



NINECAP CORPORATE SOLUTIONS

30th July 2021

Mr. Renuke Wijeyawardhane
Chief Regulatory Officer
Colombo Stock Exchange
04-01, West Block,
World Trade Centre, Echelon Square,
Colombo 01.

Dear Sir,

INDUSTRIAL ASPHALTS (CEYLON) PLC

RELATED PARTY TRANSACTION AND DISPOSAL OF PAINTS & COATINGS DIVISION

In terms of Section 9 of the Listing Rules of the Colombo Stock Exchange and further to the corporate disclosure made on 19th July 2021, we write to inform following Related Party Transaction between Industrial Asphalts (Ceylon) PLC and the Managing Director/ CEO of the Company Mr. K. Naveenkanth.

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|-------|--|---|
| (i) | Date of the transaction | - 30 th July 2021 |
| (ii) | Name of the relevant Related Party: | - Mr. K. Naveenkanth |
| (iii) | Relationship between the Entity and the Related Party: | - Managing Director/ CEO of the Entity |
| (iv) | Details of the transaction: | - Industrial Asphalts (Ceylon) PLC at the Board Meeting held on 29 th July 2021 decided to accept the offer presented by Mr. K. Naveenkanth for purchase of the Company's Paints & Coatings Division in its entirety. The total Consideration to be received for the disposal is Rs. 15 million. The Board was advised by KPMG on the segmental valuation and the total consideration is within the valuation given by KPMG. |

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Reg No: PV 74225

No.55, Vinayalankara Mawatha, Colombo 10. Tel: 0115 289850 Fax: 0115 289849

- (v) Rationale for entering into the transaction: - The exit would release capital and resources from the business segment which has been unprofitable for several years and the Board does not see it turning into a profitable segment in the future.

- (vi) The Related Party Transactions Review Committee of the Entity is of the view that the transaction is on normal commercial terms, and is not prejudicial to the interests of the Entity and its minority shareholders and the Related Party Transaction Review Committee has obtained an opinion from an independent valuation expert prior to forming its view on the transaction. The independent valuation expert to the transaction is KPMG.

The Related Party Transaction Review Committee noted that the transaction does not qualify under the 'major transactions' specified by the Section 185 of the Companies Act No. 07 of 2007.

- (vii) The aggregate value of the Related Party Transactions for the financial year with Mr. K. Naveenkanth: - Rs. 15 million

- (viii) The aggregate value of all Related Party Transactions for the same financial year: - Rs. 15 million

Yours faithfully,

For and on behalf of

INDUSTRIAL ASPHALTS (CEYLON) PLC



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SECRETARIES