



**ONE PLATFORM  
ENDLESS  
POSSIBILITIES**

**Kapruka**

KAPRUKA HOLDINGS PLC  
ANNUAL REPORT 2024/25



# ONE PLATFORM ENDLESS POSSIBILITIES

At Kapruka, our platform is more than a marketplace it is a strategic enabler of Sri Lanka's digital economy. We have built a trusted digital ecosystem that brings together consumers, entrepreneurs, and global partners on a single, seamless platform.

Our strength lies in convergence: one platform that integrates commerce, logistics, payments, and cross-border trade. This allows us to unlock scale, efficiency, and innovation while creating value across every stakeholder segment.

The future we envision goes beyond transactions. It is about building a resilient ecosystem where SMEs thrive with digital access, customers enjoy unmatched convenience and choice, and Sri Lanka positions itself as a hub for e-commerce and digital trade.

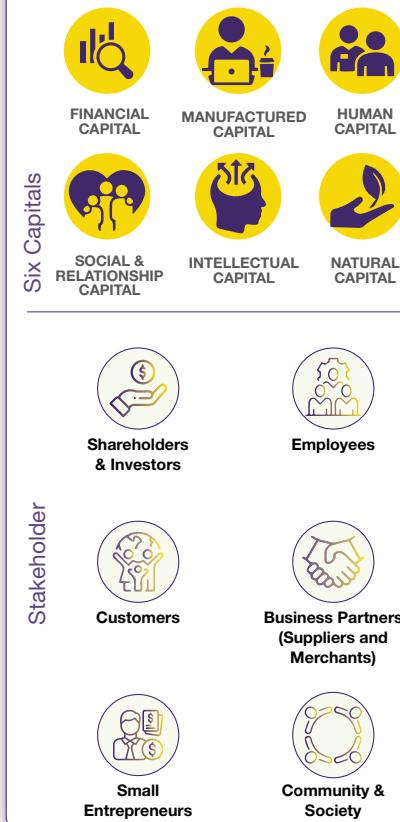
With disciplined execution, data-driven insight, and a relentless focus on customer trust, Kapruka continues to expand its horizons by transforming today's opportunities into tomorrow's growth engines.

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# About this Report



Welcome to our Integrated Annual Report for the financial year ended 31st March 2025. Themed **“One Platform - Endless Possibilities”** this report aims to provide stakeholders with a balanced view of our progress amidst challenging economic conditions. We present a consolidated perspective on Kapruka Holdings PLC (“Kapruka” or “the Company”), including its subsidiaries and associate company.

## Reporting Scope and Boundary

This report encompasses both the financial and non-financial aspects of our operations. It has been prepared in accordance with applicable statutory requirements, established reporting frameworks, and the Company's internal policies. Furthermore, it aligns with internationally recognized best practices and upholds the principles of transparency and continuous disclosure.



## Materiality

Our strategic decisions are informed by material matters identified through stakeholder engagement and enterprise risk management, crucial for our sustainability and long-term value creation.

## Assurance

To ensure transparency and accuracy, this report undergoes rigorous internal and external review processes. The financial statements were reviewed by the Audit Committee prior to their submission to the Board of Directors for approval. In addition, Messrs. Ernst

& Young, Chartered Accountants, conducted an independent audit of the financial statements, and their report is presented on page 100 of this Annual Report.

## Forward-looking Statements

While we aim to outline future operational strategies, these statements involve uncertainties tied to assumptions about forthcoming developments. Actual results may vary due to external factors impacting operational and financial performance.

## Statement of responsibility

All information contained in this report has been internally reviewed by the Board of Directors. We hereby confirm that the 2024/25 Annual Report fairly represents the company's performance and addresses all relevant material matters that have a bearing on our ability to create value over the short, medium and long term.

Accordingly, the report was unanimously approved by the Board on 29th August 2025 and is signed on its behalf by:

Dulith V. Herath  
Chairman/CEO

Manjula Dharmasri  
Head of Finance

## Feedback

We value the feedback and engagement of our stakeholders as we strive to enhance our reporting practices and overall performance. Please feel free to reach out with any comments or questions regarding this Report.

## Mr. Chamath De Silva

Deputy Finance Manager  
No. 147, Old Kottawa Road,  
Mirihana, Nugegoda.  
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# About Us



Established as a family-owned business, Kapruka has evolved into Sri Lanka's foremost e-commerce pioneer, exemplifying the nation's spirit of innovation and entrepreneurship. As the first and largest locally owned e-commerce platform, Kapruka has successfully expanded its operations internationally, catering to Sri Lankans both domestically and abroad.

The Company's listing on the Colombo Stock Exchange marks a significant milestone in its journey of sustained growth and corporate governance. Beyond facilitating seamless commerce, Kapruka is committed to promoting local entrepreneurs by providing a prominent platform for Sri Lankan products to reach a global market, thereby contributing meaningfully to the country's economic development.

## Sri Lanka's First & Largest Locally-Owned E-Commerce Enterprise

Founded:  
**2003**



Headquarters:  
Colombo, Sri Lanka 

Global Offices:



USA



UK



Australia



Canada

**Kapruka**  
Your Happiest shopping experience

### Our Reach



**125,000+**  
Products



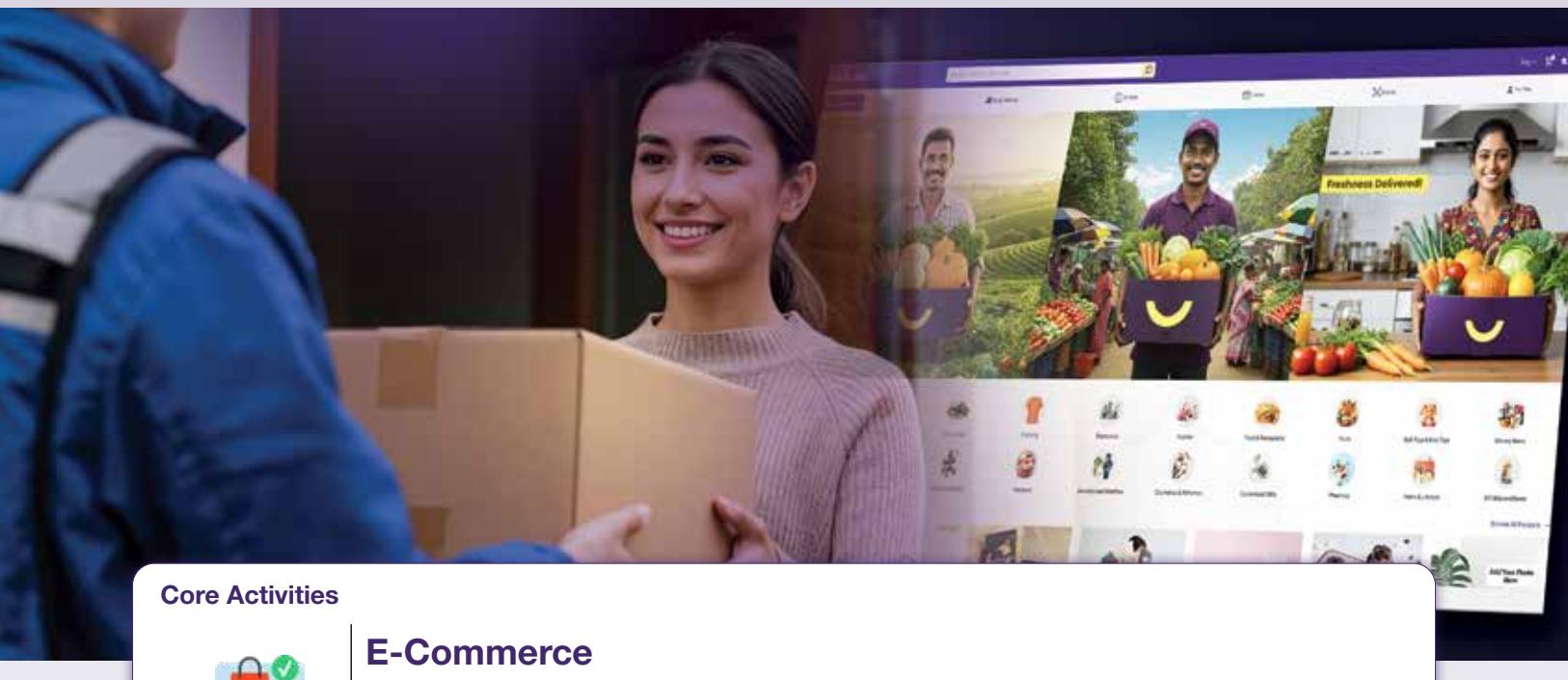
**500+**  
Top Sri Lankan  
Brands



**30+**  
Distinct  
Services



Customers in  
Sri Lanka &  
worldwide



## Core Activities



### E-Commerce

We offer thousands of products across diverse categories, including fresh produce, fashion, electronics, and gifts. Our non-marketplace model features more than 500 premium Sri Lankan brands, ensuring authenticity, quality, and trusted customer experiences.



### Manufacturing

We operate our own-label manufacturing facilities, producing signature cakes, floral arrangements, and value-added fruits and vegetables. These in-house operations ensure superior product quality, consistency, and the exclusivity of the Kapruka brand.



### Service Beyond Borders

Through our cross-border operations, we distribute Sri Lankan products internationally via platforms such as Amazon, eBay, Etsy, and Walmart. We are the exclusive e-distributor for several iconic brands including Dilmah, Akbar, and Link Samahan, positioning Kapruka as a trusted channel for Sri Lanka's best-known exports.



### Partner Central

Partner Central is our custom-built platform designed to strengthen collaboration with suppliers. It enables selected merchants to showcase their products on Kapruka's platform and connect with global buyers, significantly expanding our product range while minimizing inventory risk.



### Platform & Technology Development

Technology forms the backbone of our business model. Our proprietary platform brings together e-commerce, logistics, payments, and cross-border trade into a single, integrated ecosystem. We continue to invest in innovation, data-driven insights, and scalable digital infrastructure to enhance efficiency, deliver superior customer experiences, and strengthen our readiness for global expansion.



### Social Commerce & Quick Commerce

We continue to innovate by leveraging social media platforms for direct customer engagement and sales. Quick Commerce solutions complement this by offering rapid, same-day delivery services, catering to changing consumer expectations for speed and convenience. Together, these channels strengthen customer loyalty, expand market reach, and open new revenue streams.

# About Us

## What Drives Us



### Extensive Range

provides access to a wide variety of products, from electronics and fashion to specialty gifts and essentials.



### Exclusive Partnerships

directly source from over 500 trusted suppliers and premium Sri Lankan brands, ensuring authenticity and value.



### Future-Ready Tech

technology-first approach powers seamless shopping, smarter logistics, and data-driven decisions, enabling innovation and long-term scalability.



### Seamless Delivery

fast, accurate, and reliable nationwide delivery, supported by an efficient logistics network.



### Customer First

dedicated teams place customer satisfaction at the center of every interaction, ensuring trust and loyalty.



### Sustainability

committed to eco-friendly practices, including the use of degradable packaging and responsible operations.



### Our Purpose

To connect Sri Lankan products with the world while creating lasting value for our customers, partners, and communities.

## Our Group Structure



# Key Milestones in Our Journey

2003

**2003**

## Kapruga Founded

A visionary entrepreneur establishes Kapruka, with a mission to revolutionize e-commerce in Sri Lanka. The company quickly becomes a pioneer in online retail.



**2011**

## Kapruga Tech Root Established

Kapruga Tech Root (Pvt) Ltd is incorporated on November 2011, to strengthen the company's technological infrastructure, supporting the growing digital needs of the e-commerce business.

2011

2018

**2018**

## Kapruga Productions Launch

On July 2018, Kapruka Productions (Pvt) Ltd is established as the dedicated manufacturing arm for Kapruka's signature cakes, solidifying the brand's reputation for quality and innovation in the food industry.



**2021**

## Strategic Restructuring

- **October 2021:** Kapruka undertakes a major restructuring, acquiring full ownership of Kapruka Tech Root (Pvt) Ltd and Kapruka Productions (Pvt) Ltd, and a 25% stake in Kapruka Global Shop (Pvt) Ltd.
- **October 2021:** Kapruka E-Commerce (Pvt) Ltd is incorporated 29th of October 2021 as a fully owned subsidiary.
- **November 2021:** The company changing its name from Kapruka Dot Com Ltd to Kapruka Holdings Ltd, reflecting its evolution into a diversified e-commerce group focused on a wide range of services.

## 2022

### Historic Listing on Colombo Stock Exchange

In January 2022, Kapruka Holdings Ltd becomes the first publicly listed e-commerce company in Sri Lanka, marking a significant achievement and expanding its visibility and credibility in the financial markets.



## 2023

### Global Cross-Border Expansion

- Kapruka launches its international cross-border e-commerce initiative, expanding its presence on global platforms like Amazon and Walmart. The company further grows by expanding its operations into Canada.
- The company relocates its headquarters to a state-of-the-art facility and fulfillment center in Mirihana, Nugegoda, enhancing operational efficiency.
- Formation of Kapruka USA LLC:** To streamline global transactions and manage cross-border operations, Kapruka establishes Kapruka USA LLC in the United States.



## 2024

### Official Launch of Kapruka Partner Central & Rebranding

- February 2024:** Kapruka introduces the Partner Central platform, shifting from a traditional inventory-based model to an on-demand, dynamic stock marketplace.
- The **Kapruka Partner Central Launch** is unveiled to foster vendor collaboration and innovation, creating a space for mutual growth.
- Kapruka undergoes a major rebranding to emphasize its shift towards a service-oriented platform, focusing on trust, customer convenience, and personalized solutions.



**Kapruka**

## 2025

### Expansion into the UK & New Ventures

- Kapruka Global UK Ltd:** To support the growing demand for Kapruka's offerings in Europe, Kapruka establishes Kapruka Global UK Ltd, strengthening its international footprint.
- Kapruka Ventures (Pvt) Ltd:** Kapruka launches a new subsidiary, Kapruka Ventures (Pvt) Ltd, to incubate experimental revenue streams such as social commerce and quick commerce, positioning itself at the forefront of emerging e-commerce trends.



# Awards and Recognitions



## Sri Lankan Entrepreneur of the Year - 2010

Kapruka.com received the Provincial Silver Award (Medium Category – Western Province) at the Sri Lankan Entrepreneur of the Year 2010, presented by the Federation of Chambers of Commerce and Industry of Sri Lanka (FCCISL), recognizing its entrepreneurial excellence and contribution to the local economy.

## Sri Lankan Entrepreneur of the Year - 2017

Mr. Dulith Herath received the Provincial Gold Award (Extra Large Category – Western Province) at the Sri Lankan Entrepreneur of the Year 2017, recognizing his leadership and entrepreneurial impact, awarded by FCCISL.



## Export of Business and Professional Services - Gold Award 2010

In 2010, Kapruka was awarded the Gold Award (Medium Sector) for Export of Business and Professional Services at the National Chamber of Exporters (NCE) Awards, in recognition of our excellence in delivering professional services to international markets

## Most Innovative Exporter - Gold Award (2011)

In 2011, the National Chamber of Exporters awarded Kapruka the Gold Award for Most Innovative Exporter, acknowledging its innovative approach to export services and the global reach of Sri Lankan products.



## Sri Lanka's Best E-Commerce Application - 2011

The Information Communication Technology Agency (ICTA) awarded Kapruka for the Best E-Commerce Application, recognizing its excellence in digital commerce innovation.



## Asia Pacific Young Entrepreneur of the Year - 2018

Mr. Dulith Herath was honoured with the Asia Pacific Young Entrepreneur of the Year Award, celebrating his exceptional entrepreneurial achievements in the Asia Pacific region.



#### SLIM Brand Excellence Awards - 2015

At the 15th SLIM Brand Excellence Awards, Kapruka clinched the Gold Award for Online Brand of the Year, reaffirming its leadership in Sri Lanka's e-commerce sector. Notably, Kapruka was the inaugural winner of this newly introduced category, marking a historic milestone for both the company and the industry.

#### SLIM Brand Excellence Awards - 2016

In 2016, Kapruka once again secured the Gold Award for Online Brand of the Year at the SLIM Brand Excellence Awards, further solidifying its status as the market leader in Sri Lanka's online retail sector. This consecutive win underscored the company's consistent excellence and dominance in the e-commerce space.

#### SLIM Brand Excellence Awards - 2017

In 2017, Kapruka was honoured with its third consecutive Online Brand of the Year title at the SLIM Brand Excellence Awards, presented by the Sri Lanka Institute of Marketing (SLIM). This recognition celebrated the brand's strong customer engagement, digital presence, and proven ability to thrive in an ever-evolving online marketplace.



#### National Business Excellence Awards - 2011

Kapruka.com was honoured in the 'Other Service – Other Sector' category at the National Business Excellence Awards 2011, organized by the National Chamber of Commerce of Sri Lanka, for its outstanding service and innovation in the e-commerce sector.

#### National Business Excellence Awards - 2017

Kapruka was named Runner-up in the 'Other Service Sector' at the National Business Excellence Awards 2017, for innovation, quality service, and contributions to Sri Lanka's digital commerce sector.



#### SLT Zero One Award 2017 - Retail Sector

Kapruka was presented the SLT Zero One Award by Sri Lanka Telecom for Best Digital Enabled Product/Service in the Retail Sector, for its use of technology to elevate customer experiences.



#### **TAGS Awards 2024 (CA Sri Lanka) - Bronze (Retail Sector)**

Kapruka Holdings PLC was awarded the Bronze Award under the Retail Sector at the TAGS Awards, organized by CA Sri Lanka, recognizing excellence in financial reporting and overall corporate disclosure practices.

#### **TAGS Awards 2024 (CA Sri Lanka) - Certificate of Recognition**

Kapruka Holdings PLC received a Certificate of Recognition from CA Sri Lanka for outstanding performance in Integrated Reporting and Corporate Governance Disclosure in the Non-Financial Services category, showcasing transparency and stakeholder communication.



#### **National ICT Awards (NBQSA) - 2023**

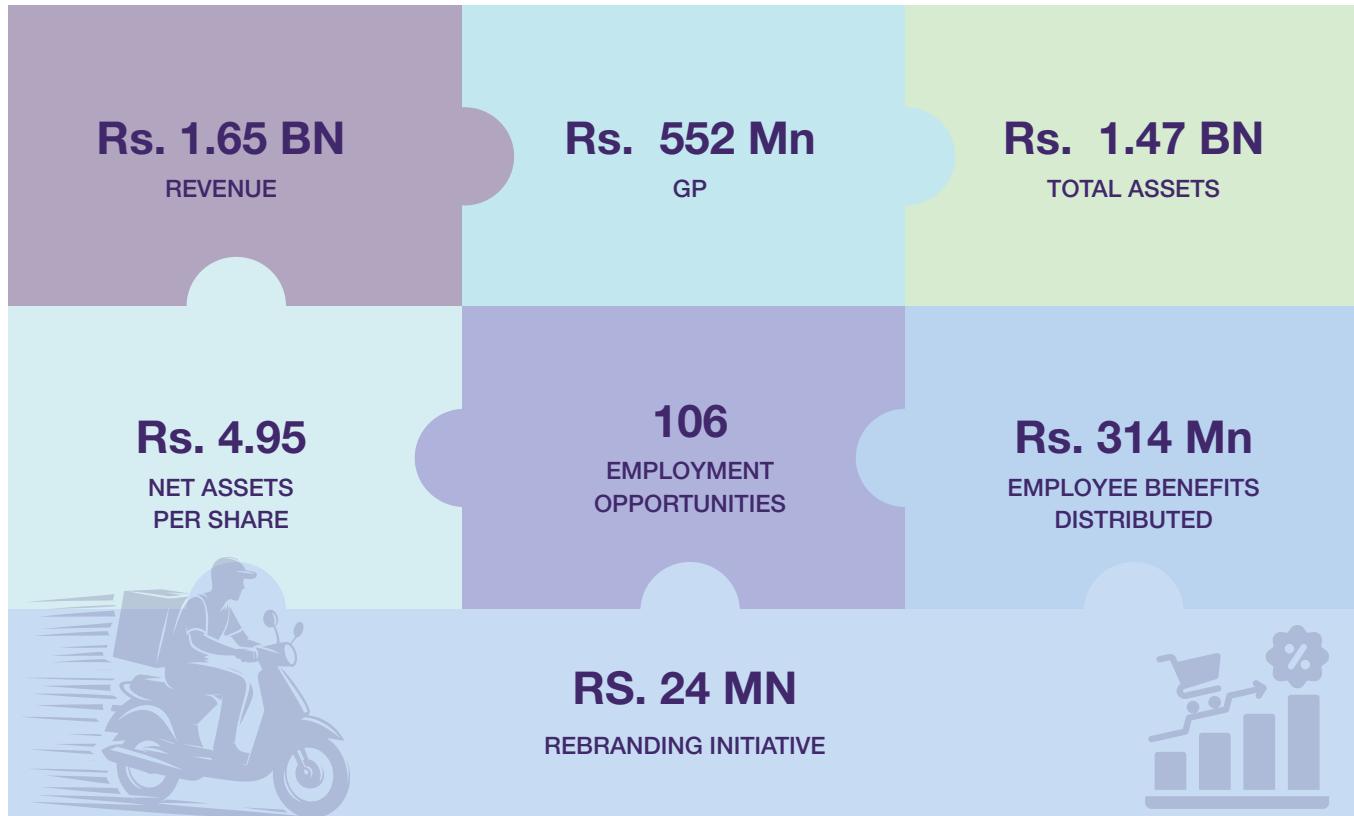
Kapruka received the Merit Award in the Research and Development category at the National ICT Awards (NBQSA) for its innovative use of ChatGPT in Sinhala to enhance digital accessibility and engagement.

#### **National ICT Awards (NBQSA) - 2024**

Kapruka Holdings PLC was awarded the Bronze Award – In-House Project of the Year (Media Category) for Kapruka Partner Central at the NBQSA 2024, in recognition of its internal innovation in digital solutions.

# Financial Highlights

Year ended 31st March	Group			Company		
	2025	2024	Change %	2025	2024	Change %
<b>Earnings Highlights &amp; Ratios</b>						
Revenue	Rs.'000s	<b>1,652,243</b>	1,790,746	(7.73)	<b>199,830</b>	203,337
Profit/(Loss) before Tax	Rs.'000s	<b>(117,019)</b>	(109,726)	(6.65)	<b>48,505</b>	21,842
Taxation	Rs.'000s	<b>(25,351)</b>	(8,096)	(213.14)	<b>(24,157)</b>	(8,938)
Profit attributable to Equity Holders	Rs.'000s	<b>(142,370)</b>	(117,821)	(20.84)	<b>24,348</b>	12,904
Total Comprehensive Income for the year	Rs.'000s	<b>(127,287)</b>	(121,990)	(4.34)	<b>37,384</b>	158
Earnings per Share	Rs.	<b>(0.87)</b>	(0.72)	(20.84)	<b>0.15</b>	0.08
Return on Shareholder's Equity	%	<b>(18%)</b>	(13%)	(39.76)	<b>2%</b>	1%
Pre-tax Return on Shareholder's Equity	%	<b>(14%)</b>	(12%)	(23.35)	<b>4%</b>	2%
Return on Assets	%	<b>(10%)</b>	(7%)	(30.19)	<b>1.5%</b>	0.7%
Interest Cover	No. of Times	<b>(4.79)</b>	(3.02)	58.39	<b>1.50</b>	0.27
<b>Balance Sheet Highlights &amp; Ratios</b>						
Total Assets	Rs.'000s	<b>1,470,721</b>	1,584,593	(7.19)	<b>1,629,270</b>	1,734,580
Total Debts	Rs.'000s	<b>297,085</b>	348,734	(14.81)	<b>190,336</b>	221,641
Shareholder's Funds	Rs.'000s	<b>812,660</b>	939,947	(13.54)	<b>1,234,785</b>	1,197,401
No. of Shares in Issue	000s	<b>164,130</b>	164,130	-	<b>164,130</b>	164,130
Net Assets per Share	Rs.	<b>4.95</b>	5.73	(13.54)	<b>7.52</b>	7.30
Debt/Equity	%	<b>36.6%</b>	37.1%	(1.47)	<b>15%</b>	19%
Debt/Total Assets	%	<b>20%</b>	22%	(8.21)	<b>12%</b>	13%
Current Ratio	No. of Times	<b>1.32</b>	1.80	(26.55)	<b>1.46</b>	1.11
<b>Market/Shareholder Information</b>						
Market Price per Share	Rs.	<b>7.90</b>	7.10	11.27	<b>7.90</b>	7.10
Market Capitalisation	Rs.'000s	<b>1,296,630</b>	1,165,326	11.27	<b>1,296,630</b>	1,165,326
Price Earnings Ratio	No. of Times	<b>(9.11)</b>	(9.89)	7.92	<b>53.25</b>	90.30
ROCE	%	<b>(13%)</b>	(12.81%)	(1.51)	<b>4%</b>	1%
						287.22



#### SHAREHOLDERS





# Unified Vision

Strategic Direction & Insights

# Chairman's Message



## Dear Valued Stakeholders,

It is with immense pride and optimism that I present the Kapruka Holdings PLC Annual Report for the financial year 2024/25. This has been an extraordinary year of transformation and triumph for Kapruka, characterized by groundbreaking innovations, robust growth, and a steadfast dedication to creating exceptional value for our customers and shareholders alike. Our agility, resilience, and forward-thinking approach have not only solidified our leadership in Sri Lanka's thriving e-commerce sector but also set the stage for unprecedented opportunities ahead. As we continue to innovate, expand, and diversify, Kapruka is poised to redefine the digital retail landscape, delivering sustainable returns and long-term value to all our stakeholders.

## Strategic Milestones

A standout highlight of the year was our triumphant rebranding initiative, which has propelled Kapruka into a new era of excellence. This strategic evolution was designed to perfectly align our brand with the dynamic needs of our customers and the fast-paced market, forging a resilient, future-proof identity that resonates deeply. Our refreshed positioning underscores Kapruka as a premier, service-oriented platform, delivering an expansive array of high-quality products paired with unparalleled convenience, trust, and customer focus.

Remarkably, this rebranding was accomplished in just three months, entirely through our talented in-house team, and has been embraced with overwhelming enthusiasm. The vibrant

new identity has broadened our appeal across all demographics, boosting visibility and engagement while elevating Kapruka's perception from a price-focused player to a premium service leader. This shift distinguishes us from discount-heavy competitors, fostering deeper customer loyalty, heightened brand recognition, and a stronger competitive edge in a vibrant market.

The rebranding has already unlocked tremendous value, driving increased customer retention, expanded marketing reach, and superior conversion rates - particularly during high-impact campaigns. By prioritizing quality and satisfaction, we've cemented Kapruka as the go-to e-commerce destination for Sri Lankans at home and the global diaspora, paving the way for sustained growth and enhanced shareholder returns.

## Financial Milestones

In 2025, Kapruka celebrated remarkable financial achievements that underscore the strength and effectiveness of our strategies. During the year under review, our Group faced revenue pressures, recording a decline of 7.7% compared to the previous year, while losses after tax increased due to challenging market conditions and rising operational costs. However, at Company level, profitability improved significantly, with profit before tax increasing by 122% to Rs. 48.5 Mn, demonstrating the resilience of our core operations and the effectiveness of our strategic initiatives.

Heightened customer engagement, combined with continuous platform enhancements, has been instrumental in these results, showcasing our ability to thrive amid evolving market dynamics. Leveraging cutting-edge technology and adapting to customer preferences, we've built a rock-solid foundation for ongoing success. Looking ahead, we are excited and confident that these accomplishments will propel sustained profitability, market dominance, and rewarding returns for our shareholders as we lead Sri Lanka's e-commerce revolution.

## Partner Central: A Game-Changer in Our Business Model

Capitalizing on our rebranding momentum, we advanced two pivotal IPO projects: Partner Central and Petti Petti, both of which are revolutionizing our operations and unlocking vast potential. Partner Central stands out as a true game-changer, fundamentally transforming our business model from a traditional inventory-heavy approach to an agile, on-demand ecosystem. This innovative platform empowers us to exponentially expand our product offerings - up to 50 times our previous capacity - while minimizing inventory risks and avoiding destructive price wars. By connecting seamlessly with trusted

suppliers, Partner Central ensures we deliver the highest-quality products at competitive prices, enhancing trust and satisfaction for consumers and partners alike.

In its inaugural year, Partner Central already contributed an impressive 20% to our revenue, demonstrating its immediate impact and scalability. But this is just the beginning: the platform's potential is boundless. As we continue to onboard more partners and integrate advanced features, Partner Central will drive even greater revenue diversification, operational efficiencies, and market penetration. Imagine a future where Kapruka offers millions of products on-demand, fostering a vibrant marketplace that attracts global suppliers and buyers. This shift not only reduces capital tied up in stock but also positions us for explosive growth in emerging categories, from electronics to fashion and beyond. For shareholders, Partner Central represents a high-growth engine that will amplify profitability, mitigate risks, and create substantial long-term value by turning Kapruka into Sri Lanka's ultimate e-commerce hub.

Complementing this, our Petti Petti service empowers Sri Lankan expatriates to reliably ship cargo and personal belongings via the trusted Kapruka platform, complete with seamless last-mile delivery nationwide. This addition further strengthens our global reach and customer loyalty, opening new revenue streams with immense upside.

## Technological Innovation and Operational Excellence

Our pursuit of operational excellence has yielded remarkable advancements this year, with strategic investments in technology automating and streamlining our supply chain for peak efficiency. Embracing the digital frontier, we're prioritizing platform interoperability to integrate seamlessly with AI agents like

**The horizon is bright as we harness untapped opportunities in Sri Lanka's underpenetrated e-commerce market, where immense potential awaits**

Siri, Google Assistant, and beyond. As these technologies become everyday essentials, our forward-looking approach ensures Kapruka remains effortlessly accessible, enabling voice-activated shopping and frictionless experiences that delight customers and boost engagement. This commitment to innovation positions us as pioneers, ready to capitalize on the AI-driven future for enhanced satisfaction and growth.

## Global Expansion and Market Growth

The horizon is bright as we harness untapped opportunities in Sri Lanka's underpenetrated e-commerce market, where immense potential awaits. Domestically, we're set to capture greater market share through targeted expansions. Internationally, Kapruka is flourishing as the premier e-distributor for iconic Sri Lankan brands on giants like Amazon, eBay, and Walmart, expanding our footprint in high-potential markets such as the US, UK, Canada, and Australia. This global momentum not only

# Chairman's Message

diversifies our revenue but also elevates Kapruka as a worldwide powerhouse, promising exciting growth trajectories for our shareholders.

## Integrating ESG

Sustainability is at the heart of our success, with initiatives like adopting degradable packaging to reduce waste and transitioning to an electric delivery fleet underscoring our environmental stewardship. We are fully committed to ESG principles, weaving them into our strategy to ensure transparent, ethical, and accountable operations that benefit society and the planet. This holistic approach not only safeguards stakeholder interests but also drives sustainable, profitable growth, aligning with the values of our forward-thinking investors.

## Empowering Our Workforce

We are investing boldly in our people, equipping them with advanced technological tools and comprehensive training to unlock productivity and drive innovation. Our in-house tech team has significantly expanded, strengthening our proprietary platforms and ensuring we remain ahead in a rapidly evolving, tech-driven world. This empowered workforce continues to be the driving force behind our achievements and future ambitions.

## Partnering to Create a Digital Ecosystem

With Sri Lanka's surging smartphone and internet adoption, e-commerce is on the cusp of explosive growth—and Kapruka is leading the charge. By integrating secure digital payments and refining our infrastructure, we're delivering unmatched shopping experiences. Short-term, we'll maintain seamless operations; medium-term, we'll expand offerings and leverage data insights for

new segments. Long-term, enhancing AI interoperability and platform scalability will make Kapruka the nucleus of a connected ecosystem, unlocking limitless opportunities and shareholder value through digital innovation.

## A Heartfelt Appreciation

As we embark on this exhilarating journey, I extend profound gratitude to our stakeholders. To our Board of Directors, your visionary guidance has been instrumental. To our shareholders, your confidence inspires us to deliver exceptional returns. To our customers, your loyalty fuels our passion. And to Team Kapruka, your unwavering dedication is the cornerstone of our success. Together, as Sri Lanka's premier homegrown e-commerce leader, we are destined for extraordinary heights, diverse expansions, and enduring prosperity.



**Dulith V. Herath**  
Chairman & CEO  
Kapruka Holdings PLC

## Board of Directors



**Mr. Dulith Herath**

Founder/ Chairman/ Executive Director



**Mrs. Anuradha Herath**

Non-Executive Director



**Mr. Tishan Subasinghe**

Independent Non-Executive Director



**Mrs. Thilangani Herath**

Non-Executive Director



**Mr. Suresh Subasinghe**

Independent Non-Executive Director



**Mr. Lakshman Abeysekera**

Independent Non-Executive Director



**Dr. Chamara Bandara**

Independent Non-Executive Director



**Mrs. Dayangani Priyanthi Pieris**

Independent Non-Executive Director

(Resigned - 1st September 2024)



**Ms. Manohari Abeysekera**

Independent Non-Executive Director

(Resigned - 28th September 2024)

# Board of Directors

## Mr. Dulith Herath

Founder/ Chairman/ Executive Director

Mr. Dulith Herath is a distinguished and highly-accomplished serial entrepreneur hailing from Sri Lanka. Renowned as the King of E-commerce in his homeland, he holds the esteemed positions of Founder and Chairman at Kapruka.com, the largest e-commerce organisation in Sri Lanka. Mr. Dulith Herath currently serves as an Executive Director of Kapruka Holdings PLC and he was reappointed to the board on the 27th September 2024.

In 2010, Mr. Dulith Herath's exceptional skills and entrepreneurial acumen were recognised when he was honoured with the prestigious Sri Lankan Entrepreneur of the Year award. His accolades continued to grow, with notable achievements such as the Asia Pacific Young Entrepreneur Award in 2013, a repeat win as Sri Lankan Entrepreneur of the Year in 2017, and the CSSL ICT Leader of the Year Award in the same year. Furthermore, he was selected as an Eisenhower Fellow by the President Eisenhower Foundation in the USA in 2017.

Mr. Dulith Herath's expertise lies in merging technical prowess with innovative business models in Sri Lanka. Prior to his ventures at Kapruka, he served as a Development Specialist at Dell Perot Systems, where he crafted robust software and web applications to enhance operational efficiency for DELL clients. His tenure as an Application Architect at Microsoft showcased his ability to lead and design applications from inception to fruition, overseeing technical teams throughout development projects.

A graduate of the University of Kentucky, USA, Mr. Dulith Herath holds a Bachelor of Science Degree in Computer Science, underscoring his strong technical foundation and aptitude for driving technological innovation in the business landscape.

## Mrs. Anuradha Herath

Non-Executive Director

Ms. Anuradha Herath holds a Bachelor of Commerce from Bangalore University, India, and an MBA from Eastern Kentucky University, USA. Prior to her tenure at Kapruka, she gained experience at the University of Kentucky Federal Credit Union, USA. Additionally, she is a successful entrepreneur, having founded Sri Lanka's largest coffee house chain, Java Lounge. With a deep understanding of US-based e-commerce platforms and cross-border e-commerce opportunities, she brings valuable domain expertise to her role.

Ms. Anuradha Herath currently serves as a Non-Executive Director of Kapruka Holdings PLC and she was reappointed to the Board on 26th September 2022.

Ms. Anuradha Herath has been honoured with numerous prestigious awards, including the Women Entrepreneur Global Award 2023 by Women in Management in Sri Lanka at the Top 50 Professional and Career Women's Awards 2023, and the Women Entrepreneur Recognition Award for Western Province Large Category by the Women's Chamber of Commerce 2024. Additionally, she has received the Glorious Sirimavians Top 50 Lifetime Award 2023 from Sirimavo Bandaranaike Vidyalaya Colombo 07 and the Most Remarkable Sirimavian of the Year Award in 2021.

She served as the Chairperson of the COYLE Ladies Chapter of the Chamber of Young Lankan Entrepreneurs from 2022 to 2023, demonstrating exceptional leadership and entrepreneurial skills.

## Mr. Tishan Subasinghe

Independent Non-Executive Director

Mr. Tishan Subasinghe is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and an Attorney-at-Law with a life membership from the Bar Association of Sri Lanka. He is also a Certified Information Systems

Auditor [USA] and holds an MBA (Finance) from the University of Colombo with a Gold medal for Financial Reporting.

Mr. Tishan Subasinghe currently serves as the Vice-President of the Institute of Chartered Accountants of Sri Lanka after serving 12 years as a Council Member. He is also a Board member of Sri Lanka Accounting and Auditing Standards Monitoring Board. He has marked his regional presence within the accounting fraternity across the Asia Pacific Region. He is currently a Board member of the South Asian Federation of Accountants (SAFA) and an elected Board member of the Confederation of Asian and Pacific Accountants (CAPA).

At present Mr. Tishan Subasinghe is the Managing Director of Moore Consulting (Pvt) Ltd and the Joint Managing Partner of Moore Aiyar. In addition, he serves as the Chairman of Sanasa General Insurance Limited and as the Senior Independent Director of Amana Bank PLC. Further, he serves in the Board of Samsons International PLC. He was a Council Member of the University of Moratuwa from year 2020 to 2025. He is also a visiting lecturer at several government universities and has also conducted international training in Maldives and Bhutan.

His exposure to the profession is multi-ethnic and multi-cultural. It expands not only island-wide but also to overseas work relationships with PricewaterhouseCoopers (PwC) international head office in New York, Philadelphia, and PwC in Botswana, spanning several years. He also has worked for BDO Partners for 10 years as a Partner Audit & Assurance, Technical, Training and Human Resources.

His professional role has also extended to national level, having served as a member of the Presidential Commission on Simplification of Laws and Regulations and a member of the Committee for Revival of Failed Licensed Finance Companies established by the Central Bank of Sri Lanka. Mr. Tishan

Subasinghe currently serves as an Independent Non-Executive Director of Kapruka Holdings PLC and he was reappointed to the board on the 27th September 2023.

### **Mrs. Thilangani Herath**

Non-Executive Director

Mrs. Thilangani Herath serves as a Non-Executive Director of Kapruka Holdings PLC, contributing a unique combination of strategic insight, entrepreneurial acumen, and cultural wisdom to the Board. With over 35 years of entrepreneurial experience, she possesses strong leadership and human resource management skills that have been instrumental in the establishment and growth of several successful ventures in Sri Lanka.

Mrs. Thilangani Herath is a founding member of businesses spanning diverse sectors, including construction, Feng Shui sciences, healthcare (Island Pharmacy chain), and education (Asian International School). Her multidisciplinary background enables her to offer broad-based advisory support, especially in areas related to governance, organizational culture, and community engagement. Mrs. Thilangani Herath currently serves as an Non -Executive Director of Kapruka Holdings PLC and she was reappointed to the board on the 27th September 2024.

### **Mr. Suresh Subasinghe**

Independent Non-Executive Director

Mr. Suresh Subasinghe is a seasoned technology leader with deep expertise in enterprise architecture, digital transformation, and innovation. Over the course of his career, he has co-founded technology ventures, led transformative digital platforms for Fortune 100 companies, and driven large-scale initiatives across highly regulated industries such as aviation, healthcare, and finance.

Mr. Suresh Subasinghe is currently the Managing Partner at Arc75, a San Francisco-based architecture and development agency he co-founded in 2022. At Arc75, he leads the design and delivery of AI, MarTech, and operational platforms for Fortune 100 clients operating in compliance-intensive sectors.

Previously, Mr Suresh Subasinghe served as the Co-Founder and CTO of GoGetDoc (2021–2023), where he helped build a digital healthcare platform that reached over a million patients and generated over USD 250 million in revenue.

Earlier in his career, Mr Suresh Subasinghe held several senior technology roles at global enterprises. At Air Canada, he led the development of the airline's Digital Experience Platform, which powers its USD 15 billion e-commerce and loyalty ecosystem. At United Airlines, he served as Chief Architect, overseeing cloud migrations, AI integrations, and digital initiatives, driving USD 45 billion in revenue. He also worked as an Enterprise Solutions Architect at Zurich Financial Services, leading technology programs across the US, Switzerland, and the UK.

Mr. Suresh Subasinghe holds a Bachelor of Science in Computer Engineering from the University of Utah and an MBA from Duke University's Fuqua School of Business. He also completed an Executive Program in Artificial Intelligence at the Rotman School of Management, University of Toronto.

On July 13, 2023, Mr. Suresh Subasinghe was appointed as an Independent Director of Kapruka Holdings PLC. His extensive experience in technology strategy and digital transformation adds significant value to the Board as the Company continues to evolve and grow in the digital age.

### **Mr. Lakshman Abeysekera**

Independent Non-Executive Director

(Appointment w.e.f. 22nd July 2024)

Mr. Lakshman Abeysekera is the Chairman and Director General of the National Enterprise Development Authority (NEDA), operating under the Ministry of Industry and Entrepreneurship Development in Sri Lanka. A senior Chartered Accountant with over 30 years of cross-sectoral experience, he is a Fellow Member of CA Sri Lanka, AAT Sri Lanka, and CMA Sri Lanka, and holds an MBA from the University of Sri Jayewardenepura.

Mr. Lakshman Abeysekera has held several senior leadership roles in both public institutions and private enterprises, including as Chairman of SDB Bank and the Rubber Research Board of Sri Lanka. He currently serves on multiple boards and committees, including the Sri Lanka Inventors Commission, ICC Sri Lanka's Advisory Committee on Agriculture and Food Security, Kapruka Holdings PLC, and Kegalle Plantations PLC. He also chairs the CA Sri Lanka SME Task Force.

Renowned for his expertise in corporate governance, strategic planning, finance, and Entrepreneurship development, Abeysekera has long championed MSME growth. He has contributed significantly to NEDA initiatives such as SMEConnect.lk, the Brain-into-Business Program, and regional enterprise development projects across Sri Lanka.

### **Dr. Chamara Bandara**

Independent Non-Executive Director

(Appointment w.e.f. 22nd July 2024)

Dr. Chamara Bandara is a highly-accomplished Senior Chartered Accountant with over twenty years of experience in financial management, accounting, corporate tax, secretarial practice, audits, and business consulting. He has a proven track record of delivering exceptional results in challenging environments, showcasing

## Board of Directors

outstanding negotiation and problem-solving skills. Dr. Chamara Bandara possesses a unique combination of visionary leadership, entrepreneurial acumen, and a strong commitment to strategic planning and achieving bottom-line results.

As the Founder of Corporate Doctors (Pvt) Ltd. and SCB Corporate (Chartered Accountants), Dr. Chamara Bandara leads successful business ventures offering a wide range of corporate and business services, including strategic planning, accounting process outsourcing, financial restructuring, and audit services. He holds a PhD in Business/Management, Chartered Accountant of England and Wales and Sri Lanka, and an MBA from the University of Southern Queensland, Australia. In his current role as Founder/CEO, he oversees business sustainability, strategic planning, customer satisfaction, and service quality. Dr. Bandara is actively involved in professional organizations, serving as Vice President of AAT Sri Lanka and contributing to various committees and initiatives within the industry. He has authored publications and delivered presentations on topics such as business failure, IFRS for SMEs, and business success appraisal. Dr. Chamara Bandara's expertise and leadership have made significant contributions to the field of finance and accounting.

### Mrs. Dayangani Priyanthi Pieris

Independent Non-Executive Director

(Resigned -1st September 2024)

Mrs. Dayangani Priyanthi Pieris is an Attorney-at-Law of the Supreme Court of Sri Lanka, a Solicitor of England and Wales. With 44 years of experience in the field of Corporate/Securities Law, Mrs. Priyanthi Pieris's expertise spans handling corporate restructuring, privatizations, capital market transactions, takeovers, mergers, and amalgamations.

Mrs. Priyanthi Pieris also serves on the Boards of JAT Holdings PLC, Central Depository Systems (Pvt) Limited, Associated Electrical Corporation Ltd, and is the current Chairperson/Consultant of P W Corporate Secretarial (Pvt) Ltd – a firm that provides capital market-related services to listed companies.

Mrs. Priyanthi Pieris served as the Legal Adviser to the Ministry of Finance from 2002 to 2004. She was a Legal consultant to the Colombo Stock Exchange (2004-2011). She also served as a Member of the Committee of the Securities and Exchange Commission of Sri Lanka on Takeovers and Mergers Code and as a Member of the Corporate Governance Committee of the Institute of Chartered Accountants. She is a Member of the Law Commission.

### Ms. Manohari Abeyesekera

Independent Non-Executive Director

(Resigned - 28th September 2024)

Ms. Manohari Abeyesekera is a Fellow Member of the Institute of Chartered Accountants Sri Lanka and a Fellow Member of the Chartered Institute of Management Accountants UK, having 20-year + post qualifying experience serving in leadership C suite Executive positions in both private and state sector in Sri Lanka.

Ms. Manohari Abeyesekera graduated from University of Colombo reading for the Bachelor of Science Degree (Biological Sciences) with First Class Honours and read for the Masters in Business Administration from University of Colombo topping the batch winning 3 gold medals. She read for the Post-Graduate Diploma in International Relations conducted by the Bandaranaike International Diplomatic Training Institute, and was awarded the Vernon Mendis Memorial Prize.

Ms. Manohari Abeyesekera has successfully completed the Board Leadership Program conducted by

Sri Lanka Institute of Directors (SLID)/ International Finance Corporation (IFC).

Ms. Manohari Abeyesekera currently serves as an Independent Non-Executive Director of Kapruka Holdings PLC, Orient Finance PLC and Acuity Stockbrokers (Pvt.) Ltd. She also serves as a Council Member of Chartered Institute of Management Accountants (CIMA UK) and a Council Member of the SLID.

Previously, Ms. Manohari Abeyesekera served a three year stint (2020-2022) as an Independent Non-Executive Director/Chairperson -Audit Committee of the National Savings Bank (NSB), and its subsidiary NSB Fund Management. She also served as a Director Sri Lanka Accounting and Auditing Standards Monitoring Board for two years (2022-2024)

Ms. Manohari Abeyesekera served the Hayleys Group in multiple leadership roles in her 18-year stint (Year 2002-2020). She was the Head – Strategic Business Development - Hayleys PLC, Director – Strategy & Business Development - Fentons Limited and Director - Hayleys Group Services (Pvt) Ltd.

In 2019, Ms. Manohari Abeyesekera was selected to represent Sri Lanka by the US State Department in the Fortune Mentoring Program and for the prestigious International Visitor Leadership Program (IVLP) in 2014. She had Executive Education at ISB Hyderabad, ADB Manila and BHF Bank Germany and is a recipient of the AOTS Scholarship Japan in 2015.

Ms. Manohari Abeyesekera has received many awards for Women Leadership - Women in Management Sri Lanka, World Women Leadership Congress - Mumbai and South Asian Partnership Summit - Dhaka. She has penned articles in CIMA Edge, Daily FT and other journals. She is a Toastmaster, and has spoken at many professional events. She was featured in CIMA Insight "Breaking the glass ceiling in Sri Lanka".

## Management Team



**Mr. Suresh Eranda**  
General Manager



**Ms. Gayathri Banneheka**  
Head of IT



**Mr. Manjula Kumara**  
Head of Finance



**Mr. Akila Thalpawila**  
Deputy General Manager



**Mr. Chamath De Silva**  
Deputy Finance Manager



**Mr. Damitha Gunawardhana**  
Assistant General Manager



**Ms. Harshani Chandraratne**  
Senior Manager - Product and  
Business Development



**Mr. Janaka Gunasekara**  
ERP Specialist



**Mr. Chanaka Perera**  
Accountant



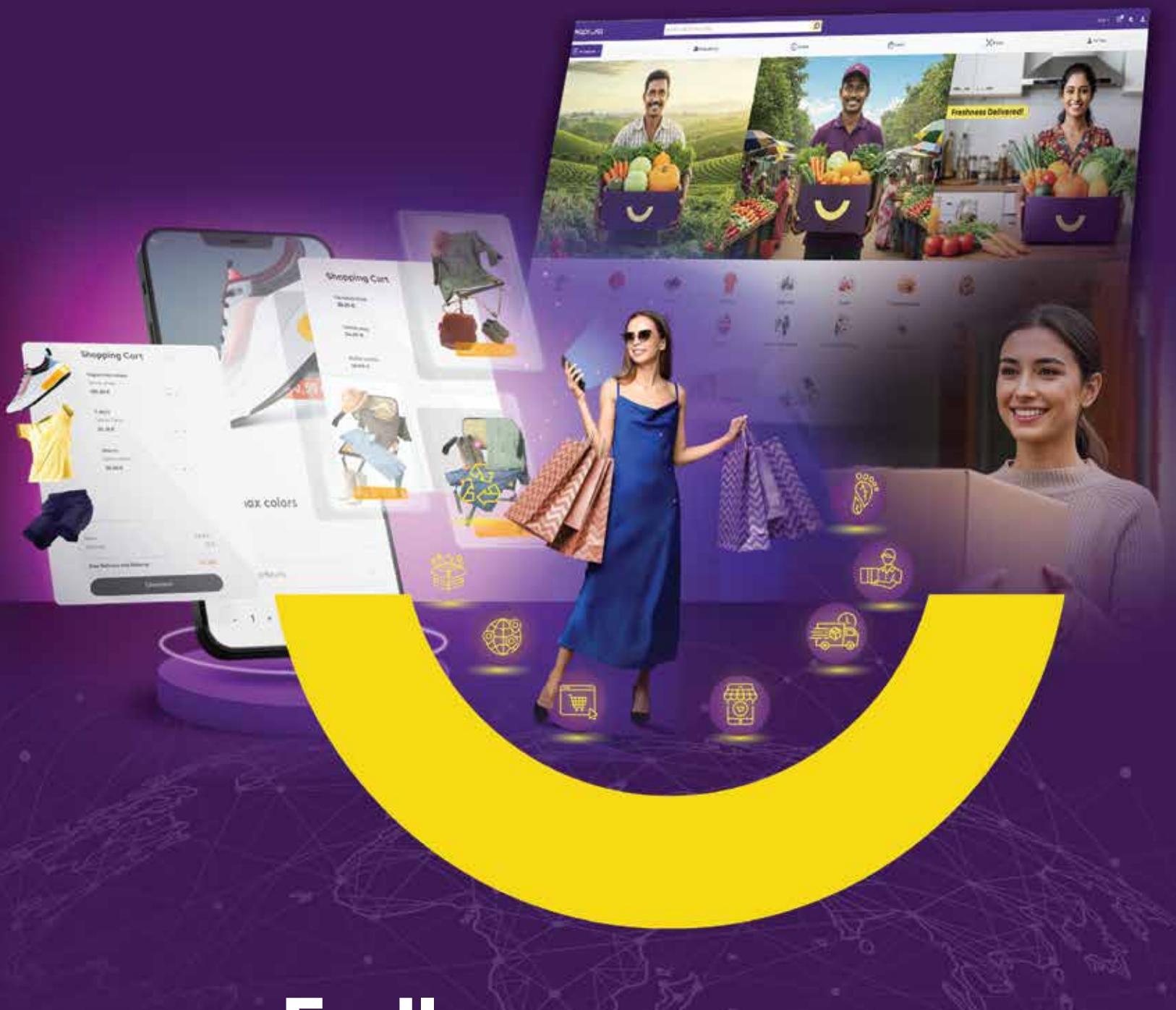
**Mr. Chathura Athukorala**  
Senior Manager - Productions



**Ms. Buddhika Chathurangi**  
Senior Manager - Customer Care  
and Quality Assurance



**Ms. Theruni Sachindika**  
Senior Manager - Cross Border  
Operation



# Endless Possibilities

Management Discussion  
and Analysis

# Operating Environment



## Global Context

In 2024, the global economy advanced in a cautiously optimistic mode, registering GDP growth of approximately 3% despite persistent headwinds. While advanced economies experienced slower expansion due to prolonged tight monetary policies, emerging and developing economies maintained relatively stronger growth momentum, supported by rising domestic consumption and technology-driven productivity gains.

For the global e-commerce sector, the year marked continued expansion, with worldwide retail e-commerce sales surpassing USD 6.3 trillion. Key drivers included:

- Increased Internet Penetration** – Over 5.3 billion people were online, driving broader market reach.

- Mobile Commerce Growth** – Smartphones accounted for over 70% of retail site visits globally.
- Digital Payment Innovation** – The adoption of e-wallets, Buy Now Pay Later (BNPL), and cryptocurrency-based payments expanded transaction options.
- Cross-Border Trade Expansion** – Cross-border e-commerce volumes grew by an estimated 14%, spurred by consumer demand for unique and niche products.
- Sustainability as a Purchase Driver** – Ethical sourcing, eco-friendly packaging, and carbon-neutral delivery increasingly influenced consumer choice.

However, this positive trajectory was tempered by:

- Geopolitical Uncertainty** – Conflicts and trade tensions disrupted supply chains and increased transportation costs.
- Currency Volatility** – Impacting pricing and competitiveness for exporters.
- Cybersecurity Risks** – Rising sophistication of fraud and data breaches required heightened digital safeguards.

For Sri Lankan e-commerce exporters like Kapruka, global dynamics translated into greater opportunity for niche product categories such as premium Ceylon teas, spices, crafts, and gift items but also demanded agility to manage currency risks, shipping cost fluctuations, and competitive pricing pressures.

# Operating Environment

## Local Context

Sri Lanka's economy demonstrated its strongest recovery in seven years, with GDP expanding 5.0% in 2024. Inflation fell sharply to -1.7% by year-end, aided by:

- Prudent monetary policy by the Central Bank of Sri Lanka.
- A stabilised exchange rate after significant volatility in 2022–2023.
- Growth in external reserves from remittance inflows and tourism earnings.

Consumer Confidence returned as disposable incomes improved, bolstered by lower inflation and better employment prospects. Import restrictions were relaxed in early 2025, restoring market access for a wider range of goods, including products that complement the domestic e-commerce offering.

## E-commerce Sector Trends in Sri Lanka:

- **Digital Payment Penetration** – Wider acceptance of online payments and QR-based transactions.
- **Logistics Improvement** – Better last-mile delivery solutions and regional coverage by courier services.
- **Rising Middle-Income Demand** – Greater interest in international brands and curated local products.
- **Government Policy Support** – Initiatives promoting entrepreneurship and SME digital adoption.
- **Competitive Landscape** – Intensifying rivalry from regional and global players operating locally.

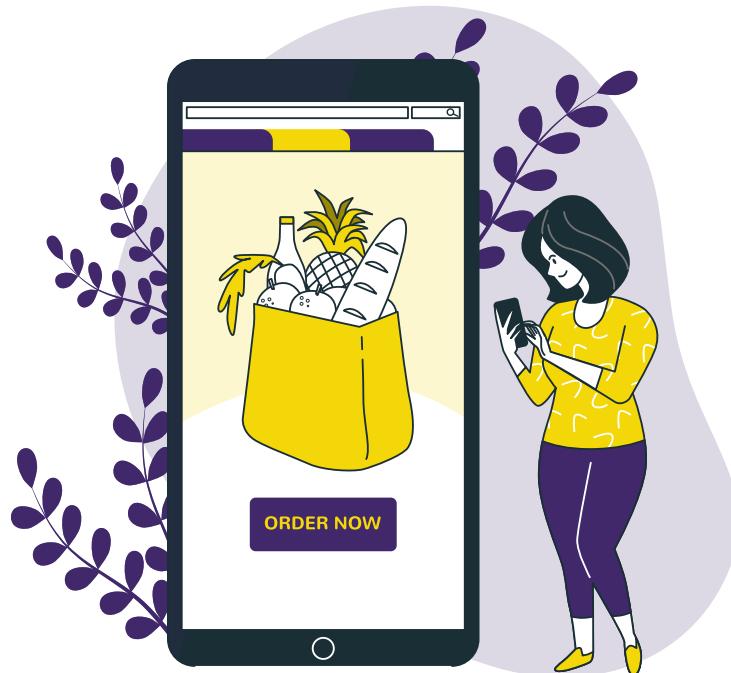
**Maintained focus on trusted brand positioning as Sri Lanka's first and largest locally-owned e-commerce enterprise, ensuring differentiation from multinational competitors.**

Kapruka also benefited from Sri Lanka's diaspora market, as cross-border gifting and product delivery to overseas Sri Lankans remained a significant contributor to revenue. Yet, local operations had to contend with increasing operational costs, competition on delivery speed and price, and consumer expectations for seamless online-to-offline experiences.

## Strategic Implications for Kapruka

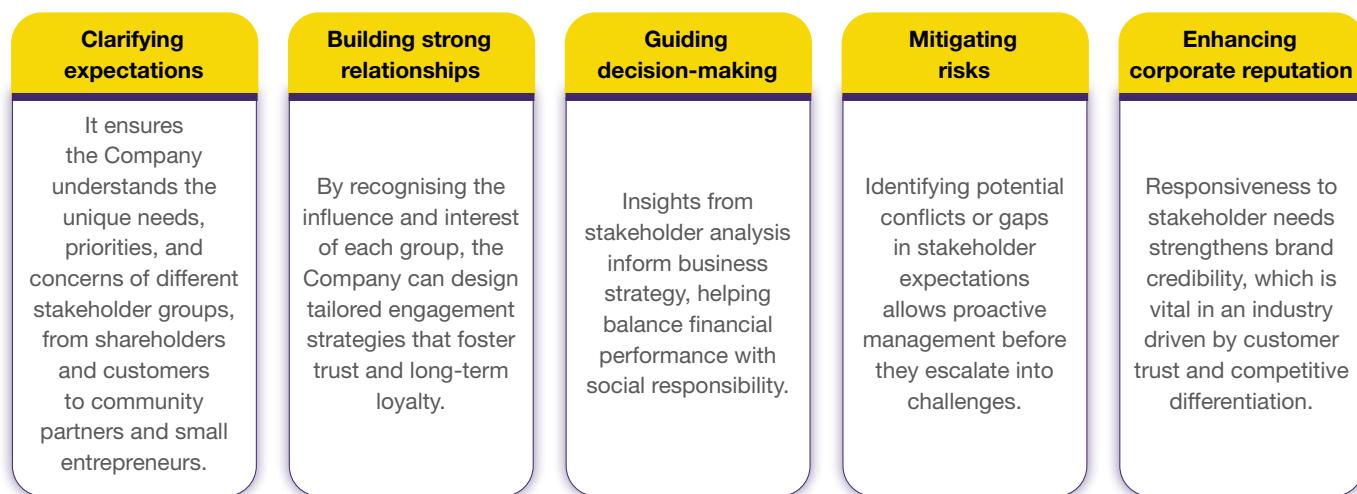
In this dual-influenced operating environment, Kapruka:

- Enhanced cross-border logistics and global payment options to tap into overseas markets more effectively.
- Invested in technology for personalised product recommendations, improved site navigation, and faster fulfilment.
- Maintained focus on trusted brand positioning as **Sri Lanka's first and largest locally-owned e-commerce enterprise**, ensuring differentiation from multinational competitors.
- Continued CSR efforts, including supporting differently-abled children and empowering rural entrepreneurs, which reinforced its role as a socially responsible market leader.



# Stakeholder Analysis

Stakeholder analysis is a strategic process that helps an organisation identify, understand, and prioritise the individuals and groups that can influence or be influenced by its operations. For a dynamic and customer-facing business such as Kapruka Holdings PLC, which operates in the fast-paced e-commerce industry, stakeholder analysis is essential for several reasons:



For Kapruka, stakeholder analysis is more than a compliance exercise. It is a framework for aligning its growth ambitions with the values and expectations of those it serves and depends upon.

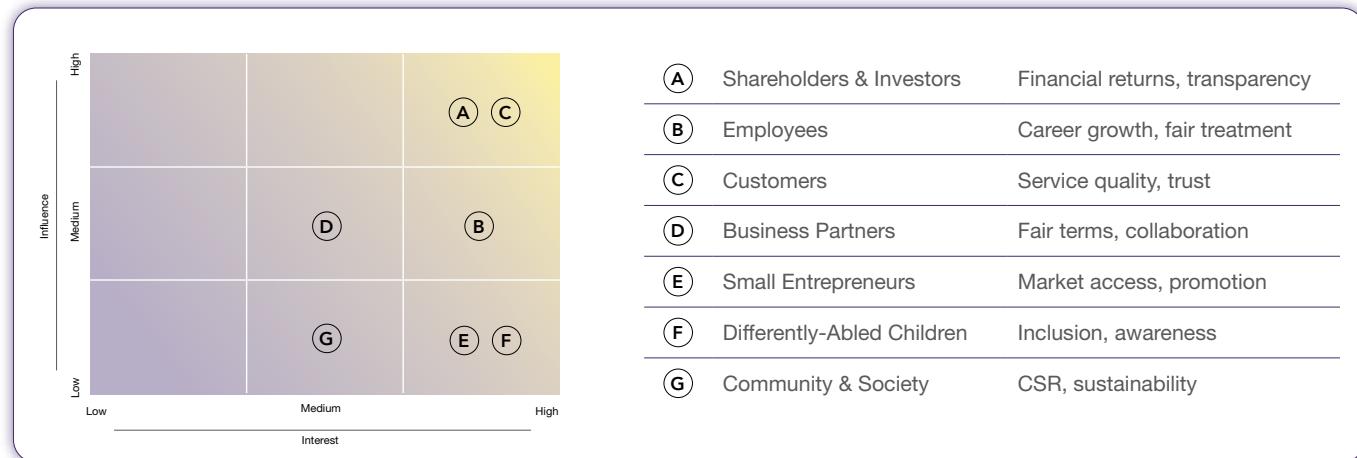
Shareholders & Investors		
Role & Interest	Expectations	Engagement Approach
Provide capital and expect sustainable returns through profitability, share price appreciation, and dividends.	<ul style="list-style-type: none"> <li>Consistent revenue growth and market expansion.</li> <li>Transparent financial reporting and governance.</li> <li>Long-term business sustainability in a competitive e-commerce market.</li> </ul>	<ul style="list-style-type: none"> <li>Regular disclosures, Publication of Annual report and Quarterly financial statements CSE announcements, and investor briefings.</li> <li>AGM</li> <li>Corporate Website</li> </ul>

Employees		
Role & Interest	Expectations	Engagement Approach
Deliver operational excellence in technology, logistics, customer service, and product sourcing.	<ul style="list-style-type: none"> <li>Job security and fair compensation.</li> <li>Professional development and career progression.</li> <li>Healthy and inclusive work culture.</li> </ul>	<ul style="list-style-type: none"> <li>Training in e-commerce technology and customer service.</li> <li>Recognition programs for performance.</li> <li>Internal communication channels to encourage feedback and collaboration.</li> </ul>

# Stakeholder Analysis

Customers		
Role & Interest	Expectations	Engagement Approach
Purchase products via the Kapruka platform, seeking quality, convenience, and trust.	<ul style="list-style-type: none"> <li>Reliable delivery and secure payment options.</li> <li>Wide product range including exclusive Sri Lankan and international brands.</li> <li>Transparent pricing and responsive customer service.</li> </ul>	<ul style="list-style-type: none"> <li>Enhancing website/app usability and payment security.</li> <li>Customer service hotlines and online chat support.</li> <li>Loyalty programs and seasonal promotions.</li> </ul>
Business Partners (Suppliers and Merchants)		
Role & Interest	Expectations	Engagement Approach
Provide products, services, and logistical support for order fulfillment.	<ul style="list-style-type: none"> <li>Fair commercial terms and timely payments.</li> <li>Reliable digital platform for product visibility and sales.</li> <li>Clear communication on demand trends.</li> </ul>	<ul style="list-style-type: none"> <li>Transparent partner agreements.</li> <li>Data analytics to help suppliers optimise inventory.</li> <li>Collaboration on promotional campaigns.</li> </ul>
Small Entrepreneurs		
Role & Interest	Expectations	Engagement Approach
Sell locally made products through Kapruka, gaining market exposure.	<ul style="list-style-type: none"> <li>Access to an established e-commerce platform.</li> <li>Marketing support to build brand presence.</li> <li>Affordable commission structures.</li> </ul>	<ul style="list-style-type: none"> <li>Dedicated “local sellers” marketplace section.</li> <li>Capacity-building workshops on packaging, branding, and digital sales.</li> <li>Promotional features during festive seasons.</li> </ul>
Community & Society		
Role & Interest	Expectations	Engagement Approach
Benefit indirectly from Kapruka's contributions to employment, economic growth, and social initiatives.	<ul style="list-style-type: none"> <li>Corporate social responsibility programs.</li> <li>Support for sustainable business practices.</li> </ul>	<ul style="list-style-type: none"> <li>E-commerce initiatives that promote local industry.</li> <li>Environmental considerations in packaging and delivery.</li> <li>Charitable contributions and disaster relief support.</li> <li>Prominent placement of products on the platform.</li> <li>Storytelling campaigns to highlight their contributions.</li> <li>Partnerships with NGOs and disability advocacy groups.</li> </ul>

## Stakeholder Matrix



# Materiality Matters

At Kapruka Holdings PLC, we prioritise transparency, trust, and informed decision-making. The process of identifying and reporting material matters is integral to our strategy, enabling us to create long-term value for our stakeholders.

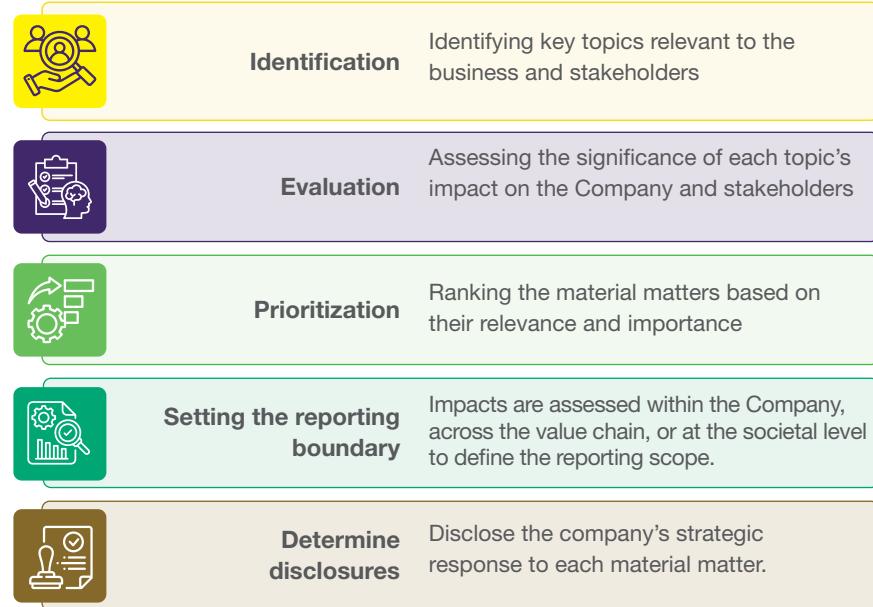
Determining and reporting on material matters is not just a regulatory requirement - it's a cornerstone of our strategy. By carefully identifying, evaluating, and prioritizing these critical issues, we ensure that our actions align with our values, strategic goals, and the long-term interests of our stakeholders. This approach strengthens our foundation, drives performance, and enhances trust, empowering us to create sustainable value and make a lasting impact on the communities we serve.

Through this structured process, we gain invaluable insights that not only guide our decision-making but also help us navigate the challenges and opportunities in today's dynamic environment. Our focus on material matters enables us to respond proactively to the needs of our customers, employees, investors, and the wider society, while remaining true to our core principles of integrity, innovation, and growth.

We have followed a structured methodology to assess material matters that are critical to our business and our stakeholders.

## Materiality Assessment Process

The materiality assessment process involves the following steps:



Material Topic	Impact on Company (H/M/L)	Impact on Stakeholders (H/M/L)	Link to Strategy
Financial Stability	Ensures long-term viability (H)	Builds confidence in financial health (H)	S1: Growth & Stability
Economic Value Created	Demonstrates contribution to economy (H)	Benefits from economic growth & job creation (H)	S1: Economic Development
Good Governance	Enhances transparency and accountability (H)	Builds trust & credibility (H)	S4: Corporate Integrity
Employee Well-being	Improves productivity (H)	Ensures employee satisfaction (H)	S2: Human Capital Growth
Customer Satisfaction	Drives loyalty & business (H)	Delivers quality & positive experience (H)	S3: Customer Centricity
On-Time Delivery	Enhances reputation and customer trust (H)	Timely access to products (H)	S3: Operational Excellence
Innovation	Fosters competitiveness (H)	Benefits from new products & solutions (H)	S3: Product Leadership

Material Topic	Impact on Company (H/M/L)	Impact on Stakeholders (H/M/L)	Link to Strategy
Technology Advancements	Increases operational efficiency (H)	Access to cutting-edge solutions (H)	S3: Digital Transformation
Operational Efficiency	Reduces costs (H)	Provides better services/products (H)	S3: Cost Optimization
Sustainable Packaging	Demonstrates environmental responsibility (M)	Contributes to healthier environment (M)	S4: Sustainability
Regulations & Compliance	Maintain compliance with rules (H)	Protects ethical interests (M)	S4: Governance & Risk
Market Presence	Increased visibility and recognition (H)	Improved investor confidence (H)	S1: Brand Leadership

By identifying and reporting on the material matters that impact both Kapruka Holdings PLC and its stakeholders, we demonstrate our commitment to transparency and responsible management. This strategic approach ensures that we continue to create long-term value and strengthen relationships with all stakeholders.

# Strategic Pillars and Focus Areas

Pillar	Focus Area	Challenges	Strengths	Opportunities	Resource Allocation
 Customer Experience	Enhance service quality, personalization, and convenience	Rising expectations, competition, service consistency	Strong brand, wide product range, loyal diaspora base	Personalization through analytics, loyalty programs, last-mile partnerships	Training, CX tools, real-time feedback
 Profit Orientation	Strengthen margins and cost efficiency	Global supply chain costs, pricing pressure	Scalable e-commerce model, lean operations	Optimize procurement, renegotiate supplier terms, expand high-margin categories	Cost audits, procurement automation, pricing analytics
 Performance-Driven Culture	Foster accountability, innovation, and results	Retaining talent, aligning teams with goals	Agile workforce, entrepreneurial leadership	Incentive-driven KPIs, leadership development, innovation challenges	Training, performance management, recognition frameworks
 Cross-Border Expansion	Expand in USA, India, Japan, Canada and UK	Regulatory compliance, logistics complexity, cultural differences	Established US presence, strong diaspora demand	Enter high-growth markets, partnerships, cross-sell Sri Lankan products	Logistics investment, partnerships, compliance expertise
 Digital Transformation (spanning all pillars)	Drive efficiency, data-driven insights, and new revenue streams	Cybersecurity risks, high investment, integration issues	In-house tech team, proprietary platforms	AI personalization, automation, digital payments adoption	Tech upgrades, cybersecurity, analytics tools
 Re-Branding	Refresh brand identity and strengthen positioning	Balancing equity vs. change, customer perception risks	Trusted heritage brand	Align with modern trends, emphasize quality & global reach	Marketing campaigns, refreshed brand guidelines, engagement
 Marketplace Expansion	Broaden presence in digital/social marketplaces	Competition, commission structures, channel conflict	Established partnerships	Niche marketplaces, social commerce, exclusive products	Marketplace teams, channel marketing, demand forecasting



# Creating Possibilities

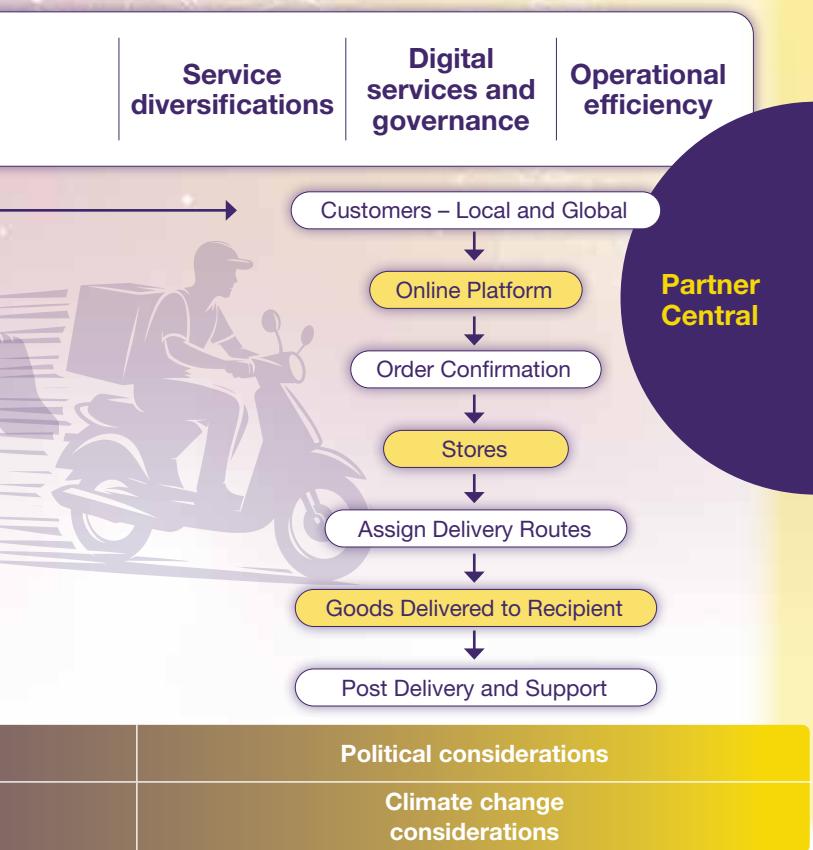
Capital Performance

# Value Creation Model





## Outputs and outcomes



<b>Group Revenue</b> <b>Rs. 1.65Bn</b>
<b>Group Total Assets</b> <b>Rs. 1.47 Bn</b>
<b>Remuneration and benefits</b> <b>Rs. 314 Mn</b>
<b>16 promotions</b>
<b>Increase in market reach</b>
<b>Engagement with 500+ suppliers</b>
<b>Open marketplace for SMEs &amp; entrepreneurs</b>
<b>Rs 109 Mn tax contribution</b>
<b>Strengthened digital infrastructure</b>
<b>Integration of Artificial Intelligence</b>
<b>Development of mobile applications</b>
<b>Environmentally friendly</b>
<b>Increased Automation</b>

# Financial Capital



Financial capital represents the funds generated through operations, financing activities, and retained earnings that fuels Kapruka Holdings PLC's ability to invest, innovate, and deliver value to stakeholders. It is the foundation that enables us to expand our service portfolio, develop new technology platforms, and build the infrastructure necessary to scale our operations sustainably.

Despite revenue pressures from subdued consumer demand and structural shifts in revenue recognition, the Group maintained stability through cost efficiencies, procurement optimisation, and disciplined inventory management.

Significantly, rebranding initiatives enhanced brand equity, positioning the Group to attract untapped customer segments and strengthen market relevance. Parallelly, investments in infrastructure and technology upgrades, including mobile application enhancements and logistics capacity expansion, laid the groundwork for operational efficiency gains and scalable future growth.

The period reaffirmed the importance of revenue diversification, with logistics services such as Petti-Petti cargo emerging as strategic growth drivers. Additionally, the Partner Central model proved effective in reducing cost exposure and operational risks, supporting margin protection.

## Performance Overview

For the financial year 2025, the Group recorded revenue of LKR 1.65 billion, an 8% decline from LKR 1.79 billion in 2024, primarily reflecting reduced domestic demand and structural changes in revenue recognition. Despite targeted cost management initiatives, the Group reported a net loss of LKR 142.4 million, compared to LKR 117.8 million in the

previous year. The management remains committed to strategic initiatives aimed at revenue diversification and operational efficiency to restore profitability in the coming periods.

### Revenue



This performance reflects our ability to offset part of the revenue shortfall through strategic initiatives, including the diversification of income streams, operational efficiency gains, and brand repositioning.

## Revenue Dynamics and Variance Drivers

Negative pressures:

- Domestic market softness - Mid-year months saw a pronounced slowdown in order volumes due to inflationary pressures, which led to consumer basket downsizing and price sensitivity.
- Competitive pricing - Heightened price competition in core

e-commerce categories compressed revenue per order.

Positive offsets:

- Expatriate-driven USD orders
  - Demand from the Sri Lankan diaspora provided a stable foreign currency revenue base, partially shielding the business from local spending volatility.
- Launch of Petti-Petti cargo services
  - Strengthened logistics capabilities and created a new revenue stream less correlated with retail consumer demand.
- Mobile application enhancements
  - The redevelopment of our mobile platform improved user engagement, increasing repeat purchases and average order frequency.
- Brand repositioning - Targeted campaigns expanded our reach into untapped customer segments and new geographic areas.

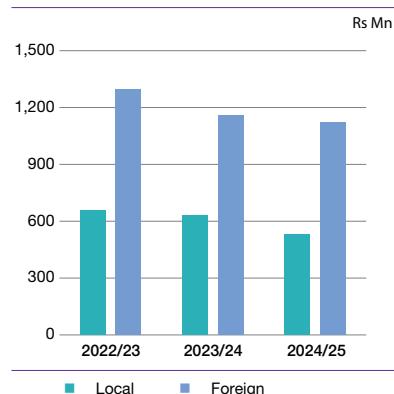
Structural change in revenue recognition:

The transition of Partner Central to a platform-fee revenue model reduced gross reported revenue but preserved operational throughput and improved margin stability by shifting inventory and procurement responsibilities to vendors.

Seasonality impact:

A strong performance in the December–February festive and seasonal period partly mitigated mid-year declines. Promotions and product additions later in the year helped reverse the downward trend in basket size.

### Local vs Foreign Sales



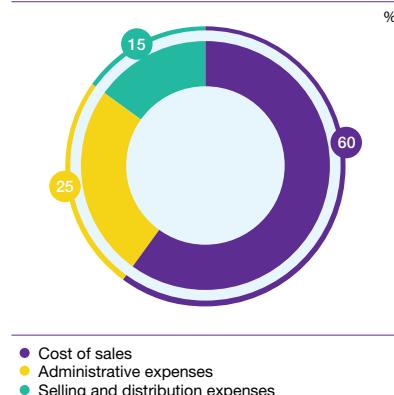
### Cost Management and Expense Control

#### Cost of Goods Sold (COGS):

COGS declined by 12%, outpacing the revenue drop, due to:

- Migration to the Partner Central model, reducing inventory exposure.
- Direct sourcing from manufacturers and principal distributors, lowering purchasing costs.
- A strategic product mix shift towards higher-margin categories such as premium gifts.

### Composition of Group Operating Expenses



Operating expenses:

Major expense categories included salaries, bank verification charges, distribution costs, and business promotion. While variable costs benefited from procurement efficiencies, fixed costs rose due to:

- Elevated marketing and promotional expenditure linked to the rebranding exercise and digital campaigns.
- Increased maintenance costs following the relocation of cake production to owned facilities and refurbishment of premises for rental income potential.

Profitability:

- Gross Profit Margin improved to 33% (2025) from 30% (2024), reflecting better cost controls and the contribution of zero-COGS revenue streams from Partner Central.
- EBIT rose by 7%, underscoring efficiency gains.
- Net loss increased by 21%, primarily due to the combined impact of the revenue decline and ongoing structural challenges, despite focused efforts on margin protection and disciplined expense management.

### Liquidity, Working Capital, and Capital Structure

Working capital management:

- Accounts payable increased by 65%, leveraging supplier credit to optimise cash flow.
- Inventory reduced by 6%, with lean inventory principles and vendor-managed stock practices improving turnover.

Cash flow performance:

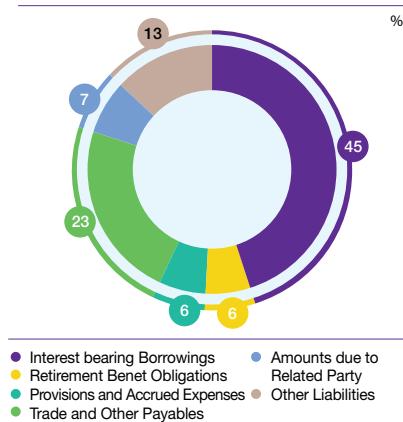
Operational cash flows were temporarily constrained by higher working capital tied up in receivables and elevated

capital expenditure. These investments - though yet to yield full returns - are expected to strengthen future earnings capacity.

Capital structure:

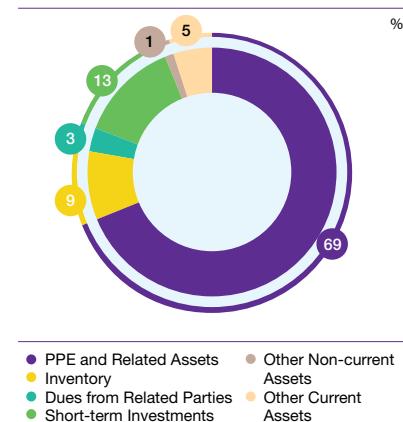
- The debt-to-equity ratio remained stable at 0.37, reflecting a consistent capital structure despite the impact of retained losses.
- Total debt reduced by 15%, reflecting prudent debt restructuring and avoidance of new borrowings.

#### Liability Composition- Group



- The interest coverage ratio declined from -3.02 to -4.79, highlighting continued challenges in covering finance costs, with management focused on improving operational performance and financial resilience.

#### Asset Composition - Group



#### Capital Expenditure and Investment Returns

CapEx increased by 45%, with investment directed towards:

- Upgrading the mobile app and redesigning the user experience to boost conversion rates.
- Expanding Petti-Petti cargo infrastructure to capture growth in logistics services.
- Relocating and upgrading the cake production facility to enhance operational efficiency, quality control, and brand consistency.

While ROI on these investments remains below initial projections due to delayed benefits, the full impact is expected to materialise in the coming financial periods, providing scalability and improved margins.

#### Risk Factors and Sensitivities

Key financial risks in 2025 included:

- Exchange rate volatility, affecting profitability on USD orders.
- Domestic inflation, reducing consumer purchasing power.
- Interest rate reductions, impacting interest income.
- Regulatory changes in cross-border e-commerce compliance and taxation.

The Group remains sensitive to fluctuations in consumer demand, foreign exchange rates, and interest rate movements. Mitigation strategies include diversifying revenue sources (notably into logistics), brand repositioning, and ongoing operational efficiency improvements.

#### Looking Ahead:

**Our financial capital management will remain anchored in cost leadership, margin protection, and strategic investment monetisation, ensuring we can capitalise on growth opportunities while safeguarding long-term financial sustainability.**

**In FY2026, we anticipate:**

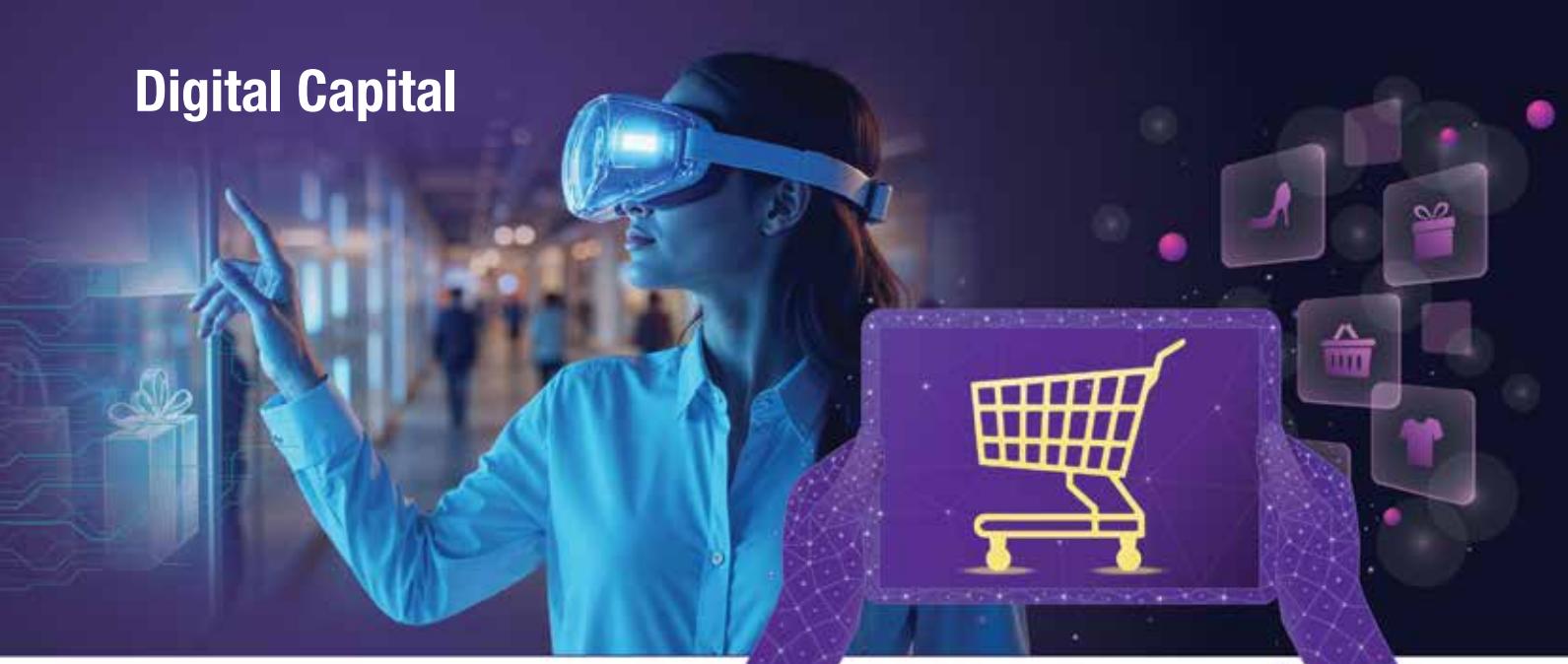
- Revenue growth from Petti-Petti expansion, enhanced cross-border operations, and deeper engagement through our upgraded mobile app.**
- Profitability enhancement** via cost rationalisation, direct sourcing, and brand equity-driven pricing power.
- Stronger liquidity** through disciplined working capital management and optimised supplier credit.

# Value Added Statement

The Value Added Statement presents the financial value generated by Kapruka Group and how such value has been allocated among its key stakeholders, thereby contributing to broader economic and social progress. The computation is derived from the financial transactions recorded in the Group's accounting system.

Value Added Statement		2024/25
		Rs. 000
Revenue		1,652,243
Less: Cost of materials and services purchased		(1,099,777)
		552,466
Add: Other Income and Finance Income		106,835
Total value added available for distribution		659,301
Distributed as follows:		
To employees:	Salaries, wages & other benefits	313,733
To Government:		
	- Value Added Tax	70,372
	- Social Security Contribution Levy	12,292
	- Income Tax	25,351
	- Assesment Tax	1,074
		109,089
To providers of debt capital:		
	- Interest	30,050
To providers of equity capital:		
	- Dividends	-
Retained within the Business		
	- Depreciation & impairment	41,723
	- Reserves	164,706
Total value added distributed		659,301

# Digital Capital



## Digital Capital: Enabling Kapruka's E-Commerce Leadership

At Kapruka Holdings PLC, Digital Capital is the engine driving our vision of becoming Sri Lanka's most trusted and advanced e-commerce platform. As customer expectations evolve and competition intensifies, our commitment to investing in technology has become more vital than ever.

The 2024/2025 financial year marked a transformative period for our digital infrastructure and capabilities. We undertook bold, strategic investments to strengthen our platforms, improve operational efficiency, and deliver an exceptional customer experience.

This commitment is more than technological - it is cultural. By fostering a spirit of innovation, collaboration, and continuous improvement, we are laying the foundation for sustained growth, customer loyalty, and leadership in Sri Lanka's e-commerce sector.

### A Year of Major Digital Transformation

This year was described as one of our most productive in terms of IT development, reflecting a deliberate focus on advancing Kapruka's digital maturity.

#### Our investments were designed to address critical priorities:

- Enhancing the customer experience with modern, intuitive platforms.
- Improving back-end systems for scalability and efficiency.

- Expanding partner capabilities to build a thriving marketplace ecosystem.
- Strengthening security and trust through best-in-class payment and data protection.
- Building internal capacity to sustain innovation and adaptability.

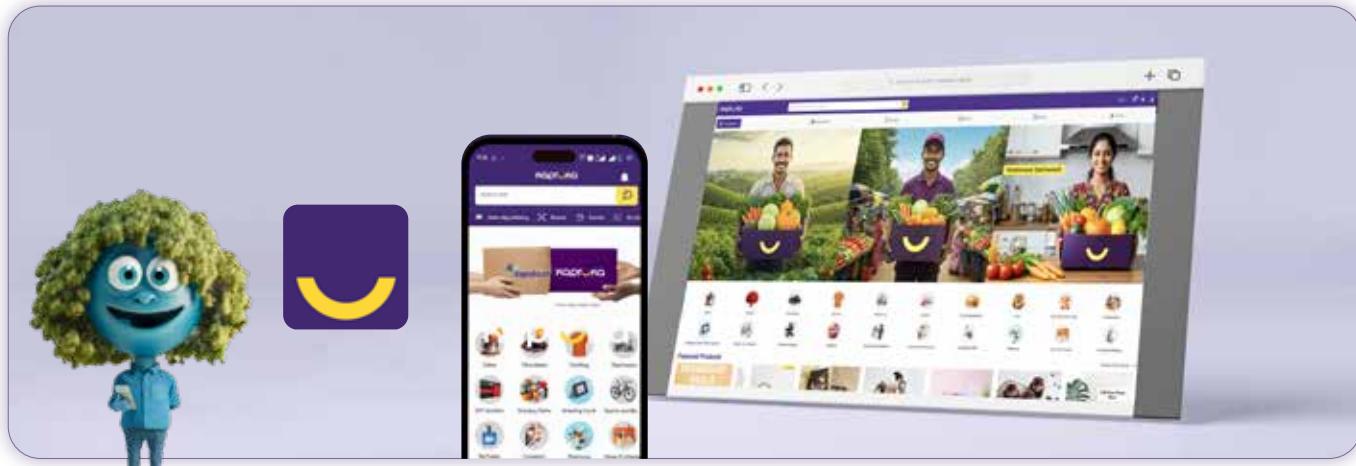
By treating digital investment as strategic rather than tactical, we ensured our technology roadmap is fully aligned with Kapruka's growth ambitions.

#### Comprehensive Rebranding and Platform Overhaul

One of our flagship achievements was the complete rebranding and redevelopment of all customer and partner-facing platforms.

#### Key initiatives included:

- **Kapruka Website and Mobile Apps:** We rebuilt our e-commerce storefront from the ground up, including iOS and Android applications. This rebranding improved design consistency, load speeds, and user experience, making it easier for customers to discover, choose, and purchase products.



- Kapruka Partner Central:** We transformed our partner management portal into a modern, fully integrated platform complete with a dedicated mobile app. This empowers our merchant partners to manage inventory, pricing, and orders in real time, strengthening our marketplace value proposition.
- Delivery Driver Mobile Applications:** We built new tools for our delivery fleet, equipping drivers with automated route planning, real-time order tracking, and customer engagement features that improve last-mile reliability.
- Reinventing Global E-Commerce in Sri Lanka:** As part of our commitment to innovation, we launched services that transform how Sri Lankan consumers access international markets:

**Kapruka Petti Petti:** A cross-border delivery solution that allows customers to purchase products from multiple international retailers and have them delivered to Sri Lanka in a single, consolidated package offering greater convenience and cost efficiency.

**Global Choice Platform:** A unified platform enabling customers to shop directly from major global retailers such as **SHEIN**, **Amazon**, and **eBay** with end-to-end delivery to their doorstep in one seamless process.

These investments were not merely cosmetic; they were designed to deliver substantial functional upgrades that support Kapruka's growth, scale, and operational resilience.

### Strengthening Infrastructure for Scalability

Behind the scenes, we made critical investments in network infrastructure to support growing transaction volumes and ensure consistent, high-quality service as we scale.

*This included:*

- Enhancements to our hosting, network security, and server architecture.
- Improved redundancy and uptime to guarantee platform availability during peak periods.
- Investments in monitoring and analytics systems to enable proactive maintenance and optimization.

By future-proofing our infrastructure, we are ensuring Kapruka can confidently handle increasing customer demand and expand our partner ecosystem without compromising on reliability.

### Personalizing the Customer Experience

As customer expectations evolve, delivering a personalized and seamless shopping journey has become a top priority. Over the past year, Kapruka enhanced key aspects of its digital storefront to better understand and serve individual customer needs.

Through improvements in product recommendations, search functionality, and the checkout process, we made the online experience more intuitive and engaging. These efforts contributed to stronger conversion rates and customer satisfaction.

By leveraging advanced analytics and user behaviour insights, our teams continue to refine and optimize the user experience ensuring our platform remains responsive, relevant, and customer-first.

### Reinventing Delivery Experience

Reliable delivery is critical to e-commerce success, and Kapruka invested significantly in modernizing our last-mile fulfilment systems.

**Our newly-developed Runner App represents a major leap forward, offering:**

- Automated Route Planning:** Replacing manual planning previously performed by over 10 employees, dramatically improving efficiency and reducing operational costs.
- Real-Time Order Tracking:** Allowing customers to follow their orders live, increasing transparency and trust.

# Digital Capital

- Video Delivery Confirmation:** Introducing the option for customers to receive video proof of delivery, further enhancing security and peace of mind.

These features have not only improved our internal logistics but also delivered a differentiated, premium experience for our customers.

## Building a Stronger Marketplace with Partner Central

Our strategy recognizes that Kapruka is not just a retailer but a platform for partners. Strengthening our Partner Central system was a major priority this year.

### Key achievements included:

- API Integration Engine:** Allowing partners to sync products, inventory, and order details in real time with Kapruka's systems.
- Service Listings:** Enabling partners to list services such as photography, videography, and horoscope reading.
- E-Voucher Functionality:** Allowing any business even without its own e-commerce site to sell vouchers on Kapruka, expanding their digital reach instantly.
- Enhanced Partner Dashboards:** Giving partners real-time visibility into shipments, returns, orders, and payment status.

These innovations have transformed Partner Central into a comprehensive marketplace hub, strengthening our ability to support local businesses and expand product and service offerings for customers.

## Enabling Secure, Seamless Payments

Trust is fundamental in e-commerce and payments are at the heart of that trust. In 2024/2025, Kapruka reinforced its leadership in secure, user-friendly payment solutions.

### Highlights of our payment integration strategy:

- Pioneered Apple Pay and JustPay Integration:** Became the first e-commerce platform in Sri Lanka to offer these advanced payment options.
- Expanded Payment Flexibility:** Introduced Google Pay and maintained broad support for both local and international gateways.
- Easy Payment Plans (EPP):** Partnered with leading Sri Lankan banks to offer instalment payment options, making higher-value purchases more accessible and affordable.
- Buy Now, Pay Later (BNPL):** Introduced MintPay integration, giving customers greater flexibility with interest-free instalment options at checkout.
- Streamlined Checkout Experience:** Enabled secure, on-site payment entry for a faster, more user-friendly process.
- Commitment to Global Security Standards:** Achieved and maintained PCI DSS certification to uphold best practices in payment data protection.

These investments underscore Kapruka's mission to be Sri Lanka's safest, most convenient place to shop online.

## Data Privacy and Security: Building Customer Trust

As expectations around data privacy continue to rise, Kapruka remains steadfast in its commitment to safeguarding customer information through globally recognized practices.

### Our approach includes:

- Maintaining PCI DSS Certification to demonstrate compliance with international security standards.
- Encrypting all sensitive data to ensure end-to-end protection of customer transactions.
- Partnering with trusted payment providers to reduce exposure to security risks.
- Proactive monitoring and regular security assessments to detect and address potential threats.

At Kapruka, protecting personal and payment information is not just a priority - it's a fundamental promise to our customers.

## Driving Engagement through Innovative Marketing

In 2024/2025, Kapruka's digital marketing efforts were guided by a deep understanding of consumer behaviour and emerging digital trends. Our targeted strategies helped expand reach, strengthen customer loyalty, and elevate brand visibility.

### Key highlights include:

- Strategic Social Media Campaigns:** Leveraged platforms like TikTok, Facebook, and Instagram to engage younger, digitally native audiences through creative, data-driven content.
- Exclusive Banking Integration:** Partnered with a leading bank to embed Kapruka into their mobile payment app, becoming the first and only e-commerce platform with this level of integration.

- **Global Gifting Enablement:** Collaborated with globally-recognized partners to simplify 'overseas gift ordering', connecting Sri Lankans abroad with loved ones at home in real time.

These initiatives collectively enhanced customer engagement and reinforced Kapruka's position as a forward-thinking, customer-focused brand.

### Building Internal Digital Capability

At Kapruka, we recognize that technology is only as powerful as the people behind it. That's why we've made strategic investments to strengthen digital skills and foster a culture of innovation across our workforce.

#### Key initiatives included:

- **Upskilling Through Training:** Delivered focused programs to enhance employee proficiency with AI tools and analytics platforms.
- **Accelerating AI Adoption:** Implemented automation in customer service through chatbots and intelligent systems to enhance efficiency and user experience.
- **Recognizing In-House Excellence:** Celebrated our IT team's Bronze Medal at the NBQSA Awards in the In-House (ICT Company) category for Kapruka Partner Central, highlighting the strength and innovation of our internal development capabilities.

These efforts ensure our teams are equipped to fully leverage our digital infrastructure and continuously drive innovation across the business.

### Collaborations with Leading Technology Partners

Kapruka's digital ecosystem is powered by strategic collaborations with industry-leading technology providers. These partnerships enable us to deliver

secure, scalable, and high-performance experiences for our customers and partners.

#### Key highlights include:

- **Direct Integration with Cloud Services:** Integrated cloud-based services to enhance website security, optimize performance, and improve content delivery, eliminating the need for third-party intermediaries.
- **Strategic Partnership with Technology Providers:** Collaborated with leading tech companies to leverage advanced tools and platforms, supporting data-driven decision-making and improving operational efficiency.
- **Banking and Financial Integrations:** Established robust integrations with local banks and payment providers to support seamless transactions and future B2B sales capabilities.
- **In-House ERP and POS Support:** Provided end-to-end development and maintenance of ERP and POS systems for Kapruka's sister companies, leveraging internal technical expertise.

These integrations reflect our commitment to innovation, operational excellence, and maintaining a future-ready digital infrastructure.

### Investing in Research and Development

At Kapruka, we believe that innovation must be proactive and embedded into our strategic foundation. In 2024/2025, we formalized this commitment by establishing a dedicated Research and Development (R&D) Division to drive continuous advancement.

**Key elements of our R&D approach include:**

- **Startup-Style Team Structure:** Formed a nimble team of over five specialists including a Team Lead, R&D Manager, and Researchers within the last quarter to accelerate innovation.
- **Resource Reallocation for Efficiency:** Expanded R&D capacity by redeploying talent made available through AI-led process optimizations.
- **University Partnerships:** Collaborated with academic institutions to onboard interns and fresh graduates, fostering access to new perspectives and future-ready talent.
- **AI-Centric Innovation Focus:** Prioritized projects involving AI-driven customer recommendations, automated content generation, and streamlined partner onboarding.

By institutionalizing R&D, Kapruka ensures that innovation is systematic, sustainable, and aligned with our long-term digital vision.

### Future Vision: A Digital-First, Customer-Centric Kapruka

As we look to the future, Kapruka's digital strategy is centered on two interconnected priorities: delivering exceptional customer experiences and driving operational efficiency through advanced technology.

**A key focus will be deepening AI integration across the business, with plans to:**

- Enhance customer service through intelligent chatbots and automated FAQ systems.
- Deliver hyper-personalized shopping experiences powered by advanced recommendation engines.

# Digital Capital

- Optimize logistics and route planning using predictive algorithms for faster, more efficient delivery.
- Automate core partner operations, including onboarding, inventory management, and order fulfilment.

By embedding AI more deeply across our ecosystem, we aim to scale smarter, serve faster, and lead Sri Lanka's e-commerce sector into the next era of digital excellence.

## Looking Ahead:

### Commitment to Digital Excellence

As we conclude 2024/2025, Kapruka's Digital Capital strategy stands as a testament to our determination to lead Sri Lanka's e-commerce evolution. By investing strategically in our platforms, infrastructure, security, partnerships, and people, we are not just meeting today's challenges - we are building the capabilities to define tomorrow's possibilities.

Through these ongoing investments, Kapruka is proud to be enabling seamless commerce, empowering local businesses, and delivering exceptional value to customers across Sri Lanka and beyond.

## Expanding B2B Sales Channels

We are actively collaborating with major banks such as Seylan Bank, People's Bank, and Sampath Bank to deliver integrated B2B sales capabilities. This strategic growth area will unlock new markets and revenue streams over the next 1–2 years.

**Our vision is clear:** to remain Sri Lanka's most trusted, innovative, and customer-focused e-commerce platform by continually investing in technology, people, and partnerships.

# Social and Relationship Capital



## Strengthening Community Engagement and Supplier Relationships

At Kapruka Holdings PLC, Social Capital is an essential pillar of our sustainable business strategy. It represents the strength of our relationships with the communities we serve, our supplier network, our partners, and the broader society in which we operate.

We recognise that trust, inclusivity, and shared value creation are core to long-term success. In 2024/2025, Kapruka invested deliberately in broadening access to our platform for small and medium enterprises (SMEs), forging partnerships that enable social inclusion, and building supplier relationships that strengthen local economies.

By fostering an ecosystem approach to e-commerce, we aim to empower businesses of all sizes, champion local production, and deliver meaningful impact beyond transactions.

### Enabling Access Through the Partner Central Platform

A major milestone in 2024/2025 was the successful launch and expansion of Kapruka's Partner Central Portal - our signature platform innovation for supplier empowerment.

Until last year, supplier relationships were largely curated by Kapruka, with selected vendors approved and onboarded manually. Recognising the need for greater inclusivity and scalability, we reimaged this model:

- There is no setup fee or hidden charges - partners only pay a small commission on actual sales, lowering barriers to entry.
- The platform's API integration engine allows seamless syncing for larger, tech-enabled sellers.
- Small businesses can manage listings directly via the user-friendly interface or app, giving them control over inventory and pricing.

- Partner Central now enables any business, large or small, to register, list, and sell on Kapruka's marketplace.

# Social and Relationship Capital

## Partner Central Highlights

Feature	Impact
Open Registration	Any business can register to sell on Kapruka
No Setup Fee	Lowers entry barriers for SMEs
Small Commission Model	Partners only pay on actual sales
User-Friendly Interface/App	Empowers sellers to manage products and pricing themselves
API Integration	Seamless connectivity for larger suppliers

Through Partner Central, Kapruka has democratised access to Sri Lanka's leading e-commerce marketplace, promoting entrepreneurship, supporting local businesses, and helping suppliers of all sizes reach a wider audience.

## Supporting Local Producers and Small Businesses

Beyond providing a platform, Kapruka is actively committed to purchasing and promoting locally made products.

- We purchase directly from local small businesses to feature their products prominently on our site, giving them visibility and reach they might not achieve alone.
- The Made in Sri Lanka category specifically celebrates authentic, locally produced items, making it easier for overseas Sri Lankans to send a genuine taste of home to loved ones.
- Kapruka's sourcing strategy includes collaborating with local artisans and vendors, providing feedback on product design, pricing, and packaging to help them align better with customer expectations.

This focus on supporting local enterprise aligns with our mission to be Sri Lanka's e-commerce champion, ensuring our success is shared with the communities we serve.

## Supplier Development and Capacity Building

Kapruka believes in long-term, collaborative supplier relationships built on trust, transparency, and shared growth.

We go beyond basic procurement by helping suppliers develop their products and businesses:

- Design and Pricing Feedback:** Our teams provide practical insights to SME partners on how to improve product-market fit.
- Consignment Model:** Through Partner Central, vendors can list products without us holding stock, reducing their financial risk while maintaining flexibility.
- Daily Sales Reporting:** Our internal reporting highlights gaps and opportunities, guiding both Kapruka's teams and our vendor partners on where to improve.
- Government Collaboration:** We actively participate in National Enterprise Development Authority events to share market insights, trends, and expectations with local SMEs.
- Inclusive Vendor Engagement:** Kapruka aims to build lasting partnerships, ensuring suppliers can grow sustainably as our business grows.

## Partner Central Highlights

Initiative	Benefit to Suppliers
Partner Central Access	Easy, barrier-free entry into e-commerce
No Setup Fees	Supports cash-strapped small businesses
Design & Pricing Feedback	Helps vendors tailor products for market success
Consignment Model	Reduces inventory risk for sellers
Government SME Engagement	Provides trends, training, and market insights
Daily Sales Analysis	Identifies gaps and opportunities for improvement

## Promoting Social Inclusion Through Impact Partnerships

Kapruka recognises that real social responsibility goes beyond business efficiency - it means using our platform to uplift those often left behind.

A standout initiative in 2024/2025 is our partnership with the Shirani Joseph De Serum Foundation, a rehabilitation centre supporting differently-abled children.

- Co-Creation:** We work directly with the Foundation to adapt and improve products for commercial sale, such as turning racing key tags into attractive floral combos.
- Sustainable Purchasing:** Kapruka purchases these products in bulk, providing steady income and promoting dignity through work.
- Marketplace Exposure:** We feature these socially conscious products on our platform, giving customers the opportunity to support meaningful causes with their purchases.

Through this partnership, Kapruka turns commerce into community-building, empowering vulnerable groups while offering customers a way to make a positive impact through their shopping choices.

### Championing Cultural and Community Sensitivity

Kapruka's commitment to social capital is also reflected in our culturally aware and inclusive practices:

- We prioritise female participation across departments, ensuring equal pay and opportunity for promotion, with strong female representation even at management levels.
- We ensure religious and cultural inclusivity, offering flexible leave for festivals such as Sinhala & Tamil New Year, Ramadan, and Christmas.
- Our delivery network features rural community hiring, bringing employment opportunities beyond urban centres.
- We provide on-the-job training and career development to empower employees from diverse backgrounds.
- Flexible shifts and supportive work-life balance initiatives cater to

the varied needs of our workforce, creating a healthy, sustainable working environment.

These commitments ensure Kapruka is not just an online platform - but a responsible employer and community partners that reflects and respects Sri Lanka's diversity.

### Sustaining Social Impact Through Strategic Sourcing

Kapruka's sourcing approach is not purely commercial - it is designed to strengthen local production ecosystems:

- We invest in direct purchasing from local small businesses, supporting economic development and jobs.
- Our wholesale hub model enables us to buy at scale and pass savings to customers, while still sourcing from local producers.
- We maintain regular engagement with suppliers to ensure they can meet quality expectations, improve packaging, and respond to customer feedback.
- Partner Central's consignment model reduces the need for large capital outlays by small businesses, fostering entrepreneurship with lower risk.

### Supplier Development Practices

Initiative	Benefit to Suppliers
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Daily Sales Analysis	Identifies gaps and opportunities for improvement

### Promoting Social Inclusion Through Impact Partnerships

At Kapruka, we believe true social responsibility extends beyond operational excellence—it lies in using our platform to create opportunities for those often overlooked.

A highlight of 2024/2025 has been our partnership with the Shiranee Joseph de Saram Foundation (SJDSF), a pioneering nonprofit dedicated to supporting individuals with intellectual disabilities in entering and thriving in the workforce. Together, we are transforming commerce into a driver of inclusion.

- Co-Creation:** Working hand-in-hand with SJDSF, we collaborate to

adapt and refine products for the commercial market—for example, enhancing resin ornaments to be integrated into elegant floral arrangements.

- Ethical Purchasing:** Kapruka purchases these products in bulk, ensuring a steady income stream for SJDSF while affirming the dignity of meaningful work for neurodiverse artisans.
- Marketplace Exposure:** We provide a prominent platform for these socially conscious products, connecting SJDSF's creations to a wide customer base. This not only amplifies the foundation's reach but also enables our customers to

# Social and Relationship Capital

contribute to positive change with every purchase.

Through this initiative, Kapruka demonstrates how business can be a force for good—empowering vulnerable groups, strengthening communities, and offering customers the opportunity to create impact through everyday shopping choices.

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## Local Sourcing and Economic Impact

Strategy / Initiative	Community Benefit
Direct Purchases from SMEs	Supports local jobs and economic development
Made in Sri Lanka Category	Promotes authentic local products to a global audience
Wholesale Hub Model	Passes savings while supporting local vendors
Regular Supplier Engagement	Builds capacity and improves quality
Consignment Model via Partner Central	Lowers barriers and risk for small vendors

### Looking Ahead:

#### Our Social Capital Priorities

Kapruka recognises that building Social Capital is an ongoing commitment. Looking forward, we will continue to:

- Expand Partner Central to onboard more SMEs and local producers.
- Strengthen supplier development programs, with practical training on product design and pricing.
- Deepen social-impact partnerships, exploring collaborations with new organisations and communities.
- Promote Made in Sri Lanka products even more aggressively to overseas buyers.
- Ensure inclusive hiring and professional development across our workforce.
- Maintain cultural sensitivity and community connection as we scale.

By nurturing these relationships, we aim to build an e-commerce ecosystem that uplifts everyone connected to it - suppliers, partners, customers, and communities alike.

At Kapruka Holdings PLC, we understand that our success is only meaningful when it is shared. By investing in open platforms for small businesses, inclusive supplier partnerships, social-impact collaborations, and community-focused sourcing, we are committed to ensuring that our growth drives Sri Lanka's growth.

Our Social Capital strategy is a promise - to our suppliers, our customers, and our country - that we will continue to be a responsible partner in building a stronger, more connected, and more inclusive future.

# Human Capital



## Investing in Our People: Building the Future of Kapruka Together

At Kapruka Holdings PLC, our people are the lifeblood of our success and the foundation of our continued leadership in Sri Lanka's dynamic e-commerce sector. The 2024/2025 financial year has reinforced the critical role our employees play in delivering on our promise of quality, convenience, and customer delight.

Our Human Capital strategy is not simply about filling roles - it is about creating an environment where every individual can thrive, grow, and contribute meaningfully to a shared vision. We believe that building a motivated, diverse, and high-performing workforce is essential to our competitive advantage, our capacity to innovate, and our ability to deliver long-term value to all stakeholders.

This year, we continued to invest in building an inclusive, engaged, and collaborative culture that aligns our people's ambitions with Kapruka's mission to lead the future of e-commerce in Sri Lanka.

### Our Workforce: The Strength Behind Our Growth

Kapruka's operational capabilities are powered by a team of approximately 240 employees working across more than 13 departments. This includes our essential delivery and station delivery staff, who ensure our last-mile promise is delivered reliably to customers across Sri Lanka.

#### Our workforce spans diverse disciplines including:

- Information Technology and Software Development

- Marketing and Customer Engagement
- Product Management
- Supply Chain and Delivery Operations
- Customer Care
- Finance and Administration

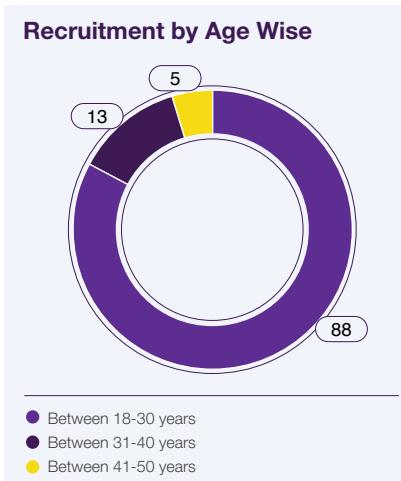
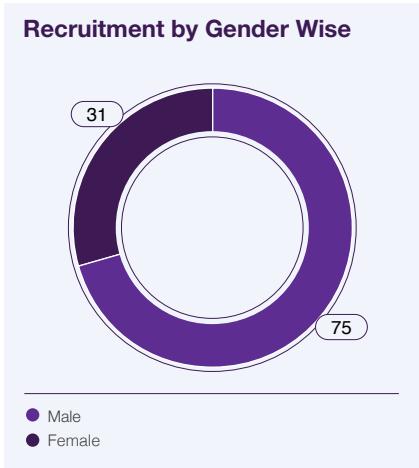
This comprehensive, integrated team structure ensures every part of our business - from platform development

and partner integration to fulfillment and customer service - functions seamlessly. It is this cohesion that enables us to meet customer expectations with speed, reliability, and quality.

#### Number of new recruits during the year

**106**  
Employees

# Human Capital



## Strategic Talent Acquisition for a Competitive Edge

In today's rapidly evolving e-commerce landscape, talent is a decisive differentiator. Kapruka's recruitment strategy is designed to be modern, inclusive, and agile, ensuring that we not only attract top talent but also reflect the diversity of the markets we serve.

During the year, we invested in a multi-faceted approach that included:

- **Digital Platforms:** Actively leveraging LinkedIn, Facebook, and TikTok to engage digitally savvy candidates and strengthen our employer brand.

- **Job Boards:** Advertising vacancies through platforms like TopJobs and Express Jobs to ensure broad market reach.
- **Internal Career Page:** Maintaining an accessible, transparent platform for direct applications and internal mobility.



- **Educational Partnerships:** Engaging with institutions such as the AAT Institute to attract skilled finance professionals, and planning to participate in career fairs with NSBM and City Careers to strengthen our future talent pipeline.
- **Traditional Media:** Using newspaper advertising to reach blue-collar talent and ensure inclusivity in our recruitment efforts.

This strategy ensures that Kapruka can attract a mix of technical specialists, operational experts, and service-focused team members who embody our commitment to customer satisfaction.

## Seamless Onboarding and Integration

We believe an employee's experience at Kapruka begins from the very first day. Our comprehensive onboarding and induction programs are designed to help

new hires feel welcomed, valued, and prepared to succeed.

Key elements of our onboarding approach include:

- Familiarizing new employees with Kapruka's mission, customer-first culture, and operational excellence standards.
- Providing clear orientation on procedures, policies, and our code of conduct.
- Building early connections with colleagues and leadership to encourage collaboration, belonging, and alignment with shared goals.

By prioritizing this critical stage, we set the tone for long-term engagement, productivity, and loyalty.

## Retaining, Motivating, and Recognizing Our Talent

Kapruka understands that retaining great people is essential to sustaining our operational excellence and competitive advantage. We believe that when employees feel valued, they are motivated to deliver their best work and grow with us.

Our approach to retention and motivation includes:

- **Performance-Based Incentives:** Structured rewards tied to annual performance reviews that recognize exceptional contributions.
- **Merit-Based Promotions:** Offering clear, transparent pathways for career progression and professional development.
- **Annual Salary Increments:** Ensuring competitive, fair, and market-aligned compensation.
- **Employee of the Month Program:** Celebrating exceptional performance

in customer care and delivery units through formal recognition and vouchers.

- **Health and Wellness Support:** Providing comprehensive health insurance, co-insurance options, and regular health check-ups to promote employee well-being.
- **Flexible Work Arrangements:** Designing customized shift structures for departments such as IT, marketing, and product teams to support work-life balance.
- **Open-Door Policy:** Encouraging direct, transparent communication with management to address concerns, share ideas, and build trust.

Together, these initiatives create a workplace culture where employees feel seen, valued, and empowered to grow their careers at Kapruka.

### Championing Employee Well-being and Engagement

Employee well-being is not just a policy at Kapruka - it is a core part of our values and business strategy. We believe that engaged, healthy, and happy employees are the key to delivering exceptional customer service and driving sustainable growth.

Our commitment to well-being and engagement includes:

- **Employee Engagement Events:** Organizing staff outings, celebratory events, and culturally significant activities such as Dansal to build community, camaraderie, and morale.
- **Flexible Leave Policies:** Offering medical leave, bereavement leave, and special leave types to support employees' personal and family needs.

- **Work-Life Balance:** Providing department-specific flexible scheduling to reduce stress and accommodate personal commitments.
- **Confidential Support Channels:** Enabling employees to securely raise personal or professional challenges and receive timely, empathetic support.
- **Inclusive Communication Culture:** Promoting trust and collaboration through accessible leadership and open-door policies.

These initiatives reflect our belief that when employees are cared for, they deliver their best work - and stay with us for the long term.



### Embracing Diversity, Inclusion, and Equal Opportunity

At Kapruka, we believe that true excellence comes from diversity, inclusion, and equal opportunity. Our workforce is a reflection of Sri Lanka's rich social fabric, and we are committed to fostering an environment where everyone can thrive.

Highlights of our approach include:

- **Gender Equality:** Ensuring equal pay and promotion opportunities, with strong female representation in management and second-level leadership.
- **Inclusive Recruitment Practices:** Actively hiring from rural communities and providing on-site training to expand access to meaningful employment.
- **Cultural and Religious Inclusivity:** Supporting flexible leave policies that respect major religious festivals such as Sinhala and Tamil New Year, Ramadan, and Christmas.
- **Opportunity for All:** Hiring candidates with diverse educational backgrounds - including those with limited formal qualifications - and offering on-the-job training to build skills and confidence.

By embedding inclusion into our recruitment, training, and operations,

# Human Capital

we not only strengthen our teams but also fulfill our responsibility to contribute positively to Sri Lankan society.

## Training and Development: Empowering Continuous Growth

Continuous learning is fundamental to our strategy for building a resilient, future-ready workforce. Kapruka invests in training and development to ensure our employees can grow their capabilities, adapt to evolving demands, and deliver consistently excellent service.

Our approach includes:

- Structured Induction and Onboarding Training:** Providing new hires with a comprehensive understanding of our operations, culture, and customer expectations.
- Operational Training:** Offering specialized process training for delivery and operational teams to ensure high standards of execution.
- On-the-Job Learning and Mentorship:** Facilitating day-to-day skill-building through mentorship and practical guidance from experienced colleagues.
- Planned Digital Training Initiatives:** While formal digital training platforms are not yet in use, we have plans to introduce structured digital capability-building to ensure our workforce can keep pace with the demands of modern e-commerce.



## Strengthening Digital Capability for Tomorrow

As a leading e-commerce brand, Kapruka knows that our workforce must be equipped to thrive in an increasingly digital landscape.

Although formal digital training platforms are not yet in place, we recognize the urgency and importance of building these capabilities. Our roadmap includes plans to:

- Enhance employees' digital literacy and comfort with emerging tools.
- Equip teams to work effectively in AI-supported workflows.
- Support innovation across all functions, from marketing and logistics to customer service and partner integration.

This commitment ensures that Kapruka's workforce will remain agile, skilled, and ready to meet the evolving expectations of customers and partners alike.

## Fostering a Culture of Innovation and Collaboration

At Kapruka, we believe that innovation is not a department - it is a mindset that must be nurtured throughout the organization. Our success depends on our ability to empower employees to think creatively, solve problems collaboratively, and embrace continuous improvement.

## Building a Learning Culture:

Our IT team conducts weekly knowledge-sharing sessions to:

- Explore global technology trends.
- Discuss research and development progress, including AI integrations.
- Solve operational challenges collaboratively.
- Strengthen shared expertise in cutting-edge domains such as automated route planning, API integrations, and payment technologies.

## Encouraging Creative Experimentation:

We support our teams in pushing boundaries. This year, our IT team even developed an in-house computer game as a workshop exercise. While not tied to our core operations, this project encouraged creative thinking, teamwork, and exploration of new technologies in a fun, collaborative environment.

## Investing in Dedicated R&D:

Recognizing the need for structured innovation capacity, we established a dedicated R&D division this year:

- Staffed with over five specialists, including a team lead, R&D manager, and research specialists.
- Designed to grow by reallocating resources from projects streamlined through AI automation.
- Supported by partnerships with universities to recruit interns and fresh graduates, injecting fresh ideas and energy.

## Maintaining a Supportive, Family-Like Culture:

Employees describe Kapruka as a family, where colleagues treat one another as "sisters and brothers." This environment of trust, mutual respect, and collaboration:

- Encourages open communication.
- Supports cross-functional teamwork.
- Enables ideas to flow freely from all levels of the organization.

#### **Aligning Innovation with Strategy:**

Our culture of innovation is carefully aligned with our strategic priorities. Every initiative - from AI-powered customer recommendations and automated route planning to advanced partner API integrations - supports our goal of delivering exceptional customer experiences, operational efficiency, and business growth.

#### **Looking Ahead:**

#### **Our People, Our Promise**

As we look toward 2025 and beyond, Kapruka remains unwavering in our commitment to investing in our people. We understand that our future success depends on our ability to nurture talent, foster inclusion, champion well-being, and drive innovation at every level.

Our strategic human capital priorities include:

- Enhancing recruitment practices to attract exceptional talent across all roles.
- Expanding structured training to build critical operational and digital skills.
- Deepening employee well-being initiatives, including mental health support and flexible working options.
- Strengthening diversity and inclusion to reflect the richness of Sri Lanka's society.
- Promoting leadership development and internal mobility to build resilience and adaptability.

By investing in our people, we are not only building the future of Kapruka - we are investing in the future of e-commerce in Sri Lanka.

# Intellectual Capital



## Building a Sustainable Competitive Advantage

At Kapruka Holdings PLC, Intellectual Capital is one of our most important assets. It includes our brand reputation, proprietary know-how, innovative services, operational excellence, social-impact partnerships, and the culture that binds everything together.

In 2024/2025, we invested strategically in expanding our Intellectual Capital to ensure that we continue to deliver trusted, innovative, and personal experiences to our customers. By prioritising customer insight, product personalisation, operational excellence, social partnerships, and employee development, we continue to reinforce our position as Sri Lanka's e-commerce leader.

### A Customer-Centric, Data-Driven Approach to Product Development

Kapruka's approach to product development is deeply-rooted in understanding our customers. We prioritise listening, learning, and adapting over static, outsourced research.

Our R&D process is highly-practical and embedded into daily business operations:

- Daily CEO Reports track sales trends and category performance, ensuring we spot opportunities and gaps quickly.

- Abandonment Rate Analysis helps refine checkout flows and pricing strategies.
- Product Movement Tracking identifies seasonal trends and fast-moving items.
- Competitor Monitoring on global platforms like Amazon, Daraz, and Flipkart enables us to spot trends early.
- Google Trends and Internal Search Data guide decisions about new product ideas and emerging customer interests.

This data-led approach ensures every new product or category is informed by real customer behaviour and expectations.

## Data-Driven R&D Practices

Approach	Description
Daily CEO Reports	Tracks category sales and identifies performance gaps
Abandonment Rate Analysis	Improves checkout and pricing strategies
Product Movement Tracking	Identifies seasonal trends and fast-moving items
Competitor & Marketplace Monitoring	Spots global trends early
Google Trends & Internal Search	Identifies emerging customer interests

Through Partner Central, Kapruka has democratised access to Sri Lanka's leading e-commerce marketplace, promoting entrepreneurship, supporting local businesses, and helping suppliers of all sizes reach a wider audience.

## Innovating Customer Experiences Through Personalisation

At Kapruka, we know that gifting is personal, emotional, and human. This belief drives us to design experiences that go beyond delivering a product - making each delivery an opportunity to connect.

### Key personalisation initiatives include:

- “Record the Moment” Delivery Videos: Delivery staff use body cameras to record recipient reactions. Over 300 customers have used this feature so far. It transforms a simple delivery into a cherished memory.
- Customised Products: Options such as photo cakes and themed combo gifts enable customers to make their gifts more thoughtful and unique.
- Seasonal and Traditional Product Planning: We design product lines around cultural moments, informed by customer demand patterns.

These innovations help us build loyalty, deepen emotional connection, and stand out in a competitive market.

## Key Innovation Initiatives 2024/2025

Initiative	Description	Status
“Record the Moment” Delivery Video	Body-cam feature capturing recipient reactions. 300+ uses so far.	Launched & Expanding
Customized Products	Photo cakes, personalized gifts for meaningful experiences.	Ongoing Expansion
Shuttle Delivery Option	Cost/time-saving hub-and-spoke model for outstation delivery.	Live
Route Planning Automation	AI-powered route optimization via Runner App.	Live
Global Products Category	International brands (e.g., IKEA) now available in Sri Lanka.	Launched
Made in Sri Lanka Category	Overseas customers buying authentic Sri Lankan products.	Live
Cross-Border Gifting Pilot	Buy from overseas (Australia pilot) to deliver in Sri Lanka.	Pilot Phase

Through Partner Central, Kapruka has democratised access to Sri Lanka's leading e-commerce marketplace, promoting entrepreneurship, supporting local businesses, and helping suppliers of all sizes reach a wider audience.

## Strategic Expansion of Product Lines and Categories

Kapruka is committed to being Sri Lanka's one-stop online gifting and shopping destination. In 2024/2025, we invested in expanding our product lines to better serve customer needs:

- New Categories:** Pharmacy, Automobile, Pet Care, Mother & Baby, and Combo Gifts.
- In-House Chocolate Brand:** Offering quality-controlled, high-margin gifting options.
- Combo Section:** Curated, ready-to-give gift sets aligned with local traditions and customer preferences.

# Intellectual Capital

- **Daily Analysis:** Ensures categories remain dynamic and responsive, with continuous performance reviews guiding merchandising decisions.

Our expansion strategy is grounded in agility and responsiveness, ensuring Kapruka always offers relevant, diverse, and desirable products.

## Strategic Product and Category Expansion

New Category / Product Line	Rationale / Customer Benefit
Pharmacy	Everyday essentials for convenience
Automobile	Expanding into new verticals
Pet Care	Meeting growing demand among pet owners
Mother & Baby	Serving family-focused customers
Combo Gifts	Ready-to-give, themed packages
In-House Chocolate Brand	High-margin, quality-controlled gifting options
Daily Performance Analysis	Ensures constant alignment with customer expectations

## Operational and Sourcing Innovations

Kapruka's operational excellence is a key part of its Intellectual Capital. We constantly refine logistics and sourcing to deliver better value and service:

- **Shuttle Delivery System:** Reduces costs and times for outstation deliveries through a hub-and-spoke model.
- **Route Planning Automation:** AI-powered planning reduces manual work, improves efficiency, and ensures timely deliveries.
- **Chinese Container Imports:** At least 1-2 shipments per year give access to unique, competitively priced items.
- **Wholesale Hubs:** Buy in bulk at wholesale prices to reduce stockholding costs while maintaining competitive retail prices.
- **Partner Central Consignment Model:** Enables a broad product range without the burden of holding inventory.

These innovations optimise costs, improve reliability, and strengthen Kapruka's competitive edge.

## Operational and Sourcing Innovations

Strategy	Benefit
Shuttle Delivery	Faster, more cost-effective delivery
Route Planning Automation	Lower cost, improved accuracy, better customer experience
Chinese Container Imports	Unique products at lower prices
Wholesale Hubs	Competitive pricing, reduced stockholding costs
Partner Central Consignment Model	Broader range without inventory risk

## Empowering SMEs and Vendor Partnerships

We believe our success is tied to the health of the local business ecosystem.

Kapruka works actively to empower local SMEs and vendors through:

- **Partner Central Platform:** Launched in February 2024 to enable even unregistered vendors to sell on consignment.
- **Design and Pricing Feedback:** Helping partners tailor products for better sales.
- **Government Collaboration:** Participating in National Enterprise Development Authority events to share market insights.
- **Continuous Vendor Engagement:** Building long-term relationships through open dialogue, shared problem-solving, and mutual growth.

By investing in supplier development, we strengthen our catalogue diversity, local economy, and brand reputation as a partner to Sri Lanka's entrepreneurs.

## Social Impact Through Inclusive Partnerships

Kapruka also invests in inclusive partnerships that create positive social impact.

A notable example is our collaboration with the Shirani Joseph De Serum Foundation, a rehabilitation centre for differently-abled children.

- Product Development Support:** We provide design ideas (e.g., converting racing key tags into floral gift combos) to improve market appeal.
- Sustainable Purchasing:** Buying in bulk to provide steady income streams.
- Meaningful Products:** Enabling customers to make socially responsible choices.

This approach aligns commercial success with social responsibility, enriching our brand's meaning in the lives of our customers and the community.

### Social Impact and Vendor Development Partnerships

Partnership / Activity	Impact
Vendor Design Collaboration	Helping SMEs improve product-market fit
Government SME Engagement	Sharing market insights to foster entrepreneurship
Shirani Joseph De Serum Foundation	Co-developing and purchasing products from differently-abled creators
Inclusive Gifting Options	Enabling customers to make socially responsible choices

### Applied, Collaborative R&D Model

Our Research and Development is highly-applied and collaborative. Rather than large, formal budgets, we embed R&D throughout operations, ensuring it is customer-centric and cost-effective:

- Internal Analytics:** Monitor fast-moving products, abandonment rates, and trends.
- Customer-Centric Planning:** Align seasonal lines with traditions and purchase patterns.
- Vendor Collaboration:** Co-develop products with SME partners, providing design and pricing feedback.
- Trend Monitoring:** Study global e-commerce platforms and competitor pricing to spot early opportunities.
- Google Trends and Search Data:** Guide decisions about new categories and ideas.

This approach ensures continuous improvement and real-world relevance in every product we launch.

### Investing in Knowledge Sharing and Continuous Improvement

Intellectual Capital is only valuable if it evolves and grows. At Kapruka, we prioritise knowledge sharing and employee development:

- Weekly IT Knowledge-Sharing Sessions:** Discuss trends, tech adoption, and process improvements.
- Creative Problem-Solving Workshops:** Build skills and teamwork through experimental projects like in-house game development.
- Cross-Departmental Training:** Ensure all staff understand delivery operations, building empathy and collaboration.
- Vendor Training:** Help local suppliers align products with market expectations.

These initiatives ensure our people remain our greatest asset - knowledgeable, innovative, and connected.

### Nurturing a Professional, Family-Oriented Corporate Culture

Kapruka's corporate culture is a defining asset.

We blend family-like closeness with professional rigor to create a workplace where people feel valued, trusted, and motivated to deliver excellence:

- Family-Like Bonds:** Staff see colleagues as brothers and sisters, fostering loyalty and low turnover.
- Professional Onboarding:** Ensures clear roles, expectations, and service quality.
- Internal Promotions:** Prioritising employees who have grown with us - many Heads of Department have over 10 years of service.
- Standardised Compensation:** Role-based transparency avoids hidden disparities and builds trust.
- Open Communication:** Encouraging feedback and direct dialogue with leadership.

This culture is essential to preserving our brand promise while supporting sustainable growth.

# Intellectual Capital

## Culture and Human Capital Practices

Practice / Policy	Details
Family-Centred Culture	Staff see each other as family, fostering loyalty and trust
Internal Promotions	HODs mostly 10+ years with Kapruka; promoted from within
Professional Onboarding	Structured induction and training for all new hires
Standardised Compensation	Salary bases for each role level to ensure fairness and trust
Inter-departmental Training	All staff trained on operations to strengthen connections
Vendor Collaboration	Training and design feedback to local SME partners
Social Impact Focus	Partnering with foundations supporting differently-abled children

### Looking Ahead:

#### Building a Resilient, Innovative Future

Kapruka's Intellectual Capital strategy is designed to be dynamic and sustainable. Looking forward, we will continue to:

- Expand personalised gifting options across our platform.
- Scale the Cross-Border Gifting Program beyond the Australia pilot.
- Grow our Global Products Offering, adding new international brands.
- Strengthen our Made in Sri Lanka category to promote local producers.
- Deepen SME partnerships, supporting local entrepreneurship.
- Invest in data-driven R&D to refine pricing, design, and category strategies.
- Advance AI integration for improved recommendations and automation.
- Preserve our professional, family-like culture to ensure employee engagement and loyalty.

# Natural Capital



## Strengthening Environmental Responsibility and Sustainable Operations

At Kapruka Holdings PLC, we recognise that environmental stewardship is a critical responsibility as Sri Lanka's leading e-commerce platform. Our Natural Capital approach is built on reducing our environmental impact, promoting sustainability across our supply chain, and embedding responsible resource management practices in every part of our operation.

In 2024/2025, we took significant steps to minimise our carbon footprint, reduce waste, conserve resources, and enable more sustainable supply chains. While our sustainability journey is ongoing, we are committed to aligning our operations with globally recognised sustainability practices, supporting Sri Lanka's transition to a more sustainable economy.

We are working toward aligning with global ESG benchmarks and integrating sustainability into business KPIs.

### Reducing Carbon Footprint and Environmental Impact

Kapruka understands the environmental impact of logistics-heavy operations. In the past year, we implemented targeted initiatives to reduce our carbon footprint and emissions across our delivery, procurement, and operational processes.

#### Key actions included:

- Digitalisation of Delivery Operations: The launch of the Kapruka Delivery App for drivers replaced paper-based documentation, resulting in significant reductions in paper usage.
- Optimised Delivery Routing: We introduced advanced route planning

to reduce fuel consumption and vehicle emissions, ensuring efficient delivery paths across our growing network.

- Doorstep Delivery Model: By delivering directly to customers - particularly for bulk and monthly grocery orders - we help reduce customer trips to retail outlets, indirectly lowering overall transportation emissions.
- Supplier Collection Integration: Goods are collected from suppliers as part of regular purchasing routes, eliminating unnecessary supplier travel and further reducing emissions.

### Carbon Reduction Strategies

Initiative	Environmental Impact
Kapruka Delivery App	Eliminated paper-based delivery documentation
Route Optimization	Reduced fuel use and vehicle emissions
Doorstep Delivery	Lowered indirect customer transportation emissions
Integrated Supplier Collection	Avoided redundant supplier travel and emissions

# Natural Capital

These steps reflect our holistic approach to minimising our carbon footprint - from our vehicles to our supply chain interactions.

## Sustainability in Supply Chain and Sourcing Practices

Sustainability is embedded into how Kapruka sources, packages, and delivers products.

### We actively work to:

- Use Eco-Friendly and Recyclable Packaging Materials: Reducing the environmental impact of our shipments.
- Promote Local and Sustainably Sourced Products: By supporting Sri Lankan producers, we reduce long-distance transport emissions while supporting local economic growth.
- Encourage Ethical and Responsible Sourcing: By providing practical feedback on packaging and production to local vendors, we help improve environmental standards across our supply base.
- Ongoing Digital Transformation: Digital order management and procurement reduce paper use, streamline inventory, and lower the environmental footprint of our supply chain.

This approach ensures that every purchase on Kapruka's platform contributes to a more sustainable, responsible supply chain.

## Environmental Sustainability Reporting and Future Goals

While Kapruka has not yet achieved formal environmental certifications or eco-labels, we are committed to transparency, measurement, and continuous improvement.

### Key steps include:

- Establishing Internal Sustainability Metrics: We are developing frameworks to track environmental impacts, such as paper savings, delivery emissions, and packaging efficiency.
- Aligning with Recognised Practices: Even without formal labels yet, we are adopting industry-standard sustainability methods.
- Continuous Improvement: Committing to reduce emissions, waste, and resource consumption year after year.

Kapruka aims to publish its first Sustainability Scorecard in the 2025/26 reporting cycle

We see environmental reporting not just as an obligation, but as a tool for accountability and innovation.

## Resource Management and Efficiency

Kapruka's environmental strategy includes responsible management of water, energy, and materials across our facilities and operations.

### Water Management

We recognise water as a precious resource and manage consumption responsibly through the following:

- Underground Rainwater Storage: Installed at facilities to harvest and reuse rainwater for non-potable applications such as floor cleaning and washing delivery vehicles.
- Reduced Demand on Municipal Supply: Rainwater use lowers reliance on grid water sources.

### Energy Management

Reducing energy consumption is central to our strategy:

- Energy-Efficient LED Lighting: Installed throughout all office premises.
- Inverter-based Air Conditioning: Lowers electricity usage while maintaining comfortable working environments.
- Route Optimisation: While our fleet is not yet electrified, fuel use is significantly reduced through better planning.
- Digitalisation: Reduces paper-based processes in procurement and supplier communication, indirectly lowering energy use on the supplier side.

## Energy and Water Efficiency Measures

Initiative	Impact
Rainwater Storage	Reuses non-potable water, reduces municipal demand
LED Lighting Systems	Lowers electricity consumption
Inverter AC Units	Improves energy efficiency in offices
Route Optimization	Reduces delivery mileage and fuel usage
Digital Processes	Cuts paper use and related energy in supplier workflows

## Warehouse Efficiency

Optimised inventory management practices reduce energy use:

- Kapruka Partner Central Platform enables on-demand purchasing.
- Reduced Cold Storage Requirements: Less need for prolonged refrigeration of perishables.
- Lower Storage Energy Use: Better stock management reduces energy-intensive warehousing.

## Waste Minimisation and Recycling

Kapruka is committed to reducing waste generation at all levels:

- Transition to Digital Platforms: Cuts paper waste in procurement, logistics, and order management.
- On-Demand Purchasing: Minimises excess stock, reducing spoilage and disposal waste for perishables.
- Optimised Packaging Sizes: Reduces material use while ensuring product safety in transit.
- Reusable Packaging Materials: Cloth bags for selected products encourage multiple reuse cycles among customers.

## Waste Reduction Strategies

Initiative	Environmental Benefit
Digital Procurement & Logistics	Significantly reduced paper waste
On-Demand Purchasing	Less spoilage and waste in perishables
Optimised Packaging	Lower material consumption
Reusable Cloth Bags	Extends lifecycle of packaging, supports reuse

## Biodiversity and Conservation Efforts

Kapruka recognises the importance of biodiversity and ecosystem conservation as part of sustainability.

- While we do not yet have formal partnerships with environmental NGOs or dedicated conservation projects, we prioritise local sourcing to reduce transportation emissions and support sustainable land use.

- By working closely with small producers and SMEs, we encourage ethical production practices that reduce environmental strain.
- Our packaging and sourcing choices consider resource efficiency and recyclability, aligning with broad conservation principles.

We acknowledge this is an area for future development and aim to explore partnerships and initiatives to further integrate biodiversity conservation into our sourcing and operational strategies.

### Looking Ahead:

#### A Commitment to Continuous Environmental Improvement

Kapruka Holdings PLC is committed to continuous improvement in environmental stewardship. Our goals for the coming year include:

- Refining sustainability metrics to better measure and manage our carbon footprint, water use, energy consumption, and waste generation.
- Expanding use of sustainable packaging and promoting reusable materials to customers.
- Deepening local sourcing strategies to reduce transport emissions and support the Sri Lankan economy.
- Exploring partnerships with environmental organisations to strengthen our conservation impact.
- Engaging employees and partners in sustainability practices through training, standards, and incentives.

As Sri Lanka's leading e-commerce platform, Kapruka understands that our responsibility extends beyond delivering goods. It means delivering sustainably, supporting local communities, and reducing our environmental impact at every step.

Through these initiatives, we aim to ensure that Kapruka's growth is aligned with the well-being of our environment, creating a more sustainable, resilient future for Sri Lanka.



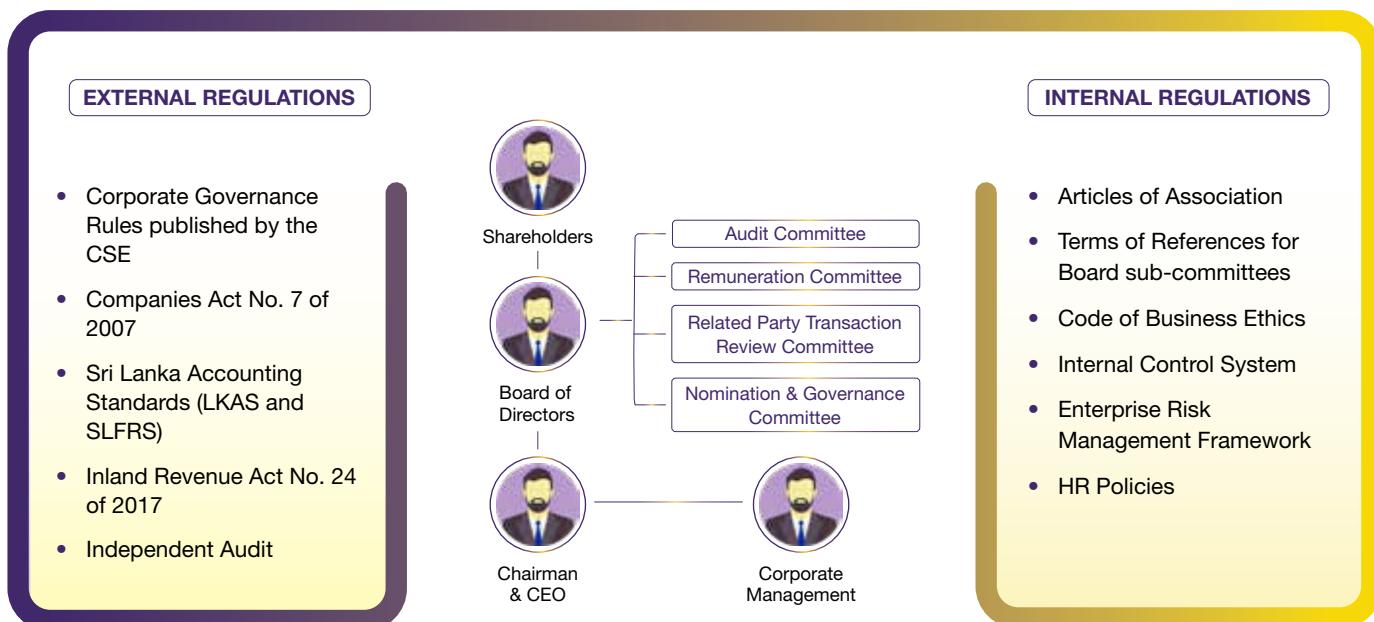
# Governance

That Enables Growth

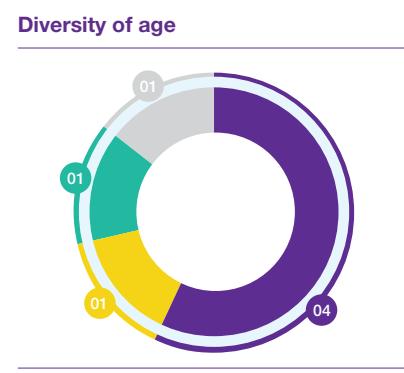
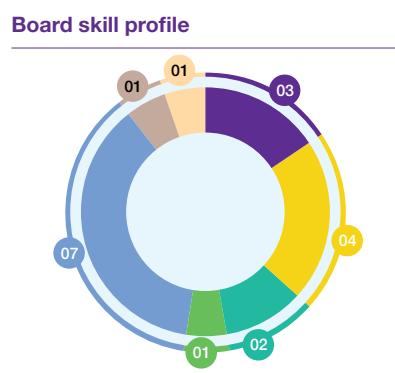
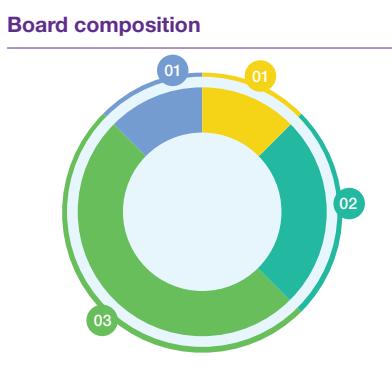
# Corporate Governance

Kapriska's resilient performance over the past few years, despite unprecedented challenges, is a testament to the strength of our corporate governance practices. We remain committed to continuously enhancing these practices, recognising that good governance is essential for creating long-term stakeholder value. Accordingly, we adopt industry best practices, ensure strict regulatory compliance, and maintain high levels of accountability and transparency across all our operations.

## Governance Framework



## Board Composition and Expertise



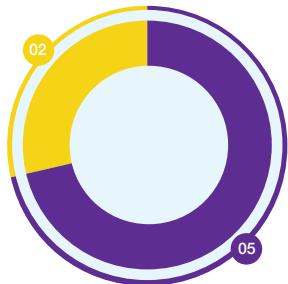
● Executive Directors  
● Non-executive Directors  
● Independent Non-Executive Directors  
● Senior Independent Non-Executive Director

● Accounting & Finance  
● Entrepreneurs  
● Technology  
● E-commerce  
● Business  
● Human Resource  
● Legal

● 40-50  
● 50-60  
● 60-70  
● >70

# Corporate Governance

## Gender analysis of Board



● Male  
● Female

The Board of Directors holds ultimate responsibility for ensuring that Kapruka operates within a robust and effective governance framework. The Board provides ethical and entrepreneurial

leadership, safeguarding stakeholder value creation within a system of strong internal controls.

Careful attention is given to ensuring a balanced mix of skills, experience, and perspectives.

The Board comprises seven members 1 Executive Directors 2 Non-Executive Directors 4 Independent Non-Executive Directors (including one Senior Independent Director). This composition complies with the CSE Listing Rules, enhancing objectivity and oversight—particularly in financial and legal matters. All Board members bring significant business experience, with the Chairman offering deep expertise in technology, supported by the Kapruka Tech Root team to drive the Group's growth.

## Roles and Responsibilities

The roles of Chairman and Chief Executive are combined, reflecting the unique business needs of the Group and leveraging the Chairman's skills, experience, and strategic vision as the largest beneficial shareholder. The Chairman also serves as the Chair of all subsidiaries and the associate company, ensuring alignment between Group and subsidiary strategies.

While retaining overall accountability, the Board delegates specific responsibilities to well-defined sub-committees and management teams. This allows the Board to focus on strategic matters while ensuring specialist oversight in key areas.

Committee	Areas of Oversight
Audit Committee (AC)	<ul style="list-style-type: none"> <li>Compliance with financial reporting requirements</li> <li>Effectiveness of internal controls and risk management</li> <li>Independence and performance of external auditors</li> <li>Recommendations on auditor appointments, remuneration, and engagement terms.</li> <li>Risk Management</li> </ul>
Remuneration Committee (RC)	<ul style="list-style-type: none"> <li>Policy recommendations on remuneration for Executive and Non-Executive Directors and Key Corporate Management.</li> <li>Approval of fixed and variable remuneration components.</li> <li>Oversight of employment terms for Executive Directors.</li> <li>Monitoring performance-linked incentives and share schemes.</li> <li>Appointment of remuneration consultants</li> </ul>
Nomination & Governance Committee	<ul style="list-style-type: none"> <li>Reviewing Board and Committee structure, composition, and competencies.</li> <li>Recommending appointments and re-elections.</li> <li>Ensuring governance-related legal compliance.</li> <li>Overseeing Board and senior management succession</li> </ul>
Related Party Transactions Review Committee (RPTC)	<ul style="list-style-type: none"> <li>Establishing policies for related party transactions.</li> <li>Review of Related Party Transactions</li> <li>Ensuring due process and compliance with CSE Listing Rules.</li> <li>Determining approval requirements.</li> <li>Ensuring timely market and Annual Report disclosures</li> </ul>

## Board's Contribution to Value Creation in 2024/25

	<b>STRATEGY</b>	The Board set the strategic direction to deliver sustainable stakeholder value, adapting swiftly to volatile market conditions to ensure business continuity.
	<b>RISK MANAGEMENT</b>	Through the Audit Committee, the Board oversees the Group's risk management framework, balancing risk and reward effectively.
	<b>SHAPING CORPORATE CULTURE</b>	Directors model ethical conduct, fostering transparency, trust, and accountability across the organisation.
	<b>STAKEHOLDER ENGAGEMENT</b>	The Board ensures consistent and transparent communication with all stakeholders, building long-term trust and strengthening the Group's reputation.

## Composition of Board of Directors, Board Committees and Meeting Attendance

The Board meets quarterly or monthly to review performance, assess strategic progress, and address emerging risks. Board packs and agendas are circulated at least seven working days in advance, ensuring adequate preparation.

### Board Meetings

Names of the committee members	22nd April 2024	07th June 2024	22nd June 2024	11th November 2024	09th December 2024	21st January 2025	20th February 2025	24th March 2025
Mr. H P Dulith Vinodan Herath (DH) – Chairman	☒	☒	☒	☒	☒	☒	☒	☒
Mrs. Anuradha Malimage Herath (AM) – Director	☒	☒	☒	☒	☒	☒	☒	☒
Mr. S M T H Subasinghe (TS) – Director	☒	☒	☒	☒	☒	☒	☒	☒
Mrs. Thilangani Herath (TH) – Director	☒	☒	☒	☒	☒	☒	☒	☒
Mr. Suresh Subasinghe (SS) - Director	☒	☒	☒	☒	☒	☒	☒	☒
Ms. M P Abeysekera (MA) – Director	☒	☒	☒	N/A	N/A	N/A	N/A	N/A
Mrs. D.P. Peiris (PP) – Director	☒	☒	☒	N/A	N/A	N/A	N/A	N/A
Dr. Chamara Bandara (CB) - Director	N/A	N/A	N/A	☒	☒	☒	☒	☒
Mr. Lakshman Abeysekera (LA) - Director	N/A	N/A	N/A	☒	☒	☒	☒	☒

# Corporate Governance

## Audit Committee

Names of the committee members	03rd June 2024	14th August 2024	25th September 2024	12th November 2024	13th February 2025	24th February 2025
Mr. S M T H Subasinghe (TS) - Chairman (till 06th Jan 2025)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	N/A	N/A
Ms. M P Abeysekera (MA) - Member	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	N/A	N/A	N/A
Ms. Anuradha Herath (AH) - Member	N/A	<input checked="" type="checkbox"/>				
Dr. D.B.S. Chamara Bandara (CB) Chairman (from 06th Jan 2025)	N/A	N/A	N/A	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Mr. Lakshman Abeysekera (LA) - Member	N/A	N/A	N/A	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

## Related Party Transaction Committee

Names of the committee members	03rd June 2024	10th July 2024	14th August 2024	12th November 2024	13th February 2025
Ms. M P Abeysekera (MA) Chairperson - (till 28th September 2024)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	N/A	N/A
Mr. S M T H Subasinghe (TS) - Member	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	N/A	N/A
Ms. Anuradha Herath (AH) - Member	N/A	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Mr. Lakshman Abeysekera (LA) Chairman (from 28th September 2024)	N/A	N/A	N/A	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Mr. D. B. S. Chamara Bandara (CB) - Member	N/A	N/A	N/A	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

## Remuneration Committee

Names of the committee members	10th July 2024	30th August 2024
Ms. Priyanthi Pieris (PP) Chairperson - (till 1st September 2024)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Ms. M P Abeysekara (MA) - Member (till 28th September 2024)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

## SID Meeting

Names of the committee members	03rd March 2025	31st March 2025
Mr. Lakshman Abeysekera (LA) - SID	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Dr. Chamara Bandara (CB) - Member	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Mr. S M T H Subasinghe (TS) - Member	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Suresh Subasinghe (SS) - Member	N	<input checked="" type="checkbox"/>
Ms. Thilangani Herath (TH) - Member	N/A	<input checked="" type="checkbox"/>
Ms. Anuradha Herath (AH) - Member	N/A	<input checked="" type="checkbox"/>

## Nominations and Governance Committee

Names of the committee members	24th March 2025
Mr. Lakshman Abeysekera(LA) - Chairman	<input checked="" type="checkbox"/>
Dr. Chamara Bandara (CB) - Member	<input checked="" type="checkbox"/>
Mr. S M T H Subasinghe (TS)- Member	<input checked="" type="checkbox"/>
Mr. Suresh Subasinghe (SS) - Member	<input checked="" type="checkbox"/>

## STATEMENT OF COMPLIANCE WITH THE COMPANIES ACT NO. 7 OF 2007

Rule	Compliance Status	Reference (within the Report)
168 (1) (a) The nature of the business together with any change thereof	Compliant	Annual Report of the Board of Directors – Page 94
168 (1) (b) Signed financial statements of the Kapruka Holdings PLC Group and the Company	Compliant	Statement of Directors Responsibilities – Page 64
168 (1) (c) Auditors' Report on financial statements of the Company and Kapruka Holdings PLC Group	Compliant	Independent Auditor's Report – Page 100
168 (1) (d) Accounting policies and any changes therein	Compliant	Notes to the Financial Statements – Page 109
168 (1) (e) Particulars of the entries made in the Interests Register	Compliant	Annual Report of the Board of Directors – Page 94
168 (1) (f) Remuneration and other benefits paid to Directors of the Company	Compliant	Notes to the Financial Statements – Page 109
168 (1) (g) Corporate donations made by the Company	Compliant	Notes to the Financial Statements – Page 109
168 (1) (h) Information on the Directorate of the Company and its subsidiaries during and at the end of the accounting period	Compliant	Annual Report of the Board of Directors – Page 94
168 (1) (i) Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered	Compliant	Notes to the Financial Statements – Page 109
168 (1) (j) Auditors' relationship or any interest with the Company and its Subsidiaries	Compliant	Independent Auditor's Report – Page 100
168 (1) (k) Acknowledgement of the contents of this Report and signatures on behalf of the Board	Compliant	Statement of Financial Position – Page 103

# Corporate Governance

## COMPLIANCE WITH SECTION 9 OF THE LISTING RULES ISSUED BY THE COLOMBO STOCK EXCHANGE

The Company has fully complied with the revised Corporate Governance Rules applicable to listed entities under Section 9 of the Listing Rules of the Colombo Stock Exchange. In addition, the Company and the Group have adopted the revised Code of Best Practice on Corporate Governance (2023) issued by CA Sri Lanka

CSE Rule	Requirement	Compliance Status	How We Comply
<b>9.1 Corporate Governance Rules</b>			
9.1.3 Statement confirming the extent of compliance with the Corporate Governance Rules		Compliant	The Company has confirmed its compliance with the Corporate Governance Rules in the Report of the Board of Directors  Also refer 'Annual Report of the Board of Directors' of this Annual Report
<b>9.2 Policies</b>			
9.2.1 Listed Company shall establish and maintain the following policies and disclose the fact of existence of such policies together with the details relating to the implementation of such policies by the Company on its website;	a) Policy on the matters relating to the Board of Directors b) Policy on Board Committees c) Policy on Corporate Governance, Nominations and Re-election d) Policy on Remuneration e) Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities f) Policy on Risk management and Internal controls g) Policy on Relations with Shareholders and Investors h) Policy on Environmental, Social and Governance Sustainability i) Policy on Control and Management of Company Assets and Shareholder Investments j) Policy on Corporate Disclosures k) Policy on Whistleblowing l) Policy on Anti-Bribery and Corruption	Compliant	The policies referred to in Section 9.2.1 are available on the Company's corporate website.
9.2.2 Any waivers from compliance with the Internal Code of business conduct and ethics or exemptions granted		N/A	
9.2.3 i List of policies in place as per Rule 9.2.1, with reference to website ii Any changes to policies adopted		Compliant	Refer 'How We Comply' under Rule 9.2.1 above
9.2.4 Listed Company shall make available all such policies to shareholders upon a written request being made for any such Policy		Compliant	The policies are made available to shareholders upon receipt of a written request

CSE Rule	Requirement	Compliance Status	How We Comply
<b>9.3</b>	<b>Board Committees</b>		
9.3.1	Listed Company shall ensure that the following Board committees are established and maintained at a minimum and are functioning effectively. The said Board committees at minimum shall include:	Compliant	The Company continues to maintain the Nominations and Governance Committee, Remuneration Committee, Audit Committee, and Related Party Transactions Review Committee (RPTRC). These Committees function effectively, with the Audit Committee and the RPTRC meeting on a quarterly basis, while the Nominations and Governance Committee and the Remuneration Committee convene as and when necessary.
9.3.2	Listed Company shall comply with the composition, responsibilities and disclosures required in respect of the above Board committees as set out in these Rules	Compliant	All Committees are in compliance with the applicable rules. Further details are provided in the respective Committee Reports.
9.3.3	The Chairperson of the Board of Directors of the Company shall not be the Chairperson of the Board Committees referred to in Rule 9.3.1 above	Compliant	The Chairpersons of the Board Committees are independent from the Chairperson of the Board
<b>9.4</b>	<b>Principles of Democracy in Shareholder Dealings</b>		
9.4.1	Listed Company shall maintain records of all resolutions and the following information upon a resolution being considered at any General Meeting of the Company. The Company shall provide copies of the same at the request of the Exchange and/or the Securities and Exchange Commission (SEC).	Compliant	The Company Secretaries maintain records of all resolutions of General Meetings and information related thereto
	a) The number of shares in respect of which proxy appointments have been validly made;		
	b) The number of votes in favour of the resolution;		
	c) The number of votes against the resolution; and		
	d) The number of shares in respect of which the vote was directed to be abstained		
9.4.2	a) Listed Company should have a policy on effective communication and relations with shareholders and investors	Compliant	The designated contact person is disclosed on the Company's corporate website as well as on the 'About this Report' page of this Annual Report. The Company has also published its Shareholder Communication and Relations Policy, which is effective as of the stated date.
	b) Listed Company should disclose the contact person for such communication		
	c) The policy on relations with shareholders and investors on the process to make all Directors aware of major issues and concerns of shareholders		
9.5.1	Listed Company shall establish and maintain a formal policy governing matters relating to the Board of Directors and such policy shall include the matters listed under this Rule	Compliant	This is in compliance with the established Policy on matters relating to the Board of Directors

# Corporate Governance

CSE Rule	Requirement	Compliance Status	How We Comply
9.5.2	Confirmation on compliance with the requirements of the Policy on matters relating to the Board of Directors. If non-Compliant reasons for the same with proposed remedial action	Compliant	This is compliant with the established Policy on matters relating to the Board of Directors.
<b>9.6 Chairperson and CEO</b>			
9.6.1	The Chairperson of every Listed Company shall be a Non-Executive Director and the positions of the Chairperson and CEO shall not be held by the same individual, unless otherwise a SID is appointed by such Entity in terms of Rule 9.6.3 below	Compliant	Refer Senior Independent Director Report on page 82
9.6.2	Where the Chairperson of a Listed Company is an Executive Director and/or the positions of the Chairperson and CEO are held by the same individual, such Entity shall make a Market Announcement within a period of one (1) month from the date of implementation of these Rules or an Immediate Market Announcement if such date of appointment and/or combination of the said roles falls subsequent to the implementation of these Rules	Compliant	Since the Chairperson and CEO of the Company is the same Person, a market announcement was made on 30th October 2023 stating the rationale for combining the two roles.
9.6.3	Report of Senior Independent Director demonstrating the effectiveness of duties	Compliant	Refer Senior Independent Director Report on page 82
9.6.4	Rationale for appointing Senior Independent Director	Compliant	Refer Senior Independent Director Report on page 82
<b>9.7 Fitness of Directors and CEOs</b>			
9.7.1	Listed Company shall take necessary steps to ensure that their Directors and the CEO are, at all times, fit and proper persons as required in terms of the Listing Rules  In evaluating fitness and propriety of the persons referred in these Rules, the Company shall utilise the 'Fit and Proper Assessment Criteria' set out in Rule 9.7.3 of the Listing Rules	Compliant	The Company Secretaries obtain annual declarations from the Directors of the Company to ensure that they are at all times fit and proper persons as specified in the criteria given in Rule 9.7.3 of the Listing Rules of the CSE
9.7.2	Listed Company shall ensure that persons recommended by the Nominations and Governance Committee as Directors are fit and proper as required in terms of these Rules before such nominations are placed before the shareholders' meeting or appointments are made	Compliant	
9.7.3	A Director or the CEO of a Listed Company shall not be considered as 'fit and proper' if he or she does not meet with the fit and proper assessment criteria specified under "Honesty, Integrity and Reputation", "Competence and Capability" and "Financial Soundness" as set out in Rule 9.7.3 (a), (b) and (c) respectively	Compliant	Refer 'How We Comply' under Rule 9.7.1 above

CSE Rule	Requirement	Compliance Status	How We Comply
9.7.4	Listed Company shall obtain declarations from its Directors and CEO on an annual basis confirming that each of them have continuously satisfied the Fit and Proper Assessment Criteria set out in the Listing Rules during the financial year concerned and satisfies the said criteria as at the date of such confirmation	Compliant	Annual declarations from Directors confirming that each of them has continuously satisfied the fit and proper assessment criteria set out in the CSE revised Listing Rules were obtained as at 31st March 2025
9.7.5	(a) Statement on Directors and CEO satisfying Fit and Proper Assessment Criteria  (b) Any non-compliance/s and remedial action taken	Compliant	Refer the 'Annual Report of the Board of Directors' of this Annual Report  N/A
<b>9.8</b>	<b>Board Composition</b>		
9.8.1	The Board of Directors of a Listed Company shall, at a minimum, consist of five (05) Directors	Compliant	As of the date of the publication of this Annual Report, the Company consists of 7 Directors, thereby complying with the requirement stipulated under Rule 9.8.1 of the Listing Rules of the CSE.
9.8.2	Minimum Number of Independent Directors:  (a) The Board of Directors of a Listed Company shall include at least two (2) Independent Directors or such number equivalent to one third (1/3) of the total number of Directors of the Company at any given time, whichever is higher  (b) Any change occurring to this ratio shall be rectified within ninety (90) days from the date of the change	Compliant	
9.8.3	A Director shall not be considered independent if he/she does not meet the criteria for determining independence as set out in Rule 9.8.3 of the Listing Rules	Compliant	Compliant in terms of Rule 9.1.4(3)
9.8.5	(a) Each Independent Director to submit a signed and dated declaration annually of his or her "independence" or "non-independence" against the criteria specified in Rule 9.8.3 of the Listing Rules and in the format in Appendix 9A of the said Rules  (b) Make an annual determination as to the "independence" or "non-independence" of each Independent Director based on the Directors' declaration and other information available to it and shall set out the names of Directors determined to be 'independent' in the Annual Report  (c) If the Board of Directors determines that the independence of an Independent Director has been impaired against any of the criteria set out in Rule 9.8.3, it shall make an immediate Market Announcement thereof	Compliant	The Independent Directors submit signed declarations annually with regard to their independence/non-independence against the specified criteria stipulated under Rule 9.8.3 of the Listing Rules of the CSE  Refer 'Independence of the Directors' in the Corporate Governance Report of this Annual Report

# Corporate Governance

CSE Rule	Requirement	Compliance Status	How We Comply
<b>9.10 Disclosures Relating to Directors</b>			
9.10.1	Listed Company shall disclose its policy on the maximum number of directorships its Board members shall be permitted to hold in the manner specified in Rule 9.5.1. In the event such number is exceeded by a Director(s), the Company shall provide an explanation for such non- compliance in the manner specified in Rule 9.5.2 of the Listing Rules	Compliant	The Company is in compliance with the established Policy governing matters relating to the Board of Directors
9.10.2	Listed Company shall, upon the appointment of a new Director to its Board, make an immediate Market Announcement setting out the following:  i. a brief resume of such Director; ii. his/her capacity of directorship; and, iii. Statement by the Company indicating whether such appointment has been reviewed by the Nominations and Governance Committee of the Company	Compliant	Refer 'Appointment, Re-election and Resignation of Directors' in the Corporate Governance Report of this Annual Report
9.10.3	Listed Entities shall make an immediate Market Announcement regarding any changes to the composition of the Board of Directors or Board Committees referred to in Rule 9.3 above containing, at minimum, the details of changes including the capacity of directorship with the effective date thereof	Compliant	Would comply if a need arise
9.10.4	Directors details  a) name, qualifications and brief profile b) nature of his/her expertise in relevant functional areas c) whether either the Director or Close Family Members has any material business relationships with other Directors d) whether Executive, Non-Executive and/or independent Director e) total number and names of companies in Sri Lanka in which the Director concerned serves as a Director and/or KMP stating whether listed or unlisted, whether functions as executive or non-executive (If the directorships are within the Group names need not be disclosed) f) number of Board meetings attended g) names of Board Committees in which the Director serves as Chairperson or a member h) Attendance of board committee meetings i) Terms of Reference and powers of Senior Independent Directors	Compliant	a), b) and d) - Refer 'Board profiles' of this Annual Report  c) - Based on the individual declarations obtained from the Directors, it was evident that none of the Directors or their close family members have material business relationships with other Directors of the Company. A Statement to this effect is included in the 'Annual Report of the Board of Directors' of this Annual Report  e) - Refer 'Corporate Governance Report' of this Annual Report  f) and g) - Refer 'Composition' and 'Details of Directors' Attendance at Board Meetings held during the financial year 2024/2025' in the Corporate Governance Report of this Annual Report  h) - Refer Committee Reports of this Annual Report  i) Refer Senior independent director Reports of this Annual Report

CSE Rule	Requirement	Compliance Status	How We Comply
<b>9.11 Nominations and Governance Committee</b>			
9.11.1	Listed Company shall have a Nominations and Governance Committee that conforms to the requirements set out in Rule 9.11 of the Listing Rules	Compliant	Company formed Nomination and Governance committee with effect from 3rd July 2024.  Refer 'Nominations and Governance Committee Report' of this Annual Report
9.11.2	Listed Company shall establish and maintain a formal procedure for the appointment of new Directors and re- election of Directors to the Board through the Nominations and Governance Committee	Compliant	Refer 'Nominations and Governance Committee Report' of this Annual Report
9.11.3	The Nominations and Governance Committee shall have a written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings	Compliant	Refer 'Nominations and Governance Committee Report' of this Annual Report
9.11.4	(1) The members of the Nominations and Governance Committee shall;  (a) comprise of a minimum of three (03) Directors of the Listed Company, out of which a minimum of two (02) members shall be Independent Directors of the Company  (b) not comprise of Executive Directors of the Listed Company.  (2) An Independent Director shall be appointed as the Chairperson of the Nominations and Governance Committee by the Board of Directors  (3) The Chairperson and the members of the Nominations and Governance Committee shall be identified in the Annual Report of the Listed Company	Compliant	Refer 'Nominations and Governance Committee Report' of this Annual Report
9.11.5	The functions of the Nominations and Governance Committee	Compliant	Refer 'Nominations and Governance Committee Report' of this Annual Report
9.11.6	The Annual Report of a Listed Company shall contain a report of the Nominations and Governance Committee signed by its Chairperson  Nominations and Governance Committee Report shall include the following:  (a) Names of chairperson and members with nature of directorship	Compliant	Nominations and Governance Committee Report containing the requirements stipulated under this Rule have been included in the Annual Report of the Company for the financial year 2024/2025

# Corporate Governance

CSE Rule	Requirement	Compliance Status	How We Comply
	<ul style="list-style-type: none"> <li>(b) Date of appointment to the committee</li> <li>(c) Availability of documented policy and processes when nominating Directors</li> <li>(d) Requirement of re-election at regular intervals at least once in 3 years</li> <li>(e) Board diversity</li> <li>(f) Effective implementation of policies and processes relating to appointment and reappointment of Directors</li> <li>(g) Details of directors re-appointed <ul style="list-style-type: none"> <li>• Board Committees served</li> <li>• Date of first appointment</li> <li>• Date of last re-appointment</li> <li>• Directorships or Chairpersonships and other principal commitments, present and held over the preceding three years</li> <li>• Any relationships – close family member, more 10% shareholding</li> </ul> </li> <li>(h) Performance of periodic evaluation of board</li> <li>(i) Process adopted to inform independent directors of major issues.</li> <li>(j) Induction / orientation programs for new directors on corporate governance, Listing Rules, securities market regulations or negative statement</li> <li>(k) Annual update for all directors on corporate governance, Listing Rules, securities market regulations or negative statement</li> <li>(l) Compliance with independence criteria</li> <li>(m) Statement on compliance with corporate governance rules, if non- compliant reasons and remedial actions</li> </ul>		
<b>9.12 Remuneration Committee</b>			
9.12.2	Listed Company shall have a Remuneration Committee that conforms to the requirements set out in Rule 9.12 of the Listing Rules	Compliant	Refer 'Remuneration Committee Report' of this Annual Report
9.12.3	The Remuneration Committee shall establish and maintain a formal and transparent procedure for developing policy on Executive Directors' remuneration and for fixing the remuneration packages of individual Directors. No Director shall be involved in fixing his/her own remuneration	Compliant	Refer 'Director's Remuneration' in the Corporate Governance Report of this Annual Report and the 'Remuneration Committee Report' of this Annual Report

CSE Rule	Requirement	Compliance Status	How We Comply
9.12.4	Remuneration for Non-Executive Directors should be based on a policy which adopts the principle of non- discriminatory pay practices among them to ensure that their independence is not impaired	Compliant	Refer 'How We Comply' under Rule 9.2.1 above
9.12.5	Remuneration Committee shall have a written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings	Compliant	Refer 'Remuneration Committee Report' of this Annual Report
9.12.6	(1) The members of the Remuneration Committee shall; <ul style="list-style-type: none"> <li>(a) comprise of a minimum of three (03) Directors of the Listed Company, out of which a minimum of two (02) members shall be Independent Directors of the Company</li> <li>(b) not comprise of Executive Directors of the Listed Company</li> </ul> (3) An Independent Director shall be appointed as the Chairperson of the Remuneration Committee by the Board of Directors.	Compliant	Refer 'Composition of the Committee' in the Remuneration Committee Report of this Annual Report
9.12.7	The functions of the Remuneration Committee	Compliant	Refer 'Remuneration Committee Report' of this Annual Report
9.12.8	Remuneration Committee Report shall contain the following: <ul style="list-style-type: none"> <li>(a) Names of chairperson and members with nature of directorship</li> <li>(b) A statement regarding the Remuneration Policy</li> <li>(c) The aggregate remuneration of the Executive and Non-Executive Directors</li> </ul>	Compliant	Refer 'Remuneration Committee Report' of this Annual Report
<b>9.13</b>	<b>Audit Committee</b>		
9.13.1	Where Listed Company does not maintain separate Committees to perform the Audit and Risk Functions, the Audit Committee of such Company shall additionally perform the Risk Functions set out in Rule 9.13 of the Listing Rules	Compliant	The Audit Committee of the Company also performs the risk functions.
9.13.2	The Audit Committee shall have a written terms of reference clearly defining its scope, authority and duties	Compliant	
9.13.3	(1) The members of the Audit Committee shall; <ul style="list-style-type: none"> <li>(a) comprise of a minimum of three (03) directors of the Listed Company, out of which a minimum of two (02) or a majority of the members, whichever higher, shall be Independent Directors.</li> <li>(b) not comprise of Executive Directors of the Listed Company.</li> </ul>	Compliant	Refer Audit committee report of this annual report

# Corporate Governance

CSE Rule	Requirement	Compliance Status	How We Comply
	<ul style="list-style-type: none"> <li>(2) The quorum for a meeting of the Audit Committee shall require that the majority of those in attendance to be independent directors.</li> <li>(3) The Audit Committee may meet as often as required provided that the Audit Committee compulsorily meets on a quarterly basis prior to recommending the financials to be released to the market.</li> <li>(5) An Independent Director shall be appointed as the Chairperson of the Audit Committee by the Board of Directors.</li> <li>(6) Unless otherwise determined by the Audit Committee, the CEO and the Chief Financial Officer (CFO) of a Listed Company shall attend the Audit Committee meetings by invitation.</li> <li>(7) The Chairperson of the Audit Committee shall be a Member of a recognised professional accounting body</li> </ul>	Compliant	
9.13.4	The functions of the Audit Committee	Compliant	Refer Audit Committee Report on pages 83 - 85
9.13.5	<p>Disclosures in the Annual Report</p> <ul style="list-style-type: none"> <li>(1) Listed Company shall prepare an Audit Committee Report which shall be included in the Annual Report</li> <li>(2) The Audit Committee Report shall contain disclosures set out in Rule 9.13.5 (2)</li> </ul>	Compliant	Refer Audit Committee Report on pages 83 - 85
<b>9.14</b>	<b>Related Party Transactions Review Committee</b>		
9.14.1	Listed Company shall have a Related Party Transactions Review Committee that conforms to the requirements set out in Rule 9.14 of the Listing Rules.	Compliant	Refer 'Related Part Transactions Review Committee Report' of this Annual Report
9.14.2	(1) The Related Party Transactions Review Committee shall comprise of a minimum of three (03) Directors of a Listed Company, out of which two (02) members shall be Independent Directors of the Company. It may also include executive directors, at the option of the Company. An Independent Director shall be appointed as the Chairperson of the Committee	Compliant	Refer 'Related Part Transactions Review Committee Report' of this Annual Report
9.14.3	The functions of the Related Party Transactions Review Committee	Compliant	Refer 'Related Part Transactions Review Committee Report' of this Annual Report

CSE Rule	Requirement	Compliance Status	How We Comply
9.14.4	<p>1) The Related Party Transactions Review Committee shall meet at least once a calendar quarter. It shall ensure that the minutes of all meetings are properly documented and communicated to the Board of Directors.</p> <p>2) The members of the Related Party Transactions Review Committee should ensure that they have, or have access to, enough knowledge or expertise to assess all aspects of proposed Related Party Transactions and where necessary, should obtain appropriate professional and expert advice from an appropriately qualified person.</p> <p>3) Where necessary, the Committee shall request the Board of Directors to approve the Related Party Transactions which are under review by the Committee. In such instances, the approval of the Board of Directors should be obtained prior to entering into the relevant Related Party Transaction.</p> <p>4) If a Director of a Listed Company has a material personal interest in a matter being considered at a Board Meeting to approve a Related Party Transaction as required in Rule 9.14.4(3), such Director shall not:</p> <ul style="list-style-type: none"> <li>(a) be present while the matter is being considered at the meeting; and,</li> <li>(b) vote on the matter</li> </ul>	Compliant	Refer 'Related Part Transactions Review Committee Report' of this Annual Report
9.14.5	Review of Related Party Transactions by the Related Party Transactions Review Committee	Compliant	Refer 'Related Part Transactions Review Committee Report' of this Annual Report
9.14.6	Listed Company shall obtain Shareholder approval for the Related Party Transactions set out in Rule 9.14.6 of the Listing Rules	Compliant	<p>There were no Related Party Transactions during the year which required shareholder approval</p> <p>The Company would comply with this Rule should a need arise</p>
9.14.7	Listed Company shall make an immediate Market Announcement to the Exchange for the Related Party Transactions as set out in Rule 9.14.7 (a) and (b)	Compliant	<p>There were no Related Party Transactions during the year which required an immediate Market Announcement</p> <p>The Company would comply with this Rule should a need arise</p>
9.14.8	<p>Related Party Disclosures</p> <p>(1) Non-recurrent RPT exceeding 10% of the Equity or 5% of the Total Assets, whichever is lower (in the specified format)</p>	Compliant	Refer 'Related Party Transactions Review Committee Report' and the 'Annual Report of the Board of Directors' of this Annual Report and related party note No. 16

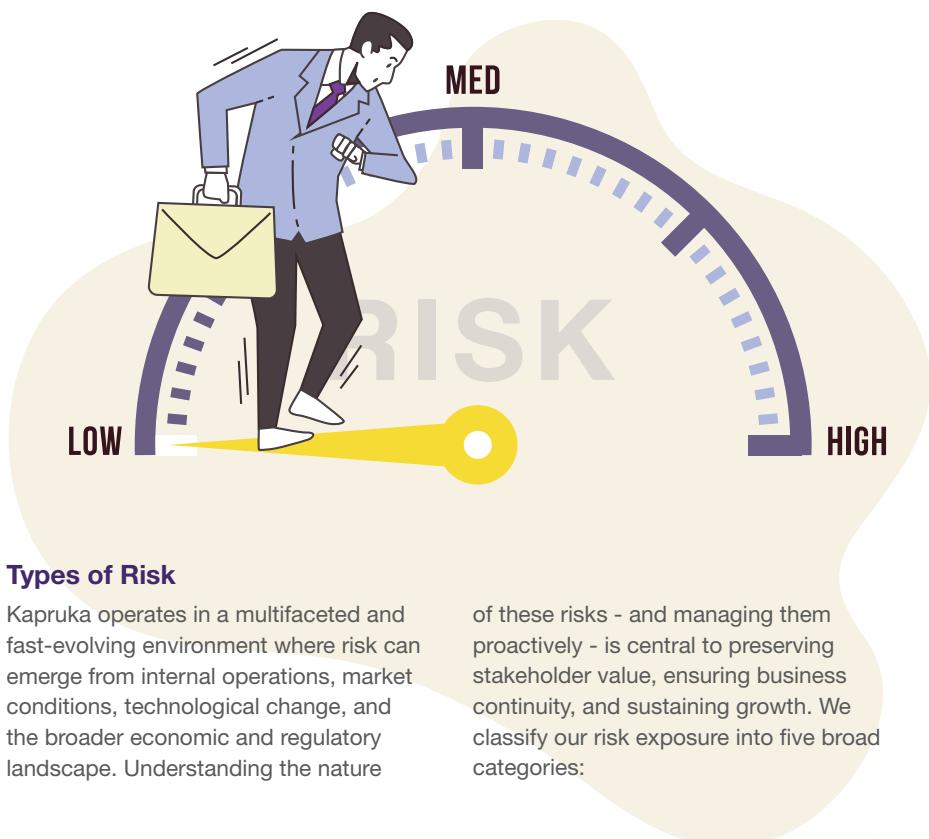
# Corporate Governance

CSE Rule	Requirement	Compliance Status	How We Comply
9.14.8 (2)	Recurrent Related Party Transactions exceeding 10% of the gross revenue/income (in the specified format)	Compliant	Refer 'Related Party Transactions Review Committee Report' and the 'Annual Report of the Board of Directors' of this Annual Report
9.14.8 (3)	Related Party Transactions Review Committee Report <ul style="list-style-type: none"> <li>Names of the Directors comprising the Committee</li> <li>Statement that committee has reviewed RPTs and communicated comments/observations to the Board</li> <li>Policies and procedures adopted by the Committee</li> </ul>	Compliant	Refer 'Related Part Transactions Review Committee Report' of this Annual Report
9.14.8 (4)	Affirmative declaration by the Board of Directors on compliance with RPT Rules or negative statement to that effect	Compliant	Refer 'Annual Report of the Board of Directors' of this Annual Report
9.14.9	Acquisition and disposal of assets from/to Related Parties <p>Except for transactions set out in Rule 9.14.10, Listed Company shall ensure that neither the Company nor any of its subsidiaries, acquires a substantial asset from, or disposes of a substantial asset to, any Related Party of the Company without obtaining the approval of the shareholders of the Company by way of a Special Resolution</p>	Compliant	The Company has not acquired or disposed of any assets from/to Related Parties during the year under review
<b>9.16</b>	<b>Additional Disclosures</b> <p>Additional disclosures by Board of Directors Declaration on the following:</p> <ul style="list-style-type: none"> <li>All material interests in contracts and have refrained from voting on matters in which they were materially interested</li> <li>Reviewed of the internal controls covering financial, operational and compliance controls and risk management and obtained reasonable assurance of their effectiveness and successful adherence and, if unable to make any of these declarations an explanation on why it is unable to do so;</li> <li>Made themselves aware of applicable laws, rules and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions;</li> <li>Disclosure of relevant areas of any material non- compliance with law or regulation and any fines, which are material, imposed by any government or regulatory authority in any jurisdiction where the Entity has operations</li> </ul>	Compliant	Refer 'Annual Report of the Board of Director' of this Annual Report

# Risk Management

At Kapruka, risk management is embedded into our organisational DNA serving not just as a safeguard, but as a strategic enabler of growth and innovation. In an increasingly dynamic and uncertain environment, we view risk as a dual force: a challenge to be managed and an opportunity to be harnessed.

Our structured approach ensures early identification, assessment, and mitigation of potential threats, while enabling agile adaptation and optimal resource allocation. These processes are continuously strengthened to align with evolving market conditions, technological shifts, and regulatory expectations.



## Strategic Risk



Strategic risk arises from decisions that shape the long-term direction of the Company, including failure to anticipate market shifts, technological disruption, or competitor actions. For a digital-first business such as Kapruka, this encompasses:

- **Technological Disruption:** Rapid innovation cycles may render existing platforms less competitive.
- **Market Dynamics:** Changing consumer preferences, intensified competition, or shifts in demand due to economic conditions.
- **Macroeconomic and Global Factors:** Currency volatility, geopolitical instability, and supply chain disruptions affecting business models.

## Operational Risk

Operational risks stem from inadequacies in processes, systems, or human resources, as well as from external events that affect daily operations.

- **Process Inefficiencies:** Gaps in workflow or internal controls can lead to delays, errors, or cost escalation.
- **Logistics Costs:** Volatility in fuel prices or inefficient delivery routes directly impacts cost structures.
- **Talent Retention:** Retaining skilled professionals in technology and finance is critical for competitive advantage.
- **Inventory Management:** Excess stock ties up capital and exposes the business to obsolescence risk.



# Risk Management

## Financial Risk



Financial risk includes exposure to market fluctuations, liquidity constraints, and adverse changes in interest or exchange rates.

- **Foreign Exchange Exposure:** Volatility in currency rates affects cross-border trade and procurement.
- **Interest Rate Risk:** Rising borrowing costs can pressure margins.
- **Liquidity Risk:** Insufficient cash reserves may limit operational flexibility or growth initiatives.

## Reputational Risk

Kapruka's brand equity is a strategic asset. Reputational risk arises from negative customer experiences, governance failures, or perceived shortcomings in social and environmental responsibility.



- **Product and Service Quality:** Customer dissatisfaction or failure to meet service standards.
- **Corporate Governance Lapses:** Erosion of trust among investors, regulators, and partners.
- **ESG Expectations:** Non-compliance with environmental or social commitments may impact brand loyalty.

## Compliance Risk



Compliance risk emerges from failure to adhere to legal, regulatory, or internal policy requirements.

- **Regulatory Non-Compliance:** Changes in e-commerce, consumer protection, or data privacy regulations.
- **Financial and Tax Compliance:** Errors in reporting or filings that may lead to penalties.
- **Ethical Conduct:** Breaches of the Company's code of conduct or industry best practices.

## Risk Governance

Our risk governance framework ensures that risk oversight is embedded into every level of decision-making. It balances entrepreneurial ambition with prudent risk-taking, enabling the Group to pursue growth while safeguarding long-term stakeholder value.

## Board of Directors

Holds ultimate accountability for risk management. The Board sets the overall risk appetite, approves risk frameworks, and monitors the Company's risk profile against strategic objectives. It

also fosters a culture of transparency, accountability, and risk awareness across the organisation.

## Audit & Risk Committee

A Board-appointed committee that plays a pivotal oversight role. It reviews the adequacy of internal controls, ensures the reliability of financial reporting, and monitors regulatory compliance. The Committee evaluates emerging risks, challenges the effectiveness of mitigation strategies, and provides independent assurance to the Board.

## Group Executive Management Committee

Acts as the operational custodian of risk management. It translates the Board's risk appetite into actionable policies, monitors day-to-day operational and strategic risks, and coordinates cross-departmental responses to emerging challenges. This committee ensures alignment between risk management activities and the Group's strategic goals.

## Department Heads

Serve as the first line of defence. They are responsible for identifying, assessing, and managing risks within their respective areas. Department Heads implement internal controls, monitor key risk indicators, and escalate material risks to senior management. They also

promote risk awareness among their teams and ensure compliance with established policies and procedures.

## Risk Management in Action

As Sri Lanka's e-commerce leader and a growing cross-border player, Kapruka operates in a complex risk

environment. Our strategies are anchored in technology leadership, international expansion, and customer-centricity in order to be demand vigilant and adopt adaptive risk practices.

Risk Type	Key Exposure	Potential Impact	Mitigation Strategies
<b>Strategic Risk</b>	<ul style="list-style-type: none"> <li>• Rapid tech evolution</li> <li>• Changing consumer behaviour</li> <li>• Economic &amp; geopolitical shifts</li> </ul>	<ul style="list-style-type: none"> <li>• Loss of market share</li> <li>• Reduced sales</li> <li>• Disrupted operations</li> </ul>	<ul style="list-style-type: none"> <li>• Continuous R&amp;D via Kapruka Tech Root</li> <li>• Broaden product range &amp; loyalty programmes</li> <li>• Diversify markets &amp; suppliers</li> </ul>
<b>Operational Risk</b>	<ul style="list-style-type: none"> <li>• High stock holding costs</li> <li>• Fuel price volatility</li> <li>• Talent retention challenges</li> <li>• Process &amp; control gaps</li> </ul>	<ul style="list-style-type: none"> <li>• Margin compression</li> <li>• Increased delivery costs</li> <li>• Reduced productivity</li> </ul>	<ul style="list-style-type: none"> <li>• Partner Central model to reduce inventory</li> <li>• Route optimisation &amp; cost-effective logistics</li> <li>• Strong career pathways &amp; retention programmes</li> <li>• Strengthen internal controls</li> </ul>
<b>Financial Risk</b>	<ul style="list-style-type: none"> <li>• FX volatility &amp; import restrictions</li> <li>• Interest rate fluctuations</li> <li>• Liquidity pressures</li> </ul>	<ul style="list-style-type: none"> <li>• Supply chain disruption</li> <li>• Margin erosion</li> <li>• Restricted expansion</li> </ul>	<ul style="list-style-type: none"> <li>• Expand local sourcing</li> <li>• Hedge currency exposure</li> <li>• Maintain robust cash reserves &amp; credit lines</li> </ul>
<b>Reputational Risk</b>	<ul style="list-style-type: none"> <li>• Product/service quality lapses</li> <li>• Governance failures</li> <li>• ESG non-compliance</li> </ul>	<ul style="list-style-type: none"> <li>• Loss of customer trust</li> <li>• Stakeholder confidence erosion</li> </ul>	<ul style="list-style-type: none"> <li>• Rigorous quality controls</li> <li>• Transparent governance practices</li> <li>• Sustainability initiatives</li> </ul>
<b>Compliance Risk</b>	<ul style="list-style-type: none"> <li>• Regulatory non-compliance</li> <li>• Financial/tax inaccuracies</li> <li>• Ethical breaches</li> </ul>	<ul style="list-style-type: none"> <li>• Fines &amp; penalties</li> <li>• Reputational damage</li> </ul>	<ul style="list-style-type: none"> <li>• Ongoing compliance training</li> <li>• Internal audits</li> <li>• Code of conduct &amp; ethics assessments</li> </ul>

### Strategic Outlook

For Kapruka, risk management is more than protection. It is a driver of sustainable growth. By integrating risk considerations into every level of decision-making, we remain resilient, agile, and ready to seize opportunities in both domestic and global markets. This proactive stance ensures we not only safeguard value but continually create it for all stakeholders.

# Statement by the Senior Independent Director



**Lakshman Abeysekera**  
Senior Independent Director

I was appointed by the Board as the Senior Independent Director (SID) on 1st September 2024 (during the financial year 2024/2025) in compliance with Listing Rule 9.6.3, since the positions of the Chairperson and the Chief Executive Officer are not segregated.

The Board was of the view that Mr. Dulith Vinodan Herath should continue to hold both positions, at least in the medium term, based on the following rationale.

- (i) Mr. Herath is the Founder and the driving force behind "Kapruka"
- (ii) Kapruka currently heavily relies on his leadership for its business
- (iii) This reliance was evident at the Public Listing approximately three and a half years ago, during which a notable number of investors placed their faith in his vision and leadership
- (iv) Sri Lanka's e-commerce landscape is still in its infancy. Therefore, it will be challenging to find executives with a wealth of experience in this sector locally, especially for a large-scale commercial platform such as Kapruka.

Based on the aforesaid circumstances, the Board considered it too early since the company was listed, for Mr. Herath to step down from either of these positions, which may undermine the trust placed in him.

## ROLE OF THE SENIOR INDEPENDENT DIRECTOR

The SID provides guidance to the Chairman on matters of governance of the company and also provides emphasis on transparency on matters relating to governance. In fulfilling this duty, the SID is required to meet with the Independent Directors at least once a year or as often as deemed necessary at a meeting chaired by the SID without the presence of the other Directors to discuss matters and concerns relating to the company and the operation of the Board. The SID is required to provide feedback and recommendations from such meetings to the Chairperson and the other Board Members.

The SID shall hold a meeting of the Non-Executive Directors without the Chairperson at least annually to appraise the Chairperson's performance and on such other occasions as are deemed appropriate.

Currently, the Board is composed of Four (4) Independent Non-Executive Directors, two (02) Non-Executive Non-Independent Directors, and one (01) Executive Director, who is the Chairman and Chief Executive Officer.

## ACTIVITIES DURING THE YEAR

In line with regulatory requirements, I presided over one meeting with the Independent Non-Executive Directors since my appointment on 1st September 2024, covering the financial year

2024/2025, which was attended by three of the four Directors. This was followed by a further meeting with the Non-Executive Non-Independent Directors (02) in number, both meetings without the presence of the Executive Director.

At these meetings, the performance of the Chairman and the Executive Director was appraised. Discussions related to matters and concerns pertaining to the entity and the operations of the Board. The proceedings of this meeting, together with the views, suggestions, and recommendations of the Independent Directors, were minuted in detail, and the minutes circulated to the Chairman and the Board soon thereafter.

I believe that I have effectively discharged the duties entrusted to the SID in accordance with the Corporate Governance guidelines.

**Lakshman Abeysekera**  
Senior Independent Director

29th August 2025

# The Report of the Audit Committee



**Dr. Chamara Bandara**  
Chairman  
Audit Committee

## PURPOSE

In accordance with the Code of Best Practice on Corporate Governance and the regulations issued by the Securities Exchange Commission of Sri Lanka for public limited companies the Board of Directors has established an Audit Committee with a clearly defined Terms of Reference (TOR). This TOR integrates the requirements of the Securities and Exchange Commission and Code of Best Practice on Corporate Governance.

The role of the Audit Committee is to oversee the financial reporting system of the Company with a view to safeguarding the interests of all the stakeholders.

This includes selecting and applying appropriate accounting policies for the purpose of financial reporting, ensuring sound internal control principles and its effective implementation, thus ensuring the integrity of Financial Statements.

## COMPOSITION OF THE COMMITTEE

The Audit Committee is appointed by the Board and consists entirely of Non-Executive Directors, the majority of whom are Independent. During the financial year, there were several changes in the composition.

1. Dr. Chamara Bandara (IND/NED) – was appointed on 28th September 2024 as the member of the committee & appointed as the Chairman effective from 06th January 2025
2. Mr Lakshman Abeysekara (IND/NED) was appointed as the member of the committee effective from 28th September 2024

3. Ms. Anuradha Herath (NED) was appointed to the Committee effective from 22nd July 2024.
4. Mr. S.M.T.H. Subasinghe (IND/NED) – served as the Chairman until his departure on 6th January 2025
5. Mrs. M.P. Abeysekera (IND/NED) – resigned from the Committee with effect from 28th September 2024.

(IND/NED) (IND - Independent Director and NED – Non-Executive Director)

The Chairman of the Committee, Dr. Chamara Bandara, who is an Independent Non-Executive Director is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka. Mr. Lakshman Abeysekara is also a Fellow Member of the Institute of Chartered Accountants of Sri Lanka. Brief profiles of the members of the Committee are given on pages 19 to 22 of the Annual Report. The Company Secretary functions as the Secretary to the Committee.

## ATTENDANCE AT COMMITTEE MEETINGS

The Committee held six scheduled meetings during the year. Each meeting was conducted based on a clear agenda prepared in advance of the meeting which covered all pertinent matters requiring the attention of the Committee. The Committee has a periodic and structured forward looking planner, designed to ensure that responsibilities are discharged in full during the year and that regulatory developments continue to be brought to the Committee's attention.

The Committee met Six (6) occasions during the year 2024/25. Attendance by Committee members at these meetings is detailed below, with the attendance ratio calculated based on the number of meetings held during each member's tenure on the Committee.

Name of the director	Directorship Status	Membership Status	Meeting Attendance
Mr. S M T H Subasinghe	(IND/NED)	Committee Chair	4/4
Mrs. M P Abeysekera	(IND/NED)	Member	3/3
Ms. Anuradha Herath	(NED)	Member	4/5
Dr. Chamara Bandara	(IND/NED)	Committee Chair	3/3
Mr. Lakshman Abeysekara	(IND/NED)	Member	3/3

The regular attendees on the invitation to the meetings included the Chairman/CEO,

# The Report of the Audit Committee

Head of Finance, Deputy Manager - Finance, General Manager and the Head of Internal Auditor. Further, As necessary, other Key Management Personnel such as the Chief Technology Officer and the Head of Human Resource Management were also invited to attend relevant segments of the meetings to identify the operating effectiveness of the Internal controls and also to enhance the awareness of the Committee with regard to the developments taking place.

The External Auditors also attended these meetings by invitation. Further, one meetings were held after 31 March 2024 to consider and recommend to the Board of Directors, the Company's Quarterly and Annual Financial Statements. The Committee submits its minutes and reports with the action plan document on its activities to the Board regularly and also assists the Board in its general oversight of financial reporting, internal controls, and functions relating to internal and external audits.

## DUTIES AND RESPONSIBILITIES OF THE AUDIT COMMITTEE

In addition to its key areas of discussion, the Committee receives regular updates from management in relation to key financial controls, IT general controls, treasury, taxation and internal audit. The Committee's oversight responsibilities include the following;

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

Assisting the Board in fulfilling its oversight responsibilities towards ensuring the integrity of the financial statements of the Company and the Group.

Overseeing compliance with financial reporting requirements, information requirements of the Companies Act, and compliance with all relevant statutory and regulatory requirements.

Assessing the processes to ensure that the internal controls and risk management framework are adequate to safeguard the Company's assets and its interests.

Reviewing the independence and performance of the External Auditors; Making recommendations to the Board pertaining to the appointment, re-appointment and removal of External Auditors.

Monitoring the effectiveness of the internal audit function.

## FINANCIAL REPORTING, STATUTORY & REGULATORY REQUIREMENTS

In relation to the financial statements, the Committee ensures that the Group provides accurate and timely financial results in conformity with the Sri Lanka Accounting Standards and applies judgements effectively. During the year, the Committee considered and recommended the quarterly financial statements, annual financial statements and connected documents for Board approval, within the stipulated timelines.

The Committee reviewed the financial reporting system adopted by the Company in the preparation of its quarterly and annual financial statements to ensure the reliability of the entire process, consistency of the accounting policies and procedures adopted and their compliance with Sri Lanka Accounting Standards and Sri Lanka Financial Reporting Standards.

The Committee reviews the quarterly regulatory compliance reports submitted and concludes that the Company and its subsidiaries' compliance framework provides reasonable assurance that all relevant laws, rules, regulations, code of ethics and standards of conduct have been followed in compiling these reports.

This procedure ensures that compliance with all statutory and regulatory

requirements is effectively monitored. The Committee supported the Board in discharging its responsibilities towards ensuring statutory compliance by companies in the Group and received and reviewed compliance data covering the aforementioned items. The Committee discussed the controls and mitigating actions deployed in support of the Group's overall compliance strategy and culture to reduce instances of fraud and compliance breaches.

## CHARTER OF THE AUDIT COMMITTEE

The Audit Committee operates under a formal Charter approved by the Board of Directors. This Charter outlines the scope of responsibilities, authority, and structure of the Committee. The Charter is periodically reviewed and updated to reflect evolving regulatory requirements and best governance practices.

## INTERNAL AUDIT

The Audit Committee reviewed the objectivity and performance of the internal audit function and the adequacy of its resources. The internal audit reports submitted to the committee and audit findings presented in the reports were prioritized based on risk levels. Follow up reviews are scheduled to ascertain that audit recommendations are being acted upon. The Committee reviewed the process to assess the effectiveness of the Internal Financial Controls that have been designed to provide reasonable assurance to the Directors that assets are safeguarded, and that the financial reporting system can be relied upon in the preparation and presentation of Financial Statements.

## EXTERNAL AUDIT

The Committee held meetings to review the role of the External Auditors and the scope of its work. The Committee considers the "Management Letter" submitted by the external auditor and management's response to their recommendations. The Committee

periodically assesses the quality of the external auditor's contribution and effectiveness, considers their appointment, approves auditor remuneration and monitors the provision of non-audit services and associated fees in order to ensure that their independence as External Auditors had not been compromised.

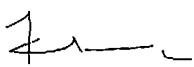
## **CONCLUSION**

The Committee acknowledges the cooperation and support received from the management team, internal audit, and external auditors during the year to enable it to carry out its duties and responsibilities effectively.

The Committee is satisfied that the Company's internal controls and procedures are in place and are effectively implemented as designed to assess and manage risks and that the Company's assets are adequately safeguarded.

The Committee is also satisfied that the operating controls and the application of appropriate accounting policies provide reasonable assurance that the financial statements of the Company and Group provide a true and fair view of its state of affairs.

The Audit Committee has proposed to the Board of Directors that Messrs. Ernst & Young, Chartered Accountants be recommended for re-appointed as Statutory Auditors of the Company for the financial year ending 31st March 2026, subject to approval by the shareholders at the forthcoming Annual General Meeting.



**Dr. Chamara Bandara**  
Chairman  
Audit Committee

29th August 2025

# Report of the Related Party Transactions Review Committee



**Mr. Lakshman Abeysekera**  
Chairman  
Related Party Transaction Review Committee

## PURPOSE

The Related Party Transactions Review Committee (the “Committee”) assists the Board of Directors in ensuring that all Related Party Transactions (RPTs) are conducted on an arm’s length basis and are compliant with the Listing Rules of the Colombo Stock Exchange (CSE). The Committee is responsible for the independent reviewing of all proposed non-recurrent Related Party Transactions between the Company and its Related Parties, either prior to entering into a transaction or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction. Further, the Committee reviews all recurrent Related Party Transactions on a quarterly basis and annually to ensure compliance with the limits and reporting guidelines specified by the Listing Rules of CSE.

The Committee is responsible for evaluating and reviewing the threshold for Related Party Transactions which require either shareholders’ approval or immediate market disclosures annually.

## COMPOSITION

The Related Party Transaction Review Committee (the Committee) appointed by the Board of Directors (the Board) consists of two Independent Non-Executive Directors & one Non-Independent Non-Executive Director. During the financial year, there were several changes in the composition.

Mr. Lakshman Abeysekera (IND/NED) was appointed to the Committee as the Chairman effective from 28th September 2024

Dr. Chamara Bandara (IND/NED) - was appointed to the Committee effective from 28th September 2024

Mrs. A. M. Herath (NIND/ NED)

Mrs. M. P. Abeysekera (IND/NED) - resigned from the Committee with effect 28th September 2024.

Mr. S. M. T. H. Subasinghe (IND/NED) - resigned from the Committee with effect from 28th September 2024.

(IND/NED) (IND - Independent Director and NED – Non Executive Director)

(NIND/NED) (NIND - Non Independent Director and NED – Non Executive Director)

The Chairman of the Committee, Mr. Lakshman Abeysekera, who is an Independent Non-Executive Director is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka. Brief profiles of the members of the Committee are given on pages 19 to 22 of the Annual Report. The Company Secretary functioned as the Secretary to the Committee.

## ATTENDANCE AT COMMITTEE MEETINGS

The Committee met Five (05) occasion during the year 2024/25. Attendance by the Committee members at these meetings is as follows:-

Name of the director	Directorship Status	Membership Status	Meeting Attendance
Mrs. M P Abeysekera	(IND/NED)	Committee Chair	3/3
Mr. S M T H Subasinghe	(IND/NED)	Member	3/3
Ms. Anuradha Herath	(NED)	Member	3/5
Dr. Chamara Bandara	(IND/NED)	Member	2/2
Mr. Lakshman Abeysekera	(IND/NED)	Committee Chair	2/2

The Chairman/ CEO, Head of Finance, Deputy Finance Manager, and Head of Internal Audit attended the meetings by invitation.

The relevant Related Party Transactions between the Company and its related parties were observed by the Committee when required and communicated its observations to the Board. Below mentioned main areas were discussed and reviewed by the Committee.

- Committee formation and Terms of Reference
- Analysis of the structure of Kapruka Holdings PLC and its subsidiaries
  - The Committee reviewed the organizational structure of the Company and its subsidiaries and recommended appropriate changes to be in line with the Listing Rules of the Colombo Stock Exchange (CSE).
- Assessed the adequacy of related party reporting
- Related Party Transaction policy framework was proposed by the committee to guide the management in identifying and recording Related Party Transactions
- The committee proposed to establish a policy on the management fee including the basis of computation and a recovery plan to collect receivables from its subsidiaries.
- The Committee reviewed and preapproved all recurrent and non-recurrent Related Party Transactions of the Company and its subsidiaries along with the disclosures and assurances provided by the senior management of the Company in relation to such transactions in terms of formulated guidelines so as to validate compliance with Section 9.5(a) of the listing rules.
- Other significant transactions of non-listed subsidiaries were presented to the Committee for information
- Established guidelines for the management and reporting of related party transactions - The Committee considered the necessary market disclosures in a timely and detailed manner and disclosures in the Annual Report as required by the applicable rules/regulations
- Transaction limits for the approval of the Board – The Committee proposed to impose transaction limits for the approval of the Board to proceed as a mode of maintaining good

governance within the Company.

- Reviewed thresholds for Related Party Transactions between the company and its subsidiaries which require either shareholders' approval or immediate market disclosure based on the Financial Statements for the year ended 31st March 2025.

## TERMS OF REFERENCE

The Committee operates as per the Board approved and formally documented Terms of Reference (TOR), outlining the Committee's authority and duties. The TOR has been carefully designed to discharge the Committee's purpose, duties and responsibilities and it covers aspects relating to matters prescribed in the Listing Rules of the Colombo Stock Exchange.

The Committee is discharging its functions in compliance with its TOR primarily relied on processes that were validated from time to time and periodic reporting by the relevant entities and Key Management Personnel (KMP) with a view to ensuring:

Compliance with 'the Code' and the Listing Rules of the CSE

Shareholder interests are protected; and Fairness and transparency are maintained

## DUTIES AND RESPONSIBILITIES

- Adopting policies and procedures to review related party transactions of the Company and evaluating transactions that fall within the ambit of a normal business relationship and whether the terms of such transactions are no more favorable than would reasonably be expected of transactions negotiated on an arm's length basis.
- Reviewing in advance all proposed related party transactions of the Company and its subsidiaries either prior to the transaction being

entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.

- Seek any information the Committee requires from management, employees or external parties with regard to any transaction entered into with a related party and determine whether related party transactions to be entered into by the Company require Board or shareholder approval.
- Establishing a set of guidelines as explained in the CSE Listing Rules where related party transactions are "recurrent in nature", for the senior management to follow in their continuing dealings with the relevant related party.

Ensuring that no Director of the Company participates in any discussion of a proposed related party transaction for which he or she is a related party, unless such Director is requested to do so by the Committee for the express purpose of providing information concerning the related party transaction to the Committee.

Advising the Board in making immediate market disclosures on applicable Related Party Transactions as required by Section 9 of the Continuing Listing Requirements of the CSE.

- Advising the Board in making appropriate disclosures on RPT in the Annual Report as required by Section 9 of the Continuing Listing Requirements of the CSE.
- Ensuring that necessary policies, procedures, guidelines, and manuals to review transactions have been implemented. Ensuring that there is an adequately effective and efficient system in place to capture information which is relevant to its review function.

# Report of the Related Party Transactions Review Committee

- Meet with the management, Internal Auditors/External Auditors as necessary to carry out the assigned duties.

## REPORTING TO THE BOARD

The activities and views of the Committee have been communicated to the Board of Directors through verbal briefings and minutes of the Committee Meetings were tabled at the immediately following Board Meeting enabling all Board Members to have access to the same.

## DECLARATION

The Committee has reviewed all related party transactions during the period and has established that they are in the best interest of the Company and comply with all standards of best practice and reporting. Detailed disclosures of Related Party Transactions are provided on pages 138 to 140 of this Annual Report.



**Lakshman Abeysekera**

Chairman  
Related Party Transaction Review  
Committee

29th August 2025

# Report of the Remuneration Committee



**Dr. Chamara Bandara**  
Chairman  
Remuneration Committee

## PURPOSE

The purpose of the Committee is to assist the Board in fulfilling its responsibility to Shareholders to ensure that the Company's remuneration framework is fair, responsible, and linked to both corporate and individual performance. The Committee also ensures that the Company's remuneration practices comply with applicable statutory and regulatory requirements.

## COMPOSITION OF THE COMMITTEE

The Remuneration Committee of Kapruka Holdings PLC consists of the following Non-Executive Directors:

Mr Chamara Bandara - (IND/NED)- was appointed to the Committee as chairman effective from 01st September 2024

Mrs Anuradha Herath – (NIND /NED) - was appointed to the Committee effective from 22nd July 2024

Mr. Suresh Deepal Subasinghe (IND/ NED)- was appointed to the Committee effective from 28th September 2024

Mrs. D P Pieris – (IND/NED) -resigned from the Committee with effect from effective from 01st September 2024.

Mrs. P M Abeysekera - (IND/NED) -resigned from the Committee with effect from effective from 28th September 2024.

(IND/NED) (IND - Independent Director and NED – Non Executive Director)

(NID/NED) (NIND - Non Independent Director and NED – Non Executive Director)

The Chairman of the Committee, Mr Chamara Bandara, who is an Independent Non-Executive Director is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka .Brief profiles of the members of the Committee are given on pages 19 to 22 of the Annual Report.

## ATTENDANCE AT COMMITTEE MEETINGS

The Committee met three (02) times during the year under review with the attendance of all its members.

Name of the director	Directorship Status	Membership Status	Meeting Attendance
Mrs. D P Pieris	(IND/NED)	Committee Chair	2/2
Mrs. M P Abeysekera	(IND/NED)	Member	2/2
Ms. Anuradha Herath	(NED)	Member	N/A
Dr. Chamara Bandara	(IND/NED)	Committee Chair	N/A
Mr. Suresh Subasinghe	(IND/NED)	Member	N/A

The CEO, Finance Manager, Head Of HR, General Manager & the Head of Internal Audit attended the meeting by invitation to assist in the Committee's deliberations

Below mentioned main areas were discussed and reviewed by the Committee:-

- Increment of Remuneration for Directors and Employees- The Committee recommended changes to the remuneration packages of the Directors and employees after reviewing the current remunerations.
- Employee performance appraisal - The Committee recommended conducting a performance appraisal on employee promotions and increments with their respective pay levels as a best practice.
- Staff promotions - The Committee also reviewed the staff cadre categorization to make the appropriate changes and kept abreast of the dynamic changes that were required during the year.

The Company Secretaries of the Company, Kreston Corporate Services (Pvt) Ltd, functioned as the Secretary to the Remuneration Committee

# Report of the Remuneration Committee

## TERMS OF REFERENCE

The Committee operates within the agreed Terms of Reference. The committee examines the proposals and recommendations made by the management on the remuneration package for the Company's Executive Directors and Senior Management of the Company and its subsidiaries and makes recommendations to the Board for their approval.

The scope of the Committee also involves, looking into the fees and perquisites of the Chairman and the Non-Executive Directors of the Board of the Company as recommended by the management, and submitting the Committee's recommendations for the approval of the Board.

All – Independent Non-Executive Director receive fees for serving on sub-committees, except for Mrs. D P Pieris, and Dr. Chamara Bandara who had opted not to receive a separate fee for attending the Remuneration Committee meetings.

## REMUNERATION POLICY

The Committee considers several factors when determining the Company's remuneration structure, including such as Market competitiveness, Corporate and individual performance, industrial standards, comparison to market accessible rates, and the Inflation and macroeconomic conditions while determining the Company's overall remuneration policy for the year under review.

## DUTIES AND RESPONSIBILITIES OF THE REMUNERATION COMMITTEE

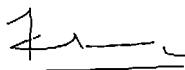
- Providing advice and recommendations to the Board or the Chairman on appointments
- Formulating remuneration policies (salaries, allowances and other financial payments) relating to

Directors and Key Management Personnel of the Company and submitting the same for the approval of the Board.

- Formulating broad policy for incentive structures of Executive Directors and Key Corporate Management.
- Evaluating the performance of Key Management Personnel and providing recommendations for revising remuneration, benefits, and other performance-based incentives.
- Approving Remuneration:
  - (a) Directors' emoluments
  - (b) Annual Salary and bonus based on performance evaluations.
  - (c) Incentives, allowances, and other perquisites.
- Reviewing the Company's remuneration practices and policies to ensure fairness in directors' remuneration.
- Determining the policy for the terms of employment of the executive Directors.

## DIRECTORS' EMOLUMENTS

Details of Directors' emoluments are disclosed in Note 16.4 of the Financial Statements on page 137.



### Dr. Chamara Bandara

Chairman  
Remuneration Committee

29th August 2025

# Nominations and Governance Committee Report



Mr. Lakshman Abeysekera

Chairman

Nomination and Governance Committee

The primary function of the Nominations and Governance Committee is to assist the Board identifying and recommending individuals for appointment to the Board and its Sub-Committees, ensuring an appropriate balance of skills, expertise, independence, and diversity. The Committee was established in accordance with the Colombo Stock Exchange (CSE) Listing Rule 9.11 and is committed to ensuring compliance with the regulatory framework.

## COMPOSITION OF THE COMMITTEE

The Committee comprises Independent, Non-Executive Directors appointed by the Board. Changes in composition during the period under review are noted below:

Mr. Lakshman Abeysekera (IND/NED) - was appointed to the Committee as chairman effective from 01st September 2024

Mr. Tishan Subasinghe – Member –(IND/NED) was appointed to the Committee with effect from 3rd July 2024.

Mr. Suresh Deepal Subasinghe– Member – (IND/NED) was appointed to the Committee with effect from 3rd July 2024.

Dr. Chamara Bandara (IND/NED) - was appointed to the Committee effective from 28th September 2024

Mrs. D Priyanthi Pieris – Chairman –(IND/NED) resigned from the Committee with effect from 01st September 2024.

Mrs. Manohari Prasadini Abeysekera – Member (IND/NED) - resigned from the Committee with effect from 28th September 2024.

(IND/NED) (IND - Independent Director and NED – Non-Executive Director)

The Chairman of the Committee, Mr. Lakshman Abeysekera, who is an Independent Non-Executive Director is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka. Mr. Tishan Subasinghe and Dr Chamara Bandara are also a Fellow Members of the Institute of Chartered Accountants of Sri Lanka. Brief profiles of the members of the Committee are given on pages 19 to 22 of the Annual Report.

The Company Secretaries of the Company, Kreston Corporate Services (Pvt) Ltd, functioned as the Secretary to the Nomination & Governance Committee.

## NOMINATIONS & GOVERNANCE COMMITTEE MEETINGS

The Committee met one (1) occasion during the year 2024/25. Attendance by the Committee members at this meeting is as follows:-

Name of the director	Directorship Status	Membership Status	Meeting Attendance
Mr. Lakshman Abeysekera	(IND/NED)	Committee Chair	1/1
Mr. S.M.T.H.Subasinghe	(IND/NED)	Member	1/1
Dr.Chamara Bandara	(NED)	Member	1/1
Mr. Suresh Subasinghe	(IND/NED)	Member	0/1

## DUTIES AND RESPONSIBILITIES OF THE NOMINATIONS & GOVERNANCE COMMITTEE

The functions of the Nominations and Governance Committee shall include the following:

- (i) Evaluate the appointment of Directors to the Board of Directors and Board Committees of the Listed Entity. However, a Nominations and Governance Committee member shall not participate in decisions relating to his/her own appointment.
- (ii) Consider and recommend (or not recommend) the re-appointment /re-election of current Directors taking into account;
  - The combined knowledge, experience, performance and contribution made by the Director to meet the strategic demands of the Listed Entity and the discharge of the Board's overall responsibilities; and
  - The number of directorships held by the Director in other listed and unlisted companies and other principal commitments.

# Nominations and Governance Committee Report

- (iii) Establish and maintain a formal transparent procedure to evaluate, select and appoint/re-appoint Directors of the Listed Entity.
- (iv) Establish and maintain a set of criteria for selection of Directors such as the academic/professional qualifications, skills, experience and key attributes required for eligibility, taking into consideration the nature of the business of the Entity and industry specific requirements.
- (v) Establish and maintain a suitable process for the periodic evaluation of the performance of Board of Directors and the CEO of the Entity to ensure that their responsibilities and satisfactorily discharged.
- (vi) Develop succession plan for Board of Directors and Key Management Personnel of the Listed Entity.
- (vii) Review the structure, size and composition of the Board and Board Committees with regard to effective discharge of duties and responsibilities.
- (viii) Review and recommend the overall corporate governance framework of the Listed Entity taking into account the Listing Rules of the Exchange, other applicable regulatory requirements and industry/international best practices.
- (ix) Periodically review and update the Corporate Governance Policies/ Framework of the Entity in line with the regulatory and legal developments relating to same, as a best practice.
- (x) Receive reports from the Management on compliance with the Corporate Governance framework of the Entity including the Entity's compliance with provisions of the SEC Act, Listing Rules of the Exchange and other applicable laws,

together with and deviations/non-compliances and the rationale for same.

## POLICY AND PROCESS DOCUMENTS

The written terms of reference defining the scope of authority, duties, and matters pertaining to the quorum of meetings are under preparation.

## ACTIVITIES DURING THE YEAR

The Committee considered and recommended the re-election of the following Directors on 06th August 2025, at the Annual General Meeting to be held for the year 2025.

1. Mrs. Ranasinghe Arachchige Thilangani Herath, who was first appointed to the Board on 7th February 2002, was last reappointed on 27th September 2024. She is due to retire under Section 211 of the Companies Act No. 7 of 2007. The Committee recommended to the Board that they recommend the election of Mrs. Herath to the shareholders. (Mrs. Herath has a close family relationship with the Chairman/Managing Director/holder of 80 percent shares of the company).
2. Accordingly, out of the Six Non-Executive Directors (2 Non-Independent and 4 Independent), the Director referred to in 1 above is not considered in terms of Section 88(1) for retirement by rotation. Out of the remaining five, 2 directors, Mr. Subasinghe Mudiyanselage Tishan Harendranath Subasinghe (reappointed on 27th September 2023) and Mrs. Anuradha Malimage Herath (reappointed on 26th September 2022) are due to retire in terms of Section 88(1). The Committee recommended to the Board that they recommend the election of Mr. Tishan Subasinghe and Mrs. Anuradha Herath to the shareholders.

(In terms of Article 88(1) of the Articles of Association of the Company, one-third of the directors for the time being or if their number is not a multiple of three, the number nearest to but not greater than one third retire from office – Accordingly of the 5 remaining directors aforesaid one-third of directors to retire shall be 2).

## PERIODIC EVALUATION

The Committee was done periodic evaluations have been conducted on the performance of the Board of Directors or the CEO as required by Rule 9.11.5.

## INDUCTION PROGRAMMES/ ORIENTATION PROGRAMMES

The Committee has not conducted any Induction Programmes/ Orientation Programmes since there were no new director appointment during the year.

## ANNUAL UPDATES GIVEN TO THE DIRECTORS ON CORPORATE GOVERNANCE, LISTING RULES, SECURITIES REGULATIONS AND OTHER APPLICABLE LAWS AND REGULATIONS/DECLARATIONS.

The Secretaries were provided declarations from the Independent Directors as to their independence as per the declaration referred to in Appendix 9A of the Listing Rules for the year ended 31st March 2025. The Secretaries were also provided declarations by the Non-Executive Directors as per Appendix 9C

The Secretaries Presented to the Board of Directors, the extent of compliance with the Corporate Governance Rules on the Board Meeting Held on 20th February 2025. Compliance with certain rules is in progress.



**Lakshman Abeysekera**  
Chairman  
Nominations and Governance Committee

29th August 2025



# Delivering Value

Accountability & Assurance

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

Annual Report of the Board of Directors on the Affairs of the Company as required by section 168 of the Companies Act No. 07 of 2007 as amended ("the Companies Act").

## 1. GENERAL

The Board of Directors of Kapruka Holdings PLC have the pleasure of presenting their Report on the affairs of the Company together with the Audited Consolidated Financial Statements for the year ended 31st March 2025.

The details set out herein provide the pertinent information required under Section 168 of the Companies Act No. 07 of 2007, the Colombo Stock Exchange Listing Rules, and the Code of Best Practice on Corporate Governance 2017 issued by the Institute of Chartered Accountants of Sri Lanka.

The Company was incorporated in Sri Lanka on 7th Feb 2002 as a Private Limited liability Company under the previous Companies Act No. 17 of 1982 in the name of Lanka Dot Info (Private) Limited. On January 07, 2005, the Company changed its name to Kapruka Dot Com (Private) Limited under the previous Companies Act No.17 of 1982 and re-registered under the provisions of Companies Act No. 07 of 2007 on July 29, 2008, obtaining PV 5789 as the Company's Reregistration Number. The status of the Company was changed from Private Limited to a Public Limited Company under provisions of the Companies Act No. 07 of 2007 on 06th November 2021. Thereafter the Company changed its name from Kapruka Dot Com Limited to Kapruka Holdings Limited on 20th November 2021.

The ordinary shares of the company have been listed on the Colombo Stock Exchange with effect from 07th January 2022. The Company changed its status from Kapruka Holdings Limited to Kapruka Holdings PLC under the Registration No. PQ00247881 with effect from 13th April 2022. 164,130,360 fully

paid Ordinary Voting Shares were listed on the Main Board of the Colombo Stock Exchange (CSE) on 07th January 2022.

The Registered Office as well as the Head Office of the company is located at No 147, Old Kottawa Road, Mirihana, Nugegoda.

The Financial Statements reviewed and recommended by the Audit Committee were approved by the Board on 29th August 2025 along with this report.

## 2. PURPOSE AND VALUES

In achieving its set goals and objectives all Directors, management, and employees of the Company conduct their activities to the highest level of ethical standards and integrity as set out in the Code of Ethics of the company.

## 3. REVIEW OF THE BUSINESS

### 3.1 Principal Business Activities of The Company and The Group

Kapruka Group consists of a portfolio of diverse business operations in the online business market today by continuously expanding into multiple western markets in line with the core strategy of creating wealth for all stakeholders. The principal business activities of the Company and the Group are given below as required by Section 168 (1) (a) of the Companies Act.

#### 3.1.1 The Company

Kapruka Holdings PLC which is the holding company provides administrative services to the companies within the group

#### 3.1.2 Subsidiaries

The company had 6 subsidiaries as at 31st March 2025. The names of the subsidiaries, percentage of the ownership and their principal business activities are as tabulated below:

Entity	Principal Business Activities	% of Holdings
Kapruka E-Commerce (Pvt) Ltd	Providing E-commerce Services	100%
Kapruka Tech Root (Pvt) Ltd	Registered Internet Service Provider (ISP)	100%
Kapruka Productions (Pvt) Ltd	Manufacture and distribution of cakes, chocolates and baked food products	100%
Kapruka USA LLC	Providing Global Payment Gateway integration facility & operate the Cross boarder operation.	100%
Kapruka Ventures Pvt Ltd	Trading and distribution of global products w.e.f. 04/02/2025	100%
Kapruka Global UK Pvt Ltd	Operate the Cross boarder operation in UK w.e.f. 24/01/2025	100%

The 6 subsidiaries and equity accounted investees of Kapruka Holdings PLC are listed on page 7. The main activities of these companies' sectors are described in the Portfolio Review page on 5 of this Report.

### 3.2 Review of Operations of The Company and The Group

The Group's businesses and their performance during the year, with comments on financial results, as well as future business developments are appraised in the Chairman's message (page 16-18).

### 3.3 Changes to the Company Structure

The company changed its operating structure in October 2021 by transferring its operations to Kapruka E-Commerce (Pvt) Ltd.

### 3.4 Financial Statements of The Company and the Group.

The Financial Statements of the Company and the Group for the year ended 31st March 2025 which have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) are given on pages 103 to 164 of this report.

### 3.5 Auditors' Report

The Auditors of the Company and the Group, Messrs. Ernst & Young, Chartered Accountants carried out the Audit for the financial year ended 31st March 2025 and their response on those financial statements are given on pages 100 to 102.

### 3.6 Accounting Policies and Changes During the year.

The Financial Statements have been prepared in accordance with the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 which requires compliance with Sri Lanka Accounting Standards. The detailed accounting policies adopted in the preparation of the Financial Statements are given on pages 109 to 124. There were no changes to the Accounting Policies used by the Group and the Company during the year.

### 3.7 Entries in the Interests Register.

The Company, in compliance with the Companies Act No.07 of 2007, maintains an Interests Register.

### 3.7.1 Directors' interest in transactions.

The Directors of the Company and its Subsidiaries have made the general disclosures provided for in section 192(2) of the Companies Act No.07 of 2007.

Note 16. to the Financial Statements dealing with related party disclosures includes details of their interests in transactions.

### 3.7.2 Directors' Interests in Shares.

The shareholdings of Directors who held office as at 31 March 2025 were as follows: -

Name of the Directors	Number of Shares
Mr. H P D V Herath	131,304,360
Mrs. A M Herath	Nil
Mrs. R A T Herath	Nil
Mrs. D P Pieris Res w.e.f. 01.09.2024	Nil
Mr. S M T H Subasinghe	Nil
Mrs. M P Abeysekera Res w.e.f. 28.09.2024	Nil
Mr. S D Subasinghe	Nil
Mr. Chamara Bandara Appt w.e.f 22.07.2024	Nil
Mr Lakshman Abeysekara Appt w.e.f 22.07.2024	Nil

### 3.7.3 Directors' Remuneration

	31st March 2025	31st March 2024
Director's Emoluments	22,214,581	20,416,850

## 4. FUTURE DEVELOPMENTS

Future developments are discussed in the Chairman's message (page 16-18), of this Report.

## 5. PERFORMANCE AND RESERVES.

### 5.1. Performance

The Group's Loss Before Tax amounted to Rs. 117 Mn. After deducting Rs. 25 Mn for taxation the loss was Rs. 142 Mn. No noncontrolling interests was available, the Group loss attributable to owners of the Parent for the year was Rs. 142 Mn.

### 5.2 Reserves

Total Group Reserves as at 31st March 2025 amounts to Rs. 43 Mn. Other components of equity was Rs.769 Mn and Revenue Reserves Rs. (122Mn).

The composition of reserves is shown in the Statement of Changes in Equity in the Financial Statements.

## 6. PROPERTY, PLANT AND EQUIPMENT

Capital expenditure during the year, on Property, Plant & Equipment (including capital work-in-progress), and Right-of-use assets by the Group and the Company amounted to Rs. 61 Mn and Rs. 7 Mn respectively. Details relating to capital expenditure on Property, Plant & Equipment (including capital work- in-progress), Right-of-use assets, Investment properties, Intangible assets, are given in Notes 06 - 09 to the Financial Statements.

## 7. MARKET VALUE OF FREEHOLD

The most recent revaluations of the lands were carried out as at 31.03.2025. Details of revaluations, carrying values and market values are provided in Note 06 to the Financial Statements.

## 8. ISSUE OF SHARES

The company issued 32,826,000 New Ordinary Voting Shares of the Company at an Issue Price of LKR 15.40 to General Public on 4th January 2022. Accordingly, the stated capital of the Company as at 31st March 2025 was Rs 769 Mn represented by 164,130,360 ordinary shares.

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

## Share Information

Information relating to earnings, dividend, net assets, market value per share, share trading and distribution of shareholding is given on pages 165.

## 9. DIRECTORS.

The Board comprises of 07 Directors, out of whom 01 is an Executive Directors & 06 are Non-Executive Directors to maintain the Board balance. Names of the Directors served during the financial year are given on pages 19 of this report. The brief profiles of the Board of Directors appear on pages 19.

The basis on which Directors are classified as Independent Non-Executive Directors is discussed in the Corporate Governance Report

In terms of Article 88(1) of the Articles of Association of the Company, Mr. Subasinghe Mudiyanselage Tishan Harendranath Subasinghe and Mrs. Anuradha Malimage Herath - Directors retire by rotation and offers themselves for re-election at the Annual General Meeting. Pursuant to section 211 of the Companies Act No.07 of 2007 ordinary Resolution will be put before the shareholders for the reappointment of Mrs. R A T Herath - Director notwithstanding the age limit of seventy years stipulated by section 210 of the Companies Act.

## 10. SENIOR INDEPENDENT DIRECTOR

In accordance with section 9.6.3. the Senior Independent director continues in his role since the board of Directors has decided that since the Chairman is the founder and driving force behind "Kapruka" and the Company heavily relies on his leadership. Furthermore, as the e-commerce landscape in Sri Lanka is still in its infancy it will be a challenge to find executives with a wealth of experience in the sector locally for a large platform like Kapruka.

## 11. BOARD SUB COMMITTEES.

### 11.1 Audit Committee

The Audit Committee consist of 02 Independent Non-Executive Directors and 01 Non - Executive Director. Senior members in the finance division, internal auditors and external auditors attend the meetings by invitation. The Audit Committee's Report is given on Pages 83 of this Annual Report.

### 11.2 Remuneration Committee

The Remuneration Committee consist of 02 Independent Non-Executive Directors and 01 Non - Executive Director. The Report of the Remuneration Committee is given on Pages 89 of this Annual Report.

### 11.3 Related Party Transactions Review Committee.

The Related Party Transaction Review Committee consist of 02 Independent Non-Executive Directors and 01 Non - Executive Director. The Report of the Related Party Transactions Review Committee is given on Page 86 of this Annual Report

### 11.4 Nomination and Governance Committee

All the members of the Nomination and Governance Committee are Independent Non-Executive Directors. The Report of the Nomination and Governance Committee is given on Pages 91 of this Annual Report.

## 12. RELATED PARTY TRANSACTIONS

The Board of Directors states that the related party transactions of the Company during the financial year have been reviewed by the Related Party Transactions Review Committee and are in compliance with the Section 09 of the CSE Listing rules.

## 13. ENVIRONMENTAL PROTECTION.

The Group's efforts to conserve scarce and non-renewable resources, as well as its environmental objectives and key initiatives, are described in the Natural Capital on page 59.

## 14. STATUTORY PAYMENTS.

The Directors, to the best of their knowledge and belief are satisfied that all statutory payments due to the Government, other regulatory institutions and those related to employees have been made on time.

The declaration relating to statutory payments is made in the Statement of Directors' Responsibilities on page 64.

## 15. OUTSTANDING LITIGATION.

In the opinion of the Directors, the Company will not have a material impact due to the litigation against the company on the reported financial results or future operations of the Company.

## 16. COMPLIANCES WITH LAWS AND REGULATIONS.

The Company has not engaged in any activity contravening any laws and regulations.

## 17. EVENTS AFTER THE REPORTING DATE.

No event of material significance that requires adjustment to the Financial Statements, has occurred subsequent to the date of the reporting date, other than those disclosed in Note 35 to the Financial Statements on page 157

## 18. GOING CONCERN.

The Directors, after considering the financial position, operating conditions, regulatory and other factors including matters addressed in the Corporate Governance Code, have a reasonable expectation that the Company and the Group have adequate resources to

continue in operational existence for the foreseeable future. Therefore, the going concern basis has been adopted in the preparation of the Financial Statements.

#### 19. APPOINTMENT OF AUDITORS.

In accordance with Section 154(1) of the Companies Act No 07 of 2007, a resolution proposing the re-appointment of Messrs Ernest & Young, Chartered Accountants, as auditors of the company for the year 2025/26 will be proposed at the Annual General Meeting

#### 20. AUDITORS' REMUNERATION AND INTEREST IN CONTRACTS.

In terms of Section 155(a) of the Companies Act No.07 of 2007, a resolution authorising the Directors to fix the remuneration of the Auditors Messrs. Ernst & Young, Chartered Accountants for the ensuing year will be proposed at the Annual General Meeting. The fees paid to the Auditors are disclosed in Note 30 to the financial statements. The Auditors of the Company and its Subsidiaries, have confirmed that they do not have any relationships (other than that of Auditor) with, or interests in, the Company or any of its Subsidiaries.

#### 21. RATIOS AND MARKET PRICE INFORMATION

The ratios relating to equity and debt as required by the listing requirements of the Colombo Stock Exchange are given on pages 165 of this Report

#### 22. EMPLOYEES & INDUSTRIAL RELATIONS.

The Group has a structure and a culture that recognises the aspirations, competencies and commitment of its employees.

Career growth and advancement within the Group is promoted. Details of Group's human resource practices are given in Social Performance section of the Sustainability Review.

#### 23. SHAREHOLDERS

It is the Group's policy to endeavor to ensure equitable treatment to its shareholders. The Shareholding of the Company is stated on Page 165 of this report.

#### 24. INTERNAL CONTROLS

The Directors acknowledge their responsibility for the Group's system of internal control. The system is designed to give assurance, inter alia, regarding the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information generated. However, any system can only ensure and not absolute assurance that errors and irregularities are either prevented or detected within a reasonable time period. The Board is in the process of reviewing the system of internal controls.

#### 25. CORPORATE GOVERNANCE

The Board of Directors is committed to develop the corporate governance principles of the Company and furthermore has adopted a Corporate Governance Charter mentioned in the Listing Rules

#### 26. ANNUAL GENERAL MEETING

The Annual General Meeting will be held on Wednesday 24th September 2025 at 11.00 a.m via online meeting platform

#### 27. NOTICE OF MEETING

The Notice of the Annual General Meeting to the Shareholders is given on page 173.

On behalf of the board



**Dulith Herath**

Chairman & Chief Executive Officer



**Kreston Corporate Services (Pvt) Ltd**

Secretaries of the Company

29th August 2025

# Board of Directors' Statement on Internal Controls

## Requirement

In accordance with the Code of Best Practice on Corporate Governance 2023 issued jointly by the Securities and Exchange Commission of Sri Lanka and the Institute of Chartered Accountants of Sri Lanka, the Board of Directors presents its Statement on Internal Controls.

## Responsibility

The Board of Directors is responsible for ensuring the adequacy and effectiveness of the Company's internal control system. This system is designed to manage key risks within an acceptable risk profile rather than to eliminate the risk of failure to achieve business objectives.

Accordingly, the internal control system can provide only reasonable, and not absolute, assurance against material misstatements in management and financial information, or against financial losses and fraud.

The Board has implemented an ongoing process for identifying, evaluating, and managing significant risks faced by the Company. This process is periodically enhanced to reflect changes in the business environment and regulatory framework. The Board has assessed the internal control system in line with the principles set out in the relevant guidance and is of the view that it is sound and adequate to provide reasonable assurance on the reliability of financial reporting and compliance with applicable accounting standards and regulatory requirements.

The management supports the Board in implementing its policies and procedures.

## Key Internal Control Processes

The following key processes are in place to review the adequacy and integrity of the internal control system with respect to financial reporting:

**Board Sub-Committees:** Established to ensure that the Group's operations align with corporate objectives, strategy, annual budget, policies, and prevailing business conditions.

**Internal Audit Function:** Provides assurance on the efficiency and effectiveness of internal controls, monitors compliance with policies and procedures, and reports significant non-compliance findings. All subsidiaries are audited based on a risk assessment, with the annual audit plan reviewed and approved by the Audit Committee.

**Audit Committee Review:** Evaluates internal control issues identified by internal and external auditors, regulatory authorities, and management. The Committee also oversees the continuous review and updating of procedures and controls relevant to significant accounts and disclosures in the Group's financial statements.

## Confirmation

The Board of Directors of Kapruka Holdings PLC confirms that the financial reporting system has been designed to provide reasonable assurance on the reliability of financial reporting and that the preparation of financial statements for external purposes is in compliance with:

Sri Lanka Accounting Standards

Companies Act No. 7 of 2007

Colombo Stock Exchange Listing Rules

Requirements of the Securities and Exchange Commission of Sri Lanka

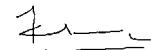
All other applicable regulatory requirements.

By Order of the Board



**Dulith V. Herath**

Chairman / Chief Executive Officer



**Dr. Chamara Bandara**

Chairman – Audit Committee

29th August 2025

# Chief Executive Officer & Chief Finance Officer's Responsibility Statement

The Financial Statements of the Company have been prepared in accordance with the Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka, the Companies Act No. 7 of 2007, the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, and the Listing Rules of the Colombo Stock Exchange.

The Board of Directors and the Management accept responsibility for the integrity and objectivity of these Financial Statements. Estimates and judgments have been applied on a prudent and reasonable basis to ensure that the Financial Statements present, in all material respects, a true and fair view of the Company's state of affairs, and faithfully reflect the form and substance of transactions.

The Company has implemented and maintains a system of internal controls and accounting records designed to safeguard assets, and to prevent and detect frauds and other irregularities. These systems are reviewed, evaluated, and updated on an ongoing basis. Periodic internal audits are conducted to provide reasonable assurance of compliance with established policies and procedures. However, inherent limitations must be recognized when assessing the assurances provided by any system of internal control and accounting.

The Financial Statements have been audited by the Independent Auditors, Messrs Ernst & Young, Chartered Accountants. The Audit Committee meets periodically with both the Internal Auditors and the Independent Auditors to review their work, discuss internal control, auditing, and financial reporting matters. The Auditors have full and unrestricted access to the Audit Committee to raise any matter of importance.



**Dulith V. Herath**  
Chief Executive Officer



**Manjula Dharmasri Kumara**  
Head of Finance

29th August 2025

# Independent Auditor's Report



Ernst & Young  
Chartered Accountants  
Rotunda Towers  
No. 109, Galle Road  
P.O. Box 101  
Colombo 03, Sri Lanka

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Fax: +94 11 768 7869  
Email: eysl@lk.ey.com  
ey.com

## TO THE SHAREHOLDERS OF KAPRUKA HOLDINGS PLC

### Report on the audit of the Financial Statements

#### Opinion

We have audited the financial statements of Kapruka Holdings PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31 March 2025, and statements of Profit or Loss and Other Comprehensive Income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2025, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

#### Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the code of ethics for professional accountants issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

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

matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

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

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

A member firm of Ernst & Young Global Limited

Key audit matter	How our audit addressed the key audit matter
<p><b>Revenue from Contracts with Customers</b></p> <p>The Group derived its revenue of Rs.1.65 Bn from E - Commerce services as disclosed in Note 26 to the financial statements.</p> <p>Revenue from contracts with customers was a key audit matter due to;</p> <ul style="list-style-type: none"> <li>• The materiality of revenue reported during the year.</li> <li>• The Group has processes and controls, many of which are automated, to enable the processing and recording of revenue.</li> </ul>	<p>Our audit procedures include the following:</p> <ul style="list-style-type: none"> <li>• We tested the operating effectiveness of relevant key controls over the recognition of revenue. Our procedures included testing the general IT control environment and the key IT application controls relating to significant IT systems relevant to revenue recognition.</li> <li>• We performed appropriate analytical procedures to understand and assess the reasonableness of the reported revenue.</li> <li>• We tested the appropriateness of revenue recognized during the year, particularly towards year end, by reviewing relevant sales invoices, delivery confirmations and other relevant supporting documents.</li> </ul> <p>We also assessed the adequacy of the disclosures in respect of revenue in Note 3.20.1 and 26 to the financial statements.</p>
<p><b>Assessment of fair value of land and buildings</b></p> <p>Property, Plant and Equipment and Investment Properties include land and buildings carried at fair value. The fair value of land and buildings were determined by the external valuer engaged by the Group.</p> <p>This was a key audit matter due to:</p> <ul style="list-style-type: none"> <li>• The materiality of the reported amounts for land and buildings which represented 62% of the total assets of the group as of the reporting date. The revaluation gain of land amounted to Rs. 26.3 Mn and fair value gain of building classified as fair value amounted to Rs. 19.9 Mn for the year;</li> <li>• The degree of assumptions, judgements and estimation uncertainties associated with fair valuation of land and buildings using the market approach.</li> </ul> <p>Key areas of significant judgments, estimates and assumptions used in assessing the fair value of land and buildings, as disclosed in Notes 06 to the financial statements, included judgements involved in ascertaining the appropriate valuation techniques and estimates such as:</p> <ul style="list-style-type: none"> <li>• Estimate of per perch value of the land.</li> <li>• Estimate of per foot value of the building.</li> </ul>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Assessed the competency, capability and objectivity of the external valuer engaged by the Group.</li> <li>• Read the external valuer's report and understood the key estimates made and the approach taken by the valuer in determining the valuation of each property.</li> <li>• Assessed the reasonableness of significant assumptions, judgements and estimates made by the valuer such as per perch value, per square foot value, market rent per square foot, valuation techniques as relevant in assessing the fair value of each property.</li> </ul> <p>We also assessed the adequacy of the disclosures made in Notes 06 and 07 to the financial statements.</p>

#### Other Information included in the 2024/25 Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information. Our opinion on the

financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in

doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other

# Independent Auditor's Report

information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of management and those charged with governance for the financial statements

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

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of both Company and Group.

## Auditor's responsibilities for the audit of the financial statements

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

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

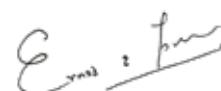
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting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

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

## Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 4169.



29 August 2025  
Colombo

# Statement of Financial Position

	Note	Group		Company	
		2025	2024	2025	2024
		Rs.	Rs.	Rs.	Rs.
<b>ASSETS</b>					
Property, plant and equipment	6.	762,314,371	887,503,103	537,407,477	643,933,612
Investment properties	7.	204,195,000	-	133,208,000	-
Right-of-use assets	8.	28,500,907	39,570,657	28,088,228	36,945,976
Intangible assets	9.	13,401,958	15,223,423	681,958	913,423
Investments in subsidiaries	10.	-	-	719,447,509	697,446,042
Investments in associates	11.	-	-	-	-
Other non-current financial assets	12.	-	-	-	-
Consumable biological assets	13.	-	-	-	-
Deferred tax assets	23.	10,728,391	12,674,389	-	-
		1,019,140,627	954,971,572	1,418,833,172	1,379,239,053
<b>Current assets</b>					
Inventories	14.	136,936,986	144,980,918	-	-
Trade and other receivables	15.	22,865,277	23,176,229	4,999,932	9,298,636
Amounts due from related parties	16.1	41,927,883	46,536,563	8,327,859	7,218,890
Deposits, advances and prepayments	17.	22,973,820	29,948,158	3,500,455	6,401,250
Income tax receivable	24.1	-	1,164,081	-	915,626
Short term financial assets	18.	190,710,519	323,620,400	190,710,519	323,620,400
Cash and cash equivalents	19.1	36,166,054	60,194,827	2,897,650	7,886,319
		451,580,539	629,621,176	210,436,415	355,341,120
<b>Total assets</b>		<b>1,470,721,166</b>	<b>1,584,592,748</b>	<b>1,629,269,586</b>	<b>1,734,580,173</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and reserves</b>					
Stated capital	20.1	769,174,795	769,174,795	769,174,795	769,174,795
Revaluation reserve	20.2	165,347,263	146,717,852	151,245,433	137,979,423
Foreign currency translation reserve	20.3	113,847	226,154	-	-
Retained earnings		(121,975,918)	23,828,657	314,364,420	290,246,780
<b>Total equity</b>		<b>812,659,987</b>	<b>939,947,458</b>	<b>1,234,784,648</b>	<b>1,197,400,998</b>
<b>Non-current liabilities</b>					
Interest-bearing loans and borrowings	21.	196,994,708	200,440,757	157,533,340	142,682,976
Retirement benefit obligations	22.	35,730,419	26,746,532	11,650,933	9,088,546
Deferred tax liabilities	23.	84,412,266	68,304,654	81,636,722	65,436,944
		<b>317,137,393</b>	<b>295,491,943</b>	<b>250,820,995</b>	<b>217,208,466</b>
<b>Current liabilities</b>					
Interest-bearing loans and borrowings	21.	100,090,030	148,293,535	32,802,693	78,958,199
Trade and other payables	24.	152,449,269	99,228,589	7,641,280	2,703,869
Amounts due to related parties	16.3	45,333,827	22,948,077	85,503,826	198,162,593
Income tax payable	24.1	2,133,508	-	2,483,900	-
Provisions and accrued expenses	25.	40,917,154	78,683,145	15,232,243	40,146,048
		<b>340,923,786</b>	<b>349,153,347</b>	<b>143,663,942</b>	<b>319,970,709</b>
<b>Total equity and liabilities</b>		<b>1,470,721,166</b>	<b>1,584,592,748</b>	<b>1,629,269,586</b>	<b>1,734,580,173</b>

The accounting policies and notes on pages 109 to 164 form an integral part of these financial statements. Figures in brackets indicate deductions.

These Financial Statements have been prepared in compliance with the requirements of Companies Act No. 7 of 2007.

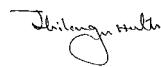


Manjula Kumara  
Head of Finance

The Board of Directors is responsible for these financial statements.



Dulith V Herath,  
Director  
29th August 2025, Colombo



Thilangani Herath  
Director

# Statement of Profit and Loss and Other Comprehensive Income

	Note	Group		Company	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
<b>Revenue from contracts with customers</b>	26.	1,652,243,022	1,790,746,222	199,830,324	203,337,061
Cost of sales		(1,099,776,860)	(1,247,038,290)	-	-
<b>Gross profit</b>		552,466,161	543,707,932	199,830,324	203,337,061
Other income	27.	46,291,544	15,560,938	24,712,482	9,830,457
Selling and distribution expenses		(286,924,074)	(259,616,858)	-	-
Administrative expenses		(458,733,019)	(457,895,282)	(165,486,586)	(198,645,200)
<b>Results from operating activities</b>		(146,899,389)	(158,243,269)	59,056,220	14,522,318
Share of profit/(loss) of investment in associates	11.	-	-	-	-
Finance cost	28.	(30,662,981)	(52,316,550)	(39,282,910)	(53,651,194)
Finance income	29.	60,543,345	100,834,268	28,731,976	60,971,251
<b>Net finance income</b>		29,880,364	48,517,718	(10,550,934)	7,320,058
<b>Profit/(loss) before tax</b>	30.	(117,019,024)	(109,725,551)	48,505,287	21,842,377
Income tax expense	31.	(25,350,667)	(8,095,634)	(24,157,213)	(8,937,977)
<b>Profit/(loss) for the year</b>		(142,369,691)	(117,821,185)	24,348,074	12,904,400
<b>Other comprehensive income</b>					
<b>Other comprehensive income that may be reclassified to statement of profit or loss in subsequent periods</b>					
Exchange difference on translation of foreign operation	20.3	(112,307)	226,154	-	-
<b>Net other comprehensive income that may be reclassified to statement of profit or loss in subsequent periods</b>		(112,307)	226,154	-	-
<b>Other comprehensive income that may not be reclassified to statement of profit or loss in subsequent periods</b>					
Actuarial gains/(losses) on defined benefit plans	22.	(4,906,977)	(162,215)	(329,192)	391,200
Income tax effect on defined benefit plan	23.1	1,472,093	48,664	98,758	(117,360)
Revaluation gain/(loss) on land	20.2	26,330,000	(6,116,530)	18,880,000	(18,600,000)
Income tax effect on revaluation on land	23.1	(7,700,589)	1,834,958	(5,613,990)	5,579,999
<b>Net other comprehensive income that may not be reclassified to statement of profit or loss in subsequent period</b>		15,194,527	(4,395,122)	13,035,576	(12,746,160)
<b>Other comprehensive income for the year, net of tax</b>		15,082,220	(4,168,968)	13,035,576	(12,746,160)
<b>Total comprehensive income for the year, net of tax</b>		(127,287,471)	(121,990,152)	37,383,650	158,239
<b>Profit attributable to:</b>					
Equity holders of the parent company		(142,369,691)	(117,821,185)	24,348,074	12,904,400
Non-controlling interest		-	-	-	-
		(142,369,691)	(117,821,185)	24,348,074	12,904,400
<b>Total comprehensive income attributable to:</b>					
Equity holders of the parent company		(127,287,471)	(121,990,152)	37,383,650	158,239
Non-controlling interest		-	-	-	-
		(127,287,471)	(121,990,152)	37,383,650	158,239
Basic/ diluted earnings/ (deficit) per share	32.	(0.87)	(0.72)	0.15	0.08

The accounting policies and notes on pages 109 to 164 form an integral part of these financial statements. Figures in brackets indicate deductions.

# Statement of Changes in Equity

Group	Attributable to equity holders of the parent					Total Rs.
	Stated capital	Revaluation Reserve	Retained earnings	Foreign currency translation reserve		
	Note	Rs.	Rs.	Rs.	Rs.	
<b>Balance as at 31 March 2023</b>	769,174,795	150,999,424	141,763,392		-	1,061,937,611
Loss for the year	-	-	(117,821,185)		-	(117,821,185)
<b>Other comprehensive income</b>						
Actuarial gains/(losses) on defined benefit plans	22.	-	-	(162,215)	-	(162,215)
Income tax effect on defined benefit plan	23.1	-	-	48,664	-	48,664
Revaluation Gain/(Loss)		-	(6,116,530)	-		(6,116,530)
Foreign currency translation differences of foreign operations	20.3		-	-	226,154	226,154
Income tax effect on revaluation on Land	23.1	-	1,834,958.00	-	-	1,834,958
Total other comprehensive income/(loss), net of tax		-	(4,281,572)	(113,550)	226,154	(4,168,968)
<b>Total comprehensive income/(loss) for the year, net of tax</b>		-	(4,281,572)	(117,934,735)	226,154	(121,990,153)
<b>Balance as at 31 March 2024</b>	769,174,795	146,717,852	23,828,657	226,154	939,947,458	
Loss for the year	-	-	(142,369,691)		-	(142,369,691)
<b>Other comprehensive income</b>						
Actuarial gains/(losses) on defined benefit plans	22.	-	-	(4,906,977)	-	(4,906,977)
Income tax effect on defined benefit plan	23.1	-	-	1,472,093	-	1,472,093
Revaluation Gain/(Loss)		-	26,330,000	-	-	26,330,000
Foreign currency translation differences of foreign operations	20.3	-	-	-	(112,307)	(112,307)
Income tax effect on revaluation on Land & Buildings	23.1	-	(7,700,589)	-	-	(7,700,589)
Other comprehensive income for the year, net of tax		-	18,629,411	(3,434,884)	(112,307)	15,082,220
<b>Total comprehensive income/(loss) for the year, net of tax</b>		-	18,629,411	(145,804,575)	(112,307)	(127,287,471)
<b>Balance as at 31 March 2025</b>	769,174,795	165,347,263	(121,975,918)	113,847	812,659,986	

The accounting policies and notes on pages 109 to 164 form an integral part of these financial statements. Figures in brackets indicate deductions.

# Statement of Changes in Equity

Company	Note	Stated Capital	Revaluation	Retained	Total
			Reserve	Earnings	
			Rs.	Rs.	Rs.
<b>Balance as at 31 March 2023</b>		769,174,795	150,999,424	277,068,541	1,197,242,760
Profit for the year			-	12,904,400	12,904,400
<b>Other comprehensive income</b>					
Actuarial gain/(loss) on defined benefit plans	22.	-	-	391,200	391,200
Revaluation gain/(loss)		-	(18,600,000)	-	(18,600,000)
Income tax effect on revaluation on land	23.1	-	5,579,999	-	5,579,999
Income tax effect on defined benefit plan	23.1	-	-	(117,360)	(117,360)
Total other comprehensive income/(loss), net of tax		-	(13,020,001)	273,840	(12,746,160)
<b>Total comprehensive income/(loss) for the year, net of tax</b>		-	(13,020,001)	13,178,240	158,239
<b>Balance as at 31 March 2024</b>		769,174,795	137,979,423	290,246,780	1,197,400,998
Profit for the year			-	24,348,074	24,348,074
<b>Other comprehensive income</b>					
Actuarial gain/(loss) on defined benefit plans	22.	-	-	(329,192)	(329,192)
Revaluation gain/(loss)		-	18,880,000	-	18,880,000
Income tax effect on revaluation on land	23.1	-	(5,613,990)	-	(5,613,990)
Income tax effect on defined benefit plan	23.1	-	-	98,758	98,758
Other comprehensive income for the year, net of tax		-	13,266,010	(230,434)	13,035,576
<b>Total comprehensive income/(loss) for the year, net of tax</b>		-	13,266,010	24,117,640	37,383,650
<b>Balance as at 31 March 2025</b>		769,174,795	151,245,433	314,364,420	1,234,784,648

The accounting policies and notes on pages 109 to 164 form an integral part of these financial statements. Figures in brackets indicate deductions.

# Statement of Cash Flows

Note	Group		Company	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
<b>Cash flows from/ (used in) operating activities</b>				
Profit/(loss) before tax	(117,019,024)	(109,725,551)	48,505,287	21,842,377
<b>Adjustments for,</b>				
Interest expenses	28.	30,662,981	52,316,550	39,282,910
Interest income	29.	(31,123,137)	(64,401,645)	(28,731,169)
Gain on disposal of property, plant and equipment	27.	(18,432,450)	(4,088,315)	(5,699,401)
Gain on derecognition of right-of-use assets		-	(5,292,142)	-
Depreciation of property, plant and equipment	6.	27,689,422	25,706,702	16,358,243
Fair value (gain)/loss on investment property	7.	(19,941,084)	-	(17,979,135)
Amortisation of right-of-use assets	8.	11,069,750	21,125,820	8,857,748
Biological asset write off	13.	-	148,232	-
Foreign currency exchange gain	29.	(29,420,208)	(36,432,623)	(807)
Amortization for intangible assets	9.	1,821,465	1,842,383	231,465
Allowance for expected credit loss	15.1	1,142,746	(3,846,485)	-
Write off of trade and other receivables	15.1	210,000	8,451,079	-
Impairment provision on related party transactions		-	6,525,605	-
Provision for slow moving inventory	14.2	(5,224,450)	(8,691,516)	-
Provision for retirement benefit obligations	22.	7,149,830	7,604,051	2,233,195
<b>Operating profit/loss before working capital changes</b>		(141,414,159)	(108,757,855)	63,058,336
(Increase) / decrease in inventory		13,268,382	63,892,940	-
(Increase) / decrease trade and other receivables		(779,847)	4,040,688	3,207,905
(Increase) / decrease in deposits and prepayment		6,974,338	(19,179,731)	2,900,795
Increase / (decrease) in trade creditors		51,867,934	14,324,345	4,937,412
Increase / (decrease) in accrued expenses		(37,765,991)	32,791,123	(24,913,806)
Increase / (decrease) in amount due to related parties		22,385,750	4,654,210	(130,260,330)
(Increase) / decrease in amount due from related parties		4,608,680	(11,065,276)	(1,108,969)
<b>Cash generated from/(used in) operations</b>		(80,854,913)	(19,299,555)	(82,178,657)
Interest paid		(30,382,235)	(52,316,550)	(21,680,536)
Income tax paid		(10,508,706)	(16,693,345)	(10,073,142)
Retirement benefit obligation	22.	(3,072,925)	(1,939,224)	-
<b>Net cash flow from/(used in) operating activities</b>		(124,818,779)	(90,248,674)	(113,932,335)
<b>Cash flows from/(used in) investing activities</b>				
Acquisition of property, plant and equipment	6.6.1	(61,187,070)	(24,022,186)	(6,943,437)
Sale proceeds on disposal of property, plant and equipment		19,194,914	7,900,000	6,461,864
Sale proceeds on disposal of right-of-used asset		-	11,400,000	-
				11,400,000

# Statement of Cash Flows

	Note	Group		Company	
		2025	2024	2025	2024
		Rs.	Rs.	Rs.	Rs.
Interest income		32,213,935	73,506,724	29,820,500	70,076,331
Investment in subsidiaries		-	-	(22,000,000)	(146,839,982)
Advance payment for leased assets acquisition		-	(1,720,000)	-	(1,720,000)
Withdrawal / (Investment) of short-term deposits		132,909,881	48,541,515	132,909,881	35,379,600
Withdrawal / (investment) in other financial assets		-	939,808	-	939,808
<b>Net cash flows from/(used in) investing activities</b>		<b>123,131,660</b>	<b>116,545,862</b>	<b>140,248,809</b>	<b>(36,505,905)</b>
<b>Cash flows from/(used in) financing activities</b>					
Proceeds from interest bearing loans and borrowings	21.1	217,569,215	186,889,380	160,000,000	108,889,380
Repayment of interest bearing loans and borrowings	21.1	(262,988,236)	(118,397,842)	(186,931,631)	(53,294,115)
Repayment of finance lease	21.2	(13,755,324)	(39,463,570)	(5,328,600)	(12,889,915)
<b>Net cash from / (used in) from financing activities</b>		<b>(59,174,344)</b>	<b>29,027,969</b>	<b>(32,260,231)</b>	<b>42,705,350</b>
Effects of exchange rate changes on cash and cash equivalents		29,307,901	36,658,777	-	-
<b>Net increase/(decreased) in cash and cash equivalents</b>					
		(31,553,563)	91,983,935	(5,943,757)	11,891,247
Cash and cash equivalents at the beginning of the year	19.	55,691,342	(36,292,593)	7,861,139	(4,030,108)
<b>Cash and cash equivalents at the end of the year</b>	<b>19.</b>	<b>24,137,779</b>	<b>55,691,342</b>	<b>1,917,382</b>	<b>7,861,139</b>

Cash and cash equivalents in the statement of financial position comprise cash at banks and in hand. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash as defined above, net of outstanding bank overdrafts.

The accounting policies and notes on pages 109 to 164 form an integral part of these financial statements. Figures in brackets indicate deductions.

# Notes to the Financial Statements

## 1 CORPORATE INFORMATION

### 1.1 Reporting Entity

The consolidated financial statements of the Kapruka Holdings PLC (Formerly known as Kapruka Holdings Limited) and its subsidiaries (collectively, the Group) for the year ended 31 March 2025 were authorised for issue in accordance with a resolution of the directors on 29th August 2025. Kapruka Holdings PLC (the Company or the parent) is a public limited company incorporated and domiciled in Sri Lanka and whose shares are listed on Colombo Stock Exchange and publicly traded.

The registered office of the Company is located No.147, Old Kottawa Road, Mirihana, Nugegoda and the principal place of business is located at the above address.

### 1.2 Principal Activities and Nature of Operations

Kapruka Holdings PLC, the Group's holdings Company, manages a portfolio of holdings consisting of a range of diverse business operations, which together constitute the Kapruka Holdings Group. The subsidiaries are provided in Note 3.3.

### 1.3 Parent and Ultimate Parent Enterprise

Kapruka Holdings PLC does not have an identifiable parent of its own. Kapruka Holding PLC is the ultimate parent of the Group. The Group's ultimate controlling party is Mr. Dulith Herath.

### 1.4 Authorisation for Issue

The Board of Directors is responsible for these Financial Statements. The Financial Statements were authorised for issue in accordance with a resolution of the Board of Directors on 29th August 2025.

### 1.5 Comparative Information

Comparative information including quantitative, narrative and descriptive

information as relevant is disclosed in respect of previous period in the Financial Statements. The presentation and classification of the Financial Statements in the previous year are amended, where relevant for better presentation and to be comparable with those of the current year.

In addition, the Group presents an additional Statement of Financial Position at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in Financial Statements.

### 1.6 Materiality, aggregation, offsetting and rounding

#### Materiality and Aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are treated immaterial as permitted by the Sri Lanka Accounting Standard - LKAS 1 on 'Presentation of Financial Statements'. Understandability of the Financial Statements is not compromised by obscuring material information with immaterial information or by aggregating material items that have different natures or functions. Notes to the Financial Statements are presented in a systematic manner that ensures the understandability and comparability of Financial Statements.

#### Offsetting

Assets and liabilities or income and expenses are not set off unless required or permitted by a Sri Lanka Accounting Standard.

#### Rounding

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

### 1.7 Number of employees

The number of employees of the Group at the end of the year was 240, Company - 41.

## 2 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently by the Group entities to all periods presented in these Consolidated Financial Statements unless otherwise stated.

### 2.1 Basis of Preparation

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

#### 2.1.1 Statement of Compliance

These Consolidated Financial Statements have been prepared in accordance with the Sri Lanka Accounting and Auditing Standards Act No.15 of 1995 which requires compliance with Sri Lanka Accounting Standards (SLFRS/LKAS) promulgated by the Institute of Chartered Accountants of Sri Lanka and the requirements of the Companies Act No. 7 of 2007.

#### 2.1.2 Basis of Measurement

The Financial Statements have been prepared on the historical cost basis, except for:

- Lands which are recognised as property plant and equipment which are measured at cost on initial recognition and subsequently carried at fair value.

# Notes to the Financial Statement

- Land and buildings which are recognised as investment property which are measured at cost on initial recognition and subsequently carried at fair value.
- Retirement benefit obligations which are measured at present value.
- Consumable biological assets and agricultural produce from bearer biological assets which are measured at fair value, less costs to sell.

Where appropriate, the specific policies are explained in the succeeding notes.

No adjustments have been made for inflationary factors in the Consolidated Financial Statements.

## 2.1.3 Functional and presentation currency

The Financial Statements are presented in Sri Lanka Rupees, which is the Group's functional currency. The Sri Lankan Rupee remains the common functional and presentation currency for all entities in the Group.

## 2.2 Going concern

The directors have made an assessment of the Group's ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. The assessment took into consideration the performance of the Group and the measures adopted by the government to support the recovery of the economy. The Board is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

## 2.3 Judgments

Information about judgements made in applying accounting policies that have the most significant effects on the

amounts recognized in the Consolidated Financial Statements.

- Deferred tax liabilities are classified as non-current assets and liabilities

## 3.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as for the year ended 31 March 2025.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

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

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

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Current versus non-current classification

The Group presents assets and liabilities in the Statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

Accounting under separate financial statements Investment in subsidiary is measured at cost less accumulated impairment in the separate financial statements.

### 3.3 Subsidiaries

Subsidiaries are those enterprises controlled by the parent and have been listed in the Group directory.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

During the year ended 31 March 2025, the Group incorporated Kapruka Global UK Ltd and Kapruka Ventures (Pvt) Ltd, which have been consolidated from their respective acquisition dates. Their results for the year reflect a partial-year contribution.

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The financial statements of all subsidiaries in the Group are prepared for a common financial year, which is 12 months ending 31 March, using consistent accounting policies.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

Subsidiaries & their controlling percentages of the Group, which have been consolidated are as follows:

Subsidiary	Principal Activities	Country of Operation	Effective Holdings 2025	Effective Holdings 2024
Kapruka E-commerce (Private) Limited	Online retailing	Sri Lanka	100%	100%
Kapruka Production (Private) Limited	Manufacturing Cake & Flower	Sri Lanka	100%	100%
Kapruka Techroot (Private) Limited	Providing web services	Sri Lanka	100%	100%
Kapruka USA LLC	Providing Global Payment Gateway integration facility & operate the Cross border operation	USA	100%	100%
Kapruka Ventures (Pvt) Ltd	Trading and distribution of global products w.e.f. 04/02/2025	Sri Lanka	100%	-
Kapruka Global UK Ltd	Operate the Cross border operation in UK w.e.f. 24/01/2025	UK	100%	-

### 3.4 Associates

Associates are those enterprises which company having significant influence. The Group applies the equity method in accounting for the investment in associate.

The equity method is a method of accounting whereby the investment is initially recognized at cost and adjusted thereafter to the post aquation change in the investor's share of the investee's net asset. The investor's profit or loss includes its share of the investee's profit or loss and the investor's other comprehensive income includes its share of the investee's other comprehensive income.

# Notes to the Financial Statement

Investment in Associates are as follows:

Subsidiary	Principal Activities	Country of Incorporation	Effective Holdings 2025	Effective Holdings 2024
Kapruka Global Shop (Private) Limited	Import and selling order through online	Sri Lanka	25%	25%

## 3.5 Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

Subsequently, profit or loss and each component of other comprehensive Income are attributed to equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

### 3.5.1 Loss of control

When the Group loses control over subsidiary derecognizes the assets and liabilities of the Subsidiary, any non-controlling interests and other components of equity. Any surplus or deficit arising on the loss of control is recognized in the profit or loss. Any interest retains in the previous Subsidiary, is measured at fair value as at the date that control is lost.

### 3.5.2 Intra – Group Transactions

Pricing policies of all intra-group sales are identical to those adopted for normal trading transactions, which are at market prices.

### 3.5.3 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra- group transactions are eliminated in preparing the Consolidated Financial Statements. Unrealised 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 unrealized gains, but only to the extent that there is no evidence of impairment.

## 3.6 Foreign Currency

### 3.6.1 Foreign Currency Translation, Foreign Currency Transactions and Balances

Transactions in foreign currencies are initially recorded by the Group entities at the functional currency rates prevailing at the date of the transaction.

All foreign exchange transactions are converted to functional currency, at the rates of exchange prevailing at the time the transactions are effected. Monetary assets and liabilities denominated in foreign currency are translated to functional currency equivalents at the spot exchange rate prevailing at the reporting date.

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 assets and liabilities are translated using exchange rates that existed when the values were determined. The gain or loss arising on translation of non-monetary items is treated in line with the recognition of gain or loss on changing fair value of the item.

### 3.6.2 Foreign Operations

The statement of financial position and income statement of overseas subsidiaries which are deemed to be foreign operations are translated to Sri Lanka rupees at the rate of exchange prevailing as at the reporting date and at the average annual rate of exchange for the period, respectively.

The exchange rates applicable during the period were as follows:

	Closing rate	
	2025	2024
	Rs.	Rs.
US Dollar	296.34	301.18

The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign entity, the deferred cumulative amount recognised in other comprehensive income relating to that particular foreign operation is recognised in the Income Statement.

The Group treated goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition as assets and liabilities of the parent. Therefore, those assets and liabilities are non-monetary items already expressed in the functional currency of the parent and no further translation differences occur.

### 3.7 Fair value measurement

The Group measures non-financial assets such as Biological assets, owner-occupied land and investment properties, at fair value at each reporting date. Fair value related disclosures for non-financial assets that are measured at fair value or where fair values are disclosed are summarized in the Note 36.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability

or

- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1** - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

- **Level 2** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- **Level 3** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Management determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

### 3.8 Property, Plant and Equipment

#### 3.8.1 Initial Recognition and Measurement

Items of property, plant & equipment are measured at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes expenditure that is directly attributable to the acquisition of the asset and includes the cost of replacing part of the property, plant & equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

The cost of self-constructed assets includes the following:

- the cost of materials and direct labour; any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and capitalised borrowing costs.

When significant parts of property, plant & equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

#### 3.8.2 Subsequent Costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance is expensed as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

#### 3.8.3 Depreciation

Items of property, plant & equipment are depreciated on a straight-line basis over the estimated useful lives of the each component. Items of property, plant & equipment are depreciated from the month that they are installed and are ready for use, or in respect of internally constructed assets, from the month that the asset is completed and ready for use.

The estimated useful lives for the current and comparative years of significant items of property, plant & equipment are as follows:

Buildings	50 Years
Motor vehicles	4 Years
Computers	4 Years
Furniture and fittings	5 Years
Office equipment	4 Years
Machinery & equipment	4 Years
Agri-Net House	4 Years

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at end of each reporting period. An estimation change in the useful life of fixed asset during the period has occurred and the underlying assumptions

# Notes to the Financial Statement

considered are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised prospectively.

## 3.8.4 Revaluation

The lands in Kapruka group are measured at fair value less impairment losses recognized after the date of revaluation. Valuations are performed with sufficient frequency Annually to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

A revaluation surplus is recorded in Other Comprehensive Income (OCI) and credited to the asset revaluation surplus in equity. However, if it reverses a revaluation deficit of the same asset previously recognized in profit or loss, the increase is recognized in profit and loss. A revaluation deficit is recognized in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation surplus. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

### 3.8.4.1. Revaluation of Land

Fair value of the Land are ascertained by independent valuations carried out by Chartered valuation surveyors, who have recent experience in valuing properties of similar location and category. Land Buildings are appraised in accordance with LKAS 16, SLFRS 13 and the Valuation Standards published by the Institute of Valuers of Sri Lanka and by the RICS, UK. In determining the fair value, the current condition of the properties, future usability and associated redevelopment requirements have been considered.

Further valuers have made reference to market evidence of transaction prices for similar properties, with appropriate

adjustments for size and location. The appraised fair values are rounded within the range of values. A sensitivity analysis on these assumptions is included in Note 6.3.

## 3.8.5 Assets in the course of construction

Capital expenditure incurred in relation to fixed assets which are not completed as at the reporting date are shown as capital work-in-progress and is stated at cost. On completion, the related assets are transferred to property, plant and equipment. Depreciation on capital work-in-progress commences when the assets are ready for their intended use.

## 3.8.6 Derecognition

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 derecognising of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss statement in the year the asset is derecognised.

## 3.9 Leases

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

### 3.9.1 Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short- term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

## 3.9.2 Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right- of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life or the lease term.

Right-of-use assets are depreciated on a straight- line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

## 3.9.3 Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in Interest-bearing loans and borrowings.

#### **3.9.4 Short-term leases and leases of low-value assets**

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

#### **3.10 Investment Property**

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition,

the investment properties are stated at fair values, which reflect market conditions at the reporting date.

Gains or losses arising from changes in fair values of investment properties are included in the Statement of Profit or Loss in the year in which they arise, including the corresponding tax effect.

Fair values are evaluated annually by an accredited external, independent valuer.

Investment properties are derecognized either when they have been disposed of, or when they are permanently withdrawn from use and no future economic benefits are expected from their disposal. The difference between the net disposal proceeds and the carrying amounts of the asset is recognised in Statement of Profit or Loss in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner occupied property the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

### **3.11 Intangible assets**

#### **3.11.1 Basis of recognition**

An Intangible asset is recognised if it is probable that the future economic benefits associated with the assets will flow to the Group and cost of the assets can be reliably measured.

#### **3.11.2 Measurement and subsequent costs**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost

less any accumulated amortisation and any accumulated impairment losses. Expenditure on internally generated intangible assets, excluding capitalised development costs, is recognised in profit or loss in the year in which the expenditure is incurred.

#### **3.11.3 Research and development costs**

Research costs are expensed as incurred. Development expenditures on base product developments are recognized as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How will the asset generate future economic benefits?
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development
- The ability to use the intangible asset generated

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. Amortization is recorded in other operating expenses during the period of development, the asset is tested for impairment annually.

#### **3.11.4 Amortisation**

# Notes to the Financial Statement

The useful lives of intangible assets are assessed to be either finite or indefinite. The estimated useful lives of intangible assets with finite lives are as follows.

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 the end of each reporting period.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the profit or loss statement in the expense category consistent with the function of the intangible asset.

## 3.11.5 Derecognition

Intangible assets are de-recognised on disposal or when no future economic benefits are expected from its use. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

## 3.12 Biological assets

The entity recognises the biological assets when, and only when, the entity controls the assets as a result of past event, it is probable that future economic benefits associated with the assets will flow to the entity and the fair value or cost of the assets can be measured reliably.

Consumable biological assets, comprise

of managed Flower plants, are measured on initial recognition and at the end of each reporting period at its fair value less cost to sell in terms of LKAS 41- Agriculture. The cost is treated as approximation to the fair value of young plants as the impact on biological transformation of such plants to price during this period is immaterial.

The fair value of Flower plants is measured comparing current market prices of flower and leaves.

## 3.13 Inventories

Inventories are measured at the lower of cost or net realisable value. The cost of finished goods is computed, based on the weighted average cost method and includes material, labour and appropriate share of production overheads, based on normal operating capacity. In the case of purchased inventories, cost includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. The cost of raw material is computed at weighted average cost.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

### 3.13.1 Provision for impairment of inventory

A provision for slow moving inventories is recognised based on the best estimates available to management on their future recovery. As Management uses present conditions and historical information as the basis to determine the future recoverability, actual future losses on inventories could vary from the allowance made in these financial statements. The company's accounting policy on inventory impairment provision is meticulous and strategic. Impairment provisions are recognized based on

aging dates, particularly focusing on inventory items aged by 182 days.

## 3.14 Financial instruments

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

### 3.14.1 Financial assets

#### a) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under SLFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

#### **b) Subsequent Measurement**

For purposes of subsequent measurement, financial assets are classified in four categories;

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon de-recognition (equity instruments)
- Financial assets at fair value through profit or loss financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

- Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables and amounts due from related parties.

Financial assets at fair value through OCI (debt instruments)

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

#### **Financial assets designated at fair value through OCI (equity instruments)**

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under LKAS 32 Financial Instruments:

Presentation and are not held for trading. The classification is determined on an instrument-by- instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

#### **Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

# Notes to the Financial Statement

## c) Derecognition

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

- The rights to receive cash flows from the asset have expired or;
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
  - (a) the Group has transferred substantially all the risks and rewards of the asset, or
  - (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset.

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.

## d) Impairment of financial assets

Further disclosure relating to impairment of financial assets are also provided in the following notes:

• Financial assets	Note 12
• Trade receivables, including contract assets	Note 15

The company's accounting policy on trade debtor impairment provision is meticulous and strategic. Impairment provisions are recognized based on aging dates, particularly focusing on debts overdue by 121 days.

A general provision method is used to account for impairments on trade receivables, considering customer types and aging profiles. Any discrepancies between over and under impairments are appropriately reflected in the profit and loss account. This policy aims to accurately represent the company's financial status while complying with accounting standards.

## (A) Non-Derivative Financial Assets

Financial instruments and contract assets  
The Group recognises a loss allowance for ECLs on:

- Financial assets measured at amortized 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 months ECLs:

- Debt securities that are determined to have no 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 the initial recognition.

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

When determining whether a credit risk of 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 of effort. This includes both quantitative and qualitative information and analysis, based on Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that a credit risk on a financial asset has increased significantly if it is more than 121 days past due.

The Group considers financial asset to be in default when:

- The borrower unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security "if any is held"; or
- The financial asset is more than 365 days past due.

The Group considers a debt security to have no credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade". The Group considers this to be A- or higher.

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

12 months 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.

#### Measurement of ECLs

ECLs are a probability- weighted estimate of credit loss. Credit losses are measured as the present value of all cash short falls (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 rates of the financial asset.

#### (B) Credit-Impaired Financial Assets

At each reporting date, the Group assess whether the financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is “credit impaired” when one or more events that have detrimental impact on the estimated future cash flows of the financial assets have occurred.

Evidence that a financial asset is credit impaired includes the following observable data;

- Significant financial difficulty of the borrower or the issuer
- A breach of contract such as default or being more than 365 days being 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 enter bankruptcy or other financial reorganization or

- The disappearance of the active market for a security because of financial difficulty

Presentation of allowance for ECL in the Statement of Financial Position

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

#### Write-Off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectation of recovery of 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 written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group procedures for recovery of amounts due.

#### 3.14.2 Financial liabilities

##### a) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group’s financial liabilities include trade and other payables, loans and borrowings and amounts due to related parties.

##### b) Subsequent Measurement

The measurement of financial liabilities depends on their classification as described below:

##### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by SLFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the Statement of Profit or Loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss so designated at the initial date of recognition, and only if criteria of SLFRS 9 are satisfied. The group has not designated any financial liability at fair value through profit or loss.

##### Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the Statement of Profit or Loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the Statement of Profit or Loss.

# Notes to the Financial Statement

## c) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

## 3.14.3 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 37.

## 3.15 Cash and cash equivalents

Cash and cash equivalents are 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 equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts.

## 3.16 Impairment of non-financial assets

The Group assesses at each reporting date whether there is any objective evidence that a non-financial asset or a group of non-financial assets is impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the group of non-financial asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell or its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of non-financial assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The amount of impairment losses are recognised in the profit and loss during the reporting period.

## 3.17 Liabilities and provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, where 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.

Liabilities classified as current liabilities in the Statement of Financial Position are those obligations payable on demand or within one year from the reporting date.

## 3.18 Retirement Benefit Obligations

### 3.18.1 Defined Contribution Plans-Employees' Provident Fund & Employees' Trust Fund

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with the respective statutes and regulations in Sri Lanka. The Company contributes 12 % and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively.

### 3.18.2 Defined Benefit Plan – Gratuity

A defined benefit plan is a post - employment benefit plan other than a defined contribution plan. The defined benefit is calculated by independent actuaries. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability.

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Key assumptions used in determining the defined retirement benefit obligations are given in Note 22. Any changes in these assumptions will impact the carrying amount of defined benefit obligations.

The gratuity liability is not funded in the planned assets.

## 3.19 Taxation

### 3.19.1 Current Income Tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are

enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income taxes relating to items recognised directly in Other Comprehensive Income are also recognised in Other Comprehensive Income and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### 3.19.2 Deferred Tax

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

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible

temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current tax and deferred tax relating to items recognised directly in statement of other comprehensive income are also recognised in statement of other

comprehensive income and not in the statement of profit or loss.

Deferred tax assets and liabilities are set off if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### 3.19.3 Social Security Contribution Levy (SSCL)

According to the Social Security Contribution Levy Act No. 25 of 2022, Kapruka Holdings PLC is liable for Social Security Contribution Levy at 2.5% on the liable turnover with effect from 01 October 2022.

## 3.20. Revenue

### 3.20.1 Revenue from contracts with customers

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue and associated costs incurred or to be incurred can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and sales taxes. The following specific recognition criteria are used for the purpose of recognition of revenue:

#### a) Goods transferred at a point in time

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer. In relation to sales with local customers, this point is generally the delivery of goods, exports also take into account the term related to each shipment of goods. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated.

# Notes to the Financial Statement

## b) Services transferred over time

The Group determines, at contract inception, whether it satisfies the performance obligation over time or at appoint in time. For each performance obligation satisfied over time, the Group recognises revenue over time, by using an output method to measure progress towards complete satisfaction of that performance obligation.

In determining the transaction price for the sale of goods and the services the Group considers the effects of variable consideration the existence of significant financing, non-cash considerations and consideration payable to customer (if any). However,

- The Group does not offer discounts, warranties or incentives to its customers.
- The Group does not receive long-term advances from its customers for the services which entails a financing element.
- The period between the transfer of the promised service to the customer and when the customer pays for that good will be one year or less

## c) Presentation and disclosure

As required for the financial statements, the Group disaggregated revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The Group also disclosed information about the relationship between the disclosure of disaggregated revenue and revenue information disclosed for each reportable segment.

Refer to Note 26 for the disclosure on disaggregated revenue.

## 3.20.2 Interest Income

Interest income is recognised in profit or loss as it accrues and is calculated by using the effective interest rate method.

## 3.20.3 Dividend Income

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

## 3.20.4 Rental Income

Rental income arising from renting out of leased premises are recognised as revenue on a straight-line basis over the term of the lease or agreement.

## 3.20.5 Other Income

Other income is recognised on an accrual basis.

Net gains and losses of a revenue nature on the disposal of Property, Plant & Equipment and other non-current assets including investments are accounted for in the Statements of Profit or Loss, after deducting from proceeds on disposal, the carrying amount of the assets and related selling expenses.

Gains and losses arising from activities incidental to the main revenue generating activities and those arising from a group of similar transactions which are not material, are aggregated, reported and presented on a net basis.

## 3.20.6 Finance income and finance costs

Finance income comprises interest income on funds invested and gain arisen from the foreign exchange translation of financial assets and liabilities. Interest income is recognised based on the EIR in the statement of profit or loss.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, and losses on hedging instruments that are recognised in the statement of profit or loss.

The interest expense component of finance lease payments is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

## 3.20.7 Borrowing cost

Borrowing costs that are directly attributable to the acquisition, construction, or production of an asset that takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of that asset. The amounts of the borrowing costs which are eligible for capitalisation are determined in accordance with the in LKAS 23 - Borrowing Costs.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

## 3.21 Expenditure recognition

Expenses are recognised in the statement of profit or loss on the basis of a direct association between the cost incurred and the earnings of specific items of income.

All expenditure incurred in the running of the business has been charged to income in arriving at the profit for the year.

Repairs and renewals are charged to statements of profit or loss in the year in which the expenditure is incurred.

## 3.22 Earnings per share

The Group presents basic and diluted Earnings Per Share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary

shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

### 3.23 Cash Flow Statement

The Cash Flow Statement has been prepared using the indirect method.

### 3.24 Segment Reporting

The Group has the following four strategic divisions, which are its reportable segments. These divisions offer different products and services, and are managed separately because they require different technology and marketing strategies

A summary describing the operations of each reportable segment is given in page 156.

Segment results that are reported to the Chief Operating Officer (the chief Operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated expenses comprise mainly corporate assets (primarily the Company's head office), head office expenses and tax assets and liabilities.

## 4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Financial Statements in conformity with SLFRS 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. Actual results may differ from these estimates.

The Estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results which form the

basis of making the judgments about the carrying amount of assets and liabilities that are not readily apparent from other sources. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

### Taxation

Uncertainties exist with respect to the interpretation of complex tax regulation, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and the complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establish provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the Group companies.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised.

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on upon the likely timing and the level of future taxable profits together as with future tax planning strategies.

### Employee benefit liability – Gratuity

The cost of the defined benefit pension plan and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of long term Government Bonds (Treasury Bonds) corresponding to the average work life of the employees.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and pension increases are based on expected future inflation rates for the respective countries.

Further details about pension obligations are provided in note 22.

### Materiality and aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard – LKAS 1 on 'Presentation of Financial Statements.'

Notes to the financial statements are presented in a systematic manner which ensures the understandability and

# Notes to the Financial Statement

comparability of financial statements of the Group and the Company. Understandability of the financial statements is not compromised by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.

## Others

Other information about judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in the following notes to these financial statements.

Accounting estimate/ judgments	Notes
Going Concern	2.2
Property, plant and equipment	3.8
Valuation of inventories	3.13
Provision for impairment of inventory	3.13.1

in 2005. SLFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The core of SLFRS 17 is the general model, supplemented by:

A specific adaptation for contracts with direct participation features (the variable fee approach).

A simplified approach (the premium allocation approach) mainly for shortduration contracts .

The amendments are effective for annual periods beginning on or after 1 January 2026.

## Amendments to LKAS 21 - Lack of exchangeability

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments are effective for annual periods beginning on or after 1 January 2025.

## 5 STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

### SLFRS 17 Insurance Contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace SLFRS 4 Insurance Contracts (SLFRS 4) that was issued

## 6 PROPERTY, PLANT AND EQUIPMENT

### 6.1 Group

#### 6.1.1 Gross Carrying Amounts

	Balance as at 01.04.2024	Revaluation Surplus/ (Deficits)	Additions	Re- classification	Transferred from capital work-in- progress	Disposal	Balance as at 31.03.2025
At cost/valuation	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Land	341,220,000	26,330,000	-	(128,250,000)	-	-	239,300,000
Buildings	435,373,745	-	3,389,360	(67,387,425)	119,189,466	(883,089)	489,682,057
Motor Vehicle	100,427,637	-	-	2,735,000	-	(17,546,000)	85,616,637
Computers	18,569,060	-	5,803,648	-	-	-	24,372,708
Furniture & Fittings	25,457,061	-	1,488,600	-	-	-	26,945,661
Office Equipment	45,341,044	-	15,299,464	-	-	(650,391)	59,990,117
Machinery & Equipment	9,810,214	-	5,078,103	-	-	-	14,888,316
Agri Net House	1,768,050	-	-	-	-	-	1,768,050
<b>Total</b>	<b>977,966,810</b>	<b>26,330,000</b>	<b>31,059,175</b>	<b>(192,902,425)</b>	<b>119,189,466</b>	<b>(19,079,480)</b>	<b>942,563,546</b>

In the course of construction	Balance as at 01.04.2024	Revaluation Surplus/ (Deficits)	Incurred during the year	Re- classification	Transferred to PPE	Disposal	Balance as at 31.03.2025
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Capital work in progress - Building	89,061,570	-	30,127,896	-	(119,189,466)	-	-
	89,061,570	-	30,127,896	-	(119,189,466)	-	-
<b>Total gross carrying amount</b>	<b>1,067,028,380</b>	<b>26,330,000</b>	<b>61,187,070</b>	<b>(192,902,425)</b>		<b>(19,079,480)</b>	<b>942,563,546</b>

#### 6.1.2 Depreciation

	Balance as at 01.04.2024	Revaluation Surplus/ (Deficits)	Charge for the Year	Re- classification	Disposal	Balance as at 31.03.2025
At cost	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Buildings	20,156,806	-	8,934,891	(11,383,508)	(120,625)	17,587,564
Motor Vehicle	99,023,458	-	1,279,218	2,735,000	(17,546,000)	85,491,676
Computers	14,237,778	-	2,907,389	-	-	17,145,168
Furniture & Fittings	13,820,561	-	3,918,391	-	-	17,738,951
Office Equipment	25,729,318	-	8,715,690	-	(650,391)	33,794,618
Machinery & Equipment	5,526,253	-	1,491,829	-	-	7,018,083
Agri Net House	1,031,103	-	442,012	-	-	1,473,116
<b>Total depreciation</b>	<b>179,525,277</b>	<b>-</b>	<b>27,689,422</b>	<b>(8,648,508)</b>	<b>(18,317,016)</b>	<b>180,249,174</b>

# Notes to the Financial Statement

## 6.1.3 Net book values

	2025	2024
At cost	Rs.	Rs.
Land	239,300,000	341,220,000
Buildings	472,094,493	415,216,939
Motor Vehicle	124,962	1,404,180
Computers	7,227,540	4,331,282
Furniture & Fittings	9,206,710	11,636,500
Office Equipment	26,195,499	19,611,725
Machinery & Equipment	7,870,233	4,283,960
Agri Net House	294,934	736,947
	762,314,371	798,441,533
<b>In the course of construction</b>		
Capital work in progress - Building	-	89,061,570
<b>Total carrying amount of property, plant and equipment</b>	762,314,371	887,503,103

- (a) Property, Plant & Equipment has been pledged as securities for bank facilities. Please refer note no. 21.4
- (b) A borrowing costs of Rs. 2,659,411/- have been capitalised under property, plant and equipment during the year ended 31 March 2025 (No borrowing cost was capitalised during the year 2024).

- 6.1.4** During the financial year, the group acquired property, plant and equipment to the aggregate value of Rs. 61,187,070/- Cash payments amounting to Rs. 61,187,070/- were made during the year for purchase of property, plant and equipment.
- 6.1.5** In 2025, the Group sold property, plant, and equipment with a net carrying amount of Rs. 762,464/- for a cash consideration of Rs. 19,194,914/- The net gains on these disposals were recognised as part of other income in the statement of profit or loss.
- 6.1.6** During the year, the group incurred Rs. 30,127,896/- on the capital work in progress in building and improvements. Upon completion, the total of Rs. 119,189,466/- was transferred to Buildings under Property, Plant and Equipment.
- 6.1.7** Property, Plant and Equipment includes fully depreciated assets having gross carrying value of LKR 139.67 Mn (2024 - LKR 105 Mn).

## 6.2 Measurement of fair values of freehold land - Group

### (a) Valuation process

The Group's freehold lands are stated at their revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated impairment losses. The Group has revalued all of its freehold land in the reporting period ending 31st March 2025. The value measurements were carried out in conformity with the requirements of the Sri Lanka Accounting Standards by Dr. D. Prathapsinghe, an independent chartered valuation surveyor (Membership No: 1157675) of Prathap Chartered Valuation & Consultancy (Pvt) Ltd, with appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The deficit arising on such valuations have been transferred to revaluation reserves.

### (b) Valuation techniques used

#### Valuation technique : - Market Comparable Approach

The lands are valued using the market comparable approach. Under the market comparable approach, a property's fair value is estimated based on comparable transactions. The valuer used the comparable method of valuation involving analysing data obtained from local selling prices for the entire portfolio, by property type. The market comparable approach is based upon the principle of substitution under which a potential buyer will not pay more for the property than it will cost to buy a comparable substitute property. The unit of comparison applied by the Group is the price per perch.

### (c) Fair value hierarchy

The fair value measurement for all the lands are categorised as a Level 3 fair value based on the inputs to the valuation technique used. A significant increase in the market value per perch, capitalisation rate and market rent used in arriving at fair value would result in a significant increase in fair value, and vice versa. There has been no change to the valuation technique during the year.

Level 1 - Quoted prices in active markets

Level 2 - Significant observable inputs

Level 3 - Significant unobservable inputs

### 6.3 Significant Unobservable Inputs

Description of the above valuation techniques together with narrative descriptions on sensitivity of the fair value measurement to changes in significant unobservable inputs are tabulated below;

Valuation Technique	Significant Unobservable Valuation Inputs	Sensitivity of the Fair Value Measurement to Inputs
<b>Market Comparable Method</b>		
This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of the property being revalued. This involves evaluation of recent market prices of similar assets, making appropriate adjustments for differences in size, nature, location, condition of specific property. In this process outlier transactions, indicative of particular motivated buyers or sellers are too compensated for since the price may not adequately reflect the fair market value.	Price per perch for Land	Estimated fair value would increase/(decrease) if; • Price per perch increases/(decreases)

### 6.4 Carrying Value

	Group	
	2025	2024
	Rs	Rs
At Cost	523,014,371	546,283,103
At Valuation	239,300,000	341,220,000
	762,314,371	887,503,103

6.5 The carrying amount of revalued Freehold Land, if they were carried at cost less depreciation would be as follows,

As at 31 March	Cost	Accumulated Depreciation	Net Carrying Amount	
	Rs	Rs	2025	2024
Freehold Land	227,332,000	-	227,332,000	227,332,000
	227,332,000	-	227,332,000	227,332,000

# Notes to the Financial Statement

## 6.6 Company

### 6.6.1 Gross Carrying Amounts

At cost/revaluation	Balance as at 01.04.2024	Revaluation Surplus/ (Deficits)	Additions	Re- classification	Disposal	Balance as at 31.03.2025
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Land	236,520,000	18,880,000	-	(84,500,000)	-	170,900,000
Buildings	409,043,343	-	3,389,360	(41,057,023)	(883,089)	370,492,591
Motor Vehicle	40,944,490	-	-	2,735,000	(7,920,000)	35,759,490
Computers	14,681,470	-	2,182,549	-	-	16,864,018
Furniture & Fittings	8,007,985	-	828,600	-	-	8,836,585
Office Equipment	33,099,369	-	542,928	-	-	33,642,297
<b>Total</b>	<b>742,296,656</b>	<b>18,880,000</b>	<b>6,943,437</b>	<b>(122,822,023)</b>	<b>(8,803,089)</b>	<b>636,494,981</b>

### 6.6.2 Depreciation

Balance as at 01.04.2024	Revaluation Surplus/ (Deficits)	Charge for the year	Re- classification	Disposal Transfer	Balance as at 31.03.2025	
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Buildings	19,452,527	-	7,987,872	(10,328,158)	(120,625)	16,991,616
Motor Vehicle	39,911,667	-	914,073	2,735,000	(7,920,000)	35,640,740
Computers	11,856,083	-	1,779,547	-	-	13,635,630
Furniture & Fittings	6,622,740	-	487,222	-	-	7,109,962
Office Equipment	20,520,027	-	5,189,529	-	-	25,709,556
<b>Total depreciation</b>	<b>98,363,042</b>	<b>-</b>	<b>16,358,243</b>	<b>(7,593,158)</b>	<b>(8,040,625)</b>	<b>99,087,505</b>

### 6.6.3 Net book values

At cost	Company	
	2025	2024
Land	170,900,000	236,520,000
Buildings	353,500,975	389,590,816
Motor Vehicle	118,750	1,032,823
Computers	3,228,388	2,825,387
Furniture & Fittings	1,726,623	1,385,244
Office Equipment	7,932,741	12,579,342
<b>Total carrying amount of property, plant and equipment</b>	<b>537,407,477</b>	<b>643,933,612</b>

**6.6.4** In 2025, the company acquired property, plant, and equipment to the aggregate value of Rs. 6,943,437/- (2024 - Rs. 31,935,529/-). Cash payments amounting to Rs. Rs. 6,943,437/- (2024 - Rs. 13,641,662/-) were made during the year for purchase of property, plant and equipment.

**6.6.5** In 2025, the Group sold property, plant, and equipment with a net carrying amount of Rs. 762,463/- for a cash consideration of Rs. 6,461,864/-. The net gains on these disposals were recognised as part of other income in the statement of profit or loss.

**6.6.6** Property, Plant and Equipment includes fully depreciated assets having gross carrying value of LKR 82.46 Mn (2024 - LKR 39.6Mn).

**6.7** **Value and ownership of freehold land and freehold buildings of the Group/Company.**

Location	Property	No. of Buildings	Extent	Value per Perch/ Sq. ft	Carrying value
					Rs.
Mirihana - Production Building	Land	-	A-0, R-0, P11.40	6,000,000	68,400,000
	Building	01	10,000 Sq. ft	11,859	118,593,518
Mirihana - Head Office	Land	-	A-0, R-0, P31.08	5,498,713	170,900,000
	Building	01	32,000 Sq. ft	11,047	353,500,975

## 7

### INVESTMENT PROPERTY

	Group		Company	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
At the beginning of the year	-	-	-	-
Classified as Investment Property during the period	184,253,916	-	115,228,865	-
Change in fair value during the year	19,941,084	-	17,979,135	-
At the end of the year	204,195,000	-	133,208,000	-

**7.1** **The details of fair value of investment properties of the Group as follows:**

Company	Location	Building area (Sq Ft)	Land area (Perch)	Value per Perch/ Sq. ft	Value of building	Value of land	Total Rs.
Kapruka Holdings PLC	Lot No. 4860 & 4855 in Plan No. 952	8,118	13.52	6,250,000 p.p. 6,000 Sq. ft	48,708,000	84,500,000	133,208,000
Kapruka E-Commerce (Pvt) Ltd	Lot No. 4858 in Plan No. 952	3,891	7.00	6,250,000 p.p. 7,000 Sq. ft	27,237,000	43,750,000	70,987,000
					75,945,000	128,250,000	204,195,000

**7.2** **Measurement of fair value**

**(a) Valuation process**

The Group has revalued all of its investment properties in the reporting period ending 31st March 2025. The value measurements were carried out in conformity with the requirements of the Sri Lanka Accounting Standards by Dr. D. Prathapsinghe, an independent chartered valuation surveyor (Membership No: 1157675) of Prathap Chartered Valuation & Consultancy (Pvt) Ltd, with appropriate qualifications and recent experience in the valuation of properties in the relevant locations.

# Notes to the Financial Statement

## (b) Valuation techniques used Valuation technique : Market Comparable Approach

The properties are valued using the market comparable approach. Under the market comparable approach, a property's fair value is estimated based on comparable transactions. The valuer used the comparable method of valuation involving analysing data obtained from local selling prices for the entire portfolio, by property type. The market comparable approach is based upon the principle of substitution under which a potential buyer will not pay more for the property than it will cost to buy a comparable substitute property. The unit of comparison applied by the Group is the price per perch.

## (c) Fair value hierarchy

The fair value measurement for all the properties are categorised as a Level 3 fair value based on the inputs to the valuation technique used. A significant increase in the market value per perch, capitalisation rate and market rent used in arriving at fair value would result in a significant increase in fair value, and vice versa. There has been no change to the valuation technique during the year.

**Level 1** – Quoted price (unadjusted) in an active market for identical assets that the entity can access at the measurement date.

**Level 2** – Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.

**Level 3** – Unobservable inputs for the assets Level 1, 2 & 3 assesses an entity's assets based on the degree of certainty around the asset's underlying value.

**7.3** An amount of Rs. 600,000 has been recognized as rental income in the Statement of Profit or Loss and Other Comprehensive Income for the year ended 31st March 2025.

## 8 RIGHT-OF-USE ASSETS

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability (present value of future lease payments discounted using the Company's incremental borrowing rate) adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The movement of Right of Use Lease assets of the Company is as follows;

### 8.1 Group

#### 8.1.1 Carrying value of right-of-use assets

	Land	Building	Motor Vehicles	Total
	Rs.	Rs.	Rs.	Rs.
<b>Cost</b>				
As at 1 April 2024	21,914,154	8,360,941	24,915,000	55,190,095
De-recognition	-	(3,664,749)	-	(3,664,749)
Transfer to Property plant and Equipment	-	-	(2,735,000)	(2,735,000)
<b>As at 31 March 2025</b>	<b>21,914,154</b>	<b>4,696,192</b>	<b>22,180,000</b>	<b>48,790,345</b>
<b>Accumulated amortisation</b>				
As at 1 April 2024	2,612,283	4,514,437	8,492,717	15,619,438
Amortisation charge for the year	1,741,522	3,074,465	6,253,762	11,069,750
De-recognition	-	(3,664,749)	-	(3,664,749)
Transfer to Property plant and Equipment	-	-	(2,735,000)	(2,735,000)
<b>As at 31 March 2025</b>	<b>4,353,806</b>	<b>3,924,153</b>	<b>12,011,479</b>	<b>20,289,438</b>

**Carrying value**

	2025	2024
	Rs.	Rs.
Land	17,560,348	19,301,870
Buildings	772,038	3,846,504
Motor Vehicles	10,168,521	16,422,283
<b>Total carrying value</b>	<b>28,500,907</b>	<b>39,570,657</b>

**8.2 Company****8.2.1 Gross carrying amounts**

	Land	Building	Motor Vehicles	Total
	Rs.	Rs.	Rs.	Rs.
<b>Cost</b>				
As at 1 April 2024	21,914,154	1,724,925	24,915,000	48,554,079
Transfer to Property plant and Equipment	-	-	(2,735,000)	(2,735,000)
<b>As at 31 March 2025</b>	<b>21,914,154</b>	<b>1,724,925</b>	<b>22,180,000</b>	<b>45,819,079</b>
<b>Accumulated amortisation</b>				
As at 1 April 2024	2,612,283	503,103	8,492,717	11,608,104
Amortisation charge for the year	1,741,522	862,463	6,253,762	8,857,748
Transfer to Property plant and Equipment	-	-	(2,735,000)	(2,735,000)
<b>As at 31 March 2025</b>	<b>4,353,806</b>	<b>1,365,566</b>	<b>12,011,479</b>	<b>17,730,851</b>

Carrying value	2025	2024
	Rs.	Rs.
Land	17,560,348	19,301,870
Buildings	359,359	1,221,822
Motor Vehicles	10,168,521	16,422,283
<b>Total carrying value</b>	<b>28,088,228</b>	<b>36,945,976</b>

# Notes to the Financial Statements

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## INTANGIBLE ASSETS

	Group		Company	
	2025	2024	2025	2024
Computer Software	Rs.	Rs.	Rs.	Rs.
<b>Cost</b>				
As at 1 April	22,223,777	22,223,777	6,323,777	6,323,777
As at 31 March	22,223,777	22,223,777	6,323,777	6,323,777
<b>Amortization</b>				
As at 1 April	7,000,354	5,157,971	5,410,354	5,157,971
Amortization for the year	1,821,465	1,842,383	231,465	252,383
As at 31 March	8,821,819	7,000,354	5,641,819	5,410,354
Carrying value as at 31 March	13,401,958	15,223,423	681,958	913,423

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## INVESTMENT IN SUBSIDIARIES

	Number of shares		Holding		Company	
	2025	2024	2025	2024	2025	2024
Unquoted Subsidiaries				Rs.	Rs.	
Kapruga E Commerce (Pvt) Ltd	8,531,156	8,131,156	100%	100%	714,045,904	692,045,904
Kapruga Production (Pvt) Ltd	10,000	10,000	100%	100%	5,370,000	5,370,000
Kapruga Techroot (Pvt) Ltd	2	2	100%	100%	20	20
Kapruga USA LLC	1	1	100%	100%	31,200	30,118
Kapruga Ventures (Pvt) Ltd	2	-	100%	-	20	-
Kapruga Global UK Ltd	1	-	100%	-	365	-
					719,447,509	697,446,042

- A) The subsidiaries of the Company are incorporated in Sri Lanka except for company Kapruga USA LLC and Kapruga Global UK Ltd.
- B) The main activities of the subsidiary companies are given in page 111
- C) The Group has assessed each subsidiary that has non-controlling interests based on contribution made to the Group revenue, Group profit, total assets and net assets and have determined that such non-controlling interests are not material to the Group.

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**INVESTMENT IN ASSOCIATES**

The company also acquired 25% of the shareholding of Kapruka Global Shop (Pvt) Ltd in October 2021 for a consideration of Rs. 20/- . The Group applies the equity method in accounting for the investment in associate. For the financial period, the share of loss from the investment in associate is greater than the balance of investment in associate. Hence, the loss has recognized up to the balance in investment in associate. Therefore, the Investment in Equity Accounted Investees is zero at the Year end.

As at 31 March	Equity Holding %		Equity Holding %	
	2025	2024	2025	2024
Rs.	Rs.	Rs.	Rs.	Rs.
<b>Unquoted</b>				
Kapruka Global Shop (Pvt) Ltd	25%	25%	20	20
Cumulative Loss Accruing to the Group Net of Dividend			-	-
Cumulative Other Comprehensive Income Accruing to the Group			-	-
Impairment of Investment in Associate			(20)	(20)
			(20)	(20)
<b>Carrying Amount of the Investment</b>				
			-	-

**11.1 SUMMARISED FINANCIAL INFORMATION OF ASSOCIATE**

	2025	2024
	Rs.	Rs.
<b>Associates' Statement of Financial Position;</b>		
Current Assets	2,861,315	5,537,250
Non-Current Assets	2,645,129	2,657,588
Current Liabilities	(41,053,005)	(36,746,610)
Non-Current Liabilities	(352,343)	(430,348)
<b>Carrying Amount of Associate</b>	<b>(35,898,904)</b>	<b>(28,982,120)</b>
<b>Associates' Statement of Profit or Loss;</b>		
Share of the Associate Revenue	24,672,632	62,056,344
Share of the Associate Profits/(Loss) Before Tax	(7,082,612)	(9,286,993)
Share of the Associate Profits/(Loss) After of Tax	(7,032,863)	(9,549,033)

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**OTHER NON-CURRENT FINANCIAL ASSETS**

Group/Company	Institution	2025	2024
		Rs.	Rs.
<b>Non-Quoted Investments</b>			
Convertible Preference Shares	Grasshoppers (Pvt) Ltd	8,900,000	8,900,000
Less : Impairment		(8,900,000)	(8,900,000)
		-	-

# Notes to the Financial Statement

## 13 CONSUMABLE BIOLOGICAL ASSETS

	2025	2024
	Rs.	Rs.
Group		
As at 31st March		
At the beginning of the year	-	148,232
Write off	-	(148,232)
At the end of the year	-	-

## 14 INVENTORIES

	Group		Company	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Trading items	139,112,583	149,162,470	-	-
Raw materials	17,023,019	15,510,029	-	-
Work in progress	-	4,731,485	-	-
	156,135,602	169,403,984	-	-
Less: Provision for stock variance and slow moving inventories (Note 14.2)	(19,198,616)	(24,423,066)	-	-
	136,936,986	144,980,918	-	-

**14.1** Inventories are stated at cost or net realisable value, whichever is lower. The breakup of the carrying value on inventories are as follows:

	Group	
	2025	2024
	Rs.	Rs.
As at 31st March		
At Cost	136,936,986	144,980,918
At Net Realisable Value	-	-
<b>Total</b>	<b>136,936,986</b>	<b>144,980,918</b>

### 14.2 Provision for stock variance and slow moving inventories

	Group		Company	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
At the beginning of the year	24,423,066	33,114,582	-	-
Provision/(Reversal) during the year	(5,224,450)	(8,691,515)	-	-
At the end of the year	19,198,616	24,423,066	-	-

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## TRADE AND OTHER RECEIVABLES

	Group		Company	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Trade receivables	15,703,096	11,550,154	-	-
Less: Provision for impairment for trade receivables (Note 15.1)	(2,154,513)	(801,766)	-	-
	13,548,584	10,748,387	-	-
Staff debtors	492,436	492,304	281,702	247,351
Welfare receivable	347,250	-	-	-
WHT Receivable	674,731	2,670,294	674,731	2,670,097
Interest receivable	4,043,499	6,381,188	4,043,499	6,381,188
VAT receivable			-	-
Other receivables	3,758,777	2,884,055	-	-
	22,865,277	23,176,229	4,999,932	9,298,636

## Impairment losses

All trade receivables that are past due, have been considered for impairment as at 31st March 2025.

The movement in the allowance for impairment of trade receivables is disclosed in Note No. 15.1.

## 15.1 Provision for impairment for Trade receivables

	Group		Company	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Balance at the beginning of the year	801,766	6,753,906	-	-
Provision/(Reversal) for the year	1,142,746	(3,846,485)	-	-
Write off during the year	210,000	(2,105,654)	-	-
Balance at the year end	2,154,513	801,766	-	-

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## RELATED PARTY DISCLOSURES

Refer Note 10 for effective equity holding percentages and other key information's of Group entities.

## Terms and conditions of transactions with related parties

The Group and Company carried out transactions in the ordinary course of the business at commercial rates with parties who are defined as Related Parties as per the Sri Lanka Accounting Standard - LKAS 24 'Related Party Disclosures'.

Transactions with related parties are carried out in the ordinary course of the business. Outstanding current account balances at year end are unsecured, interest are charged as AWPLR+4% and settlement occurs in cash. The sales to and purchases from related parties and interest on interest bearing borrowings are made at terms equivalent to those that prevail in arm's length transactions.

# Notes to the Financial Statement

## Non-recurrent Related Party Transactions

	Company	
	2025	2024
	Rs.	Rs.
Investment in Subsidiaries share capital	22,000,000	146,839,982

During the year, Kapruka Holdings PLC (Company) invested its IPO funds in Kapruka E-Commerce (Pvt) Ltd equity shares to initiate IPO objectives. Necessary market announcements were also published as per the requirements of the Colombo Stock Exchange Listing Rules

Other than above, there were no other non-recurrent Related Party Transactions of the Company which in aggregate value exceeds 10% of the equity or 5% of the total assets whichever is disclosures in the Annual Report under Colombo Stock Exchange Listing Rule 9.14.8 and the Code of Best Practices on Related Party Transactions published in accordance with the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act. lower, as per March 31, 2025. Audited Financial Statements, which required additional disclosures in the Annual Report under Colombo Stock Exchange Listing Rule 9.14.8 and the Code of Best Practices on Related Party Transactions published in accordance with the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

## Recurrent Related Party Transactions

There were no other recurrent Related Party Transactions which in aggregate value exceeds 10% of the consolidated revenue of the Group as per 31 March 2025 Audited Financial Statements, which required additional disclosures in the Annual Report under the Colombo Stock Exchange Listing Rule 9.14.8 and the Transactions under the Securities and Exchange Commission Directive issued. The Directors declare that they have complied with the provisions of the Code relating to full disclosure of Related Party Transactions entered into during the Financial Year ended March 31, 2025.

### 16.1 Amounts due from related parties

	Group		Company	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Trade Receivables - Related parties	-	-	8,327,859	7,218,890
Non Trade Receivables - Related Parties (16.2)	41,927,883	46,536,563	-	-
	41,927,883	46,536,563	8,327,859	7,218,890

## 16.2 Amounts due from related parties

Relationship	Group		Company	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Kapruga Techroot (Pvt) Ltd	Subsidiary	-	-	28,065
Kapruga Productions (Pvt) Ltd	Subsidiary	-	-	2,169,398
Kapruga Global UK Ltd	Subsidiary	-	-	338,882
Kapruga Global Shop (Pvt) Ltd	Associate	40,315,178	33,449,508	6,348,207
Java Lounge (Pvt) Ltd	Affiliate	1,612,705	1,113,108	1,612,705
Grasshoppers (Pvt) Ltd	Affiliate	12,226,063	18,751,668	12,226,063
Director's Current Account	Affiliate	-	11,973,946	-
		54,153,946	65,288,231	20,553,922
Less: Provision for Impairment		(12,226,063)	(18,751,668)	(12,226,063)
		41,927,883	46,536,563	8,327,859
				7,218,890

Impairment provision balance attributable to the affiliate company of Grasshoppers (Pvt) Ltd is due from the balance. As the major shareholder of Kapruga Global Shop (Pvt) Ltd, Mr. H.P.D.V. Herath acknowledges that the company owes Rs. 40 million to Kapruga Holdings PLC and Kapruga E-Commerce (Pvt) Ltd. An impairment has not been recorded, as Mr. Herath has provided a formal undertaking to settle the full amount. He is committed to recovering these funds and will personally cover any remaining balance after all recovery efforts.

## 16.3 Amounts due to related parties

Relationship	Group		Company	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Kapruga E Commerce (Pvt) Ltd	Subsidiary	-	-	85,503,826
Kapruga LLC	Affiliate	6,843,109	7,936,449	-
Kapruga Goodwill Foundation	Affiliate	268,393	1,324,560	-
Java Lounge (Private) Limited	Affiliate	38,222,325	13,687,068	-
	45,333,827	22,948,077	85,503,826	198,162,593

## 16.4 Transaction with Key Management Personnel Compensation of the company

The Key Management Personnel of the Company are the members of its Board of Directors.

Key management personal compensation

	Group		Company	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Short Term Employee Benefits	22,814,581	21,616,850	13,287,320	20,416,850
	22,814,581	21,616,850	13,287,320	20,416,850

# Notes to the Financial Statement

## Key Management Personnel (KMP)

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly.

## KMP of the Company

The Board of Directors (including Executive and Non-Executive) of the Company have been classified as KMP of the Company.

## KMP of the Group

The Board of Directors (including Executive and Non-Executive) of the Company and the Board of Directors of the holding company have been classified as KMP of the Group. The officers who are only Directors of subsidiaries and not of the company have been classified as KMP for that subsidiary.

### 16.4.1 Transaction with subsidiaries, associate and other related parties;

Company	Relationship	Nature of the Transaction	Amount				Balance as at 31 March		
			2025	2024	2025	2024	Rs.	Rs.	
Kapruka E Commerce (Pvt) Ltd	Subsidiary						(85,503,826)	(198,162,593)	
	Management Fee		210,092,211	216,466,025					
	Fund Transferred to/from Related Party		(73,995,536)	(209,838,858)					
	Expenses Incurred on behalf		(5,835,538)	(42,905,270)					
	Interest charged on current account balance		(17,602,370)	(23,975,918)					
							28,065	28,066	
Kapruka Techroot (Pvt) Ltd	Subsidiary								
	Management Fee		13,748,850	5,918,923					
	Payments Made/Received		(13,748,851)	(6,414,628)					
	Expenses Incurred on behalf		-	30,720					
Kapruka Production (Pvt) Ltd	Subsidiary						-	2,169,400	
	Management Fee		14,651,840	8,751,752					
	Payments Made/Received		(16,828,431)	(10,686,542)					
	Expenses Incurred on behalf		7,191	21,057					
Kapruka Global Shop (Pvt) Ltd	Associate								
	Management Fee		2,439,891	9,238,481					
	Fund Transferred to/from Related Party		-	(5,598,718)					

Company	Relationship	Nature of the Transaction	Amount		Balance as at 31 March	
			2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
		Expenses Incurred on behalf	-	(437,565)		
Kapruga Global UK Ltd	Subsidiary	Share Issue	365	-	338,882	-
		Fund Transferred to/from Related Party	338,517	-		
JAVA Lounge (Pvt) Ltd	Affiliate	Management Fee	2,083,910	1,009,024		
		Payments Made/Received	(3,754,824)	(1,396,323)		
		Expenses Incurred on behalf	2,170,511	1,137,202		
Grasshoppers (Pvt) Ltd	Affiliate	Asset acquisitions	-	584,685		-
		Impairment provision	-	(12,226,063)		
<b>16.4.2 Material Transactions done by a Subsidiary with Affiliate</b>						
Kapruga E - Commerce (Pvt) Ltd	Affiliate with Kapruka LLC	Expenses Incurred on behalf of Related Parties	(1,680,466)	(231,360,378)	(6,694,935)	(9,484,901)
		Fund Transferred From US Account to Sri Lanka	(7,674,192)	(588,990,003)		
		Funds Received From Customers	-	854,448,373		
		Supplier Payment made	5,251,108	(27,850,571)		
		Funds reclassified under USA LLC accounts name	-	(39,348,488)		
		Funds Transfer From/(To) Inter LLC Accounts	6,893,517	10,042,686		
Kapruga E - Commerce (Pvt) Ltd	Affiliate with Kapruka USA LLC	Expenses Incurred on behalf of Related Parties	(183,689,363)	(31,975,194)	84,235,149	68,061,637
		Fund Transferred From US Account to Sri Lanka	(961,469,970)	(427,568,880)		
		Funds Received From Customers	1,133,291,883	463,329,140		
		Supplier Payment made	17,487,033	(16,289,069)		

## Notes to the Financial Statement

Company	Relationship	Nature of the Transaction	Amount			Balance as at 31 March		
			2025	2024	Rs.	2025	2024	Rs.
		Funds reclassified under USA LLC accounts name		-	39,348,488			
		Funds Transfer From/(To) Inter LLC Accounts	10,553,929	(3,442,686)				
Kaprula E - Commerce (Pvt) Ltd Affiliate with Kaprula Ohio LLC					-	(2,387,647)		
		Service Fee Settlements	7,816,956	21,642,513				
		Services Received (Management Fee/ Processing Fee)	(5,429,309)	(23,472,289)				

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**DEPOSITS, ADVANCES AND PREPAYMENTS**

	Group		Company	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Advance Payments to Suppliers	6,491,253	19,168,929	538,382	3,172,439
Rent Deposits	3,170,000	2,180,000	1,680,000	1,680,000
Other advances and prepayments	13,312,567	8,599,229	1,282,072	1,548,810
	22,973,820	29,948,158	3,500,455	6,401,250

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**SHORT TERM FINANCIAL ASSETS**

	Group		Company	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Other financial assets at amortized cost				
Non-Quoted Investments (Note 18.1)	159,000,000	209,000,000	159,000,000	209,000,000
Investment in fixed deposits (Note 18.2)	31,710,519	114,620,400	31,710,519	114,620,400
	190,710,519	323,620,400	190,710,519	323,620,400

**18.1 Non-Quoted Investments**

Institution	Group		Company	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Investment in Commercial Papers	LOLC Holdings PLC	159,000,000	209,000,000	159,000,000
		159,000,000	209,000,000	159,000,000
				209,000,000

**18.2 Fixed Deposit**

Investment in Fixed Deposits	Sampath Bank PLC	31,710,519	-	31,710,519	-
	Hatton National Bank PLC	-	114,620,400	-	114,620,400
		31,710,519	114,620,400	31,710,519	114,620,400
		190,710,519	323,620,400	190,710,519	323,620,400

**18.3 Impairment of investments in fixed deposits and money market funds**

Management has assessed the impairment of fixed deposits and money market funds by considering the credit ratings of these institutions and considering other economic factors and concluded that the resulting impairment provision is immaterial to the financial statements.

# Notes to the Financial Statements

## 19 CASH AND CASH EQUIVALENTS

	Group		Company	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
<b>19.1 Favourable cash and cash equivalent balances</b>				
Cash and bank balances	36,166,054	60,194,827	2,897,650	7,886,319
	36,166,054	60,194,827	2,897,650	7,886,319
<b>19.2 Unfavourable cash and cash equivalent balances</b>				
Bank overdrafts	(12,028,275)	(4,503,485)	(980,267)	(25,179)
Total cash and cash equivalents for the purpose of cash flow statement	24,137,779	55,691,342	1,917,382	7,861,139

## 20 CAPITAL AND RESERVES

### 20.1 STATED CAPITAL

Company / Group	2025		2024	
	Number of shares	Rs.	Number of shares	2024
Issued and fully-paid - ordinary shares				
Balance at the beginning of the year	164,130,360	769,174,795	164,130,360	769,174,795
Issue of shares	-	-	-	-
Transaction costs for issued share capital	-	-	-	-
Balance at the end of the year	164,130,360	769,174,795	164,130,360	769,174,795

### 20.2 RESERVES

Company / Group	Group		Company	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Revaluation reserves				
Balance at the beginning of the year	146,717,852	150,999,424	137,979,424	150,999,424
Revaluation Gain/(Loss), net of tax	18,629,411	(4,281,571)	13,266,010	(13,020,001)
Balance at the end of the year	165,347,263	146,717,853	151,245,433	137,979,423

At the reporting date, the Company recognised a revaluation gain on its land. In addition, a revaluation gain was recognised in respect of land and buildings that were transferred to investment property during the period. The valuations were conducted by an independent chartered valuer in accordance with the prevailing professional valuation standards.

## 20.3 FOREIGN CURRENCY TRANSLATION RESERVE

Group	Group	
	2025	2024
	Rs.	Rs.
Balance at the beginning of the year	226,154	-
Revaluation Gain/(Loss), net of tax	(112,307)	226,154
Balance at the end of the year	113,847	226,154

The movement in the foreign currency translation reserve is attributable to exchange differences arising from the translation of the financial statements of the Group's foreign subsidiaries, Kapruka USA LLC and Kapruka Global UK Ltd, for the year ended 31st March 2025.

## 21 INTEREST BEARING LOANS AND BORROWINGS

	Group		Company	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
<b>Current interest bearing loans and borrowings</b>				
Bank loans (Note 21.1)	82,150,540	126,388,183	26,535,000	69,957,876
Lease liabilities (Note 21.2)	5,911,215	17,401,868	5,287,425	8,975,144
Bank overdrafts (Note 19)	12,028,275	4,503,485	980,267	25,179
	100,090,030	148,293,536	32,802,693	78,958,199
<b>Non-current interest bearing loans and borrowings</b>				
Bank loans (Note 21.1)	171,326,368	172,507,745	131,865,000	115,373,755
Lease liabilities (Note 21.2)	25,668,340	27,933,012	25,668,340	27,309,221
	196,994,708	200,440,757	157,533,340	142,682,976
<b>Total Interest bearing loans and borrowings</b>	<b>297,084,738</b>	<b>348,734,293</b>	<b>190,336,033</b>	<b>221,641,174</b>

# Notes to the Financial Statement

## 21.1 Bank loans

Group	As at 01.04.2024		Interest	Repayment	As at 31.03.2025		Current	Non-current
	Rs.	Rs.			Rs.	Rs.		
Union Bank of Colombo PLC	85,516,366	-	4,596,921	(90,113,287)	-	-	-	-
Hatton National Bank PLC	99,815,265	-	2,131,878	(101,947,143)	-	-	-	-
Sampath Bank PLC	-	160,700,000	10,460,011	(12,118,344)	159,041,667	27,176,667	131,865,000	
Commercial Bank of Ceylon PLC	81,133,990	25,741,000	4,909,867	(38,281,469)	73,503,388	34,042,020	39,461,368	
Amana Bank PLC	25,000,000	-	1,196,056	(26,196,056)	-	-	-	-
PayPal Working Capital Business Loan	7,430,307	31,128,215	1,702,925	(19,329,594)	20,931,853	20,931,853	-	-
	298,895,928	217,569,215	24,997,658	(287,985,894)	253,476,908	82,150,540	171,326,368	

Company	As at 01.04.2024		Interest	Repayment	As at 31.03.2025		Current	Non-current
	Rs.	Rs.			Rs.	Rs.		
Union Bank of Colombo PLC	85,516,366	-	4,596,921	(90,113,287)	-	-	-	-
Hatton National Bank PLC	99,815,265	-	2,131,878	(101,947,143)	-	-	-	-
Sampath Bank PLC	-	160,000,000	10,453,711	(12,053,711)	158,400,000	26,535,000	131,865,000	
	185,331,631	160,000,000	17,182,510	(204,114,141)	158,400,000	26,535,000	131,865,000	

## 21.2 Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate can not be readily determined, the Company's incremental borrowing rate. The movement of Lease creditor for the period is as follows;

Group	As at 31 March		Land	Building	Motor Vehicles	Total
	Rs.	Rs.				
Balance at the Beginning of the Year		23,405,803	4,456,645	17,472,431	45,334,879	
Additions		-	-	-	-	-
De-Recognition		-	-	-	-	-
Interest Expense Recognised in Profit or Loss		1,589,058	573,049	2,044,702	4,206,810	
Repayment of Liability		(2,640,000)	(3,980,255)	(11,341,878)	(17,962,133)	
Balance at the End of the Year		22,354,861	1,049,439	8,175,256	31,579,556	

	Land	Building	Motor Vehicles	Total
	Rs.	Rs.	Rs.	Rs.
As at 31.03.2024				
Amount repayable within 1 year	2,640,000	3,613,977	11,147,891	17,401,868
Amount repayable after 1 year	20,765,803	842,668	6,324,541	27,933,012
	23,405,803	4,456,645	17,472,431	45,334,880
As at 31.03.2025				
Amount repayable within 1 year	1,126,131	1,049,439	3,735,646	5,911,215
Amount repayable after 1 year	21,228,730	-	4,439,610	25,668,340
	22,354,861	1,049,439	8,175,256	31,579,556

**Company**

As at 31 March	Land	Building	Motor Vehicles	Total
	Rs.	Rs.	Rs.	Rs.
Balance at the Beginning of the Year				
23,405,803	1,298,878	11,579,684	36,284,365	
Additions	-	-	-	-
De-Recognition	-	-	-	-
Interest Expense Recognised in Profit or Loss	1,589,058	206,771	1,850,715	3,646,544
Repayment of Liability	(2,640,000)	(1,080,000)	(5,255,144)	(8,975,144)
Balance at the End of the Year	22,354,861	425,649	8,175,256	30,955,766

	Land	Building	Motor Vehicles	Total
	Rs.	Rs.	Rs.	Rs.
As at 31.03.2024				
Amount repayable within 1 year	2,640,000	1,080,000	5,255,145	8,975,145
Amount repayable after 1 year	20,765,803	218,878	6,324,540	27,309,221
	23,405,803	1,298,878	11,579,684	36,284,365
As at 31.03.2025				
Amount repayable within 1 year	1,126,131	425,649	3,735,646	5,287,425
Amount repayable after 1 year	21,228,730	-	4,439,610	25,668,340
	22,354,861	425,649	8,175,256	30,955,765

**21.2.1 Total amount recognised in profit or loss**

The following are the amounts recognised in profit or loss:

	Group		Company	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Depreciation expense of right-of-use assets	11,069,750	21,125,820	8,492,717	15,952,984
Interest expense on lease liabilities	4,206,810	8,971,422	3,646,544	2,469,059
<b>Total amount recognised in profit or loss</b>	<b>15,276,560</b>	<b>30,097,242</b>	<b>12,139,261</b>	<b>18,422,043</b>

# Notes to the Financial Statement

## 21.3 Nature and repayment terms of the facilities

Lender	Nature of facility	Nominal Interest rate	Repayment terms	Carrying value of facility	
				2025	2024
				Rs.	Rs.
<b>Kapruka Holdings PLC</b>					
Sampath Bank PLC	Term loan	Respective AWPLR+0.5%	3 years	158,400,000	-
Hatton National Bank PLC	Term loan	11.6% fixed	5 years	-	99,815,265
Union Bank of Colombo PLC	Term loan	Respective AWPLR+1.25%	5 years	-	85,516,366
<b>Kapruka Production (Pvt) Ltd</b>					
Commercial Bank of Ceylon PLC	Term loan	8.5% fixed	5 years	73,503,388	81,133,990
<b>Kapruka E-Commerce (Pvt) Ltd</b>					
Sampath Bank PLC	Working Capital	10.8% fixed	12 months	641,667	-
Amana Bank PLC	Term loan	Respective AWPLR+2%	3 months	-	25,000,000
PayPal Working Capital Business Loan	Working Capital	12% fixed	2 years	-	7,430,307
<b>Kapruka USA LLC</b>					
PayPal Working Capital Business Loan	Working Capital	13.73% fixed	2 years	20,931,853	-

## 21.4 Assets pledged

The following assets have been pledged as security for above liabilities:

Lender	Nature of facility	Nature of the collateral	Carrying value of asset pledged	
			2025	2024
			Rs.	Rs.
<b>Kapruka Holdings PLC</b>				
Sampath Bank PLC	Term loan	Constructed building with land	524,400,975	533,714,478
		Located at No. 147, Old Kottawa Road, Mirihana, Nugegoda.		
<b>Kapruka Production (Pvt) Ltd</b>				
Commercial Bank of Ceylon PLC	Term loan	Constructed building with land	186,993,518	151,761,570
		Located at No. 175, Old Kottawa Road, Mirihana, Nugegoda.		

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## RETIREMENT BENEFIT OBLIGATION

	Group		Company	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Balance as at 1 April	26,746,537	20,919,490	9,088,546	7,399,663
Current service cost	3,502,172	2,792,568	1,090,627	894,049
Interest cost	3,647,658	4,811,483	1,142,568	1,701,923
Actuarial (gain)/loss	4,906,977	162,215	329,192	(391,200)
Payments made during the year	(3,072,925)	(1,939,224)	-	(515,888)
As at 31 March	35,730,419	26,746,532	11,650,933	9,088,546

**22.1** Following amount are recognized in profit or loss and other comprehensive income during the year in respect of the retirement benefit obligation.

	Group		Company	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
<b>Expense recognized in profit or loss</b>				
Current service cost	3,502,172	2,792,568	1,090,627	894,049
Interest cost	3,647,658	4,811,483	1,142,568	1,701,923
	7,149,830	7,604,051	2,233,195	2,595,972
<b>Actuarial gains and losses recognized directly in OCI</b>				
Recognized during the period	4,906,977	162,215	329,192	(391,200)

The gratuity liability of the Company, and the Group is based on the actuarial valuation carried out by Actuarial and Management Consultants (Private) Limited, a firm of professional actuaries. The liability is not externally funded and it is a non-contributory defined benefit plan.

LKAS 19 requires the use of actuarial techniques to make a reliable estimate of the amount of retirement benefits that employees have earned in return for their service in the current and prior periods and discount that benefit using projected unit credit method in order to determine the present value of the retirement benefit obligation and the current service cost. This requires an entity to determine how much benefit is attributable to the current and prior periods and to make estimates about demographic variables and financial variables that will influence the cost of the benefit. The following key assumptions were made in arriving at the above figure.

However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on the completion of five years of continued service. The Company is liable to pay gratuity in terms of the relevant statute.

**22.2 The principal assumptions used in determining defined benefit obligation are shown below:**

	Group		Company	
	2025	2024	2025	2024
Discount rate	10%	12%	10%	12%
Salary increment	10%	10%	10%	10%
Staff turnover	24%	20%	24%	20%
Retirement age	60 Years	60 Years	60 Years	60 Years

# Notes to the Financial Statement

Assumptions regarding future mortality are based on A 1967/70 mortality table, issued by the Institute of Actuaries, London.

Weighted average retirement age of the Company is 4.25 years.

The demographic assumptions underlying the valuation with respect to retirement age, early withdrawals from the services and retirement on medical grounds.

## 22.3 Sensitivity of assumptions employed in actuarial valuation

A change in discount rate and in salary increase would change the present value of the retirement benefit obligations as follows:

	2025		2024	
	Effect on comprehensive income increase / (reduction)	Effect on employee benefit obligation increase / (reduction) in the liability	Effect on comprehensive income increase / (reduction)	Effect on employee benefit obligation increase / (reduction) in the liability
	Rs.	Rs.	Rs.	Rs.
A 100 basis point increase (+1%) in the discount rate	(11,254,037)	11,254,037	(8,753,085)	8,753,085
A 100 basis point decrease (-1%) in the discount rate	(12,078,451)	12,078,451	(9,452,037)	9,452,037
A 100 basis point increase (+1%) in the salary/wage increment rate	(12,124,992)	12,124,992	(9,494,777)	9,494,777
A 100 basis point decrease (-1%) in the salary/wage increment rate	(11,202,914)	11,202,914	(8,707,411)	8,707,411

## 22.4 The following are the expected present value of defined benefit obligation in future years

	Group		Company	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Within the next 12 months	8,102,702	5,262,658	2,463,314	1,839,129
Between 1 and 5 years	20,407,395	14,947,577	6,986,738	4,967,444
Between 5 and 10 years	5,663,439	4,231,800	1,806,287	1,316,868
Beyond 10 years	1,556,886	2,304,497	394,594	965,105
	35,730,422	26,746,532	11,650,933	9,088,546

## 22.5 Employee benefit expenses

	Group		Company	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
As at 31st March				
Wages and salaries	274,590,042	229,089,479	74,917,045	74,364,679
Expenses related to post-employment defined benefit plans	7,149,830	7,604,051	2,233,195	2,595,972
<b>Total</b>	<b>281,739,872</b>	<b>236,693,530</b>	<b>77,150,240</b>	<b>76,960,651</b>

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## DEFERRED TAX ASSETS AND LIABILITIES

	Group		Company	
	Statement of Financial Position		Statement of Financial Position	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
<b>Deferred Tax Liability</b>				
Accelerated Depreciation on Property, Plant and Equipment	(41,583,019)	(37,408,109)	(38,971,761)	(36,132,090)
Intangible Assets	(35,651)	(37,122)	(35,651)	(37,122)
Net Impact from Right of Use Asset and Lease Liability	-	(93,895)	-	(198,483)
Revaluation on Properties and Equipments	(51,165,457)	(43,464,869)	(45,333,818)	(39,719,828)
Change in Fair Value of Investment Property	(5,982,325)	-	(5,393,740)	-
<b>Total temporary difference of deferred tax liability</b>	<b>(98,766,452)</b>	<b>(81,003,994)</b>	<b>(89,734,970)</b>	<b>(76,087,523)</b>
<b>Deferred Tax Assets</b>				
Net Impact from Right of Use Asset and Lease Liability	923,595	-	860,261	-
Employee Benefit Liability	10,459,891	7,924,584	3,495,280	2,726,564
Provision for Trade debtors	583,354	240,530	-	-
Others	5,700,388	9,881,696	3,742,706	7,924,015
Slow moving Provision made on Inventory	4,926,434	7,326,920	-	-
Unclaimed Tax Losses carried forward	2,488,916	-	-	-
<b>Total temporary difference of deferred tax assets</b>	<b>25,082,577</b>	<b>25,373,730</b>	<b>8,098,247</b>	<b>10,650,578</b>
<b>Net deferred tax Assets/(liability)</b>	<b>(73,683,876)</b>	<b>(55,630,265)</b>	<b>(81,636,722)</b>	<b>(65,436,944)</b>
<b>Made up as follows;</b>				
Deferred tax assets	10,728,391	12,674,389	-	-
Deferred tax liabilities	(84,412,266)	(68,304,654)	(81,636,722)	(65,436,944)
	<b>(73,683,876)</b>	<b>(55,630,265)</b>	<b>(81,636,722)</b>	<b>(65,436,944)</b>

# Notes to the Financial Statement

## 23.1 Deferred tax expense / (reversal)

The analysis of deferred tax assets and deferred tax liabilities is as follows;

As at 31 March	Balance at the Beginning of the Year	Recognised in Profit or Loss	Recognised in Other Comprehensive Income	Group		Company	
				Rs.	Rs.	Rs.	Rs.
<b>Deferred tax liability</b>							
Accelerated Depreciation on Property, Plant and Equipment	(37,408,109)	(4,174,910)	-	(41,583,019)	(36,132,090)	(2,839,671)	-
Intangible Assets	(37,122)	1,471	-	(35,651)	(37,122)	1,471	-
Net Impact from Right of Use Asset and Lease Liability	(93,895)	93,895	-	-	(198,483)	198,483	-
Revaluation on Properties and Equipments	(43,464,869)	-	(7,700,589)	(51,165,457)	(39,719,828)	-	(5,613,990) (45,333,818)
Change in Fair Value of Investment Property	-	(5,982,325)	-	(5,982,325)	-	(5,393,740)	-
Total Deferred Tax Liability	(81,003,994)	(10,061,869)	(7,700,589)	(98,766,452)	(76,087,523)	(8,033,457)	(5,613,990) (89,734,970)
<b>Deferred Tax Asset</b>							
Net Impact from Right of Use Asset and Lease Liability	-	923,595	-	923,595	-	860,261	-
Employee Benefit Liability	7,924,584	1,063,214	1,472,093	10,459,891	2,726,564	669,959	98,758
Provision for Trade debtors	240,530	342,824	-	583,354	-	-	-
Others	9,881,696	(4,181,309)	-	5,700,388	7,924,015	(4,181,309)	-
Slow moving Provision made on Inventory	7,326,920	(2,400,486)	-	4,926,434	-	-	3,742,706
Unclaimed Tax Losses carried forward	-	2,488,916	-	2,488,916	-	-	-
Total Deferred Tax Asset	25,373,730	(1,763,246)	1,472,093	25,082,577	10,650,578	(2,651,089)	98,758
	(55,630,265)	(11,825,115)	(6,228,496)	(73,683,876)	(65,436,944)	(10,684,546)	(5,515,232) (81,636,722)

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## TRADE AND OTHER PAYABLES

	Group		Company	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Trade payables	148,922,817	89,986,011	7,641,280	2,703,869
Advances received from customers	3,526,452	9,242,577	-	-
	152,449,269	99,228,589	7,641,280	2,703,869

## 24.1 Income tax payable/ receivable

	Group		Company	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Income tax (payable) balances	(2,133,508)	-	(2,483,900)	-
Income tax receivable balances	-	1,164,081	-	915,626
	(2,133,508)	1,164,081	(2,483,900)	915,626

The above amounts are unsecured and have no credit periods attached to the same.

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## PROVISIONS AND ACCRUED EXPENSES

	Group		Company	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Provisions	3,888,692	7,435,112	1,731,047	2,156,534
Accrued Expenses	37,028,462	71,248,033	13,501,196	37,989,514
	40,917,154	78,683,145	15,232,243	40,146,048

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## REVENUE FROM CONTRACTS WITH CUSTOMERS

	Group		Company	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Sale of Goods	1,648,406,025	1,782,224,901	-	-
Rendering of Services	3,836,997	8,521,321	199,830,324	203,337,061
Total Gross Revenue	1,652,243,022	1,790,746,222	199,830,324	203,337,061

# Notes to the Financial Statement

26.1	Geographical Segmental Revenue	Group		Company	
		2025	2024	2025	2024
		Rs.	Rs.	Rs.	Rs.
Local revenue	531,956,570	630,886,421	199,830,324	203,337,061	
Foreign revenue	1,120,286,451	1,159,859,801	-	-	
	1,652,243,022	1,790,746,222	199,830,324	203,337,061	

## 27 OTHER INCOME

	Change in fair value of Investment Property Profit on Disposal of Assets Rent Income Miscellaneous Income	Group		Company	
		2025	2024	2025	2024
		Rs.	Rs.	Rs.	Rs.
Change in fair value of Investment Property	19,941,084	-	17,979,135	-	
Profit on Disposal of Assets	18,432,452	9,380,457	5,699,401	9,380,457	
Rent Income	1,215,000	450,000	1,015,000	450,000	
Miscellaneous Income	6,703,009	5,730,481	18,947	-	
	46,291,544	15,560,938	24,712,482	9,830,457	

## 28 FINANCE COST

	Overdraft Interest Bank Loan Interest Leasing Interest Bank Chanrges Intercompany Bal.Interest	Group		Company	
		2025	2024	2025	2024
		Rs.	Rs.	Rs.	Rs.
Overdraft Interest	850,424	4,840,044	850,413	62,102	
Bank Loan Interest	24,991,358	36,959,148	17,182,510	25,137,097	
Leasing Interest	4,207,881	8,971,422	3,647,617	4,476,076	
Bank Chanrges	613,318	1,545,937	-	-	
Intercompany Bal.Interest	-	-	17,602,370	23,975,918	
	30,662,981	52,316,550	39,282,910	53,651,194	

## 29 FINANCE INCOME

	Interest income Foreign exchange gain	Group		Company	
		2025	2024	2025	2024
		Rs.	Rs.	Rs.	Rs.
Interest income	31,123,137	64,401,645	28,731,169	60,971,251	
Foreign exchange gain	29,420,208	36,432,623	807	-	
	60,543,345	100,834,268	28,731,976	60,971,251	

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## PROFIT BEFORE TAX

	Group		Company	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
<b>Include in cost of sales</b>				
Employees benefits including the following				
- Defined contribution plan costs - Salaries,EPF & ETF	96,542,278	56,365,136	-	-
<b>Included in administrative expenses</b>				
Employees benefits including the following				
- Defined contribution plan costs,Salaries,EPF & ETF	137,954,528	109,074,426	74,917,045	74,364,679
- Other staff cost	27,400,015	24,586,967	4,215,921	2,740,266
Auditors' Remuneration				
- Statutory Audit	1,659,500	990,000	900,000	400,000
- Non-Audit Services	1,776,864	802,151	1,176,864	202,151
Directors' Fee and Emoluments	13,887,320	21,616,850	13,287,320	20,416,850
Depreciation of property, plant and equipment	27,689,422	25,706,702	16,358,243	16,702,600
Amortization of intangible assets	1,821,465	1,842,383	231,465	252,383
Depreciation of right-of-use assets	10,079,330	19,338,514	8,857,748	15,952,984
Donations	323,500	2,835,000	10,000	2,830,000
<b>Included in selling &amp; distribution expenses</b>				
Employees benefits including the following				
- Defined contribution plan costs - Salaries,EPF & ETF	61,521,561	63,649,916	-	-
- Other staff cost	4,359,253	2,658,638	-	-
Allowance for expected credit loss	1,142,746	(3,846,485)	-	-
Depreciation of right-of-use assets	990,420	1,787,306	-	-

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## INCOME TAX EXPENSE

	Group		Company	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
<b>Current income tax</b>				
Current income tax charge (Note 31.1)	7,960,004	11,740,408	7,939,386	11,417,657
Income tax under provision in respect of previous years	5,565,548	-	5,533,281	-
	13,525,552	11,740,408	13,472,667	11,417,657
<b>Deferred tax expense</b>				
Deferred taxation charge/(reversal) (Note 23.1)	18,053,611	(5,528,397)	16,199,778	(7,942,319)
	31,579,163	6,212,011	29,672,445	3,475,338

# Notes to the Financial Statement

	Group		Company	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
<b>Income tax expense made up as follows:</b>				
Income Tax expense reported in the income statement	25,350,667	8,095,633	24,157,213	8,937,978
Income Tax reversal reported in the other comprehensive income (Note 23.1)	6,228,496	(1,883,623)	5,515,232	(5,462,639)
	31,579,163	6,212,011	29,672,445	3,475,338

**31.1** A reconciliation between income tax expense and the product of accounting profit multiplied by the statutory tax rate is as follows;

	Group		Company	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
<b>Profit before taxation</b>				
	(117,019,024)	(109,725,551)	48,505,287	21,842,377
Add: Aggregate disallowed items	74,158,846	120,669,322	16,349,356	60,777,353
Less: Aggregate allowable items	(151,196,211)	(164,509,497)	(67,121,191)	(102,737,123)
Add: Other sources of income	66,738,056	103,876,552	28,731,169	60,971,251
Less: Qualifying Payments	-	(2,795,000)	-	(2,795,000)
Adjustment for Tax Losses	153,888,577	91,618,867	-	-
<b>Taxable profit</b>	26,570,244	39,134,693	26,464,621	38,058,858
<b>Income tax charged at:</b>				
Income tax @ 30%	7,960,004	11,740,408	7,939,386	11,417,657
<b>Current tax expense</b>	7,960,004	11,740,408	7,939,386	11,417,657

Group tax expense is based on the taxable profit of individual companies within the Group. At present the tax laws of Sri Lanka do not provide for Group taxation.

**31.2 Applicable Tax Rates**

As per the Inland Revenue Act, No. 24 of 2017 and the subsequent amendment thereto, all Group companies which are resident in Sri Lanka are liable to Income Tax at 30% on taxable profit during the period.

Company	Basis	2025	2024
Company	Basis	Income tax rate	
Kapruka Holdings PLC	Investment Company	30%	
Kapruka E-Commerce (Pvt) Ltd	Retails	30%	
Kapruka Productions (Pvt) Ltd	Manufacturing of goods / Trading	30%	
Kapruka Techroot (Pvt) Ltd	IT services Company	30%	
Kapruka Ventures (Pvt) Ltd	Retails	30%	

## 31.3 Income Tax Rates of Off-Shore Subsidiaries

Company	Basis	2025	2024
		Income tax rate	
Kapruka USA LLC	Cross Boarder Operations	21%	21%
Kapruka Global UK Ltd	Cross Boarder Operations	19%-25%	-

**31.4** In determining the arm's length price, the Group has complied with the transfer pricing regulations prescribed in the Inland Revenue Act and amendment thereto and the Gazette notifications issued on transfer pricing.

## 32 BASIC/DILUTED EARNINGS PER SHARE

## Basic Earnings per Share

The calculation of basic earnings per share is based on the profit attributable to Ordinary Shareholders and the weighted average number of shares outstanding during the year.

## Diluted Earnings per Share

The calculation of diluted earnings per share is based on the profit attributable to Ordinary Shares outstanding after adjustment for the effect of all potentially dilutive Ordinary Shares.

The following reflects the income and share data used in the basic earnings per share computations.

For the year ended 31st March	Group		Company	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
<b>Amounts used as the numerator :</b>				
Net profit/(loss) attributable to equity holders of the company	(142,369,691)	(117,821,185)	24,348,074	12,904,400
<b>Amounts used as the denominator :</b>				
Weighted average number of ordinary shares in issue applicable to basic earnings per share	164,130,366	164,130,366	164,130,366	164,130,366
Earnings/(deficit) per share (Rs.)	(0.87)	(0.72)	0.15	0.08

# Notes to the Financial Statement

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## INDUSTRY SEGMENT INFORMATION

For the year ended 31st March	Year ended	
	2025	2024
	Rs.	Rs.
<b>(a) Segmental Revenue</b>		
E-Commerce	1,460,042,097	1,719,532,295
Cross Border Operations	187,553,464	60,902,413
Production	192,642,638	178,972,924
Web Services	31,289,725	23,390,193
Consolidation revenue adjustments	(219,284,903)	(192,051,602)
	1,652,243,022	1,790,746,222
<b>(b) Segmental Expenses</b>		
E-Commerce	(1,657,686,863)	(1,883,302,717)
Cross Border Operations	(216,558,571)	(68,562,941)
Production	(188,742,131)	(187,261,990)
Web Services	(36,111,929)	(22,018,018)
Other Income	46,291,544	15,560,938
Consolidation adjustments	253,628,642	199,025,610
<b>Profit / (Loss) from operating activities</b>	<b>(146,936,288)</b>	<b>(155,812,895)</b>
Finance Income	60,543,345	100,834,268
Finance Expense	(30,662,981)	(52,316,550)
Net Finance Income	29,880,364	48,517,718
<b>Profit / (Loss) before tax</b>	<b>(117,055,923)</b>	<b>(107,295,177)</b>
<b>(c) Segmental Profit / (Loss) before tax</b>		
E-Commerce	(116,154,124)	(93,442,873)
Cross Border Operations	(25,919,987)	(5,697,594)
Production	(19,030,841)	(24,014,501)
Web Services	(4,456,258)	805,871

**34 COMMITMENTS AND CONTINGENCIES****34.1 Capital commitments**

As at 31st March	Group	
	2025	2024
Capital Commitments on building work in progress	-	89,061,570
	-	89,061,570

During the year, the Group incurred Rs. 30,127,896 on the above project and completed construction. Accordingly, the total cost of Rs. 119,189,466 was transferred to Property, Plant and Equipment in line with LKAS 16. No capital commitments remain outstanding as at 31st March 2025.

**34.2 Contingencies**

There have been no significant Capital Commitments, Contingent Assets or Contingent Liabilities as at the reporting date other than disclosed above which require disclosures in these Financial Statements.

**35 EVENTS OCCURRING AFTER THE REPORTING DATE**

There have been no material events occurring after the balance sheet date that require disclosure in the financial statements

**36 FINANCIAL INSTRUMENTS**

The management assessed that the fair values of cash and short-term deposits, trade and other receivables, amounts due from related parties approximate their carrying amounts largely due to the short-term maturities of these instruments.

**Financial liabilities of which carrying values are reasonable approximates at their fair value**

The management assessed that the fair values of trade and other payables and interest bearing loans and borrowings approximate their carrying amounts largely due to the short-term maturities of these instruments.

Long term loans and financial leases approximate their carrying amount as majority of the loan portfolio consist of loans obtained at variable interest rates.

**37 FAIR VALUE MEASUREMENT**

As at 31 March 2025, the Group held the following financial instruments carried at fair value in the Statement of Financial Position:

# Notes to the Financial Statement

## 37.1 Group / Company

Fair value measurement hierarchy for assets as at 31 March 2024 and 2025:	Fair value measurement using			
	Note	Total	Quoted prices in active markets	Significant observable inputs
	Rs.	Rs.	(Level 1)	(Level 2)
				(Level 3)

### Assets measured at fair value:

#### As at 31 March 2025

##### Non-financial assets

Property plant & equipment - Freehold land	6	239,300,000	-	239,300,000	-
Investment Properties - Land and buildings	7	204,195,000	-	204,195,000	-
<b>Non financial assets as at 31 March 2025</b>		<b>443,495,000</b>	-	<b>443,495,000</b>	-

#### As at 31 March 2024

##### Non-financial assets

Property plant & equipment - Freehold land	6	341,220,000	-	341,220,000	-
<b>Non financial assets as at 31 March 2024</b>		<b>341,220,000</b>	-	<b>341,220,000</b>	-

## 38

## FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities, comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group has loans and other receivables, trade and other receivables, and cash and short-term deposits that arrive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk.

The Group's senior management oversees the management of these risks. The senior management is supported by the Board of Directors (BOD) that advises on financial risks and the appropriate financial risk governance framework for the Group. BOD 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. It is the Group's policy that all activities for risk management purposes are required to be approved by Board of Directors of Kapruka Holdings PLC.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

## 38.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits and equity investments and investments designated under fair value through profit or loss.

The overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the entity's financial performance.

### 38.1.1 Interest rate risk

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

The Group has managed the risk of volatile interest rates by having a balanced portfolio of borrowings at fixed and variable rates.

### 38.1.2 Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. 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	Company	Group
		Effect on profit before tax	Effect on profit before tax
2025	+ 50	196,415	153,315
	- 50	(196,415)	(153,315)
2024	+ 50	261,583	268,256
	- 50	(261,583)	(268,256)

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

### 38.1.3 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the import of raw materials, finished goods and packing materials.

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rate, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Group's exposure to foreign currency risk as at 31 March 2024 and 2025, and sensitivity analysis to profit & loss and equity if exchange rate increased / (decrease) by 15%.

# Notes to the Financial Statement

As at 31 March 2025	Company		Group	
	Change in rates	Effect on profit before tax	Rs.	Rs.
USD	+ 15%      - 15%	50,832      (50,832)	11,681,864	(11,681,864)

As at 31 March 2024	Company		Group	
	Change in rates	Effect on profit before tax	Rs.	Rs.
USD	+ 15%      - 15%	-	-	8,428,363      (8,428,363)

## 38.2 Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

Carrying amount of financial assets represents the maximum credit exposure of those assets. The Group's maximum exposure to credit risk at the reporting date were as follows;

	Group				
		2025	2024		
	Note	Rs.	%	Rs.	%
Trade and other receivables	15.	22,865,277	8%	23,176,229	5%
Amounts due from related parties	16.1	41,927,883	14%	46,536,563	10%
Short term financial assets					
- Investment in Commercial Papers	18.1	159,000,000	55%	209,000,000	46%
- Investment in fixed deposits	18.2	31,710,519	11%	114,620,400	25%
Cash at bank and cash equivalents	19.1	36,166,054	12%	60,194,827	13%
		291,669,734	100%	453,528,019	100%

### 38.2.1 Trade receivables

Customer credit risk is managed by each company subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on the established credit risk evaluation policy and individual credit limits are defined in accordance with this assessment.

Outstanding customer receivables are regularly monitored.

Minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actual incurred historical data.

Receivable balances are monitored on an ongoing basis to minimise bad debt risk and to ensure default rates are kept very low, whilst the improved operating environment resulted in improved collections during the financial year although there could be stresses in the ensuing year on account of the macroeconomic uncertainty and related impacts to our customers on account of elevated inflation and interest rates and the possible impact on consumer discretionary spend.

Following table includes the ageing of the trade receivable as at the reporting date.

Group	2025			2024		
	Gross	Impairment	Net receivable	Gross	Impairment	Net receivable
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>As at 31st March</b>						
Not past due	10,410,668	-	10,410,668	8,720,560	-	8,720,560
Past due 61-120 days	3,137,916	-	3,137,916	2,027,827	-	2,027,827
Past due more than 121 days	2,154,513	(2,154,513)	-	801,766	(801,766)	-
	15,703,096	(2,154,513)	13,548,584	11,550,154	(801,766)	10,748,387

### 38.2.2 Cash and cash equivalents, money market, short term, and fixed deposits

Credit risk from balances with banks is managed in accordance with the Group treasury policy. Investments of surplus funds are made only with approved counterparties as per this policy.

### 38.3 Liquidity risk

The Group monitors its risk to a shortage of funds by setting up a minimum liquidity level. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, and finance leases. The Group assessed 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.

#### 38.3.1 Maturity analysis - Group

The table below summarises the maturity profile of the Group's financial liabilities at 31 March 2025 based on contractual undiscounted payments.

As at 31 March 2025	Payable on demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
		Rs.	Rs.	Rs.	Rs.
<b>Financial liabilities</b>					
Bank loans	-	14,518,468	67,632,072	171,326,368	253,476,908
Lease liabilities	-	1,574,798	4,336,417	25,668,340	31,579,556
Bank overdrafts	12,028,275	-	-	-	12,028,275
Amounts due to related parties	-	45,333,827	-	-	45,333,827
Trade and other payables	-	148,849,269	-	3,600,000	152,449,269
	12,028,275	210,276,363	71,968,489	200,594,708	494,867,834

## Notes to the Financial Statement

As at 31 March 2024	Payable on demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
		Rs.	Rs.	Rs.	Rs.
<b>Financial liabilities</b>					
Bank loans	-	31,597,046	94,791,137	172,507,745	298,895,928
Lease liabilities	-	4,350,467	13,051,401	27,933,012	45,334,880
Bank overdrafts	4,503,485	-	-	-	4,503,485
Amounts due to related parties	-	22,948,077	-	-	22,948,077
Trade and other payables	-	99,228,589	-	-	99,228,589
	4,503,485	158,124,179	107,842,538	200,440,757	470,910,959

### 38.3.2 Maturity analysis - Company

The table below summarises the maturity profile of the company's financial liabilities at 31 March 2025 based on contractual undiscounted payments.

As at 31 March 2025	Payable on demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
		Rs.	Rs.	Rs.	Rs.
<b>Financial liabilities</b>					
Bank loans	-	600,000	25,935,000	131,865,000	158,400,000
Lease liabilities	-	1,470,833	3,816,592	25,668,340	30,955,765
Bank overdrafts	980,267	-	-	-	980,267
Amounts due to related parties	-	85,503,826	-	-	85,503,826
Trade and other payables	-	5,241,280	-	2,400,000	7,641,280
	980,267	92,815,940	29,751,592	159,933,340	283,481,139

As at 31 March 2024	Payable on demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
		Rs.	Rs.	Rs.	Rs.
<b>Financial liabilities</b>					
Bank loans	-	17,489,469	52,468,407	115,373,755	185,331,631
Lease liabilities	-	2,243,786	6,731,358	27,309,221	36,284,364
Bank overdrafts	25,179	-	-	-	25,179
Amounts due to related parties	-	198,162,593	-	-	198,162,593
Trade and other payables	-	2,703,865	-	-	2,703,865
	25,179	220,599,714	59,199,765	142,682,976	422,507,633

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**CAPITAL MANAGEMENT**

Capital includes ordinary shares. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

As at 31 March	Group		Company	
	2025	2024	2025	2024
Debt / Equity	37%	37%	15%	19%

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**GROUP STRUCTURE**

Company	Percentage Holding	Principal Activity	Directors	Stated Capital
Rs.				
<b>Subsidiaries</b>				
Kapruga E-Commerce (Pvt) Ltd	100%	Providing E-commerce Services	R.A.Thilangani Herath H.P.Dulith Vinodan Herath Anuradha Malimage Herath	714,045,904
Kapruga Techroot (Pvt) Ltd	100%	Registered Internet Service Provider (ISP)/IT service	R.A.Thilangani Herath H.P.Dulith Vinodan Herath	20
Kapruga Production (Pvt) Ltd	100%	Manufacture and distribution of cakes, chocolates and baked food products	R.A.Thilangani Herath H.P.Dulith Vinodan Herath Anuradha Malimage Herath	5,370,000
Kapruga USA LLC	100%	Providing Global Payment Gateway integration facility & operate the Cross boarder operation w.e.f. 01/01/2024	H.P.Dulith Vinodan Herath Anuradha Malimage Herath	30,118
Kapruga Ventures (Pvt) Ltd	100%	Trading and distribution of global products w.e.f. 04/02/2025	H.P.Dulith Vinodan Herath Anuradha Malimage Herath	20
Kapruga Global UK Ltd	100%	Operate the Cross boarder operation in UK w.e.f. 24/01/2025	H.P.Dulith Vinodan Herath D.R. Damayanthi Gamage	365
<b>Associates</b>				
Kapruga Global Shop (Pvt) Limited	25%	Providing E-commerce Services	R.A.Thilangani Herath H.P.Dulith Vinodan Herath	20

# Notes to the Financial Statement

## 41 CONTINUOUS DISCLOSURE REGARDING STATUS OF UTILIZATION OF FUNDS VIA IPO PROCEEDS AS AT 31.03.2025

Objective No	Objective as per Prospectus	Amount Allocated as per Prospectus in Rs.	Proposed Date of Utilization as per Prospectus	Amount Allocated Upon the Receipt of Proceeds in Rs. (A)	% of Total Proceeds	IPO Funds Reallocated for Working Capital at AGM Dated on 27.09.2023	Amount Utilized in Rs. (C)	% of Utilization Against Allocation (B+C/A)	Remaining Balance Rs. (A-B-C)	Clarification where the und are invested
1	Existing Technologies and infrastructure upgrades	100,000,000	1Q 2022-1Q 2023	100,000,000	19.78%	(59,065,863)	(40,934,137)	100%	-	
2	Launching Kapruka partner central	200,000,000	2Q 2022-2Q 2024	200,000,000	39.56%	-	(59,289,481)	30%	140,710,519	Maintaining in company's deposit accounts and other short term investment accounts
3	Launching Personal cargo collection and delivery	50,000,000	2Q 2022-2Q 2024	50,000,000	9.89%	-	-	0%	50,000,000	
4	Launching Kapruka Wholesale market place	55,520,400	1Q 2023-1Q 2024	55,520,400	10.98%	(55,520,400)	-	100%	-	
5	Expanding Kapruka Cross border operation	100,000,000	1Q 2022-1Q 2024	100,000,000	19.78%	-	(100,000,000)	100%	-	
6	Reallocation of funds for working capital purpose	-	-	-	-	114,586,263	(114,586,263)	100%	-	
		505,520,400		505,520,400			(314,809,881)	62%	190,710,519	

# Shareholder Information

## 01 STOCK EXCHANGE LISTING

Date of Listing in Colombo Stock Exchange (CSE)	=	2022-01-07
Abbreviation in Colombo Stock Exchange	=	KPHL.N0000
Stated Capital - No. of Ordinary Shares	=	164,130,360
GICS Industry Group	=	Retailing

## 02 DISTRIBUTION OF SHAREHOLDINGS AS AT 31ST MARCH 2025

Shareholdings	2025			2024		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
1-1,000	1,256	505,685	0.3081	1,210	527,837	0.3216
1,001-10,000	1,084	4,159,863	2.5345	1,159	4,410,601	2.6873
10,001-100,000	187	5,604,941	3.4149	209	6,000,686	3.6560
100,001-1,000,000	37	10,605,851	6.4618	26	7,951,440	4.8446
1,000,001 & Over	3	143,254,020	87.2806	4	145,239,796	88.4905
<b>Total</b>	<b>2,567</b>	<b>164,130,360</b>	<b>100.0000</b>	<b>2,608</b>	<b>164,130,360</b>	<b>100.0000</b>

## 03 ANALYSIS OF SHAREHOLDERS AS AT 31ST MARCH 2025

	2025		
	No. of Shareholders	No. of Shares	%
Local Individuals	2,478	150,855,261	91.9119
Local Institutions	82	13,012,849	7.9284
Foreign Individuals	7	262,250	0.1598
Foreign Institutions	0	0	-
<b>Total</b>	<b>2,567</b>	<b>164,130,360</b>	<b>100.0000</b>

## 04 The company's Highest, Lowest and Last Traded Market Price given below;

	2025	2024
	Rs.	Rs.
Highest	10.40	9.30
Lowest	6.00	6.70
Last Traded	7.90	7.10
As at end of the period	7.90	7.00
Market Capitalization on	1,296,629,844	1,148,912,520

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**PUBLIC SHAREHOLDING**

	2025	2024
Issued Share Capital (No.)	164,130,360	164,130,360
No.of Transactions	5,464	3,108
No of Share Traded	13,218,080	2,658,812
Value of share Traded (Rs.)	109,379,050	20,952,111
Public Holdings as a percentage of issued share capital	20%	20%
Total No of shareholders	2,565	2,608
No of shareholders representing the public holding	2,567	2,606
Float adjusted market Capitalization (Rs.)	259,318,401	229,775,798

The Company complies with option 5 of the Listing Rules 7.13.1(i)(a) which requires no minimum public holding percentage.

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**DIRECTORS' SHARE HOLDING**

The number of shares held by the Board of Directors as follows;

Name of the shareholder	2025		2024	
	No. of shares	No. of shares	No. of shares	No. of shares
Mr. H.P.D.V. Herath (Chairman & CEO)	131,304,360		131,304,360	
Mrs. A.M. Herath	Nil		Nil	
Mrs. R.A.T. Herath	Nil		Nil	
Mr. S.M.T.H. Subasinghe	Nil		Nil	
Mr. D.B.S.C. Bandara	Nil		Nil	
Mr. L. Abeysekera	Nil		Nil	
Mr. S. Subasinghe	Nil		Nil	

# Shareholder Information

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## TOP 20 SHAREHOLDERS

	List of 20 Major Shareholders as at 31 March	2025		2024	
		No. of shares	%	No. of shares	%
1	Mr. H.P.D.V. Herath	131,304,360	80.00%	131,304,360	80.00%
2	Tranquility Estate (Pvt) Ltd	8,749,000	5.33%	8,749,000	5.33%
3	Mrs. A.S. De Alwis	3,200,660	1.95%	3,660,462	2.23%
4	Bank of Ceylon A/C Ceybank Unit Trust	958,400	0.58%	958,400	0.58%
5	Bank of Ceylon A/C Ceybank Century Growth Fund	958,400	0.58%	958,400	0.58%
6	Mr. D.N.P. Rathnayake	806,830	0.49%	806,830	0.49%
7	Mr. S. Senthilnathan	500,000	0.31%	-	-
8	Mr. A.M. Irfan	493,284	0.30%	292,084	0.18%
9	Mr. M.N.M. Abdul Caader & Mrs. M.M.A.Caader	466,484	0.28%	87,500	0.05%
10	Mrs. M.M.A. Caader	441,564	0.27%	-	-
11	Mr. V.K.P. Ravindra Dhaas	410,000	0.25%	220,796	0.14%
12	Mr. V. Jeevaratnam	390,909	0.24%	390,909	0.24%
13	Mr. T.C.U. Jayanetti & Dr. A.L.T.P.Amarawickrama	367,000	0.22%	450,000	0.27%
14	Mr. S.M. Atapattu	319,710	0.20%	-	-
15	DFCC Bank PLC/T.L. Samarakkrama	316,954	0.19%	316,954	0.19%
16	Mr. M.N.M. Abdul Caader	262,041	0.16%	-	-
17	Mrs. S.H. Sardakhan	255,000	0.16%	255,000	0.16%
18	Mr. M.M.S.A. Paris	240,000	0.15%	4,450	0.00%
19	Seylan Bank PLC/W.D.N.H.Perera	233,711	0.14%	-	-
20	Dialog Finance PLC/M.A.M. Uvaim	226,302	0.14%	233,316	0.14%
		150,900,609	91.94%	148,688,461	90.59%

# Five Year Summary

Year ended as at 31st of March	2025	2024	2023	2022	2021 Before listed
	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Operating Results</b>					
Revenue	1,652,243,022	1,790,746,222	1,953,218,800	1,687,378,828	968,041,555
Profit before taxation	(117,019,024)	(109,725,551)	(30,794,616)	138,923,575	68,428,493
Taxation	(25,350,667)	(8,095,634)	(46,517,580)	(9,313,014)	(24,135,210)
Profit after taxation	(142,369,691)	(117,821,185)	(77,312,195)	129,610,561	44,293,284
Profit attributable to Parents	(142,369,691)	(117,821,185)	(77,312,195)	129,610,561	44,293,284
<b>Equity &amp; Liabilities</b>					
Stated capital	769,174,795	769,174,795	769,174,795	769,174,795	272,500,028
Revaluation reserve	165,347,263	146,717,852	150,999,424	150,999,424	150,999,424
Foreign currency translation reserve	113,847	226,154	-	-	-
Retained earnings	(121,975,918)	23,828,657	141,763,392	226,221,251	89,477,555
Non-controlling interest	-	-	-	-	-
Non-current liabilities	317,137,393	295,491,943	278,244,059	292,594,399	200,254,491
Current liabilities	340,923,786	349,153,347	333,753,414	358,897,368	187,443,246
	1,470,721,166	1,584,592,748	1,673,935,084	1,797,887,237	900,674,744
<b>Assets</b>					
Property, plant and equipment	762,314,371	887,503,103	879,791,531	695,356,234	521,137,058
Investment Properties	204,195,000	-	-	-	-
Intangible assets	13,401,958	15,223,423	17,065,806	2,565,068	1,881,471
Biological assets	-	-	148,232	396,347	-
Right-of-use assets	28,500,907	39,570,657	52,848,864	61,004,601	25,157,391
Investments in equity-accounted investees	-	-	20	1,557,062	-
Deferred tax assets	10,728,391	12,674,389	12,249,208	8,009,043	-
Other financial assets	-	-	939,806	779,582	4,450,000
Current assets	451,580,539	629,621,176	710,891,617	1,028,219,300	348,048,824
	1,470,721,166	1,584,592,748	1,673,935,084	1,797,887,237	900,674,744
<b>Cash Flow</b>					
Net cash inflow/(outflow) from operating activities	(124,818,779)	(90,248,673)	(124,804,216)	(27,217,938)	(41,459,745)
Net cash inflow/(outflow) from investing activities	123,131,660	116,545,862	(10,340,323)	(642,400,979)	(64,377,826)
Net cash inflow/(outflow) from financing activities	(59,174,344)	29,027,969	28,234,500	574,689,867	38,922,174
Effects of exchange rate changes on cash and cash equivalents	29,307,901	36,658,777	75,807,579	31,983,480	10,920,563
Increase/(decrease) in cash and cash equivalents	(31,553,563)	91,983,935	(31,102,460)	(62,945,570)	(55,994,834)
<b>Share Information</b>					
Earnings per share (Rs.)	(0.87)	(0.72)	(0.51)	0.96	1.16
Market value per share (Rs.)	7.90	7.00	8.30	7.00	-
Market capitalization on 31st March (Rs.)	1,296,629,844	1,148,912,520	1,362,281,988	1,148,912,520	-
Price earnings ratio	(9.11)	(9.75)	(16.27)	7.29	-
Price to book value ratio	1.60	1.22	1.28	1.00	-
Net assets per share (Rs.)	4.95	5.73	6.47	6.98	-

## Notes

# Notice of Meeting

**NOTICE IS HEREBY GIVEN** that the Twenty Third (23rd) Annual General Meeting of the shareholders of **KAPRUKA HOLDINGS PLC** will be held in terms of Articles 58(1) (iii) of the Articles of Association by means of audio and visual communication on **24th September 2025** at **11.00 a.m.** centered at the Board Room of the company 147, Old Kottawa Road, Mirihana, Nugegoda for the following purposes.

## 1. Routine Business

- 1.1 To receive the Annual Report of the Board of Directors and the Statement of Accounts for the year ended 31st March 2025 together with the Report of the Auditors thereon.
- 1.2 To elect as a director, in terms of Article 92 of the Articles of Association **Mr. Subasinghe Mudiyanse Tishan Harendranath Subasinghe**, who retires from the Board by rotation in terms of Article 88(1) of the Articles of Association of the Company.
- 1.3 To elect as a director, in terms of Article 92 of the Articles of Association **Mrs. Anuradha Malimage Herath**, who retires from the Board by rotation in terms of Article 88(1) of the Articles of Association of the Company.
- 1.4 To propose the following resolution to be approved with or without modification as an ordinary resolution for the re-election of **Mrs. Ranasinghe Arachchige Thilangani Herath**, as director in terms of Section 211 of the Companies Act No. 07 of 2007, who has reached the age of 74 years as at the date of the Annual General Meeting.

"That **Mrs. Ranasinghe Arachchige Thilangani Herath** who has reached the age of 74 years as at the date of the Annual General Meeting be and is hereby re-appointed as a

Director for a period of One year and it is hereby declared that the age limit of seventy years referred to in Section 210 of the Companies Act No. 07 of 2007 shall not apply to the appointment of the said Director."

- 1.5 To re-appoint **Messrs. Ernst & Young, Chartered Accountants**, as the Auditors of the Company for the ensuing year and to authorize the Directors to determine their remuneration.
- 1.6 To approve donations made by the Company during the year under review and to authorize the Directors to determine donations for the year ending 31st March 2026 and up to the next Annual General Meeting of the Company.

By order of the Board  
**KAPRUKA HOLDINGS PLC**



Director  
**Kreston Corporate Services (Pvt) Ltd**  
 Secretaries

29th August 2025

## Notes:

1. A shareholder entitled to attend and vote at the above Meeting is entitled to appoint a proxy to attend and vote on his/her behalf.
2. A proxy so appointed need not be a member of the Company.
3. A Form of Proxy accompanies this Notice.

# Form of Proxy

I/We\* ..... (please indicate full name)

holder of NIC/Passport/Company Registration No./s ..... Of (Address of shareholder/s  
..... being a shareholder/s\* of Kapruka Holdings PLC

hereby appoint: Mr/Ms ..... (Please indicate full name)

holder of NIC No. ..... of ..... or failing him/her.

Mr. Herath Pathiranalage Dulith Vinodan Herath or failing him

Mrs. Anuradha Malimage Herath or failing her

Mrs. Ranasinghe Arachchige Thilangani Herath or failing her

Mr. Subasinghe Mudiyanselage Tishan Harendranath Subasinghe or failing him

Mr. Suresh Deepal Subasinghe or failing him

Dr. Dingiri Bandage Sunil Chamara Bandara or failing him

Mr. Lakshman Abeysekera or failing him

as my/\*our Proxy to represent me/us\* and to vote as indicated below on my/our\* behalf at the Annual General Meeting of the Company to be held on 24th September 2025 and at any adjournment thereof and at every poll which may be taken in consequence of the aforesaid Meeting. I/We the undersigned hereby authorize my/our proxy to vote on my/our behalf in accordance with the preferences indicated below

	For	Against
1. To approve item no. 1.2 set out in the Notice of the 23rd Annual General Meeting	<input type="checkbox"/>	<input type="checkbox"/>
2. To approve item no. 1.3 set out in the Notice of the 23rd Annual General Meeting	<input type="checkbox"/>	<input type="checkbox"/>
3. To approve item no. 1.4 set out in the Notice of the 23rd Annual General Meeting	<input type="checkbox"/>	<input type="checkbox"/>
4. To approve item no. 1.5 set out in the Notice of the 23rd Annual General Meeting	<input type="checkbox"/>	<input type="checkbox"/>
5. To approve item no. 1.6 set out in the Notice of the 23rd Annual General Meeting	<input type="checkbox"/>	<input type="checkbox"/>

As witness my/our handset hereto this ..... day of ..... Two Thousand and Twenty-Five.

.....  
Signature

**Note:** Instructions as to completion are given below. Please delete the words which are not applicable and mark "X" in the appropriate cages to indicate your instructions as to voting.

A proxy need not be a member of the Company.

# Form of Proxy

## INSTRUCTIONS AS TO COMPLETION OF THE FORM OF PROXY

1. A shareholder entitled to participate and vote at the meeting but is unable to do so, can appoint not more than one proxy to participate and vote at the AGM instead of him/her, by completing the Form of Proxy. Shareholders who are unable to participate in the above meeting are encouraged to appoint the Chairman of the Meeting or any other Director of the Company to participate and vote on their behalf
2. The full name, National Identity Card number, and the registered address of the shareholder appointing the proxy and the relevant details of the Proxy should be legibly entered in the form of the Proxy which should be duly signed and dated.
3. Please indicate with an "X" in the cages provided, how your proxy is to vote on each resolution. If no indication is given, the proxy is at his/her discretion and may vote as he/she thinks fit.
4. To be valid, the completed Form of Proxy should be forwarded to the Company Secretaries, via email to khplc.cs@kreston.lk or post to Kreston Corporate Services (Pvt) Ltd No. 74A, 2nd Floor, Advantage Building, Dharmapala Mawatha, Colombo 07 not less than 48 hours before the time appointed for holding the Meeting, i.e. before 11.00 A.M on 22nd September 2025.
5. If the shareholder is a company or a body corporate, a Form of Corporate Representation executed under the Common Seal in accordance with the Articles of Association or the Constitution should be submitted.
6. Where the Form of Proxy is signed under a Power of Attorney (POA) which has not been registered with the Company, the original Power of Attorney (POA) together with a photocopy of the same or a copy certified by a Notary Public must be lodged with the Company along with the Form of Proxy or emailed to khplc.cs@kreston.lk.
7. If a shareholder has submitted a Form of Proxy prior to the meeting and subsequently decides to participate in the meeting him/herself, he/she should take immediate steps to revoke the appointment of a proxy

# Corporate Information

## Company Name

Kapruka Holdings PLC

## Legal Form

The Company was incorporated in Sri Lanka on 7th February 2002 as a Private Limited liability Company under the Company's Act No. 17 of 1982 in the name Lanka Dot Info (Private) Limited. On 7th January 2005, the Company changed its name to Kapruka Dot Com (Private) Limited under the Companies Act No.17 of 1982 and re-registered under the provisions of Companies Act No. 7 of 2007 on 29th July 2008. The status of the Company was changed from Private Limited to a Public Limited Company under provisions of the Companies Act No. 07 of 2007 on 06th November 2021. The Company changed its name from Kapruka Dot Com Limited to Kapruka Holdings Limited on 20th November 2021. Kapruka Holdings Limited was listed on the main board of Colombo Stock Exchange on the 7th January 2022. The status of the Company was changed from Limited to PLC on 13th April 2022.

## Registered No.

Old PV 5789  
New PQ00247881

## Registered Office

No : 147, Old Kottawa Road, Mirihana, Nugegoda, Sri Lanka  
Tel : +94 11 7551111  
Email : colombo.of-ce@kapruka.com  
Website : <https://www.kapruka.com/>

## Board of Directors

Mr. D V Herath - Chairman & CEO  
Mrs. A Herath  
Mrs. T Herath  
Mr. T Subasinghe  
Mr. Suresh Subasinghe  
Dr. D B S Chamara Bandara - w.e.f 22/07/2024  
Mr. Lakshman Abeysakara - w.e.f 22/07/2024

## Bankers

Sampath Bank PLC  
Hatton National Bank PLC  
Commercial Bank PLC  
Amana Bank PLC  
Nations Trust Bank PLC  
Union Bank of Colombo PLC  
Seylan Bank PLC  
Bank of America  
JPMorgan Chase & Co

## Auditors

Ernst & Young Chartered Accountants, Sri Lanka  
Rotunda Towers, No.109, Galle Road, Colombo 03.

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Redworks.

## Secretaries

Kreston Corporate Services (Pvt) Ltd  
No.74A, 02nd Floor, Advantage Building, Dharmapala Mawatha,  
Colombo 07, Sri Lanka



Member of the Ogilvy Group



[www.kapruka.com](http://www.kapruka.com)