,909
- Deferred Tax Effect on Revaluation Gain	752,156	(4,090,864)
- Actuarial Gain/ (Loss) from Gratuity Valuation	(240,749)	(391,796)
- Net Gain/ (Loss) on Available for Sale Financial Assets	553,944	(919,688)
Dividend Paid	(37,858,772)	(61,813,783)
Balance at the end of the Year	592,626,434	587,759,783

### 22.3 Financial Information of Subsidiaries that have Material Non-Controlling Interests

	Durdans Medical and Surgical Hospital (Pvt) Ltd Rs.	Durdans Heart Centre (Pvt) Ltd Rs.	Amrak Institute of Medical Sciences (Pvt) Ltd Rs.
<b>Summarised Statement of Total Comprehensive Income for year ended 31st March 2021</b>			
Total Comprehensive Income attributable to Non-Controlling Interest	32,671,168	9,095,317	(791,063)

# Notes to the Financial Statements

As at 31st March,	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
<b>23 Deferred Revenue</b>				
Balance at the beginning of the Year	-	-	35,051,029	36,841,314
Less: Amortised during the Year	-	-	(1,790,286)	(1,790,286)
Balance at the end of the Year	-	-	33,260,743	35,051,029
<b>24 Retirement Benefit Obligations</b>				
<b>24.1 Retirement Benefit Obligations - Provision for the Year</b>				
Balance at the beginning of the Year	265,291,247	228,444,975	235,102,125	202,506,305
Provision for the Year	16,610,017	66,762,315	12,414,291	56,875,471
	281,901,264	295,207,289	247,516,416	259,381,776
Payments made during the Year	(39,019,757)	(29,916,043)	(30,438,258)	(24,279,651)
Balance at the end of the Year	242,881,507	265,291,247	217,078,158	235,102,125

## 24.2 Movement in Net Defined Benefit Obligation

The following table shows a reconciliation from the balance at the beginning of the year to at the end of the year for Net Defined Benefit Obligation and its components.

As at 31st March,	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Balance at the beginning of the Year	265,291,247	228,444,975	235,102,125	202,506,305
<b>Expenses Recognised in Profit or Loss</b>				
Current Service Cost	26,529,125	25,128,947	23,510,213	22,275,694
Interest Cost	23,315,498	25,511,600	19,993,710	21,539,977
	49,844,623	50,640,547	43,503,923	43,815,671
<b>Expenses Recognised in Other Comprehensive Income</b>				
Actuarial (Gain)/ Loss	(33,234,605)	16,121,768	(31,089,631)	13,059,801
<b>Other</b>				
Benefits paid during the Year	(39,019,757)	(29,916,043)	(30,438,258)	(24,279,651)
Balance at the end of the Year	242,881,507	265,291,247	217,078,158	235,102,125

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 2021. The Liability is not externally funded. The Actuarial valuation is performed annually.

### 24.3 Actuarial Assumptions

The following were the principal actuarial assumptions at the reporting date.

As at 31st March,	Group		Company	
	2021	2020	2021	2020
Discount Rate (%)	7	10	7	10
Salary Increase Rate (%)	5	7	5	7
Staff Turnover Rate - Up to 49 Years (%)	28 - 30	24 - 29	30	29
Disability Rate (%)	10	10	10	10
Retirement Age (Years)	55	55	55	55

### 24.4 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,	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Discount Rate				
1% Increase	(5,745,351)	(5,862,495)	(5,037,314)	(5,082,659)
1% Decrease	6,096,539	6,211,937	5,343,805	5,382,320
Salary Increments				
1% Increase	7,364,015	10,169,865	6,486,540	8,906,701
1% Decrease	(7,064,859)	(9,726,968)	(6,225,642)	(8,525,078)

### 24.5 Maturity Analysis of The Payments

The following payments are expected on employee benefit plan - gratuity in future years.

As at 31st March,	Group 2021 Rs.	Company 2021 Rs.
Within the next 12 months	95,378,428	87,790,624
Between 1 and 2 years	66,876,735	58,308,286
Between 2 and 5 years	53,324,841	47,111,646
Between 5 and 10 years	24,332,411	21,346,436
Beyond 10 years	2,969,092	2,521,166
<b>Total expected payments</b>	<b>242,881,507</b>	<b>217,078,158</b>
Weighted average duration (years) of defined benefit obligation	2.86	2.52



# Notes to the Financial Statements

As at 31st March,	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
<b>25 Deferred Taxation</b>				
<b>25.1 Deferred Tax Provision</b>				
Balance at the beginning of the Year	909,548,190	735,932,264	699,797,374	550,280,213
Provision/ Reversal for the Year	(266,854,625)	173,615,926	(258,988,495)	149,517,161
Balance at the end of the Year	642,693,565	909,548,190	440,808,879	699,797,374
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	291,636,871	390,250,783	115,669,636	198,645,095
Temporary Difference of Retirement Benefit Obligation	(32,852,365)	(68,092,669)	(31,652,702)	(59,120,683)
Temporary Difference of Revaluation of Property, Plant and Equipment	383,909,059	587,390,075	356,791,946	560,272,962
	642,693,565	909,548,189	440,808,879	699,797,374

## 25.2 Movement in Tax Effect of Temporary Differences - Group

	Balance at the beginning of the Year Rs.	Recognised in Profit or Loss Rs.	Recognised in Other Comprehensive Income Rs.	Balance at the end of the Year Rs.
<b>Deferred Tax Assets</b>				
Defined Benefit Obligations	(68,092,669)	27,622,435	7,617,870	(32,852,365)
	(68,092,669)	27,622,435	7,617,870	(32,852,365)
<b>Deferred Tax Liability</b>				
Property, Plant and Equipment	390,250,783	(93,465,847)	(5,148,065)	291,636,871
Revaluation Gain on Land and Building	587,390,075	-	(203,481,017)	383,909,059
	977,640,858	(93,465,847)	(208,629,082)	675,545,929
Net Deferred Tax Liability	909,548,190	(65,843,413)	(201,011,212)	642,693,565

### 25.3 Movement in Tax Effect of Temporary Differences - Company

	Balance at the beginning of the Year	Recognised in Profit or Loss	Recognised in Other Comprehensive Income	Balance at the end of the Year
	Rs.	Rs.	Rs.	Rs.
<b>Deferred Tax Assets</b>				
Defined Benefit Obligations	(59,120,683)	23,115,432	4,352,548	(31,652,702)
	(59,120,683)	23,115,432	4,352,548	(31,652,702)
<b>Deferred Tax Liability</b>				
Property, Plant and Equipment	198,645,095	(82,975,459)	-	115,669,636
Revaluation Gain on Land and Building	560,272,962	-	(203,481,017)	356,791,946
	758,918,057	(82,975,459)	(203,481,017)	472,461,581
Net Deferred Tax Liability	699,797,375	(59,860,027)	(199,128,468)	440,808,879

As at 31st March,	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
<b>26 Trade and Other Payables</b>				
Trade Creditors	315,310,555	275,930,866	160,706,183	155,965,221
Accrued Expenses and Sundry Payables	355,819,460	234,530,250	224,009,836	136,304,203
	671,130,016	510,461,116	384,716,020	292,269,424

# Notes to the Financial Statements

## 27 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 Quality Surveyor to the project.

## 28 Contingent Liabilities

There were no contingent liabilities as at 31st March 2021 that requires adjustment to or disclosure in the Financial Statements.

## 29 Events Occurring after the Balance Sheet Date

There were no material events occurring after the balance sheet date that require adjustments or disclosures in the Financial Statements.

## 30 Employee and Industrial Relations

There were no material issues pertaining to employee and industrial relations that require disclosure in Financial Statements.

## 31 Dividends

This represents the first and final dividend paid at the rate of Rs.2.20 per share for the year 2019/20.

## 32 Related Party Disclosure

A Related Party Transaction is transfer of resources, Services or Obligations between 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 Transaction.

### 32.1 Substantial Shareholding, Immediate and Ultimate Parent Company

The Company's immediate parent company is Durdans Management Services Ltd, which holds 68.19% of the issued Ordinary Shares (Voting) of the Company as at reporting date.

### 32.2 Recurrent Related Party Transactions

There were recurrent related party transactions which in aggregation exceeded 10% of gross revenue of the Company as per 31st March 2021 audited Financial Statements, which are disclosed in Note 32.7 as required by CSE rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission directive issued Section 13 (C) of Securities and Exchange Commission Act.

### 32.3 Non-Recurrent Related Party Transactions

There were no non-recurrent related party transactions which in aggregation exceeded 10% of equity or 5% of the total asset of the Company as per 31st March 2021 audited Financial Statements, which required disclosed in 2020/21 annual report under CSE Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission directive issued Section 13 (C) of Securities and Exchange Commission Act.

### 32.4 Key Management Personnel Information

According to Sri Lanka Accounting Standard (LKAS 24) on Related Party Disclosures, Key Management Personnel ("KMP") 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.

As at 31st March,	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
<b>32.5 Transactions held with Key Management Personnel</b>				
<b>32.5.1 Compensation for Key Management Personnel</b>				
Short-Term Employee Benefits	57,654,518	59,477,319	54,854,518	56,797,319
Post Employment Benefits	-	-	-	-
Other Long-Term Benefits	-	-	-	-
Terminal Benefits	-	-	-	-
Share Based Payments	-	-	-	-
	57,654,518	59,477,319	54,854,518	56,797,319

The short term employee benefits include emoluments paid to the Executive Directors and director fee paid for Board attendance to all Directors.

Emoluments to the Directors of the Company and Group are disclosed in Note 7 to the Financial Statements.

### 32.5.2 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.

# Notes to the Financial Statements

## 32 Related Party Disclosure Contd.

### 32.6 Transactions with Related Entities

The Directors/ Key Management Personnel of the Company as at 31st March 2021 were Directors of following Companies as set out below and transactions included in Note 32.7.1 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	✓				✓	✓		
Mr. A. S. Abeywardene					✓			
Mr. A. S. M. Ismail					✓			
Mr. A. D. B. Talwatte								
Mr. A. R. Fernando					✓			
Mr. A. S. Tudawe	✓				✓	✓	✓	

Name of the Company	Relationship
Ceylon Hospital 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

### 32.7 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.

#### 32.7.1 Transactions held between Ceylon Hospitals PLC and Related Companies

Transactions held with Immediate Parent Company

Name of the Related Party	Relationship	Transactions	Nature	Aggregate Value of Related Party Transactions	Aggregate Value of Related Party Transactions as a % of Revenue
Durdans Management Services Ltd	Ultimate Parent	Management fee	Recurrent	39,446,425	
		Providing of utilities and other cost	Recurrent	19,872	
		<b>Total</b>		39,466,297	1.13
Durdans Medical and Surgical Hospital (Pvt) Ltd	Subsidiary	Sales of drugs and consumables	Recurrent	23,617,987	
		Rendering of medical services	Recurrent	220,621,740	
		Providing of utilities and other cost	Recurrent	288,976,153	
		Purchases of drugs and consumables	Recurrent	15,525,293	
		Receiving of medical services	Recurrent	503,331,047	
		Receiving of utilities and other cost	Recurrent	40,109,573	
		<b>Total</b>		1,092,181,793	31.25
Durdans Heart Centre (Pvt) Ltd	Subsidiary	Sales of drugs and consumables	Recurrent	2,806,320	
		Rendering of medical services	Recurrent	172,929,804	
		Providing of utilities and other cost	Recurrent	59,306,345	
		Purchases of drugs and consumables	Recurrent	1,857,955	
		Receiving of medical services	Recurrent	73,163,860	
		Receiving of utilities and other cost	Recurrent	3,481,280	
		<b>Total</b>		313,545,564	8.97
Amrak Institute of Medical Sciences (Pvt) Ltd	Subsidiary	Receiving of utilities and other cost	Recurrent	998,500	
		<b>Total</b>		998,500	0.03
Ceygen Biotech (Pvt) Ltd	Equity Accounted Investee	Purchases of drugs and consumables	Recurrent	3,420,665	
		Receiving of utilities and other cost	Recurrent	285,231,835	
		<b>Total</b>		288,652,500	8.26
Commercial Marketing Distributors (Pvt) Ltd	Affiliate	Purchases of drugs and consumables	Recurrent	53,469,622	
		<b>Total</b>		53,469,622	1.53
Tudawe Brothers (Pvt) Ltd	Affiliate	Rendering of medical services	Recurrent	5,343,377	
		<b>Total</b>		5,343,377	0.15
		Project 2022 construction cost	Non Recurrent	69,246,984	
		<b>Total</b>		69,246,984	0.88

# Notes to the Financial Statements

## 33 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.

### Durdans Heart Centre (Pvt) Ltd

DFCC Bank	Term Loan	Rs. 36 Mn	Mortgage over equipment financed
Commercial Bank	Bank Overdrafts	Rs. 10 Mn	Over the Company inventories and trade debtors balance

## 34 Financial Risk Management

### 34.1 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

### 34.2 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.

### 34.3 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.



### 34.3.1 Credit Risk Exposure

The Group 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 the Year end date.

As at 31st March,	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
<b>Financial Assets at Amortised Cost</b>				
Trade and Other Receivables	237,949,899	273,575,782	157,209,413	140,403,671
Other Financial Assets at Amortised Cost	1,166,122,196	810,078,831	175,826,208	136,329,912
Cash and Cash Equivalents	640,115,418	149,206,677	225,210,725	96,243,072
Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)	30,991,414	19,938,405	14,260,000	13,597,537
	2,075,178,927	1,252,799,695	572,506,346	386,574,192

### 34.3.2 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	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Trade Receivables	14	214,476,730	266,277,939	130,798,258	127,735,417

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 control 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 and obtaining the Letter of Guarantees from patients who are admitted to the hospital through corporate customers.

# Notes to the Financial Statements

## 34 Financial Risk Management Contd.

### 34.3. Credit Risk exposure on Trade Receivables Contd.

#### *Impairment Losses*

The requirement for an impairment is analysed at each reporting date on an individual basis for major clients. The group applies the SLFRS 9 simplified approach to measuring 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 and 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 2021 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 changes in these factor.

On that basis, the loss allowance as at 31st March 2021 (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.)	7,382,751	4,429,848	1,788,379	68,417	6,671,985

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.)	7,753,726	5,920,170	4,929,249	730,966	6,715,351

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.

### 34.4 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.
<b>Year ended 31st March 2021</b>						
Interest Bearing Loans and Borrowings	-	350,000,000	-	660,388,962	399,055,141	1,409,444,103
Trade and Other Payables	-	315,316,996	355,813,020	-	-	671,130,016
Amounts Due to Related Parties	-	176,994,487	-	-	-	176,994,487
Bank Overdrafts	221,736,551	-	-	-	-	221,736,551
	221,736,551	842,311,483	355,813,019	660,388,962	399,055,141	2,479,305,156
<b>Year ended 31st March 2020</b>						
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

# Notes to the Financial Statements

## 34 Financial Risk Management Contd.

### 34.5 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 measure at fair value in Profit or Loss or Other Comprehensive Income and derivative financial instruments.

#### 34.5.1 Foreign Exchange Risk

The Group being provided healthcare services to international patients exposed to foreign exchange risk, which primarily to US Dollar. However, having lower value of debtor balances outstanding impact on financials is minimum.

#### 34.5.2 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 Deposit Rate (AWDR) and Weighted Average Prime Lending Rate (AWPLR).

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.
<b>2021</b>		
Interest Bearing Loans and Borrowings	+ 100 bp	(17,469,478)
	- 100 bp	17,469,478
<b>2020</b>		
Interest Bearing Loans and Borrowings	+ 100 bp	(15,950,143)
	- 100 bp	15,950,143

### 34.5.3 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 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.
<b>2021</b>		
Equity Investment at Fair Value through Other Comprehensive Income	+ 100 bp	166,817
	- 100 bp	(166,817)

## 35 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 2021 and 31st March 2020.

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 includes within net debt, interest bearing loans and borrowings, bank overdrafts, trade and other payables less cash and cash equivalents.

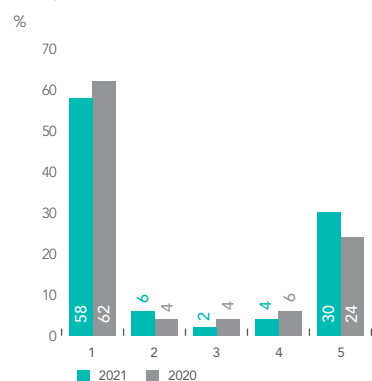
As at 31st March,	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Interest Bearing Loans and Borrowings	1,652,320,099	1,005,343,251	1,577,860,099	936,543,251
Trade and Other Payables	671,130,016	510,461,116	384,716,020	292,269,424
Bank Overdrafts	221,736,551	614,495,777	72,893,970	466,736,394
Less: Cash and Cash Equivalents	(640,115,418)	(149,206,677)	(225,210,725)	(96,243,072)
	1,905,071,248	1,981,093,468	1,810,259,363	1,599,305,997
Equity	6,627,903,130	5,905,826,178	5,037,437,641	4,435,493,203
Capital and Net Debt	8,532,974,378	7,886,919,646	6,847,697,004	6,034,799,200
Gearing Ratio	22%	25%	26%	27%

# Value Added Statement

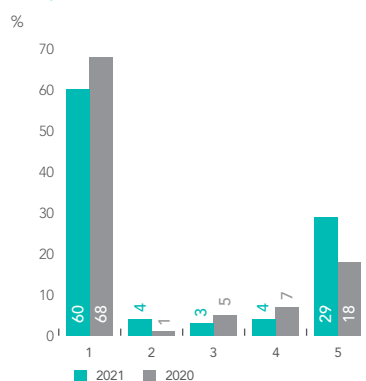
As at 31st March,	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
<b>Turnover</b>	5,545,520,697	5,975,781,838	3,518,805,279	3,495,296,914
Cost of Material and Services	(2,801,499,128)	(3,046,256,759)	(1,655,410,626)	(1,726,271,496)
Other Income	62,559,408	52,860,300	45,555,138	32,786,335
	2,806,580,977	2,982,385,379	1,908,949,792	1,801,811,753
	2,833,125,536	3,012,441,635	1,935,494,350	1,831,868,009
<b>Distribution of Value Added</b>				
<b>To Employees</b>				
Salaries and Others	1,623,197,631	1,851,690,593	1,146,784,102	1,228,099,836
<b>To Government</b>				
Income Tax	161,923,451	123,795,727	67,373,412	26,798,117
<b>To Capital Providers</b>				
Interest on Loans	66,461,429	108,472,959	58,613,270	97,327,777
<b>To Shareholders</b>				
Dividend	112,378,769	183,755,596	74,519,997	121,941,814
<b>To Expansion and Growth</b>				
Depreciation	354,739,758	431,332,922	190,060,673	232,181,935
Retained Profit	487,879,940	283,337,582	371,598,338	95,462,274
	2,806,580,977	2,982,385,379	1,908,949,792	1,801,811,753

As at 31st March,	Group		Company	
	2021 %	2020 %	2021 %	2020 %
To Employees	58	62	60	68
To Government	6	4	4	1
To Capital Providers	2	4	3	5
To Shareholders	4	6	4	7
To Expansion and Growth	30	24	29	18

Group



Company



## Key

1. To Employees
2. To Government
3. To Capital Providers
4. To Shareholders
5. To Expansion and Growth

# Ten Year Summary

	Group									
	2021 Rs. Mn	2020 Rs. Mn	2019 Rs. Mn	2018 Rs. Mn	2017 Rs. Mn	2016 Rs. Mn	2015 Rs. Mn	2014 Rs. Mn	2013 Rs. Mn	2012 Rs. Mn
<b>Operating Results</b>										
Total Income	5,546	5,976	5,806	5,733	5,289	4,728	4,083	3,961	3,830	3,547
Other Income	63	53	56	35	34	38	51	53	34	22
Finance Cost	97	141	136	122	98	86	125	187	182	165
Profit Before Tax	696	576	549	603	525	557	266	261	308	347
Income Tax	96	109	173	115	136	57	42	32	30	61
Profit After Tax	600	467	376	488	389	500	224	229	278	288
Dividend (Company)	75	122	122	122	122	91	68	-	135	51
<b>Balance Sheet</b>										
<b>Assets</b>										
Property, Plant and Equipment	7,083	7,220	6,682	6,500	6,077	4,128	4,107	4,158	4,240	4,310
WIP - Building in Construction	631	474	276	39	368	158	-	-	-	7
Other Financial Assets	1,272	830	736	666	572	380	266	242	170	194
Right-of-Use Assets	215	191	-	-	-	-	-	-	-	-
Investment in an Equity Accounted Investee	109	7	5	5	4	3	3	2	1	-
Inventories	536	380	309	305	319	256	230	255	216	217
Receivables	397	544	365	358	461	275	245	194	185	185
Tax refund Due	-	19	21	17	-	-	-	-	-	-
Cash and Cash Equivalents	640	149	403	203	138	166	81	48	97	21
	10,883	9,814	8,797	8,093	7,939	5,366	4,932	4,899	4,909	4,934
<b>Equity and Liabilities</b>										
Stated Capital	916	916	916	916	916	916	916	916	916	916
Reserves	5,712	4,989	4,227	4,093	4,282	2,171	1,861	1,737	1,617	1,513
Non Controlling Interest	593	588	565	561	529	408	362	349	494	488
Interest-Bearing Borrowings	1,652	1,005	815	708	855	878	908	1,072	1,086	1,352
Provisions and Other Liabilities	1,789	1,702	1,519	1,375	987	707	570	490	546	518
Overdrafts	221	614	755	440	370	286	315	335	250	147
	10,883	9,814	8,797	8,093	7,939	5,366	4,932	4,899	4,909	4,934

	Company									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Financial Indices</b>										
Earnings Per Share (Rs.)	13.17	6.42	6.25	4.76	6.25	6.41	4.52	5.49	6.23	6.20
Dividend Per Share (Rs.)	3.20	2.20	3.60	3.60	3.60	3.60	2.70	2.00	-	2.00
Dividend Payout Ratio (%)	24.30	34.28	57.62	75.57	57.60	56.16	59.73	36.43	-	32.26
Net Assets Per Share (Rs.)	148.72	130.95	117.59	115.46	125.97	81.16	78.24	75.92	71.49	69.26
Return On Equity (%)	9.05	7.91	7.31	9.74	7.48	16.20	8.07	8.63	10.98	11.86
Return On Assets (%)	5.59	4.76	4.30	6.03	4.90	9.32	4.54	4.67	5.66	5.84

# 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	1,883	444,923	1.74	16	4,533	0.02
1,001 - 10,000	306	906,961	3.55	14	55,120	0.22
10,001 - 100,000	58	1,550,138	6.07	2	79,243	0.31
100,001 - 1,000,000	17	5,078,309	19.9	-	-	-
Over 1,000,000	1	17,408,045	68.19	-	-	-
<b>Total</b>	<b>2,265</b>	<b>25,388,376</b>	<b>99.45</b>	<b>32</b>	<b>138,896</b>	<b>0.55</b>

### Categories of Shareholders

	No. of Shareholders	No. of Shares
Individual	2,198	6,000,212
Institutional	99	19,527,060
	<b>2,297</b>	<b>25,527,272</b>

## 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	830	208,302	2.50	4	640	0.01
1,001 - 10,000	337	968,178	11.60	10	48,468	0.58
10,001 - 100,000	69	1,975,224	23.66	4	151,123	1.81
100,001 - 1,000,000	4	1,219,745	14.62	-	-	-
Over 1,000,000	2	3,773,774	45.22	-	-	-
<b>Total</b>	<b>1,242</b>	<b>8,145,223</b>	<b>97.60</b>	<b>18</b>	<b>200,231</b>	<b>2.40</b>

### Categories of Shareholders

	No. of Shareholders	No. of Shares
Individual	1,191	2,916,457
Institutional	69	5,428,997
	<b>1,260</b>	<b>8,345,454</b>



## Public Shareholding

	2021		2020	
	Voting	Non-Voting	Voting	Non-Voting
Number of shareholders	2,272	1,244	2,260	1,311
Holding percentage (%)	23.46	51.88	23.56	60.79
Market Capitalisation (Rs. Mn)	2,042	609	2,042	609
Float Adjusted Market Capitalisation (Rs. Mn)	606	-	481	-
Float Adjusted Market Capitalisation Option	Less than Rs. 2.5 Bn (Option 5)		Less than Rs. 2.5 Bn (Option 5)	

## Investor Ratios

	2021	2020
Earnings Per Share (Rs.)	13.17	6.42
Dividend Per Share (Rs.)	3.20	2.20
Net Assets Per Share (Rs.)	148.72	130.95
Dividend Payout Ratio (%)	24	34

## Market Activities

### Market Value Per Share

	2021			2020		
	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	123.00	75.00	101.25	87.90	69.20	80.00
	07th January 2021	13th May 2020	31st March 2021	12th February 2020	23rd April 2019	13th March 2020
Non-Voting	114.90	67.10	89.10	77.00	65.00	73.00
	07th January 2021	13th May 2020/ 24th March 2021	30th March 2021	08th July 2019	13th November 2019	13th March 2020

# Share Information

## Top 20 Shareholders Listed

### Voting Shareholders

Name of the Shareholder	Country of Residence	As at 31st March 2021		As at 31st March 2020	
		Number of Shares	Holding %	Number of Shares	Holding %
Durdans Management Services Ltd	Sri Lanka	17,408,045	68.19	17,388,055	68.12
Lawrance Tudawe Management Services (Pvt) Ltd	do	600,077	2.35	598,982	2.35
Mr. Y. N. R. Piyasena	do	501,000	1.96	500,000	1.96
Employee Provident Fund - Citi Bank, Colombo 7	do	-	-	1,076,985	4.22
Employee Provident Fund	do	442,331	1.73	-	-
Mr. Deen Mohamed Fazal Aslam	do	405,000	1.59	-	-
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	367,530	1.44
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	220,582	0.86
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
Mr. A. H. Munasinghe	Sri Lanka	116,912	0.46	-	-
Mr. Deen Mohamed Fazal Aslam	do	-	-	111,908	0.44
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
<b>Total</b>		<b>22,669,354</b>	<b>88.80</b>	<b>23,013,231</b>	<b>90.15</b>

## Non-Voting Shareholders

Name of the Shareholder	Country of Residence	As at 31st March 2021		As at 31st March 2020	
		Number of Shares	Holding %	Number of Shares	Holding %
Durdans Management Services Ltd	Sri Lanka	2,619,403	31.39	1,875,370	22.47
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
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	143,614	1.72	142,314	1.71
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	74,686	0.89	74,947	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	-	0.00	66,238	0.79
Peoples Leasing & Finance PLC/ Mr. P. A. I. S. Perera	do	65,454	0.78	65,454	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	58,462	0.70
Mr. M. A. Ismail	do	50,000	0.60	50,000	0.60
<b>Total</b>		<b>5,815,345</b>	<b>69.68</b>	<b>5,746,436</b>	<b>68.85</b>

# Notice of Meeting

Notice is hereby given that the 75th Annual General Meeting of the Shareholders of Ceylon Hospitals PLC will be held on 29th June 2021 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 2021 with the Report of the Auditors thereon. (Resolution 1)
2. To re-elect Mr. U. D. Tudawe who retires by rotation in terms of Article No. 58 of the Articles of Association and being eligible offers himself for re-election. (Resolution 2)

3. 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 3)

4. 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.

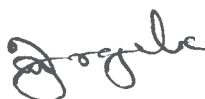
"Resolved that the age limit stipulated in Section 210 of the Companies Act No. 07 of 2007 shall not apply to Dr. A. D. P. A. Wijegoonewardene who is more than 70 years, and that he be appointed a Director of the Board in terms of Section 211 of the Companies Act No. 07 of 2007." (Resolution 4)

5. 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 5)

6. Declaration of dividends  
An Interim dividend of Rs. 3.20 was paid in June and no further dividends have been recommended by the Board.
7. 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 6)
8. To authorise the Directors to determine donations for the year 2020/21. (Resolutions 7)

By Order of the Board



Nexia Corporate Consultants (Pvt) Ltd  
Secretaries

20th May 2021

1. A shareholder entitled to attend and vote is entitled to appoint a proxy or proxies to attend and vote at the virtual meeting on 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. A. S. 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 75th Annual General Meeting of the Company to be held on 29th June 2021 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 2021		
2. To re-elect Mr. U. D. Tudawe		
3. To re-appoint Mr. A. S. Abeyewardene		
4. To re-appoint Dr. A. D. P. A. Wijegoonewardene		
5. To re-appoint Mr. Y. N. R. Piyasena		
6. To re-appoint Auditors		
7. To authorise the Board of Directors to determine donations		

Mark your preference with "X"

Signed on this ..... day of ..... 2021

.....  
 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. 3, 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. A. S. 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 75th Annual General Meeting of the Company to be held on 29th June 2021 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 of ..... 2021

.....  
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. 3, 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  
Narahenpita

## Registrars

SSP Corporate Services (Pvt) Ltd  
No. 546, Galle Road  
Colombo 03

Designed & produced by

**emagewise**

Digital Plates & Printing by Gunaratne Offset Ltd



CEYLON HOSPITALS PLC  
No. 03, Alfred Place, Colombo 03

**T** +94 (0) 11 214 0000 **F** +94 (0) 11 257 5302, +94 (0) 11 237 2632 **E** [contactus@durdans.com](mailto:contactus@durdans.com)