

MANUFACTURED CAPITAL



Our diverse portfolio of manufactured capital is a significant strategic advantage that differentiates us within the sectors we operate. We have diligently cultivated this capital by making well-calculated investments aimed at increasing revenue, enhancing service quality, improving productivity, and reducing our environmental footprint.

Strategic Priorities	Key Achievements 2022/23	Priorities for 2023/24
<p>In alignment with our strategic objectives, we are strategically investing in expanding capacity in key growth sectors. Our goal is to meet increasing demand, seize opportunities, and achieve sustainable growth, resulting in enhanced customer service and an expanded market share.</p>	<ul style="list-style-type: none"> » Total capital expenditure of Rs. 4.85 billion. » Investments in capacity expansions in apparel manufacturing segment » Expanding the container yard facility in Welisara » Invested in expanding the container freight station facility 	<ul style="list-style-type: none"> » Disposal of thermal plant » Backward integration of apparels segment » Conclude container freight station expansion » Commence work on adventure park » As part of its expansion strategy, the company will invest in plant and machinery to enter the knitwear market and expand the range of products.
<p>Investments in eco-friendly technology to enhance operational sustainability and minimise our environmental footprint. These investments align with our commitment to sustainable practices and contribute to a greener future.</p> <p>Investing in technology to drive digitalisation across our manufactured capital. These investments are aimed at streamlining processes, enhancing operational efficiency, and harnessing the power of automation and data analytics</p>	<ul style="list-style-type: none"> » Construction of a seaplane lounge in Maldives. » Invested in a water bottling plant. » investment in a solar power plant with the capacity to generate 10MWh. » Refurbishment in Heritage Kandalama » Investment of electronic quality verification system in the printing segment » Consistently upgrading IT hardware to align with the Group's digital transformation 	<ul style="list-style-type: none"> » Transforming the apparel manufacturing units to operate on solar energy. » Procurement of environment friendly material handling equipment in line with the company's sustainability efforts. » Investment in ERP system in the apparel segment. » Continuously upgrading hardware and IT systems to keep pace with technological advancements.



MANUFACTURED CAPITAL

Group manufactured capital

Our manufactured capital spans across 8 countries and 16 business segments, highlighting the extensive scope of our operations. Within our portfolio, we possess iconic hotel properties, advanced manufacturing facilities, high-quality warehouses, and a fleet of vehicles dedicated to transporting containers, goods, and passengers. The value of the Group's property, plant, and equipment as at 31st March 2023, amounted to Rs. 82.66 billion.

Management approach

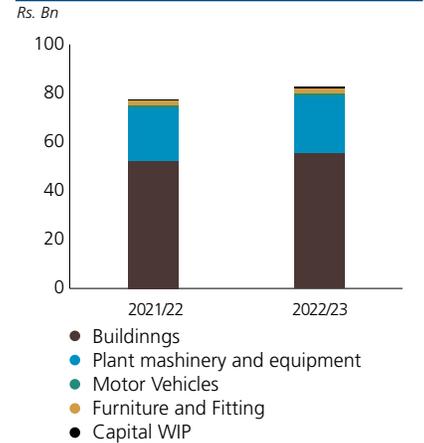
Our investment strategy is aimed at expanding capacity, diversifying geographically and into new business segments, while enhancing our business processes to create sustainable value to stakeholders while fostering the long-term stability of the Group. We prioritise regular maintenance and upkeep of our manufactured capital to enable exceptional service standards while minimising downtime in all Sectors

of operation. Our maintenance practices are guided by the standards specified in the numerous certifications we have obtained, ensuring that we consistently meet industry benchmarks.

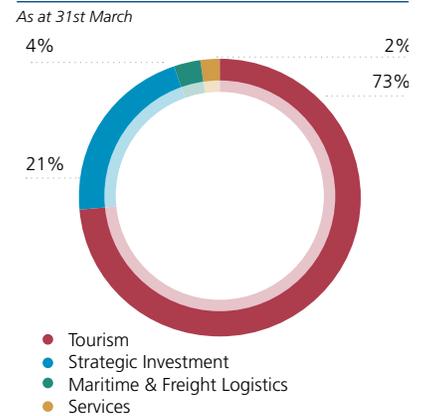
Sector-wise manufactured capital

The manufactured capital of the Group was dominated by the Tourism Sector at 73.5% as at end-March 2023 and comprised its hotel properties in 4 countries. Strategic Investment Sector accounted for the next highest proportion at 21.3%,

Group Manufactured Capital



Sector wise Manufactured Capital



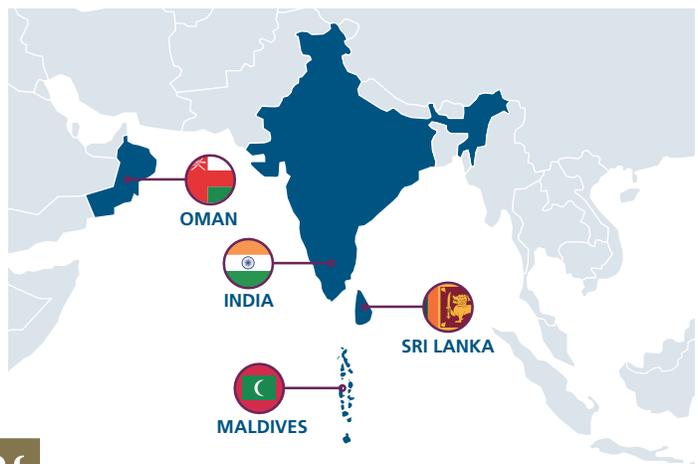
Sector-wise manufactured capital



Tourism Sector

The manufactured capital of the Tourism Sector comprises our chain of hotels and resorts situated in prime tourist destinations in Sri Lanka, India, Oman and the Maldives. Our unique properties operate under the premier brands Heritance Hotels and Resorts, Adaaran Resorts and Spa and Turyaa Hotels and are designed to meet the needs and budgets of a diverse client base while upholding exceptional hospitality standards. Our portfolio of hotels and resorts also includes exotic, award winning eco-friendly properties including Heritance Kandalama and Heritance Aarah.

Tourism sector assets also include a fleet of luxury transport 45-seater tour buses, mini-coaches and cars to support the transportation of tourists.



707
Heritance branded
rooms



585
Adaaran branded
rooms



339
Turyaa branded
rooms



Maritime & Freight Logistics Sector

Our Maritime & Freight Logistics solutions are underpinned by

- ➔ Logistics vehicles and equipment including a fleet of trailers, fuel bowsers, container moving equipment and the only multi-axle trailer in Sri Lanka.
- ➔ Three container yards spanning 25.7 acres.
- ➔ Most advanced maritime simulator in South Asia.
- ➔ A 432,602 sqft of industry specific warehousing
- ➔ Comprehensive logistics support area of 45 acres comprising owned and leased properties.
- ➔ Specialised equipment for port operations including crane amigo, shore crane, mobile harbour cranes.
- ➔ A fully fledged education campus spanning approximately 10 acres.
- ➔ Solar panel installed roof tops in Mabole.



Strategic Investments Sector

Our Strategic Investments Sector solutions are underpinned by

Power generation



As a pioneer in private sector driven energy projects, we have maintained a strong commitment to embracing new technology and advanced energy production mechanisms. We utilise a diverse combination of thermal, hydro, wind and waste to energy power plants to supply electricity to the national grid.

- 1** Thermal power plant of **100MW**
- 1** Waste to energy plant of **10MW**
- 6** Hydro power plants totalling **9.2MW**
- 1** Wind power plant of **3MW**
- 1** ground mounted solar plant of **10MW**

Printing and packaging



Driven by our commitment to environmentally conscious printing, the printing and packaging sector operates the first purpose-built LEED Gold Certified Printing complex to be built in Southeast Asia. The facility includes six colour machines and a digital printing press and is equipped to fulfil diverse customer needs.

- 1** printing complex

Plantations



Elpitiya Plantations PLC operates factories in low, central, and up-country regions in Sri Lanka. Our factories produce high quality tea, rubber, cinnamon and oil palm, using the harvest obtained from extensive plantations, covering a land base of 8,800 hectares.

- 17** factories
- 5** manufacturing plants
- 11** Solar panel installed roof tops



Apparel Manufacturing



Established in 1977, the Apparel sector operates two manufacturing facilities in Mathugama and Koggala, with the capability to produce high quality garments for export.

- 2** factories



Services Sector

The manufactured capital of the Services sector comprises,

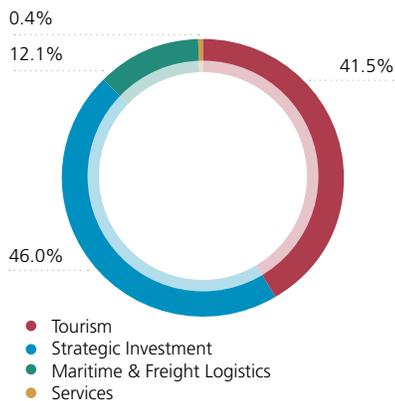
Two iconic luxury office complexes spanning over 195,000 sqft of smart building space in the heart of Colombo.



Value addition to manufactured capital in 2022/23

The Group's capital expenditure for the year under review amounted to Rs 4.85 billion with the Strategic Investments and Tourism Sectors accounting for 46.0% and 41.5% respectively. Key investments during 2022/23 are as follows.

Capex 2022/23



Key Investments in 2022-2023

Sector	Value of investment	Key investments
Tourism	» Rs. 68 million	» Sea plane lounge
	» Rs. 32.33 million	» Water bottle plant
Strategic Investments	» Rs. 1,400 million	» Solar power plant
	» Rs. 4.2 million	» Quality verification system
	» Rs. 82 million	» Machinery for apparel manufacture
Maritime & Freight Logistics	» Rs. 299 million	» Container freight station
	» Rs. 10.4 million	» Yard development
Services	» Rs. 2 million	» Elevator training centre



Our SDG commitments



Future outlook

Our long-term growth strategy is to invest in 5 new sectors and 5 new countries which will drive growth in manufactured capital. Additionally, our existing operations are also expanding and upgrading their property, plant and equipment as part of its on-going operations which will also add to the manufactured capital.

Investments will be made taking into consideration numerous factors including the future growth potential of the sector, maintenance of operating margins, cashflow position and our commitment to minimising our environmental footprint.