



Nourishing Our Nation



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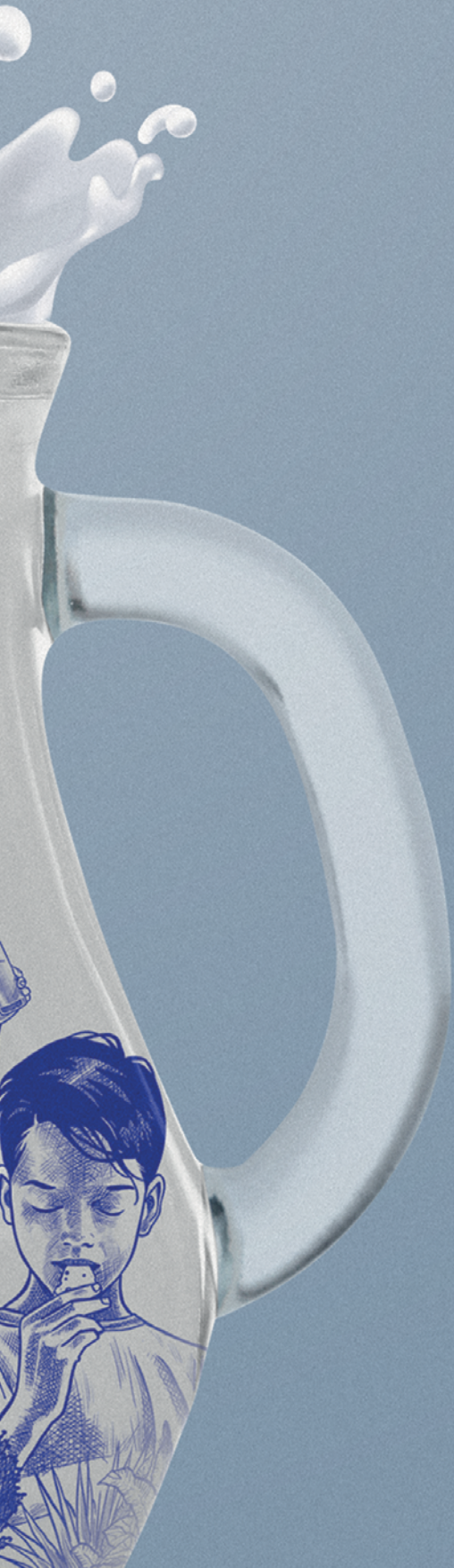
To be the leading producer of food and beverage products for the local and international market.

Our
Vision



Our
Mission

Providing the nation with quality and affordable food and beverage products using state-of-the art technology and local expertise, continuously seeking opportunities for growth and creating an environment that develops, motivates and rewards all employees whilst providing consistent returns to all its stakeholders.



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Financial Highlights

Group	2025 Rs. '000	2024 Rs. '000	Change %
Operating results for the year			
Gross revenue	12,243,112	10,594,900	15.56
Government levies (VAT + SSCL)	2,083,125	661,333	214.99
Net revenue	10,159,987	9,933,567	2.28
Gross profit	2,280,548	2,207,525	3.31
Profit from operation	892,617	1,002,766	(10.98)
Profit before taxation	867,133	927,138	(6.47)
Profit after taxation	602,176	644,971	(6.64)
Highlights of Financial Position at the year end			
Non-current assets	2,550,309	2,705,288	(5.73)
Current assets	2,775,665	2,372,709	16.98
Current liabilities	1,449,990	1,789,606	(18.98)
Non-current liabilities	283,269	293,929	(3.63)
Stated capital and reserves	3,592,715	2,994,462	19.98
Total assets	5,325,974	5,077,997	4.88
Per share data (Rs.)			
Earnings per share	19.18	20.54	(6.62)
Net assets per share	114.42	95.37	19.97
Cash flow			
Net cash generated from/(used in):			
Operating activities	630,370	766,547	(17.76)
Investing activities	(161,117)	(404,319)	60.15
Financing activities	(475,216)	(85,326)	(456.94)

+15.56%

GROSS
REVENUERs. **12,243** Mn.

+3.31%

GROSS
PROFITRs. **2,281** Mn.

+16.98%

CURRENT
ASSETSRs. **2,776** Mn.

+19.97%

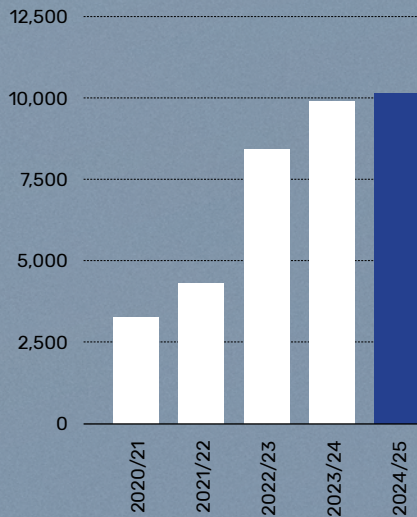
NET ASSETS
PER SHARERs. **114.42**

Group net revenue

Rs. Mn.

Rs. Mn.

10,160

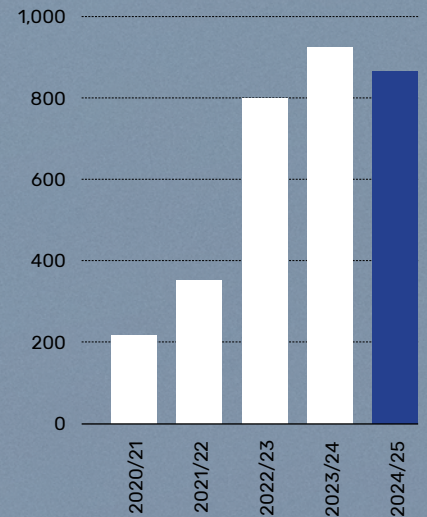


Group profit before taxation

Rs. Mn.

Rs. Mn.

867

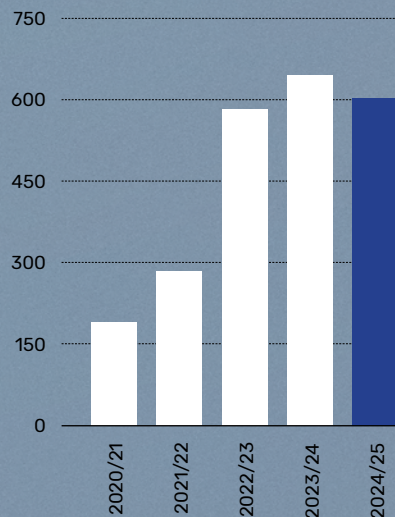


Group profit after taxation

Rs. Mn.

Rs. Mn.

602

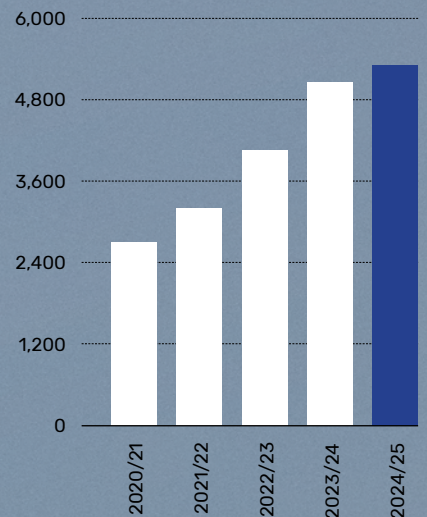


Group total assets

Rs. Mn.

Rs. Mn.

5,326



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Chairman's Message

As Sri Lanka's leading milk collector, Kotmale has consistently provided an expanding marketplace for local dairy farmers by continuously innovating and introducing new products, while offering fair prices and timely payments.

Dear shareholder,

I am pleased to present the Annual Report and Financial Statements of Kotmale Holdings PLC for the year ended 31 March 2025.

The local dairy sector

Sri Lanka continues to rely heavily on imported milk powder, which accounts for over 60% of the nation's total milk consumption. The decline in global prices of skimmed milk powder has further shifted consumer preference toward this category. While Sri Lanka's domestic milk production has historically fallen short of national demand, the decline in milk powder prices have created a surplus of liquid milk in the market. The popularity of powdered milk is

driven by its affordability and convenience, particularly its longer shelf life. Compounding the issue is the fact that milk is primarily consumed as a tea whitener in Sri Lanka, often overshadowing its critical nutritional value—especially for growing children.

Encouraging higher consumption of fresh milk requires a multi-pronged effort: public awareness and education to promote its health benefits, as well as making it more affordable. Achieving affordability, however, depends on reducing the cost of production at the farm level. This calls for sustained initiatives to improve farm productivity—through better breeding, nutrition, animal healthcare, feed cultivation, and farm management. Since nearly 90% of the milk in Sri Lanka is produced by smallholder farmers, a collaborative approach between the Government and the private sector is essential to build a more self-reliant and resilient dairy sector.

Kotmale's impact

As Sri Lanka's leading milk collector, Kotmale has consistently provided an expanding marketplace for local dairy farmers by continuously innovating and introducing new products, while offering fair prices and timely payments. Even during the COVID-19 pandemic, we continued uninterrupted milk collection, reinforcing our role as a reliable partner to the dairy farming community.

Our engagement goes beyond procurement. Kotmale supports its outgrower network with access to affordable animal feed, veterinary care, technical training, financing support, and welfare initiatives. These programs are designed to improve farm productivity and animal health, while deepening the trust and long-term partnership between farmers and the Company.

We are proud to contribute significantly to rural incomes through our milk purchases, helping build sustainable livelihoods across Sri Lanka. The digitalisation of the milk collection system at our chilling centres has further enhanced transparency, efficiency, and trust in the milk handover process.

Our performance

Kotmale delivered a commendable performance during the year, despite facing major challenges—most notably, the introduction of an 18% Value Added Tax (VAT) on locally produced dairy products from January 2024, which were previously exempted. The sudden removal of this exemption created a significant cost burden, particularly because input VAT could not be recovered as smallholder milk suppliers are not liable for VAT.

Net turnover grew 2.3% to Rs. 10.2 Bn., while operating profits contracted 11% to Rs. 892 Mn. Profit After Tax (PAT) declined by 6.6% to Rs. 602 Mn. The Group made capital investments worth Rs. 167 Mn. to enhance capacity and develop the milk supply chain.

In response to the VAT introduction, the Group implemented several mitigating measures, including selective price adjustments, volume-led growth strategies, and partial absorption of costs. Despite these headwinds, Kotmale retained its leadership as Sri Lanka's most trusted dairy brand and the country's largest collector of fresh milk. Encouragingly, the Government of Sri Lanka has reversed the VAT on selected locally produced dairy products with effect from April 2025 (after the reporting period). We have promptly passed on the benefit of this tax relief to our consumers.

Outlook

Looking ahead, I am optimistic about the potential of the domestic dairy sector which can develop to be a leading industry given the right policy environment and incentives. As a company that sources the majority of its raw materials locally, Kotmale is proud of the economic value we generate across rural communities. We will continue to deliver value-added dairy products that meet international standards at affordable prices to the Sri Lankan consumer.

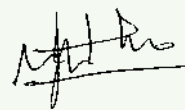
The renewed sense of optimism in the country supports a stronger outlook for consumer demand. With macroeconomic fundamentals improving, and with supportive measures such as revised income tax brackets, salary increases for public sector workers, and the upward revision to the national minimum wage from April 2025, we expect consumer spending to pick up further in the months ahead.

Input costs are expected to remain relatively stable, barring any major global disruptions. That said, overhead costs will likely rise due to the electricity tariff adjustment from June 2025, aligned with the Government's move toward cost-reflective energy pricing. Additionally, adverse weather—especially heavy rainfall—remains a key risk affecting both distribution and demand.

Appreciation

In closing, I wish to express my sincere gratitude to our dairy farming community, consumers, suppliers, distributors, shareholders, and the Board of Directors, for their continued trust and support. I also extend our appreciation to the Ministry of Agriculture, the Department of Animal Production and Health, and other government stakeholders who continue to partner with us in strengthening the local dairy industry.

Together, let us remain committed to building a sustainable, self-sufficient dairy sector that uplifts rural livelihoods and supports the health and wellbeing of every Sri Lankan.



Imtiaz Abdul Wahid
Chairman

27 June 2025

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Managing Director's Message

I am proud to share that the Kotmale brand has continued to grow from strength to strength and today stands as one of Sri Lanka's leading consumer food brands.

Dear Stakeholders,

I am proud to share that the Kotmale brand has continued to grow from strength to strength and today stands as one of Sri Lanka's leading consumer food brands. While many factors have contributed to this success—such as the consistent quality of our products, their wide availability, and affordability—one of our greatest strengths has been the backing of our parent company, Cargills (Ceylon) PLC.

Since its acquisition by Cargills in 2010, Kotmale has been seamlessly integrated into the broader Cargills portfolio and revitalised through the Group's unique philosophy of community-centric business development. This approach, which began in 1999 with direct engagement with outgrower farmers, has become a cornerstone of the Kotmale journey as well. From the outset, this deep commitment to uplifting communities has driven Kotmale's transformation. Over the past 15 years, it has enabled us to expand our operations, modernise infrastructure, and strengthen our role as a catalyst for rural economic empowerment.

Nourishing our nation

We are proud to have launched our new brand campaign – Nourishing Our Nation – which reaffirms Kotmale's deep-rooted commitment to uplifting rural communities, supporting sustainable dairy farming, and delivering high-quality dairy nutrition to households across Sri Lanka.

At the heart of the campaign is the traditional milk can – a powerful symbol of Sri Lanka's dairy heritage – which is also featured on the front cover of this Annual Report. It represents Kotmale's enduring connection to the people and places that sustain the nation, while visually capturing our mission to deliver trusted nutrition through locally sourced fresh milk.

Nourishing people through good products

Today, Kotmale operates three ISO and FSSC-certified dairy processing facilities that meet the highest quality and food safety standards. Since 2010, the Company has made significant investments in modern technology to upgrade its facilities and systems, continuously improving product quality and food safety while aligning operations with best-in-class benchmarks.

Kotmale makes its products accessible across the country through a wide-reaching distribution network, including modern trade outlets, general trade shops, and the food service sector, while also serving export markets. This ensures that consumers from all corners of Sri Lanka have access to wholesome, affordable dairy products.

Nourishing our communities and farmers through good practices

Kotmale's farmer development programme, aimed at supporting Sri Lanka's drive towards self-sufficiency in milk production, supports farmers with technology, knowledge sharing, and inputs. Farmers are provided with extension services, veterinary support, artificial insemination, medicine, and concessionary access to animal feed and other inputs – all designed to improve productivity, animal health, and livelihoods. We are proud to note that we engage with over 17,000 smallholder dairy farmers across Sri Lanka. Kotmale was also the first in the Sri Lankan dairy sector to digitalise its milk collection process through an automated system, improving transparency, reducing wastage, enhancing operational efficiency, and supporting faster payments to farmers.

Nourishing our land through good processes

Sustainability is a key part of the Kotmale operation. The Company has implemented rainwater harvesting and wastewater reuse systems for agricultural and cooling purposes, supporting a circular economy for water. Significant investments in solar power and biomass boilers have also reduced reliance on fossil fuels, further aligning with the Company's environmental and governance goals.

Operational and financial review

The year under review presented several challenges for the local dairy sector, most notably the removal of the VAT exemption in January 2024. The year also saw some operational disruptions due to heavy rainfall, which impacted both product distribution and demand. Despite this, the Group recorded a 2.3% growth in net revenue, although operating profit declined by 11%, and Profit After Tax (PAT) contracted by 6.6%.

Kotmale has demonstrated resilience in navigating these challenges and remains well positioned to benefit from the positive momentum supporting Sri Lanka's consumer recovery in the years ahead. Input prices for key raw materials remained largely stable, with some costs declining marginally due to currency appreciation and improved global supply conditions. However, these gains were offset by the impact of VAT.

Our milk collection teams, together with our extension services, continued to prioritise milk quality, working closely with our extensive network of dairy farmers to ensure standards are met and maintained. In parallel, we also took significant steps to enhance our sales and distribution capabilities. A key initiative was the introduction of sales force automation. This has led to improved sales execution and operational efficiency, while also strengthening transparency, accountability, and performance monitoring.

Importantly, the automation provides real-time visibility into secondary sales (from distributor to general trade retail outlets), giving us sharper insights into market demand and enabling quicker, data-driven decision-making across the business. This initiative marks a strategic investment in technology to future-proof our distribution network and enhance market responsiveness.

Going forward, we will continue to make selective investments to enhance our production capacity, strengthen the milk supply chain, build our brand, and expand market access.

Appreciation

I take this opportunity to thank my team for their continued dedication. I am also deeply grateful to our dairy farming community, consumers, shareholders, and partners for their continued trust and support.



Saranga Wijesundara
Managing Director

27 June 2025

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Profiles of Directors

IMTIAZ A WAHID

Chairman,
Executive Director

Date of Appointment

5 January 2011

Expertise and Qualifications

Mr Imtiaz Abdul Wahid is a senior business leader with over 30 years of experience in finance, operations, and corporate management, both in Sri Lanka and internationally. He is an Associate Member of The Institute of Chartered Accountants of Sri Lanka and a Fellow Member of the Chartered Institute of Management Accountants (UK).

He first joined the Cargills Group in 1987 as Chief Internal Auditor and progressed through several senior executive roles across the business. He was appointed to the Board of Cargills (Ceylon) PLC in 1997 and served as Deputy Managing Director from 2001. During his career, he has also gained valuable international exposure through senior leadership roles held in overseas companies. He rejoined the Group and was appointed to the Board of Cargills (Ceylon) PLC on 21 May 2010. His deep understanding of the business and extensive leadership experience have been instrumental in shaping the Group's strategic direction and operational excellence.

Current Appointments

He serves as the Group Managing Director and Deputy Chief Executive Officer of Cargills (Ceylon) PLC and as a Non-Executive Director of CT Holdings PLC. He also serves as Chairman of several key subsidiaries within the Group, including Cargills Retail (Private) Limited, Cargills Dairies (Private) Limited, Cargills Food & Beverages Limited, Millers Limited, CPC (Lanka) Limited, Cargills Agri Solutions Company (Private) Limited, Cargills Confectionaries (Private) Limited, Cargills Restaurants (Private) Limited, and serves as the Deputy Chairman of Cargills Convenient Foods Limited. He is also the Managing Director of Cargills Distributors (Private) Limited, Cargills Frozen Products (Private) Limited, and Kotmale Products Limited. In addition, he serves on the Boards of Cargills Enterprise Solutions (Private) Limited, Dawson Office Complex (Private) Limited, Cargills Foundation, the Albert A. Page Institute of Food Business, Ceylon Theatres (Private) Limited, CT Properties Limited, CT Properties GS (Private) Limited, CT Real Estate (Private) Limited, CT Property Management Company (Private) Limited, and CT Properties Lakeside (Private) Limited.

SARANGA WIJESUNDARA

Managing Director,
Executive Director

Date of Appointment

1 July 2021

Expertise and Qualifications

Mr Saranga Wijesundara is a finance and operations professional with over 15 years of post-qualifying experience in accounting, finance, dairy operations, and management. He is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and the Institute of Certified Management Accountants of Sri Lanka, and an Associate Member of the Association of Chartered Certified Accountants (UK). He holds a B.Sc. Accountancy (Special) Honours Degree (Upper Second Class) from the University of Sri Jayewardenepura. His professional background spans both financial stewardship and operational leadership within the FMCG and dairy sectors.

Current Appointments

He also serves as the Managing Director of Cargills Dairies (Private) Limited and is also a Director of Cargills Agri Solutions Company (Private) Limited.

RANJIT PAGE

Executive Director

Date of Appointment

5 January 2011

Expertise and Qualifications

Mr Ranjit Page has been with the Cargills Group for over four decades, having joined the Company in May 1982. He was appointed to the Board in August 1989 and took on the role of Managing Director in April 1992, serving in that capacity for 8+ years before assuming his current position as Deputy Chairman/Group CEO in December 2000.

He has been a pivotal figure in the transformation of Cargills, playing a crucial role in evolving the Company from a small-scale operation to a leading Sri Lankan corporate that meets the diverse needs of communities across Sri Lanka. His visionary leadership and strategic acumen were key in establishing the Cargills business model, which facilitated the Company's expansion into various sectors including food retailing, food manufacturing, restaurants, and banking.

Under his guidance, Cargills has become a household name in Sri Lanka, known as a socially responsible and community-focused organisation demonstrating that a socially driven mission can be both impactful and financially sustainable. Beyond driving business growth, he has been committed in identifying and nurturing talent, shaping teams that uphold the Company's values, and fostering the next generation of business leaders.

Current Appointments

He currently serves as Deputy Chairman/Managing Director of CT Holdings PLC, Deputy Chairman and CEO of Cargills (Ceylon) PLC, as Chairman of Cargills Convenient Foods Ltd., CT Properties GS (Pvt) Ltd., CT Real Estate (Pvt) Ltd., CT Property Management Company (Pvt) Ltd., CT Properties Lakeside (Pvt) Ltd., and as a Director of CT Land Development PLC, Cargills Retail (Pvt) Ltd., Odeon Holdings (Ceylon) (Pvt) Ltd., Cargills Enterprise Solutions (Pvt) Ltd., The Empire Investments Company (Pvt) Ltd., and Ceylon Theatres (Pvt) Ltd.

DUSHNI WEERAKOON

Senior Independent Director

Date of Appointment

3 April 2024

Expertise and Qualifications

Dr Dushni Weerakoon is a prominent Sri Lankan economist with deep expertise in macroeconomic policy, international economics, and public policy engagement. She holds a BSc in Economics with First Class Honours from Queen's University of Belfast, UK, and an MA and PhD in Economics from the University of Manchester, UK. Throughout her career, she has advised the Government of Sri Lanka in various capacities and has also been a consultant to the World Bank, Asian Development Bank, and World Trade Organisation. Dr Weerakoon has published widely on topics such as macroeconomic management, regional trade integration, and international economics.

Current Appointments

Dr Weerakoon is the Executive Director of the Institute of Policy Studies of Sri Lanka (IPS). She serves as an appointed Member of the Monetary Policy Board of the Central Bank of Sri Lanka and is the Senior Independent Director of Cargills (Ceylon) PLC.

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ASITE TALWATTE

Non-Independent,
Non-Executive Director

Date of Appointment

18 December 2020

Expertise and Qualifications

Mr Asite Talwatte is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka (ICASL) and the Chartered Institute of Management Accountants (UK). He also holds a Postgraduate Diploma in Business and Financial Administration from ICASL and the University of Wageningen, Netherlands, an MBA from the University of Sri Jayewardenepura, and has completed the Executive Program at the Kellogg School of Management, Northwestern University, USA.

He served for 37 years at Ernst & Young, including 10 years as Country Managing Partner. His international exposure includes working at EY in Cleveland, Ohio, and serving on several EY Asia-Pacific leadership committees. He has held prestigious positions such as President of CA Sri Lanka and CIMA Sri Lanka, and chaired key standard-setting and governance committees within CA Sri Lanka. He played a leading role in developing Sri Lanka's corporate governance framework and chaired the International Integrated Reporting Council of Sri Lanka from 2018 to 2021.

Current Appointments

He is currently the Chairman of Management Systems (Pvt) Limited. He serves as an Independent Non-Executive Director on the boards of Ceylon Hospitals PLC, Central Finance PLC, DIMO PLC, Tokyo Cement PLC, Braybrooke Residential Towers (Pvt) Ltd., and Silvermill Investment Holdings (Pvt) Ltd. He is a Non-Independent Non-Executive Director of CT Holdings PLC and Cargills (Ceylon) PLC, and also serves as a Non-Executive Director of Gilkrist Leisure (Pvt) Ltd. Additionally, he is a Director of Cirute Plantations (Pvt) Ltd., Myanthiho Investment & Trading (Pvt) Ltd., and Colombo City Apartments (Pvt) Ltd. He previously served as Chairman of Central Finance PLC and as an Independent Non-Executive Director of Sunshine Holdings PLC and Chevron Lubricants Lanka PLC.

JOSEPH PAGE

Non-Independent,
Non-Executive Director

Date of Appointment

1 May 2011

Expertise and Qualifications

Mr Joseph Page counts over 35 years of management experience in the private sector, having held several leadership roles across entities within the CT Holdings Group. He is part-qualified with the Chartered Institute of Management Accountants (CIMA), UK.

Current Appointments

He currently serves as the Deputy Chairman and Managing Director of CT Land Development PLC. He is also a Director of CT Holdings PLC and Cargills (Ceylon) PLC. In addition, he serves as a Director of Ceylon Theatres (Private) Limited, CT Properties Limited, CT Properties Lakeside (Private) Limited, CT Real Estate (Private) Limited, CT CLSA Asset Management (Private) Limited, and CT Property Management Company (Private) Limited. Kotmale Holdings PLC – Director

DILANTHA JAYAWARDHANA

Executive Director

Date of Appointment

20 April 2023

Expertise and Qualifications

Mr Dilantha Jayawardhana is a highly experienced finance and management professional with over 25 years of post-qualifying experience in accounting, finance, and corporate leadership. He is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and an Associate Member of the Institute of Certified Management Accountants of Sri Lanka. He also holds a Master of Business Administration from the University of Lincoln, UK.

He joined Cargills in 1999 as an Accountant and rose through the ranks to serve as Group CFO prior to his appointment to the Board. In his current role, he continues to provide strategic leadership across the Group's finance, treasury, information technology, and human resource development functions. His deep institutional knowledge and multidisciplinary expertise contribute significantly to driving the Group's operational effectiveness and long-term growth.

Current Appointments

In addition to serving as the Executive Director of Cargills (Ceylon) PLC, he holds directorships in Cargills Retail (Private) Limited, Cargills Convenient Foods Limited, Cargills Distributors (Private) Limited, Cargills Dairies (Private) Limited, Cargills Food & Beverages Limited, CPC (Lanka) Limited, Cargills Frozen Products (Private) Limited, Cargills Confectionaries (Private) Limited, Cargills Restaurants (Private) Limited, Cargills Foods Services (Private) Limited, Dawson Office Complex (Private) Limited, Cargills Foundation, Millers Limited, Kotmale Dairy Products (Private) Limited, Kotmale Products Limited, and Kotmale Milk Products Limited.

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INDIRA MALWATTE

Independent,
Non-Executive Director

Date of Appointment

3 April 2024

Expertise and Qualifications

Mrs Indira Malwatte is a distinguished professional with over 40 years of experience in export promotion, international marketing, and public sector leadership. She holds a combined degree in Economics and Geography from the University of Peradeniya, Sri Lanka, and was the first woman to serve as Chairperson of the Sri Lanka Export Development Board (EDB). Her extensive expertise spans across industrial, agricultural, services, and SME sectors, as well as supply chain management and women's empowerment.

She has served as a key resource person and focal point for international development projects supported by organisations such as the World Bank, International Trade Centre (ITC), GIZ, CBI, and JETRO. Recognised both locally and internationally for her contributions, she was awarded the Wifths Foundation Lifetime Achievement Award in Business (London, 2016), becoming the first Sri Lankan recipient of the honor. She has also been recognised by Zonta Sri Lanka and Women in Management for her leadership and achievements in the government and development sectors and was featured on the LMD "A-List" of Sri Lankan businesspeople in 2018.

Current Appointments

She currently serves as Chairman and Non-Executive Director of Samson International PLC and as an Independent Non-Executive Director of Cargills (Ceylon) PLC and Lanka Shipping and Logistics (Pvt) Ltd. She is also a Director of the SWRD Bandaranaike Memorial Foundation and the Sri Lanka Handicraft Board.

PRIYAN EDIRISINGHE

Independent,
Non-Executive Director

Date of Appointment

20 May 2025

Expertise and Qualifications

Mr Priyan Edirisinghe is a Chartered Accountant with over 20 years of experience in audit, tax, and business consulting, serving both the private sector and professional practice. He is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka (FCA), an Associate Member of the Chartered Institute of Marketing (UK) (ACIM) and holds a Master of Business Administration from the University of Southern Queensland, Australia.

He currently serves as the Managing Partner of Baker Tilly Edirisinghe & Co., Chartered Accountants.

Current Appointments

He also serves as the Senior Independent Director of CT Holdings PLC, and as an Independent Non-Executive Director of Cargills (Ceylon) PLC, CT Land Development PLC, and Tea Small Holder Factories PLC. He previously served as an Independent Director of Dialog Finance PLC.

Corporate Governance

Corporate Governance at Kotmale encompasses a set of systems, processes, and practices in place to ensure that the Company's affairs are being managed in a manner which ensures accountability, transparency, and fairness in all transactions. We believe that sound Corporate Governance practices are essential to create sustainable value and to safeguard the interest of the stakeholders.

1. The Board of Directors

1.1 Board composition

The Company currently has nine Directors on the Board comprising five Non-Executive Directors (of whom three are independent) and four Executive Directors.

The Board consists of a mix of Independent, Executive, Non-Executive Directors to maintain the Board independence.

1.2 Directors' remuneration policy

The Remuneration Committee studies and recommends the remuneration and perquisites applicable to the Executive Directors of the Company and makes appropriate recommendations to the Board of Directors of the Company for approval. Executive Directors' Remuneration is reviewed periodically against market comparators. Remuneration of Non-Executive Directors is determined in reference to fees paid by comparable companies and is adjusted where necessary. The fees received by Non-Executive Directors are determined by the Board and reviewed annually.

1.3 Board responsibilities

The Board oversees the affairs of the Company and provides leadership and guidance to the Senior Management Team. The key functions and responsibilities of the Board are:

Roles and Responsibilities

Strategy	<ul style="list-style-type: none"> • Providing direction, guidelines, and approval of the strategies and business plans as developed by the Management • Directing, monitoring, and assessing the Company's performance against strategic and business plans • Approving and monitoring major capital expenditure, acquisitions, and divestments • Reviewing and approving the annual operating plans and financial budgets
Risk Management	<ul style="list-style-type: none"> • Ensuring processes are in place to identify the principal risks of the businesses • Reviewing, ratifying and assessing the integrity of the systems of risk management, internal controls and compliance
Management	<ul style="list-style-type: none"> • Appointing and recommending terms of engagement of Senior Management staff ensuring that a process is in place such that the remuneration and conditions of service of Executives are appropriate • Ensuring that a process is in place for executive succession planning
Performance	<ul style="list-style-type: none"> • Evaluating the performance of the Board Committees and individual Directors • Establishing and reviewing succession plans for Board membership • Reviewing the performance of the Senior Management and the compensation framework for Executive Directors and Senior Management • Monitoring corporate performance and evaluating results compared to the strategic and annual plans
Corporate Governance	<ul style="list-style-type: none"> • Establishing appropriate standards and encouraging ethical behaviour and compliance with the Company's policies • Monitoring the Company's compliance with Corporate Governance standards • Overseeing the process and framework for evaluating the adequacy of internal controls, risk management, financial reporting, and compliance
Reporting and Disclosure	<ul style="list-style-type: none"> • Approving and monitoring financial and other reporting, including reporting to shareholders and other stakeholders • Establishing procedures to ensure adherence to the Company's continuous reporting policy.

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1.4 Board meetings

The Board met seven times in the year under review, and the following table shows the attendance record for the same.

Name of the Director	Attended/eligibility to attend
Mr M I Abdul Wahid	7/7
Mr R S Wijesundara	7/7
Mr V R Page	7/7
Dr D N Weerakoon	6/7
Mr A D B Talwatte	6/7
Mr J C Page	7/7
Mr D S Jayawardhana	7/7
Mrs C I Malwatte	7/7
Mr P P Edirisinghe	0/0

Report of the Senior Independent Director

This report is presented in compliance with the requirement set out in Section 9.6.3 (e) of the revised Listing Rules on Corporate Governance of the Colombo Stock Exchange which came into effect on 1 October 2023.

The requirement of appointing a Senior Independent Director to Kotmale Holdings PLC is in accordance with Section 9.6.3 (a) ii of the revised Listing Rules on Corporate Governance of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka.

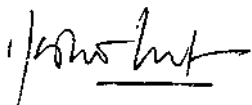
Role and responsibilities of Senior Independent Director

In terms of the role and responsibilities of the SID, the principal role of the SID is to support the Chairman in his role and duties, acting as an intermediary for the Non-Executive Directors and to facilitate the due exercise of the functions of the Chairman with the Non-Executive Directors as and when necessary.

The role and the responsibilities vested on the SID of the Board is relevant in the current context of Corporate Governance regulations, standards, and best practices which are frequently reviewed and revised by regulators.

My role is to ensure requisite governance standards are complied with while providing necessary assistance to the Chairman of the Board through discussion and communication between Non-Executive and Independent Directors of the Company in addressing matters relevant to the Board as a whole to enhance the overall effectiveness of the Board.

During the course of the period under review, the Independent/ Non-Executive Directors held two meetings, excluding the participation of the Executive Directors.



Dr D N Weerakoon
Senior Independent Director

2. Board committees

The Company has the following Board Committees:

1. Audit Committee
2. Nominations and Governance Committee
3. Remuneration Committee
4. Related Party Transactions Review Committee (RPTRC)

All Committees have written charters detailing their responsibilities and the extent to which they have been delegated powers of the Board of Directors.

2.1 Audit Committee Report

The Audit Committee is appointed by the Board of Directors of the Company and reports directly to the Board. The Audit Committee functions within the overall governance process established by the Board of Directors of the Company and assists the Board in effectively discharging its responsibilities.

Policy framework

The policy framework for the functioning of the Audit Committee of the Company is set out in the policies adopted across the Group.

Composition of the Audit Committee

The Chairman of the Audit Committee is a Fellow member of the Institute of Chartered Accountants of Sri Lanka. The composition of the members of the Audit Committee satisfies the criteria as specified in the standards on Corporate Governance for listed companies. The Company Secretary acts as the Secretary to the Committee.

Committee membership during the year

Name of the Director	Directorship status	Membership status	Date of appointment	Attendance (Attended/eligible to attend)
Mr P P Edirisinghe	Independent, Non-Executive	Chairman	20 May 2025	0/0
Dr D N Weerakoon	Senior Independent Director	Member	9 April 2024	3/5
Mrs C I Malwatte	Independent, Non-Executive Director	Member	9 April 2024	5/5
Mr A D B Talwatte	Non-Independent, Non-Executive Director	Member (w.e.f. 20 May 2025), Chairman (w.e.f. 18 December 2020 to 19 May 2025)	18 December 2020	5/5

Procedure

In terms of the Company policy, the Audit Committees should meet at least once in every quarter, two of which should be attended by the Company Auditors. The procedure in place is for the Group Managing Director, Executive Director, Cargills (Ceylon) PLC, Group Chief Risk Officer, Group Chief Financial Officer, Chief Financial Officer – Dairy Sector and Group Chief Internal Audit Officer to attend all meetings when scheduled and for the Group Deputy Chairman/Group CEO to attend Audit Committee meetings as and when requested to do so by the Audit Committee. Besides this, procedures are in place to circulate the various documents and for clarification of matters raised by the members of the Audit Committee. Where necessary, approvals may also be given by circular resolutions.

Meetings

The Audit Committee met five times during the year, one of which was with the participation of the Company's External Auditors.

Scope

The functions of the Audit Committee, as set out in the Company policy, include the following:

- Oversight of the preparation, presentation and adequacy of disclosures in the Financial Statements in accordance with SLFRS/LKAS
- Oversight of the Company's compliance with financial reporting requirements, information requirements of the Companies Act, Securities and Exchange Commission of Sri Lanka (SEC) and other related regulatory bodies
- Oversight of the processes to ensure that the Company's internal controls and risk management procedures are adequate to ensure that the various risk exposures are mitigated
- Assessment of the performance and independence of the External Auditors and make recommendations to the Board pertaining to the appointment, re-appointment and removal of External Auditors and approval of the remuneration and terms of engagement
- Review and monitor the External Auditor's independence and objectivity and the effectiveness of the audit process
- Develop and implement policy on the engagement of the External Auditors to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the External Auditors
- Review the Company's annual audited Financial Statements and quarterly Financial Statements to ensure compliance with the Sri Lanka Accounting Standards and other relevant laws and regulations
- Advise the Board with respect to the Company's policies and procedures regarding compliance with applicable laws and regulations
- Report regularly to the Board with respect to the Committee's activities and make recommendations as appropriate

Financial reporting

The Audit Committee reviewed the quarterly and annual Financial Statements of the Company prior to publication to assure that the published Financial Statements fairly present the state of affairs of the Company. The Audit Committee had discussions with the Management and the External Auditors on the annual Financial Statements. In all instances, the Audit Committee obtained a declaration from the Group Chief Financial Officer stating that the respective Financial Statements are in conformity with the applicable accounting standards, company law and other statutes including Corporate Governance rules and that the presentation of such Financial Statements are consistent with those of the previous quarter or year as the case may be, and further draw attention to any departures from financial reporting, statutory requirements and Group policies (if any).

Quarterly Compliance Certificates were also obtained from the finance, legal, and secretarial divisions of the Company on a standardised exception reporting format perfected by the Audit Committee, highlighting any instances (where applicable) of, and reasons for, non-compliance, along with the Internal Audit Report.

Internal audit, controls and risk management

The Audit Committee reviewed the Internal Audit Reports containing details of the audit coverage, compliance with the laws, regulations, established policies and procedures. The Risk Management report containing detailed risk assessments and risk mitigation actions pertaining to different business units were reviewed by the Audit Committee to give assurance that the risk management process is carried out in an effective manner.

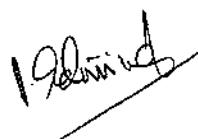
Conclusion

Based on its work, the Audit Committee is of the opinion that the control procedures and environment within the Company provide reasonable assurance regarding the monitoring of the operations and accuracy of the Financial Statements and safeguarding of assets of the Company.

Audit and Auditors' Independence

The Audit Committee assessed the independence and performance of the Company's External Auditors and made recommendations to the Board pertaining to their appointment/reappointment. The Audit Committee also reviewed the audit fees and approved the remuneration and terms of engagement of the External Auditors and made recommendations to the Board. When doing so, the Audit Committee reviewed the type and quantum of non-audit services (if any) provided by the External Auditors to the Company to ensure that their independence as Auditors has not been impaired.

The Audit Committee has recommended to the Board that Messrs KPMG, Chartered Accountants, remain External Auditors of the Company for the financial year ending 31 March 2026.



P P Edirisinghe
Chairman – Audit Committee
27 June 2025

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2.2 Nominations and Governance Committee

Composition of the Nominations and Governance Committee

Nominations and Governance Committee was constituted on 5 August 2024 prior to this date the Nominations Committee of the parent company also functioned as the Nominations Committee for the Company.

The Nominations and Governance Committee comprises three Non-Executive Directors of which two are Independent.

Meetings

The Committee meets once each year or as required.

Committee membership during the year

Name of the Director	Directorship status	Membership status	Date of Appointment	Attendance (Attended/eligible to attend)
Dr Dushni Weerakoon	Senior Independent Director	Chairman (w.e.f. 20 May 2025), Member (w.e.f. 7 August 2024 to 19 May 2025)	7 August 2024	1/1
Mrs C I Malwatte	Independent, Non-Executive Director	Member	7 August 2024	1/1
Mr A D B Talwatte	Non-Independent, Non-Executive Director	Member (w.e.f. 20 May 2025), Chairman (w.e.f. 07 August 2024 to 19 May 2025)	7 August 2024	1/1

The functions of the Nominations and Governance Committee:

- Establish and maintain a formal and transparent procedure to evaluate, select and appoint/re-appoint Directors.
- Establish and maintain a set of criteria for the selection of Directors.
- Evaluate and make recommendations for the appointment/re-election of Directors to the Board and Board Committees
- Establish a framework for evaluating the performance of the Board of Directors and the CEO
- Develop a succession plan for the Board of Directors and Key Management Personnel of the Company.

- Review the structure, size and composition of the Board and Board Committees.
- Review and recommend the overall corporate governance framework.
- Review reports from the Management on compliance with the corporate governance framework, the SEC Act, Listing Rules of the Stock Exchange and other applicable laws.

Appointment of Directors

The Nominations and Governance Committee evaluates and recommends suitable persons to be Directors either to fill casual vacancies or as additional Directors, subject to the provisions in the Articles of Association of the Company. In considering candidates for Directorship, the Nominations and Governance Committee considers all relevant criteria including breadth of experience in business and industry, financial acumen, integrity, leadership as well as the diversity of the Board.

Any Director so appointed shall hold office until the next Annual General Meeting and shall then be eligible for election, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such Meeting. Details of new Directors are disclosed to the shareholders at the time of their appointment by public announcement as well as in the Annual Report.

A structured framework has been established to assess the performance of the Board of Directors and to provide knowledge based training with identified needs and responsibilities of the Board.

Board tenure, retirement, and re-election of Directors

The Executive Directors are appointed and recommended for re-election subject to their prescribed retirement age whilst Non-Executive Directors are appointed and recommended for re-election subject to the age limit as per statutory provisions at the time of reappointment. At each Annual General Meeting (AGM) one third of the Directors retire by rotation on the basis prescribed in the Articles of Association of the Company and are eligible for re-election. The Directors who retire are those who have been longest in the office since their appointment or reappointment. In addition, any new Director appointed to the Board during the year is required to stand for election at the next AGM.

The details of the re-election and re-appointment of retiring Directors are given in the Annual Report of the Board of Directors.

Board independence

The Board is well represented by the Independent Directors who support the Executive Directors in governance and strategic management. Independence of the Directors has been determined in accordance with the criteria of the CSE Listing Rules. Accordingly, the present composition of Independent Non-Executive Directors is in line with the requirements of the CSE Listing Rules. The two Independent Non-Executive Directors have submitted signed confirmations of their independence.

Mr Asite Talwatte, who was an Independent Non-Executive Director at 1 April 2024, ceased to be an Independent Director upon completing 9 years as a Director of the ultimate parent company.

Mrs C I Malwatte (Independent Non-Executive Director) reaches the age of 70 years in July 2025. Under Section 9.8.3 (ix) of the listing rules, the Nominations and Governance Committee reviewed her credentials and recommended to the Board that Mrs Malwatte may nevertheless be designated an Independent Non-Executive Director. Further, on 13 June 2025 the Board of Directors resolved to confirm the recommendation made by the Nominations and Governance Committee. The basis of the determination of Mrs Malwatte as an Independent Non-Executive Director is set out below.

1. Professional credentials and industry reputation

- Ms C I Malwatte is a distinguished figure in the field of Management with a longstanding career in board governance, and public accountability. Her tenure includes experience with regulatory bodies and multilateral institutions.

2. Independence from management and shareholders

- Do not have any present or recent (within the last two years) employment or material business relationship with the Company or any of its subsidiaries.
- Do not hold significant shareholdings nor represent any shareholder group.
- Are not related to any current Board Member, Senior Executive, or controlling shareholder.

These factors affirm her ability to exercise objective, unfettered judgment, thus satisfying the independence criteria as defined by the CSE Listing Rules.

3. Demonstrated Contribution to Board Effectiveness

Despite being over the age of 70

- Maintain active professional engagements, including directorships and advisory roles in public interest organisations.
- Exhibit strong cognitive and decision-making capabilities, evidenced by her participation in recent board evaluations, and published commentary on governance trends.
- Provide a distinct multigenerational perspective, helping bridge generational gaps in strategy, ESG governance, and stakeholder management.

4. Corporate Governance and Risk Oversight Expertise

Her experience strengthens the Company's ability to:

- Oversee risk and audit functions with seasoned judgment.
- Drive boardroom accountability and ethical behaviour.
- Mentor younger board members and executives in alignment with long-term governance succession planning.

5. Public Shareholder Confidence

Profile and proven independence are expected to instill confidence among minority shareholders and reinforce the Company's commitment to robust, diverse, and experienced board oversight.

Conflict of interest

Where the personal or business relationships or interests of Directors and Executive Officers may conflict with the interests of Cargills, they are required to disclose in writing the nature and extent of any interest they have in a material contract or material transaction with the Group.

Other board memberships

The Group, in assessing the performance of the individual Director, considers whether sufficient time and attention has been given by the Director to the affairs of the Group while holding Board membership in other companies. The Group expects Directors to devote sufficient time to the affairs of the Company though it does not impose a limit on the number of Board representations which a Director may hold in other companies.

Directors have demonstrated their commitment and effectiveness in discharging their duties and responsibilities and avoiding actual or potential conflicts of interest caused by serving on other Boards.



Dr Dushni Weerakoon

Chairman – Nominations and Governance Committee

27 June 2025

2.3 Remuneration Committee

The Remuneration Committee consists of three Non-Executive Directors of which two are Independent.

Remuneration Policy

The Executive Directors, Senior Management and Senior Executives play a pivotal role in achieving Company objectives as such they need to be compensated adequately and fairly in line with market conditions applicable to the respective sectors.

The Committee studies and recommends the remuneration and perquisites applicable to the respective category of Executive Directors, Senior Management and Senior Executives of the Company and makes appropriate recommendations to the Board of Directors of the Company for approval. The Committee also carries out periodic reviews to ensure that the remunerations are in line with market conditions.

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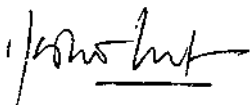
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Committee membership during the year

Name of the Director	Directorship status	Membership status	Date of appointment	Attendance (Attended/ eligible to attend)
Dr D N Weerakoon	Senior Independent Director	Chairman (w.e.f. 20 May 2025), Member (w.e.f. 9 February 2025 to 19 May 2025)	9 April 2024	1/1
Mrs C I Malwatte	Independent, Non-Executive Director	Member	9 April 2024	1/1
Mr A D B Talwatte	Non-Independent, Non-Executive Director	Member (w.e.f. 20 May 2025), Chairman (w.e.f. 18 December 2020 to 19 May 2025)	18 December 2020	1/1

Disclosures

The aggregate details of the Directors' remuneration are given in Note 29.1 in Financial Statements



Dr D N Weerakoon

Chairman – Remuneration Committee

27 June 2025

2.4 Related Party Transactions Review Committee Report

The Related Party Transactions Review Committee (RPTRC) is appointed by the Board of Directors of the Company and reports directly to the Board. The Committee functions within the overall governance process established by the Board of Directors of the Company and assists the Board in effectively discharging its responsibilities.

Policy framework

The policy framework for the functioning of the RPTRC of the Company is set out in the Group policies adopted across the Group.

Composition of the RPTRC

The RPTRC comprises Four Non-Executive Directors of three are independent. The Chairman of the RPTRC is a Fellow member of the Institute of Chartered Accountants of Sri Lanka. The composition

of the members of the RPTRC satisfies the criteria as specified in the standards on Corporate Governance for listed companies. The Company Secretary acts as the Secretary to the Committee.

Scope

The RPTRC assists the Board in reviewing all Related Party Transactions (RPT) carried out by the Company. The functions of the RPTRC include the following:

- Developing a related party transactions policy consistent with that proposed by the RPT Code of the SEC and recommending for adoption by the Board of Directors of the Company
- Reviewing and recommending improvements to the control procedures to ensure that all recurrent and non-recurrent RPT are identified, adequately captured and reported in a timely manner in accordance with the applicable rules
- Establishing procedures to ensure that RPT that are captured within the system are reviewed in a systematic manner and certified by Key Management Personnel with an appropriate level of authority
- Reviewing all RPT as reported by Management for compliance with the RPT Code
- Ensuring that appropriate disclosures are made as applicable to the CSE where immediate market disclosures are required, and in the Annual Report

Procedures are also in place for the RPTRC to obtain and have obtained:

- Quarterly declarations of RPT from Directors and Senior Management of all Group companies on recurrent and non-recurrent transactions undertaken by them or by their close family members
- Quarterly declarations of Directors and Senior Management who have a significant shareholding/ownership in a company or partnership or proprietorship which is outside the Group companies and/or of the subsidiaries and associate companies of Group companies
- Quarterly declarations of the Group Chief Financial Officer or equivalent position in the Group companies on recurrent and/or non-recurrent transactions within the Group Companies

Likewise, procedures are also in place for the assessment of the need to obtain shareholder approval for specified transactions and to inform the SEC/CSE on the applicable non-recurrent transactions.

Related party transactions

Companies within the Group regularly engage in transactions with other companies within the Group. The Committee receives and reviews details of all RPT from the Group Chief Financial Officer of the Company and disposes of the same in accordance with the mandate set out above. In respect of non-recurrent transactions, if any, the Committee is empowered to seek independent expert advice on valuation or any other related matters that the Committee deems to be significant.

Meetings

The RPTRC met four times during the year. The meetings were also attended by the Chairman, Kotmale Holdings PLC/Group Managing Director, Executive Director – Cargills (Ceylon) PLC, Group Chief Financial Officer, Group Chief Risk Officer, Chief Financial Officer – Dairy Sector and Chief Internal Audit Officer. Details of the participation of the members of the RPTRC at such meetings are set out below:

Name of the Director	Directorship status	Membership status	Date of appointment	Attendance (Attended/eligible to attend)
Mr P P Edirisinghe	Independent, Non-Executive Director	Chairman	20 May 2025	0/0
Dr D N Weerakoon	Senior Independent Director	Member	9 April 2024	2/4
Mrs C I Malwatte	Independent, Non-Executive Director	Member	9 April 2024	4/4
Mr A D B Talwatte	Non-Independent, Non-Executive Director	Member (w.e.f. 20 May 2025), Chairman (w.e.f. 18 December 2020 to 19 May 2025)	18 December 2020	4/4

The Committee adopted policies and procedures for (a) reviewing the RPT at each quarterly meeting, (b) identifying and reporting on recurrent and non-recurrent transactions to be in line with the applicable CSE Rules.

The Committee noted that there were no changes to practices followed over the years and general terms and conditions applicable to all lease agreements entered with related parties are similar to those entered with non-related parties taking into account, if any, due consideration of factors such as the long-term nature of the leases and the extent of the area occupied etc.

Conclusion

Based on its work, the RPTRC confirms that there were no non-recurrent transactions with related parties during the year that warranted prior shareholder approval. It is also noted that in respect of recurrent transactions, the transactions were in the ordinary course of business, there were no changes to terms or practices over the previous year. Further, general terms and conditions applicable to such transactions with related parties are similar to

those entered into with non-related parties taking into account, if any, due consideration of factors such as volume, cost and any other specific benefits which form part and parcel of such transactions. The observations of the Committee have been communicated to the Board of Directors and the Board in turn has made a declaration to the effect that the Company has complied with the requirements of the rules pertaining to related party transactions as contained in Section 9 of the Listing Rules of the CSE.

The details of the recurrent transactions entered into with related parties are disclosed in Note 29.5 to the Financial Statements.



P P Edirisinghe

Chairman - Related Party Transactions Review Committee

27 June 2025

3. Business practices and ethics

The essence of Corporate Governance lies in promoting and maintaining integrity, transparency and accountability across the organisation. Good governance is embedded in Kotmale's culture creating an enabling environment for growth in a structured, predictable, and sustainable manner.

The Board continued to strive to ensure that ethics are the foundation of how the Company operates. Accordingly, the Directors recognise their responsibility to set the tone from the top, by avoiding instances of conflict of interest and having the interests of the Company at the forefront of all decision making.

All employees at Kotmale are committed to responsible behaviour refraining from any direct, solicited, monetary or non-monetary bribes, entertainment, unlawful gifts, payments, or political contributions while adhering to the related provisions of the Group HR Policy.

All executives are bound by a signed code of conduct which prohibits them from accepting or offering any form of gift or emolument that may be construed as a bribe. Executives are also issued official memorandums to remind them of this obligation during festive seasons where the occurrence of such dealings are more probable.

Kotmale has zero tolerance towards bribery and corruption. The Company actively monitors any changes to anti-corruption or other related laws and ensures its full compliance. This ethical and transparent corporate behaviour of Kotmale extends to all the stakeholders in the value chain. All partners and third parties are advised to comply with the guidelines set out.

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4. Strategic and performance management

The Company has a robust strategic management process which involves all key internal stakeholders and is led by the Group Deputy Chairman/Group CEO. The strategic planning process is aimed at the optimal utilisation of resources of the organisation and maximum welfare of all relevant stakeholders. Developments in the external and internal environment are continuously and extensively scrutinised to develop effective strategies. Kotmale focuses on deriving the maximum advantage for the organisation through developments in the external environment through prudent as well as rapid responses.

Kotmale operates with a comprehensive performance management system which aims to uphold efficient and effective results as well as improve the knowledge and skills of employees. The budgeting exercise at Kotmale is carried out at an integrated cross-functional level and reviews are carried out on a frequent basis in order to take corrective action as appropriate.

5. Controls, assurance and risk management

The Company has adequate systems of internal controls in place to ensure the orderly and efficient conduct of its business.

The Internal Auditors independently evaluate the adequacy of internal controls and compliance and concurrently audit the majority of the transactions in value terms. The Group's Internal Audit and Risk Management functions report to the Board directly through the Audit Committee assuring its independence.

The Company engages the services of independent External Auditors to conduct an audit and obtain reasonable assurance on whether the Financial Statements and relevant disclosures are free from material misstatements. The Independent Auditors directly report their findings to the Audit Committee which has the oversight responsibility of the integrity of Financial Statements and the reporting process.

The Company has an Enterprise Risk Management framework through which it manages the risks faced by the business. The Risk Committee was established to manage the risks stemming from the external environment, strategy and business operations. The Risk Management section and the Notes to the Financial Statements of the Annual Report carry a detailed discussion of the Company's Enterprise Risk Management Process.

The Information Technology Policy of the Group establishes an overall framework for the governance and management of the processes and actions relating to Information Technology within the Group. The framework is made up of processes designed to ensure effective and efficient use of IT in order to enable the Company to achieve its objectives.

6. Legal and regulatory compliance

The Company is fully compliant with all the mandatory provisions of the Companies Act No. 07 of 2007, Listing Rules of the CSE and rules of the SEC. The Company practices are in line with the Code of Best Practices on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

The Company actively monitors its regulatory environments to keep in touch with the regulatory changes and acknowledges that it is compliant with all other financial, legal, and regulatory compliance requirements.

7. Disclosure and transparency

The Company has policies and procedures that govern the provision of timely, accurate and complete information to stakeholders, in a manner which gives all stakeholders equal access to information.

The Board of Directors, in conjunction with the Audit Committee where applicable, is responsible in ensuring the accuracy and timeliness of published information and in presenting an honest and balanced assessment of results in the quarterly and annual Financial Statements.

8. Stakeholder engagement

The Board values the Company's stakeholders and strives to take their concerns and interests into account when making business decisions. This not only enables it to anticipate and manage risk effectively, but also helps it identify new business opportunities and improve the Company's relationship with its stakeholders.

The shareholders are given the opportunity at the AGM to get updates from the Chairman and the Board of Directors on the Company's performance, to ask questions, and to express views and vote on the various matters of Company business on the agenda. Shareholders may also ask questions from the Company's External Auditors at the meeting. The Company encourages its shareholders to attend its AGM and is committed to dealing with shareholder queries in a respectful and timely manner whenever they are received by the Company.

Company's adherence to the Corporate Governance Rules as required by Section 9 of the Listing Rules of the CSE:

CSE rule		Status of compliance	Details/reference
9.1	Applicability of Corporate Governance Rules		
9.1.3	A statement confirming compliance with Corporate Governance Rules	Compliant	Section 6. Legal and Regulatory Compliance of Corporate Governance Report
9.2	Policies		
9.2.1/9.2.2/ 9.2.3/9.2.4	Requirement pertaining to establishment and disclosure of policies set out in the listing rules	Compliant	The policies are published in the parent company's website
9.3	Board Committees		
9.3.1	Ensuring that the following Board Committees are established and are functioning effectively (a) Nominations and Governance Committee (b) Remuneration Committee (c) Audit Committee (d) Related Party Transactions Review Committee	Compliant	
9.3.2	Comply with the composition, responsibilities and disclosures required in respect of the above Board Committees as set out in CSE Rules	Compliant	
9.3.3	The Chairperson of the Board of Directors shall not be the Chairperson of the Board Committees referred to in Rule 9.3.1 above	Compliant	
9.4	Adherence to principles of democracy in the adoption of meeting procedures and the conduct of all General meetings with shareholders		
9.4.1	Maintain records of all resolutions and specified information pertaining to the resolutions considered at any General meetings	Compliant	Please refer to the 9.2 above
9.4.2 (a)/(b)/ (c)/(d)	Communication and relations with shareholders and investors	Compliant	
9.5	Policy on matters relating to the Board of Directors		
9.5.1	Establish and maintain a formal policy governing matters relating to the Board of Directors	Compliant	
9.5.2	Confirm compliance with the requirements of the policy referred to in Rule 9.5.1 in the Annual Report	Compliant	
9.6	Chairperson and CEO		
9.6.1	The Chairperson 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	Compliant	Positions of the Chairperson and CEO is not held by the same person. SID was appointed as the Chairperson is an Executive Director
9.6.2	Where the Chairperson of a Listed Entity 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	Compliant	SID was appointed

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CSE rule		Status of compliance	Details/reference
9.6.3 (a)/(b)/(c)/(d)	Requirement pertaining to Senior Independent Director (SID)	Compliant	Mr A D B Talwatte was appointed as SID w.e.f. 14 December 2023 Dr Dushni Weerakoon was appointed as SID w.e.f. 20 May 2025
9.6.3 (e)	A signed explanatory disclosure by SID demonstrating the effectiveness of duties of the SID	Compliant	Report from SID page 14
9.6.4	Rationale for appointment of SID	Compliant	Please refer report of SID
9.7	Fitness of Directors and CEOs		
9.7.1/ 9.7.2/ 9.7.3/ 9.7.4/ 9.7.5	Requirement to meet the fit and proper criteria stipulated by the CSE Listing Rules and disclosure in Annual Report	Compliant	Corporate Governance Report page 16
9.8	Board Composition		
9.8.1/9.8.2	Requirement pertaining minimum number of Directors and independent Directors	Compliant	As at the date of the report
9.8.3	Conformity to the criteria set by CSE on determining the independence of the Directors	Compliant	
9.8.5 (a)/(b)/(c)	Requirement pertaining to self-declarations annual determination of independence and market announcement in the event of the impairment of the independence	Complaint	
9.9	Alternate Directors		
9.9 (a)/(b)/(c)/(d)/(e)	Non-Executive Directors shall be appointed as Alternate Directors in exceptional circumstances and for a maximum period of one (1) year from the date of appointment	N/A	
9.10	Disclosures relating to Directors		
9.10.1/9.10.2/ 9.10.3	Requirement pertaining to the disclosure of the Directors	Compliant	
9.10.4	Disclosure of details pertaining to Directors in the Annual Report	Compliant	Directors' Profile pages 8 to 12
9.11	Nominations and Governance Committee		
9.11.1/9.11.2/ 9.11.3	Existence of Nominations and Governance Committee, formal procedure for appointment and re-election of new Directors and written terms of reference of Nomination and Governance Committee	Compliant	
9.11.4	Composition of Nomination and Governance Committee members and appointment of its chairperson	Compliant	
9.11.5	The Committee functions are accordance with the set criteria as per the CSE Listing Rules	Compliant	
9.11.6	Annual Report contains a report of the Nominations and Governance Committee	Compliant	Nomination and Governance Committee report pages 16 to 17

CSE rule		Status of compliance	Details/reference
9.12	Remuneration Committee		
9.12.2	A Remuneration Committee shall be established that confirms to the requirements	Compliant	
9.12.3/9.12.4	CSE Listing requirement pertaining to remuneration of the Directors	Compliant	
9.12.5	Remuneration Committee shall have a written terms of reference	Compliant	
9.12.6	Composition of the Remuneration Committee	Compliant	2.3 Remuneration Committee Report on page 17
9.12.6 (2)	Remuneration Committee chaired by an Independent Director	Compliant	2.3 Remuneration Committee Report on page 17
9.12.7	Recommendation to the Board of Directors regarding remuneration	Compliant	2.3 Remuneration Committee Report on page 17
9.12.8 (a)	Disclosure of Chairperson and members of the Remuneration Committee in the Annual Report	Compliant	2.3 Remuneration Committee Report on page 17
9.12.8 (b)	A statement regarding the remuneration policy	Compliant	2.3 Remuneration Committee Report on page 17
9.12.8 (c)	Disclosure of the aggregate remuneration of the Executive and Non-Executive Directors	Compliant	Note 29.1 of Notes to the Financial Statements on page 75
9.13	Audit Committee		
9.13.1	Entities who do not maintain separate Committees to perform the Audit and Risk Functions, the Audit Committee (AC) shall additionally perform the Risk Functions	Compliant	Audit Committee Report on pages 14 to 15
9.13.2	The AC shall have a written terms of reference	Compliant	
9.13.3	Composition of the Audit Committee		
(1)	Composition of the Independent Directors of the Audit Committee	Compliant	
(2)	Quorum comprising majority of Independent Directors	Compliant	
(3)	Minimum number of meetings and quarterly meetings prior to releasing the quarterly Financial Statements	Compliant	
(4)	The Chairperson being Independent Director of the Audit Committee	Compliant	Audit Committee Report on pages 14 to 15
(5)	Attendance of CEO and CFO at the Audit Committee meetings by invitation	Compliant	Audit Committee Report on pages 14 to 15
(6)	The Chairperson of the AC shall be a Member of a recognised professional accounting body	Compliant	Audit Committee Report on pages 14 to 15

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CSE rule		Status of compliance	Details/reference
9.13.4	Functions of the Audit Committee		
(1)	Functions of the Audit Committee as set out in CSE Listing Rules	Compliant	Audit Committee Report pages 14 to 15
9.13.5	Disclosures (AC) in the Annual Report		
	Disclosure of stipulated information in the Audit committee report included in the Annual Report	Compliant	Audit Committee Report pages 14 to 15
9.14	Related Party Transaction Review Committee (RPTRC)		
9.14.1	Listed Entities shall have a Related Party Transactions Review Committee	Compliant	
9.14.2	Composition of RPTRC		
(1)	Composition of the independent Directors and chairperson being an Independent	Compliant	RPTRC Report on pages 18 to 19
(2)	If both parent subsidiary are Listed Entities, the RPTRC of the parent company may function as the RPTRC of the subsidiary	N/A	
9.14.3	Functions of RPTRC		
	Functions of the RPTRC as set out in CSE Listing Rules	Compliant	RPTRC Report on pages 18 to 19
9.14.4	General requirements of RPTRC		
(1)	General requirement stipulated in CSE Listing Rules (1) to (4)	Compliant	
9.14.5	Review of RPTs by the RPTRC		
	Requirement pertaining of review of Related Party Transaction by RPTRC set out by CSE Listing Rules	Compliant	
9.14.6	Shareholder Approval		
	Requirement pertaining to shareholder approval set out by CSE Listing Rules	N/A	There were no Related Party Transactions requiring shareholder approval
9.14.7	Immediate Disclosures		
	Immediate Market Announcement to the Exchange as set out by CSE Listing Rules	N/A	There were no Related Party Transactions requiring immediate market announcements.

CSE rule		Status of compliance	Details/reference
9.14.8	Disclosures in the Annual Report		
(1)	Disclosure pertaining to non recurrent RPT	N/A	There were no Related Party Transactions exceeding 10% Equity or 5% Total Assets in aggregate
(2)	Disclosure pertaining to recurrent RPTs	Compliant	Notes to the Financial Statements Note 29
(3)	Related Party Transactions Review Committee Report in the Annual Report	Compliant	RPTRC Report on pages 18 to 19
(4)	A declaration by the Board of Directors in the Annual Report confirming that RPT Rules are complied with	Compliant	Annual Report of the Directors on the Affairs of the Company on pages 33 to 35
9.14.9	Shareholder approval and competent independent advice on acquisition and disposal of assets from/to related parties	N/A	
9.17	Additional Disclosures		
	Additional Disclosures by the Board of Directors in the Annual Report	Compliant	Statement of Director's Responsibility page 36

The Company is compliant with most of Code of Best Practice on Corporate Governance (2023) issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)

Principle	Details/Reference
A. Directors	
The Company is led by experienced Directors coming from different disciplines, with sound business acumen and leadership skills	Profile of Directors pages 8 to 12
The role of Chairman and Chief Executive Officer (CEO) has been separated and held by different person. There is a clear division of role and responsibilities between the Chairman and the CEO	SID is appointed as the Chairman and Executive Director
The Board balance is maintained as specified by the CSE Listing Rules Section 9	Section 1. The Board of Directors
Appointment and re-election of the Directors are in line with the Section 9 of the CSE Listing Rules	Nominations and Governance Committee Report on page 16
Company follows the rules and guidelines pertaining to independence and conflict of interest of the Directors	Nominations and Governance Committee Report on pages 16 to 17
Disclosures of information in respect of directors are made in accordance with the CSE Listing Rules	Board of Directors on page 34
B. Directors Remuneration	
The Company has a transparent policy on the Director's remuneration which ensures no conflict of interest in deciding the individual Director's remuneration	2.3 Remuneration Committee Report on page 17
The Company has a Remuneration Committee comprising three Non-Executive Directors of which two are independent. The Committee follows the Listing Rules guidelines and recommended Code of Best Practices in deciding Director's remuneration	
The Board decides the remuneration of Non-Executive Directors and follows the guidelines stipulated in CSE Listing Rules and Code of Best Practices in deciding the remuneration of the Non-Executive Directors	2.3 Remuneration Committee Report on page 17
The Company follows disclosure requirement pertaining to Remuneration Committee and Directors' remuneration	2.3 Remuneration Committee Report on page 17 and Note 29.1 on Transactions with Key Management Personnel (KMP)

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Principle

Details/Reference

C. Relations with shareholders

The Company communicates and engages with the shareholders in a constructive manner through AGM and Investors Forums. Shareholders are encouraged to contact the corporate office anytime to obtain information or for any clarification about the business affairs

Section 8 Stakeholder engagement

D. Accountability and Audit

Interim, other price-sensitive public reports, reports to regulators, and information required for statutory purposes are provided

The Company presents balanced and understandable assessment of the Company's financial position, performance, business model, governance structure, risk management, internal controls and challenges, opportunities and prospects in the Annual Report, Interim Financial Statements and public reports

The Annual Report contains Directors' Report giving declaration on Company's adherence to principles lay down in the Company's Act and CSE Listing Rules and assuring going concern

Statement of Director's
Responsibility page 36

The Annual Report contains a Statement of Director's Responsibility with required information

The Annual Report contains Management Discussion and Analysis, Corporate Governance Report and Risk Management Report providing assurance related to business performance, internal controls and risk management

The Annual Report contains Audit Committee Report and Related Party Transaction Review Committee Report providing independence assurance on governance, internal controls and financial reporting

E/F. Investors

The shareholders are engaged through AGM and Investor's Forum

Section 8 Stakeholder engagement

G. Internet of things and Cybersecurity

The Company considers cybersecurity is critical for uninterrupted business operations and information security. Adequate measures are in place to protect the information and IT infrastructure from any cyber threats

H. Sustainability: ESG Risks and Opportunities

ESG factors are considered when decisions are made. The business processes and operations are continuously improved with investments to minimise negative impact on the environment and society

ESG initiatives are disclosed through integrated reporting in the Annual Report

I. Establishment and Maintenance of Policies

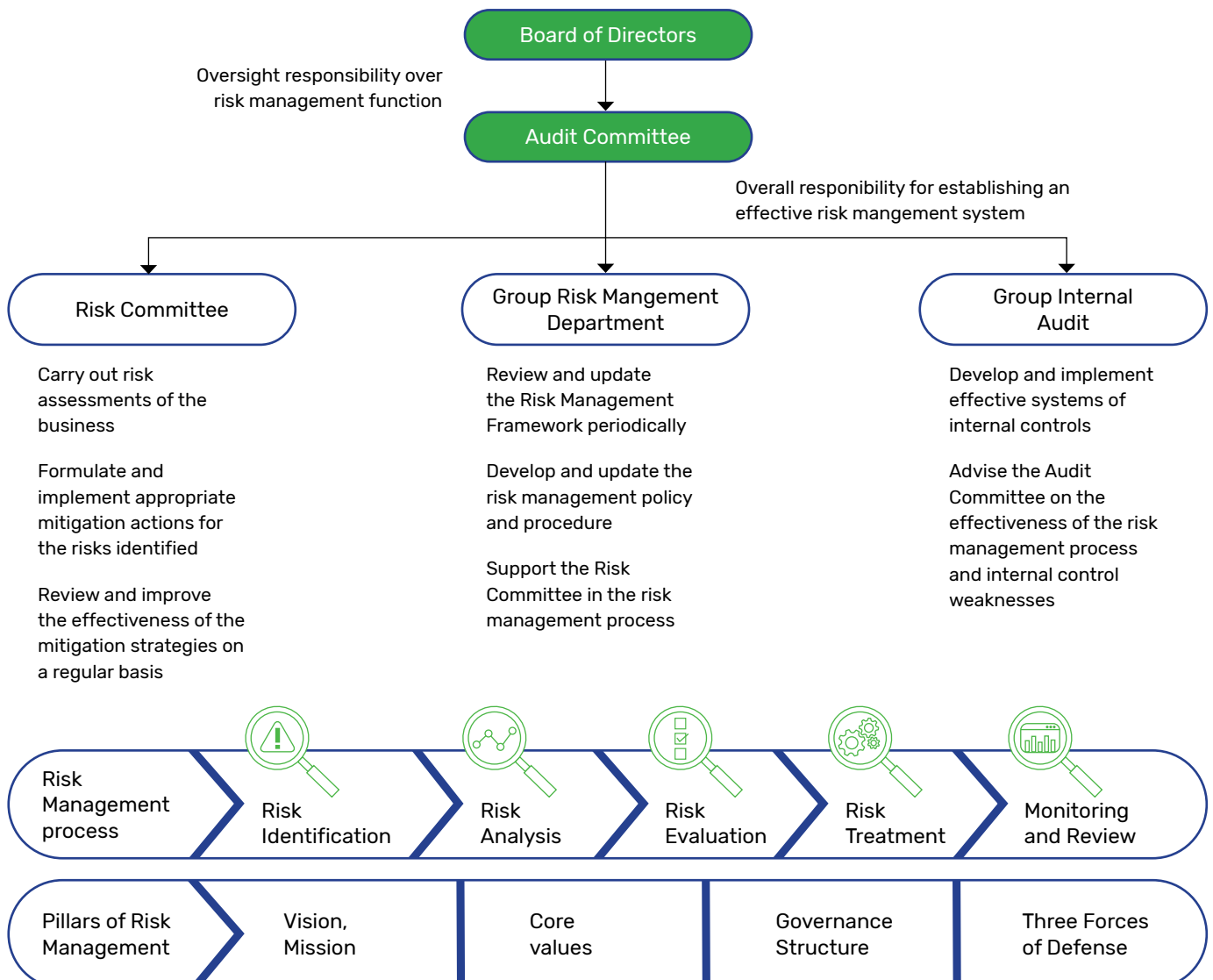
Company has established policies applicable as per the CSE Listing Rules

Enterprise Risk Management

Kotmale has an integrated Enterprise Risk Management (ERM) framework, through which it manages enterprise-wide risks, with the objective of maximising risk adjusted returns while remaining within risk appetite. Kotmale believes a robust ERM process is vital in the current volatile and complex business environment where businesses are exposed to numerous risks.

The Board of Directors, the Audit Committee and the Risk Committee play a pivotal role in managing the risk in an effective manner.

Risk management framework



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Overview of key risks affecting the business

Kotmale is exposed to various risks due to the nature of its business operations. The key risks identified through the risk management process are as follows:

Risk – Decline in consumer buying power due to macro and micro economic factors.

The Company revenue is highly correlated to the prices and the level of disposable income of the consumers. The reduction in the disposable income of the consumers will adversely impact on the revenue and profitability of the Company.

The financial year 2024/25 witnessed a positive environment with lower inflation, lower interest rates, increase in tourist arrivals and foreign currency remittance, stable fuel prices and exchange rate, reduction in electricity tariffs, improvement in county's economic condition and political stability which had impacted consumer buying power positively. The proposed public sector salary hike and reduction in PAYE tax will have further positive impact the consumer's disposable income in the coming years.

While the internal factors are more conducive for businesses there are external factors such as global trade wars, increase in tariffs by US for Sri Lankan products and wars between countries may lead to price increases and reduction in disposable income of the people.

Risk mitigation actions

Kotmale continued to offer value for money for consumers through better pricing, economic pack sizes, trade offers and promotions. Kotmale drives efficiency across supply chain and its operations to ensure prices of the products are kept at affordable level.

Risk	2024/25	2023/24	2022/23
Decline in consumer buying power	High	High	High

Risk – Short supply of milk and continuous escalation of farm gate price of milk

Continuous availability of fresh milk and the farm gate price are very critical for Kotmale to supply goods to the market uninterrupted as milk is the major ingredient for all of its products. Supply of fresh milk is impacted by weather conditions, seasonality and diseases, which in turn influence the farm gate price of the milk.

Risk mitigation actions

Kotmale has established milk collection centers strategically located in different parts of the countries to avoid dependency on a particular region or a few regions. New milk collection centers are being added to virgin territories to cater to increase demand

for the milk. Kotmale has a very strong farmer network comprising more than 15,000 dairy farmers. Farmer societies are set up across the country and the farmers are supported with supply of feed, scholarships for children and low-cost financing through Cargills Bank. The dairy farm modernisation project is being carried out with the support of the government to improve the quality and yield of the milk and to bring down the cost of collection. The farmers are provided with training and technical input through our model dairy farms to improve farming practices and the yield.

Risk	2024/25	2023/24	2022/23
Short supply of milk and continuous escalation of farm gate price of milk	High	High	High

Risk – Reputational risk

Kotmale being a fast-moving consumer goods brand, the potential risk of its reputation being damaged through poor quality of goods, bad customer service, unacceptable employee behavior, violation of rules and regulations is high. The increase in customer expectation and the presence of social media make the Kotmale more vulnerable to the reputational damage.

Risk mitigation actions

Quality and service levels across the value chain are monitored rigorously to ensure products and services of high quality are offered to consumers. The staff are being trained continuously in the areas of quality, safety and customer service. Quality and safety audits are carried out by internal and external parties to ensure quality and safety standards are maintained as per the regulations and guidelines.

The customer complaints and feedback are continuously monitored, assessed and appropriate actions are taken to rectify the root causes of the complaints. The customers are engaged with feedback and are informed of the actions taken regarding the complaints made.

The Code of Conduct of the Kotmale is enforced across the Company and adherence to it is monitored strictly. All employees at Kotmale are committed to responsible behavior, refraining from any direct, solicited, monetary or non-monetary bribes, entertainment, unlawful gifts, payments or political contributions. Strong disciplinary actions are being taken against employees who violate the Company's Code of Conduct.

Risk	2024/25	2023/24	2022/23
Reputational risk	High	High	Medium

Risk – Supply chain risk

The continuous supply of goods and services to the market necessitates an uninterrupted supply chain. Kotmale is highly vulnerable to supply chain interruptions due to the perishable nature of dairy products and its dependency on certain imported raw and packing materials. The global supply chain may be impacted due to external factors related to war, pandemic, natural disasters, import restrictions and foreign currency shortages. Trade wars and increase in tariffs in global trade will have a negative impact on the supply chain in terms of supplies and prices.

Risk mitigation actions

Company prepares an annual procurement plan before the commence of the financial year and quarterly procurement forecasts are shared with key suppliers to ensure raw and packing materials are available for production continuously.

To avoid over dependency on a particular supplier or on a few suppliers, the Company procures materials from multiple suppliers to ensure price competitiveness and continuous supply.

The suppliers’ performances are monitored regularly in terms of fill rates, quality and service level and the feedback is given to suppliers to improve their performance.

The Company has taken initiatives to source certain imported materials locally to avoid out of stock arising from global supply chain interruptions.

Risk	2024/25	2023/24	2022/23
Supply chain interruptions	Medium	Medium	Medium

Risk – Staff turnover

The Company witnessed professionals and highly skilled employees leaving for overseas employment due to the country’s economic situation, which has stabilised to a certain extent during 2024/25.

Risk mitigation actions

Comprehensive structured recruitment, training and career development programmes are designed and implemented across business sectors to minimise staff turnover. In-house training is facilitated by the Group’s training arm, Albert A Page Institute (AAPI). A clear career succession plan is in place and communicated to staff for them to work towards career progression. Cargills group philosophy of supporting the nation development is inculcated among employees so that they are proud of being a part of initiatives supporting the nation.

Certain measures such as compensating staff in line with market rates, provision of hostel facilities, meals and other fringe benefits are taken to support staff retention.

Risk	2024/25	2023/24	2022/23
Staff turnover	Medium	Medium	Medium

Risk – Political instability

The financial years 2022/23 and 2023/24 witnessed significant civil unrest and political instability due to economic crisis. The situation in terms of economic and political stability has improved significantly in 2024/25 reducing the risk substantially.

Risk mitigation actions

The Company took a cautious approach regarding major investments during the critical period and deferred certain investments for the future. The business operations and the cost structure are critically analysed and measures are taken to improve productivity and to cut down wastage ensuring every business is agile and sustainable in the event of any such occurrence in the future.

Risk	2024/25	2023/24	2022/23
Political instability	Low	Medium	High

Risk – Interruptions to business operations

Interruptions to business operations due to fire, natural disasters, pandemic and strikes could impact on revenue and profitability of the Company significantly. Manufacturing facilities, distribution centers and information system infrastructure are critical elements in the supply chain and need to be safe guarded and functional uninterrupted.

Risk mitigation actions

Fire safety measures are in place in all locations and inspections and fire drills are conducted regularly to ensure safety. All major locations have contingency plans to minimise business interruption and damage to property and people in the event of fire or any natural disaster. Kotmale practices open door policy and has structured grievances handling procedures enabling staff to discuss any concerns or make any suggestions to improve the business or the processes.

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The properties and assets are insured adequately to minimise the financial impact on the businesses due to fire and natural disasters.

Risk	2024/25	2023/24	2022/23
Interruptions to business operations	Medium	Medium	High

Risk – Competition

The dairy industry with the potential for substantial growth attracts new entrants as well as encouraging the existing players to expand their operations. The Government's support to develop the dairy industry of the country will provide new investment opportunities to the local as well as to the foreign players.

Risk mitigation actions

The Company continuously focuses on providing good quality products and services at an affordable price to consumers while driving productivity and efficiency to ensure margins and profitability are maintained while offering value to the consumers. The Company monitors the competitive landscape continuously, and appropriate strategies are implemented to keep the businesses afloat above competition through right pricing, quality and promotions.

Risk	2024/25	2023/24	2022/23
Competition	Medium	Medium	Low

Risk – Information security

IT infrastructure and application systems networking across locations and holding numerous sensitive data is highly vulnerable to cyberattacks. Increase in use of digital platforms and concern over personal data protection necessitates stringent measures to ensure information security.

Cyberattacks on application systems, network and other IT infrastructure can cause substantial negative impact to the business by means of economic cost, reputational damage and legal consequences. Cyberattacks can lead to data breaches, loss of information, theft of stakeholders' personal information, business interruptions, and reputational damage.

Risk mitigation actions

Cyber risk mitigation strategies are developed based on the Group Information Security Policy and continuous monitoring is carried out across the Group for early detection of cyberthreats and to minimise the impact on business operations. Strict access controls are in place to restrict access to sensitive data and Application Systems. The Group invests in the latest technology to safeguard IT assets and systems and keep systems and software up to date enabling installation of the latest security controls. Continuous training and awareness programmes are conducted to communicate and educate employees on cybersecurity threats, the potential impact due to cyberattack and preventive measures. Periodic audits are carried out by external and internal teams to obtain assurance regarding the information security controls.

The risk rating has been assessed as medium considering the advancement in technology especially AI which can be used by cyber criminals.

Risk	2024/25	2023/24	2022/23
Information security breach	Medium	Low	Medium

Risk – Credit risk

The credit risk is becoming more critical with the significant growth with the sales over recent years. The bulk of the Kotmale revenue is generated through the sales to the distributors to whom the Company sell goods on credit. Credit default may increase due to distributors going out of business and delays in collecting dues from them.

The credit risk of Kotmale is rated as low as bulk of the credit exposure is covered by the bank guarantees and the history of bad debts write off is low compared to the sales generated.

Risk mitigation actions

The new distributors are appointed after a comprehensive evaluation of their ability to run the distributorship and their financial strengths. Bank guarantees are obtained from all distributors based on their sales and the credit period and the values of bank guarantees are enhanced whenever sales generated by distributors increase. Rigorous credit control measures are in place to ensure the credit exposure is kept at the minimal level.

Risk	2024/25	2023/24	2022/23
Credit risk	Low	Low	Low

Risk – Funding, liquidity and interest rate risks

The Company utilises long and short-term borrowings to partly fund its long-term investments and working capital exposing itself to funding, liquidity and interest rate risks. Inability to source adequate funds for investments and for business operations will have a negative impact on the Company achieving its objectives. Similarly excessive gearing may lead to liquidity concerns, especially when profitability is impacted on due to market conditions. High gearing may also increase the interest rate risk whenever there is an upward movement in the interest rates.

The risk rating of funding, liquidity and interest rate risk is assessed as low as the Company’s debt-to-equity ratio has been improving over the years and the interest rates are on a downward trajectory.

Risk mitigation actions

The Company uses cash generated from operations to fund the investments and the working capital as far as possible.

The Company established banking facilities with all major banks and financial institutions to facilitate securing funds at short notice. The loans and the interest rates are negotiated by the Group treasury to ensure facilities are obtained at the best terms.

Risk	2024/25	2023/24	2022/23
Funding, liquidity and interest rate risk	Low	Low	Low

Risk – Exchange rate risk

The Company is vulnerable to fluctuations in the foreign exchange rate since certain raw and packing materials, machinery and equipment are imported.

The country’s exchange rate with major currencies has been stable for a substantial period, but it may move adversely in the future due to the escalating trade war and increase in import tariff.

Risk mitigation actions

The Company has taken initiatives to gradually reduce the dependency on imported raw materials by replacing imported raw materials with locally sourced options or alternatives without compromising the quality of the products.

Risk	2024/25	2023/24	2022/23
Foreign exchange rate	Low	Low	Medium

Risk – Misappropriation and fraud

The Company is vulnerable to fraud due to having multiple sales points and procurement of milk at multiple locations on a daily basis.

Risk mitigation actions

Sales and procurement of milk are digitalised to ensure transparency and accountability. Regular review of internal controls and substantive testing are conducted by Internal Audit to ensure the appropriate and sufficient strategies are in place to mitigate the risks of fraud and misappropriation.

Strong disciplinary and legal actions are taken against employees who are found guilty of committing fraud. The employees and all other stakeholders are encouraged to make complaints to the senior management as facilitated by the whistleblowing policy.

Risk	2024/25	2023/24	2022/23
Misappropriation and fraud risk	Low	Low	Low

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

The Directors are pleased to present the Annual Report of Kotmale Holdings PLC for the Year ended 31 March 2025.

Activities

The Group's Principal activities are set out on page 46 of the Annual Report. There were no significant changes to the business activities of the Group during the year.

The important events during the year are discussed in detail in the Chairman's and Managing Director's Statements set out on pages 4 to 5 and 6 to 7 respectively.

Financial Statements

The Audited Financial Statements of the Company and Group for the year ended 31 March 2025, set out on pages 40 to 82, form an integral part of this Annual Report.

Independent Auditor's Report

The Independent Auditor's Report is set out on pages 37 to 39.

Accounting policies

The accounting policies adopted in the preparation of the Financial Statements are given in notes 46 to 56 to the Financial Statements.

Property, plant and equipment and investment property

The movement of property, plant, and equipment and investment property during the year is given in Note 12 to the Financial Statements. The Group's outlay on property, plant and equipment during the year amounted to Rs. 167 Mn. (2024 - Rs. 415 Mn.).

The Directors are of the opinion that the carrying amounts of properties stated in Note 12 to the Financial Statements reasonably reflect their fair values.

Stated capital

The stated capital of the Company at the reporting date amounted to Rs. 314 Mn. (2024 - Rs. 314 Mn.), comprising 31,400,000 ordinary (voting) shares (2024 - 31,400,000).

Reserves

The total reserves of the Group at the reporting date stand at Rs. 437 Mn. (2024 - Rs. 439 Mn.), while the total reserves of the Company stand at Rs. 3 Mn. (2024 - Rs. 3 Mn.).

Dividends

The company has not paid/declared dividends for the year ended 31 March 2025 (2024 - Nil).

Employment

The number of persons employed by the Group as at 31 March 2025 was 136 (2024 - 139), respectively. The Directors confirm that the Company has not granted any funding to employees to exercise any share options.

Donations

During the year, no donations were made by the Group (2024 - Nil). In addition, the Group made investments amounting to Rs. 1.4 Mn. for various community projects during the financial year (2024 - Rs. 5 Mn.).

Directorate

Brief profiles of the Directors of the Company as at the reporting date are given on pages 8 to 12 including their executive/non-executive status and determination of independence, as appropriate. Details of the Directors of group companies are given on pages 8 to 12 of this report.

The Directors listed in the corporate information have been Directors of the Company throughout the year under review, other than the Directors against whose names dates of cessation, and appointment have been indicated.

Mr D S Jayawardhana retires by rotation in terms of the Company's Articles of Association and, being eligible offers himself for re-election.

Mr P P Edirisinghe who was appointed on 20 May 2025 retires in terms of the Company's Articles of Association and being eligible offers himself for reappointment at the Annual General Meeting.

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Mr A D B Talwatte and Mrs C I Malwatte who retire having surpassed seventy years of age are due to retire in terms of Section 210 (2) (a) of the Companies Act No. 07 of 2007 at the conclusion of the Annual General Meeting and offer themselves for reappointment in terms of Section 211 (1) and (2) of the Companies Act No. 07 of 2007.

The re-election and the reappointment of the retiring Directors has the unanimous support of the other Directors.

Mrs C I Malwatte (Independent Non-Executive Director) reaches the age of 70 years in July 2025. Under Section 9.8.3 (ix) of the listing rules, the Nominations and Governance Committee reviewed her credentials and recommended to the Board that Mrs Malwatte may nevertheless be designated an Independent Non-Executive Director. Further, on 13 June 2025 the Board of Directors resolved to confirm the recommendation made by the Nominations and Governance Committee.

The Directors hereby confirm that the Directors and CEO of the company satisfy the fit and proper Assessment Criteria stipulated in section 9.7 of the Listing Rules of the Colombo Stock Exchange for the year.

The re-election and reappointment of Directors

The details of the re-election and reappointment of Directors of the Company at the Annual General Meeting are detailed below and also included in the Notice of Meeting.

Members proposed for re-election and reappointment	Nature of Directorship	Date of First appointment as a Director	Date of Last reappointment as a Director	Current membership in Board Committees and other principal commitments	Any other relationships*
Mr D S Jayawardhana	Executive Director	20 April 2023	-	The Corporate Governance and Profiles of Directors section of this Annual Report sets out these details in full.	-
Mr P P Edirisinghe	Independent, Non-Executive Director	20 May 2025	-		-
Mr A D B Talwatte	Non-Independent, Non-Executive Director	18 December 2020	-		-
Mr C I Malwatte	Independent, Non-Executive Director	3 April 2024	-		-

* Any relationships including close family relationships between the candidate and the directors, the Listed Entity or its shareholders holding more than ten percent (10%) of the shares of the Listed Entity.

Directors' remuneration

The remuneration of the Directors is given in Note 29.1 to the Financial Statements.

Directors' Interests Register and Directors' interest in contracts or proposed contracts

The Company maintains a Directors' Interests Register in terms of the Companies Act No. 07 of 2007. The Directors have made necessary declarations of their interests in contracts and proposed contracts in terms of Sections 192 (1) and 192 (2) of the Companies Act. These interests are entered in the Interests Register and are available for inspection upon request.

Directors' interests register and Directors' interest in contracts or proposed contracts

The Company maintains a Directors' Interests Register in terms of the Companies Act No. 07 of 2007. The Directors have made necessary declarations of their interests in contracts and proposed contracts in terms of Sections 192 (1) and 192 (2) of the Companies Act. These interests are entered in the Interests Register and are available for inspection upon request.

Related party transactions

The particulars of the Directors' Interests in Contracts with the Company are given in Related Party disclosures in Note 29.1 to the Financial Statements. The Directors hereby confirm that to the best of their knowledge and information available to them, the Company has complied with the requirements of the rules relating to the related party transactions as contained in Section 9 of the listing Rules of the Colombo Stock Exchange.

Directors' shareholdings

The Directors' shareholdings in the Company at the reporting date were as follows:

Name	As at 31 March 2025	As at 31 March 2024
Imtiaz A Wahid	Nil	Nil
Saranga Wijesundara	Nil	Nil
Ranjit Page	Nil	Nil
Dr Dushni Weerakoon	Nil	Nil
Asite Talwatte	Nil	Nil
Joseph Page	Nil	Nil
Dilantha Jayawardhana	Nil	Nil
Indira Malwatte	Nil	Nil
Priyan Edirisinghe	Nil	Nil

Events after the reporting period

Events occurring after the reporting date of the Company are given in Note 28 to the Financial Statements.

Shareholders

The Company is a Subsidiary of Cargills (Ceylon) PLC, while the ultimate parent company is C T Holdings PLC. There were 656 registered shareholders as at 31 March 2025 (2024 – 613 shareholders). An analysis of shareholders according to size of holdings, public holdings, and the names of the twenty largest shareholders of the Company at the reporting date are given on Pages 85 to 86.

Ratios and market price information

Key ratios and market price information pertaining to the equity of the Group are set out on page 84 along with the trend for the past four years. The Company and its subsidiaries have not raised any capital through listed debt instruments during the year.

Risk management

The overall approach to risk management within the Company and Group is set out in pages 27 to 31.

Corporate governance

The corporate governance practices within the Group are set out in pages 13 to 26 and the report of the Audit Committee is set out on pages 14 and 15.

Environmental protection

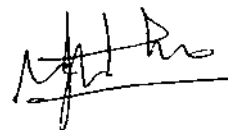
After making adequate enquiries from the management, the Directors are satisfied that the Company and its subsidiaries operate in a manner that minimises the detrimental effect on the environment and provide products and services that have a beneficial effect on the customers and the communities within which the Group operates.

Auditors

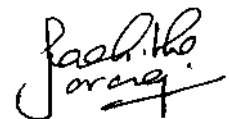
The remuneration paid to the Auditors is given in Note 8 to the Financial Statements. As far as the Directors are aware, the Auditors do not have any relationship (other than that of an auditor) with the Company or any of its subsidiaries.

M/s KPMG, Chartered Accountants, are deemed reappointed in terms of Section 158 of the Companies Act No. 7 of 2007, as Auditors of the Company. A resolution authorising the Directors to determine their remuneration will be submitted at the Annual General Meeting.

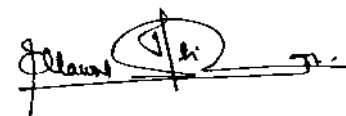
By Order of the Board



Imtiaz Abdul Wahid
Chairman



Saranga Wijesundara
Managing Director



H S Ellawala
Company Secretary

27 June 2025

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Statement of Directors' Responsibility

Maintenance of accounting records

Under the provisions of the Companies Act No. 07 of 2007 ("the Act"), every company is required to maintain accounting records that correctly record and explain the Company's transactions, and will at any time enable the financial position of the Company to be determined with reasonable accuracy, enable the Directors to prepare Financial Statements in accordance with the Act and also enable the Financial Statements of the Company to be readily and properly audited.

Preparation of Financial Statements of the Company and Group

The Act places the responsibility on the Board of Directors to ensure that Financial Statements are prepared within the prescribed time period in conformity with the Act. Such Financial Statements of a Company shall give a true and fair view of the state of affairs of the Company as at the reporting date and the profit or loss or income and expenditure, as the case may be, of the Company for the accounting period ending on that reporting date.

Further, the Act also requires that a Company with one or more subsidiaries at the reporting date also prepare Financial Statements in relation to the Group including every subsidiary, which give a true and fair view of the state of affairs of the Company and its subsidiaries as at the reporting date and the profit or loss or income and expenditure, as the case may be, of the Company and its subsidiaries for the accounting period ending on that reporting date.

Dividends

In the event of any distribution of dividends the Board of Directors is required to satisfy themselves that the Company will, immediately after the relevant distribution is made, satisfy the solvency test, provided that such a certificate is obtained from the Auditors.

Annual report

The Board of Directors is required to prepare an Annual Report on the affairs of the Company during the accounting period ending on the reporting date in the prescribed format and make the same accessible to every shareholder of the Company within the time frame prescribed in the Act.

Independent audit

The Act required the Company to appoint an Auditor to audit the Financial Statements of the Company/Group for the reporting period. Accordingly, M/s KPMG currently function as the Auditors of the Company. Their responsibility with regard to the Financial Statements as Auditors of the Company are set out in the Independent Auditors' Report set out on pages 37 to 39.

Management

The Directors are responsible for the proper management of the resources of the Company. The internal control system has been designed and implemented to obtain reasonable but not absolute assurance that the Company is protected from undue risks, frauds, and other irregularities. The Directors have conducted a review of the internal controls covering financial, operational and compliance control and risk management and have obtained reasonable assurance of the effectiveness and adherence.

Compliance

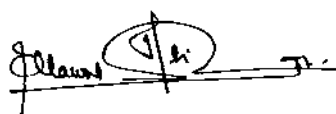
Considering the present financial position of the Group and the forecasts for the foreseeable future, the Directors have adopted the going concern basis for the preparation of these Financial Statements.

The Directors confirm that:

- The Company is in compliance with the requirements of the Act as aforementioned.
- These Financial Statements have been prepared in accordance with the requirements of the Companies Act No. 7 of 2007, listing rules of the Colombo stock exchange and applicable Sri Lanka Accounting Standards, which have been consistently applied and supported by reasonable and prudent judgements and estimates.
- The Company obtained the required certificate of solvency for the dividends declared during the year.
- All statutory payments have been made up to date.
- Other than as disclosed in the Financial Statements, no material issues have arisen pertaining to employees and industrial relations of the Company that requires disclosure or any adjustment to the Financial Statements.
- The Directors have declared all material interests in contracts involving in the entity and that they have refrained from voting on matters in which they were materially interested.
- The Directors made arrangements to make themselves aware of the applicable regulatory framework.
- The Directors confirm the Company has developed the required policies in accordance with Rule No. 9.2.1 and is available on the corporate website.

The Directors are satisfied that the control procedures within the Company operated effectively during the year.

By order of the Board



H S Ellawala
Company Secretary
27 June 2025

Independent Auditor's Report



KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
P. O. Box 186,
Colombo 00300, Sri Lanka.

Tel : +94 - 11 542 6426
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To the shareholders of Kotmale Holdings PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of Kotmale 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 March 31, 2025, and the statement 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 policies and other explanatory information set out on pages 40 to 82 of the Annual Report.

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 of March 31, 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 Company Financial Statements and the consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Company Financial Statements and the consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG, a Sri Lankan Partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

C.P. Jayatilake FCA
Ms. S. Joseph FCA
R.M.D.B. Rajapakse FCA
M.N.M. Shameel FCA
Ms. P.M.K. Sumanasekara FCA

T.J.S. Rajakarier FCA
W.K.D.C. Abeyrathne FCA
Ms. B.K.D.T.N. Rodrigo FCA
Ms. C.T.K.N. Perera ACA
R.W.M.O.W.D.B. Rathnadiwakara FCA

W.W.J.C. Perera FCA
G.A.U. Karunaratne FCA
R.H. Rajan FCA
A.M.R.P. Alahakoon ACA

Principals: S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F.R. Ziyad FCMA (UK), FCIT, K. Somasundaram ACMA(UK), R. G. H. Raddella ACA, Ms. D. Corea Dharmaratne

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Risk description	Our response
<p>Revenue recognition – Group</p> <p>As described in Note 3.16 (accounting policies) and Note 4 (Revenue), the Group has recognised revenue in the amount of Rs. 10,159,986,697/- for the year ended 31 March 2025.</p> <p>The Group's revenue comprises of revenue from Kotmale Dairy Products (Private) Limited from its manufacture and distribution of dairy products.</p> <p>We identified revenue recognition as a key audit matter because of its significance to the consolidated Financial Statements.</p> <p>We focused on whether transactions have been recorded in the period in which the Group becomes entitled to record revenue in accordance with SLFRS 15.</p>	<p>Our audit procedures included the following, in the significant subsidiary:</p> <ul style="list-style-type: none"> • Obtaining an understanding of and assessing the design, implementation and operating effectiveness of management's key internal controls over the revenue recognition and measurement. • Evaluating the integrity of the general IT control environment and testing the operating effectiveness of key IT application controls over revenue. • Comparing revenue transactions recorded during the current year, on a sample basis, with invoices with underlying good delivery notes and credit notes, to assess whether the related revenue was recognised in accordance with the Group's revenue recognition accounting policies. • Comparing, on a sample basis, specific revenue transactions recorded before and after the financial year end date with the underlying invoices and underlying good delivery notes to assess whether the related revenue had been recognised in the correct accounting period.

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the Financial Statements and our auditor's report thereon.

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained 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 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 Company's and the Group's financial reporting process.

Auditor's responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 Company and the Group's internal control.
- 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.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 1798.

CHARTERED ACCOUNTANTS

Colombo, Sri Lanka

27 June 2025

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Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March	Notes	Group		Company	
		2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Revenue	4	10,159,987	9,933,567	–	–
Cost of sales	5	(7,879,439)	(7,726,042)	–	–
Gross profit		2,280,548	2,207,525	–	–
Other income	6	4,081	3,099	–	–
Distribution expenses		(994,280)	(831,139)	–	–
Administrative expenses		(397,732)	(376,719)	(5,325)	(3,517)
Results from operating activities		892,617	1,002,766	(5,325)	(3,517)
Finance income	7.1	5,134	6,944	–	–
Finance cost	7.2	(30,618)	(82,572)	(5)	(8)
Profit/(loss) before taxation	8	867,133	927,138	(5,330)	(3,525)
Income tax expense	9	(264,957)	(282,167)	–	–
Profit/(loss) for the year		602,176	644,971	(5,330)	(3,525)
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Revaluation surplus of land and building	12	–	219,322	–	–
Actuarial (gain)/losses on employee benefits	23.2	(5,605)	2,251	–	–
Tax on other comprehensive income	22.2	1,682	(66,472)	–	–
Other comprehensive income for the year, net of tax		(3,923)	155,101	–	–
Total comprehensive income for the year		598,253	800,072	(5,330)	(3,525)
Earnings per share – basic/diluted (Rs.)	10	19.18	20.54	(0.17)	(0.11)

Figures in brackets indicate deductions.

The Accounting Policies and Notes from pages 46 to 82 form an integral part of these Financial Statements.

Statement of Financial Position

As at 31 March	Notes	Group		Company	
		2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Assets					
Non-current assets					
Property, plant and equipment	12	2,449,817	2,592,009	–	–
Right-of-use assets	13.1.1	40,588	48,529	–	–
Intangible assets	14	59,904	64,750	–	–
Investments in subsidiaries	15	–	–	185,400	185,400
Total non-current assets		2,550,309	2,705,288	185,400	185,400
Current assets					
Inventories	16	993,224	828,048	–	–
Trade and other receivables	17	932,901	734,239	1,501	1,333
Amounts due from related companies	18.1	462,073	420,315	149,611	154,103
Short-term investments	19.3	46,419	43,225	–	–
Cash and cash equivalents	19.1	341,048	346,882	2,422	2,423
Total current assets		2,775,665	2,372,709	153,534	157,859
Total assets		5,325,974	5,077,997	338,934	343,259
Equity					
Stated capital	20	314,000	314,000	314,000	314,000
Reserves	21	437,067	439,685	3,054	3,054
Retained earnings		2,841,648	2,240,777	14,503	19,833
Total equity		3,592,715	2,994,462	331,557	336,887
Liabilities					
Non-current liabilities					
Deferred tax liability	22	163,494	183,740	–	–
Employee benefits	23	79,876	64,575	–	–
Lease liability	13.1.2	39,899	45,614	–	–
Total non-current liabilities		283,269	293,929	–	–

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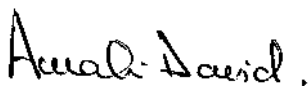
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Statement of Financial Position (Contd.)

As at 31 March	Notes	Group		Company	
		2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Current liabilities					
Trade and other payables	24	1,101,952	994,206	5,489	4,598
Amounts due to related companies	18.2	94,615	63,309	–	15
Current tax liabilities		245,619	254,915	–	–
Lease liability	13.1.2	5,916	5,417	–	–
Borrowings	25	–	470,000	–	–
Bank overdrafts	19.2	1,888	1,759	1,888	1,759
Total current liabilities		1,449,990	1,789,606	7,377	6,372
Total liabilities		1,733,259	2,083,535	7,377	6,372
Total equity and liabilities		5,325,974	5,077,997	338,934	343,259

The Accounting Policies and Notes from pages 46 to 82 form an integral part of these Financial Statements.

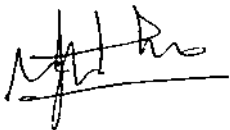
I certify that these Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007.



Amali David
Group Chief Financial Officer

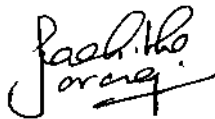
The Board of Directors is responsible for the preparation and presentation of these Financial Statements.

Signed for and on behalf of the Board of Directors:



Imtiaz Abdul Wahid
Chairman

27 June 2025
Colombo



Saranga Wijesundara
Managing Director

Statement of Changes in Equity

Group	Notes	Stated capital Rs. '000	Capital reserves Rs. '000	Revaluation reserve Rs. '000	General reserve Rs. '000	Retained earnings Rs. '000	Total equity Rs. '000
Balance as at 1 April 2023		314,000	1,785	286,977	1,269	1,590,359	2,194,390
Total comprehensive income for the year							
Profit for the year		–	–	–	–	644,971	644,971
Transfer From revaluation reserve to retained earnings	21.1	–	–	(3,872)	–	3,872	–
Other comprehensive income, net of tax		–	–	153,526	–	1,575	155,101
Balance as at 31 March 2024		314,000	1,785	436,631	1,269	2,240,777	2,994,462
Balance as at 1 April 2024		314,000	1,785	436,631	1,269	2,240,777	2,994,462
Total comprehensive income for the year							
Profit for the year		–	–	–	–	602,176	602,176
Transfer From revaluation reserve to retained earnings	21.1	–	–	(2,618)	–	2,618	–
Other comprehensive income, net of tax		–	–	–	–	(3,923)	(3,923)
Balance as at 31 March 2025		314,000	1,785	434,013	1,269	2,841,648	3,592,715

Company	Notes	Stated capital Rs. '000	Capital reserves Rs. '000	General reserve Rs. '000	Retained earnings Rs. '000	Total equity Rs. '000
Balance as at 1 April 2023		314,000	1,785	1,269	23,358	340,412
Total comprehensive income for the year						
Loss for the year		–	–	–	(3,525)	(3,525)
Other comprehensive income, net of tax		–	–	–	–	–
Balance as at 31 March 2024		314,000	1,785	1,269	19,833	336,887
Balance as at 1 April 2024		314,000	1,785	1,269	19,833	336,887
Total comprehensive income for the year						
Loss for the year		–	–	–	(5,330)	(5,330)
Other comprehensive income, net of tax		–	–	–	–	–
Balance as at 31 March 2025		314,000	1,785	1,269	14,503	331,557

The Accounting Policies and Notes from pages 46 to 82 form an integral part of these Financial Statements.

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Statement of Cash Flows

For the year ended 31 March	Notes	Group		Company	
		2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Cash flows from operating activities					
Profit/(loss) before taxation		867,133	927,138	(5,330)	(3,525)
Adjustments for:					
Depreciation of property, plant and equipment	12	305,249	246,212	–	–
Employee benefits	23.1	11,831	15,094	–	–
Net finance cost	7	25,484	75,628	5	8
Depreciation of right-of-use assets	13.1.1	7,941	5,035	–	–
Provision for inventory	8	8,416	504	–	–
Amortisation of intangible asset	14	4,847	4,847	–	–
Provision/(reversal of) for impairment of trade and other receivables	8	(6,390)	3,800	–	–
Operating profit/(loss) before working capital changes		1,224,511	1,278,258	(5,325)	(3,517)
Changes in working capital					
(Increase)/decrease in inventories		(173,592)	(1,080)	–	–
(Increase)/decrease in trade and other receivables		(192,272)	(215,604)	(168)	(368)
(Increase)/decrease in amounts due from related companies		(41,758)	(110,357)	4,492	2,060
Increase/(decrease) in trade and other payables		107,746	211,890	891	(382)
Increase/(decrease) in amounts due to related companies		31,306	(23,422)	(15)	–
Cash generated from/(used in) operations		955,941	1,139,685	(125)	(2,207)
Finance cost paid	7.2	(30,618)	(82,572)	(5)	(8)
Gratuity paid	23	(2,135)	(8,668)	–	–
Income tax paid		(292,818)	(281,898)	–	–
Net cash generated from/(used in) operating activities		630,370	766,547	(130)	(2,215)

For the year ended 31 March	Notes	Group		Company	
		2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Cash flows from investing activities					
Acquisition of property, plant and equipment	12	(166,983)	(415,248)	-	-
Proceeds from sale of property, plant and equipment		3,926	9,169	-	-
Net proceeds from short-term investments		(3,194)	(5,184)	-	-
Interest income received	7.1	5,134	6,944	-	-
Net cash (used in) investing activities		(161,117)	(404,319)	-	-
Cash flows from financing activities					
Repayment of lease liability		(5,216)	(5,317)	-	-
Proceeds from short-term borrowings		3,155,000	2,400,000	-	-
Repayment of short-term borrowings		(3,625,000)	(2,480,009)	-	-
Net cash (used in) financing activities		(475,216)	(85,326)	-	-
Net increase/(decrease) in cash and cash equivalents		(5,963)	276,902	(130)	(2,215)
Movement in cash and cash equivalents					
At the beginning of the year		345,123	68,221	664	2,879
Movement during the year		(5,963)	276,902	(130)	(2,215)
At the end of the year	19.2	339,160	345,123	534	664

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1. Corporate information

1.1 Reporting entity

Kotmale Holdings PLC, formerly known as Lambretta (Ceylon) Ltd., is a company incorporated and operating in Sri Lanka since 6 January 1967, as a Quoted Public Limited Liability Company listed in the Colombo Stock Exchange in 1969. The registered office of the Company and its subsidiaries is located at No. 40, York Street, Colombo 01.

The subsidiaries of the company are set out below

Subsidiary	Control Interest
Kotmale Products Ltd.	100%
Kotmale Milk Foods Ltd.	100%

1.2 Consolidated Financial Statements

The Consolidated Financial Statements of the Group for the year ended 31 March 2025 comprise Kotmale Holdings PLC (Parent Company) and its subsidiaries (together referred to as the 'Group').

1.3 Parent entity and ultimate parent entity

The Company's parent entity is Cargills Dairies (Pvt) Ltd., and the Company's ultimate parent entity is C T Holdings PLC which is a Quoted Public Limited Company domiciled in Sri Lanka and listed in the Colombo Stock Exchange.

1.4 Principal activities and nature of operations

The principal activities of the Group are:

1. Manufacture and distribution of dairy products under the brand name of "KOTMALE"
2. Investment holding
There were no significant changes in the nature of the principal activities of the Company and the Group during the financial year under review.

2. Basis of preparation

2.1 Statement of compliance

The Financial Statements of the Company and Subsidiaries as at 31 March 2025 and for the year then ended, have been prepared and presented in accordance with Sri Lanka Accounting Standards (SLFRS and LKAS), laid down by The Institute of Chartered Accountants of Sri Lanka.

Statement of presentation

The Financial Statement of the company and the group has been presented in compliance with the requirement of the Companies Act No. 07 of 2007 and provided appropriate disclosures as required by the listing rules of Colombo Stock Exchange.

These Financial Statements include the following components:

- The Statement of Profit or Loss and Other Comprehensive Income providing the information on the financial performance of the Group and Company for the year under review;
- The Statement of Financial Position providing the information on the financial position of the Group and Company as at the year-end;
- The Statement of Changes in Equity depicting all changes in shareholder's equity of the Group and Company during the year under review;
- The Statement of Cash Flows providing the information to the users, on the ability to generate cash and cash equivalents of the Group and Company during the year under review; and
- Notes to the Financial Statements comprising Accounting Policies and other explanatory information.

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

2.2 Responsibility for Financial Statements

The Board of Directors is responsible for preparation and presentation of Financial Statements of the Group as per the provision of the Companies Act No. 07 of 2007 and SLFRS and LKAS.

The Board of Directors acknowledges their responsibility for Financial Statements as set out in the Annual Report of the Board of Director's, Statement of Directors' Responsibility, and the certification on Statement of Financial Position in the Annual Report.

2.3 Approval of Financial Statements by the Board of Directors

The Financial Statements for the year ended 31 March 2025 (including comparatives) were approved and authorised by the Board of Directors for issue on 27 June 2025.

2.4 Basis of measurement

The Financial Statements have been prepared on the historical cost basis except for the following items in the Statement of Financial Position:

Category	Item	Basis of measurement	Note No.
Assets	Land and building	Revaluation	12.1
Liabilities	Employee benefit liability	Present value of the defined benefit obligation	23

2.5 Presentation of Financial Statements

The assets and liabilities of the Statement of Financial Position are grouped by nature. No adjustments have been made for inflationary factors affecting the Financial Statements.

Income and expenses are not offset in the Statement of Profit or Loss and Other Comprehensive Income unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Group.

2.6 Functional and presentation currency

The Financial Statements are presented in Sri Lankan Rupees (Rs.), which is the Group's functional and presentation currency.

All financial information presented in Sri Lankan Rupees has been rounded to the nearest Thousand, unless otherwise indicated as permitted by the Sri Lanka Accounting Standard – LKAS 01 on "Presentation of Financial Statements".

2.7 Materiality and aggregation

Each material class of similar items is presented in the Financial Statements. Items of a 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" and amendments to the LKAS 1 on 'Disclosure Initiative' which was effective from 1 January 2016.

2.8 Key accounting judgements and estimates

In preparing these Financial Statements, Management has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

2.8.1 Judgements

Information about judgements made in applying accounting policies that have the material effects on the amounts recognised in the Financial Statements is included in the following Notes:

- Note 3.5.5 – Determination of depreciation method of PPE.
- Note 3.16 – Revenue Recognition: whether revenue from made-to-order products is recognised over time or at a point in time.
- Note 3.13 – Lease Term: whether the Group is reasonably certain to exercise extension options;

2.8.2 Assumption and estimation uncertainties

Information about assumptions and estimation uncertainties at 31 March 2025 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following Notes:

- Note 3.5.5 – Determination of useful life of PPE and Intangible assets.
- Note 3.15 – Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.
- Note 12.1 – Determination of fair value of freehold land and buildings: key valuation assumptions;
- Note 14 – Impairment test of intangible assets and goodwill: key assumptions underlying recoverable amounts; and
- Note 23.4 – Measurement of defined benefit obligations: key actuarial assumptions;
- Note 17.3 – Measurement of trade receivables impairment

2.8.3 Fair value measurement

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuations techniques as follows:

- **Level 1:** Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities
- **Level 2:** Fair value measurements using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).and
- **Level 3:** Fair value measurements using inputs for the asset or liability that are not based on observable market data (unobservable inputs)

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire environment.

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The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following Notes:

- Note 12.1 – Revaluation of freehold land and buildings.

2.9 Going concern

The Management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for a foreseeable future. Furthermore, management 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.

3. Material accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these Consolidated Financial Statements, except if mentioned otherwise.

3.1 Basis of consolidation

The Financial Statements comprise of Financial Statements of the Company and its subsidiaries for the year ended 31 March 2025. Financial Statements of the Company's subsidiaries are prepared for the same reporting year using consistent accounting policies.

3.1.1 Business combination and goodwill

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a "concentration test" that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Goodwill acquired in a business combination is initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net amount of the identifiable assets, liabilities and contingent liabilities acquired.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is reviewed for impairment annually, or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination, from the acquisition date is, allocated to each of the Group's Cash-generating Units (CGUs) or group of CGUs, which are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a CGU (or group of CGUs) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

3.1.2 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group "controls" an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Financial Statements of subsidiaries are included in the Consolidated Financial Statements from the date on which control commences until the date on which control ceases. The investment in subsidiaries are accounted on a cost basis in the separate Financial Statement.

3.1.3 Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

3.1.4 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

3.2 Foreign currency transactions and balances

All foreign currency transactions are translated into the functional currency of the Group which is Sri Lankan Rupees (Rs.) at the spot exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the closing exchange rate at the reporting date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year adjusted for effective interest and payments during the year and the amortised cost in foreign currency translated at the spot exchange rate at the reporting date.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into functional currency at the spot exchange rate when the fair value was determined.

Non-monetary items that are measured based on historical cost in a foreign currency are translated at the spot exchange rate at the date of transaction.

3.3 Financial instruments

3.3.1 Recognition and initial measurement

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

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

3.3.2 Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

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

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

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

The Group's financial assets classified under amortised cost includes trade and other receivables, amounts due from related companies, short term investments and cash and cash equivalents.

Financial assets – business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

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

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

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Financial assets – assessment whether contractual cash flows are solely payments of principal and interest.

For the purpose of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value for money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs. (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual cash flows such that it would not meet this condition. In marking this assessment, the Group considers:

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

Financial assets – subsequent measurement and gains and losses.

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
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Financial liabilities – classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Financial liabilities measured at amortised cost include borrowings, trade and other payables, lease liability, bank overdrafts and amounts due to related companies.

3.3.3 Derecognition**Financial asset**

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

3.3.4 Offsetting

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

3.3.5 Impairment of financial assets

For trade receivables, the Group applies a simplified approach in calculating Expected Credit Losses (ECLs). Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

In certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

3.3.6 Presentation of allowance for ECL in the Statement of Financial Position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. The Group assesses at the reporting date whether there is objective evidence that trade receivables have been impaired. Impairment loss is calculated based on a review of the current status of existing receivables and historical collections experience. Such provisions are adjusted periodically to reflect the actual and anticipated impairment.

Credit-impaired Financial Assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost. A financial asset is "credit impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

3.4 Impairment of non-financial assets

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.5 Property, plant and equipment

3.5.1 Recognition and measurement

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

An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost. Cost includes expenditure that is directly attributable to the acquisition of the asset and cost incurred subsequently to add to or replace a part of it. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use and the costs of dismantling and removing the items and restoring at the site on which they are located and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as a part of computer equipment.

When major components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Carrying amounts of property plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Cost model

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment loss.

Revaluation model

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment charged subsequent to the date of the revaluation. Where land and buildings are subsequently revalued, any increases in the carrying amount is recognised in other comprehensive income and accumulated in equity in the revaluation reserve. Decreases that offset previous increases of the same asset are charged against the revaluation reserve in the Statement of Changes in Equity, any excess and all other decreases are charged to the Statement of Profit or Loss. Revaluation of property, plant and equipment are undertaken by professionally qualified independent valuers every three years. The Group revalued all its freehold land and buildings as at 31 March 2024.

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3.5.2 Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group and its cost can be measured reliably. The cost of day to day servicing of property, plant and equipment are charged to the profit or loss as incurred.

3.5.3 Repairs and maintenance

Repairs and maintenance are charged to the Statement of Profit or Loss during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the assets when it is probable that future economic benefits in excess of the most recently assessed standard of performance of the existing assets will flow to the Group and the renovation replaces an identifiable part of the asset. Major renovations are depreciated during the remaining useful life of the related asset.

3.5.4 Derecognition

Property, plant and equipment are de-recognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in "Other income" in the Statement of Profit or Loss in the year the asset is de-recognised.

3.5.5 Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Land is not depreciated.

Depreciation methods, useful life and residual value are reviewed at each reporting date and adjusted as appropriate.

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

Freehold buildings	10-40 years
Plant, machinery and equipment	4-20 years
Office furniture, fittings and equipment	4-10 years
Computer and accessories	4-5 years
Motor vehicles	4 years

3.5.6 Capital work-in-progress

Capital expenses incurred during the year which are not completed as at the reporting date are shown as capital work-in-progress whilst, the capital assets which have been completed during the year and put to use have been transferred to property, plant and equipment.

3.6 Intangible assets

The Group's intangible assets comprise computer software and goodwill.

3.6.1 Basis of recognition

An intangible asset is recognised only when its cost can be reliably measured and it is probable that the expected future economic benefits attributable to the asset will flow to the Group, as per the Sri Lanka Accounting Standard – LKAS 38 "Intangible Assets".

Intangible assets acquired separately are initially measured at cost. For intangible assets acquired in a business combination, the cost is their fair value at the acquisition date. After initial recognition, intangible assets are carried in the Statement of Financial Position at cost less accumulated amortisation and any accumulated impairment losses.

3.6.2 Subsequent costs

Subsequent expenditure on intangible assets is capitalised only if it enhances the future economic benefits associated with the specific asset.

3.6.3 Useful economic lives, amortisation, and impairment

The useful economic lives of intangible assets are classified as either finite or indefinite. Intangible assets with finite lives are amortised over their useful economic lives. The amortisation period and method are reviewed at least at each reporting date. Adjustments to the useful life or consumption pattern of future economic benefits are treated as changes in accounting estimates, with corresponding changes to the amortisation period or method. Amortisation expense for finite-lived intangible assets is recognised in profit or loss, aligned with the asset's function.

Amortisation is computed using the straight-line method to allocate the cost of intangible assets to their residual values over their estimated useful lives, as follows:

Computer software	4 years
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The unamortised balances of finite-lived intangible assets are reviewed annually for impairment, or whenever impairment indicators arise. Impairment losses are recognised in profit or loss to the extent the carrying amount exceeds recoverable future benefits.

3.6.4 Derecognition

Intangible assets are derecognised upon disposal or when no future economic benefits are expected. Gains or losses from derecognition of an asset (calculated as the difference between net disposal proceeds and the asset's carrying amount) is recognised in profit or loss in the year of derecognition.

3.7 Short-term investments

Short term investments consist of investment in fixed deposits with a maturity period of less than 90 days.

3.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, cash at bank and fixed deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value.

Cash and cash equivalents are carried at amortised cost in the Statement of Financial Position.

3.9 Inventories

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the normal course of business less estimated cost of realisation and/or cost of conversion from their existing state to saleable condition.

The following are the type of inventories and their costing method:

- Raw materials – Actual cost on a First In First Out (FIFO) basis
- Finished goods and work in progress – Directly attributable manufacturing cost, labor cost and overheads.
- Merchandising goods – Actual cost on a First In First Out (FIFO) basis
- Other inventories – Actual cost

The Group makes provision for inventory during its monthly and year end counts by identifying perishable, damaged and slow moving inventory with short shelf lives or expiration dates or by identifying specific seasonal inventories that require provisions.

3.10 Employee benefits

3.10.1 Defined contribution plans – Cargills Employees' Provident Fund and Employees' Trust Fund

Defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay any further amounts. Obligations for contributions to Cargills Employees' Provident Fund and Employees Trust Fund covering all employees are recognised as an expense in Profit or Loss, as incurred.

3.10.2 Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liability recognised in the Statement of Financial Position in respect of the defined benefit plan is the present value of defined benefit obligation as at the reporting date. The defined benefit obligation is calculated annually by independent actuaries using Projected Unit Credit Method (PUC) as recommended by LKAS 19 – "Employees Benefits".

The assumptions based on which the results of the valuation were determined are included in the Note 23 to the Financial Statements.

The liability is not externally funded.

The Group recognises all actuarial gains and losses arising from defined benefit plan in Other Comprehensive Income and expenses related to defined benefit plan in administrative expenses, distribution expenses and cost of sales in profit or loss.

Provision has been made for retirement gratuities from the first year of service for all employees in conformity with the LKAS 19. However, under the payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gain or losses on the settlement of a defined plan when the settlement occurs.

3.11 Dividends payable

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are recommended by and declared by the Board of Directors and approved by the shareholders. Interim dividends are deducted from equity when they are declared and no longer at the discretion of the Group.

3.12 Borrowings

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

3.13 Leases

The Group assesses at the inception of a contract, whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in SLFRS 16. The policy is applied to contracts entered in to on or after 1 April 2019.

3.13.1 As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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 cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.14 Provisions

Provisions are recognised in the Statement of Financial Position when the Group has a present obligation (legal or constructive) as a result of a past event, and 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 in accordance with the Sri Lanka Accounting Standard – LKAS 37 on "Provision, Contingent Liabilities and Contingent Assets". The amount recognised is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation at that date.

3.15 Contingent liabilities

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefits is not probable or cannot be reliably measured as defined in the Sri Lanka Accounting Standard – LKAS 37 on "Provisions, Contingent Liabilities and Contingent Assets". Contingent liabilities are not recognised in the Statement of Financial Position but are disclosed unless its occurrence is remote.

3.16 Revenue

Revenue is recognised when control of the goods have been transferred to the customers, when mainly upon the arrival at the customer. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of the payment and excluding taxes.

Sale of goods

Revenue from the sale of goods is recognised when the control of the goods has been transferred to the buyer, usually on delivery of the goods.

Revenue from contracts with customers generates primarily from dairy products.

3.17 Other income

Gains or losses of revenue nature arising from the disposal of property, plant and equipment and other non-current assets, including investments, are accounted for the Income Statement, after deducting from the net sales proceeds on disposal, the carrying amount such as assets.

Foreign currency gains and losses are reported on a net basis. Income from scrap sales are recognised when control of the goods have been passed to the buyer, usually on delivery of goods.

3.18 Expenditure

Expenses are recognised in the Statement of Profit or Loss and Other Comprehensive Income on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenses incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to the Statement of Profit or Loss and Other Comprehensive Income.

3.19 Net finance cost

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

Finance costs comprise interest expense on borrowings 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.

3.20 Income tax expense

Income tax expense comprises of current and deferred tax. The income tax expense is recognised in the Statement of Profit or Loss except to the extent that it relates to the items recognised directly in the Statement of Other Comprehensive income or Statement of Changes in Equity, in which case it is recognised directly in the respective statements.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under LKAS 37 Provisions, Contingent Liabilities and Contingent Assets.

3.20.1 Current tax

Current tax is the expected tax payable on the taxable income or loss for the year, using tax rates enacted or substantively enacted on the reporting date, and any adjustment to tax payable in respect of previous years.

The amount of current tax payable is the best estimate of the tax amount expected to be paid that reflects uncertainty related to income taxes, if any.

The provision for income tax is based on the elements of income and expenditure as reported in the Financial Statements and computed in accordance with the provisions of the Inland Revenue Act No. 24 of 2017 and subsequent amendments thereto, including any amendments legislation by Inland Revenue (Amendment) Act No. 45 of 2022.

3.20.2 Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences arising on initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and the differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised for unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities recognised by individual companies within the Group are disclosed separately as assets and liabilities in the Statement of Financial Position and are not offset against each other.

Withholding tax on the Intra-group dividends are recognised as a tax expense in the Statement of Profit or Loss.

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3.21 Stated capital

3.21.1 Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

3.22 Operating profit

Operating profit is the result generated from the continuing principal revenue-producing activities of the group as well as other income and expenses related to operating activities. Operating profit excludes net finance costs.

3.23 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 or loss attributable to ordinary shareholders of the Group 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.

3.24 Related party transaction

Disclosure has been made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies/decisions of the other, irrespective of whether a price is being charged or not. The relevant details are disclosed in Note 29 to the Financial Statements.

3.25 Statement of cash flows

The Statement of Cash Flows has been prepared by using the "Indirect Method" of preparing cash flows in accordance with the Sri Lanka Accounting Standard - LKAS 7 on "Statement of Cash Flows", whereby operating activities, investing activities and financing activities are separately recognised.

Cash and cash equivalents comprise of short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents as referred to in the Statement of Cash Flow are comprised of those items as explained in Note 19.

3.26 Standards issued but not yet effective

The Institute of Chartered Accountants of Sri Lanka has issued the following new and amended Sri Lankan Accounting Standards (SLFRS/LKAS), which will become applicable for annual reporting periods beginning on or after 1 January 2025, and are available for early adoption. Accordingly, Group has not early adopted these amended standards in these Financial Statements.

The Group is still in the process of assessing the below mentioned accounting standards to the group Financial Statements.

01. SLFRS S1 – General requirements for disclosure of sustainability-related financial information
02. SLFRS S2 – Climate-related disclosures

4. Revenue

For the year ended 31 March	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Gross revenue on liquid milk based products	12,243,112	10,594,900	–	–
Value Added Tax (VAT)	(1,863,082)	(445,844)	–	–
Social Security Contribution Levy (SSCL)	(220,043)	(215,489)	–	–
	10,159,987	9,933,567	–	–

4.1 VAT exemption claimed by the Group on the locally produced dairy products previously is now liable for VAT at the rate of 18% with effect from 1 January 2024, due to the amendment made to the Value Added Tax Act, No. 14 of 2002 by the Value Added Tax (Amendment) Act, No. 32 of 2023. Hence, the net turnover of the Group has derived after deducting Rs. 1,863 Mn. (2024 – Rs. 446 Mn.) as VAT (18%) for the year ended 31 March 2025.

5. Cost of sales

Cost of the sales of the Group included direct operating cost and allocated overhead costs.

6. Other income

For the year ended 31 March	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Rental Income	480	119	–	–
Sundry income	3,601	2,980	–	–
	4,081	3,099	–	–

7. Net finance cost

7.1 Finance income

For the year ended 31 March	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Interest income	5,134	6,944	–	–
	5,134	6,944	–	–

7.2 Finance cost

For the year ended 31 March	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Interest on other loans and bank charges	4,965	6,252	5	8
Interest cost on short-term loan	20,093	70,905	–	–
Interest on bank overdraft	131	2,105	–	–
Interest on lease liability	4,783	2,615	–	–
Exchange loss	646	695	–	–
	30,618	82,572	5	8
Net finance cost	(25,484)	(75,628)	(5)	(8)

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8. Profit before taxation

For the year ended 31 March	Notes	Group		Company	
		2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Profit before taxation is stated after charging/(crediting) all the expenses/(income) including the following:					
Auditor's remuneration for audit		2,366	2,710	800	703
Depreciation on property, plant and equipment	12	305,249	246,212	–	–
Amortisation of intangible asset	14	4,847	4,847	–	–
(Reversal of)/Provision for impairment of trade and other receivables	17.3	(6,390)	3,800	–	–
Depreciation of right-of-use assets	13.1.1	7,941	5,035	–	–
Provision for obsolete inventories	16.2	8,416	504	–	–
Staff costs	8.1	406,814	350,777	–	–

8.1 Staff cost

For the year ended 31 March	Notes	Group		Company	
		2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Salaries, wages and other related costs		322,891	282,077	–	–
Employee benefits	23	11,831	15,094	–	–
Gratuity charges from inter company		4,622	4,222	–	–
Directors' emoluments	29.1	39,713	24,762	–	–
Defined contribution plan cost - EPF and ETF		27,757	24,622	–	–
		406,814	350,777	–	–
Number of employees as at 31 March		136	139	–	–

9. Income tax expense

For the year ended 31 March	Notes	Group		Company	
		2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Current tax charge	9.1	283,521	273,575	–	–
Deferred tax charge	9.2	(18,564)	8,592	–	–
		264,957	282,167	–	–

Income tax has been computed taking into consideration the tax rates as at the reporting date which 30% (2024 – 30%).

9.1 Reconciliation between current tax charge and profit before taxation is given below:

For the year ended 31 March	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Profit/(loss) before taxation	867,133	927,138	(5,330)	(3,525)
Aggregate investment income	(1,614)	(6,937)	–	–
Aggregate disallowed income/expenses	351,532	283,044	5,330	3,525
Aggregate allowable income/expenses	(277,060)	(298,266)	–	–
Taxable business income	939,991	904,979	–	–
Interest income	5,078	6,944	–	–
Taxable investment income	5,078	6,944	–	–
Tax losses brought forward	42,100	42,100	4,834	4,834
Tax losses carried forward	42,100	42,100	4,834	4,834
Income tax expense at 30%	283,521	273,575	–	–
Current tax charge on profit	283,521	273,575	–	–

9.2 Deferred tax charge

For the year ended 31 March	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Deferred tax charge arising from:				
– Property, plant and equipment	(12,751)	11,073	–	–
– Employee benefits	(3,584)	(1,431)	–	–
– Provisions	(1,411)	(1,135)	–	–
– Right-of-use assets and lease liability	(818)	85	–	–
Deferred tax charge	(18,564)	8,592	–	–

9.2.1 Deferred tax has been computed taking into consideration the tax rates as at the reporting date which is 30% (2024 – 30%) for the group. The deferred tax effect on reserves on subsidiaries has not been recognised since the parent can control the timing of the reversal of these temporary differences.

10. Earnings per share

For the year ended 31 March	Group		Company	
	2025	2024	2025	2024
Profit/(loss) attributable to ordinary shareholders (Rs. '000)	602,176	644,971	(5,330)	(3,525)
Weighted average number of ordinary shares (Rs. '000)	31,400	31,400	31,400	31,400
Basic earnings per share (Rs.)	19.18	20.54	(0.17)	(0.11)

Basic earnings per share is calculated by dividing the profit for the year attributable to ordinary shareholders of Kotmale Holdings PLC by weighted average number of ordinary shares in issue.

As there were no dilutive potential ordinary shares outstanding at the end of the year, diluted earnings per share is equal to basic earnings per share for the year.

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11. Dividend per share

For the year ended 31 March	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Dividend per share	-	-	-	-

12. Property, plant and equipment

Group

2024	Freehold land Rs. '000	Freehold building Rs. '000	Plant, machinery and equipment Rs. '000	Furniture and fittings Rs. '000	Computer and accessories Rs. '000	Motor vehicles Rs. '000	Capital work-in- progress Rs. '000	Total Rs. '000
Cost/revaluation								
As at 1 April 2023	259,101	836,308	1,262,969	39,889	17,140	47,352	575,424	3,038,183
Additions	-	-	104,248	123	1,515	-	309,362	415,248
Transfers from CWIP	-	343,782	68,711	-	419	-	(412,912)	-
Disposals	-	(14,624)	-	-	-	-	-	(14,624)
Revaluation	76,108	143,214	-	-	-	-	-	219,322
Transfer of accumulated depreciation on revaluation	-	(224,761)	-	-	-	-	-	(224,761)
As at 31 March 2024	335,209	1,083,919	1,435,928	40,012	19,074	47,352	471,874	3,433,368
Accumulated depreciation and impairment losses								
As at 1 April 2023	-	142,648	610,326	21,976	13,581	36,831	-	825,362
Depreciation	-	87,567	144,962	5,600	1,162	6,921	-	246,212
Disposals	-	(5,454)	-	-	-	-	-	(5,454)
Transfer of accumulated depreciation on revaluation	-	(224,761)	-	-	-	-	-	(224,761)
As at 31 March 2024	-	-	755,288	27,576	14,743	43,752	-	841,359
Carrying value								
As at 31 March 2024	335,209	1,083,919	680,640	12,436	4,331	3,600	471,874	2,592,009

2025	Freehold land Rs. '000	Freehold building Rs. '000	Plant, machinery and equipment Rs. '000	Furniture and fittings Rs. '000	Computer and accessories Rs. '000	Motor vehicles Rs. '000	Capital work-in-progress Rs. '000	Total Rs. '000
Cost/revaluation								
As at 1 April 2024	335,209	1,083,919	1,435,928	40,012	19,074	47,352	471,874	3,433,368
Additions	-	-	84,865	1,026	3,874	-	77,218	166,983
Transfers from CWIP	-	41,508	129,684	-	-	-	(171,192)	-
Disposals	-	(5,556)	(5,633)	(250)	-	-	-	(11,439)
As at 31 March 2025	335,209	1,119,871	1,644,844	40,788	22,948	47,352	377,900	3,588,912
Accumulated depreciation and impairment losses								
As at 1 April 2024	-	-	755,288	27,576	14,743	43,752	-	841,359
Depreciation	-	136,149	158,045	5,620	1,835	3,600	-	305,249
Disposals	-	(1,698)	(5,565)	(250)	-	-	-	(7,513)
As at 31 March 2025	-	134,451	907,768	32,946	16,578	47,352	-	1,139,095
Carrying value								
As at 31 March 2025	335,209	985,420	737,076	7,842	6,370	-	377,900	2,449,817

12.1 Revaluation of freehold land and building

The freehold land and building of the Group was revalued as at 31 March 2024 by an independent professional valuer, Mr Tissa Weeratne FIVSL (Reg. No. F 53), on a depreciated replacement cost basis for building and market value base for lands as at the date of valuation. The revalued amount was incorporated in the Financial Statement.

These revaluations have been carried out in conformity with the requirements of LKAS 16 – “Property, Plant and Equipment”. The surplus on revaluation was credited to the revaluation reserve account.

In determining the fair value, highest and best use of the property has been considered including the current condition of the properties, future usability and associated redevelopment requirements have been considered. The 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. The fair value measurement for these land and buildings classified as property plant and equipment has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used.

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Description of valuation techniques used and key inputs to valuation and real estate portfolio:

Property	Method of valuation	Effective date of valuation	Property valuer	Land extent	Building area (Sq. ft.)	No. of Buildings	Significant unobservable inputs	Sensitivity of fair values to unobservable input	Revalued amount as at 31 March 2024 Rs. '000
Mulleriyawa	Land – Market comparable method This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for difference in size, nature and location of the property.	31 March 2024	Mr Tissa Weeratne FIVSL	1.7 Acres	32,923	4	Land market value per perch – Rs. 250,000 to Rs. 1,350,000 and building DRC per Sq. Ft – Rs. 1,900 to Rs. 7,350	Positive correlated sensitivity	Land – 215,709 Building – 293,070
Bogahawatta	Building – Depreciated Replacement Cost method	31 March 2024	Mr Tissa Weeratne FIVSL	1 Acres	51,312	6	Land market value per perch – Rs. 350,000 and building DRC per Sq. Ft – Rs. 325 to Rs. 9,078	Positive correlated sensitivity	Land – 56,000 Building – 770,349
Hatton	This method considers the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation.	31 March 2024	Mr Tissa Weeratne FIVSL	17.5 Acres	8,882	4	Land market value per perch – Rs. 23,000 and building DRC per Sq. Ft – Rs. 800 to Rs. 2,850	Positive correlated sensitivity	Land – 63,500 Building – 20,500

The carrying amount of revalued land and buildings if they were carried at cost less depreciation, would be as follows:

For the year ended 31 March	Land		Building	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Cost	76,508	76,508	1,106,025	772,993
Accumulated depreciation	–	–	(275,534)	(238,917)
Additions	–	–	41,508	343,782
(Disposal)	–	–	(2,062)	(10,751)
Carrying value	76,508	76,508	869,937	867,107

12.2 Capital work in progress consists of expenditure incurred on projects that are not yet completed and have not commenced business operations as at the reporting date. This includes the construction of the Bogahawatta factory, amounting to Rs. 269 Mn. (2024 – Rs. 175 Mn.).

12.3 Fully depreciated assets of the group as at 31 March 2025 is Rs. 461 Mn. (2024 – Rs. 360 Mn.)

12.4 Impairment

The Management has assessed the potential impairment loss of property, plant and equipment as at 31 March 2025. Based on the assessment, the Group does not foresee any indications of impairment as at the reporting date.

13. Leases

13.1 Amounts recognised in the statement of financial position

The Group's material leases include properties leased. The useful life of the leases of the Group is between 1-20 years. Information about leases for which the Group is a lessee is presented below.

13.1.1 Right-of-use assets

As at 31 March	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Balance as at 1 April	48,529	24,500	–	–
Re-assessment of lease	–	(336)	–	–
Additions	–	29,400	–	–
Depreciation	(7,941)	(5,035)	–	–
Balance as at 31 March	40,588	48,529	–	–

13.1.2 Lease liability

As at 31 March	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Balance as at 1 April	51,031	27,283	–	–
Re-assessment of lease	–	(336)	–	–
Additions	–	29,400	–	–
Interest expense	4,783	2,615	–	–
Payments	(9,999)	(7,932)	–	–
Balance as at 31 March	45,815	51,031	–	–
Lease Liability included in the statement of financial position as at 31 March				
Current	5,916	5,417	–	–
Non-current	39,899	45,614	–	–
Total lease liability as at 31 March	45,815	51,031	–	–
Maturity analysis – contractual undiscounted cash flows				
Less than one year	10,149	10,182	–	–
One to five years	31,633	39,604	–	–
More than five years	31,983	34,161	–	–
Total undiscounted liabilities as at 31 March	73,765	83,947	–	–

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13.2 Amounts recognised in profit or loss

As at 31 March	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Depreciation of right-of-use assets	7,941	5,035	–	–
Interest expense on lease liability	4,783	2,615	–	–
Expense relating to short-term leases	8,704	10,748	–	–
	21,428	18,398	–	–

13.3 Amounts recognised in statement of cash flows

As at 31 March	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Total cash outflow for leases	9,999	7,932	–	–
	9,999	7,932	–	–

13.4 Impairment

The Group does not foresee any indications of impairment of right-of-use assets due to the economic uncertainty since as Group is operating under the Business Continuity Plan as per the Group Risk Management Strategy, to the extent possible, whilst strictly adhering to and supporting government directives. The Group does not anticipate discontinuation of any right of use assets as at the year end.

14. Intangible assets

Group

As at 31 March	Goodwill		Software		Total	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Cost						
Balance as at 1 April	97,773	97,773	19,390	19,390	117,163	117,163
Additions	–	–	–	–	–	–
As at 31 March	97,773	97,773	19,390	19,390	117,163	117,163
Amortisation/impairment						
Balance as at 1 April	41,910	41,910	10,502	5,655	52,412	47,565
Amortisation for the year	–	–	4,847	4,847	4,847	4,847
As at 31 March	41,910	41,910	15,349	10,502	57,259	52,412
Carrying value as at 31 March	55,863	55,863	4,041	8,888	59,904	64,750

All the intangible assets are separately acquired and there are no such internally generated intangible assets.

Goodwill as at the reporting date has been tested for impairment and found no impairment in carrying value. Recoverable value has been estimated based on the value in use method as stipulated in LKAS 36 – "Impairment of Assets".

14.1 Impairment testing for CGUs containing goodwill

For the purposes of impairment testing, goodwill has been allocated to the Group's CGU (operating divisions) as follows.

As at 31 March	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Kotmale Products Limited	55,863	55,863	–	–
Total	55,863	55,863	–	–

14.1.1 CGU 1- Kotmale Products limited

The recoverable amount of this CGU was based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGU.

	2025 %	2024 %
The key assumptions used in the estimation of value in use were as follows:		
Discount rate	18.09	24.89
Terminal value growth rate	3	3
Budgeted EBITDA growth rate (average of next five years)	10	10

The discount rate was based on the weighted average cost of capital (WACC) for the Company, determined by considering the cost of equity and cost of debt proportionately weighted.

Five years of cash flows were included in the discounted cash flow model. A long-term nominal growth rate into perpetuity has been determined as 3% based on management's internal assessment.

Budgeted EBITDA was based on expectations of future outcomes taking into account past experience, adjusted for anticipated revenue growth. Revenue growth was projected taking into account the average growth levels experienced over the past five years and the estimated sales volume and price growth for the next five years.

A reasonably possible change in any of the key assumptions on which the management has based its determination of the CGU's recoverable amount would not cause the CGU's carrying amount to exceed its recoverable amount.

15. Investment in subsidiaries

As at 31 March	No. of shares	Ownership %	Group		Company	
			2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Kotmale Products Ltd.	10,372,567	100	–	–	185,400	185,400
Kotmale Milk Foods Ltd.	70	100	–	–	30,000	30,000
Provision for the investment in Kotmale Milk Foods Ltd.	–	–	–	–	(30,000)	(30,000)
	–	–	–	–	185,400	185,400

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16. Inventories

As at 31 March	Notes	Group		Company	
		2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Finished goods		519,767	444,726	–	–
		519,767	444,726	–	–
Raw materials		183,058	134,998	–	–
Provision for raw materials		(2,542)	(342)	–	–
		180,516	134,656	–	–
Packing materials		120,107	110,024	–	–
Provision for packing materials		(8,552)	(2,336)	–	–
		111,555	107,688	–	–
Other inventories	16.1	181,386	140,978	–	–
		181,386	140,978	–	–
		993,224	828,048	–	–

16.1 Other inventories

As at 31 March	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Engineering spares and other inventories	181,386	140,978	–	–
	181,386	140,978	–	–

16.2 Movement of provision of inventories

As at 31 March	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
At the beginning of the year	2,678	2,174	–	–
Provision for the period	8,416	504	–	–
At the end for the year	11,094	2,678	–	–

Any inventories mortgaged for bank facilities are disclosed in Note 31.2.1 in Notes to the Financial Statements.

17. Trade and other receivables

As at 31 March	Notes	Group		Company	
		2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Trade receivables		681,321	562,774	–	–
Provision for impairment of trade receivables	17.3	(1,983)	(8,373)	–	–
		679,338	554,401	–	–
Staff debtors	17.1	12,764	7,273	–	–
Other receivables	17.2	21,485	45,825	–	–
Deposits, advances and prepayments		219,314	126,740	1,501	1,333
		932,901	734,239	1,501	1,333

Any trade receivables mortgaged for bank facilities are disclosed in Note 31.2.1 in Notes to the Financial Statements.

Deposits, advance and prepayments of the Group mainly consist of advance paid to suppliers amounting to Rs. 195 Mn. (2024 – Rs. 76 Mn.).

17.1 Staff debtors

As at 31 March	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Balance at the beginning of the year	7,273	15,990	–	–
Advances given during the year	19,289	6,722	–	–
Repayment made during the year	(13,798)	(15,439)	–	–
Balance at the end of the year	12,764	7,273	–	–

17.2 Other receivables

As at 31 March	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Receivable from farmers	15,330	27,330	–	–
Other debtors	10,359	22,699	–	–
	25,689	50,029	–	–
Provision for other receivables	(4,204)	(4,204)	–	–
	21,485	45,825	–	–

Receivables from farmers consist of advances and cost of cattle feed, milk cans, etc. given to farmers.

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17.3 Movements of provision for impairment of trade receivables

As at 31 March	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
At the beginning of the year	8,373	4,573	–	–
(Reversal of)/provision for the period	(6,390)	3,800	–	–
At the end of the year	1,983	8,373	–	–

18. Amount due from/due to related companies

18.1 Amount due from related companies

As at 31 March	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Subsidiaries				
Kotmale Dairy Products (Pvt) Ltd.	–	–	149,611	154,102
	–	–	149,611	154,102
Other related companies				
Cargills Convenient Foods Ltd.	2,837	809	–	1
Cargills Retail (Pvt) Ltd.	452,764	407,814	–	–
Cargills Enterprise Solution (Pvt) Ltd.	113	5,505	–	–
United Hotels Company (Pvt) Ltd.	–	245	–	–
Suisse Hotels Kandy (Pvt) Ltd.	–	156	–	–
Cargills Restaurants (Pvt) Ltd.	6,064	3,878	–	–
Cargills Food Servicers (Pvt) Ltd.	295	230	–	–
Galle Face Hotel 1944 (Pvt) Ltd.	–	1,678	–	–
	462,073	420,315	–	1
Total amount due from related companies	462,073	420,315	149,611	154,103

18.2 Amount due to related companies

As at 31 March	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Parent				
Cargills (Ceylon) PLC	21,320	30,648	–	–
Cargills Dairies (Pvt) Ltd.	73,208	27,979	–	–
	94,528	58,627	–	–
Other related companies				
CPC (Lanka) Ltd.	–	80	–	–
Millers Ltd.	46	2,458	–	–
Cargills Food & Beverage Ltd.	41	1,356	–	15
Cargills Confectioneries (Pvt) Ltd.	–	788	–	–
	87	4,682	–	15
Total amount due to related companies	94,615	63,309	–	15

19. Cash and cash equivalents**19.1 Cash at banks and in hand**

As at 31 March	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Cash at bank	340,613	346,447	2,422	2,423
Cash in hand	435	435	–	–
	341,048	346,882	2,422	2,423

19.2 For the purpose of cash flow statement, the year end cash and cash equivalents comprise the following:

As at 31 March	Notes	Group		Company	
		2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Cash at banks and in hand	19.1	341,048	346,882	2,422	2,423
Bank overdrafts		(1,888)	(1,759)	(1,888)	(1,759)
		339,160	345,123	534	664

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19.3 Short-term investments

As at 31 March	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Fixed Deposits – Maturity period between 3 to 12 months	46,419	43,225	–	–
	46,419	43,225	–	–

20. Stated capital

As at 31 March	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Issued and fully paid;				
31,400,000 ordinary shares	314,000	314,000	314,000	314,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meeting of the Company.

The value per ordinary share is Rs. 10.00.

21. Reserves

As at 31 March	Notes	Group		Company	
		2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Capital reserves					
Revaluation reserve	21.1	434,013	436,631	–	–
Capital reserve		1,785	1,785	1,785	1,785
		435,798	438,416	1,785	1,785
Revenue reserves					
General reserve		1,269	1,269	1,269	1,269
		437,067	439,685	3,054	3,054

21.1 Revaluation reserve consists of net surplus resulting from revaluation of land and building. Revaluation reserve movement is as below:

As at 31 March	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Balance as at 1 April	436,631	286,977	–	–
Revaluation surplus	–	219,322	–	–
Deferred tax on revaluation surplus – land	–	(22,832)	–	–
Deferred tax on revaluation surplus – building	–	(42,964)	–	–
Transfer from revaluation reserve to retained earnings due to disposal of building	(2,618)	(3,872)	–	–
Balance as at 31 March	434,013	436,631	–	–

22. Deferred tax liability

As at 31 March	Notes	Group		Company	
		2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
At the beginning of the year		183,740	108,677	–	–
Origination/(reversal) of deferred tax charge and impact of change in tax rate	22.2	(20,246)	75,063	–	–
At the end of the year		163,494	183,740	–	–
Deferred tax liability as at the year end is made up as follows.					
Deferred tax liability arising from:					
- Temporary difference of property, plant and equipment		67,473	80,223	–	–
- Temporary difference of revaluation surplus of freehold building		85,655	85,655	–	–
- Temporary difference of revaluation surplus of freehold land		40,508	40,508	–	–
- Temporary difference of employee benefits		(23,964)	(18,697)	–	–
- Temporary difference of provisions		(4,610)	(3,199)	–	–
- Temporary difference of right of use assets and lease liability		(1,568)	(750)	–	–
		163,494	183,740	–	–

22.1 Details of temporary difference of right of use assets and lease liability

As at 31 March	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Deferred tax on lease liability	(13,745)	(15,309)	–	–
Deferred tax on right-of-use asset	12,177	14,559	–	–
Net deferred tax asset	(1,568)	(750)	–	–

22.2 Origination/(reversal) of deferred tax charge and impact of change in tax rate

As at 31 March	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Deferred tax (reversal)/charge recognised in profit or loss	(18,564)	8,591	–	–
Deferred tax (reversal)/charge recognised in other comprehensive income	(1,682)	66,472	–	–
	(20,246)	75,063	–	–

22.3 Unrecognised deferred tax assets

Temporary differences associated with the companies Kotmale Milk Foods Limited, Kotmale Milk Products Limited and Kotmale Holdings PLC, for which the deferred tax assets have not been recognised, are disclosed below:

As at 31 March	Group		Company	
	2025 Tax effect on Temporary Difference Rs. '000	2024 Tax effect on Temporary Difference Rs. '000	2025 Tax effect on Temporary Difference Rs. '000	2024 Tax effect on Temporary Difference Rs. '000
Provision for impairment of trade receivables	574	574	–	–
Tax losses	12,630	12,630	1,450	1,450
	13,204	13,204	1,450	1,450

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23. Employee benefits

As at 31 March	Notes	Group		Company	
		2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
At the beginning of the year		64,575	60,401	–	–
Expense recognised in profit or loss	23.1	11,831	15,094	–	–
Expense recognised in other comprehensive income	23.2	5,605	(2,251)	–	–
Benefits paid		(2,135)	(8,669)	–	–
At the end of the year		79,876	64,575	–	–

23.1 Amounts recognised in profit or loss

As at 31 March	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Current service cost	4,727	4,222	–	–
Interest cost	7,104	10,872	–	–
	11,831	15,094	–	–

23.2 Amounts recognised in other comprehensive income

As at 31 March	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Actuarial (gain)/loss arising from:				
- experience adjustment (Financial and Demographic)	5,349	148	–	–
- changes in financial assumptions	–	(2,183)	–	–
- changes in demographic assumptions	256	(216)	–	–
	5,605	(2,251)	–	–

23.3 This obligation is not externally funded.

23.4 The gratuity is based on the actuarial valuation carried out by Mr M Poopalanathan, AIA, Messrs. Actuarial and Management Consultants (Pvt) Ltd., a firm of professional actuaries, as at the year end. The principal assumptions used in actuarial valuation were as follows;

For the year ended 31 March	Group	
	2025 %	2024 %
Discount rate (the rate of interest used to discount the future cash flows in order to determine the present value)	11	11
Future salary increment rate		
- Executive	10	10
- Staff	10	10
Retirement age (years)	60	60
Staff turnover rate	20	18

The actuarial valuation involves making assumptions about discount rates, future salary increases and mortality rates. A long-term treasury bond rate of 11% P.a (2024 – 11%) was used to discount future liability taking in to consideration the remaining working life of employees. All assumptions are reviewed at each reporting date.

In addition to the above, demographic assumptions such as mortality and withdrawal and disability were considered for the actuarial valuation. "A 67/70 mortality table" issued by the Institute of Actuaries London was used to estimate the gratuity liability.

23.5 Sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in the key assumptions employed with all other variables held constant in the defined benefit obligation measurement.

As at 31 March	Group			
	2025		2024	
	Increase Rs. '000	Decrease Rs. '000	Increase Rs. '000	Decrease Rs. '000
Discount rate (1% movement)	(3,039)	3,283	(2,664)	2,898
Future salary increment rate (1% movement)	3,659	(3,442)	3,203	(2,991)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

23.5.1 Maturity profile of the retirement benefit obligations:

As at 31 March	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Less than 1 year	14,834	11,420	–	–
Between 1 – 5 years	35,276	27,741	–	–
Between 6 – 10 years	22,797	18,908	–	–
Over 10 years	6,969	6,506	–	–
Total	79,876	64,575	–	–

As at 31 March 2025, the weighted average duration of the defined benefit obligations for the Group was 4.4 years (2024: 4.8 years)

24. Trade and other payables

As at 31 March	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Trade payables	551,034	364,583	–	–
Other payables	197,775	344,110	–	–
Accrued expenses	351,188	283,558	3,534	2,643
Dividend payable	1,955	1,955	1,955	1,955
	1,101,952	994,206	5,489	4,598

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25. Borrowings

As at 31 March	Notes	Group		Company	
		2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Current					
Short-term loans	25.1	–	470,000	–	–
Total borrowings		–	470,000	–	–

25.1 Short-term loans

As at 31 March	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Hatton National Bank	–	470,000	–	–
Total short-term loans	–	470,000	–	–

25.1.1 Short-term loan movement

As at 31 March	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Openings balance	470,000	550,009	–	–
Loan granted	3,155,000	2,400,000	–	–
Interest expense	20,093	70,905	–	–
Loan repayment	(3,645,093)	(2,550,914)	–	–
Closing balance	–	470,000	–	–

26. Commitments

26.1 Capital commitments

As at 31 March 2025, the Company had capital commitments amounting to Rs. 141 Mn. relating to the acquisition of machinery. An advance payment of Rs. 95 Mn. has been made as of the reporting date. The machinery is expected to be delivered and installed in the next financial period.

26.2 Financial commitments

There were no material financial expenditure commitments approved by the Board of Directors as at 31 March 2025.

27. Contingent liabilities

27.1 Letter of Guarantee to Commercial Banks

The Company has given corporate guarantees on behalf of its subsidiaries as follows:

- Kotmale Dairy Products (Pvt) Ltd. - Rs. 50 Mn.
(Details on Note 31.2.1)

Total value of the guarantees given by the Company exceeds 20% of the Company's net worth, details are disclosed in Note 31.2.1 as per the Section 8 of the CSE Listing Rules. The Directors of the Company do not expect any claim on these guarantees, hence no provision has been made in the Financial Statements.

27.2 Litigation against the Group

The Management is in the view that any pending litigation will not have a material impact on the Financial Statements of the Group.

There are no other material contingent liabilities as at the reporting date.

28. Events after the reporting date

Value Added Tax (Amendment) Act No 4 of 2025, has been certified on 11 April 2025 and changes from the amendment Act to the Value Added Tax Act, No 14 of 2002, the locally produced liquid Milk and Yoghurt are exempt from Value Added Tax (VAT) effective from 11 April 2025.

29. Transactions with related companies

Companies within the Group engage in trading and business transactions under normal commercial terms which gives rise to related company balances. The transaction are carried out in the ordinary course of the business and arms length in nature.

The related company balances have been disclosed under Note 18 to the Financial Statements.

29.1 Transactions with Key Management Personnel (KMP)

According to the Sri Lanka Accounting Standards (LKAS 24) "Related Party Disclosures", Key Management Personnel are those having authority and responsibility for planning, directing and controlling activities of the entity. Accordingly, the Board of Directors (including Executive and Non-Executive Directors) have been classified as Key Management Personnel of the Group.

The Group has paid Rs. 40 Mn. (2024 – Rs. 25 Mn.) to Directors as emoluments and no post employment benefits were paid during the year (2024 – Nil). There are no other payments made to Key Management Personnel apart from the disclosed amount.

29.2 Transactions, arrangements and agreements involving KMP and their close family members (CFM)

CFM of a KMP are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity. They may include;

- (a) the individual's domestic partner and children;
- (b) children of the individual's domestic partner; and
- (c) dependents of the individual or the individual's domestic partner CFM are related parties to the entity.

There were no transactions with CFM during the year.

29.3 Transactions with related companies

The companies within the Group are engaged in trading and business transactions under normal commercial terms which give rise to related company balances. The balances have been disclosed under Note 18 to the Financial Statements and the transactions are summarised as follows;

For the year ended 31 March	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Parent				
Sales of goods	19,218	19,910	–	–
Purchases	(1,033,444)	(842,041)	–	–
(Receiving)/rendering of services	38,195	108,553	–	–
Settlement/fund transfer	1,079,120	956,980	–	–
Subsidiaries				
Settlement/fund transfer	–	–	4,489	2,061
Other related companies				
Sales of goods	2,443,518	2,210,095	–	–
Purchases	(35,940)	(80,267)	–	–
(Receiving)/rendering of services	(204,597)	(14,620)	–	–
Settlement/fund transfer	(2,154,614)	(2,007,744)	–	–

29.4 Non-recurrent related party transactions

There were no non-recurrent related party transactions which in aggregate the value exceeds 10% of the equity or 5% of the total assets whichever is lower of the Group and/or the Company as per the audited Financial Statements as at 31 March 2024 which required additional disclosures in the 2024/25 Annual Report under the Colombo Stock Exchange Listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13 (c) of the Securities and Exchange Commission Act.

As at 31 March	Notes	Group		Company	
		Financial liabilities at amortised cost		Financial liabilities at amortised cost	
		2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Financial liabilities by categories					
Trade and other payables, excluding accrued expense		750,764	710,648	1,955	1,955
Amounts due to related companies	18.2	94,615	63,309	–	15
Borrowings	25	–	470,000	–	–
Lease liability	13.1.2	45,815	51,031	–	–
Bank overdrafts	19.2	1,888	1,759	1,888	1,759
Total		893,082	1,296,747	3,843	3,729

The above table does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. The Group has not disclosed the fair values for financial instruments such as short-term trade receivables and payables, because their carrying amounts are a reasonable approximation of fair value.

30.2 Fair value hierarchy

The Group held the following non-financial instruments carried at fair value in the Statement of Financial Position:

As at 31 March	Notes	Level 3	
		2025 Rs. '000	2024 Rs. '000
Non-financial assets measured at fair value			
Freehold land and buildings	12	1,320,629	1,419,128

Description of fair valuation techniques used and key inputs to fair valuation of freehold land and buildings are disclosed in Note 12.1.

31. Financial risk management

OVERVIEW

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further, quantitative disclosures are included throughout these Financial Statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

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Risk Management Framework

The Group's risk management processes are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Audit Committee oversees how management monitors compliance with the Group's risk management processes/guidelines and procedures and reviews the adequacy of the risk management framework in relation to the risks. The Audit Committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

31.1 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counter party to a financial instrument fails to meet its contractual obligation, and arise principally from the Group's receivables from customers.

Carrying amount of financial assets represents the maximum credit exposure.

The maximum exposure to credit risk at the reporting date was as follows:

As at 31 March	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Trade receivables	679,338	554,401	–	–
Staff debtors and other receivables	34,249	53,098	–	–
Amount due from related companies	462,073	420,315	149,611	154,103
Short-term investments	46,419	43,225	–	–
Cash and cash equivalents, excluding cash in hand	340,613	346,447	2,422	2,423
	1,562,692	1,417,486	152,033	156,526

31.1.1 Age analysis of trade receivables after provision for impairment

As at 31 March Group	2025			2024		
	Gross debtor Rs. '000	Impairment Rs. '000	Net debtor Rs. '000	Gross debtor Rs. '000	Impairment Rs. '000	Net debtor Rs. '000
Past due 1 – 30 days	463,466	–	463,466	342,882	–	342,882
Past due 31 – 60 days	141,428	–	141,428	136,344	–	136,344
Past due 61 – 90 days	74,236	–	74,236	57,681	–	57,681
Past due more than 91 days	2,191	(1,983)	208	25,867	(8,373)	17,494
Total	681,321	(1,983)	679,338	562,774	(8,373)	554,401

The provision for impairment of trade receivables are relevant to the trade receivables outstanding for more than 90 days. The Group has obtained bank guarantees from major customers by reviewing their past performance and credit worthiness.

31.1.2 Staff debtors and other receivables

Represent amounts due from suppliers, farmers, and permanent employees.

31.1.3 Amount due from related companies

The Group's amounts due from related companies mainly consist of receivables from other related companies and parent companies. The Company's amount due from related companies consist of receivables from subsidiaries, other related companies and parent companies.

31.1.4 Short-term investments

Short-term investments represent investment in fixed deposits with a maturity period between 3 to 12 months. The short-term investments are held with banks which are rated AA-(Ika), based on Fitch Ratings.

31.1.5 Cash and cash equivalents, excluding cash in hand

The Group and the Company held cash and cash equivalents excluding cash in hand of Rs. 341 Mn. and Rs. 2.4 Mn. at 31 March 2025 (2024: Rs. 346 Mn. and Rs. 2.4 Mn.), which represents its maximum credit exposure on these assets. The cash and cash equivalents excluding cash in hand are held with banks which are rated A+(Ika) to AA-(Ika), based on Fitch Ratings.

31.1.6 Guarantees

The Group's policy is to provide financial guarantees only to wholly owned subsidiaries.

31.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group holds cash and undrawn committed facilities to enable the Group to manage its liquidity risk.

The Group monitors its risk to shortage of funds by considering maturity of both the Group's financial investment and financial assets and other projected cash flow from operations.

The Group's objective is to maintain balance between continuity of funding and flexibility through the use of multiple sources of funding including bank loans and overdrafts over a wider spread of maturity periods.

In liquidity risk management, the Group uses a mixed approach where it combines elements of cash flow matching approach and the liquid assets approach. The business units attempt to match cash outflows in each time bucket against a combination of contractual cash inflows that can be generated through the sale of assets, repurchase agreement or secured borrowings.

The following are the contractual maturities of financial liabilities as at 31 March 2024.

Group	Undiscounted Contractual Cash Flows						Total Rs. '000	Carrying value Rs. '000
	Within 1 year Rs. '000	Between 1-2 years Rs. '000	Between 2-3 years Rs. '000	Between 3-4 years Rs. '000	Between 4-5 years Rs. '000	More than 5 years Rs. '000		
Trade and other payables, excluding accrued expense	710,648	–	–	–	–	–	710,648	710,648
Amounts due to related companies	63,309	–	–	–	–	–	63,309	63,309
Borrowings	470,000	–	–	–	–	–	470,000	470,000
Lease liability	10,182	10,149	10,084	9,933	9,438	34,161	83,947	51,031
Bank overdraft	1,759	–	–	–	–	–	1,759	1,759
	1,255,898	10,149	10,084	9,933	9,438	34,161	1,329,663	1,296,747

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Company	Undiscounted Contractual Cash Flows						Total Rs. '000	Carrying value Rs. '000
	Within 1 year Rs. '000	Between 1-2 years Rs. '000	Between 2-3 years Rs. '000	Between 3-4 years Rs. '000	Between 4-5 years Rs. '000	More than 5 years Rs. '000		
Trade and other payables, excluding accrued expense	1,955	-	-	-	-	-	1,955	1,955
Amounts due to related companies	15	-	-	-	-	-	15	15
Bank overdraft	1,759	-	-	-	-	-	1,759	1,759
	3,729	-	-	-	-	-	3,729	3,729

The following are the contractual maturities of financial liabilities as at 31 March 2025

Group	Undiscounted Contractual Cash Flows						Total Rs. '000	Carrying value Rs. '000
	Within 1 year Rs. '000	Between 1-2 years Rs. '000	Between 2-3 years Rs. '000	Between 3-4 years Rs. '000	Between 4-5 years Rs. '000	More than 5 years Rs. '000		
Trade and other payables, excluding accrued expense	750,764	-	-	-	-	-	750,764	750,764
Amounts due to related companies	94,615	-	-	-	-	-	94,615	94,615
Lease liability	10,149	10,084	9,933	9,438	2,178	31,983	73,765	45,815
Bank overdraft	1,888	-	-	-	-	-	1,888	1,888
	857,416	10,084	9,933	9,438	2,178	31,983	921,032	893,082

Company	Undiscounted Contractual Cash Flows						Total Rs. '000	Carrying value Rs. '000
	Within 1 year Rs. '000	Between 1-2 years Rs. '000	Between 2-3 years Rs. '000	Between 3-4 years Rs. '000	Between 4-5 years Rs. '000	More than 5 years Rs. '000		
Trade and other payables, excluding accrued expense	1,955	-	-	-	-	-	1,955	1,955
Bank overdraft	1,888	-	-	-	-	-	1,888	1,888
	3,843	-	-	-	-	-	3,843	3,843

31.2.1 Borrowings

The Group has access to the following facilities in place which can be utilised to meet its liabilities when they full due if required.

Institution and the facility	Principle amount Rs. '000	Amount outstanding Rs. '000	Repayment terms and interest rates	Security offered
Kotmale Dairy Products (Pvt) Ltd.				
Bank overdrafts				
Bank of Ceylon	10,000	-	On demand, based on market rates	Corporate guarantee for Rs. 10 Mn. from Kotmale Holdings PLC. Mortgage over stocks and book debtors
Cargills Bank Limited	-	1,888	On demand, based on market rates	Fully secured against cash
Import loan facility				
Bank of Ceylon	40,000	-	On demand based on market rates.	Corporate guarantee for Rs. 40 Mn. from Kotmale Holdings PLC. Mortgage over stocks and book debtors
Short-term loans				
Hatton National Bank PLC	1,000,000	-	4 months, based on weekly AWPLR	Clean basis
Commercial Bank of Ceylon PLC	500,000	-	1-12 months, based on the prevailing market rates	Clean basis

31.3 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

31.3.1 Currency Risk

The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than the Sri Lankan rupees (LKR). The Group also have limited exposure in respect of recognised foreign currency assets and liabilities. Based on the discussions with the Group's banking partners, economic conditions and expectations of the future exchange rates, management has estimated Rs. 296.35 per USD as at the reporting date, in translating its assets and liabilities.

As at 31 March	2025			2024		
	Rs. '000	Exchange Rate Rs. '000	USD '000	Rs. '000	Exchange rate Rs. '000	USD '000
Foreign currency savings account – Cargills Bank	8,743	0.296	30	12,642	0.301	42

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31.3.1.1 Sensitivity analysis

A reasonably possible strengthening/(weakening) of the Sri Lankan rupees against US dollar at the year end would have affected the measurement of financial instruments denominated in a foreign currency and affected profit before tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact on forecasted purchases. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates.

	Effect on profit before tax	
	Increase in Exchange rate 5% Rs. '000	Decrease in Exchange rate 5% Rs. '000
2024/2025	437	(437)
2023/2024	628	(628)

31.3.2 Interest rate risk

The Group is exposed to interest rate risk on borrowings and short-term deposits. The Group's interest rate policy seeks to minimise the cost and volatility of the Group's interest expense by maintaining a diversified portfolio of fixed rate, floating rate and inflation-linked liabilities.

The Group adopt policy of ensuring borrowings are maintained at manageable level while optimising return. Interest rates are negotiated leveraging on the strength of the Kotmale Group and thereby ensuring the availability of cost-effective funds at all time, while minimising the negative effect of market fluctuations. Further, the Company has considerable banking facilities with several reputed banks which has enabled the Group to negotiate competitive rates.

31.3.2.1 Exposure to interest rate risk

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows:

	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Fixed-rate instruments				
Financial assets	46,419	43,225	–	–
Financial liabilities	–	(470,000)	–	–
	46,419	(426,775)	–	–

31.4 Capital management

The primary objective of the Group's capital management is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

	Group		Company	
	2025 %	2024 %	2025 %	2024 %
Debt/Equity	48	70	2	2

32. Segmental information

At present the only significant operating segment in the Group is Fast Moving Consumer Goods (FMCG). There are no distinguishable components to be identified as geographical segments for the Group.

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Group	2024/25 Rs. '000	2023/24 Rs. '000	2022/23 Rs. '000	2021/22 Rs. '000	2020/21 Rs. '000	
Financial Results						
Gross revenue	12,243,112	10,594,900	8,565,536	4,341,314	3,269,820	
Net revenue	10,159,987	9,933,567	8,470,935	4,341,314	3,269,820	
Results from operating activities	892,617	1,002,766	1,048,766	410,111	253,896	
Profit before taxation	867,133	927,138	800,433	351,809	217,669	
Profit attributable to equity shareholders of the parent	602,176	644,971	581,938	283,280	190,430	
Financial Position						
Stated capital	314,000	314,000	314,000	314,000	314,000	
Reserves	3,278,715	2,680,460	1,880,390	1,379,798	1,094,899	
Capital and reserves	3,592,715	2,994,462	2,194,390	1,693,798	1,408,899	
Current assets	2,775,665	2,372,709	1,767,725	1,306,434	960,898	
Current liabilities	(1,449,990)	(1,789,606)	(1,688,673)	(1,381,161)	(1,201,647)	
Working capital	1,325,675	583,101	79,052	(74,727)	(240,749)	
Non-current assets	2,550,309	2,705,288	2,306,919	1,906,444	1,763,091	
Non-current liabilities	(283,269)	(293,929)	(191,581)	(137,919)	(113,442)	
Net assets	3,592,715	2,994,462	2,194,390	1,693,798	1,408,899	
Key Indicators						
Growth in gross revenue	%	15.56	23.69	97.30	32.77	11.55
Growth in net revenue	%	2.28	17.27	95.12	32.77	13.04
Growth in earnings	%	(6.64)	10.83	105.43	48.76	28.19
Return on total assets	%	11.31	12.70	14.28	8.82	6.99
Growth in total assets	%	4.88	24.62	26.82	17.95	28.91
Growth in capital and reserves	%	26.72	36.46	29.55	20.22	28.73
Return on investment	%	16.76	21.54	26.52	16.72	13.52
Earnings per share	(Rs.)	19.18	20.54	18.53	9.02	6.06
Dividend per share	(Rs.)	–	–	–	–	–
Dividend pay out	(times)	–	–	–	–	–
Dividend paid per share	(Rs.)	–	–	–	–	–
Net assets per share	(Rs.)	114.42	95.36	69.89	53.94	44.87
Market value per share (Closing)	(Rs.)	395.00	426.25	386.25	380.25	228
Market capitalisation	(Rs.)	12,403	13,384	12,128	11,939	7,159
Debt equity ratio	(times)	0.48	0.70	0.86	0.90	0.93
Interest cover	(times)	29.15	12.14	4.13	6.79	6.56
Current ratio	(times)	1.91	1.33	1.05	0.95	0.80
Quick assets ratio	(times)	1.23	0.86	0.56	0.55	0.48

(a) The above ratios have been computed based on 31,400,000 numbers of issued and fully paid shares as at 31 March 2025.

(b) Debt equity ratio is computed by dividing the total liabilities by the shareholder's funds.

(c) Return on investment is computed by dividing profit for the year by the shareholder's funds.

Investor Relations Supplement

General

Stated Capital	Rs. 314,000,000
Issued Shares	31,400,000
Class of Shares	Ordinary Shares
Voting Rights	One vote per ordinary share

Stock exchange listing

The issued ordinary shares of Kotmale Holdings PLC are listed in the Colombo Stock Exchange.

Distribution of shareholding

Shareholdings	31 March 2025				31 March 2024			
	Shareholders		Holding		Shareholders		Holding	
	Number	%	Number	%	Number	%	Number	%
1 - 1,000	634		62,828	0.20	591	96.41	62,166	0.20
1,001 - 10,000	18	2.74	31,287	0.10	18	2.94	31,949	0.10
10,001 - 100,000	3	0.46	113,423	0.36	3	0.49	113,423	0.36
100,001 - 1,000,000	-	-	0	0.00	-	-	-	0.00
Over 1,000,000	1	0.15	31,192,462	99.34	1	0.16	31,192,462	99.34
Total	656	3.35	31,400,000	100.00	613	100.00	31,400,000	100.00

Analysis of shareholders

Shareholdings	31 March 2025				31 March 2024			
	Shareholders		Holding		Shareholders		Holding	
	Number	%	Number	%	Number	%	Number	%
Individuals	632	96.34	145,816	0.46	590	96.25	145,709	0.46
Institutions	24	3.66	31,254,184	99.54	23	3.75	31,254,291	99.54
Total	656	100.00	31,400,000	100.00	613	100	31,400,000	100
Resident	651	99.24	31,397,145	99.99	608	99.18	31,397,145	99.99
Non-resident	5	0.76	2,855	0.01	5	0.82	2,855	0.01
Total	656	100.00	31,400,000	100.00	613	100	31,400,000	100

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Public holding

The percentage of shares held by the public and number of public shareholders as at 31 March 2025 is 0.49% (2024 – 0.49%) and 654 (2024 – 611) respectively. The total number of shares in issue is 31,400,000, of which Public Holding represents 153,223 shares. The float adjusted market capitalisation amounts to Rs. 60.52 Mn.

Consequent to the Company being non-compliant with Rule 7.13.1 (a) as of 1 July 2018, the Securities of the Company has been transferred to Watch List on 1 July 2018.

Share price movements for the period

The market price of share recorded for the year ended 31 March.	2025 Rs. '000	2024 Rs. '000
Highest	444.00	491.00
Lowest	350.00	350.50
Last traded price	395.00	426.25

Top twenty shareholders

Consequent to Cargills (Ceylon) PLC exercising its option under Section 246 of the Companies Act, the shareholdings in the Company are as follows.

Names of Shareholder	No. of Shares as at 31 March 2025	Holding %	No. of Shares as at 31 March 2024	Holding %
1. Cargills Dairies (Pvt) Ltd.	31,192,462	99.34	31,192,462	99.34
2. Cargills (Ceylon) PLC	54,315	0.17	54,315	0.17
3. Mrs I S Jayasinghe	37,500	0.12	37,500	0.12
4. Mr K C Vignarajah	21,608	0.07	21,608	0.07
5. Dr G R Handy	2,950	0.01	2,950	0.01
6. Uniwalkers Ltd.	2,550	0.01	2,550	0.01
7. Merchant Bank of Sri Lanka and Finance PLC 01	2,143	0.01	2,296	0.01
8. Mr S Muhunthan	2,096	0.01	2,096	0.01
9. Mr Z G Carimjee	2,000	0.01	2,000	0.01
10. Mr P R A Jansz	2,000	0.01	2,000	0.01
11. Mrs P T D Harasgama	2,000	0.01	2,000	0.01
12. Mrs B P Narhari	1,875	0.01	1,875	0.01
13. Mrs R T Purasinghe	1,600	0.01	1,600	0.01
14. Mr P R Gunasekara	1,600	0.01	1,600	0.01
15. Ms W A S T R S Jansz	1,500	0.00	1,509	0.00
16. Mr B Nadarajah	1,500	0.00	1,500	0.00
17. Mr D R Wickramasekara	1,500	0.00	1,500	0.00
18. Dr G W Karunaratne	1,400	0.00	1,400	0.00
19. Mr A Rajaratnam	1,300	0.00	1,200	0.00
20. Mr W S P S D Jansz	1,200	0.00	1,200	0.00

Notice of Annual General Meeting

Notice is hereby given that the Fifty Eighth Annual General Meeting (“AGM” or “Meeting”) of Kotmale Holdings PLC (the “Company”) will be held at The Institute of Chartered Accountants of Sri Lanka, No. 30A, Malalasekara Mawatha, Colombo 07 on Tuesday, 22 July 2025, at 8.30am and the business to be brought before the meeting will be:

To Read the Notice convening the meeting

1. To receive and consider the Annual Report of the Directors and the Financial Statements for the year ended 31 March 2025, with the Report of the Auditors thereon.
2. To re-elect as a Director, Mr D S Jayawardhana, who retires by rotation in terms of the Company’s Articles of Association and being eligible offers himself for re-election.
3. To reappoint as a Director, Mr P P Edirisinghe, who was appointed on 20 May 2025 and, also retires in terms of the Company’s Articles of Association and being eligible offers himself for reappointment.
4. To reappoint Director, Mr A D B Talwatte, who retires in terms of Section 210 (2) (a) of the Companies Act No. 07 of 2007 having surpassed seventy years of age and offers himself for reappointment in terms of Section 211 (1) and (2) of the Companies Act No. 07 of 2007 with the unanimous support of the other Directors.
5. a. To reappoint Director, Mrs C I Malwatte, who retires in terms of Section 210 (2) (a) of the Companies Act No. 07 of 2007 having surpassed seventy years of age and offers herself for reappointment in terms of Section 211 (1) and (2) of the Companies Act No. 07 of 2007.
b. Mrs C I Malwatte be designated as an Independent Director in terms of Rule No. 9.8.3.(ix) of the Listing Rules of the Colombo Stock Exchange.

Ordinary resolution (i)

“Resolved that Mr A D B Talwatte, a retiring Director, who has attained the age of seventy years be and is hereby reappointed a Director of the Company 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”,

Ordinary resolution (ii)

“Resolved that Mrs C I Malwatte, a retiring Director, who has attained the age of seventy years be and is hereby reappointed a Director of the Company 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”,

Ordinary resolution (iii)

“Resolved that Mrs C I Malwatte, be designated as an Independent Non-Executive Director of the Company in terms of Section 9.8.3. (ix) of the Listing Rules of the Colombo Stock Exchange”

The justification and rationale for the recommendation to appoint Mrs C I Malwatte are comprehensively presented in the Nominations and Governance Committee Report, contained in the Annual Report.

6. To authorise the Directors to determine contributions to charities for the financial year 2025/26.
7. To authorise the Directors to determine the remuneration of the Auditors, Messrs. KPMG, who are deemed reappointed as Auditors at the Annual General Meeting of the Company in terms of Section 158 of the Companies Act No. 07 of 2007.

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The Annual Report of Kotmale Holdings PLC for the year ended 31 March 2025 is accessible via:

- (1) Corporate Website - <https://www.cargillsceylon.com/kotmale-holdings-plc/>
- (2) The Colombo Stock Exchange - <https://www.cse.lk/pages/company-profile/company-profile.component.html?symbol=LAMB.N0000>
- (3) The following QR code



Should members wish to obtain a hard copy of the Annual Report 2024/25, they may send a request to the Company by filling the Form of Request attached to the Form of Proxy. A printed copy of the Annual Report will be forwarded by the Company within eight (8) market days, subject to the prevailing circumstances at the time, from the date of receipt of the request.

For clarification on how to download and/or access the Annual Report and Financial Statements, please contact Mr Fernando on +94 11 749 6403 during normal office hours (8.30am to 5.00pm).

By Order of the Board

Kotmale Holdings PLC

H S Ellawala
Company Secretary
27 June 2025

Notes:

- (i) A member is unable to attend the Meeting is entitled to appoint a Proxy to attend and vote in his or her place.
- (ii) The Proxy need not be a member of the Company.
- (iii) A member wishing to vote by Proxy at the meeting may use the Form of Proxy enclosed herein.
- (iv) In order to be valid, the completed Form of Proxy must be lodged at the Registered Office of the Company not less than 48 hours before the Meeting.

Form of Proxy

Fifty Eighth Annual General Meeting Kotmale Holdings PLC (PQ 213)

*I/We (name of the shareholder/s)

Holder of NIC/Passport/Company Registration No./s

of (address of shareholder/s)

being a *Shareholder/s of Kotmale Holdings PLC (the Company) hereby appoint:

Please indicate your preference with a

Name of the proxy holder: *Mr/Mrs/Miss

Holder of NIC/Passport /Company Registration No./s

of (address of shareholder/s)

Mobile number of proxy holder:

OR failing him/her

The Chairman of the Meeting as my/our Proxy to represent me/us and to vote for on my/our behalf at the Fifty Eighth Annual General Meeting of the Company to be held on Tuesday, 22 July 2025 and at any adjournment thereof.

Please mark your preference with "X"

No.	Resolution	For	Against
1.	To adopt the Financial Statements for the year ended 31 March 2025	<input type="checkbox"/>	<input type="checkbox"/>
2.	To re-elect Mr D S Jayawardhana as a Director	<input type="checkbox"/>	<input type="checkbox"/>
3.	To reappoint Mr P P Edirisinghe as a Director	<input type="checkbox"/>	<input type="checkbox"/>
4.	To reappoint Mr A D B Talwatte as a Director	<input type="checkbox"/>	<input type="checkbox"/>
5.a.	To reappoint Mrs C I Malwatte as a Director	<input type="checkbox"/>	<input type="checkbox"/>
5.b.	To designate Mrs C I Malwatte as an Independent Director	<input type="checkbox"/>	<input type="checkbox"/>
6.	To authorise the Directors to determine contributions to charities	<input type="checkbox"/>	<input type="checkbox"/>
7.	To authorise the Directors to determine the remuneration of the Auditors, Messrs KPMG who are deemed reappointed as Auditors at the Annual General Meeting	<input type="checkbox"/>	<input type="checkbox"/>

Signed on this day of 2025

Signature/s of Shareholder/s NIC/PP/Co.Reg.No. of Shareholder/s

Witnesses:

NOTES:

- (a) *Strike out whichever is not desired.
- (b) Instructions as to completion of the Form of Proxy are set out below.
- (c) A Proxy holder need not be a member of the Company.
- (d) Please indicate with an "X" in the cage provided how your Proxy holder should vote. If no indication is given, or if there is, in the view of the Proxy holder, any doubt (by reason of the manner in which the instructions contained in the Proxy have been completed) as to the way in which the Proxy holder should vote, the Proxy holder in his/her discretion may vote as he/she thinks fit.

Instructions for completion of the proxy form

1. Please perfect the Form of Proxy by filling in legibly your full name and address, signing in the space provided and filling in the date of signature.
2. The completed Form of Proxy should be deposited at the registered office the Company at No: 40, York Street, Colombo 01, or an electronic document with e-signature or scan of the signed document emailed to khp.agm@cargillsceylon.com, with the subject title "KHP-AGM 2025" not less than 48 hours before the time appointed for the convening of the Meeting.
3. If the Proxy Form is signed by an Attorney, the relevant Power of Attorney or a notarially certified copy thereof, should also accompany the completed Form of Proxy, if it has not already been registered with the Company.
4. If the appointer is a company or corporation, the Form of Proxy should be executed under its common seal or by a duly authorised officer of the company or corporation in accordance with its Articles of Association or Constitution.
5. In the case of non-resident Shareholders, the stamping will be attended to upon return of the completed form of proxy to Sri Lanka.
6. In the case of joint holders, only one needs to sign. The votes of the senior holder who tenders a vote will alone be counted.

Corporate Information

Name of the Company

Kotmale Holdings PLC

Company Registration No.

PQ 213

Legal Form

Incorporated as a Public Company in 1967 under the provisions of the Companies Ordinance No. 51 of 1938 and subsequently re-registered under the Companies Act No. 7 of 2007 on 6 May 2008.

Registered Office

No 40, York Street, Colombo 01.

Contact Details

Tel: +94 (0) 11 242 7777

Telefax: +94 (0) 11 233 8704

Stock Exchange Listing

The Company was listed on the Colombo Stock Exchange in 1969.

Board of Directors

Intiaz Abdul Wahid (Chairman)

Saranga Wijesundara (Managing Director)

Ranjit Page

Dr Dushni Weerakoon

(Senior Independent Director – w.e.f. 20 May 2025)

Asite Talwatte

(Senior Independent Director – up to 19 May 2025)

Joseph Page

Dilantha Jayawardhana

Indira Malwatte

Priyan Edirisinghe (w.e.f. 20 May 2025)

Company Secretary

Hemali Sagarika Ellawala

Postal Address

P.O. Box 23, Colombo 1

Registrars

SSP Corporate Services (Pvt) Ltd.

No. 101, Inner Flower Road,

Colombo 03

Tel: +94 (0) 11 257 3894

Remuneration Committee

Dr Dushni Weerakoon

(Chairman – w.e.f. 20 May 2025)

Indira Malwatte

Asite Talwatte

(Chairman – up to 19 May 2025)

Audit Committee

Priyan Edirisinghe

(Chairman – w.e.f. 20 May 2025)

Asite Talwatte

(Chairman – up to 19 May 2025)

Indira Malwatte

Dr Dushni Weerakoon

Related Party Transaction Review Committee

Priyan Edirisinghe

(Chairman – w.e.f. 20 May 2025)

Asite Talwatte

(Chairman – up to 19 May 2025)

Indira Malwatte

Dr Dushni Weerakoon

Nominations and Governance Committee

Dr Dushni Weerakoon

(Chairman – w.e.f. 20 May 2025)

Indira Malwatte

Asite Talwatte

(Chairman – up to 19 May 2025)

Auditors

KPMG

Chartered Accountants

Bankers

Cargills Bank Ltd.

Bank of Ceylon

Commercial Bank of Ceylon PLC

NDB Bank

Pan Asia Banking Corporation PLC

Seylan Bank PLC

The Hongkong & Shanghai Banking Corporation Ltd.

HNB Bank PLC

People's Bank

Habib Bank

Subsidiary Companies

Kotmale Dairy Products (Pvt) Ltd.

Kotmale Milk Products Ltd.

Kotmale Milk Foods Ltd.

Kotmale Products Ltd.



Kotmale Holdings PLC

No. 40, York Street, Colombo 01

www.cargillsceylon.com/kotmale-holdings-plc