

DANKOTUWA

World-class tableware

ANNUAL REPORT 2023/24

PEOPLE, PERFORMANCE, PLANET



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PEOPLE, PERFORMANCE, PLANET

The heart of Dankotuwa Porcelain is our people. Our 2023/24 annual report highlights the incredible contributions of our employees, stakeholders, and partners who have driven our success. Through their dedication, we have not only achieved outstanding financial performance but also made significant strides in our sustainability initiatives. From reducing our carbon footprint to promoting ethical sourcing, our commitment to the planet is unwavering. This report delves into the stories of those who make Dankotuwa Porcelain a leader in the industry and showcases our vision for a sustainable and prosperous future.





OUR PURPOSE

“ENHANCE PEOPLE’S LIFESTYLES”

OUR VISION

“ENHANCE PEOPLE’S LIFESTYLES THROUGH EXQUISITELY CRAFTED PORCELAIN PRODUCTS”

OUR MISSION

“TO BE ASIA’S LEADING MANUFACTURER AND MARKETER OF PORCELAIN TABLEWARE”

CORPORATE VALUES

1. CREATIVE AND INNOVATIVE

We take a human-centred approach to challenge assumptions, redefine problems, design and create innovative products and solutions.

2. INTEGRITY AND TRUST

We are open and honest. We are ethical and transparent in all our interactions.

3. GREAT ATTITUDE

We have a positive outlook. We trust and respect each other. We see challenges as opportunities.

4. PERSEVERANCE

We constantly push our limits. We are hyper focused on quality and efficiency in all of aspect of what we do. We never give up and continuously look for solutions.

5. COMMITTED AND ACCOUNTABLE

Together we are a team of diverse individuals who are committed and accountable to all our stakeholders.

6. LEARNING AND GROWING TOGETHER

We believe that every moment is unique and an opportunity to improve ourselves. We learn from our mistakes and continuously evolve.



INTRODUCTION

ABOUT THIS REPORT

DPL'S INTEGRATED ANNUAL REPORT 2023/24



Showcasing Value Creation

We warmly welcome our dear stakeholders and all readers to the Integrated Annual Report of Dankotuwa Porcelain PLC (DPL) for the year 2023/24. It serves as a comprehensive tool that provides a holistic view of our activities, performance and future prospects. It goes beyond the financial figures to offer a deeper understanding of our Group's purpose, impact and sustainability. The report also serves as a valuable tool to facilitate stakeholder decisions and for shareholders to assess the effectiveness of their investments.

Report Content

- **Strategy (pages 32-35):** The integrated report outlines our strategic direction, how we have achieved it in the year under review and our approaches to managing our key capitals and resources.
- **Governance (pages 94-104):** The Annual Report also sheds light on the governance structure and decision-making processes.
- **Value Creation:** The report focuses on how DPL has created value in the year under review and over time (short, medium and long term). It considers financial capital (pages 58-61), natural capital (pages 88-92), social and relationship capital (pages 83-87), intellectual capital (pages 68-72), manufactured capital (pages 62-67) and human capital (pages 73-82) aspects. Essentially, it addresses the question: "How has the Company contributed to its stakeholders?"
- **Stakeholder engagement (pages 48-49):** Our integrated report underscores the importance of stakeholder engagement. It presents interactions with customers, shareholders, employees, suppliers, and the broader community.
- **Materiality (pages 52-53):** Material issues are those that significantly impact the organization's performance. These may include environmental concerns, social responsibility, or financial risks.
- **Conciseness:** Integrated reports differ from conventional annual reports by emphasizing brevity. They concisely present relevant information while excluding unnecessary details.
- **Reliability and Completeness:** We have ensured that the information and data provided is accurate, reliable, and complete. Transparency remains a central tenet.
- **Consistency and Comparability:** The report remains consistent but with certain improvements in comparison to the previous year. Nevertheless, users can conveniently compare financial information between the last two financial periods, including the one under review.

Other areas of focus



Report

The report covers the financial and non-financial activities and outcomes for the 12-month financial period which ended on 31st March 2024. It also includes aspects that have occurred till the date of report completion.

The report scope includes aspects that are critical to an integrated report apart from financial statements and other financial related information.

Integrated Thinking

We have adopted an integrated thinking approach to present aspects that directly influence value creation over time. The above aspects have enabled this concept even further. Moreover, it involves reviewing the six capitals, as identified by the International Integrated Reporting Framework (IIRC). Such consideration has enabled us to assess the management of six capitals across financial and non-financial activities. It has ensured that we view our operational activities holistically, recognising that each capital contributes to the final growth and performance. Moreover, it enables readers to ascertain a more comprehensive understanding of our impact on stakeholder value creation.

Reporting Frameworks

To help us navigate the complexities of compliance and external regulations, we have complied with several regulatory frameworks while voluntarily adopting several frameworks to enhance governance and embrace improved reporting standards.

Corporate Governance

- Code of Best Practice on Corporate Governance (2017) issued by CA Sri Lanka
- Listing Requirements of the Colombo Stock Exchange
- Securities and Exchange Commission of Sri Lanka Act No. 36 of 1987 (as amended).

Financial Reporting

- Sri Lanka Financial Reporting Standards
- Sri Lanka Accounting Standards
- Companies Act No. 7 of 2007

Integrated Reporting

- The International Integrated Reporting Council's (IIRC) International Framework (January 2021) (voluntary)
- Guidelines for Presentation of Annual Reports issued by CA Sri Lanka (voluntary)
- Handbook on Integrated Corporate Reporting (CA Sri Lanka) (voluntary)

Assurance

- Sri Lanka Auditing Standards (SLAuSs)
- Internal Auditing Framework of Institute of Internal Auditors

Sustainability

- UN Sustainability Development Goals (UN SDGs) (voluntary)
- Gender Parity Reporting Framework introduced by CA Sri Lanka (voluntary)

Report's Improvements

The Group has taken several approaches to enhance the Report's quality of content and comprehensives of information presented.

Reporting Process

DPL adopted a systematic process for the compilation of this Integrated Annual Report, similar to the previous reports.

PREVIOUS REPORTS



Combined Assurance

External Assurance

The report's financial statements and has been audited by Messrs. Ernst and Young, Chartered Accountants. They have provided their assurance and have expressed opinions on the true and impartial presentation of financial statements on pages 114-126. The Board or the executive leadership has no relationship with the auditing firm and acts independently. The independence of the external auditor has been expressed on pages 119-120.

Internal Assurance

The reporting process and/or the content have been reviewed internally, vetted by the Senior Management, Internal Audit and the Board of Directors (BOD). The Audit Committee has ensured compliance of financial statements and financial reporting with Sri Lanka Accounting Standard and Sri Lanka Financial Reporting Standards.

Evolution of the Report

The Dankotuwa Porcelain PLC Annual Reports have evolved by adopting various best practices in reporting. Each year, we take stock of gaps in reporting and strive to enhance the relevancy and comprehensiveness in relation to various best practices and reporting standards.

Disclaimer on Forward-Looking Statements and Future Activities and Outcomes

The report may contain forward-looking statements on future activities, expected outcomes and statistical projections. We would like to remind our readers that it is imperative to there could arise unforeseen events, risks and challenges, which could alter the actual result from the expected outcomes and expectations. Such statements will not be changed based on any differed results and/or circumstances surrounding such changes. We encourage our stakeholders and readers to reflect upon the internal and external operating conditions that were present throughout the reviewed financial year. Additionally, we urge you to contemplate the circumstances, both within and outside the Group's activities, from the conclusion of the financial year up to the moment you are reading this report.

Statement of Board Responsibility

The Board of Directors affirm that the 2023/24 annual report is a reliable and comprehensive source of information for Stakeholders, including our valued shareholders. We affirm that it has been prepared in accordance with all mandatory statutory requirements and conforms to the principles of integrated reporting, which has been voluntarily adopted. We assure that the Annual Report provides information pertaining to all relevant material topics and the Group's approach to managing its strategic direction through the proper management of capitals. The Report has been verified and vetted for accuracy, authenticity and transparency of financial and non-financial information by the internal audit team, respective operational leadership and the independent external auditor.

Feedback

We appreciate your engagement with this report and invite you to provide your valuable feedback, insights, and opinions. Feel free to share any additional thoughts or comments you may have.

FEEDBACK AND INQUIRIES

Feedback and constructive criticism of the Report will be greatly appreciated as it will enable us to improve subsequent reports. We request our readers and stakeholders to forward their feedback and any inquiries to:

The Chief Financial Officer,
Dankotuwa Porcelain PLC
 Kurunegala Road, Dankotuwa
 Tel - 94 31 5500500
 Email - info@dankotuwa.com





YEAR AT A GLANCE



GROUP TURNOVER
LKR 6,249 MN



INTERNATIONAL SALES
LKR 3,585 MN



NATIONAL SALES
LKR 2,665 MN



ASIA'S #1 BEST PLACE TO WORK - LARGE CATEGORY BY GREAT PLACE TO WORK



PROFIT BEFORE TAX
LKR 584 MN



TOTAL ASSETS
LKR 7,909 MN



VALUE CREATION
LKR 2,519 MN



268 NEW SHAPES DEVELOPED



RECYCLED BISCUIT
166,969 TOTAL IN KG



TOTAL CADRE
1,717



CAPEX
LKR 40 MN



SHARE PRICE
31ST MARCH 2024
LKR 24.60

ABOUT DANKOTUWA PORCELAIN



ESTABLISHMENT AND EARLY YEARS

Recognised worldwide for exquisite and perfectly crafted porcelain tableware, Dankotuwa Porcelain has a heritage that dates back to 1984. The company reaped significant benefits from the surge of the Open Economic Policy advocated by the Sri Lankan government in the 1980s, which paved the way for numerous business prospects in both regional and international markets. By the latter part of the eighties, the company underwent a significant transformation as it adopted specialised employee training, and globally recognised Japanese management techniques. This strategic shift enabled DPL to gain recognition for timeless and contemporary tableware collections and achieve improved operational efficiency.

PUBLIC LISTING AND EXPANSION

By 1994, DPL evolved into a publicly listed company on the Colombo Stock Exchange, solidifying its industry presence and enhancing its credibility among stakeholders. In 2014, the Company acquired Royal Fernwood Porcelain Limited, allowing Dankotuwa Porcelain to manufacture more vibrant and modern porcelain tableware, catering to the evolving tastes and preferences of consumers.

PRODUCT RANGE AND MANUFACTURING CAPABILITIES

At present, Dankotuwa Porcelain has achieved acceptance as a premium luxury brand, demonstrating a higher commitment to quality and innovation. This is evident through a diverse product range, which has evolved beyond tableware into lifestyle products such as steam inhalers, porcelain water bottles, self-watering planter pots, and bathroom accessories. The company's manufacturing capabilities have reached beyond local boundaries, producing exquisite tableware for esteemed international tableware brands and retailers.

ACCOLADES AND MARKET PRESENCE

Years of dedication to excellence have earned DPL numerous accolades, including the Best Exporter Gold Award by the National Chamber of Exports. This recognition underscores the Company's significant contribution to the national economy through export revenue. The company's products, renowned for their pristine whiteness and exquisite designs, are available to local customers through five exclusive showrooms in Colombo and suburbs and distributed across the country through a network of over 400 dealers across the country.



COMMITMENT TO QUALITY AND SUSTAINABILITY

DPL places high emphasis on quality, by demonstrating meticulous supervision of raw materials prior to production, alongside proactive and detailed steps for quality assurance. As a result, DPL has earned a global reputation as well as international certifications for superior quality, safety and excellence in design and aesthetic appeal. Moreover, the Company has an intensifying commitment to environmental stewardship and continues to adopt green initiatives.

The production process begins with a comprehensive quality control of raw materials, including quartz, feldspar, kaolin, pottery stone, talc, and dolomite. This is followed by the conversion of these raw materials into product forms, which then undergo glazing and firing. The process also involves the incorporation of artistic designs and careful quality inspections at every step.

CONTINUOUS GROWTH AND GLOBAL REPRESENTATION

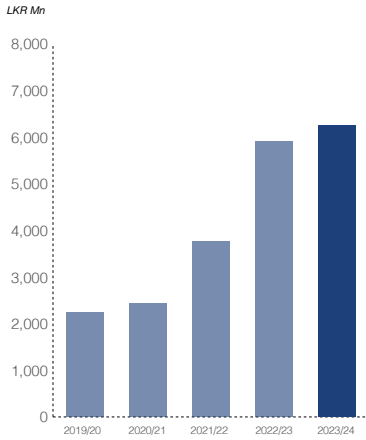
Through continuous improvements in quality and design innovations and commitment to perfection, Dankotuwa Porcelain proudly represents Sri Lanka on the global stage. The Company maintains a keen eye on evolving market trends and adapts to changing customer preferences; by doing so, DPL ensures consistency in meeting products with the highest standards of quality and safety.

FINANCIAL HIGHLIGHTS

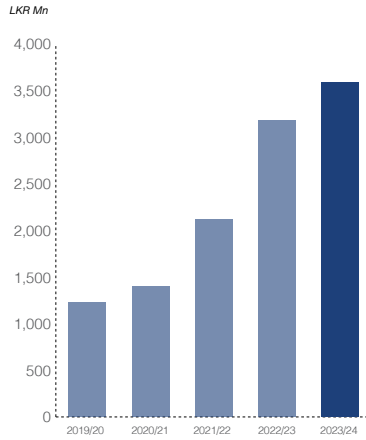
As at	GROUP		COMPANY		
	31 March 2024	31 March 2023	31 March 2024	31 March 2023	
Result for the Period - LKR '000					
Revenue - Export	3,584,604	3,172,015	2,212,298	1,609,639	
Local	2,664,599	2,741,117	1,663,663	1,752,834	
Total Revenue	6,249,204	5,913,132	3,875,961	3,362,473	
Gross Profit	2,110,888	2,057,132	1,643,794	1,445,551	
Change in Fair Value Gain of Investment Property	-	67,202	-	49,672	
Operating Profit	820,768	1,167,997	764,907	777,349	
Change in Fair Value Gain/(Loss) of Investment in Subsidiary	-	-	(3,003)	221,101	
Profit Before Interest & Tax	895,007	1,208,401	843,185	1,041,249	
Net Profit /(Loss) Before Taxation	584,294	869,250	697,311	896,909	
Net Profit /(Loss) After Taxation	367,947	679,332	441,345	622,067	
Net Current Assets / (Liabilities)	1,572,106	1,253,420	1,454,966	1,005,871	
FINANCIAL PERFORMANCE - %					
Gross Profit Ratio	33.78	34.79	42.41	42.99	
Operating Profit Margin	13.13	19.75	19.73	23.12	
Net Profit /(Loss) Before Taxation	9.35	14.70	17.99	26.67	
Net Profit /(Loss) After Taxation	5.89	11.49	11.39	18.50	
Return on Equity	16.90	29.51	18.36	27.24	
Return on Capital Employed	23.35	37.00	21.71	30.59	
Debt to Equity Ratio	66.54	38.16	27.56	12.58	
WORKING CAPITAL RATIOS - Days					
Inventory Days	144	112	132	114	
Debtor Days (for total Sales)	89	48	99	53	
Payable Days	23	31	20	25	
Cash Conversion Cycle	210	129	212	142	
LIQUIDITY RATIOS - Times					
Current Asset Ratio	1.51:1	1.75:1	1.89:1	2.13:1	
Quick Asset Ratio	0.92:1	0.88:1	1.32:1	1.36:1	
Interest Cover	3.47	3.91	11.32	7.66	
FINANCIAL STABILITY					
Total Assets	LKR '000	7,908,501	6,133,824	6,488,763	5,299,966
Return on Assets	%	10.38	19.04	11.79	14.67
Total Liabilities	LKR '000	4,200,609	2,878,268	2,454,334	1,726,283
Shareholders' Funds	LKR '000	3,690,819	3,238,109	4,034,429	3,573,683
Non Controlling Interest	LKR '000	17,073	17,447	-	-
Total Debt	LKR '000	2,455,737	1,235,524	1,111,933	449,406
Equity/Assets	%	46.67	52.79	62.18	67.43
Net Debt (Cash)/Equity	%	53.00	23.99	15.75	0.24
Debt/Total Assets	%	31.05	20.14	17.14	8.48
SHAREHOLDER INFORMATION					
Shares in Issue	Number 000'	162,553	162,553	162,553	162,553
Earnings per Share	LKR	2.28	4.13	2.72	3.83
Net Asset Value per Share	LKR	22.71	19.92	24.82	21.98
Closing Market Price	LKR	24.60	20.50	24.60	20.50
Market Capitalization	LKR '000	3,998,802	3,332,335	3,998,802	3,332,335
Price Earnings Ratio	Times	10.77	4.96	9.06	5.35

GROUP PERFORMANCE AT A GLANCE

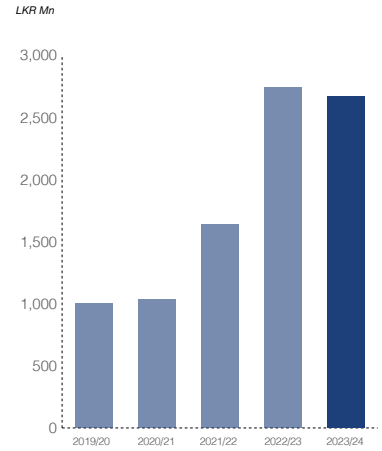
GROUP REVENUE



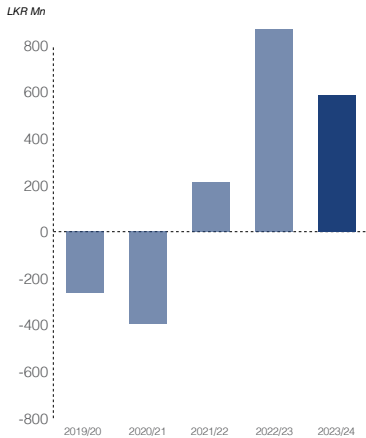
EXPORT REVENUE



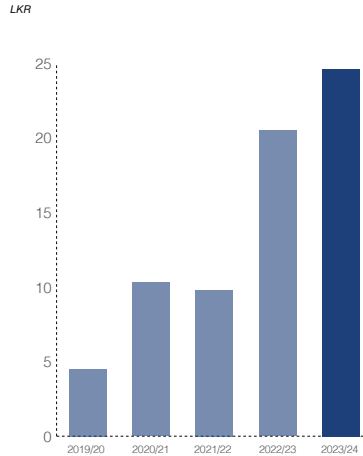
NATIONAL SALES REVENUE



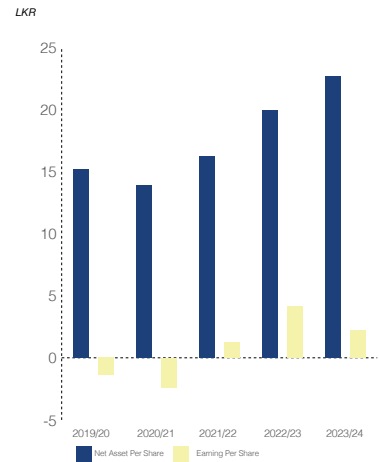
PROFIT BEFORE TAX



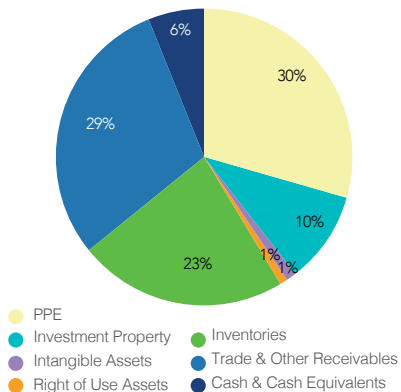
MARKET VALUE PER SHARE



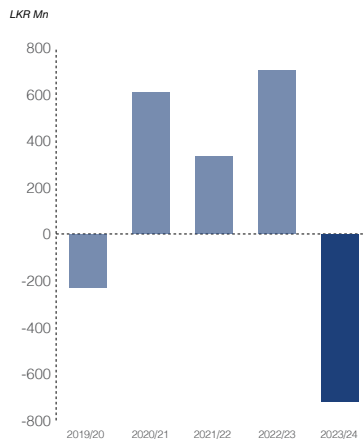
NET ASSET PER SHARE AND EPS



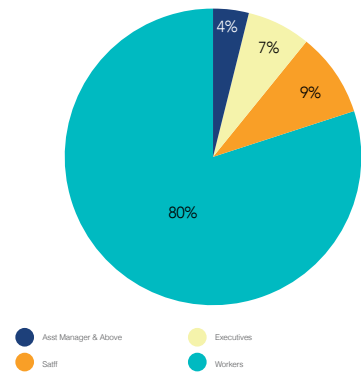
ASSET COMPOSITION



CASH FROM OPERATION



GROUP HEAD COUNT



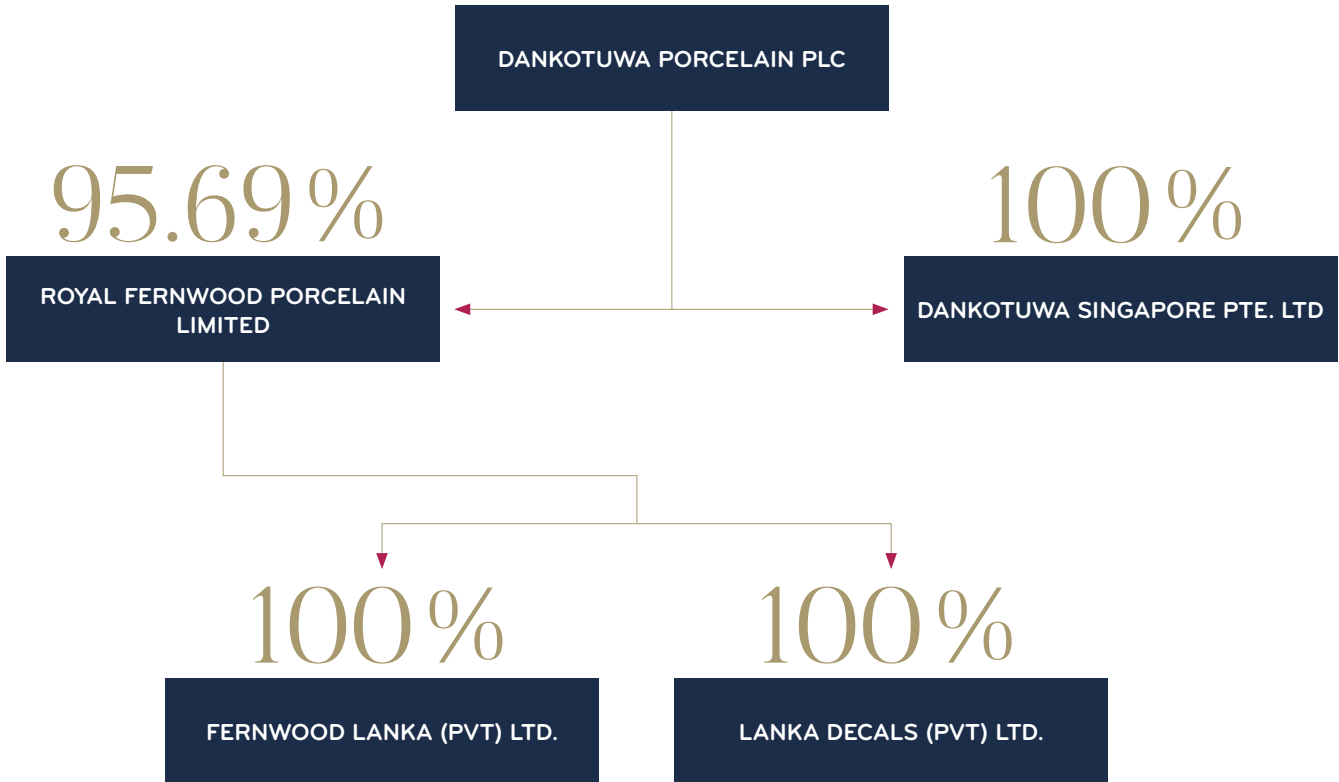
AWARDS AND ACCOLADES



GREAT PLACE TO WORK	15 Best Workplaces in Manufacturing & Production Industry for 2024
CPM SRI LANKA	Merit Award for Best Management Practices Company Awards 2024
GERMAN DESIGN COUNCIL	ICONIC AWARDS 2024: Interior Products - Winner« for Doric Vases (Project ID: IAIP2024-2056) in the category Product design - Furniture
SRI LANKA STANDARD INSTITUTION	Merit Award -Manufacturing (Large) Category - Sri Lanka National Quality Awards 2022
GERMAN DESIGNS AWARDS	German Designs Awards 2024 - Kitchen Category - Waterdrop Wild Flower
CA SRI LANKA	Compliance Award - TAGS Awards 2023 (Group Turnover upto LKR 10 Bn)
NCE	Silver Award – Ceramic, Porcelain & other Clay Products (Extra – Large Category)
SLIM	Bronze Award - Export Brand of the year - SLIM Brand Excellence Awards 2023
EDB	Presidents Awards - Best Exporter Award 2021/22 in the Ceramics and Porcelain Based Product Category
CMA	Next Ten Best Integrated Report - CMA Excellence in Integrated Reporting Awards 2023
GREAT PLACE TO WORK	Great Place To Work – 15 Best Workplaces for Women in Sri Lanka (2023)
GREAT PLACE TO WORK	Great Place To Work - No. 01 in Asia (Large - sized Company Category, 2023)
GREAT PLACE TO WORK	Great Place To Work – No. 01 in Sri Lanka (Medium – sized Category, 2023)
COLOMBO LEADERSHIP ACADEMY	Leadership Excellence - Hall of Fame
GREAT PLACE TO WORK	Gold Certificate and Best Workplace In Manufacturing Sector Award
CEO MAGAZINE SRI LANKA	Manufacturing CEO of the year 2022

GROUP STRUCTURE

DANKOTUWA
World-class tableware



CHAIRMAN'S MESSAGE



Dear Shareholders,

My Colleagues on the board and myself are honoured to bring you the Annual Report and Audited Financial Statements for the financial year 2023/24.

The year ended March 2024, was a challenging year, with the local and global markets for our products showing increasing volatile demand. The Company managed to deliver a healthy bottom-line despite a decline in margins due to increase in costs and the impact of the currency strengthening over the period under review.

The management Team succeeded in growing the revenue and developing customer relationships which will support the company's growth plans in the coming years.

ECONOMIC SETTING AND MARKET DYNAMICS

The economic landscape, which was characterised by the severe economic shifts within the nation and subdued international economic growth, impacted our operations.

Despite the many challenges the positive performance highlights the resilience and adaptability of our management team and all team members of the company and its subsidiary's.

The period that commenced in April of 2023 was a pivotal period for our economy, as it started a recovery process from the financial stress faced by the country, and therefore created many new challenges to your company and all others in the manufacturing sector.

We continued to pursue the strategic plan which with some minor changes will continue to be actioned with a view to long term growth and sustainability of the company and its subsidiaries. This year we continued to make efforts to expand our market reach, strengthen our relationships with existing customers and distributors, and explore new opportunities in domestic as well as international markets.

Dankotuwa Porcelain faced challenges due to the broader macroeconomic landscape, which was marked by efforts to stabilize Sri Lanka's economy, support debt sustainability, and regain international confidence. Structural reforms, including revised tax structures and VAT rates, were part of the government's economic recovery efforts under the IMF's 48-month extended fund facility (EFF). By June 2024, Sri Lanka had received USD 336 million under the EFF, aimed at restoring macroeconomic stability while protecting vulnerable populations.

The overall economic performance showed improvement, with Sri Lanka's GDP rebounding in late 2023 after six quarters of contraction. The country's external sector displayed resilience, with a narrowed trade deficit, increased gross official reserves, a significant recovery in tourism, and a surge in workers' remittances. However, exports contracted by 9.1%, while imports declined by 8.2% in 2023. Inflation, a concern throughout the period, eased to single-digit levels by July 2023, reaching 1.5% by April 2024, which helped boost local sales for Dankotuwa Porcelain.

As we engage in exports to major markets, such as the US, Europe, and India, we closely monitored global consumer spending, to forecast revenue potentials. According to some reports by international research organisations, consumers in the US continued to spend on goods and services cautiously, as inflation and raised interest rates became causes for concern. According to a subsequent report, consumer optimism in the US has continued to decline in the first half of 2024. GDP growth in the Eurozone contracted in 2023 to 0.5% from 2.4% in 2022. Due to inflation, Europeans are shifting consumption to more cautious and mindful spending and based on value. Another trend is conscientious consumerism, with consumer preference to make positive impacts on the world. Moreover, lifestyle shifts within the European region are shaping consumer behaviours. As per Euromonitor International, single-person households have been rising along with population ageing, which will considerably shape consumption trends.

RESILIENT RESULTS

Dankotuwa Porcelain PLC (DPL) demonstrated revenue growth during the year. As a Group DPL achieved a 28% increase in international earnings (in USD terms) while recording 3% decline from national sales. In total, the Group experienced a 6% rise in overall sales. Dankotuwa as a company recorded 56% growth in international sales earnings (in USD terms) while recording 5% negative growth in national sales compared to previous year. However, Royal Fernwood (RFPL) recorded a 1% decline in international sales (on USD terms), and a growth of 10% in national sales. Despite this, overall revenue declined by 4% in LKR terms due to impact of the LKR appreciation.

Group revenue increased to LKR 6.2 Bn, marking a 6% increase from the previous year. This includes LKR 3.9 Bn from Dankotuwa Porcelain PLC and LKR 2.5 Bn from our subsidiary Royal Fernwood Porcelain Limited, including insignificant intercompany transactions.

In terms of Profit before Tax (PBT), DPL achieved LKR 700 Mn (excluding fair value adjustments), reflecting a 12% increase. However, the Profit After Tax (PAT) decreased from LKR 622 Mn to LKR 441 Mn, largely due to increased corporate tax rates and fair value adjustments. Conversely, RFPL faced a substantial decline in PAT, reporting a loss of LKR 74 Mn in 2023/24 compared to a PAT of LKR 201 Mn in the previous year. Our earnings per share stood at LKR 2.28 for 2023/24, and the Company's share price closed the year at LKR 24.60.

DRIVING ACCOUNTABILITY

In the past year, Group ownership transitioned to Ceyline Investments (Pvt) Ltd, which acquired a controlling stake of 50.10% from Ambeon Holdings PLC and increased to 64.89% by the end of the financial year with the share acquisition from the mandatory offer and other transactions. In response to this change, Dankotuwa Porcelain PLC has adjusted its trajectory to better align with the interests of its shareholders while maintaining commitment to other stakeholder expectations. The Board believes that the current governance procedures are robust and appropriate. However, we remain open to feedback and suggestions for improvement from our Shareholders and Stakeholders. During the year, the group conformed to the requirements of local regulatory standards, including the Companies Act No. 7 of 2007, the Listing Rules of the Colombo Stock Exchange, the Code of Best Practice on Governance issued by the CA Sri Lanka, and other relevant regulations.

CHAIRMAN'S MESSAGE

Our focus on ESG, and environmental sustainability took on a renewed phase, as Dankotuwa Porcelain PLC determinedly achieved the implementation of ISO 14001 - a process that required considerable changes to adjust and align processes, including a change mindsets and approaches to create a sustainability-conscious culture. These efforts were paired with conscious efforts to reduce waste across production facilities, optimising resource allocation while making prudent decisions to minimise or eliminate inefficiencies.

From a social standpoint, we have significantly enhanced the work experiences of our staff through conscious decisions to prioritise their well-being. This has translated into achieving the Great Place to Work recognition for three consecutive years and underscores the success of collective leadership efforts, which has inspired many of our senior and middle management to improve as leaders with foresight and improve people management skills.

Throughout the year, the Management team identified potential risk exposures which could impact the Group and implemented effective mitigating controls. The Internal Audit function continuously evaluated these processes to ensure the effectiveness of the controls in place. Additionally, the External Auditors conducted thorough assessments to ensure that our financials are aligned with best practices and regulatory requirements.

STRATEGIC PERSPECTIVE

Over the next three years, we will embark on a transformative strategy aimed at significantly advancing our operational capabilities, market position, and growth potential. Our factory modernisation initiative will involve a comprehensive upgrade of our manufacturing facilities, incorporating state-of-the-art technology and automation to enhance efficiency, reduce operational costs, and increase production capacity. In parallel, we are committed to diversifying our product portfolio to capture the premium customer segment. This involves developing and introducing high-end, innovative products that meet the evolving tastes and expectations of discerning consumers. Our focus will be on enhancing product quality, design, and functionality to stand out in the premium market and foster strong customer loyalty.

Furthermore, we are set to expand our business in the ASEAN Region, leveraging the region's burgeoning market potential. Our expansion strategy includes identifying opportunities for setting up retail businesses, establishing strong partnerships with respective dealers and distributors, and tailoring our product offerings to address specific regional tastes. By focusing on international regions with economic growth and by targeting local market segments with the potential for better revenue, we envision robust revenue growth and profit margins in the year ahead.

EXPRESSION OF GRATITUDE

I want to express my sincere appreciation to the management team and staff for their unwavering dedication and perseverance. Their commitment throughout the year's changes and uncertainties has been truly exemplary.

I wish to thank the previous Chairmen and the outgoing Directors for their efforts and services provided to the company and the guidance which has helped the company turnaround with positive financial results since 2020.

Together, the Board and I extend our appreciation to our esteemed shareholders and stakeholders. Your unwavering support and encouragement propel us toward greater achievements.

(Sgd.)

Ranil Pathirana
Chairman

30 August 2024



CHIEF EXECUTIVE OFFICER'S REVIEW



Valued Stakeholders,

I am pleased to present the Annual Report and Audited Financial Statements for Dankotuwa Porcelain PLC for 2023/24.

During the past year, our Group has not only balanced growth with economic stability but has also made substantial progress in developing our employees and leadership. Our commitment to nurturing talent and cultivating leadership within the organisation has played a crucial role in our success. Through targeted employee development programs and leadership-building initiatives, we have empowered our team to work resiliently and contribute to performance.

The following overview highlights the performance of the year and demonstrates the impact of a people-focused leadership approach throughout the organisation.

PEOPLE-FOCUSED COLLECTIVE LEADERSHIP

The Collective Leadership approach at Dankotuwa Porcelain PLC has evolved into a core philosophy, deeply embedded in our organisational culture. This approach has empowered our corporate and senior management to lead with awareness, confidence, and autonomy. As a result of our collective leadership approach, we have achieved greater employee engagement, effective delegation, enhanced skills development, and increased involvement in processes and operations. To implement this, we established six teams of 36 senior and middle managers from diverse departments, selected through a bidding process. These leaders work autonomously on strategic planning and execution, each taking on managerial roles while collaborating to leverage their talents. This decentralised leadership has improved decision-making, ownership, and performance, effectively navigating challenges and seizing opportunities throughout the year. This approach has ensured that decision-making is a shared responsibility rather than being confined to a small group. By empowering employees across all levels, we have unlocked a wealth of knowledge and innovative ideas that might otherwise have gone untapped.

The impact of adopting a more collective leadership style has been profound for the financial and operational performances of the Group. Over the past 3 years, since its inception, the augmented collective knowledge base has raised the level of ingenuity across products, processes and human capital management. Diverse perspectives have resulted in better, effective and well-informed decision-making, which was especially crucial during the year under review as the Group transitioned to a new ownership. I am pleased to state that across 2023/24, the principles of Collective Leadership steered us through changing market dynamics and macroeconomic shifts and were pivotal in maintaining stability and setting the necessary backdrop for growth, proving its efficacy as a people-oriented leadership approach.

THE PEOPLE-FOCUSED COLLECTIVE LEADERSHIP APPROACH AT DANKOTUWA PORCELAIN PLC HAS EVOLVED INTO A CORE PHILOSOPHY, DEEPLY EMBEDDED IN OUR ORGANISATIONAL CULTURE. THIS APPROACH HAS EMPOWERED OUR CORPORATE AND SENIOR MANAGEMENT TO LEAD WITH AWARENESS, CONFIDENCE, AND AUTONOMY.

At Dankotuwa, our holistic talent development strategy is designed to nurture every aspect of employee growth and well-being. This approach combines professional development with a focus on economic, health, and social well-being. We emphasize skill development and knowledge enhancement through various training programs that prepare our staff for current and future roles. The DPL Academy, launched last year for the benefit of Dankotuwa employees, and accredited by the Tertiary and Vocational Education Commission, awarded NVQ-approved certifications to its inaugural batch of graduates, marking a significant milestone in our commitment to upskilling our workforce.

Beyond formal training, we support our employees through financial incentives, annually increasing remuneration, and non-financial assistance to economically vulnerable staff members. Our commitment to well-being is further demonstrated by offering comprehensive healthcare benefits, including insurance, and providing periodic medical testing and follow-ups for non-communicable diseases.

We actively promote employee engagement and work-life balance through cultural events like musical performances, Christmas carols, and monthly birthday celebrations. Additionally, we prioritize employee welfare with initiatives like ration pack distribution, special lunches, and recognition for top performers. These efforts have led to Dankotuwa being named Asia's number one Best Workplace by Great Place to Work 2023 under the medium category, and we continue to be recognized as a top workplace in Sri Lanka's manufacturing sector.

Our commitment extends beyond the workplace, as we strive to positively impact the community through donations to hospitals, orphanages, and disability centers. We also engage with local schools by facilitating educational visits to our manufacturing facilities. These efforts have reinforced our dedication to fostering a culture of mutual respect and support, ensuring the personal and professional well-being of our employees and the broader community.

CHIEF EXECUTIVE OFFICER'S REVIEW

REFLECTIONS ON NATIONAL AND GLOBAL ECONOMIES

The period beginning in April 2023 was pivotal for Sri Lanka's economy, characterised by efforts to stabilise the economy, support debt sustainability, and regain international confidence. Structural reforms, including significant changes to personal and corporate income taxes and VAT rates, were part of broader efforts toward economic recovery. By June 2024, Sri Lanka had received USD 336 Mn under the IMF's 48-month extended fund facility, aimed at restoring macroeconomic stability with minimal impact on the less fortunate.

Sri Lanka's economy began to rebound in late 2023, with quarterly GDP growth reaching 1.6% in Q3 and 4.5% in Q4, following six consecutive quarters of contraction since 2022. While the annual GDP still contracted by 2.3%, this was a marked improvement from the 7.3% contraction in 2022, driven by recoveries in agriculture, industry, and services.

The external sector showed resilience, with the trade deficit narrowing, reserves increasing, and a strong recovery in tourism and remittances. The local currency appreciated against the USD and other major currencies. Despite a decline in exports, the reduction in imports helped balance the trade deficit. Inflation decreased significantly by April 2024, boosting local sales, though global markets remained cautious due to inflation and economic uncertainty.

In key export markets such as the US, Europe, and India, we have meticulously analyzed global consumer spending to project sales and revenue. In the US, consumer spending has remained subdued due to inflation and elevated interest rates, with consumer confidence showing a marked decline in early 2024, according to McKinsey & Company. The PWC Global Consumer Insights Survey corroborates this trend, noting a reduction in discretionary spending driven by economic concerns. In Europe, Fitch Ratings has reported a contraction in GDP growth to 0.5% in 2023. Inflationary pressures have led to more cautious and value-focused spending behaviours. Additionally, shifts in consumer demographics such as the rise in single-person households and an ageing population are significantly influencing consumption patterns across the region.

BUSINESS AND FINANCIAL REVIEW

During the year, DPL recorded LKR 700 Mn as profit before tax (PBT), excluding fair value loss of LKR 3 Mn. In the previous financial year, reported PBT stood at LKR 626 Mn excluding the fair value adjustment of LKR 271 Mn. The impact of fair value adjustments caused a reduction in PBT from LKR 897 Mn in 2022/23 to LKR 697 Mn in 2023/24. The fair value gain of LKR 271 Mn in 2022/23 includes a gain from the subsidiary (RFPL) valuation of LKR 221 Mn and the fair value gain from investment property of LKR 50 Mn. The current year's fair value loss of LKR 3 Mn is due to the change in the fair value of the investment in the subsidiary.

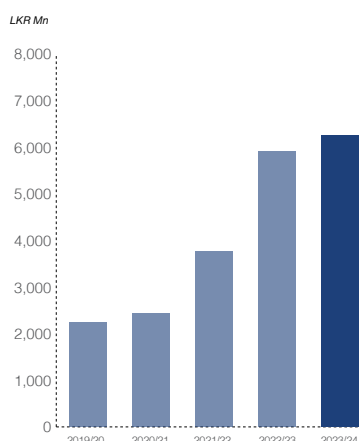
The increase in Profit Before Tax (PBT) excluding fair value adjustment of 12% reflects higher revenue and improved operational efficiencies. International sales in USD terms rose by 56% compared to the previous year, although the increase in LKR terms was lower at 37% due to the appreciation of the Sri Lankan Rupee. DPL recorded LKR 2.2 Bn in international sales for the year 2023/24, which rose from LKR 1.6 Bn in the previous year. Despite a challenging economic environment with factors such as GDP contraction, reduced disposable income, higher inflation, and taxes, we managed to achieve LKR 1.7 Bn in National Sales, which reflected a 5% reduction from the previous year.

DPL recorded a Profit After Tax (PAT) of LKR 441 Mn for the year 2023/24 (LKR 622 Mn in 2022/23), primarily due to an increase in the corporate tax rate from 16% to 30%, effective from October 2023, as well as the impact from fair value adjustments.

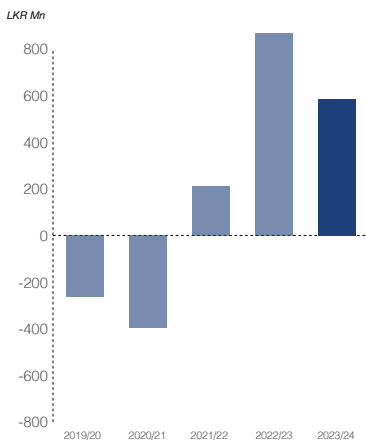
Royal Fernwood (RFPL), which has a reliance on US and European markets recorded a 12% reduction in international sales in LKR terms, which also underscores the negative impact of the LKR appreciation as revenue drop in USD terms is a mere 1%. Furthermore, RFPL's strategic decision to change the body mix to one that is tailored to meet the latest market demands, had a detrimental effect on its manufacturing operations, resulting in a PAT loss of LKR 74 Mn. The positive impact of the strategic decision is anticipated to be realised in the second half of 2024/25.

The DPL Group reported a Profit Before Tax of LKR 584 Mn and a PAT of LKR 368 Mn for the financial year 2023/24. Moreover, the group achieved Earnings per Share (EPS) of LKR 2.28, with a closing Share Price of LKR 24.60 for the year ended March 2024. The Market Capitalisation as of the end of March increased from LKR 3.3 Bn to LKR 4 Bn from 2023 to 2024.

GROUP REVENUE



PROFIT BEFORE TAX



OPERATIONAL REVIEW

In the fiscal year under review, the DPL group witnessed a 6% increase in total sales, despite national and international market conditions and LKR appreciation. The 28% growth in USD from international marketing sales compared to the previous year was particularly commendable given the uncertainties within international markets. This growth was primarily driven by the Indian market, where strategic business decisions led to a significant 49% contribution to the group's international sales, and the Middle East, which accounted for 13% of international sales. Notably, sales from the American and European markets remained a concern, representing 20% and 14% of the total international sales, respectively.

National sales generated total revenue of LKR 2.7 Bn, with a marginal 3% decrease compared to the previous year, primarily attributable to challenging market conditions in Sri Lanka. However, the company's main showrooms in Colombo, which target the tourism sector, contributed significantly to a 16% increase in showroom sales compared to the previous year. The increase in tourist arrivals from India also had a positive impact on overall showroom sales figures. Furthermore, the Company expanded its presence across the island through its dealer network, with dealer sales increasing by 6% compared to the previous year. It is worth noting a 33% decline in the business-to-business (B2B) sector, catering to corporates, HoReCa, and other institutions. However, we anticipate an improved performance in the upcoming financial year as the economy stabilises and corporates recover from past years' economic instability.

On the manufacturing front, DPL focused on mitigating the impact of increased energy prices, import raw material costs, and higher labour and overhead expenses. The longer work-in-progress (WIP) cycles, in line with the nature of the business, and higher material costs prior to the LKR appreciation had a significant impact on material and consumable costs. However, the Company's operational and R&D team successfully reduced kiln cycle times, resulting in a considerable reduction in energy consumption per item produced, as well as a 10% increase in overall production capacity. Moreover, the focus was placed on substituting imported raw materials with local alternatives.

STRATEGIC ROADMAP

As global economic growth remains sluggish, we have shifted our focus to India, a market with substantial growth potential. The country's resilience and strong growth potential, propelled by its young population, ongoing reforms, and rapid digitalization, make it an attractive prospect for us. We see strategic opportunities to expand within India's porcelain tableware market, driven by the burgeoning middle class and rapid urbanisation, which are boosting the demand for high-quality household items. Our plan is to leverage our branch in Chennai to tap into the local demand, establish partnerships, and implement customized marketing strategies to effectively position our brand according to regional preferences. Moreover, the increasing urban population in India and the willingness of the younger demographic to spend bode well for our regional sales growth. North America, Europe, Middle East, ASEAN region are the other markets we will be concentrating on.

Our three-year plan is a strategic initiative focused on substantial capital investments to modernise our factories in Dankotuwa and Kosgama. We have set ambitious goals to boost production capabilities, increase efficiency, and enhance product quality to better meet the rising demands of both national and global markets. Central to this plan is the modernisation of our facilities, with significant investments allocated for upgrading machinery and technology. By introducing state-of-the-art equipment, we aim to streamline production processes, reduce waste, and increase output. These upgrades are expected to ensure consistency in product quality and boost overall operational efficiency.

In addition to upgrading technology and infrastructure, we will invest in the training and development of our workforce. Equipping our employees with the skills needed to operate new technologies and understand modern manufacturing practices is essential for maximising the benefits of these capital investments. Furthermore, sustainability is a key focus of our investment strategy. We are committed to incorporating energy-efficient systems, renewable energy sources (solar panel installations) reducing our carbon footprint, and adopting eco-friendly materials.

Local market development is central to our growth strategy, as we aim to boost our presence and market share, domestically. We plan to attract new customer segments and strengthen our distribution by partnering with local retailers and expanding our channels. We will also focus on product innovation and customisation to meet local preferences to maintain competitiveness. During the year under review, we conducted extensive market research to explore opportunities and register consumer preferences. Our findings revealed a notable gap in the premium porcelain market, presenting an opportunity to target this high-end segment. In response to this, we are launching a new brand designed specifically for premium customers. This brand will offer porcelain products distinguished by exceptional design and craftsmanship. By addressing this market gap, we aim to provide a luxurious and refined choice for discerning consumers. Our product line will be carefully developed to not only fill this void but also to establish a new benchmark in premium porcelain. Our branding strategy will emphasize elegance and exclusivity, positioning this new product range as the premier choice for those seeking top-tier porcelain solutions. This approach will ensure we meet and exceed the expectations of our premium clientele, delivering a sophisticated and distinguished option in the market.

CHIEF EXECUTIVE OFFICER'S REVIEW

Our future strategy encompasses a focus on capitalising on the HoReCa segment, specifically Premium HoReCa, which has experienced a remarkable turnaround. The sector has rebounded steadily subsequent to the downturn in tourism as a consequence of the volatilities in the past three years. Sri Lanka will likely approach its goal of attracting 2.3 million arrivals in 2024. The country has reached nearly half of this target by mid-2024. India and Russia remain the primary source markets, with the potential to attract an increasing number of visitors from the UK, Germany, China, and other Western and European countries, including Russia.

Enabling a broader customer base and the opportunity to boost sales, our e-commerce platform was introduced in July 2024. Customers now have direct access to our product lines and latest designs and can benefit from exclusive offers and promotions regardless of their location. The website has been created with user-friendly navigation in mind and offers detailed product descriptions and comprehensive images for easy browsing.

BALANCED FOCUS ON SUSTAINABILITY

At Dankotuwa Porcelain, we are committed to sustainable development by harmonising the value we create for people, the planet, and profit. We embed these principles into every aspect of our operations to ensure that our business creates lasting value, fosters positive community impact, and minimizes environmental footprints.

As part of our comprehensive approach to environmental sustainability, we have dedicatedly implemented specifications required to be certified with ISO 14001- Environmental Management Systems certification- a globally recognised standard for effective environmental management. This has enabled us to systematically manage our environmental responsibilities, ensuring compliance with regulations and promoting continuous improvement in our environmental performance. In addition to adopting ISO 14001, we have devised plans to install solar panels at our facilities. This significant investment in renewable energy will reduce our reliance on non-renewable power sources, cut our carbon footprint, and lower greenhouse gas emissions. By transitioning to solar energy, we are enhancing our commitment to eco-friendly practices and supporting the global effort to combat climate change.

Our community-based sustainability efforts are also a key focus. To address the challenge of single-use plastics, we are trying to promote sustainability appreciation at the school level to school children within the immediate community of our manufacturing facilities. This initiative aims to minimise the use of disposable lunch sheets and plastic boxes, thereby reducing plastic waste. By fostering a culture of sustainability among students, we hope to encourage environmentally conscious behaviours from a young age and contribute positively to the community's environmental impact.

Moreover, our approach to sustainable development involves generating economic value for our stakeholders such as shareholders, customers, employees and the community. This is achieved through robust financial performance that guarantees long-term profitability and returns on investment. Through these endeavours, we aim to pursue sustainable development that simultaneously benefits people, the planet, and our business, while delivering value and robust financial performance for our stakeholders.

GRATITUDE CONVEYED

I convey my deepest gratitude to the teams at Dankotuwa Porcelain PLC and Royal Fernwood Porcelain Ltd. for their invaluable contributions to our financial performance and operational developments this year. I am particularly grateful to Chairman Mr Ranil Pathirana and the Board for their decisive decision-making and invaluable guidance. I would also like to thank the immediate past Chairman of Dankotuwa Porcelain, for his strategic guidance over the years. I would like to extend my heartfelt gratitude to our new investors for placing their trust in the Dankotuwa team and choosing to invest in our future. Your confidence in us is deeply appreciated, and we are committed to delivering on our shared vision.

I relay my heartfelt gratitude to our international and local clientele, for trusting Dankotuwa and Royal Fernwood to cater to their product preferences, especially at a time when macroeconomic headwinds affected us all. My appreciation extends to our partners, design teams and foreign and local suppliers; your support has allowed us to face challenges with confidence. I remain highly optimistic about the financial and operational success in the immediate future and our ability to increase economic growth through timely actions and interventions as we work alongside our key stakeholders to create sustainable value.

(Sgd.)

Channa Gunawardana
Chief Executive Officer

30 August 2024

BOARD OF DIRECTORS



RANIL PATHIRANA
(APPOINTED AS CHAIRMAN W.E.F. FROM 30TH OCTOBER 2023)

Chairman/Non-Independent, Non-Executive Director

Ranil Pathirana has extensive experience in finance and management in financial, apparel and energy sectors and presently serves as a Director of Hirdaramani Apparel Holdings (Private) Limited, Hirdaramani Leisure Holdings (Private) Limited and Hirdaramani Investment Holdings (Private) Limited which are the holding companies of the Hirdaramani Group. He is also the Managing Director for Hirdaramani International Exports (Pvt) Limited.

Ranil Pathirana is the Chairman of Windforce PLC and a Non-Executive Director of Ambeon Capital PLC as at 31st March 2024, as well as several other listed Companies. He is a Fellow Member of the Chartered Institute of Management Accountants, UK and holds a Bachelor of Commerce Degree from the University of Sri Jayewardenepura.



ROSHAN S. EGODAGE
(APPOINTED W.E.F. FROM 19TH OCTOBER 2023)

Non Executive Director

Roshan Egodage took over the reins of Commercial Credit in October 2009 following the takeover of the Company by BG Investments (Private) Limited and joined the Board of Commercial Credit in March 2011. As Chief Executive Officer, he has been the driving force behind the Company's stellar success, charting a visionary course of leadership and growth.

Prior to taking over the stewardship of Commercial Credit, Egodage held several senior management positions in the finance industry including the Deputy Chief Executive Director of The Finance Company PLC in 2006, while serving on the Boards of several group of companies at the same time.

Egodage has previously been General Manager – Finance, Planning and Administration at Kotagala Plantations PLC and General Manager – Projects and Planning at Agalawatte Plantations PLC. He currently serves on the Boards of several privately held companies registered in Sri Lanka, Philippines and Singapore. Having earned a BSc. Eng. degree from the University of Peradeniya and initially embarking on a career in engineering, he then set his sights on a career in business management, earning an MBA from the University of Colombo. He is a fellow member of the Chartered Institute of Management Accountants, UK (FCMA), an associate member of the Chartered Institute of Marketing, UK (ACIM) and an Associate Member of the Institute of Certified Management Accountants, Sri Lanka (ASCMA).

He currently serves as the Non- Executive Director of BG Capital (Pvt) Ltd, BG Investments (Pvt) Ltd, Colombo International Nautical & Engineering College (CINEC), K- Seeds Investments (Pvt) Ltd and an Executive Director / Chief Executive Officer of Commercial Credit and Finance PLC.

BOARD OF DIRECTORS



C.S. KARUNASENA

Independent, Non-Executive Director

Shalike Karunasena has over 25 years of experience in Financial Management, Treasury and Strategy in the fields of Commodities Trading, Plantations/Agricommodities, Refining & Manufacturing and Leisure/Hospitality with nearly 20 years of Senior Management experience, functioning within the South and South East Asian Regions. He is a Fellow of the Chartered Institute of Management Accountants, UK.

Shalike Karunasena presently serves as the Group Chief Financial Officer of the Gardiner Group of Companies.



DR. K.S. NARANGODA (RESIGNED W.E.F 10TH JUNE 2024)

Non-Independent, Non-Executive Director

Dr. Sajeeva Narangoda is currently the Executive Director of Ambeon Holdings PLC. In addition, Dr. Narangoda serves on the respective Boards of Millennium IT ESP, Eon Tec (Pvt) Ltd, Dankotuwa Porcelain PLC., Royal Fernwood Porcelain Limited, Taprobane Capital Plus (Pvt) Ltd, Colombo City Holdings PLC and Sherwood Capital (Pvt) Ltd as a non-Executive Director. His illustrious career includes serving Colombo City Holdings PLC as its Executive Director/Chief Executive Officer, Dankotuwa Porcelain PLC as its Chief Executive Officer, Millennium IT ESP as Executive Director, Browns Hospitals Limited (currently known as Melsta Hospitals) as Director/Chief Executive Officer and Hemas Hospitals as the Chief Operating Officer. He has also been serving the Australian Council on Healthcare Standards International (ACHSI) as an International Hospital Assessor since 2012 and as country representative for Sri Lanka since July 2019.

Dr. Narangoda holds a Bachelor of Dental Surgery degree from the University of Peradeniya, Sri Lanka and a Master of Science (Finance and Management) from Keele University UK. In addition, he is a Fellow Member of the Chartered Institute of Management Accountant (CIMA) UK, a Chartered Global Management Accountant (CGMA) UK and a Certified Practicing Accountant (CPA), Australia.



S.N. EGODAGE
(APPOINTED W.E.F. FROM 19TH OCTOBER 2023.)

Non-Executive Director

Natasha brings on board a unique perspective with her background in economics, physics and mathematical modelling. She holds various leadership roles and is dedicated to inspiring leadership in everyone to build a sustainable and equitable future.

Her executive experience equips her with a deep understanding of challenges and opportunities at the Board level. Presently, she serves on the Boards of Ceyline Holdings (Pvt) Ltd, Suwasevana Hospitals (Pvt) Ltd, Oceaneeds (Pvt) Ltd, Ceyline Maritime Services (Pvt) Ltd, CINEC (Pvt) Ltd and CMA Ships Lanka (Pvt) Ltd. as a Director. In addition to her Board responsibilities, she works as the Chief Purpose Officer of Ceyline Group, the CEO of Ceymed Healthcare and Hospital Services (Pvt) Ltd, the CEO of Oceaneeds (Pvt) Ltd and the CEO of Ceyline Maritime Services (Pvt) Ltd.

Egodage is also a Consultant for APIIT Sri Lanka, supporting student initiatives, new module development and enhancing the campus experience. Her core values are courage and making a difference, and the various corporate hats she wears help her to stay rooted in her values.

Aside from academics, her tenure in academia in the U.S. and U.K. has expanded her understanding of being a feminist and activist.



LAKSHITHA RAJENDRAN
(APPOINTED W.E.F. FROM 19TH OCTOBER 2023)

Independent, Non-Executive Director

Lakshitha Rajendran has over 9 years of experience in the Manufacturing Industry, working with multinational companies. She started her career as a Project Engineer at L'Oreal's manufacturing facility in Kentucky, USA followed by a stint at Sandvik Engineering in Ohio USA.

She currently serves as the Head of Engineering and Sustainability at Ceylon Tobacco Company (PLC) where she has used her functional skills to steer sustainable innovation and deliver a positive environmental impact while also developing people, fostering high performing teams and driving business priorities as a part of the Operations Leadership Team.

She has been integral in driving an industry leading ESG journey at CTC including initiatives to achieve carbon neutrality and water stewardship as well as being the first company in Sri Lanka to embark on Alliance for Water Stewardship (AWS) certification.

She holds a Master of Science in Logistics and Supply Chain Management from Birmingham City University and a Bachelor of Science in Chemical Engineering from the University of Cincinnati, Ohio.

BOARD OF DIRECTORS



DR. L.H.K. PERERA
(APPOINTED W.E.F. FROM 19TH OCTOBER 2023)

Independent Non-Executive Director

Dr. Hasuli Perera is the Head of Business School and the School of Foundation Studies at the Asia Pacific Institute of Information Technology (APIIT) Sri Lanka, a distinguished higher education institution established in partnership with Staffordshire University, UK. She leads and oversees the operations of the two schools, including their academic programmes, ensuring they align with APIIT's purpose and strategic plan and support the success of APIIT's students and the growth and development of the faculty. She also actively builds networks with businesses, alumni, partner universities, and professional bodies, fostering relationships that provide student internships and career opportunities.

Hasuli teaches courses in Human Resource Management, Cross-Cultural Management, Leadership and Strategy, Business Ethics, Organisational Change and Transformation, Business Psychology, and The Future of Work. She holds a Bachelor of Business and Commerce (First Class Honours) and a PhD in Organizational Behavior from Monash University. Her research focuses on the employee-organization relationship, psychological contracts, expatriate management, and workplace well-being, with publications in highly-ranked academic journals such as Human Resource Management and The International Journal of Human Resource Management.



VARDAN ASLIBEKYAN
(APPOINTED W.E.F. FROM 19TH OCTOBER 2023)

Independent Non-Executive Director

Vardan is a highly motivated and results-driven leader with extensive experience in the FinTech and Digital Payments industry. As the General Director of MegaPay (Pvt) Ltd., Vardan has been instrumental in establishing Pay&Go as Sri Lanka's largest self-service terminal network. Under his leadership since 2015, Pay&Go has become a dominant force in the payments industry, serving over 2 million active customers and partnering with more than 70 companies.

Before his tenure at MegaPay, Vardan made significant contributions to VTB Bank (Armenia) over nearly six years. His roles ranged from Financial Advisor to Chief Specialist in the Retail Sales Unit. Vardan excelled in managing affiliate programs, negotiating contracts, and developing new banking products.

Vardan holds a Master's degree in Management, Business Administration and Management, and a Bachelor's degree in Economics and management, both from the Armenian State University of Economics.



CHANDANA GAMAGE
(APPOINTED W.E.F 10TH JUNE 2024)

Independent Non-Executive Director

Chandana Gamage is an accomplished business leader specialized in Shipping and Logistics with exceptional management capabilities and proven track record of steering large, multinational organizations to their highest levels of success over the past 30 years.

Chandana presently is the Owner's representative & Regional Director for Indian subcontinent, Africa & entire Gulf region for CAI International Inc which is the world's second largest transportation company offering intermodal container leasing and sales, rail leasing and operations, and global logistics services, which is a subsidiary of Mitsubishi HC Capital Inc. one of the world's largest and most diversified financial groups.

Chandana is the only Sri Lankan to ever hold such a wide portfolio of Global intermodal container industry with such a wide regional area of influence.

He is also the Chairman of Pan Oceanic International which is a joint venture with Pakistan's Baltic Shipping, the largest NVOCC operator in the region and represent the boards of Pan Oceanic Maritime PTE Ltd Singapore and Pan Oceanic Maritime Pvt Ltd India.

With his vast knowledge and exposure of global shipping and Logistics, Chandana was appointed to the Board of Ceylon shipping corporation from 2009 to 2015.

Chandana was the Co-owner and Director of Maritime Logistics Colombo, Neon Maritime private Ltd, Trans Asia Shipping Services Colombo Pvt Ltd, and Pan Global Recruitment Pvt Ltd.

Chandana is an Old boy of Ananda College – Colombo and qualified in Master in Maritime Communications.



SAVANTH SEBASTIAN
(APPOINTED W.E.F 1ST JULY 2024)

Non-Executive Director

Savanth Sebastian has a wealth of experience in economics, financial services and investment management and currently also serves on the Boards of Directors of Nations Trust Bank PLC (6 years), Voguetex Pvt Ltd and ArpicoAtaraxia Asset Management. Mr. Sebastian brings with him twenty-one years of industry experience, having carried out responsibilities for nine years as the Senior Economist within the Global Markets research team at Commonwealth Bank in Australia, advising Federal and State Governments, high net worth private and institutional clients, and internal stake holders - including Colonial First State and the Commonwealth Bank senior leadership team. Prior to this, he spent four years working in and then managing the International trading desk for Commonwealth Securities – the stock broking division of Commonwealth Bank, Australia which transacted across 31 international markets.

While in the role he was responsible for the facilitation of Strategic Trading Accounts – allowing CBA Treasury to manage risk and drive an alternative source of revenue. He holds a Bachelor of Commerce in Actuarial Studies & Finance, is an Accredited Advisor of the Australian Stock Exchange, and a Master Practitioner of the Australian Stockbrokers and Financial Advisers Association. Sebastian has published numerous research reports for institutional clients covering domestic and global macroeconomic policy and analysis of equity markets.

BOARD OF DIRECTORS



R.T. DEVASURENDRA
(APPOINTED W.E.F 1ST JULY 2024)

Non-Executive Director

Revantha Devasurendra is a distinguished board member serving numerous public and private companies. He specializes in driving strategic initiatives and implementing robust systems and processes that foster accountability, with a vision to inspire collective purpose and direction.

Devasurendra holds a Bachelor of Arts with Honours in Industrial Economics from the University of Nottingham and a certificate in Hotel, Real Estate Investments, and Asset Management from Cornell University's School of Hotel Administration. His educational background complements his extensive experience in the corporate and entrepreneurial landscape.

As a founding board member of the Entrepreneurs Organization (EO) Sri Lanka, Mr. Devasurendra played a pivotal role in the organization's establishment and success. He notably served as the Chapter President for the year 2020/21, where his leadership and vision significantly contributed to fostering a collaborative entrepreneurial community. Additionally, he is a founding board member of the EO Bangkok Metropolitan Chapter.

Guided by principles of gratefulness, positivity, servant leadership, and a beginner's mindset, Devasurendra continuously challenges the status quo while maintaining humility and a zest for life. His visionary approach and passion for innovative ideas enable him to anticipate and plan for various scenarios, often connecting seemingly unrelated concepts to develop creative solutions.

With strong visualization skills, Devasurendra has a talent for turning aspirations into reality, providing a calming influence amid chaos. His empathetic nature and high emotional intelligence allow him to adapt swiftly to changing circumstances, ensuring steady and effective leadership.

As a scaling-up coach in certification, Devasurendra empowers individuals and businesses to unlock their growth potential. He is also the driving force behind British Ceylon Capital, a venture capital company focused on investments in the hospitality and export products sectors in Sri Lanka, supporting their growth and development.

Passionate about connecting with like-minded individuals and organizations, Devasurendra is always exploring new possibilities for collaboration and meaningful impact. His commitment to excellence and innovation continues to shape the business landscape in Sri Lanka and beyond.



P.D.C.N. GUNAWARDANA
(APPOINTED W.E.F 2ND NOVEMBER 2023)

Executive Director

Channa Gunawardana has extensive experience in overseas operations, as the Country Manager of Ernst & Young - Maldives, and with apparel operations in Bangladesh as the Chief Financial Officer. Further, he was instrumental in setting up one of the pioneering manufacturing plants, in the emerging market in Africa, in 2015. Channa served in Hirdaramani Group for 12 long years and was the Chief Operating Officer of Knit Cluster towards end of his Hirdaramani career. He was responsible for operations of 10 manufacturing plants for leading buyers and was responsible for Sales and Marketing for a product category. He joined Dankotuwa Porcelain PLC in March 2019, from Aitken Spence Group, where he was the CEO/Director of Aitken Spence Garments Ltd.

Channa was conferred with the Hall of Fame for Leadership Excellence for the year 2022, by Colombo Leadership Academy. And he was awarded the Best Manufacturing CEO of the Year 2022.

Channa Gunawardana is a Fellow of the Chartered Institute of Management Accountants (UK) and also a fellow of the Chartered Accountants of Sri Lanka, with an MBA from the University of Southern Queensland, Australia. He holds a First-Class degree from the Department of Accountancy and Financial Management of the University of Sri Jayewardenepura. He is reading for his PhD with Management and Science University in Malaysia.

He is recognized as the country's leading CIMA Case Study lecturer and conducts leadership programs for youth in his spare time. Channa is a member of the Global CIMA Council and a National Chamber of Commerce (NCC). Further, he was appointed as a Director of Ceylon Glass and Ceramic Council as well.

SENIOR MANAGEMENT



**CHANNA
GUNAWARDANA**
Director/ Chief Executive Officer



**MIYURU
RAJAPAKSHE**
Chief Operating Officer



**JAGATH
RAJAMANTHRI**
General Manager
(Royal Fernwood Porcelain Limited)



**SAROJ
RANATHUNGA**
Chief Financial Officer – Group



**CHANNA
GOONATILLEKE**
Major General (rtd.)
General Manager Human Resources,
Administration, and Commercial
Support - Group



**ASOKA
PIERIS**
General Manager - International Marketing
- Group

SENIOR MANAGEMENT



**RAVEEN
KULENDRA**

General Manager – National Sales



**ASANKA
PERERA**

Head of Finance



**VINOBA
SENAVIRATHNE**

Deputy General Manager – Operations



**PRIYANTHA
MEDAGODA**

Senior Manager - Printing and Decoratedware
Plant



**NUWAN
ILLANGASINGHE**

Senior Manager – IT and Business
Development



OUR STRATEGY

OUR STRATEGY

STRATEGIC FOCUS

The Group is focused on achieving its core objectives while balancing commitments towards sustainability. Based on the Group's vision, mission and an analysis of its internal operating environment, a decision was taken to be a differentiator offering premium products with the exception of RFPL, which will follow a cost leadership strategy in its hospitality segment. The overall direction is to capitalise on the internal capabilities of both companies while adapting them to meet international and local consumer needs, as well as those of other stakeholders.

The strategic focus is separated along the dimensions of national sales and international marketing. Further, we have adopted objectives to optimise manufacturing capabilities.

NATIONAL SALES STRATEGY OVERVIEW

Focus	Objective	Strategy	Progress During 2023/24
Revenue Growth	<ul style="list-style-type: none"> Increase market share as per the corporate plan and maintain market dominance 	<ul style="list-style-type: none"> As per the strategies derived in the sales channels, product and brand 	<ul style="list-style-type: none"> Total national sales increased by 10% for RFPL and decreased by 5% for DPL.
Channel expansion	<ul style="list-style-type: none"> Increase sales from all local channels by focusing on key market segments. Predominant focus will be on showroom sales growth, and corporate sales along with efforts to expand dealer network. Maximise sales from tourism based showrooms. Establish an E-Commerce channel to grow widely 	<p>Showrooms</p> <ul style="list-style-type: none"> Investments in showroom improvements and expansions Develop a mechanism to access the tourist touch points in the country <p>Dealers</p> <ul style="list-style-type: none"> Carry out a dealer rationalisation process Expand dealer network across the country <p>Corporate</p> <ul style="list-style-type: none"> Introduction of a new product range for the sector <p>E-commerce</p> <ul style="list-style-type: none"> Development of own E-commerce site 	<ul style="list-style-type: none"> A comprehensive understanding of the Sri Lankan porcelain market through an independent market survey has been completed and necessary actions have been taken on highlighted areas. A new initiative has been launched to allow tourists to experience porcelain manufacturing through Porcelain tourism. Appointed 289 new dealers for the group. E-commerce was launched in July 2024
Product	<ul style="list-style-type: none"> New ranges/collections for each market segment Product rationalisation process Introduce products that match consumer lifestyle 	<ul style="list-style-type: none"> Carry out a market survey to identify customer preference for products Collaborations with recognised local designers Pricing strategy based on each channel segment Strengthen the R&D facility 	<ul style="list-style-type: none"> New product ranges were introduced to the market New product launch was done for wedding gifting in June 2024 The product rationalisation process has been completed and actions have been taken
Brand	<ul style="list-style-type: none"> Achieve brand equity of Dankotuwa, Royal Fernwood and Laklain brands Achieve ideal brand positioning Introduction of new premium brand 	<ul style="list-style-type: none"> Design a new brand architecture based on the brand survey. Continuous concentration on brand enhancement activities 	<ul style="list-style-type: none"> The launch of a new brand has been planned for 2024/25 based on the brand survey outcomes.

INTERNATIONAL MARKETING STRATEGY OVERVIEW

Focus	Objective	Strategy	Progress During 2023/24
Revenue Growth	<ul style="list-style-type: none"> Increase USD sales to achieve the corporate plan 	<ul style="list-style-type: none"> As per the strategies derived under market trends, concentration and brand 	<ul style="list-style-type: none"> DLP USD revenue has grown by 56% compared to the previous year whereas there is a 1% drop in USD revenue in RFPL. Total growth for the Group is 28%
Market trends	<ul style="list-style-type: none"> Identify global market trends 	<ul style="list-style-type: none"> Conduct a market survey to identify the trends Be in continuous touch with key retail customers to identify the movements in trends Strengthen R&D capabilities in colours, shapes, designs and material used in products Partnership with international designers 	<ul style="list-style-type: none"> Based on the market survey results, developed and introduced new products. Ongoing collaboration agreements with world renowned designers Large number of shape, colour, and surface design developments based on customer needs.
Market concentration	<ul style="list-style-type: none"> Concentrated trends on 10 key markets 	<ul style="list-style-type: none"> Market growth strategies to existing markets Market penetration strategies for new markets Restructuring the international marketing team for better focus 	<ul style="list-style-type: none"> Working with appointed agents and working to appoint new agents in key countries. Introduced a dedicated business development team for identified key markets.
Brand	<ul style="list-style-type: none"> Increase global brand presence Re-positioning of the Dankotuwa brand in the global market 	<ul style="list-style-type: none"> Launch of a global high-end brand Participate in key fairs and exhibitions Establish international collaborations International-level branding campaign 	<ul style="list-style-type: none"> Participated in key fairs and exhibitions such as Ambiente, AAHAR and more Strengthened collaborations with international designers

OUR STRATEGY

MANUFACTURING STRATEGY OVERVIEW

Focus	Objective	Strategy	Progress During 2023/24
Capacity	<ul style="list-style-type: none"> Increase production volume 	<ul style="list-style-type: none"> Optimize existing resource utilization Invest in new machineries 	<ul style="list-style-type: none"> Overall increase of 10% production capacity across the Group
Product	<ul style="list-style-type: none"> Periodic and frequent introduction of ranges with high value additions 	<ul style="list-style-type: none"> Strengthen new product development capabilities Invest in required technology 	<ul style="list-style-type: none"> New product launches were done for wedding gifting, reactive glazes, and premium designs The product rationalisation process has been completed and actions have been taken
Production cost	<ul style="list-style-type: none"> Achieve competitive production cost 	<ul style="list-style-type: none"> Investment in energy efficient gloss kiln Investment in productive forming machinery Factory mechanisations and process automation Obtain competitive prices for materials 	<ul style="list-style-type: none"> New options for Kilns have been identified and are currently under evaluation. R&D trails to increase the utilization of local raw materials were successful and bulk production is underway Successfully reduced kiln cycle time by 50%
Quality	<ul style="list-style-type: none"> Increase product quality to reduce second-grade 	<ul style="list-style-type: none"> Continuous process improvement Investment in new technology and machinery Multi-skilling of staff 	<ul style="list-style-type: none"> Notable reductions in damaged units and rejected products
Lead time	<ul style="list-style-type: none"> Better lead time for new product development and commercial orders 	<ul style="list-style-type: none"> Carry out value stream mapping to improve the process efficiency Move into 3D printing technology for new product development 	<ul style="list-style-type: none"> The value stream mapping process has been completed and the elimination process in underway

PEOPLE AND SUSTAINABILITY STRATEGY OVERVIEW

Focus	Objective	Strategy	Progress During 2023/24
Team	<ul style="list-style-type: none"> Attract and sustain a high-performing team 	<ul style="list-style-type: none"> Continuous training Better reward and recognition Consistently maintain recognition as a Great Place to Work 	<ul style="list-style-type: none"> First graduation of the DPL academy has been completed and the second batch has begun Became the #1 Great Place to Work in Asia under large-scale category
Sustainability	<ul style="list-style-type: none"> Drive a sustainable culture 	<ul style="list-style-type: none"> Work with external expertise to develop a sustainable strategy Achieve ISO 14001 	<ul style="list-style-type: none"> Base targets for sustainability goals were identified and working with two universities for DPL and RFPL. Achieved ISO 14001 for DPL in April 2024



SUSTAINABILITY JOURNEY

Sustainability underscores the fulfilment of present needs without compromising the needs of future generations. Ensuring this has become immensely challenging due to accelerated climate change effects and widespread resource depletion. However, more than any other factor, sustainable development needs to be pursued; this underlines the need for an integrated approach when considering the economic, social and environmental implications of our actions. Therefore, inclusive and holistic efforts are needed to ensure that our actions make positive contributions to these three aspects.

As a large-scale manufacturer with substantive use of natural resources and energy consumption, we believe that growth and profitability must not come at the expense of the environment and our communities. Therefore, we strive to take proper and viable measures with maximum impact to ensure positive ramifications on society, the environment, and the economy.

Therefore, adopting clear approaches to sustainable development will ensure positive outcomes – contributing towards a better future for all.

OUR SUSTAINABILITY APPROACHES SEEK TO FULFIL

Social sustainability – Managing the impacts of our business (positive and negative) on people and society as a whole; we seek to create value for all our stakeholders and a better future for all. (Please refer social and relationship capital report on pages 83-87 for more details)

Environmental sustainability – Monitoring and managing the impact of our activities on the natural environment, with a view to reducing or eliminating negative impacts (Please refer to the natural capital on pages 88 - 92 report for additional details)

Economic sustainability – Generating economic value to benefit all stakeholders – maintaining balance and stability of organisational growth and stakeholders’ expectations.

KEY APPROACHES TO SUSTAINABILITY



In the year 2022/23, the Group initiated its sustainability journey by initiating diligently detailed plans. The journey commenced by interlocking the knowledge of the University of Peradeniya academics and the DPL team. Royal Fernwood followed a similar process by collaborating with the experts of the University of Sabaragamuwa and discussions are underway to finalise a roadmap.

Dankotuwa Porcelain adopted its sustainability agenda with the objectives of strengthening responsible production practices and effectuating positive impacts on the people and the environment. This agenda was developed in collaboration with academics of the University of Peradeniya.

Based on a three-phase sustainability framework, the Sustainability Roadmap developed with the University of Peradeniya entails targets which are to be achieved during a three-year period (June 2022 – June 2025). The following approaches outline our efforts at accelerating Sustainable Development

Phase	Targets
Phase 1	Awareness among relevant internal and external stakeholders; Actions include: <ul style="list-style-type: none"> • Tree planting/plant distributions • Clean-up project • Poster campaigns • Distribution of communication material on sustainable manufacturing
	Develop sustainability policy
	Promote resource efficiency <ul style="list-style-type: none"> • Resource efficiency and cleaner production mechanism was introduced by the team of the University of Peradeniya • Measuring the existing status was initiated (water, electricity and gas consumption monitoring) • Data collection formats completed and initiated in the whiteware plant, followed by the decoration plant
	Develop supply chain and manufacturing-related inventory database on activity data
	Resource efficiency KPIs
	Quantify carbon footprint (initial version)
	Audit on manufacturing plant social sustainability <ul style="list-style-type: none"> • Develop a policy on gender equity • Ergonomic audit • Health and safety audit • Awareness programmes on health and safety • Programmes to promote employees’ work-life balance

Phase	Targets
Phase 2	Extend DPL Sustainable Practices towards acquiring ISO:14001 standards on EMS Enhance the SHE Practices matching international standards Conduct an Ergonomics Audit of the Manufacturing Process Extend Resource Efficiency Practices towards the Supply chain Inculcate Life Cycle Thinking among the DPL family Promote Social and Environmental sustainability-oriented CSR activities Conduct Environmental Life Cycle Assessment for DPL products or O-LCA Apply for local sustainability award schemes
Phase 3	Develop Environmental Product Declaration for DPL Export oriented products Introduce Eco Design and Eco Innovation concepts towards DPL products and processes Extend Greener practices towards the Supply chain Conduct Social Life Cycle Assessment towards DPL Initiate Green reporting targeting international competitions & Awards Apply for Internationally accepted Green /Eco Labels for DPL Products Acquire ISO 14001:2015 standards for EMS of DPL

Most of the Phase 1 activities have been initiated in 2022/23. The remaining activities/strategies will commence based on our Sustainability Action Plan, under the second and third phases. Progress of activities will be evaluated at follow-up meetings, which include internal meetings and meetings with the teams from the respective universities. Several discussions were initiated with the University of Sabaragamuwa and a roadmap was drafted for Royal Fernwood during the year 2022/23. Plans are underway to finalise the roadmap and to carry out preliminary work during the second quarter of 2023/24.

SAVI BALA (CSR) INITIATIVE

The Group has established a clearly defined agenda for corporate social responsibility. Titled ‘Savi Bala’ its mission is to leverage resources, expertise, and influence towards meaningful impacts. The broader focus of the initiative underscores several objectives.

The initiative takes a 360-degree approach to corporate social responsibility. Aligned with the above objectives which uphold social sustainability.



SDGS AND SUSTAINABLE DEVELOPMENT








By continuously integrating sustainable development into our decisions and operational measures our focus is on achieving substantial benefits for society, the environment, and the economy. This strategy aligns with the United Nations Sustainable Development Goals (SDGs), which aim to reconcile economic progress, social equity, and environmental sustainability for the greater good. Below, we illustrate how our initiatives over the 2023/24 period align with these UN SDGs.



SUSTAINABILITY JOURNEY

SDGS

 <p>1 NO POVERTY</p>	<ul style="list-style-type: none"> - Recruitment of over 1,400 individuals, providing them with the opportunity to enhance their quality of life - Provided dry rations to low-income individuals to ease financial strains
 <p>2 ZERO HUNGER</p>	<ul style="list-style-type: none"> - Donated food packs to employees and the community - Distributed ration packs - Promoted self-sufficiency by distributing vegetable seeds at no cost
 <p>3 GOOD HEALTH AND WELL-BEING</p>	<ul style="list-style-type: none"> - Continuation of the non-communicable disease (NCD) detection and treatment program for employees, offered free of charge for the second year - Offered free health check-ups and follow-ups for employees' parents - Supported the renovation of Kosgama Hospital - Implemented programs to enhance employee work-life balance and promote a positive mindset - Provided assistance to employees with critical illnesses
 <p>4 QUALITY EDUCATION</p>	<ul style="list-style-type: none"> - Completed the first batch of the DPL Academy - Provided production-focused training to enhance employees' technical and vocational skills - Offered general training and development programs
 <p>5 GENDER EQUALITY</p>	<ul style="list-style-type: none"> - Ensured equal opportunities for career advancement for both men and women - Actively avoided gender stereotypes
 <p>6 CLEAN WATER AND SANITATION</p>	<ul style="list-style-type: none"> - We prevent contamination of underground water and manage groundwater consumption to prevent interference with community water supply. - Water is treated to eliminate impurities and chemical waste before disposal. - Sensory taps are installed to prevent excessive water use.
 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	<ul style="list-style-type: none"> - Accelerated kiln processes to enhance energy efficiency - Power factor correction and verified frequency drives to optimize and reduce energy consumption
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<ul style="list-style-type: none"> - Enhanced productivity through the adoption of new technologies and process improvements - Provided routine facilities to ensure a conducive and respectful work environment - Ensured equal pay for employees within the same job category - Employed and trained a higher proportion of youth for skill development - Ensured no employees are under the age of 18 - Offered fire and first-aid training, along with machine safety training, to all factory staff - Sold leftover clay to local small-scale manufacturers at a nominal price - Implemented strategies to optimize material efficiency and reduce waste

<p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> 	<ul style="list-style-type: none"> - Upgraded existing infrastructure, including plant facilities, and machinery - Expanded and innovated through research and technological advancements - Implemented measures to enhance production efficiency and minimise waste and defects
<p>10 REDUCED INEQUALITIES</p> 	<ul style="list-style-type: none"> - Financial and non-financial support was tailored to address the needs of underprivileged employees and community members - Created job opportunities for youth from nearby rural areas - Collaborated with suppliers to address and improve their shortcomings
<p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> 	<ul style="list-style-type: none"> - Ensured that no harmful air pollutants are emitted from the factories - Designated an area for planting saplings, creating a green space - Provided transportation for staff commuting long distances - Assisted differently-abled children in the community with food, educational supplies, and support for public infrastructure renovations
<p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> 	<ul style="list-style-type: none"> - Raising awareness on sustainability among employees, first-tier suppliers, and first-tier service providers of DPL - Introduced resource efficiency and cleaner production practices under the plan to promote sustainable management and utilization of natural resources - Implemented measures to reuse materials during the production process and for by-products - Focused on maximizing production capacities while optimizing existing resources to prevent excessive material use - Initiated efforts to increase the reuse of polythene as many times as possible - Engaged with polythene manufacturers to recycle damaged polythene and supply packaging material made from the same recycled material
<p>13 CLIMATE ACTION</p> 	<ul style="list-style-type: none"> - Endorsement of climate-conscious behaviour among employees through awareness sessions on sustainable manufacturing
<p>15 LIFE ON LAND</p> 	<ul style="list-style-type: none"> - Planting trees on the factory premises - Proper waste disposal and reprocessing of materials to minimize solid waste
<p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p> 	<ul style="list-style-type: none"> - Ensure that all external interactions are conducted in an ethical manner, and collaborate with local religious institutions to promote peace within the community.
<p>17 PARTNERSHIPS FOR THE GOALS</p> 	<ul style="list-style-type: none"> - Ensuring responsible tax payments, including income tax, SSCL, and other related taxes, to support domestic revenue mobilization. - Actively engaging in various industrial associations.

SUSTAINABILITY JOURNEY

OUR SUSTAINABILITY GOALS

Area	Goal
Conservation	Increase the average raw material Productivity
	Increase renewable energy utilization in the total energy consumption
	Improve energy efficiency
	Improve water efficiency
	Increase recycling of industrial waste
	Reduce solid waste to landfills
	Reducing plastic waste
	Carbon footprint reduction
Emission	Reduce emission footprint
Women Empowerment	Improve participation of women in leadership positions
Employee Empowerment	Training & development programs for everyone
	Promote employee harmony
	Ensure food security of employees
	Ensure employee satisfaction and reliance
Employee Safety & Wellbeing	Ensure the health and safety of all staff
	Increase environmental awareness and knowledge Among employees
	Maintain quality and environmental standards

Projects initiated in FY 23/24 in line with the above goals

ISO 14001 IMPLEMENTATION PROJECT

The project to implement ISO 14001 commenced in February 2023 with the support of Halcyon (Pvt) Ltd consultancy agency. Halcyon assisted in conducting an Environmental Management System gap assessment, which the management team addressed and monitored throughout the implementation period. An Environmental Aspect Impact Assessment was also carried out, identifying significant aspects and implementing mitigation plans that were closely monitored.

Dankotuwa Porcelain PLC submitted the ISO 14001 application in September 2023. After a successful initial audit by SLSI in November 2023 and addressing the audit observations, the certification audit was completed in March 2024, receiving a recommendation for ISO 14001:2015 certification.

The following actions have been taken as part of the overall project.

Environmental Policy

Dankotuwa Porcelain PLC is dedicated to environmental protection, pollution prevention, and legal compliance. This policy highlights our commitment to reducing environmental impacts related to air, water, soil, and employee health. Key elements include:

- **Waste Management:** We prioritise waste reduction through the 3R concept (reduce, reuse, and recycle) and ensure safe waste handling and disposal. We aim to maintain air quality and control noise and vibration levels within acceptable limits.
- **Resource Use:** We focus on sustainable resource management and greenhouse gas reduction within our manufacturing processes.

- **Work Environment:** We strive to provide a safe and comfortable workplace for all employees.
- **Compliance:** We commit to adhering to relevant environmental laws and standards.

We will regularly monitor performance, review policies, and continuously improve our environmental management system by adapting to new practices and regulatory changes while considering customer and community expectations.

The policy came into effect on 17th March 2023.

ENVIRONMENTAL OBJECTIVES

Environmental Objectives have been set into the following categories.

Reducing energy consumption	Reduce Waste generations
- Electricity consumption	- Food waste
- LP gas	- Reduce product damages – mould damages, greenware damages, decoration damages, printing defects, decoration kiln defects, storing damages of whiteware, storing damages finished goods, whiteware damages.
- Diesel	- Reduce water consumption.
	- Reduce waste clay generation.
	- Reduce rework and repair at the whiteware stage.

WASTE MANAGEMENT PROGRAM

3R Concept

The organisation has taken significant steps to control and minimise waste generation through the implementation of the 3-R concept (Reduce, Reuse, and Recycle). Waste disposal is regulated in an environmentally friendly manner, with designated waste bins, color-coded for different types of waste. The company has reinforced waste management regulations through awareness sessions and notices to all employees. Furthermore, efforts are being made to monitor food waste in the canteen and address any non-conformity in waste segregation.

Management Review

Regular management reviews have been conducted with senior management to discuss progress and action plans. Site visits and follow-ups have been documented, and an active WhatsApp group has been created for efficient communication. The performance of the environmental management system, including environmental objectives, has been monitored and discussed in monthly performance review meetings. Overall system performance has been assessed during management reviews with senior management, leading to the establishment and follow-up of relevant action plans.

New Recruitments and Team

The company recruited an ISO coordinator with a background in environmental conservation and management. They also hired new staff for waste management and sustainability projects, while providing internships to university undergraduates to contribute to the implementation of EMS.

Big Cleaning Day

A Cleaning Day was organised in November 2023 with the involvement of all employees of the factory to clean and make things neat. Management team leaders and relevant department staff supported making a big difference with cleaning.

Team Competencies and Trainings

Competency building has been diligently pursued with continuous monitoring and comprehensive training efforts. The Internal Audit team benefitted from the professional training provided by Halcyon Consultancy. Other efforts:

- The ISO coordinator not only completed the lead Auditor course for ISO 14001:2015 but also received training for Internal Auditing.
 - Supervisors and charged hands have been thoroughly trained to effectively fulfil their roles in the Environmental Management System.
 - An extensive program of general awareness sessions has been conducted for all employees, both internally and externally, covering crucial topics such as waste management, chemical handling, storage and disposal, as well as wastewater treatment plant operations.
 - Additionally, specific operators have been diligently trained and educated for their respective roles.
- To further heighten awareness, a quiz competition was organised featuring questions on global environmental issues, general environmental science, company-related procedures and policies, general environmental legislations, and environmental standards. This initiative drew enthusiastic participation, with 50 members forming 9 competitive teams.

Awareness Programs

- Dankotuwu Porcelain General Awareness Sessions for ISO 14001 & Environmental Conservation

The General Awareness Sessions for ISO 14001 & Environmental Conservation covered ISO 14001:2015 General Awareness, Environmental Policy Communication, and Community Responsibility and the organization's role in Environmental Conservation. The objective of the sessions was to make all factory employees aware of the importance of environmental conservation, communicate the DPL environmental policy to all levels, and involve all DPL employees in environmental conservation through ISO 14001 Certification and its activities.

- Dankotuwu Porcelain Initial Awareness for ISO 14001:2015 to Management Level

The session included a detailed agenda covering ISO 14001:2015 General Awareness, Environmental Policy Communication, Community Responsibility, and the organisation's role in Environmental Conservation. The objective is to raise awareness among factory employees about the importance of environmental conservation, communicate the environmental policy to all levels, and engage all employees in environmental conservation through ISO 14001 Certification and its activities. The sessions were by Mr. Rasitha Niroshana from Halcyon Consultancy along with the Quality Assurance Manager and Executive from Dankotuwu Porcelain.

- Quiz Competition at Dankotuwu Porcelain PLC

We implemented a comprehensive training session to enhance employees' awareness of environmental management, improve team building and engagement in ISO 14001 implementation, and increase understanding of global environmental issues and our collective responsibilities. This was crucial to our organization's environmental goals and was aimed at equipping employees with the knowledge and skills needed to foster sustainability.

A MOTIVATIONAL SPEECH WAS GIVEN BY THE CHIEF OPERATING OFFICER (COO) OF THE COMPANY

Key areas covered:

- The importance of conserving the environment.
- Global environmental issues and steps taken by other countries to conserve the environment and its valuable resources.
- Our responsibilities in conserving the environment.
- Actions we can take as individuals to contribute to environmental conservation.
- Actions organizations can take to conserve nature.

SUSTAINABILITY JOURNEY

Teams participated

1. Warehouse
2. Packing Department
3. Decoration Inspection Department
4. Preparation and Mold Department
5. Forming Department
6. Casting Department
7. Glazing Department
8. WW Inspection Department
9. Decoration Department
10. Printing Department

In the first round of the competition, three model papers were provided to all teams a week in advance, containing a total of 90 questions. The competition consisted of two rounds. In the first round, teams of 5 members discussed and collectively answered 30 selected questions from model papers within 20 minutes. Four teams - Preparation, Decoration, Printing, and Forming Departments - proceeded to the second round.

INTERNAL AUDITS AND CORRECTIVE ACTIONS

Internal audits have been conducted as scheduled, and any discrepancies have been addressed in accordance with the corrective action protocol. A proficient audit team has been assembled, and an audit schedule has been put into effect.

RELEVANT DOCUMENTATION

Relevant documentation includes the creation of an Environmental Management System (EMS) manual. This documentation encompasses Operational Procedures for the EMS, an Emergency Preparedness Plan, records of complaints and spillages, non-conformities and corrective actions, Internal Audit reports, minutes of Review Meetings, pertinent work instructions, and Control Records. All these documents are properly established and maintained.

ISO 14001 – ACTION PLAN

No	Activity	Responsibility	Frequency of Monitoring	Communication Method
1	Check Environmental Monitoring needs such as wastewater sample testing, emission tests, NIOSH tests, EPL Requirements	HR Executive	Once in two months	E-mail
2	Check Documentation updates (Main System Documents)	Sr QA Executive	Once in two months	E-mail
3	Check Record keeping updates. Wastewater Treatment plant record	Maintenance Manager	Every Week (Friday)	WhatsApp
4	Check Environmental Complaint Updates and the progress of corrective actions.	Relevant HOD/Sr Executive QA	Once in two weeks	E-mail/WhatsApp
5	Check Waste Management Program practices (Waste segregation at waste collection points)	Sr Manager Printing	Weekly	WhatsApp
6	Check Departmental Waste bins and Management Practices	All HODs	Daily	WhatsApp
7	Check Waste collections - Mold sending	Forming HOD/DGM	Monthly	WhatsApp
8	Check Waste tendering and give update (Polythene plastic metal etc)	Admin Executive	Once in two weeks	WhatsApp
9	Check Garden area cleanliness and good practices	Admin Executive	Weekly	WhatsApp
10	Check Waste clay sending and management at ETP	Manager Maintenance & Admin Executive	Weekly	WhatsApp
11	Check Waste decal Paper sending and management	Admin Executive	once in two weeks	WhatsApp
12	Check external construction relevant to EMS	Maintenance Manager	Weekly	WhatsApp
13	Check Drainage system cleanliness and issues	Admin Executive	Weekly	WhatsApp
14	Check Canteen area Cleanliness and issues	Designated individuals	Weekly	WhatsApp
15	Check Quarters area Waste management Practices	R & D manager	Weekly	WhatsApp
16	Check Medical Centre Waste management practices or any issue in that area	HR Executive	Weekly	WhatsApp
17	Any critical issue relevant to EMS	Designated persons	Anytime	WhatsApp/e-mail/phone call
18	Environmental Objective Monitoring updates such as water consumption/electricity consumption, wastages food waste, Damages etc	Designated persons	Monthly	E-mail/ performance review.

ECONOMIC VALUE ADDITION (EVA)

Infrastructure Investment	Net Investment to Date LKR '000	Annual Capacity Pieces
Dankotuwa Porcelain PLC	1,591,096	6,550,000
Royal Fernwood Porcelain Ltd	872,323	5,700,000
	2,463,419	12,250,000

VALUE CREATED

	2023/ 24 LKR '000	2022/ 23 LKR '000
Revenue	6,249,204	5,913,133
Other Income	16,376	21,215
Finance Income	74,239	40,403
Cost of Materials and Services Bought in	(3,821,139)	(3,408,078)
	2,518,680	2,566,673

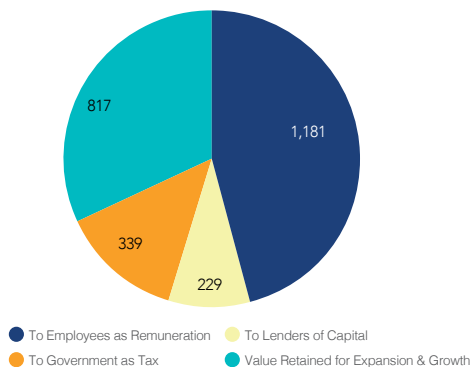
Value Distributed

	2023/ 24		2022/ 23	
	%	LKR 000	%	LKR 000
To Employees as Remuneration	56%	1,416,503	46%	1,181,478
To Government as Tax	11%	275,501	9%	229,316
To Lenders of Capital	12%	310,713	13%	339,151

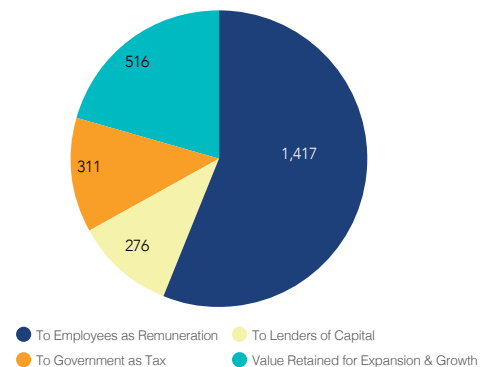
VALUE RETAINED FOR EXPANSION & GROWTH

	2023/ 24	2022/ 23
Depreciation	6% 148,016	5% 137,396
Profit Retained	15% 367,946	26% 679,332
	100% 2,518,680	100% 2,566,673

2022/23

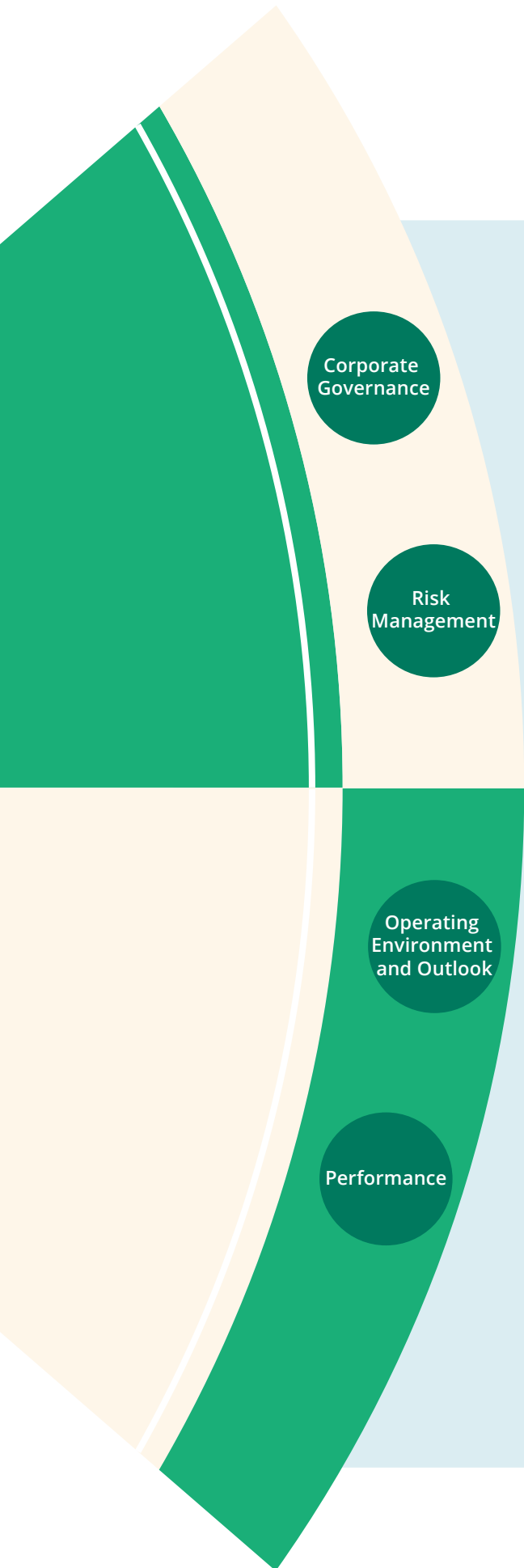


2023/24



VALUE CREATION MODEL





OUTCOMES OF VALUE CREATION

OUTPUTS
OVER 1 MN MONTHLY PIECES PRODUCED FOR LOCAL AND OVERSEAS CLIENTS AND MARKETS

FINANCIAL CAPITAL

Group revenue LKR 6.2 Bn
Net profit LKR 368 Mn
Return on equity 16.9%

MANUFACTURED CAPITAL

Reduced inefficiencies and lower imperfect outputs
Increase in capacity and production
Infrastructure improvements
85% utilised capacity

HUMAN CAPITAL

43% new recruitments - DPL
113% new recruitments - RFPL
Great Place to Work - 99% employee satisfaction

INTELLECTUAL CAPITAL

New shape developments - 268
Collaborations with international designers - 7

SOCIAL AND RELATIONSHIP CAPITAL

297 new customers
New suppliers based on supplier rationalisation

NATURAL CAPITAL

Lesser secondary material consumption
Reduction in solid waste due to repurposing and recycling
Semi finish goods recycling - 166,969 kg





BUSINESS CONTEXT

STAKEHOLDER ENGAGEMENT

CONNECTING WITH STAKEHOLDERS

Stakeholder engagement across the Group focuses on meaningful interactions. Responsive and inclusive communication with our stakeholders became imperative as we remained cognizant of their concerns and expectations. Across the year, stakeholder interactions took place through appropriate channels to exchange information and perspectives while communicating value generated and distributed. The following showcases the nature of stakeholder relations in the year under review.



	Mode of Engagement	Frequency	Stakeholder Issues and Expectations	Strategic Response
SHAREHOLDERS	High Priority Focused Engagement			
	<ul style="list-style-type: none"> Interim Financial Reports Annual Report Company website CSE announcements Press conferences and releases Annual general meeting 	<ul style="list-style-type: none"> Quarterly Annually As and when required As and when required As and when required Annually 	<ul style="list-style-type: none"> Sustainable growth in earnings Responsible corporate management Growth opportunities Future plans Transparency and timely disclosures 	<ul style="list-style-type: none"> Deliver a smart growth strategy with profitability and returns Provide timely disclosures on corporate performance, plans and goals Comply with laws, rules, and regulations Diligent financial management Strong focus on wealth creation Pragmatic governance and risk management
EMPLOYEES	High Priority Focused Engagement			
	<ul style="list-style-type: none"> Management meetings Progress review meeting Dialogue with trade unions Communications via memos and e-mails Employee networking events Performance appraisals Planning Meeting Satisfaction surveys Recreational events and work-life balance 	<ul style="list-style-type: none"> Quarterly Daily/weekly Monthly As and when required Quarterly Quarterly Daily/weekly Annually As per the event calendar 	<ul style="list-style-type: none"> Organisational developments Workplace improvements Review of remuneration policies and practices Feedback for employee improvements Training and development Health and safety Financial support and growth Due recognition Compliance with labour regulations 	<ul style="list-style-type: none"> Equal opportunity environment Fair remuneration and benefits Skill training Career development Rewarding for performance Ensuring a healthy and safe workplace Timely contributions to regulatory payments (EPF & ETF)

	Mode of Engagement	Frequency	Stakeholder Issues and Expectations	Strategic Response		
CUSTOMERS	High Priority Focused Engagement					
	<ul style="list-style-type: none"> Dealer awards Social media Customer visits Exhibitions and trade shows Training programs 	<ul style="list-style-type: none"> Annual As and when required As and when required As and when required As and when required 	<ul style="list-style-type: none"> Product quality and value-addition Product innovations Ease of transactions Price and availability Timely delivery services Sustainable production processes Ethical conduct Product safety 	<ul style="list-style-type: none"> New product development Establish new dealerships and increase retail showroom presence Cost optimizations and process improvements to maintain price competitiveness Use of quality material Stringent quality control process at each stage and final QC process Production improvements to reduce lead times and improve delivery times Food-safe raw materials Increased R&D efforts and international design collaborations Sustainability agenda developed and initiations 		
	SUPPLIERS	Moderate Priority Moderate Engagement				
		<ul style="list-style-type: none"> Supplier evaluation On-site visits Meetings with suppliers Dialogue and interaction 	<ul style="list-style-type: none"> Bi-annually As and when required Quarterly As and when required 	<ul style="list-style-type: none"> Discussions on ease of transactions, prompt payments and procurement policies Agreements of long-term partnerships Better products and service quality Increasing business prospects 	<ul style="list-style-type: none"> Building long-term relationships Upholding contractual obligations Giving fair referrals Advocating best business practices Transparency on supplier selection process Supplier rating to help resolve shortcomings 	
		GOVERNMENT AND REGULATORS	Moderate priority Keep informed			
			<ul style="list-style-type: none"> Annual Report Tax returns Submission of special reports Submission of disclosures Meetings and workshops 	<ul style="list-style-type: none"> Annually Monthly, Quarterly and Annually Based on specified requirements Based on specified requirements Based on requirements 	<ul style="list-style-type: none"> Compliance with statutory and regulatory requirements Corporate governance Payment of statutory dues Contribution to economic growth of the country 	<ul style="list-style-type: none"> Best business practices Complying with relevant laws, rules, and regulations Timely tax payments Submission of statutory reports and disclosures
			COMMUNITY AND THE ENVIRONMENT	LOW Priority Engage if Necessary		
	<ul style="list-style-type: none"> Job opportunities Focus group discussions Training for undergraduates Community development projects Written and oral communications Company website Social media Employee volunteerism Providing factory visits for school children and undergraduates Environment protection activities 			<ul style="list-style-type: none"> As required As and when required As required As and on request As and when required As and when required On going basis As required On request As required 	<ul style="list-style-type: none"> Sustainable production practices Discussions on sponsorships and donations Direct and indirect job opportunities Knowledge sharing on manufacturing processes Corporate stewardship and community investments 	<ul style="list-style-type: none"> Carrying out community development projects and environmental campaigns Community recruitments Employee volunteering for community projects Compliance with regulatory requirements Initiation of environmental sustainability practices

OPERATING ENVIRONMENT

Dankotuwa Porcelain PLC operates in a dynamic environment, which sets the pace for crafting unique and exquisite porcelainware with artisan skills and advanced porcelain manufacturing techniques.

INDUSTRY AND MARKET ANALYSIS

The porcelain and pottery industry in Sri Lanka has evolved from centuries-old craftsmanship that embodies the nation's cultural heritage and the expertise of its artisans. Through dedication to excellence, Sri Lankan porcelainware has earned worldwide acclaim for its exquisite designs, made possible by using only the finest materials and meticulous craftsmanship.

Despite facing challenges such as rising production costs and strict environmental regulations, the industry has seen a significant increase in exports in recent years. This growth is fueled by the enduring demand for Sri Lankan wares across India, Western, European, and Middle Eastern regions, driven by their added value, durability, and aesthetic appeal.

IMPACT (SWOT ANALYSIS)

Strengths: Global repute for Sri Lankan porcelainware and its translucency, quality and exquisite designs, and resilience to heat: Use of high-grade material, including minerals and pigments.

Weaknesses: Rising production costs and environmental regulations

Opportunities: To capitalise responsibly on the available natural resources and market for value additions.

Threats/risks: The highly competitive global porcelain and pottery market and any instability in international markets can be unfavourable due to reliance on export markets for growth.

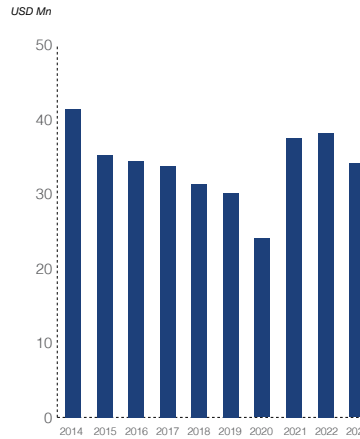
PORCELAIN TABLEWARE EXPORT MARKET

Exports to international markets occur under the categories of porcelain tableware, ornamental ware and utility ware, tiles and sanitary ware, and bath ware.

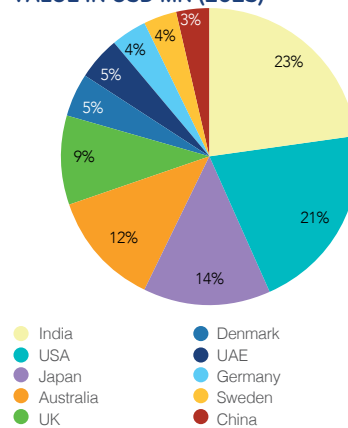
Sri Lankan porcelain products adhere to stringent quality standards, including those set by the Food & Drug Administration (FDA) and ASTM. Notably, tableware and kitchenware exports constitute a significant portion, approximately 63%, of the country's total ceramic exports.

Key players in the Sri Lankan porcelain industry serve diverse international markets, with major export destinations including India, the USA, Japan, the UAE, and Sweden. This global presence underscores the industry's reputation for excellence and its ability to cater to the discerning tastes of consumers worldwide.

EXPORT PERFORMANCE - CERAMIC AND PORCELAIN PRODUCTS



COMPOSITION - VALUE IN USD MN (2023)



Source: EDB

IMPACT (SWOT ANALYSIS)

Strengths: Opportunities for growth through various international markets: Adherence to significant international quality standards.

Weaknesses: limited contribution to the GDP and total exports

Opportunities: Increasing export value and opportunities from global importers and retail brands

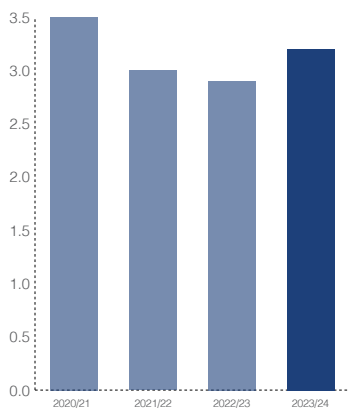
Threats/risks: Dependence on existing export markets

GLOBAL ECONOMIC CLIMATE

A series of upheavals challenged the resilience of populations worldwide. Just as nations were grappling with the lingering effects of the COVID-19 pandemic, they were further beset by the conflict between Russia and Ukraine, exacerbating an already prevalent cost-of-living crisis.

- **Growth:** As per the October 2023 IMF World Economic Outlook, economic growth in 2023 was expected to slow down to 3% in 2023 and 2.9% in 2024.
- **World trade:** Growth was expected to shrink by 5% with an expected fall in goods traded in 2023 and with growth in service trade. Exports from developing nations were expected to decrease sharply while the deteriorating interdependence between China and the USA had an impact on world trade.
- **Global inflation:** Worldwide inflation receded from 8.7% in 2022 to 6.9% in 2023, and will likely decline to 5.8% in 2024, mainly driven by the implementation of more stringent monetary policies, bolstered by receded international commodity prices.

GLOBAL ECONOMY GROWTH PROJECTION



IMPACT (SWOT ANALYSIS)

Strengths: Resilience in the global economy and declining inflation will likely strengthen purchasing power in developed and developing markets

Weaknesses: A decline in global trade could impact the exported goods market

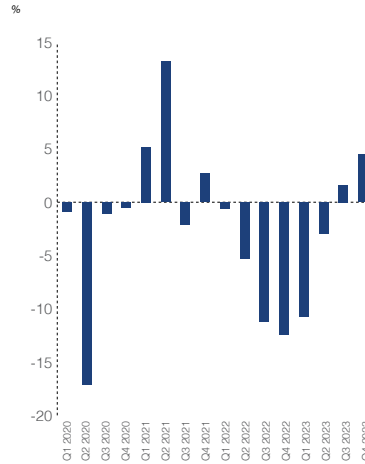
Opportunities: Growth in service trade

Threats/risks: Geopolitical conflicts

SRI LANKAN ECONOMIC ENVIRONMENT

Economic growth contracted as GDP shows a decline of 2.3% for 2023. Despite the overall contraction, the last two quarters of 2023 show positive growth in the Gross Domestic Product.

GDP GROWTH



The following bore an impact on the financial capital management of the Group, especially on the cost of material and finance activities.

- **Inflation:** Throughout 2023, the inflation rate was a major point of concern, primarily due to its impact on material costs. The high inflation of 2022 led to apprehensions, but by December 2023, the annual change in the Colombo Consumer Price Index (CCPI), a measure of headline inflation, had fallen to 4%. This was a significant reduction from the double-digit inflation that had peaked around September 2022. By March 2024, the annual change in the CCPI, indicating headline inflation, had further decreased to 0.9%.
- **Interest rates:** In June and July 2023, policy rates were slashed while another reduction was done in November, by 100 bps bringing the standing deposit facility rate (SDFR) and the Standing Lending Facility Rate Policy rates to 9 and 10%, respectively. Rates were reduced by 50 bps in March 2024, subsequent to a 6.50% reduction between June and December 2023. SLFR stands at 9.50% while SDFR was recorded as 8.50% by April 2024. For the first time since April 2022, the 91-day T-bill rates dropped below 20% in July 2023. This was made possible by the implementation of policy rate reductions and a clearer understanding of domestic debt restructuring.
- **Exchange rate:** The Sri Lankan rupee appreciated by 11.2% during the year up to December 2023 with the LKR/USD rate at around LKR 323 by the end of 2023.
- **External sector:** The external sector witnessed several positive changes, including a decrease in the merchandise trade deficit, and increases in tourism and workers' remittances. In March 2024, the merchandise trade account saw a reduction compared to the previous year, as a result of a greater increase in exports than imports. Export earnings rose by 9.8% to USD 1.1 Bn in March 2024, compared to the same month in 2023, with all major export categories seeing an increase. The first half of 2023 saw a rise in earnings from tourism, along with a notable increase in workers' remittances.

By the end of March 2024, the Gross Official Reserves (GOR) had risen to USD 5 Bn. This was due to significant net purchases of foreign exchange from the domestic market and the provision of a USD 1.5 Bn swap facility by the People's Bank of China. The increase in labour remittances and tourism earnings, along with adjustments in monetary policy, also contributed to this increase.

MATERIALITY FOR REPORTING

MATERIALITY

As a Group, we have continuously worked with a set of material topics that impact our ability to create value over time. These are based on their impact on organisational growth and stakeholder value creation, but such topics have evolved and expanded due to the recent pandemic, the economic crisis and the accelerated industry focus on sustainability (ESG). In determining and presenting such material topics, we have utilised the IR reporting framework’s materiality determination guidelines; such topics have been identified based on their level of impact on the Group and stakeholders.

As Dankotuwa Porcelain and Royal Fernwood operate within the same industry sector with similar operational activities, both companies share a common set of topics.

MATERIALITY DETERMINATION PROCESS

The following process correlates with guidance provided by the IR framework in determining materiality; this enables us to think beyond conventional boundaries and obtain direction in recognising factors that affect our ability to create value.



PROCESS PARAMETERS

Establishing parameters has enabled us to identify the activities, performances and outcomes needed to create value over time. By applying the integrated capitals framework to reporting, we have been able to ascertain parameters around the following.

- The six capital approach and reporting guidelines of the IR framework
- Corporate strategy
- Stakeholder priority

IDENTIFYING MATTERS

Material topics that impact operations and value creation are gathered through various sources, of which, leadership meetings and discussions take precedence. Key stakeholder perspectives and their expectations are also considered when identifying relevant topics. We identify material topic identification, based on:

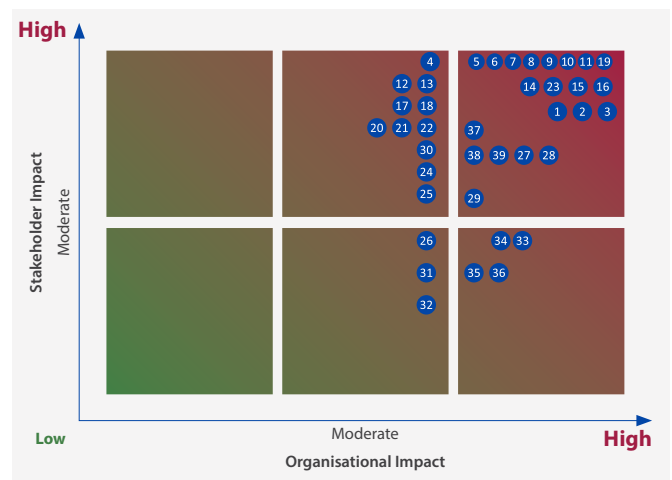
- Board meetings and leadership discussions
- Subcommittee work
- Stakeholder expectations
- Operating environment
- Risks and opportunities
- Strengths and weaknesses
- ESG

DISCLOSURES

The filtered material topics are disclosed in relevant sections of the Annual Report, based on the IR framework and based on good reporting principles.

EVALUATION AND PRIORITISATION

We have deployed a rating model that considers each topic based on a rating of high to low, along the axis of organisational impact and stakeholder impact.



Material topics	Approach	Disclosure (relevant segments)
Economic value creation 1. Financial stability 2. Profitability 3. Shareholder returns/ EVA	<ul style="list-style-type: none"> • Achieving revenue growth and higher net profit – group-wide 	<ul style="list-style-type: none"> • Group financial performance • Business Performance • Financial capital report • Financial information section • Economic value addition

	Material topics	Approach	Disclosure (relevant segments)
Holistic employee value proposition	4. Job opportunities	<ul style="list-style-type: none"> Investments in recruitment, training programs and importantly employee well being. 	<ul style="list-style-type: none"> Human capital report
	5. Employee engagement		
	6. Training & development	<ul style="list-style-type: none"> Group invested in rewarding employees and in ensuring work-life balance. 	
	7. Employee health & safety		
	8. Employee relations		
	9. Employee well-being		
	10. Employee productivity		
11. Recognition			
Intellectual capabilities	12. Research & development	<ul style="list-style-type: none"> Internal R&D team with strong capabilities in identifying global industry trends and changing social attitudes. 	<ul style="list-style-type: none"> Intellectual capital report
	13. Continuous improvements		
	14. Brand equity	<ul style="list-style-type: none"> Continuous process and product improvements by the Operations & Production teams. 	
Meeting customer expectations	15. Customer reach and accessibility	<ul style="list-style-type: none"> Marketing teams work together with production and operations departments to deliver products on time. 	<ul style="list-style-type: none"> Social and relationship capital report
	16. Product health and safety		
	17. Innovations and diversifications	<ul style="list-style-type: none"> Group follows stringent quality protocols and diligent raw material and finished product inspections. Materials used are of the highest grade and free from hazardous substances. 	
	18. Product communications		
	19. Product Quality		
Supplier relations	20. Screening practices	<ul style="list-style-type: none"> Group follows a clear process when selecting suppliers – based on cost and quality. 	<ul style="list-style-type: none"> Social and relationship capital report
	21. Supplier rationalisation		
	22. Material sourcing practices		
	23. High quality material		
	24. Support for improvement		
Social sustainability	25. Job creation /livelihood	<ul style="list-style-type: none"> Group invests in supporting and uplifting surrounding communities. 	<ul style="list-style-type: none"> Social and relationship capital report
	26. Community development and support		
Manufacturing potentials	27. Capacity and infrastructure development	<ul style="list-style-type: none"> Staff and the management of the production unit take measures to improve productivity and reduce wastage. 	<ul style="list-style-type: none"> Manufacturing capital report
	28. Process efficiencies		
	29. Focus on sustainable manufacturing	<ul style="list-style-type: none"> Group has adopted sustainable practices based on a clear agenda. 	
	30. Technological infrastructure and digital advancements		
Macroeconomic impacts	31. Monetary policy changes & interest rates	<ul style="list-style-type: none"> Watchful approach maintained by the Group's leadership and department heads. 	<ul style="list-style-type: none"> Operating environment Financial capital report
	32. Trade conditions		
	33. Foreign currency and exchange rate movements		
	34. Corporate tax increase		
Governance and compliance	35. Governance regulations and best practices	<ul style="list-style-type: none"> Group leadership ensures proper governance, transparent and ethical conduct, as well as compliance to regulatory frameworks and internal protocols. 	<ul style="list-style-type: none"> Corporate governance report Risk management review
	36. Financial and audit compliances		
Environmental priorities	37. Resource efficiency	<ul style="list-style-type: none"> The adoption of a comprehensive sustainability roadmap, which addresses the relevant material topics. 	<ul style="list-style-type: none"> Sustainability journey Natural capital report
	38. Sustainable/green initiatives (nurturing nature)		
	39. Environmental compliances	<ul style="list-style-type: none"> Group maintains compliances with regulatory requirements. 	





PERFORMANCE REVIEW

BUSINESS SEGMENT REVIEW

Dankotuwa Porcelain Group recorded a profit after tax of LKR 368 Mn for the year ended 31st March 2024, this represents a 6% net profit margin for the Group. Dankotuwa Porcelain as a company recorded a profit after tax of LKR 441 Mn which is a net profit margin of 11%. As far as the Group is concerned, this is a respectable performance given the local and global economic situation. Royal Fernwood's strategic decision to develop a clay mix tailored to meet the latest market demands, had a detrimental effect on its manufacturing operations and therefore has shown a loss after tax of LKR 74 Mn for the year ended 31st March 2024. The above performance was directly linked to the different business segments that we operate in, as different segments have different profit profiles.

Group has recorded a revenue of LKR 6.2 Bn for the year ended 31st March 2024 which is a 6% increase from the revenue of the corresponding year. Dankotuwa has achieved a substantial increase in international revenue; where the company has recorded an increase in revenue of 56% in USD terms, however the increased percentage drops to 37% in LKR terms due to LKR appreciation compared to the preceding year. Royal Fernwood has recorded a reduction of 1% in USD terms which translates to a 12% drop in LKR terms due to the LKR appreciation as mentioned above. The main factor for RFPL's drop is the heavy reliance on the North American and European markets, which have been slower to recover than DPL's primary markets of India and the Middle East.

The group has recorded National sales revenue of LKR 2.7 Bn which is a 3% decline compared to the previous year primarily attributable to challenging market conditions in Sri Lanka. Dankotuwa Porcelain recorded a national sale of LKR 1.7 Bn which is 5% lower than the previous year mainly due to the 31% drop in the B2B sector catering to corporates, HoReCa markets, and other institutions. Royal Fernwood strategically decided to concentrate more on the national sales business segment and accordingly reported a 10% growth in national sales revenue, compared to the previous year.

As far as Dankotuwa Porcelain is concerned, it recorded LKR 1.7 Bn from the national sales segment and the highest contribution of 47% came from the dealer revenue segment. This is a channel that is critical for the organization with over 400 dealers spreading across the country carrying the brand to each and every household in the country with great accessibility. The showrooms of the Company which caters mostly to the premium segment of Sri Lankans, reported 15% growth and reassured the brand name of Dankotuwa in the household market in Sri Lanka. Showroom contribution to total national sales was 26%, making it the second largest contributor. The B2B sector fell by 31% as this segment caters to corporates and the HoReCa segment, both of which were adversely affected by the economic climate. Business segments such as showrooms carry a higher GP margin; however, there is a substantial fixed cost attached to running the segment. Business segments like dealer revenue don't contribute heavily to fixed costs although lower GP margins are recorded.

Royal Fernwood recorded LKR 1.1 Bn which was a 10% growth compared to the corresponding year. The main contributor, the dealer channel consisting of over 380 dealers, contributed a staggering 58% of the national revenue, which is a 10% growth over the preceding year. Showrooms are the highest profit-making channel and therefore there was a strategic focus to grow this channel which resulted in a 24% year-on-year growth. Similar to Dankotuwa, the B2B segment shows a contraction of 36% compared to the previous year.

Based on research done, there is a necessity to develop a new niche brand and the groundwork has been done. The brand launch is expected by the end of this fiscal year. In line with our medium to long-term strategy for International Business, new initiatives are underway to increase Dankotuwa and Royal Fernwood's brand equity globally, thereby increasing contribution from the international revenue segment in the future.

The group recorded a gross profit of LKR 2.1 Bn which is a 3% growth compared to the previous financial year. Dankotuwa recorded a gross profit of LKR 1.6 Bn which is a 14% growth year on year. As far as Royal Fernwood is concerned, GP has come down by 25% and we expect improvements in GP in the near future based on the implemented initiatives as discussed above.

Managing expenses is a decision directly linked to the business segments that we operate in. Selling distribution and administration costs were carefully analysed based on the individual business segments to bring in efficiencies and positive impact to the bottom line of the Group.

Selling and distribution expenses which were reported as LKR 771 Mn show an increase of 16% compared to the last year. 6% growth in revenue, the drastically higher promotional expenses aiming at higher international revenue in the future incurred in this financial year are the main reasons for the increase in selling and distribution costs. In addition, there was a LKR 44 Mn debtor's provision compared to LKR 6 Mn provided in the previous year.

Administrative expenses recorded at LKR 535 Mn for the group which is a 72% increase compared to the previous year. Last year admin expenses recorded lower as there were LKR 159 Mn inventory provision reversals and LKR 73 Mn exchange gain. The net impact after discounting the above reasons stands at a 3% increase. Most of the cost elements including the selling and distribution and administrative expenses were common irrespective of business segments, however, specifically identifiable cost elements were linked and analysed as required.

Net finance costs recorded a substantial decrease of 21% due to a drop in market interest rates. The group failed to capitalize on the opportunity presented by reduced interest rates, due to the funding of additional working capital requirements. Finance cost is more applicable for selected business segments such as export revenue and dealer revenue.

Last year's group profit includes LKR 67 Mn fair value gain from investment property and there was no gain or loss recorded for the current financial year.

During the year, DPL recorded LKR 700 Mn as profit before tax (PBT), excluding fair value loss of LKR 3 Mn. In the previous financial year, reported PBT stood at LKR 626 Mn excluding the fair value adjustment of LKR 271 Mn. With the fair value adjustment as above, a PBT of LKR 897 Mn was reported in 2022/23 whereas PBT for 2023/24 is LKR 697 Mn. The fair value gain of LKR 271 Mn in 2022/23 includes a gain from subsidiary (RFPL) valuation of LKR 221 Mn and the fair value gain from investment property of LKR 50 Mn. The current year's fair value loss of LKR 3 Mn is due to the change in the fair value of investment in subsidiary.

The DPL Group reported a Profit Before Tax of LKR 584 Mn and a PAT of LKR 368 Mn for the financial year 2023/24. Moreover, the group achieved Earnings per Share (EPS) of LKR 2.28, with a closing Share Price of LKR 24.60 for the year ended March 2024. The Market Capitalisation as of the end of March increased from LKR 3.3 Bn to LKR 4 Bn from 2023 to 2024.

Macroeconomic factors had an impact on the financials of the Group in various different dimensions, whilst LKR appreciation has impacted negatively for the export revenue segment and there were equally substantial positive impacts from the decrease in the finance cost due to reduction in the interest rate.

With the above performance drive based on the business segments, the financial position of the organization is explained under Financial Capital (pages 58 to 61).


FINANCIAL CAPITAL

Financial capital management at Dankotuwa Porcelain involves strategically overseeing the company's financial resources to ensure optimal performance and growth. This includes managing cash flow, investing wisely, and securing funding for operations and expansion. Through effective capital management, we aim to maximise profitability while minimising unwarranted expenditure, ensuring the company has the necessary resources to innovate and maintain our competitive edge.

VALUE CREATION PROCESS




CAPITAL INTERCONNECTEDNESS




FINANCIAL

- Effective financial management boosts profitability and resource allocation, supporting stability and growth. However, capital investments can cause temporary reductions in financial capital.




HUMAN

- Higher revenue and profitability enable the development of a stronger employee value proposition, including better training, welfare services, and an improved work environment.



INTELLECTUAL

- Increased investment potential allows for enhanced R&D and employee skill development, with a focus on multi-skilling. Improved financials support work-life balance programs that boost reasoning and practical knowledge.



MANUFACTURED

- Retained profits enable infrastructure development, technological advancements, and timely capital investments in assets.

CONNECTIVITY



FINANCIAL STABILITY



PROFITABILITY



**SHAREHOLDER RETURNS/
ECONOMIC VALUE**

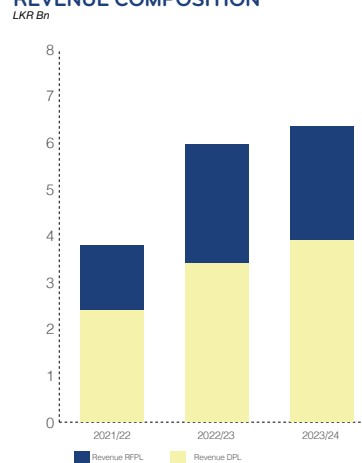


REVENUE GROWTH 6%	ASSET EXPANSION 29%	INCREASE IN SHAREHOLDERS' FUNDS 14%
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REVENUE

As a company, we achieved a revenue growth of 15%, reaching LKR 3.9 Bn, up from LKR 3.4 Bn compared to the same period in the previous year. This substantial revenue was largely driven by enhanced earnings from export sales with higher dollar earnings. Our subsidiary, Royal Fernwood, reported revenue of LKR 2.5 Bn for the same period.

REVENUE COMPOSITION



The Group's revenue surged by 6%, reaching LKR. 6.2 Bn, up from LKR 5.9 Bn in the previous year. This growth in consolidated revenue is primarily due to an increase in the export revenue earned by Dankotuwa Porcelain PLC. Dankotuwa Porcelain PLC achieved this gain through effective market strategies and a broadened product range. Concurrently, Royal Fernwood's solid strategies played a key role in driving the revenue boost in national sales.

GROSS PROFIT

The Group's gross profit climbed to LKR 2.1 Bn, a 3% increase from LKR 2 Bn in the previous financial year. This resulted in a gross profit margin of 34%, which is a decline from the 35% reported in the corresponding previous year. The main reasons are the strengthening LKR against USD and, the increase in electricity cost.

Dankotuwa Porcelain achieved a gross profit of LKR 1.6 Bn for the year under review, which is a 14% increase compared same period last year. Meanwhile, Royal Fernwood reported a gross profit of LKR 458 Mn.

PROFITABILITY METRICS

Profit before and after tax

As a standalone entity, Dankotuwa Porcelain PLC achieved a profit before tax of LKR 697 Mn, which is a contraction of 22% compared to the previous financial year. This is due to the record of LKR 221 Mn for change in fair value of investment in the subsidiary and LKR 50 Mn for fair value gain from investment property in the last financial year. For the year 2023/24, the company recorded a profit after tax (PAT) of LKR 441 Mn, reflecting a deceleration over the PAT of LKR 622 Mn in 2022/23. This has been impacted by the change in the income tax rate to 30% from 16% last year till the end of September 2023.

On a consolidated basis, the Group recorded a profit before tax of LKR 584 Mn and a profit after tax of LKR 368 Mn. This combined performance highlights the overall strength and profitability of Dankotuwa Porcelain PLC as a Group. and the Group's financial stability.

Due to the drop in revenue and a rise in expenditure, Royal Fernwood could not return a profit for the year 2023/24 and recorded a negative PBT of LKR. 114 Mn. Loss after tax plummeted to LKR 74 Mn., Operating profit.

Underscoring the earnings from sales, our operating profit for the year has increased demonstrating efficiency and profitability through our core activities. Consolidated operating profit stood at LKR 821 Mn with company operating profit decelerating moderately to LKR 765 Mn in 2023/24 from LKR 777 Mn in 2022/23.

Return on Assets

Demonstrating the efficiency with which we have utilised our assets to generate profit, the Group registers a consolidated ROA of 10.38%, which is a contraction from the 19.04% reported in the previous year. As a company, Dankotuwa Porcelain, reports a ROA of 11.79% for 2023/24.

Return on Equity

Dankotuwa Porcelain reports a consolidated ROE of 16.90%, indicating returns on shareholders' investments and the effective use of equity to achieve profitability. Indicating similar Dankotuwa Porcelain as a company registered an ROE of 18.36% for 2023/24.

Return on Capital Employed

ROCE dropped to 23.35% for the Group and reflects the decline in the ROCE of Dankotuwa Porcelain as a Company, which was 21.71%.

Gross Profit Margin

The group's gross profit margin stood at 33.8% over 34.8% from the previous year, while the GP ratio of Dankotuwa as a standalone entity stood at 42.4% over 43% from the previous year.

FINANCIAL PERFORMANCE (RATIOS)

	Group		Dankotuwa Porcelain	
	2023/24	2022/23	2023/24	2022/23
Gross Profit Ratio	33.78	34.79	42.41	42.99
Operating Profit Margin	13.13	19.75	19.73	23.12
Net Profit / (Loss) Before Taxation	9.35	14.70	17.99	26.67
Net Profit / (Loss) After Taxation	5.89	11.49	11.39	18.50
Return on Equity	16.90	29.51	18.36	27.24
Return on Capital Employed	23.35	37.00	21.71	30.59
Debt to Equity Ratio	66.54	38.16	27.56	12.58

FINANCIAL CAPITAL

OPERATIONAL EXPENDITURE

Despite implementing prudent cost control measures, the Group faced significant challenges due to rising material costs, increased gas and fuel prices, and higher finance costs. These factors, along with elevated transportation and importation charges, adversely affected overall expenditure. In response to soaring inflation, additional measures were taken to optimise material and energy consumption while minimising wastage throughout the production process.

From the Group's perspective, selling and distribution expenses increased by 16% to LKR 771 Mn, while administrative expenses increased/ by 72% to LKR 535 Mn. This was primarily due to the inventory provision reversal of LKR 164 Mn last year compared to this year's reversal of LKR 3Mn. In addition, last year reported an exchange gain of LKR 73 Mn as against the current year gain of LKR 26 Mn.

For Dankotuwa Porcelain, selling and administrative costs totalled LKR 891 Mn, marking a 21% increase. Administrative expenses rose by 37% to LKR 353 Mn. This increase is attributed to the reversal of LKR 50 Mn Inventory, Debtors provision, and exchange impact during last year. The real increase represents a 13% increase compared to last year.

Royal Fernwood reported selling and distribution costs of LKR 232 Mn and administrative expenses of LKR 173 Mn. Low administration costs were reflected in last year also due to the provision reversal of LKR 123 Mn inventory and reported exchange gain of LKR 56 Mn during the last financial year. The administrative costs reflect a 6% decrease compared to last year without the above two adjustments.

FINANCE EXPENDITURE

Net finance costs of the group have decreased to LKR 236 Mn a reduction of 21% from the previous year.

Net finance costs for Dankotuwa Porcelain PLC for the 2023/24 financial year is LKR 65 Mn compared to last year of LKR 102 Mn., this is due to a reduction in interest rates during the current financial year.

FINANCIAL POSITION

The Group's balance sheet demonstrated significant improvement this year, bolstered by strategic efforts to reduce liabilities. The financial position remains robust, with adequate liquid assets available to meet short-term obligations.

Assets

Total assets for the Group amounted to LKR 7.9 Bn. A major portion of this was represented by property, plant and equipment, which totalled LKR 2.4 Bn. Inventories saw a notable increase of 24%, reaching LKR 1.8 Bn. Similarly, trade and other receivables rose to LKR 2.3 Bn from LKR 1 Bn in the previous year. Non-current assets were valued at LKR 3.3 Bn, while current assets totalled LKR 4.6 Bn.

For the financial year 2023/24, Dankotuwa Porcelain's asset base grew to LKR 6.5 Bn, up from LKR 5.3 Bn in 2022/23. This increase was driven by higher inventory and receivables,

Royal Fernwood reported an asset base of LKR 2.8 Bn for 2023/24. This includes non-current assets of LKR1 Bn and current assets of LKR 1.8 Bn. The asset base rose by 31% from the previous year, primarily due increase in receivables and inventory.

Liabilities

Total Group liabilities, encompassing both current and non-current categories, amounted to LKR 4.2 Bn, representing a 46% increase from LKR 2.9 Bn in the previous year. This rise was largely due to an 84% increase in current liabilities, which reached LKR 3.1 Bn. A significant factor in this increase was to fund additional working capital requirement of inventory and receivables.

Dankotuwa Porcelain's total current and non-current liabilities for the year were LKR 2.5 Bn, up from LKR 1.7 Bn in 2022/23; during the year current liabilities reached LKR 1.6 Bn while non-current liabilities remained unchanged compared to last year valuing to LKR 800 Mn. Royal Fernwood reported total liabilities of LKR 2 Bn, which included LKR 393 Mn in Non-Current Liabilities and LKR 1.7 Bn in Current liabilities.

	Unit	Group		Dankotuwa Porcelain	
		2023/24	2022/23	2023/24	2022/23
Total Assets	LKR '000	7,908,501	6,133,824	6,488,763	5,299,966
Return on Assets	%	10.38	19.04	11.79	14.67
Total Liabilities	LKR '000	4,200,609	2,878,268	2,454,334	1,726,283
Shareholders' Funds	LKR '000	3,690,819	3,238,109	4,034,429	3,573,683
Non Controlling Interest	LKR '000	17,073	17,447	-	-
Total Debt	LKR '000	2,455,737	1,235,524	1,111,933	449,406
Equity/Assets	%	46.67	52.79	62.18	67.43
Net Debt (Cash)/Equity	%	53.00	23.99	15.75	0.24
Debt/Total Assets	%	31.05	20.14	17.14	8.48

Share Market Performance

During the year under review, the share price peaked at LKR 27.50 and fell to LKR 18.70. By the end of the financial year, the market price settled at LKR 24.60. This fluctuation in share performance reflects the historical highs and lows experienced by the company. During the financial year, Ceyline Investments (Pvt) Ltd bought over 50.1% from Ambeon Holdings PLC at a rate of LKR 28.30 and made a mandatory offer for others. By the end of the financial year, Ceyline Investments (Pvt) Ltd obtained 64.89% of the share capital.

The number of shareholders declined by 11%, reaching a total of 4,538 by the end of the year. However, the volume of shares traded on the stock market declined by 54%, totalling 20,435,986 shares. Despite this decrease in trading volume, total market capitalization rose significantly to LKR 3,998 Mn, compared to LKR 3,332 Mn in the previous financial year.

As of March 31, 2024, Ceyline Investments held the majority share, owning 64.89 % of the total shares. In September 2024, Ceyline Investments increased its stake in the company to 64.89% from the previously held 50.1% stake, which was acquired from Ambeon Holdings PLC in June 2023, through a share sale and purchase agreement.

	Unit	Group	Dankotuwa Porcelain		
		2023/24	2022/23	2023/24	2022/23
Shares in Issue	Number 000'	162,553	162,553	162,553	162,553
Earnings per Share	LKR	2.28	4.13	2.72	3.83
Net Asset Value per Share	LKR	22.71	19.92	24.82	21.98
Closing Market Price	LKR	24.60	20.50	24.60	20.50
Market Capitalization	LKR '000	3,998,802	3,332,335	3,998,802	3,332,335
Price Earnings Ratio	Times	10.77	4.96	9.06	5.35

SHAREHOLDER VALUE

No dividends were declared by Dankotuwa Porcelain during the year under review. Instead, the cash generated from business operations was utilised for working capital requirements for expansion, which contributed to an increase in retained earnings. The Earnings per Share (EPS) stood at LKR 2.28 for the Group, which declined from LKR 4.13 in the prior year. Additionally, the Net Asset Value per Share increased to LKR 22.71, up from LKR 19.92, reflecting the enhanced value for shareholders.

FUTURE PLANS

Our Group is committed to maintaining a prudent financial strategy. We are currently focused on reducing liabilities and increasing equity to support growth and expansion. Our immediate goal is to carefully evaluate our cost structure to lower overhead expenses while improving the efficiency of our working capital management. This approach aims to enhance profitability in the short term.

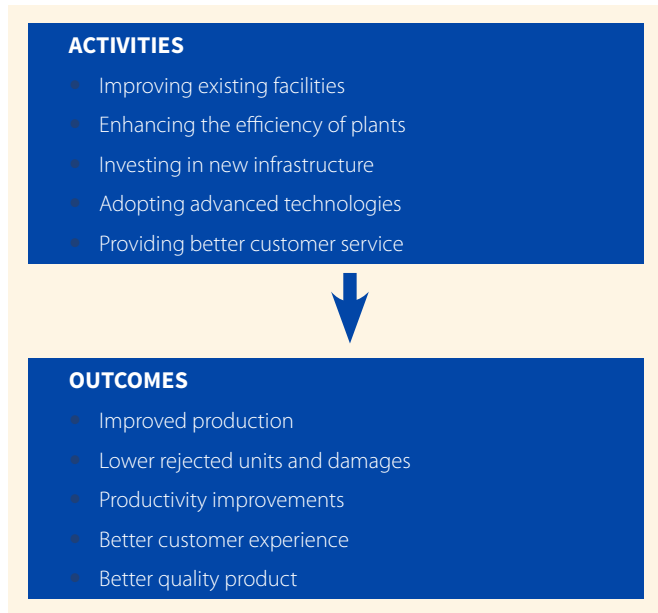
In the longer term, our strategy will concentrate on maximising the use of our existing resources. This will involve making strategic investments to foster organic growth and boost overall operational efficiency.

Actions by DPL & RFPL	Short	Medium	Long
Establish the optimal capital structure	✓	✓	✓
Scrutinize the cost structure	✓	✓	✓
Enhancing the efficiency of working capital management	✓	✓	✓
Maximising the utilization of current resources	✓	✓	✓
Investment in resources at nurturing organic growth to enhancing overall operational efficiency	✓	✓	✓


MANUFACTURED CAPITAL

At the heart of our operational success lies a strategic commitment to fortifying our manufactured capital. By elevating the performance of our plant and machinery, we not only streamline our workflows but also amplify efficiency. Our approach is rooted in the belief that enhancing our existing capacities is paramount, and it precedes the pursuit of new capital investments.

VALUE CREATION PROCESS




CAPITAL INTERCONNECTEDNESS




FINANCIAL

- Infrastructure improvements may require short-term financial investment but lead to increased production efficiency and economies of scale in the long run.



INTELLECTUAL

- Strategies to boost efficiency enhance employees' mental skills, leading to more effective and productive work habits.



NATURAL

- Increased production and infrastructure will carry some level of unquantified, environmental impacts.

CONNECTIVITY




1 CAPACITY AND INFRASTRUCTURE DEVELOPMENT



2 PROCESS EFFICIENCIES




3 FOCUS ON SUSTAINABLE MANUFACTURING




4 TECHNOLOGICAL INFRASTRUCTURE AND DIGITAL ADVANCEMENTS

8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



PROPERTY, PLANT AND EQUIPMENT (GROUP)

Production facilities and administrative offices in Dankotuwa and Kosgama, a retail presence of five outlets and one overseas branch in Chennai, India, collectively form our property, plant and machinery. In the fiscal year 2023/24, consolidated Group Property, Plant and Equipment (PPE) reached LKR 3.94 Bn. Plant and machinery represent the largest share of our PPE at 37%, valued at LKR 1.45 Bn.

	DPL	RFPL
PPE	LKR 2,434 Mn	LKR 1,502 Mn
Land and Building capacities	Land – 3,153 Perches Building - 267,801 sq ft Retail outlets– 9,770 sqft	Land – 2,161 Perches Building - 141,368 sq ft
Maximum Production Capacity (units)	6,550,000	5,700,000
Achieved capacity during 2023/24 (units)	5,022,000	5,467,000
Total Workforce	825	892

Group PPE breakdown	2023/24 (LKR Mn)	2022/23 (LKR Mn)	2021/22 (LKR Mn)
Plant and machinery	1,448	1,471	1,482
Land -Freehold	1,162	1,136	1,025
Building - Freehold	986	940	862
Equipment (office and computer)	181	181	168
Building - Leasehold	53	53	53
Furniture & Fittings	44	42	40
Roadways & Fence	40	40	3
Capital WIP	4	20	10
Motor Vehicles	19	16	12
Total PPE	3,936	3,898	3,656

As of the financial year-end, the Group plant and machinery were valued at LKR 1,448 Bn, and, with both facilities housing plants for greenware, whiteware, and decorated ware.



PRODUCTION CAPACITY IMPROVEMENTS

DPL has successfully increased its production capacity by 41%, rising from 475,000 units to 670,000 units. This enhancement includes a notable 30% increase in the shuttle kiln capacity, which translates to an additional 90,000 pieces per month. This was achieved by optimising the cycle time of the kiln, demonstrating how process improvements can significantly boost output without requiring additional capital investment.

Similarly, NBC has expanded its ivory production capacity from 45,000 pieces per month (PPM) to 150,000 PPM. This increase was realized by reconfiguring the kiln layout and reducing the cycle time. These changes allowed NBC to triple its production capacity through strategic adjustments rather than through new capital expenditures.

Both of these improvements highlight how process optimization can lead to substantial increases in production capacity, underscoring the effectiveness of refining existing systems and workflows to enhance output.

DPL	2023/24	2022/23
Greenware plant	610,000	500,000
Whiteware plant	670,000	475,000
Decorated ware plant	400,000	400,000

The capacities of the Greenware and Decorated Ware plants can be expanded to align with the Whiteware plant's output by increasing manpower.

RFPL	2023/24	2022/23
Greenware plant	500,000	500,000
Whiteware plant	475,000	475,000
Decorated ware plant	250,000	250,000

Above capacities are calculated based on the current product mix .

CAPITAL EXPENDITURE

Our manufacturing efficiency hinges on workstation, machinery, and equipment capacities, which necessitates strategic capacity expansions to accommodate large order volumes and unique product designs. With a focus on optimising and improving existing facilities, we invested in their upkeep and maintenance.

The Group has invested LKR 40 Mn in infrastructure this year, covering land, buildings, furnishings, ongoing projects, vehicles, and office technology. This represents a decrease from the LKR 137 Mn invested in the previous financial year.

	Dankotuwa Porcelain	Royal Fernwood
Capital expenditure	2023/24: LKR 25 Mn	2023/24: LKR 15 Mn
	2022/23: LKR 72 Mn	2022/23: LKR 65 Mn

Improvements to physical facilities and infrastructure)

Dankotuwa

With various R&D trials over the year, the shuttle kiln firing cycle time was reduced from 12 hours to 8 hours. This has enabled 3 firing per day resulting in an additional capacity of 90,000 pieces per month. Further, LPG consumption has been reduced by 15% from the shuttle kiln operation.

The internal layout of the NBC kiln was changed and a new kiln furniture setup was introduced. This has resulted in not only additional capacity but also faster cooling in the kiln due to increased ventilation. This enabled the firing cycle time to be reduced to 10 hours from earlier 17 hours. Total capacity increased from the improvement is 105,000 pieces per month. There is also an energy saving of 15% from the improvement. NBC kiln is used to produce ivory colour products.

Royal Fernwood

The factory was successfully able to develop a porcelain body mixture using completely new, cost-effective raw materials which has given a competitive mileage in terms of cost, supply chain efficiencies, and inventories. Internal processes and kilns were redesigned to achieve an improved quality level of the product using the new body mixture.

MANUFACTURED CAPITAL

MAXIMISING EFFICIENCY AND MINIMISING WASTE

Implementing strategies to boost productivity is key to keeping lead times short, minimizing material waste and defects, and improving the quality of units throughout the production cycle; such measures have led to a visible reduction in defective units, amplified production volumes and enhanced certain workflow efficiencies.

BALANCING DEMAND AND EFFICIENCIES

In the year under review, we faced a reduced number of order volume. Nevertheless, the excess capacity was leveraged to improve output efficiency. By optimizing production processes, we reduced lead times.

Throughout the year, Dankotuwa Porcelain and Royal Fernwood implemented stringent inspections and online data monitoring, which enabled the teams to significantly reduce defects at critical stages of the production process. The following section details the results of these efforts. The following captures the outcomes of process improvements and measures to enhance efficiency and production; the charts demonstrate a clear reduction in damages of whiteware, biscuits, greenware and decorated items. This can be seen across DPL and our subsidiary, RFPL.

During the year, we achieved the above by implementing best practices. Our approach included setting clear targets, conducting regular brainstorming and process review sessions, and utilizing real-time data to drive improvements. We also refined our forecasting and stock management processes to ensure optimal performance across all production lines.

Brainstorming Sessions

- Conducted brainstorming sessions to set defect control targets and improve product quality.
- Documented and evaluated findings to create and monitor action plans.
- Used insights from daily and weekly quality meeting sessions for idea generation.
- Addressed defects and quality issues through collaborative discussions.

Process Review Sessions

- Monthly reviews and performance evaluations to guide process improvements.
- Daily review sessions focusing on productivity and efficiency suggestions.
- Implemented changes based on review findings.

Hourly Monitoring Systems

- Monitored and displayed hourly production data for decoration, glazing, forming machines, and packing lines.

Damage and Yield Forecast

- Forecasted and monitored damages and yield on an hourly basis.
- Displayed and communicated forecasts frequently to foster a waste reduction culture.
- Daily meetings to review progress and implement immediate remedial actions.

Material Forecast

- Conducted annual material forecasting and monthly adjustments
- Weekly critical stock levels monitoring.
- Materials order placements based on stock and customer orders.

INVESTMENTS IN TECHNOLOGICAL SOLUTIONS

Adopting advanced technology is crucial for boosting efficiency and maintaining a competitive edge. We have integrated cutting-edge tools and software, including Enterprise Resource Planning (ERP) solutions and Business Intelligence (BI) dashboards, to streamline operations and enhance decision-making. In research and development, state-of-the-art software like SolidWorks, AutoCAD, and Inventor enables us to create precise 3D models, ensuring our products meet international standards while reducing design costs and lead times.

Additionally, our online data system for whiteware and decorated ware inspections improves quality control accuracy, and a structured scheduling tool helps manage the complexity of handling close to a thousand SKUs per month. To address rising energy costs, we have also implemented comprehensive energy monitoring in our production workflows, optimising usage and reducing consumption effectively.

SHOWROOMS AND BRANCHES

The presence of our retail outlets serves several strategic purposes; over the years, they have been strategic in managing customer experience, enabling us to make changes that best reflect the brand. Our outlets provide access to valuable customer insights; and manage inventories based on demand while enhancing our overall market presence. Strategically positioning these outlets in premium locations areas has also maximised brand visibility and has helped attract a substantial local customer base. In summary, operating retail locations not only strengthens customer relationships and brand loyalty but also supports our growth and visibility, domestically.

Furthermore, we operate outside of Sri Lanka through our branch in Chennai, India. This presence allows us to tap into the dynamic Indian market, leveraging Chennai's strategic location and economic significance. The branch serves the strategic potential to expand our reach in South Asia, providing us with opportunities to diversify our regional market presence.

Dankotuwa Porcelain & Royal Fernwood operate common showrooms to give a better customer experience in 5 locations in Sri Lanka and a sales office in Chennai, India. Showrooms are located at Colombo-07, One Galle Face mall in Colombo-01, Kirulapone, Negombo and our factory outlet in Dankotuwa. Out of the above 5, the Signature showroom in Colombo-07 and One Galle Face showrooms are strategically located to serve our exclusive premium customers.

FORWARD-LOOKING STRATEGIES

The Group will navigate advanced adoptions in environmental sustainability while maintaining a strong focus on calculatedly enhancing infrastructure, essential value additions to our manufactured capital.

Action	Short	Medium	Long
Sustainable production methods	√	√	√
Initiatives to expand production capabilities		√	√
Measures to boost operational efficiency	√	√	√
Capital infusion in cutting-edge tech		√	√
Ventures into renewable energy		√	
Implementation of ergonomic solutions	√	√	
Modernization of retail spaces	√	√	√
Launch of an additional showroom		√	

MANUFACTURED CAPITAL

PREPARATION



FORMING



CASTING



GREENWARE FIRING



GLAZING



GLOSS FIRING



WHITEWARE INSPECTION



PRINTING



HAND PAINTING



DECORATION & LINING



DECORATION FIRING



FINAL INSPECTION



PACKING



QA AND R&D



INTELLECTUAL CAPITAL

Over the years, our knowledge and expertise have been crucial to staying relevant in the face of tough competition and changing market needs. By using our well-known brand, creative products, and constantly improving manufacturing methods we have strengthened our position in the market and gained long-lasting recognition worldwide.

VALUE CREATION PROCESS



CAPITAL INTERCONNECTEDNESS



FINANCIAL

- Investing in training and process improvements can enhance revenue through better products and innovations but requires significant financial resources.



SOCIAL

- Improving processes, products, and sustainable practices enhances relationships with customers and stakeholders.



HUMAN

- Boosting intellectual capital improves employee skills, job prospects, and personal development.



MANUFACTURED

- Sustainable production and quality improvements enhance resource efficiency and positively affect financial outcomes.

CONNECTIVITY

RESEARCH & DEVELOPMENT **CONTINUOUS IMPROVEMENTS** **BRAND EQUITY**

INNOVATIONS AND DIVERSIFICATIONS **PRODUCT COMMUNICATIONS**

4 QUALITY EDUCATION **8 DECENT WORK AND ECONOMIC GROWTH** **9 INDUSTRY, INNOVATION AND INFRASTRUCTURE**

BRAND CAPITAL

DANKOTUWA

For four decades, Dankotuwa Porcelain has built its reputation as one of Sri Lanka's premier porcelainware manufacturers through an organic approach to expanding our market presence. Not only have we received acclaim from global retailers and commercial buyers, but we are also trusted and sought after by leading corporates. What's most gratifying, however, is the unwavering trust and loyalty of our local clientele, who view the 'Dankotuwa' brand as a symbol of reliability and quality. This unwavering focus on reliability and quality ensures that our customers feel confident in their choice of Dankotuwa Porcelain. Our commitment to delivering exceptional products and meeting the needs of our clients has paved the way for continued growth in our international and local customer base. As a further testament to our success, an independent market survey recognized Dankotuwa as the top-of-mind porcelain brand in Sri Lanka.

ROYAL FERNWOOD

The name Royal Fernwood has been in existence since 1994 and has amassed a unique position within the local market and a strong, growing presence in over 14 countries. Royal Fernwood has brand recognition as a manufacturer of bold and vibrant colours and functional everyday kitchenware and tableware. The brand is recognised by numerous international buyers including dinnerware manufacturers and top-end retailers

Enhancing brand awareness

- Local exhibitions
- Industry 2023 National Industry Exhibitions – Held at BMICH premises the exhibition was held from 22nd-24th June
- Hotel Show 2023 – At BMICH in July 2023.

Trade Fairs

- Ambiente 2024 – Participated.
- Ambiente 2024 is a consumer goods trade fair held annually in Frankfurt, Germany. Around 150,000 trade visitors from over 150 countries visit the fair with about 4000 exhibitors spread over 5 days during last week of January 2024.
- Ambiente is the most leading point of contact internationally for top retail and commercial buyers, including many decision makers. Trade visitors compile their product ranges for the season, planning projects, making contacts and ordering in the areas of Dining, Giving and Living. The fair showcases a great diversity of products for different living spaces and style directions. It opens up many possibilities by defining and homing in on tomorrow's major themes including requirements of dining in the HoReCa segments.
- New York Tabletop Show- Visited.
- The New York Tabletop Show is a bi-annual event held at 41 Madison Ave, New York, USA, showcasing products of popular- suppliers and manufacturers of Tableware for retailers, interior designers, chefs, restaurateurs, and more. It's a global marketplace for tabletop merchandise where industry professionals can connect and explore new offerings. Held for 10th to 13th October 23.
- AAHAR 2024– Participated.
- AAHAR – The International Food & Hospitality Fair, is a B2B event that is organized by India Trade Promotion Organisation. ITPO is the premier trade promotion organization of the Government of India at the iconic venue Pragati Maidan. AAHAR is Asia's most well-known brand in Food & Hospitality Shows. The show has grown in leaps and bounds over the past few years, and is now a well-known destination for global vendors.
- HGH -2024- Participated with partner.
- HGH India is India's most popular trade show for home textiles, home decor, housewares, and gifts. This trade show connects international and Indian brands and manufacturers with retailers, importers, distributors, institutional buyers, and interior designers in the rapidly growing Indian domestic market. It is a must-attend annual event for everyone with a business interest in India's domestic market for home products. Designed exclusively to connect its exhibitors with their high-potential business partners in the Indian market, HGH India has firmly established itself as a world-class, must-attend, professional, trend-setting, and result-oriented event where brands, manufacturers, importers, and distributors can present their innovations and complete product range to retailers, distributors, trade buyers, interior designers and gift trade from across India

- HOTEL ASIA 24' MALDIVES.- Participated.
- The 18th edition of the Hotel Asia 2024 Exhibition & International Culinary Challenge stands as a premier assembly within the Maldives' hospitality sector. Held on 13th, 14th, and 15th of May 2024. This significant event will unfold at the Dharubaaruge Exhibition Hall, Ufsagandu & Maldives National University in Malé (MNU). The Hotel Asia Exhibition boasts a diverse participation from exhibitors and brands representing 45 countries, including Sri Lanka, India, China, Thailand, Australia occupying 275 stalls expecting 5000 visitors majority are decision makers.

Awards

- The Waterdrop Wild Flower series by Dankotuwa Porcelain won the Kitchen Category at the esteemed German Design Awards 2024.
- German Design Award Winner 2024 – for Doric Vases
- Iconic Awards 2024 winner – for Doric vases
- Best Exporter Award in the ceramic and porcelain-based products category at the Presidential Export Awards (for the year 2021/22)



Brand Ambassadors

- Dankotuwa porcelain was endorsed by cricket legend Mr. Roshan Mahanama, who became a trusted and beloved advocate for the brand. Through a series of carefully crafted promotional videos, Mr. Mahanama highlighted the pristine whiteness and exceptional craftsmanship of Dankotuwa porcelain products.
- A promotional video with a social media personality and host of Wild Cook Book.

AI-based interactive promotion

At the Dankotuwa showroom in Colombo, we installed a virtually crafted AI-based teapot and teacup, in an effort to promote the brand in an engaging manner with visual appeal.

INTELLECTUAL CAPITAL

TACIT KNOWLEDGE AND INNOVATION INTEGRATION

At the core of our organisation's success is a unique approach to leveraging the rich reservoir of tacit knowledge our experienced staff possess. With a legacy of over four decades in the specialized field of porcelainware manufacturing, our team's deep-rooted expertise and practical insights are invaluable assets. This knowledge is not merely theoretical but is ingrained in the everyday practices and problem-solving techniques honed through years of hands-on experience.

Recognizing the significance of this tacit knowledge, we have systematically worked towards transforming it into explicit knowledge. This transformation is achieved through structured initiatives like collaborative workshops, focused group discussions, and a rigorous multiskilling program. These activities are designed to capture and codify our staff's nuanced understandings and skills, thereby ensuring that valuable insights are preserved and disseminated throughout the organisation.

RESEARCH AND DEVELOPMENT: DRIVING INNOVATION THROUGH EXPERTISE

Our Research and Development (R&D) team is at the forefront of our innovation strategy, fuelled by our marketing and operations teams' profound expertise and extensive experience. This division is pivotal in maintaining our competitive edge by leveraging a robust knowledge base to drive forward-thinking designs and development processes.

Our R&D team is not just dedicated to fostering innovation, but also to staying ahead of industry developments. By closely analysing market trends, anticipating consumer needs, and adhering to international design standards, we ensure that our products meet the highest quality and aesthetic standards.

Through a blend of creative problem-solving and technical prowess, our R&D efforts are instrumental in translating market insights into cutting-edge solutions. By continually pushing the boundaries of what is possible, we not only ensure that our products meet and exceed our global clientele's expectations but also set new standards in the industry.

EXPANDING BEYOND LOCAL DESIGN AESTHETICS

To remain ahead of global porcelain market demands and trends, we collaborate with international designers to gain insights into global trends and consumer preferences, enhancing our design expertise. By engaging with renowned designers from around the world, we effectively address both mass-market and niche demands.

This year, we continue to partner with several prominent designers, including Lord David Queensberry, Maham Anjum, Guy White, Billy Lloyd Pemala, Robin Levien, Anjella Hull, and Gina Lobo. At the Ambiente 2024 fair, we unveiled new glaze designs for bowl food, developed with Lord David Queensberry and Maham Anjum. These innovations garnered significant attention from key industry players.

MARKET INSIGHTS

Our company has extensive knowledge of both the domestic and global porcelainware markets. We have a strong presence among domestic clients as well as renowned retail brands and manufacturers worldwide. In the coming year, our international focus will be primarily on India, and subsequently on the Middle East, and Scandinavia, while locally, we will concentrate on B2B and the East region. Thanks to our understanding of international markets and consumer preferences, our products are available globally through prestigious retailers such as Lenox, Crate&Barrell, Jashanmal, Portmeirion, and others.

In terms of customer demographics, our Company targets a diverse customer base, with a particular emphasis on the tier-one segment. Our Royal Fernwood products are designed to appeal to younger consumers and emphasise value for money. Meanwhile, Dankotuwa's sub-brand Laklain is tailored to price-conscious customers.

During the year, we conducted market analyses for diversifications:

1. Opportunities identified to create an economical range and specialised cutlery range.
2. Conducted a thorough market analysis, to understand various aspects of your market and consumer behaviour. Dankotuwa PLC's research involved market segmentation to tailor strategies to distinct consumer groups, analysing buying behaviours to align products with preferences, assessing market share to benchmark performance, and understanding customer perceptions for improved brand positioning. Furthermore, the study involved evaluating competitors to identify trends and areas for improvement, using consumer feedback to enhance product designs, estimating the market potential for new products, and evaluating distribution methods to optimise reach and efficiency. This comprehensive approach helped them refine strategies, improve product offerings, and enhance distribution effectiveness.
3. Understanding the behaviour and perceptions of super affluent consumers in the tableware segment.
4. Apart from the above, we promoted products directed at the giftware market, especially wedding giftware.

NEW PRODUCT DESIGNS

At Dankotuwa Porcelain, we unveiled a range of new product designs that highlight our commitment to innovation and style. Our latest collections featured tea cups and saucers with "reactive glazes". These glazes give unique patterns and textures to the products. We have also introduced items that showcase 2 or more different types of finishes on the same product which gives a vibrant and unique look. Additionally, we've introduced new dinner sets that combine elegance with functionality, designed to enhance any dining experience. Our tableware now includes playful speckled patterns and a mix of solid and blended colours, adding a modern and whimsical touch to everyday dining. These new designs exemplify our dedication to creativity, quality, and fresh aesthetic trends.

Dankotuwa Porcelain

At Dankotuwa, we produce high-quality whiteware and decorated porcelain tableware, tailored to customer preferences and market trends. In 2023/24, we saw high demand for our reactive glazed dinnerware and 24k Gold designed premium porcelain, which belonged to a category of newly developed 134 new shapes with diverse designs.

Royal Fernwood

Royal Fernwood products are highly sought after for their exceptional quality and adherence to international design and durability standards. Known for their thematic and modern elegance, these products feature solid colours, textured patterns, and decals that meet global standards. They are specifically designed to appeal to younger audiences. During the year RFPL designed 134 new shapes.

During the year, RFPL unveiled the hand-painted wall décor collection, adorned under the theme 'Heritage Brushed to Life' – paying homage to Sri Lankan history, traditional art and culture.

QUALITY CERTIFICATIONS AND PROCESSES

We have acquired various local and international certifications and standards, enabling us to remain competitive and adhere to national and global norms.

Dankotuwa Porcelain

At Dankotuwa Porcelain, we strictly adhere to the quality assurance plan outlined in the ISO 9001:2015 Quality Management System. This plan comprises all quality criteria from raw materials to finished products. Regular inspection reports are utilised, and necessary actions are taken to ensure the quality of each process. Besides Quality Assurance (QA) activities, we employ Quality Control (QC) techniques at four intermediate stages to prevent defective items from progressing to the next production phase. Our auditing of product quality maintains an Acceptable Quality Level of 2.5%. Moreover, Dankotuwa Porcelain is among the first porcelain manufacturers in Sri Lanka to obtain the ISO 9001:2008 Quality Management Systems, reflecting our dedication to international quality standards and best practices in production.

Royal Fernwood

Royal Fernwood has also secured multiple quality assurance certifications to demonstrate its outstanding product quality. These certifications guide us in responsible product development and help us embrace competitive strengths in manufacturing. We maintain thorough controls from the in-house raw materials stage to the final dispatch, with comprehensive inspection reports for biscuits, whiteware, and final products. RFPL's quality assurance and control team ensures that the agreed quality standards are met, and we incorporate random inspection and testing into our quality control process while rigorously following Acceptable Quality Levels and monitoring standardized measurements daily.

Royal Fernwood's ISO 9001:2015 certification signifies adherence to international standards for quality management processes, ensuring consistent product quality and operational excellence.

PROCESS IMPROVEMENTS AND EFFICIENCIES

We consistently implement strategies to enhance and streamline our processes, aiming to shorten lead times and boost the efficiency of our production workflows. In 2023, we undertook various initiatives to improve our manufacturing processes at DPL and RFPL.

- Mold weight reduction being continued as a KAIZEN project
- Gloss kiln firing time reduction
- New glazing techniques for reactive, speckled and raised glazing
- PDCA – cause and effect finding, brainstorming and data analysis to find solutions for
- defects and rejects and to minimise such waste
- To optimize energy consumption, an electricity monitoring system was introduced for six
- sections of the manufacturing plant

Certifications and Status

	Certification/standard	Status 2023/24
Dankotuwa porcelain	ISO 9001:2015 Quality Management Systems certification	Recertification completed
	ISO 14001:2015 Environment Management System	Process completed
Royal Fernwood	ISO 9001:2015 standard certification - prescribes international quality management processes	Recertified in 2024

DEVELOPING ORGANISATIONAL KNOWLEDGE

Our production and operational teams, including skilled and semi-skilled workers, have a deep understanding of the porcelainware manufacturing industry and its processes. To further develop their expertise, we offer continuous on-the-job training, inductions, and specialized training tailored to their needs. This ensures their ongoing growth in their roles and helps bridge any gaps in their knowledge and skills.

Training Programs and Knowledge-Sharing Sessions – 2023/24

- Certification and Diploma Programs (5)
- Workshops and Training Programs (22)
- Conferences and Briefings (2)
- Specialized Sessions (1)

For details please refer to the human capital report on pages 73 - 82.

INTELLECTUAL CAPITAL

PLANS FOR THE FUTURE

Both companies will continue to capitalise on their existing intellectual strengths in design, manufacturing and market insights to deliver exceptional products, while pursuing sustainable manufacturing practices.

Actions by DPL & RFPL	Short	Medium	Long
Agree on a new brand architecture for local and global sales to ensure each of our brands meet market demands	-	√	√
Effective use of DPL Academy to enhance our knowledge base within the organisation	√	√	√
Carry out more R&D activities related to use of local clay	√	√	-
Connect our local design team with global market trends and global designers	-	√	√
Continue to research market trends and design the new products to meet the demand	√	√	√

HUMAN CAPITAL

Across the Dankotuwa Group, we follow an equitable and inclusive approach to managing our most valuable resource – our employees. Their well-being, growth, safety, equity, and satisfaction remain key objectives of this approach. Our talent management involves recruitment and retention of staff in line with organisational needs with ensured work-life balance across all our production facilities and offices with a broader focus on social sustainability.

VALUE CREATION PROCESS



CONNECTIVITY



CAPITAL INTERCONNECTEDNESS



DANKOTUWA PORCELAIN	GROUP	ROYAL FERNWOOD
825	1,717	892

In the year being reviewed, our collective team strength was 1,717 members, branching out into 825 at Dankotuwa Porcelain PLC and 892 at Royal Fernwood Porcelain Limited.

HUMAN CAPITAL



DPL TEAM



RFPL TEAM

	Dankotuwa Porcelain				Royal Fernwood			
	2022/23		2023/24		2022/23		2023/24	
	Male	Female	Male	Female	Male	Female	Male	Female
Total	424	306	471	354	429	341	492	400
Gender representation %	58	42	57	43	54	46	55	45

EMPLOYEES BY CATEGORY

Dankotuwa Porcelain	2022/23		2023/24	
	Male	Female	Male	Female
	424	306	471	354
Managers and executives	68	22	83	31
Staff	23	18	33	17
Supervisor	29	6	27	4
Administrative staff	69	21	66	21
Production staff	235	239	262	281

RFPL	2022/23		2023/24	
	Male	Female	Male	Female
Total	429	341	492	400
Executives and Managers	64	14	64	13
Staff	24	23	24	25
Supervisor	48	15	45	17
Administrative Staff	29	1	50	3
Production staff	264	288	309	342

GENDER DISTRIBUTION

From a Group standpoint, the gender division is 963 male and 754 female employees. The gender parity score for the Group was 0.83, indicating room for further improvement.

The sustainability journey of RFPL has a target under women empowerment to increase their representative in the manager and executive category to 25%.

TALENT DEVELOPMENT STRATEGY IN 2023/24

The Group's people strategy involves balancing the development needs of employees with the demands of their respective job roles and the Group's focus for the year under review. It's centred on developing employees' overall growth, professionally and personally while ensuring a healthy and safe work environment. Apart from remuneration, based on performance and job role, each employee receives equal opportunities to grow and be recognised.

COLLECTIVE LEADERSHIP (LEADERSHIP AND MANAGEMENT DEVELOPMENT PROGRAM)

The collective leadership approach goes beyond the definition of a development program; it's considered a philosophy now ingrained into the Group culture as a way of life. The objective of the approach is to empower every individual at the senior managerial level to take on the tasks of leading with awareness, confidence, autonomy and commitment.

Objectives and values

The approach fosters a sense of belongingness, encouraging individual decision-making, and leading to better quality, creativity, and performance. Collective leadership has not only enhanced collective organizational performance, but contributed to resilience, allowing the company to adapt to market dynamics and seize opportunities. Trust, open communication, and continuous learning are crucial to this process, encouraging staff to perform better.

HUMAN CAPITAL

The Approach

Dankotuwa Porcelain PLC has established six teams involving 36 senior and middle management from various departments and functions across Dankotuwa Porcelain PLC, selected through a bidding process. The 36 leaders are responsible for strategizing, planning and implementing activities autonomously for two months with each member assuming a managerial role while collaborating with peers to leverage individual talents and enhance overall performance.

During the year, collectively informed decision-making enhanced ownership and improved performance. This decentralized leadership effectively navigated challenges, showing resilience and capitalizing on opportunities.

Improved Financial Metrics:

- Increase in revenue or profitability over the past year.

Decision-Making Effectiveness:

- Reduction in turnaround times
- Reduction in discarded units

Employee Engagement and Culture:

- Higher satisfaction rates, as evidenced by the Great Place to Work Certification

Learning and Development:

- Organisation wide participation in programs
- Increased programs and workshops

Innovation and Creativity:

- Introduction of innovative business processes.

Operational Efficiency:

- Cost savings
- Improved process efficiencies

HUMAN RESOURCE GOVERNANCE

As one of Sri Lanka's best workplaces within the manufacturing industry, Dankotuwa Porcelain PLC has continuously improved our approach to ensuring an inclusive and supportive environment for our employees. Our focus is to provide an environment that endorses mutual respect and enhanced self-worth, from the top tier down. The HR teams at DPL and RFPL play a crucial role in driving this overall approach while maintaining compliance with internal policies and external regulatory requirements. The following policies regulate HR functions, ensuring a balanced and objective approach.

HR policies

The following policies are in effect across the Group, playing a central role in defining the scope of several key HRM functions.

- HR Policy
- Training & Development Policy
- Recruitment policy
- Performance Management policy
- Grievance handling policy
- Leave Management policy
- Disciplinary policy
- Sexual harassment policy
- Organizational development policy
- Time & attendance policy

GPTW ACHIEVEMENTS THROUGHOUT THE YEARS

Highlights

- First Sri Lanka's company to be named as Asia's number one Best Workplace by Great Place to Work 2023
- Number 1 company in the Great Places to Work ranking under Medium Workplaces in Sri Lanka

Recognitions

- Best Workplaces in Manufacturing and Production (2024), certified from February 2024-February 2025.
- Great Place to Work Gold Certificate & Best workplace in manufacturing sector award (Mar-2023)
- Best workplace for women award (2022 and 2023)
- Dankotuwa Porcelain ranked 20 on the Best Workplaces in Asia™ in the 2022 list in the Large size category (2022)
- Dankotuwa Porcelain Listed in the best 50 workplaces in Sri Lanka (2022)
- Great Place to Work Gold Certificate & Best workplace in manufacturing sector award (2022)

A GREAT PLACE TO WORK

The Group once again secured the honour of being named two of the top workplaces in the manufacturing and production sector in Sri Lanka for the third consecutive time.

Our achievement this year is overshadowed by another historically significant achievement, as we became the first company to originate from Sri Lanka as Asia's number one Best Workplace by Great Place to Work 2023. The recognition underscores our success in our People Strategy. It has established us as the leading large-sized company in Asia under Great Place to Work rankings. This groundbreaking achievement adds significant value to our journey and underscores the effectiveness of our personnel management strategy, on a regional and international level.

Dankotuwa Porcelain PLC is ranked as the number one company in the Great Places to Work ranking under the Medium Workplaces (501-1000 employees) category in the Manufacturing and Production industry in Sri Lanka.

The achievement highlights our dedication to a team of individuals who have shaped our journey and have displayed tremendous commitment to their craft and the Company. It respects the artisans who shape Dankotuwa products and whose lives are intertwined with the Group's success. Throughout the years and decades, we have shaped the lives of countless employees who have either remained with us or have moved on to achieve their potential. The achievement is a tribute to all past and present employees who have contributed tirelessly to catapult and maintain Dankotuwa on the global stage.

The visionary 'Collective Leadership' approach has contributed immensely to this achievement. The collective leadership movement has empowered employees, cascading across the organisation's hierarchy to reap the benefits of diversity, unique individual talents and expertise of our human capital.



FULFILLING RECRUITMENT NEEDS

Recruitment is approached strategically to attract skilled individuals with a commitment to personal growth. We follow a thorough selection process to evaluate candidates for technical proficiency and also for their alignment with the DPL culture.

DPL	2023/24		2022/23	
	Male	Female	Male	Female
Total	351		330	
Executives and Managers	29	9	17	6
Staff	9	6	2	3
Supervisor	7	0	5	0
Administrative Staff	2	2	0	0
Production staff	141	146	162	135

RFPL	2023/24		2022/23	
	Male	Female	Male	Female
Total	1049		1092	
Executives and Managers	26	9	9	4
Staff	17	14	11	8
Supervisor	22	5	17	3
Administrative Staff	14	2	5	0
Production staff	521	419	584	451

Turnover

Recruitment has increased/decreased during the year, due to a higher attrition rate, which rose in the year under review. The number of retirees was reported as 4 employees.

DPL	2023/24		2022/23	
	Male	Female	Male	Female
Executives and Managers	39	8	13	11
Staff	7	5	5	3
Supervisor	1	2	4	0
Administrative Staff	9	6	0	3
Production staff	138	161	125	122

Royal Fernwood resignation	2023/24		2022/23	
	Male	Female	Male	Female
Managers and executives	16	9	25	5
Staff	10	5	19	16
Supervisor	14	1	23	7
Administrative staff	10	2	15	1
Production staff	478	358	455	354

HUMAN CAPITAL

Parental leave

We provide maternity leave based on regulations and additionally, we provide paternity leave of 5 days for parents expecting newborns. During the year, 9 employees took parental leave, with 9 employees returning to work by 31 March 2024.

DPL only	2023/24		2022/23	
	Female	Male	Female	Male
No. of employees that took parental leave	7	2	12	0
No. of employees that returned to work by the end of the year	7	2	8	0

TRAINING AND DEVELOPMENT

Training and development programs are implemented to enhance employees' skills, increase their productivity, and prepare them for future roles. At DPL, we invest prudently in generalised and targeted training programs, with a high focus on enhancing skilled and semi-skilled work within the organisation.

TRAINING HOURS	INVESTMENT IN TRAINING AND DEVELOPMENT
10,655 (2023/24)	LKR 5.7 MN (2023/24)
125,106 (2022/23)	LKR 2.7 MN (2022/23)

With the reduction of the training hours in 2023/24, the group has now realigned the overall training plan for 2024/25 with a proper training need analysis.

Training programs were provided for management, executive, and production staff, covering a diverse array of topics. The training programs enhanced employee capabilities to meet business and production goals, totalling 10,655 training hours.

- TPM Practitioner Certificate Course - 55th Batch
- The Brand Management Workshop
- Data-Driven Marketing Professional
- Workshop on ISO 9001: 2015 standards and implementation of Quality management systems
- Advanced Excel Master class
- (BEC) CXO Breakfast Briefing - "The GenY Factor in the Workplace"
- Great Place to Work conference- knowledge sharing
- Labor Law and Industrial Relations
- 5S for Warehouse
- Professional Email Writing Skills
- Counselling Skills for Managers

- Positive Attitudes, Motivation and Good Working Habits
- Workshop on Internal auditing for ISO 9001:2015
- Maintenance of Industrial Plant and Machineries
- Organizational Development Specialist Certification
- Talent Succession & 9 Box Grid Practitioner Certification
- Take the lead in building a safe workplace
- Kiln Operation & Safety Training Program
- Coaching for Senior Managers
- Gas Safety Awareness Training Program
- First Aid Training Program
- Fire Safety Training Program
- Fire Drill Training Program
- Machine Break Down Analysis
- Leadership Development Program
- Supervisory and leadership skills development workshop
- Certificate Course on Value Added tax
- Ceramic Diploma
- Manufacturing Excellence Through Lean Principles and Practices
- Organizational Development Specialist Certification
- Strategic Workshop
- ISO 14001:2015 Environmental Management Systems Internal Auditor Training
- Session on work-life balance by Mohan Palliyaguru
- TPM Practitioner Certificate Course - 55th Batch
- The Brand Management Workshop
- Data-Driven Marketing Professional
- Workshop on ISO 9001: 2015 standards and implementation of Quality management systems
- Advanced Excel Masterclass
- (BEC) CXO Breakfast Briefing - "The GenY Factor in the Workplace"
- Great Place to Work Conference- knowledge sharing
- Labor Law and Industrial Relations
- 5S for Warehouse
- Professional Email Writing Skills
- Counselling Skills for Managers
- Positive Attitudes, Motivation and Good Working Habits
- Workshop on Internal auditing for ISO 9001:2015
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- Organizational Development Specialist Certification
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- Gas Safety Awareness Training Program
- First Aid Training Program

- Fire Safety Training Program
- Fire Drill Training Program
- Machine Break-Down Analysis
- Leadership Development Program
- Supervisory and leadership skills development workshop
- Certificate Course on Value Added tax
- Ceramic Diploma
- Manufacturing Excellence Through Lean Principle and Practices
- Organizational Development Specialist Certification
- Strategic Workshop by Aashiq
- ISO 14001:2015 Environmental Management Systems Internal Auditor Training
- Firefighting training and evacuation drill training
- Leadership training program for executive
- Training on Lean and Kaizen
- RFPL Supervisor training program
- ISO 9001:2015 Internal audit training
- RECP Assessment & Capacity Building
- Senior Leadership Development DPL & RFPL
- Disciplinary measures training
- Firefighting training and evacuation drill training
- The Efficient Secretary training
- First-aid training
- Motivational Program
- Mind relaxation & Problem-solving
- Awareness program for chemical handling
- PPE Training
- Induction training

DPL Academy

The DPL Academy was launched in the previous year, as an initiative dedicated for employee training and development. Accredited by the Tertiary and Vocational Education Commission, participants in our training programs have the opportunity to earn NVQ-approved certifications. During the year, the Academy's inaugural batch received their certificates after completing the course program. 41 trainees received certificates upon successful completion. The academy provides experience and training in the following:

- Certificate course in Ceramics Manufacturing
- Certificate course in Quality Management
- Certificate course in Counselling
- Retirement Readiness Program



HUMAN CAPITAL



PERFORMANCE MANAGEMENT AND RECOGNITION

Our performance management mechanism has been devised to evaluate and improve individual and team performance and is designed to reward and retain high-performing employees. Performance reviews are conducted through a structured process that involves self-assessments and supervisor evaluations, resulting in a mutually agreed-upon rating that is documented.

- SPOT Awards and Promotions

Outstanding achievements are recognised with SPOT award certificates and promotions, awarded to employees with exceptional capabilities. Promotions are based on demonstrated performance and commitment. Every employee achievement is given due recognition, at all levels; such recognitions are tied to training and development, as top performers receive opportunities for multi-skilling and upskilling.

EMPLOYEES' ECONOMIC WELLBEING

To ensure that employees receive the right financial gains for their hard work and as contributors to their economic growth, we provide timely financial remuneration.

Compensation and staff expenses

In the year under review, Dankotuwa Porcelain as a Group allocated LKR 1.4 Bn towards salaries and benefits for all employees which is a 20% increase when compared to the previous year. Group disbursed LKR 1 Bn for production-level employees and LKR 400 Mn for admin, sales and distribution employees.

Cost-of-living allowance

Responding to the rising cost of living, we continued to provide a cost of living allowance for employees with clear financial concerns.

EMPLOYEE WELFARE

Benefits and routine facilities are part of our commitment to prioritising employee welfare and satisfaction. We work conscientiously to respond to their needs within the workplace and to ensure that their basic rights are protected at all times. Benefits received by staff include routine facilities designed to enhance convenience and well-being, ensuring a supportive and friendly environment.

Each year, we provide employees with the following benefits:

Healthcare benefits

Comprehensive medical coverage with life and health insurance. Access to free medicine and medical consultations are also provided, in addition to regular health checkups, including eye check-ups and NCD testing. Employees are also provided with financial aid for critical operations of themselves and their extended family members.

Transportation

Transport for full-time and part-time staff.

Meals and refreshments

Meals at concessionary prices for full-time employees are prepared under hygienic conditions. Moreover, ration packs are provided for part-time staff and financially burdened staff.

Other facilities

Full-time employees receive uniforms.
Welfare shop
Death Donation Society for full-time employees

Benefits for family members

Family Day
Ration packs distribution
Children's' Day celebration
Financial support for university education for employees' children

Special projects of 2023/24

- Dry foods donated to pregnant mothers
- Gift voucher distribution for employees in Kiln & glazing dept.
- Vegetables distribution,
- Distribution of a ceramic wall clock for all employees as a complimentary gift
- LKR 5,000 worth of Ration packs distribution for all employees
- Dry item pack worth LKR 6,000 given to all employees in celebration of the 40th anniversary of DPL
- Continuous financial aid for 20 needy families in the vicinity

The comprehensive approach to benefits ensures that both full and part-time employees receive necessary benefits.

Medical testing and support

- During the year, we conducted screenings to eliminate the threat of worsening non-communicable diseases in staff members. Testing for blood glucose, and cholesterol was conducted, with follow-up consultations arranged as required. Our staff maintains complete records pertaining to these tests and ensures transportation for consultations.
- A medical camp for parents and family members was also conducted.
- We offer paid leave for employees who provide care for family members with critical illnesses and staff members undergoing treatment.
- We provide employees with critical illnesses with financial and non-financial support, including rations and transport facilities



EMPLOYEE RIGHTS AND LABOUR RELATIONS

Dankotuwa Porcelain upholds all applicable regulations on human rights and labour laws, ensuring that our employees are given due treatment and heard objectively. As a production facility, we ensure compliance with statutorily applicable working conditions and strictly adhere to minimum wage laws, overtime pay and hours of work.

A majority of our employees are occupied within our production facilities; therefore, we have ensured that our facilities are primed for the optimum health and safety of all employees. Steps for occupational health and safety standards are ensured daily by supervisory staff while regular training is an essential part of our factory environment.

Labour Relations

Our employees are represented by employees union Moreover, Dankotuwa Porcelain PLC is affiliated with the Employer's Federation of Ceylon, which supports us on legal and industrial concerns.

Child Labour

At DPL, we are strictly against underage employment and do not employ persons under the age of 18, ensuring zero instances of child labour across the organisation.

Grievance Handling

Employees are encouraged to voice their concerns and opinions on internal issues pertaining to any type of misconduct as per the Grievance handling policy of the Group.

HEALTH AND OCCUPATIONAL SAFETY

Given the nature of our business, safety and compliance hold paramount importance. Therefore, employee health and occupational safety involves ensuring adherence to safety protocols and regulatory standards, thereby creating a safe and healthy work environment. Moreover, we provide staff with access to testing and support for necessary medical interventions for a healthier life.

Occupational Safety

Occupational H&S remains a top priority to ensure the physical well-being of all factory staff. We take action promptly to rectify any threat to safety by monitoring and ensuring that the factories operate with relevant safety parameters.

Training plays an important role in enhancing awareness of occupational safety parameters. Oversight on this aspect is assigned to dedicated HR personnel and a factory-appointed team of around 20 members. They have received first aid training and fire safety exposure. Our factories include trained personnel overseeing safety routines, regular fire safety training and designated area monitors.

We have adopted all mandatory protocols and have obtained the required licenses, including fire-fighter training and clearance certificates. And we have ensured adequate access to fire escapes within all facilities.

HUMAN CAPITAL

OCCUPATIONAL EXPOSURE MONITORING

A third-party company makes periodical assessments of the following, ensuring optimum and safe working conditions for production staff.

Occupational exposure	Condition and status
Illumination	✓
Air temperature, relative humidity and heat stress	✓
Noise levels	✓
Respirable dust levels	✓

EMPLOYEE ENGAGEMENT AND WORK-LIFE BALANCE

Across Group facilities and departments, we encourage open dialogue with staff, to understand their needs, viewpoints and concerns. From top management to factory heads, we maintain regular communication with staff, while encouraging direct communication with the CEO for critical issues. Furthermore, the following mechanisms are also in place.

OPEN DOOR POLICY

Across the Group, we have embraced the open-door policy, ensuring that employees can approach the management, including the CEO. The frontline leadership, including operations management and the financial department, actively engages with staff on a regular basis. The management maintains regular and transparent communication, promptly sharing critical information across the both parent company and the subsidiary.

WORK LIFE BALANCE

Throughout the year, we organised diverse events to foster a sense of community among employees. From vibrant festivities to capturing the creative spirit during festivals, we organised several occasions of celebration and reflection.

New year festivities

- Organised at the factory premises, all staff members joined in the games, fun and traditional festivities

Wesak lantern competition

- Competition to draw creativity and religious unity among employees
- Employees received gift for intricately and colourfully detailed lanterns

Poson Dansala

- A dansala with a unique twist to the traditional kottu (Kos Kottu)
- Organised by employees at the Dankotuwa for the surrounding community

Christmas carols

Annual Christmas Tree lighting ceremony and carols evening was held at the Signature Showroom

Christmas tree lighting was done at the other 4 showrooms as well

A Carols Evening was conducted at the Dankotuwa Factory

FAMILY DAY AND MUSICAL EVENT

Annual family get together and musical event was organized, and the musical event was organized with singers, backed by the band Flashback

WORK-LIFE WELL-BEING

Mr. Mohan Palliyaguru was invited to address the employees on the topic of "Work life balance". He shared his insights on the harmony between professional commitments and personal life.

PLANS FOR THE FUTURE

Staff development and well-being will continue to be our top priority, as we continuously invest in their health and safety, professional and skill improvements and provide a safe working space.

PLANS FOR THE FUTURE

The well-being of our staff will remain a priority. We will continue to invest in our employees' skill development, health and safety and welfare, while enhancing initiatives to increase their overall satisfaction and development.

Actions by DPL & RFPL	Short	Medium	Long
Value in-built culture in the organisation	✓	✓	✓
Gender equality for all employment levels	✓	✓	✓
Leadership development programs	✓	✓	✓
Strengthen DPL Academy	✓	✓	✓
Retirement plan-based entrepreneurship programs	✓	✓	✓
Continuation of employee work-life balance activities	✓	✓	✓
Provide paternity leave	-	✓	✓
External awards on health and safety	-	-	✓
OHSAS 18001 certification	-	-	✓

SOCIAL AND RELATIONSHIP CAPITAL

Our top priority is to build and sustain strong connections with our customers, suppliers, regulators, and the broader community, with a focus on generating mutual value. We are committed to ethical business practices and maintaining high standards, ensuring that our stakeholders recognize and trust our capabilities. By consistently delivering on our promises, we aim to foster trust and confidence. This approach not only helps us meet and exceed expectations but also strengthens our relationships and contributes positively to all parties involved.

VALUE CREATION PROCESS

ACTIVITIES

- Expanding customer base and business growth in both local and international markets
- Diversifying products to align with market trends and customer needs
- Enhancing market reach and visibility
- Ensuring high standards of product quality and safety
- Adhering to regulatory and statutory requirements
- Optimizing supplier partnerships based on quality and mutual business interests
- Contributing positively to the community



OUTCOMES

- Enhanced production efficiency
- Reduced number of rejected units and damage
- Increased productivity
- Improved customer experience

CAPITAL INTERCONNECTEDNESS



FINANCIAL

- Our ongoing focus on building strong relationships with stakeholders allows us to achieve our economic goals, such as increased sales and revenue, as well as cost optimization through supplier consolidation.



HUMAN

- Encouraging community development and social sustainability initiatives allows employees to experience a greater sense of fulfillment and achieve a better work-life balance.



INTELLECTUAL

- Our intellectual capabilities are enhanced by researching market trends and staying attuned to new customer demands.

CONNECTIVITY



MUTUALLY BENEFICIAL VALUE CREATION



HIGH QUALITY MATERIAL/ PRODUCTS



SCREENING BUSINESS PRACTICES



SUPPORT FOR IMPROVEMENT



RECOGNITION AND OTHER REWARDS



JOB CREATION / LIVELIHOOD



COMMUNITY DEVELOPMENT AND SUPPORT



CUSTOMERS AND END-CONSUMERS

- Local clientele

A concerted focus on customer service, product quality and standards based on internationally accepted parameters is adopted to provide exceptional customer service to all of our clients. Moreover, nurturing strong and stable relationships with our customers is at the core of our business philosophy, and we are constantly striving to improve and innovate to better serve their evolving needs.

Within the context of Dankotuwa Porcelain and Royal Fernwood Porcelain, direct buyers of our products are predominantly formed by dealers, and B2B clientele (institutional clients, such as Hotels/HoReCa clientele, corporate buyers, modern trade buyers and e-commerce operators. Dealers are the primary customer segment with HoReCa and Corporate (B2B) clientele dominating over other categories.

SOCIAL AND RELATIONSHIP CAPITAL

	Dankotuwa Porcelain		
	2023/24	2022/23	Change%
Dealers	415	268	55
B2B (Tea companies, HORECA, Corporate and B2G and other)	276	293	-6
Modern Trade	3	5	-40
E-commerce	6	10	-40
Showroom (Common for RFPL)	5	5	-

	Royal Fernwood		
	2023/24	2022/23	Change%
Dealers	387	228	36
B2B (Tea companies, HORECA, Corporate and B2G and others)	98	59	66
Modern Trade	3	3	n/a
E-commerce	2	9	-78%

In the year under review, Dankotuwa dealer base grew by 55% and Royal Fernwood grew by 36%. ; Dealers represent all 9 provinces of the island, enhancing product availability across the country. Royal Fernwood's B2B segment grew by 66%.

Dealers – provincial breakdown

	Dankotuwa Porcelain		Royal Porcelain	
	2023/24	2022/23	2023/24	2022/23
Western	143	75	74	73
Central	52	42	37	21
Southern	53	36	40	31
Northern	16	12	20	05
Eastern	29	16	22	17
North Western	42	29	18	20
North Central	28	16	13	18
Uva	27	20	31	17
Sabaragamuwa	25	22	30	26

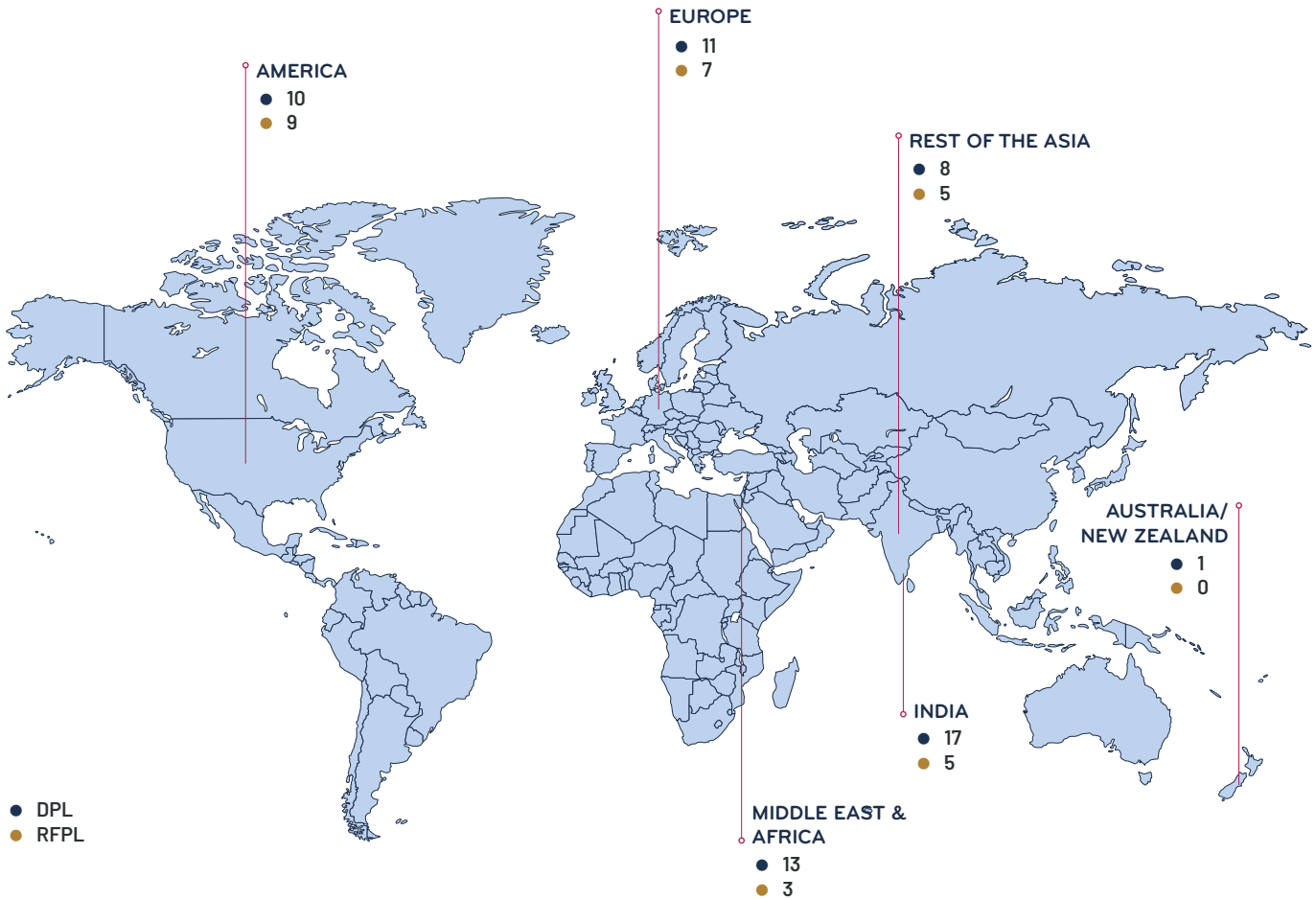
Dealer base from the Colombo district expanded considerably during the year for DPL, followed by increases in the numbers from Gampaha, Kurunegala, Anuradhapura, Jaffna, Kegalle, Galle and Kalutara.

End-consumers

Sales to retail or individual customers (end-consumers) are reached through our five retail showrooms located in Colombo, Negombo, and in Dankotuwa and our E-commerce channel.

International market clientele

Our Group serves a diverse international clientele, including prominent retail brands, traders, agents, manufacturers, hotel suppliers, and online sellers from various countries across multiple regions. Notably, our Chennai, India branch has become a key hub for Indian retail outlets. In response to global economic uncertainties in Europe and North America, we strategically shifted our focus toward the Indian and Middle Eastern markets.



	2023/24		2022/23		2021/22	
	DPL	RFPL	DPL	RFPL	DPL	RFPL
Clients	60	29	67	23	54	23
Countries	19	12	26	11	20	11

Number of Customers	Americas	Europe	Middle East and Africa	Australia and New Zealand	India	Rest of Asia
DPL	10	11	13	1	17	8
RFPL	9	7	3	0	5	5

SOCIAL AND RELATIONSHIP CAPITAL

ENRICHING CLIENT VALUE CREATION

- Diversifications

At Dankotuwa, we pride ourselves on an extensive portfolio, which continues to evolve into the latest designs and products. Our portfolio is expansively diverse with countless designs intended for local and international tableware markets. Our retail products have been designed with the end-consumer tastes and dining requirements, made on par with the latest design trends and shapes.

Across the year, we continued to design and develop items that cater to retail and institutional client preferences and requisites. We enhanced existing designs while working alongside local and international designers to create unique designs reflecting the latest trends and aesthetics in target markets and to attract target demographics. Details on product designs and innovations for 2023/24 can be found in our Intellectual Capital report.

- Digital accessibility

Our digital presence has expanded in recent years, witnessing new e-commerce channels in the year under review. We have partnered with leading e-commerce platforms such as Kapruka, Daraz, and Takas, to reach a broad audience. Additionally, our products are featured in major supermarket and retail chains, including Arpico, Damro, and Softlogic. Internationally, our presence is bolstered by agents and traders promoting Dankotuwa Porcelain and Royal Fernwood products in their regions. We have also launched our own E-Commerce website in July 2024.

- Communications

To effectively promote our products within the local target market segments, we implemented a range of marketing strategies throughout the year. Our approaches included seasonal campaigns and social media activations for both Dankotuwa Porcelain and Royal Fernwood products.

Additionally, we executed special door-to-door sales promotions in selected areas to reach a broader audience. We also leveraged LCD screens placed at strategic locations in Colombo to increase visibility. To connect with a niche audience, we sponsored many events with significant exposure. Furthermore, we engaged in targeted promotions and marketing activities aimed at our B2B and institutional clientele to enhance our market presence.

Increasing brand awareness and promoting products to target audiences, we participated in various international exhibitions and trade fairs outside of Sri Lanka. Notable events include:

- Ambiente
- AAHAR
- USA Table Top show
- HGH Exhibition

Consumer health and safety

At both Dankotuwa Porcelain and Royal Fernwood, product safety is a top priority. Our products are made from food-grade materials, ensuring they are free from hazardous or harmful substances, thus prioritizing consumer health and safety. We maintain strict quality control protocols, where each product is meticulously hand-checked by our experienced and trained quality control staff to prevent any substandard items from reaching the market. Additionally, our decorated ware meets the requirements of California Proposition 65, ensuring compliance with safety standards for lead (Pb) and cadmium (Cd).

Dankotuwa Porcelain is proud to be the first local porcelain tableware manufacturer to obtain ISO 9001 certification, demonstrating our dedication to maintaining high-quality standards. Our products are crafted for durability and convenience, making them safe for use in microwaves and dishwashers. Additionally, we guarantee that all the raw materials utilized are free from lead and cadmium and are devoid of bone ash.

Our subsidiary, Royal Fernwood, is dedicated to maintaining rigorous safety standards and uses materials free from harmful substances; moreover, the Company has obtained ISO 9001:2015 Quality Management System (QMS) certification and has achieved SLS 1222:2001 accreditation, highlighting a commitment to exceptional quality and safety in products.

Supplier Relations

The Company receives goods and services from local and international suppliers. During the year, DPL suppliers increased to 601 formed by 81 foreign suppliers and 520 local suppliers; this expansion reflects our commitment to broadening our supplier base and enhancing our supply chain capabilities. Additionally, our RFPL supplier base reached 230 suppliers in total, with 47 international and 183 local suppliers. This increase in supplier numbers for both DPL and its subsidiaries underscores our strategic approach to sourcing a wide array of goods and services, ensuring both reliability and diversity in our supply chain.

	Total	Foreign	Local
DPL	601	81	520
RFPL	230	47	183

Supplier Screening and Agreements

Emphasizing sustainability, we expect our suppliers to adhere to ethical practices and comply with labour laws. Periodic visits to supplier facilities are integral to our effort to maintain a clear understanding of their operations and establish strong partnerships. Our supplier evaluation process has remained consistent, encompassing both domestic and international suppliers who demonstrate the capacity to deliver top-notch quality and quantity.

As an organization accredited with ISO 9001, we uphold stringent criteria when evaluating our suppliers. We assess factors, such as material quality, lead time, cost, supplier credibility, and past performance. We are also committed to conducting on-site inspections for critical raw materials procured locally.

Regulatory Commitments

During the review period, our company demonstrated a strong commitment to contributing to the nation's development in a transparent and dedicated manner. We made significant tax payments totalling LKR 288 Mn, including Income tax and SSCL, showing an increase compared to the previous year.

Our operations are also aligned with statutory expectations and regulatory requirements to uphold the interests of our business and stakeholders. In response to stakeholder demands, we conducted comprehensive product quality audits, practised ethical management of our human resources, and improved our initiatives for environmental sustainability throughout the year.

Please refer to the Corporate Governance and Compliance report on pages 94 - 104 for information on adherence to statutory requirements.

Industry Associations and Commercial Affiliations

Our affiliations with industry institutions are numerous with partnerships and relations that have been instrumental in our sustainability and success. These affiliations have enhanced cooperation with other manufacturers while providing access to local and international stakeholders. Furthermore, they are a vital source of information on regulatory developments and policy changes with an impact on operations and strategic growth. Such associations include: -

- Sri Lanka Export Development Board
- National Chamber of Commerce of Sri Lanka
- The Ceylon Chamber of Commerce - Pakistan Business Council
- Great Place Research - Best Employer Club
- The Ceylon Chamber of Commerce - China Business Council
- The Ceylon Chamber of Commerce - Italy Business Council
- American Chamber of Commerce in Sri Lanka
- The Ceylon Chamber of Commerce - Exporters Association of Sri Lanka
- Sri Lanka Retailers' Association (Guarantee) Limited - SLRA

- The Ceylon Chamber of Commerce - National Chamber of Exporters of Sri Lanka
- The Ceylon National Chamber of Industries
- The Ceylon Chamber of Commerce - Sri Lanka Australia - New Zealand Business Council
- The Ceylon Chamber of Commerce - Sri Lanka Ceramics & Glass Council

Social Responsibility

Throughout the years, we have made it a priority to support our local community and assist those in need. Our commitment as a company extends not only to our employees and their families but also to the vulnerable members of the community surrounding our production facilities. Dankotuwa Porcelain PLC as a Group is dedicated to making decisions that positively impact the community. In the past year, our focus has been on addressing the challenges faced by staff at our Dankotuwa and Kosgama facilities, with particular attention given to financially constrained individuals.

FUTURE PATHWAYS

Alongside our subsidiary, we are dedicated to fostering stable and strong relationships with all our valued stakeholders. Our goal is to provide continuously enhanced products and prompt service to customers with the best quality and global standards adopted at all levels. We also prioritize building ethical and mutually beneficial relationships with our suppliers, promoting sustainability and fairness across our supply chain to ensure high standards of quality and reliability for our customers. Furthermore, we strongly believe in the positive reverberations of supporting our close communities; hence, our efforts of providing economic growth opportunities through employment, training and financial assistance will continue throughout the ensuing financial year, with rational financial allocations for community development.

Actions by DPL & RFPL	Short	Medium	Long
Increasing dealers and local reach	√	√	-
New retail showrooms	-	√	√
Increased marketing efforts on selected markets	√	√	-
Supplier rationalization	-	√	√
Efforts to use more local clay in the production process	√	√	√
Increased community investments	√	√	√

NATURAL CAPITAL

Natural capital management across the Group entails an approach to balancing economic growth with accountability to preserving natural resources and the environment. This understanding pushes us to value and safeguard natural resources by adopting several strategies. This includes the application of measures to manage resource efficiency, manage waste material and waste water; in addition, management of energy usage, water usage and fuel consumption management are all crucial aspects of the overall approach to our management of natural capital.

HIGHLIGHTS

OBTAINED THE ISO 14001: 2015 EMS CERTIFICATION

OVER 1,000 TREES PLANTED IN THE PAST FIVE YEARS

VALUE CREATION PROCESS

ACTIVITIES

- Material management
- Solid waste management
- Water and wastewater management
- Energy/power management
- Standards and certifications
- Compliance and accountability
- Conservation efforts



OUTCOMES

- Significant reduction in energy consumption per pieces
- Quality assurance of product through certifications
- Reduction in solid waste recycling by providing them to smallholders for their usage

CAPITAL INTERCONNECTEDNESS



FINANCIAL

- Cost saving through material recycling and reuse
- Avoidance of legal liabilities through environmental compliance



HUMAN

- Managing natural capital and engaging in conservation activities boost employee involvement.



SOCIAL

- Aim to eliminate negative community impacts
- Foster better relations by sharing reusable material



MANUFACTURED

- Recycling and reusing materials improve production capabilities



NATURAL

- Sustainability initiatives enhances organizational knowledge of conscious resource management

CONNECTIVITY



RESOURCE EFFICIENCY (NATURAL CAPITAL)



SUSTAINABLE/ GREEN INITIATIVES NATURAL CAPITAL REPORT (NURTURING NATURE)



ENVIRONMENTAL COMPLIANCES

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



15 LIFE ON LAND



CONSUMPTION

Dankotuwa Porcelain PLC primarily depends on directly sourced natural resources, particularly minerals like Kaolin, Quartz, and Feldspar for porcelain tableware production. The raw minerals are sourced both locally and internationally. The company also utilizes non-renewable resources such as energy, water, and fuel for production.

MINERAL USAGE (KILOGRAMS)

	DPL		RFPL	
	2023/24	2022/23	2023/24	2022/23
Kaolin	1,096,950	1,106,595	1,366,773	1,084,570
Feldspar	511,550	590,927	1,120,722	581,410
Quartz	625,396	479,864	1,100,554	873,318
Other	213,430	199,692	796,489	542,130

Paper, plastic, and polythene - Both factories prioritize the use of recycled paper for packaging to a great extent alongside measures that ensure the efficient use of paper resources; these include several administrative measures to gradually transition from hardcopy documentation: standardizing processes such as approving via email without the need for physical signatures, and completely eliminating hardcopy documents for certain standard approvals.

The implementation of a new manufacturing module in ERP the system at Royal Fernwood has significantly reduced paper usage.

WATER MANAGEMENT

Water is vital in our manufacturing for mineral mixing and as a binder in porcelainware production. Since water quality affects quality, groundwater is our preferred source for production purposes, which is accessed via tube wells, while pipe-borne water is used for drinking and washing purposes. At both manufacturing sites, we responsibly source underground water, tailored to precise needs. However, mindful of the depletion of underground water, we persist in purifying and reusing water discharged from production.

To minimize water usage in the production process, we have installed water treatment plants. Furthermore, we are introducing sensor taps on the production floor, and foot-operated taps are already operational in the canteens.

Type	Dankotuwa Porcelain PLC		Royal Fernwood Porcelain Limited	
	2023/24	2022/23	2023/24	2022/23
Total water used (litres)	81,328,000	72,619,200	112,500,000	108,630,643

ENERGY MANAGEMENT

Energy is substantially consumed at DPL, and as a porcelain manufacturer, we consume two general types of sources – fuel and electricity. A majority of the energy consumption revolves around using heat to fire kilns and drying, while electricity is mainly utilised for operating equipment and running the manufacturing facility. LPG is the main source for energy for heating and drying during production processes. Moreover, energy consumption is also a substantial factor in the overall operational expenditure. Therefore, we strive to improve process efficiencies to optimise/minimise energy consumption.

ENERGY CONSUMPTION

28%

ENERGY COST FROM
TOTAL OPERATIONAL
COSTS

NATURAL CAPITAL

Source	Purpose	Unit	DPL		RFPL	
			2023/24	2022/23	2023/24	2022/23
Electricity	Operations	KWH	6,928,255	6,122,189	3,098,542	2,461,679
Gas	Kiln and Dryers	Kg	1,206,001	1,049,385	1,797,375	1,681,278

With increasing environmental concerns and the increase in energy costs, it has become critical to optimise energy use across our operations. This begins with the monitoring of energy consumed and adopting continuous process improvements and techniques to enhance the usage of electrical energy.

MEASURES TO OPTIMISE ELECTRICITY USE

- Installed energy meters at primary load points for monitoring consumption variations and implementing corrective measures.
- Introduced power factor adjustments at the ends of induction loads.
- Installed a Variable Frequency Drive (VFD) to save on energy usage.
- Optimised kiln loading to decrease per unit electricity consumption.
- Upgraded all lighting fixtures to energy-efficient LED lights.
- Optimising kiln curves

Measures to optimise LPG consumption

Optimising LPG usage is crucial for environmental and economic reasons. We have adopted the following measures to reduce LPG consumption across factory operations.

- Optimising the loading of kilns to decrease per unit gas consumption.
- Ensuring efficient combustion by regularly maintaining and servicing gas burners.
- Reducing the cycle time in specific kilns to lower energy consumption.
- Decreasing the maximum temperature in certain kilns.
- Enhancing dryer efficiency through proper maintenance and servicing.

SOLID WASTE MATERIAL MANAGEMENT

Our production facilities follow several measures to manage waste generated during the production process - optimising resource usage, minimising environmental impact and counter-economic implications. Reuse is a major focus of managing solid waste material.

The following sustainable practices are adopted in reducing waste and reusing materials.

- In-process waste: Production processes generate solid waste, primarily damages in the biscuit and whiteware stages. Dankotuwa Porcelain and Royal Fernwood added 3% and 2% of the Biscuit damages back to the production process, respectively.
- Mould waste: Unusable moulds are recycled as raw material in cement production plants. We're also investigating the use of waste moulds as fertiliser, an innovative approach that promotes environmental conservation by optimising mould usage and reducing waste.
- Clay: Local ornament manufacturers around the Dankotuwa factory receive supplies, supporting small businesses. Additionally, 35% of solid clay is recycled into casting, a ceramic forming technique that reuses clay scraps from production stages, reducing the need for sourcing casting slip powder.
- Other solid waste: Disposed of for recycling via recognised waste collection agencies.
- Used pigments: As disposing of used pigments can be harmful to the environment and people, leftover black pigments are reused as the back stamp of porcelainware.
- Reusable materials: Provided to other smallholder and bigger manufacturing companies for their production.
- Polythene recycling: Our factories use polythene for packaging and transportation, with ongoing efforts to maximize its reuse. All used polythene is ultimately recycled.
- RFPL deploys the 3R method, which reduces waste generation, reusing materials, and recycling resources to minimize environmental impact and conserve resources.

WASTEWATER MANAGEMENT

Wastewater at our plants is water disposed of during production. Such effluent water is treated at both plants before release and does not contain any hazardous substances. We employ a straightforward method to cleanse the water discharged and involves the use of a filter press to eliminate suspended particles. Following this filtration, the water undergoes treatment and is subsequently repurposed for landscaping activities. Across the year in focus, DPL has invested in certain waste management measures. These measures also enable us to enhance compliance requirements in relation to waste management and water conservation.

Sediment tank construction

During the year in focus, we invested in the construction of a sediment tank for waste clay is being set up at the factory, adjacent to the main trench for stormwater drainage. The sediment tank will have a capacity of 800,000 ltrs, adequate to store sediments from 4.5 days of production. The tank will provide effective management of waste clay, preventing it from contaminating the surrounding area.

By locating the tank next to the stormwater trench, we can ensure that runoff water does not carry waste clay into any local water sources.

Waste collection centres

Four waste collection centres are being established around the perimeter of the factory building. These will enable efficient waste collection and disposal, contributing to cleaner and safer factory premises.

Drain system improvements

Type	DPL		RFPL	
	2023/24	2022/23	2023/24	2022/23
Waste water (litres)	46,464,000	41,184,000	4,770,000	4,562,500

EMISSIONS

The Group is currently collaborating on a sustainability project with The Universities of Peradeniya and Sabaragamuwa. The universities has been provided with all the requisite data to calculate GHG emissions, essentially our carbon footprint. We anticipate the completion of these emission calculations by the end of this year. These collaborations underscore our commitment to environmental stewardship and our proactive approach towards reducing our carbon footprint. They also reflects our dedication to fostering partnerships with local universities to drive sustainable practices and initiatives.

STANDARDS AND CERTIFICATIONS

We continue to adopt stringent environmental standards to reduce the negative impacts of our operations on the environment while promoting sustainable production and consumption practices. The standards we pursue encompass various aspects, from adopting energy-efficient actions, reducing emissions and adopting technologies that optimise resource usage; in addition, such standards also help us to pursue proper energy management and waste controls.

- A significant achievement was achieved by obtaining the ISO 14001:2015 Environmental Management System certification by Dankotuwa Porcelain PLC (Please refer to the Sustainability Agenda report on pages 36 - 42)
- Both DPL and RFPL comply with environmental regulations set by the Sri Lanka Standards Institute (SLI).
- In our supplier selection process, we adhere to evaluation protocols that encompass various factors. A significant emphasis is placed on the environmental practices of potential suppliers.

COMPLIANCE AND ACCOUNTABILITY

The implementation and adherence to environmental standards warrant accountability and regular monitoring of the environmental impacts of our operations and the documentation of certain parameters and outcomes. We are pleased to state that neither Dankotuwa Porcelain PLC nor Royal Fernwood Porcelain Limited has been charged with fines or penalties, as we have maintained all relevant regulatory compliances.

CONNECTIVITY TO CAPITALS

INTELLECTUAL CAPITAL



HUMAN CAPITAL



- We conduct annual environmental audits to evaluate the impact of our manufacturing operations on the environment. These audits complement social and ethical assessments, as mandated by some of our international partners.

NATURAL CAPITAL

CONSERVATION EFFORTS

Based on a proper assessment and mapping of available land space and utilising an available plot, we planted 800 trees in the previous year. This was done under the careful supervision and leadership of the factory management, with the participation of employees. The initiative directly contributes to environmental sustainability and fosters a sense of stewardship among our DPL staff. To ensure their growth and protection, staff has undertaken watering, fertilising and pruning activities periodically.

Royal Fernwood Porcelain Limited undertook the planting of several trees during the year.



PLANS FOR THE FUTURE

Effective management of the plants' dependency on nature is crucial, allowing it to operate more efficiently while reducing their environmental footprint. We envision investing in green technologies and sustainable production methods with a larger, palpable impact while committing to the conservation and mindful consumption of natural capital. The following strategies mark a path towards sustainability and resilience.

Action	Short	Medium	Long
Reinforcing ISO-related standards	√		
Solar energy implementation		√	√



LEADERSHIP AND ACCOUNTABILITY

CORPORATE GOVERNANCE

OUR PLEDGE TO GOOD GOVERNANCE

At Dankotuwa Porcelain PLC (DPL), we are acutely aware of our responsibilities as a corporate entity and the importance of executing duties with utmost accountability. We make our best efforts to uphold practices of corporate governance across the organisation while being collectively responsible for transparent and ethical operational and business conduct.

The Board, which remains at the highest echelon of our governance framework, works collectively to guide the Company towards long-term sustainability and create value for all stakeholders, including Shareholders. Accountability cascades across our corporate culture from strategic leadership to teams engaging in manufacturing activities; moreover, as a manufacturing company with over 1,700 employees and numerous external stakeholders, we are also mindful of our responsibilities towards them, society and the environment. In the year under review, the Group’s governance structure underwent shifts due to the change in ownership and leadership. Subsequent to the acquisition of a 64.89% controlling stake in the Group by Ceyline Investments (Pvt) Ltd., the Group has received a fresh infusion to its leadership, and under the new ownership, the Group remains committed to maintaining the highest standards of corporate governance, as before.

CHANGES TO GOVERNANCE REPORTING

We have included additional details and sections to this corporate governance report, to elevate comprehensiveness and to provide a complete understanding of how we approach corporate governance at Dankotuwa Porcelain PLC. To enhance the quality and credibility of the governance review, we have also ensured a comprehensive demonstration of our compliances with statutory requirements under the compliance section.

COMMUNICATION WITH REGULATORY AUTHORITIES

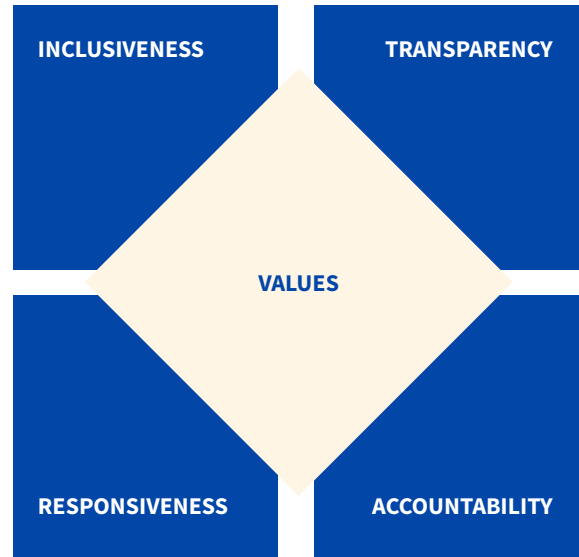
The changes to the Group’s Board composition have been aptly and timely relayed to the Colombo Stock Exchange. Profiles of new Directors were shared in due time, and are also detailed under the section ‘Board of Directors’.

GOVERNANCE FRAMEWORK

The Group’s Governance structure plays a pivotal role in preserving commitment to responsible corporate behaviour, operational enhancement, stakeholder engagement, and sustained performance. Despite recent transformations and changes to the Board’s composition, transparency, accountability, responsiveness, and inclusiveness continue to underpin the structure and overall governance system. It ensures that authority and responsibilities are clearly defined and distributed within the organisation.

This structure promotes efficiency and effectiveness by facilitating timely decision-making, fostering stakeholder trust, and ensuring that the organisation’s goals align with the stakeholders’ interests. It also focuses on the importance of ethical conduct and adherence to regulations,

thereby minimising risks and enhancing the organisation’s reputation. In essence, a good governance structure is instrumental in achieving the organisation’s mission and vision while upholding its values.



GOVERNANCE STRUCTURE

The DPL governance structure has evolved in recent months, as it accommodated the new directors and the change in strategic leadership. However, the executive leadership has not undergone any shifts.

MECHANISMS

The Group adheres to several mandatory regulatory frameworks and follows voluntarily adopted mechanisms that help govern and operate internal processes and functions.

REGULATORY FRAMEWORKS

- Continuing Listing Rules of the Colombo Stock Exchange (CSE)
- Companies Act No. 7 of 2007
- Code of Best Practice of Corporate Governance jointly issued by the Securities and Exchange Commission of Sri Lanka (SEC) and CA Sri Lanka

INTERNAL MECHANISMS

- Board Committee Terms of Reference
- Governance Charter
- Risk Management Framework/Mitigation protocols
- Standard Operating Procedures (SOPs)

VOLUNTARY GUIDELINES

- Integrated Reporting Principles
- Sustainable Development Goals

THE BOARD

With its rich diversity of experience and knowledge, the recently constituted Board of Directors is well-equipped to guide the company towards achieving its strategic goals. The board is dedicated to ensuring transparency, accountability, and fairness in all its dealings. Regular meetings are scheduled, and additional ones are convened as necessary to deliberate on matters of strategic importance. The board also ensures that all stakeholders, including shareholders, employees, and the community, are considered in their decision-making process. This robust corporate governance framework underpins the company's commitment to sustainable growth and value creation.

COMPOSITION

In the year under review, the Board operated with 6 Directors until the Group's acquisition by Ceyline Investments (Pvt) Ltd in July 2023.

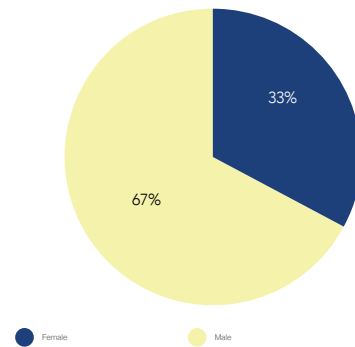
CHANGES TO THE COMPOSITION

Mr Y Kanagasabai ceased to be Chairman with effect from 23rd October 2023 and was replaced by Mr Ranil Pathirana as the new Chairman. In addition to Mr Kanagasabai, Mr R T Devasurendra and Mr R P Peris resigned from the Board in the year under review. The Board received six new Board members, all of whom have been mentioned below.

Name	Directorship
Mr. Ranil Pathirana (Chairman)	Non-Independent, Non-Executive Director
Mr. C.S. Karunasena	Independent, Non-Executive Director
Dr. K.S. Narangoda	Non-Independent, Non-Executive Director
Mr. Y Kanagasabai (Immediate Past Chairman - Resigned w.e.f. 23rd October 2023)	Non-Independent, Non-Executive Director
Mr. R T Devasurendra (Resigned w.e.f. 19th October 2023)	Non-Independent, Non-Executive Director
Mr. R P Peris (Resigned w.e.f. 19th October 2023)	Independent, Non-Executive Director
Ms. S.N. Egodage (Appointed w.e.f. from 19th October 2023)	Non-Executive Director
Ms. Lakshitha Rajendran (Appointed w.e.f. from 19th October 2023)	Independent, Non-Executive Director
Dr. L.H.K. Perera (Appointed w.e.f. from 19th October 2023)	Independent, Non-Executive Director
Mr. Vardan Aslibekyan (Appointed w.e.f. from 19th October 2023)	Independent, Non-Executive Director
Mr. Roshan S. Egodage (Appointed w.e.f. from 19th October 2023)	Non-Executive Director
Mr. P.D.C.N. Gunawardana (Appointed w.e.f. 2nd November 2023)	Executive Director

Following the acquisition, the Board of Directors at Dankotuwa Porcelain now includes one-third female representation, due to the appointment of three new female Directors – for the first time in the Company's history. The Board's gender diversity improves with this appointment of three female leaders and broadens inclusive viewpoints.

BOARD DIVERSITY



BOARD MEETINGS/ATTENDANCE

In the year under review, the Board convened on at least one occasion every quarter, pre-determined and planned at the onset of the calendar year. Guidelines and procedures were communicated well in advance, ensuring that directors were promptly informed about the scheduled meetings. Besides the regular meetings, the Board of Directors gathers as and when necessary for extensive deliberation on strategically important issues. The following chart provides a detailed account of Directors' attendance at Board and Sub-Committee meetings across 2023.

The Board has approved the dates for the year's meetings in advance, and Directors are promptly informed of any alterations to the schedule. Prior to meetings, agendas and Board papers are distributed to all Board members. In addition to Board papers, Directors are consistently updated on changes in the economic and industry environment, which could potentially influence the Group's value-creation ability and performance.

Director Profiles within this annual report (pages 23 - 28) contain

CORPORATE GOVERNANCE

Meeting attendance during the financial year of individual directors are as below.

Directors	Continuation, Appointment or Resignation Date	Attendance		
		Board Meetings	Committees	
			Audit	Remuneration
Mr. Ranil Pathirana (Appointed as Chairman, w.e.f 30th October 2023)	No Change	4/4		1/1
Mr. C.S. Karunasena	No Change		5/5	4/4
Dr. K.S. Narangoda	Resigned w.e.f 10th June 2024	4/4		2/2
Mr. Y Kanagasabai (Resigned from Chairman w.e.f 23rd October 2023)	Resigned w.e.f 23rd October 2023	2/2	2/3	2/2
Mr. RT Devasurendra	Resigned w.e.f 19th October 2023	2/2		
Mr. R P Peris	Resigned w.e.f 19th October 2023	2/4	3/3	2/2
Ms. S.N. Egodage	Appointed w.e.f. 19th October 2023	2/2		
Ms. Lakshitha Rajendran	Appointed w.e.f. 19th October 2023	1/2	1/2	0/1
Dr. L.H.K. Perera	Appointed w.e.f. 19th October 2023	2/2	2/2	1/1
Mr. Vardan Aslibekyan	Appointed w.e.f. 19th October 2023	2/2		2/2
Mr. Roshan S. Egodage	Appointed w.e.f. 19th October 2023	2/2		1/1
Mr. P.D.C.N. Gunawardana	Appointed w.e.f 2nd November 2023	1/1		

NEW DIRECTORS APPOINTED AFTER 31ST MARCH 2024

Directors	Date of Appointments
Mr. Chandana Gamage	Appointed w.e.f 10th June 2024
Mr. Savanth Sebastian	Appointed w.e.f 1st July 2024
Mr. RT Devasurendra	Appointed w.e.f 1st July 2024

RESIGNATION OF DIRECTORS AFTER 31ST MARCH 2024

Director	Date of Resignation
Dr. K.S. Narangoda	Resigned w.e.f 10th June 2024

BOARD INDEPENDENCE

The Board of Directors exercises independent judgment on matters pertaining to the company's corporate strategy, performance, and financial assessment. All Directors are treated equitably at Board Meetings and are encouraged to voice their opinions. The Company's Chief Executive Officer supplies all necessary information for the Board of Directors to make informed decisions. When needed, Directors seek independent advice from legal and accounting experts to gain broader perspectives on significant issues.

All Non-Executive Directors declare their independence in accordance with the requirements mandated by the Listing Rules of CSE. All 8 non-executive Directors have declared their independence and are committed to an objective and unbiased approach to Board related matters. They are independent of management and do not engage in any business or other relationship which could influence or interfere with exercising their judgment as independent Directors.

SUB-COMMITTEES

The Board has set in place three sub-committees designated to overlook and direct the Group's (Dankotuwa Porcelain PLC and Royal Fernwood Porcelain Ltd) audit functions, remuneration activities and related party transactions review.

Sub-committee	Areas of oversight	Composition	Further information
Audit Committee	<ul style="list-style-type: none"> Financial Reporting Statutory compliance Internal controls and Risk Management Internal and External Audit 	<ul style="list-style-type: none"> Three Non-Executive Directors 	<ul style="list-style-type: none"> Audit Committee report on pages from 109 - 110
Remuneration Committee	<ul style="list-style-type: none"> Assist the Board on succession planning. Determine the rewards strategy. Make recommendations to the Board on rewards and remuneration of executive and non-executive directors 	<ul style="list-style-type: none"> Four Non-Executive Directors 	<ul style="list-style-type: none"> Remuneration Committee report on page 111
Related Party Transactions Review Committee	<ul style="list-style-type: none"> Review related party transactions. Ensure that the interests of shareholders are taken into account when entering into a transaction 	<ul style="list-style-type: none"> Three Non-Executive Directors 	<ul style="list-style-type: none"> Related Party Transactions Review Committee report on page 112

REMUNERATION

The Board Remuneration Committee establishes the remuneration levels of staff across the organisation. They work objectively to review and establish remuneration levels to attract and retain the best professional individuals for the betterment of the organisation. The remuneration committee convenes periodically to review related aspects and discuss such matters, which includes the evaluation of Key Management Personnel (KMP) performances; this is apart from the review of succession plans and leadership development.

BOARD REMUNERATION

All Non-Executive Directors receive a fee for their time, commitment and duties performed, and based on their role. They are not entitled to any financial incentives for performance.

DISTRIBUTION OF POWER

The Board of Directors maintains equilibrium in the powers and authority vested in them, which are vital for effective governance and leadership. This balance ensures that no single member or group can dominate decision-making. Moreover, the Board promotes inclusive planning and transparent communication pertaining to the Group's progress, which cascades through the organisation from the executive leadership to managers. This is not only maintaining power balance but also encourages a sense of responsibility among board members. The Chairman ensures collective decision-making, where all voices are considered, and no individual or group has undue influence. This balance is critical for the Group's sustained success.

In the year under review Mr Channa Gunawardana was appointed as an Executive Director with his designation now holding the title of Executive Director/CEO at Dankotuwa Porcelain PLC. He holds a rich repertoire of leadership experience with capabilities that has proven his ability to make transformative changes in the businesses he leads.

FINANCIAL ACCOUNTABILITY

Armed with the view to presenting a balanced and objective assessment of the Group's financial position, the Board has adopted a formal process to independently assess the Group's accounting and financial reporting as well as internal controls. These are reviewed and monitored periodically to maintain effectiveness.

The Group's Chief Financial Officer has oversight in communicating the Company's financial statements and reports to the Board and in making a comprehensive and transparent, presentation of the Group's financial position. He also retains oversight and responsibility for the preparation of financial documentation/statements in accordance with relevant standards and regulations.

CORPORATE GOVERNANCE

AUDIT

Shareholder Interactions

In fulfilling its governance duties, the board adopts an inclusive approach to stakeholder interests, which becomes necessary when meeting the expectations of diverse internal and external stakeholders. The Board interacts with Shareholders to understand their expectations and preferences, which can influence the Company's strategic direction. The Board is committed to shareholders' right to information and ensures timely and transparent disclosure of information.

The Annual General Meeting provides a formal and reasonable opportunity for informed shareholders to exchange opinions and concerns and interact with the Board. The new Board will remain committed to fostering open communication and will promote the shareholders' right to exercise voting privileges. Shareholders have complete freedom to voice their concerns on matters outlined in the AGM notice.

In 2023, the AGM was held on the 27th September at 9.30am with external auditors and key personnel from the executive leadership team. The Management, external auditors and the Company Lawyers attended the most recent AGM apart from the executive leadership team that responded to Shareholder queries on the performance and direction of the Group. Moreover, the Board is considerate of its relationships with all stakeholders, including the communities where the Group operates, with a strong focus on sustainability.

SHARE OWNERSHIP

The majority share ownership (64.89%) of the Group has been acquired by Ceyline Investments (Pvt) Ltd subsequent to the initial takeover of a 50.1% stake from Ambeon Holdings PLC. In September of 2023, Ceyline increased its stake through a mandatory offer, which saw the majority share ownership increase from the initial amount. As of 31st March 2024, DPL's public float was 12.57% and was held by 4,532 shareholders. With the above, the company float-adjusted market capitalisation is less than LKR 2.5 Bn. The Company is listed on the Main Board of the Colombo Stock Exchange. The Company is required to maintain a minimum public holding of 20%. As of 31 March 2024, the Company was not in compliance with the minimum public holding percentage due to exceptional circumstances and frequently updating CSE in this regard. The Board of Directors of the Company is in the process of evaluating matters concerning the captioned requirement.

INSTITUTIONAL SHAREHOLDERS AND INVESTING/DIVESTING DECISION

Board encourages shareholders to participate at Annual General Meetings (AGM) and make effective dialogue with the Board and use their voting rights. Shareholders are free to raise any queries on agenda items listed in the notice of AGM.

In addition, the Board is also conscious of its relationship with all stakeholders including the community within which its Group operates with sustainable practices.

STATEMENT OF COMPLIANCE UNDER SECTION 9 OF THE LISTING RULES OF THE COLOMBO STOCK EXCHANGE (CSE).

Rule Ref	Disclosure Requirement	Compliance Status	Remarks
9.1.3	Statement confirming the extent of compliance with the Corporate Governance Rules	Complied	Please refer page number 116
9.2	Policies	Not Applicable	Considering the effective date of 01st October 2024, the Company is in the process of reviewing existing policies and establishing new policies to comply with the stipulated timeline.
9.2.2	Any waivers from compliance with the Internal Code of Business Conduct and Ethics or exemptions granted by the listed entity shall be fully disclosed in the Annual Report	Not complied	Please refer page number 98 (share ownership)
9.3	Board Committees		
9.3.1	Listed Entities shall ensure that the following Board Committee are established and maintained at a minimum and are functioning effectively.	Complied	Company has formed the following subcommittees details of which are set out in pages 109 to 113 1. Remuneration Committee 2. Audit Committee 3. Related Party Transactions Review Committee Nominations and Governance Committee is in the process of being established by the timeline required under the Rules being 1st October 2024
9.4.1	Listed Entities shall maintain records of all resolutions and the following information upon a resolution being considered at any General Meeting of the Entity. The Entity shall provide copies of the same at the request of the Exchange and/or the SEC.	Complied	The Company Secretaries maintain records of all resolutions and requisite information.
9.4.2	Communication and Relations with Shareholders and Investors	Complied	The Company conducts shareholder meetings through virtual means in compliance with its Articles of Association and the Guidelines issued by the Exchange. Please refer to page 114 - 117 of the Annual Report of the Board of Directors. Considering the effective date of 01st October 2024, the Company is in the process of introducing policies to comply with the stipulated timeline

CORPORATE GOVERNANCE

Rule Ref	Disclosure Requirement	Compliance Status	Remarks
9.5	Policy on matters relating to the Board of Directors	Complied	Considering the effective date of 01st October 2024, the Company is in the process of introducing policies to comply within the stipulated timeline
9.6	Chairperson and CEO		
9.6.1	Chairperson should be non-executive;	Complied	Chairman is a Non - Executive Director
9.6.2	Chairperson and CEO positions cannot be held by one person; such Entity shall make a "Market Announcement" within a period of one (1) month from the date of implementation of these Rules or an Immediate Market Announcement if such date of appointment and/or combination of the said roles falls subsequent to the implementation of these Rules;	Not Applicable	Chairman is a Non - Executive Director and the positions of the Chairperson and CEO are not held by the same individual
9.6.3	The Requirement for a SID	Not Applicable	Chairman is a Non - Executive Director, the positions of the Chairperson and CEO are not held by the same individual and the Chairman and CEO are not Close Family Members or Related Parties
9.6.4	The rationale for appointing SID Where a Listed Entity has appointed a SID as required in terms of Rule 9.6.1 above, such Entity shall set out the rationale for such appointment in the Annual Report of the Entity.	Not Applicable	
9.7	Fitness of Directors and CEOs		
9.7.1	The Listed Entities shall take necessary steps to ensure that their Directors and the CEO are, at all times, fit and proper persons as required in terms of these Rules:	Complied	The Company obtained an annual declaration from the Directors confirming that they have continuously satisfied the specified Fit and Proper Assessment Criteria. All Directors met the fit and proper assessment criteria stipulated in the Listing Rules of the CSE.

Rule Ref	Disclosure Requirement	Compliance Status	Remarks
9.8	Board Composition		
9.8.1	The Board of Directors of a Listed Entity shall, at a minimum, consist of five (05) Directors.	Complied	The Board comprises of 05 Directors. The Company has set out Special Resolutions in the notice of Meeting to change the Articles of Association of the Company to align the Articles with the Listing Rule requirement
9.8.2 to 9.8.5	Minimum Number of Independent Directors	Complied	Please refer page 114 of the Annual Report of the Board of Directors
9.9	Alternate Directors	Complied	No Alternate Directors were appointed to the Board throughout the reporting period. The Company has set out Special Resolutions in the Notice of Meeting to change the Articles of Association of the Company to align with the Listing Rule requirement.
9.10	Disclosures relating to Directors		
9.10.1	Listed Entities shall disclose its policy on the maximum number of directorships its Board members shall be permitted to hold in the manner specified in Rule 9.5.1. In the event such number is exceeded by a Director(s), the Entity shall provide an explanation for such non-compliance in the manner specified in Rule 9.5.2 above.	Complied	
9.10.2	Listed Entities shall, upon the appointment of a new Director to its Board, make an immediate Market Announcement setting out the following:	Complied	
	i. a brief resume of such Director;	Complied	
	ii. his/her capacity of directorship; and	Complied	
	iii. Statement by the Entity indicating whether such appointment has been reviewed by the Nominations and Governance Committee of the Entity.	Complied	
9.10.3	Listed Entities shall make an immediate Market Announcement regarding any changes to the composition of the Board Committees referred to in Rule 9.3 above containing, at minimum, the details of changes including the capacity of directorship with the effective date thereof.	Complied	

CORPORATE GOVERNANCE

Rule Ref	Disclosure Requirement	Compliance Status	Remarks
9.10.4	Listed Entities shall also disclose the following in relation to the Directors in the Annual Report:		
	(a) name, qualifications and brief profile;	Complied	Refer page number 23 - 28
	(b) the nature of his/her expertise in relevant functional areas;	Complied	Refer page number 23 - 28
	(c) whether either the Director or Close Family Members has any material business relationships with other Directors of the Listed Entity;	Complied	
	(d) whether Executive, Non-Executive and/or independent Director;	Complied	Refer page number 23 - 28
	(e) the total number and names of companies in Sri Lanka in which the Director concerned serves as a Director and/or Key Management Personnel indicating whether such companies are listed or unlisted Companies and whether such Director functions in an executive or non-executive capacity, provided that where he/she holds directorships in companies within a Group of which the Listed Entity is a part, their names (if not listed) need not be disclosed; it is sufficient to state that he/she holds other directorships in such companies;	Complied	Refer page number 23 - 28
	(f) number of Board meetings of the Listed Entity attended during the year;	Complied	Refer page 96
	(g) names of Board Committees in which the Director serves as Chairperson or a member;	Complied	Refer pages 109 - 112
	(h) Details of attendance of Committee Meetings of the Audit, Related Party Transactions Review, Nominations and Governance and Remuneration Committees. Such details shall include the number of meetings held and the number attended by each member; and	Complied	Refer page 96 - 112
(i) The terms of reference and powers of the SID (where applicable).			
9.11	Nominations and Governance Committee	In the process	Nominations and Governance Committee is in the process of being established by the timeline required under the Rules being 1st October 2024
9.12.6	Remuneration Committee	Complied	Please refer page 111 Considering the effective date of 01st October 2024, the Company is in the process of establishing board sub committee

Rule Ref	Disclosure Requirement	Compliance Status	Remarks
9.13	Audit Committee	Complied	Please refer pages 109-110 Considering the effective date of 01st October 2024, the Company is in the process of establishing board sub committee
9.14	Related Party Transactions Review Committee	Complied	Please refer pages 112 Considering the effective date of 01st October 2024, the Company is in the process of establishing board sub committee
9.16	ADDITIONAL DISCLOSURES		
	The following declarations by the Board of Directors are to be included in the Annual Report:		
	Declaration by BOD that;		
	<ul style="list-style-type: none"> Declared all material interests in contracts 	Complied	Directors make a disclosure at appointment, at the beginning of every financial year, and during the year as required.
	<ul style="list-style-type: none"> Conducted a review of the internal controls covering financial, operational and compliance controls and risk management 	Complied	Audit Committee takes steps to ensure the integrity of internal control systems remain effective via the review and monitoring of such systems on periodic basis
<ul style="list-style-type: none"> Made arrangements to make themselves aware of applicable laws, rules and regulations 	Complied		
<ul style="list-style-type: none"> Disclosure of any non-compliance with law/regulation and any fines, which are material 	Complied		

CORPORATE GOVERNANCE

STATEMENT OF COMPLIANCE OF COMPANY'S ACT NO. 07 OF 2007

Section Reference	Requirement	Annual Report Reference
168 (1) (a)	The nature of the business of the Group and the Company together with any change thereof during the accounting period	Page number 126
168 (1) (b)	Signed Financial Statements of the Group and the Company for the accounting period completed	Page number 121 - 176
168 (1) (c)	Auditors' Report on Financial Statements of the Group and the Company	Page number 119 - 120
168 (1) (d)	Accounting Policies and any changes made during the accounting period	Page number 126 - 176
168 (1) (e)	Particulars of the entries made in the Interest Register during the accounting period	Page number 169 - 171
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company during the accounting period	Note 21 on page 165
168 (1) (g)	Corporate donations made by the Company during the accounting period	Page number 116
168 (1) (h)	Information on the Directorate of the Company and its subsidiaries during and at the end of the accounting period	Page number 23 - 28 and Page number 184
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered during the accounting period	Page number 117
168 (1) (j)	Auditors' relationship or any interest with the Company and its subsidiaries	Page number 117
168 (1) (k)	Acknowledgement of the contents of this Report and Signatures on behalf of the Board	Page number 118

RISK MANAGEMENT REVIEW

This financial year has unveiled a complex array of risks, including economic, political, social, and human factors, with significant implications. The Dankotuwa Group has proactively monitored emerging risks that could impact its financial performance, stability, and long-term business continuity. A robust risk management framework allows an organization to assess and evaluate various risks, considering their effects on long-term strategic objectives. Dankotuwa Porcelain PLC is dedicated to identifying, evaluating, and mitigating emerging risks that could influence its performance and value creation by implementing an effective risk management framework. By continually enhancing our risk management practices, we can navigate uncertainties in the operating environment and seize growth opportunities. In light of increasing business complexities, a strong focus on risk management is crucial. Our export-driven nature requires a solid foundation in risk management to make well-informed strategic decisions and maintain financial stability. This foundation has also fostered organizational resilience, contributing to overall business outcomes and growth.

RISK GOVERNANCE

The Board of Directors bears the ultimate duty of guaranteeing that the risks faced by the Company are duly recognised and effectively managed. To assist in this endeavor, the Board receives support from the Audit Committee, which conducts quarterly assessments of the Company's risk profiles and internal control systems to ensure their effectiveness. Furthermore, the Audit Committee fulfills its obligations in overseeing the risk management framework by ensuring the implementation of robust internal control systems and policies that mitigate the risks faced by the Company. Additionally, the Audit Committee plays a pivotal role in disseminating the risk and internal control strategies within Dankotuwa Group, while also fostering awareness among employees.

INTEGRATED RISK MANAGEMENT FRAMEWORK

Dankotuwa Group operates within a thoughtfully designed Integrated Risk Management (IRM) process, which incorporates clearly defined risk parameters. The IRM approach centralises the management of risks and provides a robust framework that can be applied to each distinct business within the Group's portfolio. This integration and alignment of risk management processes throughout Dankotuwa Group facilitates efficient and flexible decision-making at a strategic level. At Dankotuwa Group level, significant strategic risks are monitored, while risks specific to each business (operational risks) are managed by the respective

Business Heads in collaboration with the CEO. This approach ensures a focused and tailored approach to risk management at both the corporate and business levels. To address the identified material risks and their potential impacts, we have developed a risk mitigation plan that recognises the interconnected dependencies among stakeholders who are involved in the progress and growth of the Dankotuwa Group. We have also considered measures that enhance our ability to respond effectively to disruptions in our production process, supply chain, and markets. Additionally, we are mindful of the dynamic challenges that arise from macroeconomic and social changes. As a manufacturer and exporter, we have identified a wide range of material risks that directly affect our operations. These encompass strategic and operational risks, which have the potential to significantly impact on the stability of our business. Such risks can emerge from both internal factors within our organisation and external factors present in the business environment.

ENTERPRISE RISK MANAGEMENT

The entire framework incorporates a robust Risk Management system, which has been instrumental in implementing necessary practices and processes for the smooth functioning of our Integrated Risk Management (IRM) approach. The system adheres to the COSO Enterprise Risk Management Framework.

STRATEGIC AND OPERATIONAL RISKS

The system effectively recognises and classifies risks into three categories: strategic, operational and project-related risks. This classification enables the Board of Directors to implement precautionary measures to mitigate strategic risks. The CEO and management team are responsible for devising appropriate strategies to mitigate risks, allocating necessary resources, and establishing a timeline for the overall mitigation process. Operational risks encompass potential disruptions arising from regular business operations. These risks originate from internal factors such as physical resources and can be triggered by human errors, machinery malfunctions, or software disruptions. According to the Group's IRM Framework, the senior management of DPL and RFPL is accountable for identifying operational risks within their respective companies. They are required to develop strategies to mitigate or bring these risks within acceptable tolerance levels. The Risk Register is regularly updated with both operational and strategic risks. The Audit Committee conducts quarterly reviews of the key risk factors within the cluster, analyzing heatmaps and other relevant information.

RISK MANAGEMENT REVIEW

INTERNAL AUDIT

Throughout the year, the internal auditors conducted audits based on the agreed-upon scope. Additionally, multiple meetings were held with the internal auditors to address any deficiencies within the risk control mechanisms and to discuss measures aimed at strengthening Dankotuwa Group's internal control environment and risk management framework.

The Group conducted a comprehensive risk analysis that focused on sales, inventories, debtors, and production. This analysis took on even greater significance following the emergence of the adverse macro-economic factors, allowing for a more accurate assessment of the associated risk exposures. To facilitate ongoing monitoring, the Group has developed a risk dashboard that is updated on a monthly basis. Any identified exceptions are promptly escalated for attention. A summary of significant exceptions, along with the corresponding remedial actions taken, is presented to the Audit Committee on a quarterly basis.

INTERNAL AND STATUTORY AUDITS

As an integral part of the risk management process, the Company relies on reputable audit firms to conduct both internal and statutory audits on a quarterly and annual basis. The internal audit is performed in accordance with the agreed-upon scope, while the Audit Committee thoroughly examines the outcomes of both types of audits.

GOVERNANCE STRUCTURE

The Board takes a bottom-up approach, the broader oversight of the entire risk management process remains with the Board.



AUDIT COMMITTEE

Regarding risk management, the primary focus of the Audit Committee is to thoroughly assess the adequacy and effectiveness of the implemented risk management controls. Their goal is to identify, prevent, and mitigate potential risks.

Operating on behalf of the Board of Directors and carrying out assigned duties, the Audit Committee conducts regular evaluations of the risk profile specific to group. They review reports concerning operational, strategic, and project-related risks, engaging in in-depth discussions regarding key risks and corresponding mitigation plans. After conducting a thorough review and discussion, the Audit Committee presents their findings, recommendations, and guidance to the Board for further consideration.

RISK MANAGEMENT PROCESS

Equipped with a robust and comprehensive risk management system that aligns with the overarching strategic objectives of the Company and its subsidiaries, the risk management framework offers a transparent and comprehensive risk dashboard for the Organisation. This system effectively captures and identifies existing risks or those that may potentially impact future operations of the organisation.



Once risks are identified, they are communicated to the management, enabling the formulation of suitable risk mitigation strategies under the guidance of the CEO.

The risk management process, encompassing risk identification, analysis, evaluation, and mitigation, undergoes continuous monitoring and review through the system. This ensures that appropriate controls are in place to manage and mitigate potential occurrences and to respond effectively to risk exposures. Moreover, the system's primary objective lies in integrating risk management with organisational plans, performance measurement frameworks, and key business processes.

RISK MANAGEMENT STRATEGIES

The circumstances experienced throughout the year gave rise to extraordinary risks within the risk landscape. The table presented below offers a broad summary of these risk exposures. It is important to note that the listed risks are not exhaustive but rather highlight the key risks that demanded the Group's focus and are expected to have a significant impact on the Group's risk landscape in the upcoming year.

Rank	Material Risk	Impact	Mitigation Plan
	International market competition	The intensity of competition in the overseas market on pricing of products will have an impact on profit margins.	<ul style="list-style-type: none"> • Build a value proposition with its strong brand heritage to win international orders. • Expand the customer base through an effective marketing strategy. • Evaluate the possibility of offering more capacity to current customers. • Enhance the quality and diversity of the product offering. • Design new products to cater in to emerging trends in the international market. • Strengthen design, R&D and new product development capabilities by increasing internal resources, introducing latest designing tools and collaborating with renowned international designers.
	Erosion of export markets due to global economic conditions	<ul style="list-style-type: none"> • Insert number for global or western world's GDP shrinkage from chairman's report • Negative economic conditions in US and European markets, resulted in an adverse impact on international market sales 	<ul style="list-style-type: none"> • Look for geographies where there is a lower impact from the economic conditions. • Focus attention to grow international market. • Continuous research into the latest trends in the global porcelain industry. • Higher concentration on Indian market and emerging markets.
	Reduction in disposable income of consumers in the Sri Lankan Market	<ul style="list-style-type: none"> • This has an impact on the turnover levels of the Company. 	<ul style="list-style-type: none"> • Introduce more innovative products to the local market. • Improving visual merchandising. • Aggressive advertising. • Introduce Sales Force Automation (SFA). • Introduce special sales programs. • Strengthen dealer relationships. • Introduce Shop-In-Shop concept. • Capitalising on the brand name of Dankotuwa Porcelain, and Royal Fernwood
	High cost of electricity	<ul style="list-style-type: none"> • The increase in electricity cost results in significant cost escalations. Given the competitive intensity in the market space, we only could pass on a portion of the cost increases to the customers affecting profitability margins. However, we are venturing into cost minimization strategies to maintain margins 	<ul style="list-style-type: none"> • Explore the opportunity of implementing rooftop solar PV. • Achieve operational efficiency in all areas of production. • Increase capacity utilization in Kilns by improved production planning. • Investing in energy efficient machinery as per the long term CAPEX plan.

RISK MANAGEMENT REVIEW

Rank	Material Risk	Impact	Mitigation Plan
	High Production Costs	<ul style="list-style-type: none"> This creates a challenge of being price competitive in the market which resulted in a direct negative impact on the bottom line. One of the critical reasons for high production cost is the requirement to have a more productive and efficient machinery. 	<ul style="list-style-type: none"> Dankotuwa Porcelain has developed a phased CAPEX plan aiming at improving the machinery, over a period of three years. Improve process efficiency. Better supply chain management and workforce optimization aimed at reducing the raw material and payroll costs. Strategic execution of the production plan. Reduce reject rates. Prioritize larger repetitive orders
	Adverse movement in forex	Appreciation of LKR had a direct negative impact on international sales revenue.	<ul style="list-style-type: none"> Managing exchange rate movements through hedging techniques. Consistently monitoring the forex rates
	Working capital management	Impacts liquidity and profitability levels of the Group	<ul style="list-style-type: none"> Close monitoring and forecasting of cash flows Building strong relationship with banks. Close monitoring of maturity mismatch between current assets and liabilities. Close monitoring of all level of inventory based on future forecasted sales.
	Credit risk	Impacts liquidity and profitability levels of the Group.	<ul style="list-style-type: none"> Introducing more efficient credit verification and granting procedure. Implementing a stringent credit policy. Set up efficient recovery practices and follow up.
	Data security	Impacts business continuity and protection of information.	<ul style="list-style-type: none"> Implement a cyber security control framework. Introduce Business Continuity Plan (BCP), firewalls and IT protocols. Establish a mechanism to protect and recover from cyber-attacks.
	Health and safety	The manufacturing sector is particularly vulnerable to the risks of health and safety issues given the relatively large number of employees operating in a single location.	<ul style="list-style-type: none"> Stringent health and safety guidelines implemented across all operations with strict adherence to all relevant health guidelines. High level of engagement with Employees Ongoing awareness sessions on importance of safety and hygiene

RISK ENVIRONMENT OF 2023/24

Despite the unfavourable macro-economic conditions, the Group has managed to maintain a commendable position at present. We anticipate a strong performance from the Group in the upcoming 2024/25 period. Despite these difficulties, the Group has effectively navigated through them, experiencing minimal disruption to operations, and achieving satisfactory top-line performance. The Risk Division of the Group has played a crucial role by providing timely recommendations that have enabled our business units to strengthen and sustain their operations, ensuring the porcelain cluster maintains an effective risk management framework.

COMPLIANCE

Compliance is a significant aspect of the Group's Integrated Risk Management (IRM) and corporate governance frameworks. To mitigate or eliminate risks arising from non-compliance with laws and regulations, we make diligent efforts to adhere to legal standards, governance ordinances, regulations, and any modifications to existing frameworks. By implementing these measures, we ensure the smooth and prosperous continuation of operations across DPL and RFPL. A culture of compliance is fostered throughout DPL and its subsidiary, where adherence to these requirements is integrated into daily operations through systematic processes, professional behaviour, ethical conduct, and unwavering integrity.

REPORT OF THE AUDIT COMMITTEE

I take this opportunity to present to you the 2023/24 Report of the Audit Committee (the Committee) outlining the Committee's roles and responsibilities. The Committee continued to review and report to the Board on the Company's financial reporting, internal control & risk management processes, and the performance, independence, and effectiveness of the external auditors.

COMPOSITION

The Audit Committee comprises the following Board members

Mr. Shalike Karunasena - **Chairman - Independent Non-Executive Director**

Mr. Rohan Palitha Peris - **Independent Non-Executive Director, Resigned w.e.f 19th October 2023**

Mr. Yudhishtran Kanagasabai - **Non Independent Non-Executive Director, Resigned w.e.f 23rd October 2023**

Dr. Liyanage Hasuli Kumarika Perera - **Independent Non-Executive Director, Appointed w.e.f. 19th October 2023**

Ms. Lakshitha Rajendran - **Independent Non-Executive Director, Appointed w.e.f. 19th October 2023**

Brief profiles of the present Committee members are given in pages 23 - 28 of this Report.

The Chairman of the Committee is a Fellow of the Chartered Institute of Management Accountants of UK. The Board is satisfied that the Committee has an adequate blend of accounting, auditing, legal and commercial experience to carry out their duties.

The Company Secretary acts as the Secretary to the Committee.

MEETINGS

The Committee met 5 times during the year under review. The Chief Executive Officer, the Finance Officers, and any other member of the management team where necessary attend Audit Committee meetings by invitation. This enables engaging discussions on the Risk Management framework and issues (including internal audit reports) to be discussed and rectifying measures agreed upon expeditiously.

The attendance of the members at these meetings are given below.

Name of the Director	Attendance at Meetings
Mr. Shalike Karunasena	5/5
Mr. Yudhishtran Kanagasabai	2/3
Mr. Rohan Palitha Peris	3/3
Dr. Liyanage Hasuli Kumarika Perera	2/2
Ms. Lakshitha Rajendran	1/2

TERMS OF REFERENCE

The Charter of the Committee, which is approved and adopted by the Board of Directors, defines the terms of reference governing the Audit Committee. The 'Rules on Corporate Governance under Listing Rules of the Colombo Stock Exchange' and 'Code of Best Practice on Corporate Governance', issued jointly by The Institute of CA Sri Lanka and the Securities and Exchange Commission, further regulate the roles and functions of the Committee

THE ROLE OF THE AUDIT COMMITTEE

The Audit Committee will assist the Board of Directors in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control over financial reporting, the external audit process and the Company's process for monitoring compliance with laws and regulations, company policies & procedures and the code of conduct. The Committee continues to ensure that the internal audit activities are well managed, and that it adds value to the organization by being objective in providing relevant assurances, contributing to the effectiveness and efficiency of the governance framework, risk management and the overall control environment.

KEY RESPONSIBILITIES OF THE AUDIT COMMITTEE

Financial reporting

The primary role of the Committee in relation to financial reporting is to monitor the integrity of the Company's financial statements and formal announcements, if any, relating to the Company financial performance. The Committee reviewed and discussed the Company's quarterly interim financial statements prior to publication. The draft Financial Statements of Dankotuwa PLC For the year ended 31st March 2023 were also reviewed at a meeting of Audit Committee members, together with the External Auditors, Messrs. Ernst & Young, prior to release of same to the shareholders and regulatory authorities.

The scope of the review included ascertaining compliance with relevant disclosures with the Sri Lanka Accounting Standards including new Accounting Standards which came into effect during the year, the appropriateness of accounting policies, material judgement matters, alternative accounting treatments, material audit adjustments, going concern assumption, financial reporting controls, and compliance with applicable laws and regulations that could impact the integrity of the Company's financial statements, its Annual Report, and its quarterly financial statements prepared for publication.

Internal control

The Directors are responsible for maintaining and reviewing the effectiveness of risk management and internal control systems and for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives. The Committee reviewed the risk reports, and the reports issued by the Internal Auditor and the External Auditor, and remedial actions taken from the findings were monitored by the Committee for implementation. This process assesses the adequacy and effectiveness of the internal controls and the processes for controlling business risks to ensure compliance with laws and regulations.

REPORT OF THE AUDIT COMMITTEE

Internal audit

The establishment and maintenance of appropriate systems of risk management and internal control is primarily the responsibility of business management. The Group Risk and Control function provides independent and objective assurance in respect of the adequacy of the design and operating effectiveness of the framework of risk management, control, and governance processes across the Group, focusing on a risk-based approach.

External audit

The External Auditor's Letter of Engagement, including the scope of the audit, was reviewed, and discussed by the Committee with the External Auditors and Management prior to commencement of the audit. The Auditors were also provided with the opportunities to discuss and express their opinions on any matter and for the Committee to have the assurance that the Management has fully provided all information and explanations requested by the Auditors. The Committee reviewed opportunities for improvement which were observed during the audit and the letter of representation issued to the External Auditor to ensure that the representations made were consistent with the understanding of the Committee, as to the Company's operations and plans.

The Members of the Audit Committee have determined that Messrs. Ernst & Young, Chartered Accountants were independent and that no services have been provided that could give rise to a conflict of interest based on written representation.

The members of the Audit Committee have concurred to recommend to the Board of Directors the re-appointment of Messrs. Ernst & Young, Chartered Accountants, as Auditors for the financial year ending 31st March 2025, subject to the approval of the shareholders of Dankotuwa Porcelain PLC at the Annual General Meeting.

The Committee regularly monitors the Company's known and emerging exposures in relation to the changes in the external regulatory and political environment, including the possible impact on the Company's risk management activities in relation to the adverse macro-economic factors. The Committee reviewed the risk management actions and going concern assessment carried out by the Management after considering the existing and potential financial impact and is satisfied that the Company can continue as a going concern and adequate disclosures have been made in these Financial Statements.

CONCLUSION

The Committee is satisfied that the Company's internal controls, risk management processes, and accounting policies provide reasonable assurance that the affairs of the Company are managed in accordance with Company policies and that Company assets are properly accounted for and adequately safeguarded. All required steps were taken to further improve the control environment when gaps were identified. The Committee believes that the Company's accounting policies are appropriate and have been applied consistently.

(Sgd.)

Shalike Karunasena
Chairman

The Audit Committee
30 August 2024

REPORT OF THE REMUNERATION COMMITTEE

The Remuneration Committee of the Board of Dankotuwa Porcelain PLC is established to make independent, objective decisions on all matters related to the total remuneration and other terms of service of all staff. This ensures that compensation remains competitive and sustainable for attracting and retaining talent.

COMPOSITION

As of the end of the year, the Committee comprised the following members, including three Non-Executive Directors, one of whom is an Independent Non-Executive Directors and serves as Chair of the Remuneration Committee.

Dr Liyanage Hasuli Kumarika Perera - **Chairman - Independent Non-Executive Director, Appointed w.e.f. 19th October 2023**

Mr. Ranil Pathirana, **Appointed w.e.f. 19th October 2023**

Mr Roshan Egodage, **Appointed w.e.f. 19th October 2023**

Mr. R P Peris, and Mr. RT Devasurendra **resigned from the committee with effect from 19th October 2024**

Ms. Lakshitha Rajendran, **Appointed w.e.f. 19th October 2023**

Brief profiles of the Committee Members are provided on pages 23 - 28 of this Report.

REMUNERATION POLICY

The Group's remuneration policy aims to attract and retain staff with the appropriate professional, managerial and operational expertise necessary to achieve the Group's objectives and create value for our shareholders.

TERMS OF REFERENCE

The Terms of Reference of the Committee includes the following:

- Ensure that the remuneration policy of the company recognises and addresses the short and long term needs of the organization in relation to performance, talent retention and rewards, taking into account both internal and external factors.
- Recommend a remuneration structure and reward scheme for all Senior Executives based on performance
- Evaluate the performance of Senior Executive Personnel and their management development and succession plans.
- Make recommendations to the Board on salary increments, bonuses, perquisites and incentives for all executives
- Review the remuneration policy at least once every two years and update it if necessary.

MEETINGS

The Board Remuneration Committee met once during the financial year. The attendance of the Committee Members at this meeting is as follows;

Name of the Director	Attendance at Meetings
Mr. R P Peris	
Ms. Lakshitha Rajendran	
Mr. RT Devasurendra	
Dr Liyanage Hasuli Kumarika Perera	1/1
Mr. Ranil Pathirana	1/1
Mr Roshan Egodage	1/1

NON-EXECUTIVE DIRECTORS' REMUNERATION

Non-Executive Directors receive fees for services on the Board and Board Committees. They do not receive any performance or incentive payments. The Directors' emoluments are disclosed in Note 21 to the Financial Statements.

(Sgd.)

L H K Perera
Chairman

Remuneration Committee
30 August 2024

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

PURPOSE OF THE COMMITTEE

The purpose of the Related Party Transactions Review Committee (the Committee) is to assist the board in meeting its oversight responsibilities to ensure that the interest of the shareholders as a whole is taken into account when entering into related party transactions (RPTs) and to prevent Directors, Key Management Personnel substantial shareholders taking advantage of their positions.

COMPOSITION

The Committee is comprised of the following members as at the year end with one independent Non-Executive Directors and two Non-Executive Director and Chaired by an Independent Non-Executive Director.

Mr. Vardan Aslibekyan - **Chairman, Appointed w.e.f. 19th October 2023**

Mr. Shalike Karunasena

Dr. K.S. Narangoda, **Appointed w.e.f. 19th October 2023**

Mr. Rohan Palitha Peris & Mr. Yudhishtran Kanagasabai **resigned from the committee on 19th October 2023 and 23rd October 2023 respectively**

CHARTER OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Charter of the Related Party Transactions Review Committee clearly sets out the purpose, membership, authority and the duties and responsibilities of the Committee. In order to discharge the duties and responsibilities effectively and efficiently, the Committee has been authorized to;

- Receive regular reports from the Management and be provided with any information it requires relating to its responsibilities.
- Establish policies and procedures that provide general pre-approvals to certain types of related party transactions.
- Review and evaluate the terms, conditions, and the advisability of any related party transaction.
- Determine whether the relevant related party transaction is fair and in the best interest of the Company and its shareholders as a whole.
- Recommend to the Board what action if any, is required to be taken by the Board with respect to any related party transaction.
- Obtain advice and assistance from legal, technical, financial, and other advisors from within or outside the Company as deemed necessary by the Committee in order to carry out its duties

MEETINGS

The Committee meets quarterly with a view to discharging its duties. A total of four meetings were held during the financial year. Attendance by the committee members at each of the financial year is given below.

Name of the Director	Attendance at Meetings
Mr. Vardan Aslibekyan	2/2
Mr. Shalike Karunasena	4/4
Mr. Yudhishtran Kanagasabai	2/2
Mr. Rohan Palitha Peris	2/2
Dr. K.S. Narangoda	2/2

The Chief Executive Officer and the Chief Financial Officer attended the Related Party Transaction Review Committee Meetings by invitation.

POLICIES & PROCEDURES

Declarations are obtained from each Director/Key Management Personnel of the Company for the purpose of identifying parties related to them. Based on the information furnished in these declarations the related party transactions are identified from information maintained with the Company.

All forecasted recurrent RPTs are submitted by Management on a quarterly basis to the Committee for consideration and review. Non-recurrent RPTs are also reviewed and approved by the Committee prior to the transaction being entered into or if the transaction is expressed to be conditional on such review, prior to the completion of the transaction and the recommendation communicated to the Board for consideration.

The Committee is satisfied that all RPTs have been reviewed by the Committee during the financial year and have communicated their observations to the Board. The details of related party transactions entered into during the financial year are given on Note 27 to the Financial Statements, on pages 169 to 171 of this Annual Report.

DECLARATION

The committee in its review process, recognized the adequacy of the content and quality of the information forwarded to its members by the management during the year and affirms that the RPTs have occurred on an arm's length basis.

The declaration by the Board of Directors on compliance with the rules pertaining to related party transactions appears on the report of the Board of Directors on the affairs of the company on page 114 of the Annual Report.

(Sgd.)

Vardan Aslibekyan
Chairman

Related Party Transaction Review Committee
30 August 2024



**FINANCIAL
INFORMATION**

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

The Board of Directors of Dankotuwa Porcelain PLC takes pleasure in presenting their Report on the Affairs of the Company together with the Financial Statements for the year ended 31 March 2024, conforming to the requirements of the Companies Act No. 07 of 2007 and Sri Lanka Accounting Standards. The report also includes certain disclosures required to be made under Listing Rules of the Colombo Stock Exchange and are guided by the recommended best practices on Corporate Governance issued by CA Sri Lanka and the Colombo Stock Exchange.

CORPORATE PROFILE

Dankotuwa Porcelain PLC is a public quoted company with limited liability incorporated under the provisions of Companies Act No. 17 of 1982 as a Private Limited Company in Sri Lanka on 06 January 1984 and converted to a Public Company by special resolution on 08 July 1994. Pursuant to the requirements of the new Companies Act No. 7 of 2007, the Company was re-registered on 17 September 2007 and bears registration number PQ 79.

PRINCIPAL ACTIVITIES OF THE COMPANY AND REVIEW OF PERFORMANCE DURING THE YEAR

The principal activity of the company is manufacturing, and marketing porcelain tableware targeted to export and domestic markets. A review of the operations of the company during the twelve months period and the results of those operations are contained on pages 56 - 57 of this Annual Report.

GROUP STRUCTURE

The Group Structure is demonstrated on page 13 of this Annual Report.

REVIEW OF PERFORMANCE

A review of the Company and its subsidiaries performance during the Financial Year together with the future outlook is available in the Chairman's message, CEO's message and Management Review on pages 14 - 17 and pages 18 - 22 of this Annual Report.

FINANCIAL STATEMENTS

The Financial Statements of the Company for the year ended 31 March 2024 are duly certified by the Chief Financial Officer and approved by the Board of Directors and signed on behalf of the Board by two Directors in compliance with the Companies Act No. 07 of 2007 and are given on pages 114 - 126 of this Annual Report.

SUMMARIZED FINANCIAL STATEMENTS

	GROUP		COMPANY	
	2023/2024	2022/2023	2023/2024	2022/2023
	LKR '000	LKR '000	LKR '000	LKR '000
Revenue	6,249,204	5,913,133	3,875,962	3,362,472
Profit Before Tax	584,294	869,250	697,311	896,909
Income Tax Expense	(216,348)	(189,918)	(255,966)	(274,842)
Profit After Tax	367,947	679,332	441,345	622,067

ACCOUNTING POLICIES AND CHANGES

The Accounting Policies adopted in the preparation of the Financial Statements are given on pages 126 - 137 as required by Section 168 (1) (d) of the Companies Act No. 07 of 2007.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors are responsible for the preparation of the Financial Statements of the Company and the Group which reflect a true and fair view of the financial position and the performance of the Company and the Group.

BOARD OF DIRECTORS

The names of the Directors who held office during the financial year and as at date are given below;

Mr. Yudy Kanagasabai – Independent Non-Executive Director
(Resigned as Chairman/Director w.e.f. 23rd October 2023)

Mr. Ranil Pathirana - Non-Independent, Non-Executive Director
(Appointed as Chairman w.e.f. 30th October 2023)

Mr. Rohan Palitha Peris– Independent Non-Executive Director
(resigned w.e.f. 19 October 2023)

Mr. Shalike Karunasena – Non-Independent, Non-Executive Director

Dr. Sajeeva Narangoda - Non-Independent, Non-Executive Director
(resigned w.e.f. 10 June 2024)

Ms. Nathasha Egodage - Non-Executive Director
(appointed w.e.f. 19 October 2023)

Ms. Lakshitha Rajendran - Independent Non-Executive Director
(appointed w.e.f. 19 October 2023)

Dr. Hasuli Perera - Independent Non-Executive Director
(appointed w.e.f. 19 October 2023)

Mr. Vardan Aslibekyan - Independent Non-Executive Director
(appointed w.e.f. 19 October 2023)

Mr. Roshan Egodage - Non-Executive Director
(appointed w.e.f. 19 October 2023)

Mr. Palpolage Don Channa Nirosha Gunawardana - Executive Director
(appointed w.e.f. 02 November 2023)

Mr. Chandana Gamage - Non-Executive Independent Director
(appointed w.e.f. 10 June 2024)

Mr. Revantha Thashan Devasurendra – Non – Executive Director
(appointed w.e.f. 01 July 2024)

Mr. Savanth Laleen Sebastian – Non – Executive Director
(appointed w.e.f. 01 July 2024)

In accordance with the provisions of Article 24 (6) of the Articles of Association, Mr. Shalike Karunasena retires by rotation and being eligible offers himself for re-election with the unanimous support of the Board.

BOARD SUB COMMITTEES

The Board, while assuming overall responsibility and accountability for the management of the Company, has appointed three Board Sub-Committees; Audit Committee, Related Party Transactions Review Committee and Remuneration Committee, to ensure oversight and control over certain affairs of the Company.

In compliance with the amendments to Rule 7.10 and Section 9 of the Colombo Stock Exchange listing rules, Dankotuwa is in the process of forming the "Nominations and Governance Committee" and will be compliant by October 1, 2024.

The Board approved Terms of References for these Sub Committees conform to the recommendations made by various regulatory bodies such as CA Sri Lanka, the Securities and Exchange Commission of Sri Lanka and the Colombo Stock Exchange

INTERESTS REGISTER

DIRECTORS' INTEREST IN TRANSACTIONS

The Directors have made general disclosures as provided for in Section 192 (2) of the Companies Act No. 07 of 2007. Arising from this, details of contracts in which they have an interest are disclosed in note 27 to the Financial Statements on pages 169 - 171.

DIRECTORS' REMUNERATION

The Directors' Remuneration is disclosed in note 21 to the Financial Statements on page 165.

DIRECTORS' INTEREST IN SHARES

The Directors of the Company who have an interest in the shares of the Company have disclosed their shareholdings in compliance with Section 200 of the Companies Act No. 07 of 2007.

Details pertaining to Directors' direct shareholdings are given below;

Mr. Yudy Kanagasabai : Nil
(Resigned as Chairman/Director w.e.f. 23rd October 2023)

Mr. Ranil Pathirana : 200,000
(Appointed as Chairman/Director w.e.f. 30th October 2023)

Mr. Rohan Palitha Peris : Nil
(resigned w.e.f. 19 October 2023)

Mr. Shalike Karunasena : Nil

Dr. Sajeeva Narangoda : Nil
(resigned w.e.f. 10 June 2024)

Ms. Nathasha Egodage : Nil
(appointed w.e.f. 19 October 2023)

Ms. Lakshitha Rajendran : Nil
(appointed w.e.f. 19 October 2023)

Dr. Hasuli Perera : Nil
(appointed w.e.f. 19 October 2023)

Mr. Vardan Aslibekyan : Nil
(appointed w.e.f. 19 October 2023)

Mr. Roshan Egodage : Nil
(appointed w.e.f. 19 October 2023)

Mr. Palpolage Don Channa Nirosha Gunawardana : 11,930
(appointed w.e.f. 02 November 2023)

Mr. Chandana Gamage : Nil
(appointed w.e.f. 10 June 2024)

Mr. Revantha Thashan Devasurendra : Nil
(appointed w.e.f. 01 July 2024)

Mr. Savanth Laleen Sebastian : Nil
(appointed w.e.f. 01 July 2024)

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

CORPORATE GOVERNANCE

The Board is committed to maintain high standards of governance, the process by which the Company is directed and managed. Risks are identified and controlled, and effective accountability assured. The Board of Directors is of the view that it has put in place the resources and processes to ensure that the Company is substantially compliant with the code of best practices on corporate governance issued by CA Sri Lanka and the Colombo Stock Exchange. The Corporate Governance Report is given on pages 94 - 104 of this Annual Report.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board of Directors, through the involvement of the internal audit, have taken steps to ensure and have obtained reasonable assurance, that an effective and comprehensive system of internal controls are in place that cover the financial, operational and compliance controls required to carry on the business in an orderly manner, safeguarding the Company's and Group's assets and secure, as far as possible, the accuracy and reliability of the financial records.

The Board is satisfied with the effectiveness of the system of internal controls that were in place during the year under review. The "Report of the Audit Committee" is contained on pages 105 - 108 and forms an integral part of this report.

The Directors periodically review and evaluate the risks that are faced by the Company. The various exposures to risks by the Company and specific steps taken by the Company in managing risks are detailed under the "Risk Management" on pages 105 to 108 of this Annual Report.

DONATIONS

The Group and the Company haven't made any donations during the year under review.

TAXATION

The Company's liability to taxation has been computed according to the provisions of the Inland Revenue Act. No. 10 of 2006 and subsequent amendments thereto and details are given in note 22. to the Financial Statements on pages 166 - 168 of this Annual Report.

PROPERTY, PLANT AND EQUIPMENT

Capital expenditure during the year under review on Property, Plant and Equipment by the Company and Group were LKR 25,385,037 and LKR 39,618,311 respectively.

Value of owner occupied area of the investment property is LKR 769,945,602 and is disclosed separately under Investment Property note 7 to the Financial Statements on pages 145 - 146 of this Annual Report.

Extents, locations, number of buildings and the valuation of the properties of the Group are given in note 5.5.1 and 5.5.2 to the Financial Statements on pages 140 - 141 of this Annual Report.

All freehold land of the Group was revalued by professional independent valuers and brought into the Financial Statements. The investment properties are accounted using fair value method.

Details of fair values of investment properties are given on note 7.1 and 7.2 to the Financial Statements. Details of revaluation of land are given in note 5.5.1 and 5.5.2 the Financial Statements.

EMPLOYMENT

The Company's and Group's strength of manpower as at 31 March 2024 is 825 and 1,717 respectively. There were no material issues pertaining to employees and industrial relations during the year under review.

EMPLOYEE SHARE OWNERSHIP PLANS

The Company did not have any employee share ownership/option plans during the year.

STATED CAPITAL

The stated capital of the Company as at 31 March 2024 was LKR 1,402,101,647/- represented by 162,552,920 fully paid Ordinary Shares.

SHARE INFORMATION

There were 4,538 registered shareholders as at 31 March 2024.

DISTRIBUTION SCHEDULE OF SHAREHOLDERS

The distribution of shareholdings is shown on page 180 of this Annual Report.

INFORMATION ON RATIOS AND MARKET PRICE INFORMATION

Disclosures under section 7.6 (xi) of the Listing Rules of the Colombo Stock Exchange is indicated on page 178 - 179 of this Annual Report.

SUBSTANTIAL SHAREHOLDINGS AND OTHER SHARE INFORMATION

The names of the twenty largest Shareholders, the number of shares held, and the percentages are given on page 181 of the Annual Report.

Disclosures required under section 7.6 (iv) of the Listing Rules of the Colombo Stock Exchange is indicated on page 182 of this Annual Report.

EQUITABLE TREATMENT OF SHAREHOLDERS

The Company has made all endeavors to ensure that all shareholders are treated equitably.

RELATED PARTY TRANSACTIONS

Non-recurrent Related Party Transactions

There were non-recurrent Related Party Transactions of which the aggregate value exceeded 10% of the Equity and 5% of the Total Assets of the Company during the year ended 31 March 2024, which require specific disclosure in the Annual Report in terms of Section 9.3.2 of the Listing Rules and the Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka.

RECURRENT RELATED PARTY TRANSACTIONS

There were no recurrent Related Party Transactions which in aggregate exceeded 10% of the consolidated revenue of the Group as per latest Audited Financial Statements which require specific disclosures in the Annual Report in terms of Section 9.3.2 of the Listing Rules of the CSE and the Code of Best Practice on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka.

The identified Related Parties as well as the Related Party Transactions undertaken during the year are set out in note 27 to the Financial Statements on pages 169 - 171 of this Annual Report.

The members of the Board and the Chief Executive Officer have been identified as "Key Management Personnel" of the Company. There were no Related Party Transactions by the Key Management Personnel with the Company.

As required by the Listing Rules, the Board confirms that the Company has complied with all requirements as per Section 9 of the Listing Rules.

STATUTORY PAYMENTS

The Directors, to the best of their knowledge and belief, are satisfied that all statutory payments due in relation to employees and the Government have been made promptly up to date.

EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

No circumstances have arisen since the balance sheet date which would require adjustments to or disclosure in the accounts as disclosed in the note 26 to the Financial Statements.

GOING CONCERN

The Board is satisfied that the company will have adequate resources to continue its operations into the foreseeable future. Therefore, the Company has continued to adopt the going concern basis in preparing the Financial Statements.

INDEPENDENT AUDITORS' REPORT, REMUNERATION AND APPOINTMENT

The Financial Statements of the Company for the twelve months ended 31 March 2024 have been audited by M/s. Ernst & Young, Chartered Accountants and the Independent Auditors' Report thereon is given on pages 119 - 120 of this Annual Report as required by the Section 168 (1) (c) of the Companies Act No. 07 of 2007.

A sum of LKR 2,345,200 and LKR 3,672,900 paid/payable by the company and group respectively to them as audit fee during the period under review. Based on the declaration from M/s. Ernst & Young, Chartered Accountants and as far as the Directors are aware, the Auditors do not have any relationship or interest in the Company other than that disclosed herein.

In accordance with the Companies Act No. 07 of 2007 a resolution proposing the re-appointment of M/s Ernst & Young, Chartered Accountants as Auditors to the Company will be tabled at the forthcoming Annual General Meeting of the Company.

ANNUAL GENERAL MEETING

The Annual General Meeting of the company will be held on 26th September 2024. The notice of the Annual General Meeting appears on page 185 of this Annual Report.

ACKNOWLEDGMENT OF THE CONTENTS OF THE ANNUAL REPORT

As required by the Companies Act No. 07 of 2007, the Board of Directors hereby acknowledge the contents of this Annual Report.

This Annual Report is signed for and on behalf of the Board of Directors.

(Sgd.)

Mr. Ranil Pathirana
Chairman

(Sgd.)

Nexia Corporate Consultants (Private) Limited
Secretaries

30 August 2024

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

This Statement sets out the responsibilities of the Board of Directors in relation to the Financial Statements of the Company. The responsibility of the Auditors, in relation to the Financial Statements, is set out in the Independent Auditor's Report on pages 119 - 120.

The Companies Act No. 7 of 2007 requires the Directors to prepare and present Financial Statements for each financial year, giving a true and fair view of the state of affairs of the Company as at the end of the financial year, and the profit or loss of the Company for the financial year and place them before a general meeting of shareholders. The Financial Statements comprise of the Statement of Financial Position as at 31 March 2024, the Statements of Profit or Loss and Other Comprehensive Income, Changes in Equity and Cash Flows for the year ended and Accounting Policies and Notes thereto.

Accordingly, the Board of Directors confirms that the Financial Statements of the Company give a true and fair view of the:

- Financial position of the Company as at 31st March 2024; and
- Financial performance of the Company for the financial year ended 31st March 2024.

The Directors are required to ensure that, in preparing these Financial Statements:

- The appropriate accounting policies have been selected and applied in a consistent manner and material departures, if any, have been disclosed and explained.
- Financial Statements are presented in accordance with Sri Lanka Accounting Standards (SLFRSs/ LKASs) and all applicable standards as relevant, have been followed;
- Judgments and estimates have been made which are reasonable and prudent;
- Provides the information required by and otherwise comply with the Companies Act and the Listing Rules of the Colombo Stock Exchange.

The Directors are also required to ensure that the Company has adequate resources to continue in operation to justify applying the going concern basis in preparing these Financial Statements. The Directors have a responsibility to ensure that the Company maintains sufficient accounting records to disclose, with reasonable accuracy, the financial position of the Company and to that Financial Statements presented comply with the requirements of the Companies Act. The Directors are also responsible for taking reasonable steps to safeguard the assets of the Company and in this regard to give proper consideration to the establishment of appropriate internal control systems with a view to preventing and detecting fraud and other irregularities.

The Directors are required to prepare the Financial Statements and to provide the Auditors with every opportunity to take whatever steps and undertake whatever inspections they may consider to be appropriate, to enable them to form their audit opinion in accordance with Sri Lanka Auditing Standards (SLAuS).

The Financial Statements were audited by Ernst and Young, the Independent External Auditors. To ensure complete independence, the Independent External Auditors have full and free access to the members of the Audit Committee to discuss any matter of substance. The Board of Directors accepts responsibility for the integrity and objectivity of the Financial Statements presented.

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company, all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company, and all other known statutory dues as were due and payable by the Company as at the balance sheet date have been paid or, where relevant provided for, except as specified in Note 24.2 to the Financial Statements covering contingent liability.

(Sgd.)

Ranil Pathirana
Chairman

30 August 2024

INDEPENDENT AUDITOR'S REPORT



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

Tel : +94 11 246 3500
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ey.com

TO THE SHAREHOLDERS OF DANKOTUWA PORCELAIN PLC

Report on the audit of the Financial Statements

Opinion

We have audited the Financial Statements of Dankotuwa Porcelain PLC (the "Company"), and the consolidated Financial Statements of the Company and its subsidiaries (the "Group"), which comprise the statement of financial position as at 31 March 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying Financial Statements of the Company and Group give a true and fair view of the financial position of the Company and Group as at 31 March 2024, 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 (SLAuS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial

Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements of the current period. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Key audit matter

Assessment of fair value of land and buildings

Property, plant & equipment, and investment property include land and buildings carried at fair value. The fair value of land and buildings were determined by an external valuer engaged by the Group.

This was a key audit matter due to:

- The materiality of the reported land and buildings which amounted to LKR 2.9 Bn representing 37% of the Group's total assets as of the reporting date; and
- The degree of assumptions, judgements and estimation uncertainties associated with fair valuation of land and buildings using market approach and depreciated replacement cost approach.

Key areas of significant judgments, estimates and assumptions used in assessing the fair value of land and buildings, as disclosed in notes 2.3.9, 2.3.10, 5 and 7 to the financial statements, included judgements involved in ascertaining the appropriate valuation techniques and estimates such as:

- Estimate of per perch value of the land
- Estimate of the per square foot value of the buildings

How our audit addressed the key audit matter

Our audit procedures included the following key procedures:

- Assessed the competence, capability and objectivity of the external valuer engaged by the Group.
- Read the external valuer's report and understood the key estimates made and the valuation approaches taken by the valuer in determining the valuation of each property.
- Assessed the reasonableness of the significant assumptions, judgements and estimate made by the valuer such as per perch value, per square foot value and valuation techniques as relevant in assessing the fair value of each property.

We have also assessed the adequacy of the disclosures made in Notes 2.3.9, 2.3.10, 5 and 7 to the financial statements.

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

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

A member firm of Ernst & Young Global Limited

INDEPENDENT AUDITOR'S REPORT



Other information included in the Group's 2024 Annual Report

Other information consists of the information included in the Annual Report, other than the Financial Statements and our auditor's report thereon. Management is responsible for the other information.

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

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed we conclude that there is a material misstatement of this other 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 Sri Lanka Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company and Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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, action 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 Group.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 4184.

30 August 2024
Colombo

STATEMENT OF PROFIT OR LOSS

For the year ended 31st March	Note	GROUP		COMPANY	
		2024	2023	2024	2023
		LKR	LKR	LKR	LKR
Revenue	4	6,249,203,783	5,913,132,541	3,875,961,607	3,362,472,253
Cost of Sales		(4,138,315,916)	(3,856,000,797)	(2,232,167,290)	(1,916,921,102)
Gross Profit		2,110,887,867	2,057,131,744	1,643,794,317	1,445,551,151
Other Income	19	16,376,297	21,214,674	12,523,786	18,497,342
Selling and Distribution Expenses		(771,022,623)	(665,571,890)	(538,909,236)	(479,938,237)
Administrative Expenses		(535,473,272)	(311,979,542)	(352,501,408)	(256,433,136)
Fair Value Gain from Investment Property	7	-	67,202,388	-	49,671,688
Operating Profit		820,768,269	1,167,997,374	764,907,459	777,348,808
Finance Cost	20	(310,713,172)	(339,151,015)	(145,873,719)	(144,339,599)
Finance Income	20	74,239,028	40,403,403	81,280,579	42,799,030
Change in Fair Value of Investment in Subsidiary	9	-	-	(3,003,000)	221,101,000
Profit Before Tax	21	584,294,125	869,249,762	697,311,319	896,909,239
Income Tax Expense	22	(216,347,623)	(189,917,772)	(255,966,345)	(274,841,796)
Profit for the year		367,946,502	679,331,990	441,344,974	622,067,443
Attributable to:					
Equity Holders of the Parent		371,122,063	670,673,974		
Non-Controlling Interest		(3,175,561)	8,658,016		
		367,946,502	679,331,990		
Basic/Diluted Earnings Per Share	23	2.28	4.13	2.72	3.83

Figures in brackets indicate deductions

The accounting policies and notes on pages 126 - 176 form an integral part of the Financial Statements.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March	Note	GROUP		COMPANY	
		2024 LKR	2023 LKR	2024 LKR	2023 LKR
Profit for the Year		367,946,502	679,331,990	441,344,974	622,067,443
Other Comprehensive Income					
Other Comprehensive Income / (Loss) to be reclassified to Profit or Loss in subsequent periods					
Translation of Foreign Operations	13	(1,755,166)	(1,711,973)	(1,755,166)	(1,711,973)
Net Other Comprehensive Income/(Loss) to be reclassified to Profit or Loss in subsequent periods		(1,755,166)	(1,711,973)	(1,755,166)	(1,711,973)
Other Comprehensive Income / (Loss) not to be reclassified to Profit or Loss in subsequent periods					
Actuarial Gain /(Loss)	15	(29,951,439)	42,557,727	(24,847,344)	39,645,448
Tax impact on Actuarial Gain /(Loss)	22	8,985,432	(12,767,318)	7,454,203	(11,893,634)
Revaluation of Land and Buildings		120,188,489	232,701,442	29,597,946	119,803,746
Tax impact on Revaluation Gain	22	(13,078,774)	(321,057,280)	8,951,334	(205,829,006)
Net Other Comprehensive Income / (Loss) not to be reclassified to Profit or Loss in subsequent periods		86,143,708	(58,565,429)	21,156,139	(58,273,446)
Other Comprehensive Income/ (Loss) for the year- Net of Tax		84,388,542	(60,277,402)	19,400,973	(59,985,419)
Total Comprehensive Income/(Loss) - Net of Tax		452,335,044	619,054,588	460,745,947	562,082,024
Attributable to:					
Equity Holders of the Parent		452,709,641	610,409,157		
Non-Controlling Interest		(374,597)	8,645,431		
		452,335,044	619,054,588		

Figures in brackets indicate deductions.

The accounting policies and Notes on pages 126 - 176 form an integral part of the Financial Statements

STATEMENT OF FINANCIAL POSITION

As at 31st March	Note	GROUP		COMPANY	
		2024	2023	2024	2023
		LKR	LKR	LKR	LKR
Non-Current Assets					
Property, Plant and Equipment	5	2,380,762,648	2,364,694,695	1,512,342,135	1,541,854,074
Right to Use Asset	6	53,579,378	31,825,760	53,579,378	31,825,760
Investment Property	7	769,945,602	769,945,602	629,700,002	629,700,002
Intangible Assets	8	56,538,321	42,608,000	25,174,339	9,822,897
Investment in Subsidiaries	9	-	-	1,184,923,187	1,187,926,187
		3,260,825,949	3,209,074,057	3,405,719,041	3,401,128,920
Current Assets					
Inventories	10	1,808,037,609	1,455,477,536	929,070,942	688,020,455
Trade and Other Receivables	11	2,340,193,716	1,010,608,936	1,607,123,595	769,914,367
Loan Receivable		-	-	70,485,466	-
Cash and Cash Equivalents	16	499,443,379	458,663,517	476,363,858	440,902,153
		4,647,674,704	2,924,749,989	3,083,043,861	1,898,836,975
Total Assets		7,908,500,653	6,133,824,046	6,488,762,902	5,299,965,895
EQUITY AND LIABILITIES					
Equity					
Stated Capital	12	1,402,101,647	1,402,101,647	1,402,101,647	1,402,101,647
Other Components of Equity	13	1,605,156,471	1,499,801,922	1,174,598,362	1,137,804,247
Retained Earnings / (Losses)		683,560,408	336,205,316	1,457,728,802	1,033,776,970
Equity Attributable to Equity Holders of the Parent		3,690,818,526	3,238,108,885	4,034,428,811	3,573,682,864
Non Controlling Interest		17,072,893	17,447,490	-	-
Total Equity		3,707,891,419	3,255,556,375	4,034,428,811	3,573,682,864
Non-Current Liabilities					
Interest Bearing Loans and Borrowings	14	308,980,169	439,152,136	54,480,170	116,652,136
Lease Liability	18	30,823,752	18,068,651	30,823,752	18,068,651
Retirement Benefit Liability	15	241,425,519	177,414,076	196,778,288	145,049,580
Deferred Tax Liability	22	543,810,660	572,303,015	544,174,104	553,546,617
		1,125,040,100	1,206,937,878	826,256,314	833,316,984
Current Liabilities					
Interest Bearing Loans and Borrowings	14	2,100,536,073	763,609,177	1,011,231,885	299,990,567
Lease Liability	18	15,397,268	14,694,188	15,397,268	14,694,188
Trade and Other Payables	17	777,325,733	819,168,696	419,138,564	504,423,560
Income Tax Liabilities		182,310,060	73,857,732	182,310,060	73,857,732
		3,075,569,134	1,671,329,793	1,628,077,777	892,966,047
Total Equity and Liabilities		7,908,500,653	6,133,824,046	6,488,762,902	5,299,965,895

Figures in brackets indicate deductions

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

(Sgd.)

Saroj Ranathunga
Chief Financial Officer - Porcelain Cluster

The Board of Directors is responsible for these Financial Statements. Signed for and on behalf of the Board by:

(Sgd.)

Ranil Pathirana
Chairman

(Sgd.)

Shalike Karunasena
Director

The accounting policies and notes on pages 126 - 176 form an integral part of the Financial Statements.

30 August 2024
Colombo

STATEMENT OF CHANGES IN EQUITY

GROUP

For the year ended 31st March	Attributable to Equity holders of the Parent					Non-Controlling Interest	Total Equity	
	LKR	Stated Capital	Revaluation Reserve	Foreign Currency Translation Reserve	Retained Earnings			Total
Balance as at 01 April 2022		1,402,101,647	1,589,229,960	639,773	(364,271,651)	2,627,699,729	8,802,059	2,636,501,788
Profit/(Loss) for the Year		-	-	-	670,673,974	670,673,974	8,658,016	679,331,990
Other Comprehensive Income/(Loss)		-	(88,355,838)	(1,711,973)	29,802,993	(60,264,818)	(12,584)	(60,277,402)
Total Comprehensive Income/(Loss)		-	(88,355,838)	(1,711,973)	700,476,967	610,409,157	8,645,431	619,054,588
Balance as at 31 March 2023		1,402,101,647	1,500,874,122	(1,072,200)	336,205,316	3,238,108,885	17,447,490	3,255,556,375
Profit/(Loss) for the Year		-	-	-	371,122,063	371,122,063	(3,175,561)	367,946,502
Other Comprehensive Income/(Loss)		-	107,109,715	(1,755,166)	(23,766,971)	81,587,578	2,800,964	84,388,542
Total Comprehensive Income/(Loss)		-	107,109,715	(1,755,166)	347,355,092	452,709,641	(374,597)	452,335,044
Balance as at 31 March 2024		1,402,101,647	1,607,983,837	(2,827,366)	683,560,408	3,690,818,526	17,072,893	3,707,891,419

COMPANY

For the year ended 31st March	LKR	Stated Capital	Revaluation Reserve	Foreign Currency Translation Reserve	Amalgamation Reserve	Retained Earnings	Total Equity
Balance as at 01 April 2022		1,402,101,647	1,348,263,427	639,773	(123,361,720)	383,957,714	3,011,600,841
Profit for the Year		-	-	-	-	622,067,443	622,067,443
Other Comprehensive Income/(Loss)		-	(86,025,260)	(1,711,973)	-	27,751,813	(59,985,419)
Total Comprehensive Income/(Loss)		-	(86,025,260)	(1,711,973)	-	649,819,256	562,082,024
Balance as at 31 March 2023		1,402,101,647	1,262,238,167	(1,072,200)	(123,361,720)	1,033,776,970	3,573,682,864
Profit for the Year		-	-	-	-	441,344,974	441,344,974
Other Comprehensive Income/(Loss)		-	38,549,281	(1,755,166)	-	(17,393,142)	19,400,973
Total Comprehensive Income/(Loss)		-	38,549,281	(1,755,166)	-	423,951,832	460,745,947
Balance as at 31 March 2024		1,402,101,647	1,300,787,448	(2,827,366)	(123,361,720)	1,457,728,802	4,034,428,811

Figures in brackets indicate deductions

The accounting policies and notes on pages 126 - 176 form an integral part of the Financial Statements.

STATEMENT OF CASH FLOWS

Year ended 31 March	Note	GROUP		COMPANY	
		2024	2023	2024	2023
		LKR	LKR	LKR	LKR
Cash Flows From/(Used in) Operating Activities					
Profit Before Tax		584,294,125	869,249,762	697,311,319	896,909,239
Adjustments for					
Depreciation	5	121,719,372	109,896,440	62,475,446	59,868,279
Amortization of Right to Use Assets	6.1	17,894,891	19,092,112	17,894,891	19,092,112
Fair Value gain from Investment Property	7	-	(67,202,388)	-	(49,671,688)
Change in Fair Value of Investment in Subsidiary	9.1	-	-	3,003,000	(221,101,000)
Amortization of Intangible Assets	8.1	8,401,909	8,407,906	6,980,788	6,990,667
Provision for Defined Benefit Plans	15.1	52,554,656	42,758,543	41,164,671	34,598,106
Interest Income	20.1	(74,239,028)	(40,403,403)	(81,280,579)	(42,799,030)
Finance Cost	20.2	310,713,172	339,151,015	145,873,719	144,339,599
Provision for Bad Debts	11.3	44,331,843	5,868,797	39,663,663	4,864,025
Inventory Write-off	10.1	(44,849,156)	(13,312,800)	(26,366,656)	(10,246,158)
Bad Debts Write-off	11.3	-	(38,434,758)	-	(12,287,256)
Reversal / (Charged) from Exchange Fluctuation Reserve	13.2	(1,755,166)	(1,711,973)	(1,755,166)	(1,711,973)
Unrealized Foreign Exchange Difference		(12,989,836)	(28,204,954)	-	-
Impairment of PPE		-	958,331	-	958,331
Provision /(Reversal) for Slow Moving Inventories	10.1	(3,211,222)	(159,420,749)	10,471,955	(36,650,226)
Operating Profit/ (Loss) before Working Capital Changes		1,002,865,560	1,046,691,880	915,437,051	793,153,027
(Increase) / Decrease in Inventories		(304,499,694)	(363,999,954)	(225,155,786)	(129,239,620)
(Increase) / Decrease in Trade and Other Receivables		(1,373,916,623)	(190,593,294)	(876,387,425)	(262,216,866)
Increase / (Decrease) in Trade and Other Payables		(41,842,964)	209,396,577	(85,284,996)	152,306,902
Cash Generated from Operations		(717,393,721)	701,495,208	(271,391,156)	554,003,443
Defined Benefit Plan Cost Paid	15	(18,494,652)	(14,275,330)	(14,283,307)	(12,305,418)
Finance Cost Paid		(287,253,767)	(326,336,722)	(137,230,645)	(131,759,245)
Income Tax Paid		(130,269,854)	(61,383,499)	(130,269,854)	(61,383,499)
Net Cash from Operating Activities		(1,153,411,994)	299,499,657	(553,174,962)	348,555,281
Cash Flows from / (Used in) Investing Activities					
Interest Income		53,474,053	40,403,403	59,544,674	42,799,030
Acquisition of Property, Plant and Equipment		(39,618,311)	(136,972,349)	(25,385,037)	(72,118,851)
Net Cash Flows from / (Used in) Investing Activities		13,855,742	(96,568,946)	34,159,637	(29,319,821)
Cash Flows from / (Used in) Financing Activities					
Repayment of Leases	18	(31,318,253)	(26,040,697)	(31,318,253)	(26,040,697)
Proceeds from Interest Bearing Loans and Borrowings	14	2,728,063,685	1,397,023,512	1,160,419,376	282,079,517
Repayment of Interest Bearing Loans and Borrowings	14	(1,942,098,774)	(1,438,606,209)	(831,319,377)	(476,125,883)
Loan given to Subsidiaries		-	-	(162,000,000)	-
Loan Receipts from Subsidiaries		-	-	92,000,000	-
Net Cash Flows from / (Used in) Financing Activities		754,646,658	(67,623,394)	227,781,746	(220,087,063)
Net Increase / (Decrease) in Cash and Cash Equivalents		(384,909,594)	135,307,317	(291,233,579)	99,148,397
Cash and Cash Equivalents at the Beginning of the Year	16	97,785,441	(37,521,876)	190,905,358	91,756,961
Cash and Cash Equivalents at the End of the Year	16	(287,124,153)	97,785,441	(100,328,221)	190,905,358

Figures in brackets indicate deductions

The accounting policies and notes on pages 126 - 176 form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

1.1 Reporting Entity

Dankotuwa Porcelain PLC ("the Company") is a Public Listed Company incorporated and domiciled in Sri Lanka, and is listed on the Colombo Stock Exchange. The registered office of the Company is located at No 01, Alfred House Avenue, Colombo 03, Sri Lanka and the principal place of business is situated at Dankotuwa.

The Company has its own branch operated in Chennai, India.

1.2 Consolidated Financial Statements

The financial statements for the year ended 31 March 2024, comprise "the Company" referring to Dankotuwa Porcelain PLC as the holding Company and "the Group" referring to the companies whose accounts have been consolidated therein.

1.3 Date of Authorisation for Issue

The Consolidated Financial Statements of Dankotuwa Porcelain PLC, for the year ended 31 March 2024 was authorized for issue in accordance with a resolution of the Board of Directors on 30 August 2024.

1.4 Directors' Responsibility Statement

The Board of Directors take the responsibility for the preparation and presentation of these financial statements as per the provisions of the companies Act No.07 of 2007 and the Sri Lanka Accounting Standards comprising LKASs and SLFLKR(hereafter "SLFRS")

1.5 Parent Enterprise and Ultimate Parent Enterprise

As of 15th June 2023, the Company's immediate parent entity is Ambeon Holdings PLC has entered into a share sales and purchase agreement on 15th June 2023 with Ceyline Investment (Pvt) Ltd, a company that is engage in business as an investment holding company, to dispose fifty decimal one per centum (50.1%) of its equity stake in Dankotuwa Porcelain PLC and completed the transaction on 13th July 2023.

1.6 Principal Activities and Nature of Operations

Holding Company - Dankotuwa Porcelain PLC

Principal activities and Nature of Operations of the Company is manufacturing and selling porcelain tableware to the export and domestic markets.

Subsidiaries

Royal Fernwood Porcelain Limited

The principal activity of the Company is manufacturing and selling porcelain tableware to export and domestic markets.

DPL Singapore PTE Ltd

The principal activities of the Company are those of general wholesale trading (including general importers and exporters). There have been no significant changes in the nature of these activities during the financial year. However, the Company was dormant during the financial year.

Sub-subsidiary through Royal Fernwood Porcelain Limited - Lanka Decals (Private) Limited

The principal activity of the Company was to print decals. However, there were no operations during the year

Sub-subsidiary through Royal Fernwood Porcelain Limited - Fernwood Lanka (Private) Limited

The principal activity of the company was selling porcelain tableware to domestic markets. However, there were no operations during the year.

2. BASIS OF PREPARATION

2.1.1 Statement of Compliance

The consolidated Financial Statements (Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows together with Accounting Policies and Notes) as at 31 March 2024 are prepared in accordance with Sri Lanka Accounting Standards comprising of SLFRSs and LKASs (hereafter referred as SLFRSs), as laid down by the Institute of CA Sri Lanka and in compliance with the requirements of the Companies Act No. 07 of 2007.

2.1.2 Basis of Measurement

The consolidated financial statements have been prepared on accrual basis and under the historical cost convention except for, land and buildings, investment property and fair value through profit or loss financial assets that have been measured at fair value.

2.1.3 Materiality & Aggregation

In compliance with LKAS 01 on Presentation of Consolidated Financial Statements, each material class of similar items is presented separately in the Consolidated Financial Statements. Items of dissimilar nature or functions too are presented separately, if they are material.

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expenses are not offset in the Income Statement unless required or permitted by any accounting standard or interpretation as specifically disclosed in the accounting policies.

2.1.4 Presentation and Functional Currency

The consolidated financial statements are presented in Sri Lankan Rupees, the Group's functional and presentation currency, which is the primary economic environment in which the Holding Company operates. Each entity in the Group uses the currency of the primary economic environment in which they operate as their functional currency.

2.1.5 Comparative Information

The presentation and classification of the financial statements of the previous years have been amended, where relevant for better presentation and to be comparable with those of the current year and those which had to be changed as a result of application of the new SLFRS. These balances do not affect previously reported profit or equity.

2.1.6 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 March 2024. Control over an investee is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee. There are no subsidiaries that have been consolidated with equity control equal to or less than 50%.

Subsidiaries that are consolidated have been listed in Note 9 to these financial statements.

The Group re-assesses whether or not it controls an investee, if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. Profit or loss and each component of other comprehensive income (OCI) are attribute to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. The financial statements of the subsidiaries are prepared for the same reporting period as the parent Company, which is 12 months ending 31 March, using consistent accounting policies.

All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

The total profits and losses for the year of the Company and of its subsidiaries included in consolidation are shown in the consolidated income statement and consolidated statement of comprehensive income and all assets and liabilities of the Company and of its subsidiaries included in consolidation are shown in the consolidated statement of financial position.

Non-controlling interest which represents the portion of profit or loss and net assets not held by the Group, are shown as a component of profit for the year in the consolidated income statement and statement of comprehensive income and as a component of equity in the consolidated statement of financial position, separately from equity attributable to the shareholders of the parent.

The consolidated statement of cash flows includes the cash flows of the Company and its subsidiaries.

Business combinations and goodwill on acquisitions

Business combinations are accounted for using the acquisition method of accounting. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree at the fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred and included in administrative expense.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is premeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date.

Contingent consideration which is deemed to be an asset or liability that is a financial instrument and within the scope of SLFRS 9 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value either in profit or loss or as a change to other comprehensive income (OCI). If the contingent consideration is not within the scope of SLFRS 9, it is measured in accordance with the appropriate SLFRS.

NOTES TO THE FINANCIAL STATEMENTS

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units ("CGU") that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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

2.2 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of Financial Statements of the group requires the application of certain critical accounting judgements, estimates and assumptions relative to the future. Further, it requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

I. Taxation

The Group is subject to income tax and other taxes including VAT. Significant judgment was required to determine the total provision for current, deferred and other taxes due to the uncertainties that exists with respect to the interpretation of the applicability of tax laws, at the time of the preparation of these financial statements.

Uncertainties also exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

Where the final tax outcome of such matters is different from the amounts that were initially recorded, such differences will impact the income and deferred tax amounts in the period in which the determination is made.

II. Useful lifetime of the Property, Plant and Equipment

The group reviews the useful lives and methods of depreciation of assets at each reporting date. Judgement of the management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty.

III. Going Concern

The Directors have made an assessment of both the company's and Group's ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, Board is not aware of any material uncertainties that may cast significant doubt upon both the company's and Group's ability to continue as a going concern and they do not intend either to liquidate or to cease operations of the company. Therefore, the Financial Statements continue to be prepared on the going concern basis.

IV. Defined Benefit Plans

The cost of defined benefit plan (Gratuity) is determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates. Due to the complexity of the valuation, the underlying assumptions and their long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of Sri Lanka Government Bonds with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables. Future salary increases are based on expected future inflation rates and expected future salary increase rate of the Group.

Details of the key assumptions used in estimating the defined benefit plan (Gratuity) liability are disclosed in Note 15.

V. Provision for Slow moving inventories:

A provision for slow moving inventories is recognized based on the best estimates available to management on their future usability. As Management uses historical information as the basis to determine the future usability and recoverability, actual future losses on inventories could vary from the provision made in these financial statements.

VI. Impairment of Financial Assets:

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes 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.

VII. Impairment of Non-Financial Assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the assets or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

VIII. Valuation of Property, Plant and Equipment

The Group measures land and buildings at revalued amounts with changes in fair value being recognised in other comprehensive income and in the statement of equity. The Group engaged independent valuation experts to determine fair value of land and buildings as of 31 March 2024.

The valuer has used valuation techniques such as market values and discounted cash flow methods where there was a lack of comparable market data available based on the nature of the property.

The methods used to determine the fair value of Land and Building, are further explained in Note 5.5.

The methods used to determine the fair value of the investment property are further explained in Note 7.1.

IX. Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible. Where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

X. Cashflow Hedge

The hedging type is designated as cash flow hedge since the Group is expecting to hedge the variability arise from exchange rate risk, where the USD term loan, USD packing credit loans and USD import loan can be identified as the hedging instrument, the USD revenue can be identified as the hedge item and exchange rate risk can be identified as the hedged risk". Accordingly, the Group is expecting to hedge the variability in the cash flows corresponding to the repayment of the term loan capital, packing credit loans and import loan capital attributable to

changes in exchange rates over the period. This involves key estimation such as forecasted USD revenue and hedge effectiveness.

XI. Investment in subsidiary

Investment in Subsidiary are those entries that controlled by the Company. Investment in subsidiary are accounted at fair value through profit or loss in accordance with SLFRS 09. They are initially recognised at fair value. Subsequent to initial recognition, the fair value gains or losses are recognized in the statement of profit or loss in the statements until the date on which the control is lost.

The Group engaged independent valuation specialist to determine the fair value of investment in subsidiaries during the year.

Details of the key assumptions used in the estimates are contained in Note 09.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION

2.3.1 Changes in Significant Accounting Policies

Accounting policies have been applied consistently for all periods presented in the Financial Statements by the Group and the Company.

2.3.2 Foreign Currency Translation

The Company's financial statements are presented in Sri Lankan Rupees, which is also the parent Company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Company uses the direct method of consolidation and has elected to recycle the gain or loss arises from this method.

(a) Transactions and balances

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

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are taken to the income statement with the exception of all monetary items that forms part of a net investment in a foreign operation. These are recognised in other comprehensive income until the disposal of the net investment, at which time they are reclassified to profit or loss.

Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

NOTES TO THE FINANCIAL STATEMENTS

The gain or loss arising on translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference (translation differences on items whose gain or loss is recognised in other comprehensive income or profit, or loss is also recognised in other comprehensive income or profit or loss respectively).

(b) Foreign Operations

The assets and liabilities of foreign operations are translated into Sri Lankan Rupees at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.

2.3.3 Taxation

a) Current Taxes

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

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 relevant tax legislations. Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Income tax has been provided on overseas operations in accordance with the relevant statutes enforced in the countries in which operations are carried out.

The liability for taxation is computed according to the provisions of the Inland Revenue Act No.24 of 2017 and subsequent amendments thereto. The relevant details are disclosed in Note No.22 to the Financial Statements.

b) Deferred Taxation

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the

deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

c) Sales Tax

Revenues, expenses and assets are recognized net of the amount of sales tax except where the sales tax incurred on a purchase of asset or service is not recoverable from the taxation authorities in which case the sales tax is recognized as a part of the cost of the asset or part of the expense item as applicable and receivable and payable that are stated with the amount of sales tax included. The amount of sales tax recoverable and payable in respect of taxation authorities is included as a part of receivables and payables in the Balance Sheet.

2.3.4 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.3.5 Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed. Where the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

2.3.6 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in the income statement when it is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible assets.

2.3.7 Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowances for obsolete and slow moving items. Net realisable value is the price at which inventories can be sold in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

The cost incurred in bringing inventories to its present location and condition is accounted using the following cost formula: -

Raw Materials	- At weighted average cost
Work-in-Progress	- At factory cost. Cost is determined by accruing all direct material, direct labour and appropriate apportionment of fixed production overheads based on normal operating capacity
Consumables & Spares	- At purchase cost on weighted average basis
Finished Goods	- At the cost of direct material, direct labour and appropriate Apportionment of fixed production overheads, based on normal operating capacity
Goods in Transit	- At Purchase price

2.3.8 Cash and Cash Equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short-term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

2.3.9 Property, Plant and Equipment

Property, plant and equipment is initially stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the profit or loss as incurred. (if applicable) The present value of the expected cost for the decommissioning of the asset after its use, is included in the cost of the respective asset if the recognition criteria for a provision are met.

Land and buildings are subsequently measured at fair value, less accumulated depreciation on buildings, and impairment losses recognised at the date of revaluation. Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Depreciation is calculated on a straight-line basis over the useful life of assets or components. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

A revaluation surplus is recognised in other comprehensive income and credited to the revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in the income statement, in which case the increase is recognised in the income statement. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

2.3.10 Investment Property

Investment property is property held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for Administrative purposes.

NOTES TO THE FINANCIAL STATEMENTS

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the statement of comprehensive income in the period in which they arise. Fair values are evaluated annually by an accredited external, independent valuer.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and carrying amount of the asset is recognized in profit or loss in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Further details are disclosed in Note 07 to the Financial Statements.

2.3.11 Common Control Business Combinations

Business combinations between entities under common control are accounted for using pooling of interest method. Accordingly,

- The assets and liabilities of the combining entities are reflected at their carrying amounts.
- No new goodwill is recognised as a result of the combination. Any difference between the consideration paid/transferred and the equity acquired is reflected within equity.

2.3.12 Financial Instruments - Initial recognition and subsequent measurement

a. Financial assets

Initial recognition and measurement

Financial assets within the scope of SLFRS 9 are classified as amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of Financial Assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. This assessment is referred to as the SPPI test and is performed at an instrument level. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient is measured at the transaction price.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

The Group's financial assets include cash and short-term deposits, trade and other receivables, loans and other receivables, quoted and unquoted financial instruments and derivative financial instruments.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

Financial assets at amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

And

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables and short-term investments.

Financial assets at fair value through OCI

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling.

And

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the income statement.

Financial assets designated at fair value through OCI

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under LKAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Group elected to classify irrevocably its non-listed equity investments under this category.

Financial assets at fair value through Profit or Loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

b. Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

2.3.13 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Income Statement net of any reimbursement.

2.3.14 Retirement Benefit Obligations

(i) Defined Benefit Plan – Gratuity

The Group measures the present value of the promised retirement benefits for gratuity, which is a defined benefit plan with the advice of an independent professional actuary using the Projected Unit Credit Method (PUC) as required by LKAS No 19, Employee Benefits.

The item is stated under Defined Benefit Liability in the Statement of financial position.

Recognition of Actuarial Gains and Losses

Actuarial gains and losses are recognized in full in the Other Comprehensive Income.

Payment of Gratuity is made as per the payment of Gratuity Act No 12 of 1983.

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(ii) Defined contribution plan

The Company also operates a defined contribution plan. The contribution payable to a defined contribution plan is in proportion to the services rendered to the Company by the employees and is recorded as an expense under 'Personnel expenses'. Unpaid contributions are recorded as a liability.

The Group contributes to the following Schemes:

- Employees' Provident Fund

The Group and employees contribute 12% and 8% respectively of the employee's monthly gross salary (excluding overtime) to the Provident Fund.

- Employees' Trust Fund

The Group contributes 3% of the employee's monthly gross salary excluding overtime to the Employees' Trust Fund maintained by the Employees Trust Fund Board.

2.3.15 Impairment of Non- Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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 the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

For assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

The following criteria are also applied in assessing impairment of specific assets:

- Goodwill

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash – generating units (or Group of cash generating units) to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than their carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

2.3.16 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an operating expense in the income statement on a straight-line basis over the lease term.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration as per SLFRS 16 and recognize right of use assets and lease liability.

Company as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group companies recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

The right-of-use assets are presented within Note 6 and are subject to impairment in line with the Group's policy for Impairment of non-financial assets.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index occur.

The Group companies determine the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group companies apply judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization of the leased asset).

The Group companies cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ('IBR') to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific adjustments.

2.3.18 Accounting for investments in Subsidiaries

Investments in Subsidiaries are those entities that is controlled by the Company. Investments in subsidiaries are accounted at fair value through profit or loss in accordance with SLFRS 9. They are initially recognized at fair value, Subsequent to initial recognition, the fair value gains or losses are recognized in the statement of profit or loss in the separate financial statements until the date on which the control is lost. The dividends received from the Subsidiary are treated as income in the statement of profit or loss of the separate financial statements.

2.3.19 Hedge accounting

At the inception of a hedge relationship, the documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Company will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

There is 'an economic relationship' between the hedged item and the hedging instrument.

The effect of credit risk does not 'dominate the value changes' that result from that economic relationship

The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The Company designated its identified foreign currency loans as a hedging instrument against its highly probable, specifically identified future revenue in foreign currency, through which the Company hedged the risk of changes in value of the identified foreign currency loans, caused by the fluctuations in foreign exchange rates

2.3.20 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group, and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and value added taxes, after eliminating sales within the Group.

The following specific criteria are used for recognition of revenue:

a. Revenue from contract with customers

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services

b. Goods transferred at a point in time

Under SLFRS 15, revenue is recognised upon satisfaction of a performance obligation. The revenue recognition occurs at a point in time when control of the asset is transferred to the customer, generally, on delivery of the goods.

c. Dividend

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

NOTES TO THE FINANCIAL STATEMENTS

d. Finance income

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, fair value gains on financial assets at fair value through profit or loss, gains on the re-measurement to fair value of any pre-existing interest in an acquiree that are recognized in income statement.

Interest income or expense is recorded as it accrues using the Effective Interest Rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the income statement.

e. Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms.

f. Gains and losses

Net gains and losses of a revenue nature arising from the disposal of property, plant and equipment and other noncurrent assets, including investments, are accounted for in the income statement, after deducting from the proceeds on disposal, the carrying amount of such assets and the related selling expenses.

g. Other income

Other income is recognized on an accrual basis.

2.3.21 Expenditure recognition

Expenses are recognised in the income statement on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to the income statement.

For the purpose of presentation of the income statement, the "function of expenses" method has been adopted, on the basis that it presents fairly the elements of the Company and Group's performance.

2.3.22 Finance costs

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, losses on disposal of available-for-sale financial assets, fair value losses on financial assets at fair value through profit or loss, impairment losses recognised on financial assets (other than trade receivables) that are recognised in the income statement.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

2.3.23 Segmental Information

The Group's internal organization and management is structured based on products which are similar in nature and process and where the risk and return are similar.

As such for management purposes, the Group is organized into manufacturing of porcelain business unit based on their products and reported as one business segment.

In addition, management purposes, turnover is analysed based on the geographical locations. Such as local and exports.

2.4 Going Concern

The group has prepared the financial statements for the year ended 31 March 2024 on the basis that it will continue to operate as a going concern. In determining the basis of preparing the financial statements for the year ended 31 March 2024, based on available information, the management has assessed the prevailing macroeconomic conditions and its effect on the group companies and the appropriateness of the use of the going concern basis.

3. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued up to the date of issuance of the Group's financial statements but are not effective for the current annual reporting period, are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective

3.1 Classification of liabilities as current or non-current - amendment to LKAS 1

Amendments to LKAS 1 relate to classification of liabilities with covenants as current or non-current. The amendments clarify that if an entity's right to defer settlement of a liability is subject to the entity complying with the required covenants only at a date subsequent to the reporting period ("future covenants"), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. The requirements apply only to liabilities arising from loan arrangements.

The amendments are effective for annual periods beginning on or after 1 January 2024.

The amendments are not expected to have a material impact on the Group's financial statement OR The Group is currently assessing the impact the amendments will have on current practice.

3.2 Supplier Finance Arrangements - Amendments to LKAS 7 and SLFRS 7

The amendments clarify the characteristics of supplier finance arrangements and require an entity to provide information about the impact of supplier finance arrangements on liabilities and cash flows, including terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those arrangements.

The amendments are effective for annual periods beginning on or after 1 January 2024.

The amendments are not expected to have a material impact on the Group's financial statement OR The Group is currently assessing the impact the amendments will have on current practice.

3.3 Lease Liability in a Sale and Leaseback - Amendment to SLFRS 16

The amendments to SLFRS 16 Leases specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. A seller-lessee applies the amendment retrospectively in accordance with LKAS 8 to sale and leaseback transactions entered into after the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2024.

The amendments are not expected to have a material impact on the Group's financial statement OR The Group is currently assessing the impact the amendments will have on current practice.

3.4 SLFRS 17 Insurance Contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace SLFRS 4 Insurance Contracts (SLFRS 4) that was issued in 2005. SLFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The core of SLFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

SLFRS 17 is effective for annual reporting periods beginning on or after 1 January 2026, with comparative figures required. Early application is permitted, provided the entity also applies SLFRS 9 and SLFRS 15 on or before the date it first applies SLFRS 17.

The amendments are not expected to have a material impact on the Group's financial statement OR The Group is currently assessing the impact the amendments will have on current practice.

3.5 International Tax Reform—Pillar Two Model Rule - Amendments to LKAS 12

The amendments to LKAS 12 introduce a mandatory exception in LKAS 12 from recognising and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. An entity is required to disclose that it has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

The amendments are effective for annual periods beginning on or after 1 January 2024

The amendments are not expected to have a material impact on the Group's financial statement OR The Group is currently assessing the impact the amendments will have on current practice.

NOTES TO THE FINANCIAL STATEMENTS

4. REVENUE

4.1 Revenue

Year ended 31st March	GROUP		COMPANY	
	2024	2023	2024	2023
	LKR	LKR	LKR	LKR
Exports	3,584,604,452	3,172,015,481	2,212,298,259	1,609,638,520
Local	2,664,599,331	2,741,117,060	1,663,663,348	1,752,833,733
	6,249,203,783	5,913,132,541	3,875,961,607	3,362,472,253

4.2 Revenue from Local Sales of the Group, includes of Revenue generated from showrooms for the year ended 31 March 2024 amounting to LKR 458,211,534/- (2023 - LKR 423,575,486/-).

4.3 Revenue from Local Sales of the Company, includes of Revenue generated from showrooms for the year ended 31 March 2024 amounting to LKR 401,430,135/- (2023 - LKR 375,757,292/-).

4.4 Group is dealing only in Porcelain Products. There are no separate activities other than the Porcelain segment in the Group.

4.5 Cost of Sales of the Group, includes of cost of raw material, packing material and indirect material for the year ended 31 March 2024 amounting to LKR 1,485,478,099/- (2023 - LKR 1,350,889,989/-).

4.6 Cost of Sales of the company includes of cost of raw material, packing material and indirect material for the year ended 31 March 2024 amounting to LKR 896,235,409/- (2023 - LKR 728,105,213/-).

5. PROPERTY, PLANT & EQUIPMENT

5.1 Gross Carrying Amounts

5.1.1 At Cost

GROUP	Balance as at 01.04.2023	Additions	Disposals/ Transfers	Revaluation	Balance as at 31.03.2024
	LKR	LKR	LKR	LKR	LKR
Building - Leasehold	52,878,501	-	-	-	52,878,501
Roadways & Fence	39,836,566	-	-	-	39,836,566
Plant & Machinery	1,471,070,154	14,665,805	(37,982,533)	-	1,447,753,426
Motor Vehicles	15,978,054	3,200,000	-	-	19,178,054
Office Equipment	105,701,841	2,992,843	(7,878,265)	-	100,816,419
Furniture & Fittings	42,041,528	3,650,147	(1,512,901)	-	44,178,774
Computer Equipment	74,924,309	5,942,028	(932,693)	-	79,933,644
Capital WIP	19,624,119	9,347,033	(25,386,706)	-	3,584,446
	1,822,055,072	39,797,856	(73,693,098)	-	1,788,159,830

5.1.2 At Valuation

GROUP	Balance as at 01.04.2023	Additions	Disposals/ Transfers	Revaluation	Balance as at 31.03.2024
	LKR	LKR	LKR	LKR	LKR
Land - Freehold	1,135,901,550	-	-	26,572,250	1,162,473,800
Building - Freehold	939,952,002	2,874,930	(50,900,168)	93,616,239	985,543,002
	2,075,853,552	2,874,930	(50,900,168)	120,188,489	2,148,016,802
	3,897,908,624	42,672,786	(124,593,266)	120,188,489	3,936,176,632

5.2 Depreciation

5.2.1 At Cost

GROUP	Balance as at	Charge for the	Disposals/	Revaluation	Balance as at
	01.04.2023	Year	Transfers		31.03.2024
	LKR	LKR	LKR	LKR	LKR
Building - Leasehold	35,203,862	5,429,488	-	-	40,633,350
Roadways & Fence	2,384,633	996,512	-	-	3,381,145
Plant & Machinery	1,317,889,456	48,115,268	(38,468,079)	-	1,327,536,645
Motor Vehicles	10,168,009	935,196	-	-	11,103,205
Office Equipment	78,129,069	7,031,203	(7,978,704)	-	77,181,568
Furniture & Fittings	34,021,125	2,123,396	(1,236,705)	-	34,907,816
Computer Equipment	55,417,776	6,188,141	(935,662)	-	60,670,255
	1,533,213,930	70,819,204	(48,619,150)	-	1,555,413,984

5.2.2 At Valuation

GROUP	Balance as at	Charge for the	Disposals/	Revaluation	Balance as at
	01.04.2023	Year	Transfers		31.03.2024
	LKR	LKR	LKR	LKR	LKR
Building - Freehold	-	50,900,168	-	(50,900,168)	-
	-	50,900,168	-	(50,900,168)	-
	1,533,213,930	121,719,372	(48,619,150)	(50,900,168)	1,555,413,984

5.3 Net Book Values

5.3.1 At Cost

Year ended 31st March	GROUP	
	2024	2023
	LKR	LKR
Building - Leasehold	12,245,150	17,674,639
Roadways & Fence	36,455,421	37,451,933
Plant & Machinery	120,216,781	153,180,698
Motor Vehicles	8,074,850	5,810,045
Office Equipment	23,634,851	27,572,770
Furniture & Fittings	9,270,958	8,020,403
Computer Equipment	19,263,389	19,506,533
Capital WIP	3,584,446	19,624,119
	232,745,846	288,841,143

5.3.2 At Valuation

Year ended 31st March	GROUP	
	2024	2023
	LKR	LKR
Land	1,162,473,800	1,135,901,550
Building - Freehold	985,543,002	939,952,002
	2,148,016,802	2,075,853,552
	2,380,762,648	2,364,694,695

NOTES TO THE FINANCIAL STATEMENTS

5.3.3 The Group acquired Property, Plant and Equipment to the aggregate value of LKR 42,672,786/- during the financial year (2023 - LKR 191,461,436/-). Cash payments amounting to LKR 39,618,311/- (2023 LKR 136,972,349/-) were made during the year for purchase of Property, Plant and Equipment.

5.4 As at 31 March 2024, Group Property, Plant and Equipment with a cost of have been fully depreciated and continue to be in use by the group LKR 1,073,192,268/- (2023 - LKR 1,048,514,408/-).

5.5 Revaluation of Land and Building

The Group uses the revaluation model for measurement of land and buildings. The Group engaged independent expert valuer to determine the fair value of its land and buildings. Fair value is determined using the Market Comparable Method and Depreciated Replacement Cost Method. Valuations are based on active market prices, adjusted for any difference in the nature, location or condition of the specific property. The most recent revaluations were carried out in March 2024 for financial year ended 31st March 2024 for the Company and for the Group by F.R.T Valuation Services (Private) Limited, who has valuation experience for similar properties.(2023 by F.R.T Valuation Services (Private) Limited).

Details of Group Land and Building stated at valuation are indicated below;

Company	Property	Location	Method of Valuation	Value LKR	Valuers Details	Effective Date of Valuation
Dankotuwa Porcelain PLC	Freehold Land	Dankotuwa	Comparable Open Market Value Method	882,952,000	FRT Valuation Services (Pvt) Ltd	31 March 2024
	Freehold Building	Dankotuwa	Depreciated Replacement Cost Method	493,771,000	FRT Valuation Services (Pvt) Ltd	31 March 2024
Royal Fernwood Porcelain Ltd.	Freehold Land	Kosgama	Comparable Open Market Value Method	279,521,800	FRT Valuation Services (Pvt) Ltd	31 March 2024
	Freehold Building	Kosgama	Depreciated Replacement Cost Method	491,772,002	FRT Valuation Services (Pvt) Ltd	31 March 2024

5.5.1 Fair Value Hierarchy and Significant Unobservable Valuation Input as at 31 March 2024

Type of property	Extent	No. of Buildings	Fair Value Hierarchy	Input use to measurement	Fair value to Unobservable Inputs
Dankotuwa Porcelain PLC					
Freehold Land – Dankotuwa	3,153.40 perches	-	Level 3	Estimated price per Perch LKR.280,000/-	Positively Correlated
Freehold Buildings – Dankotuwa	267,801 sq.ft	36	Level 3	Estimated price per square Foot LKR 314/- to LKR 3,187/-	Positively Correlated
Royal Fernwood Porcelain Ltd.					
Freehold Land – Kosgama	2,161.05 perches	-	Level 3	Estimated price per perch LKR 75,000/-to LKR 190,000/-	Positively Correlated
Freehold Buildings – Kosgama	141,368 sq.ft	25	Level 3	Estimated price per Square Foot LKR 900/- to LKR 4,250/-	Positively Correlated

5.5.2 Fair Value Hierarchy and Significant Unobservable Valuation Input as at 31 March 2023

Type of property	Extent	No. of Buildings	Fair Value Hierarchy	Input use to measurement	Sensitivity of fair value to Unobservable Inputs
Dankotuwa Porcelain PLC					
Freehold Land – Dankotuwa	3,153.40 perches	-	Level 3	Estimated price per Perch LKR.275,000/-	Positively Correlated
Freehold Buildings – Dankotuwa	267,801 sq.ft	36	Level 3	Estimated price per square Foot LKR 1,780/ to LKR 7,360/-	Positively Correlated
Royal Fernwood Porcelain Ltd.					
Freehold Land – Kosgama	2,161.05 perches	-	Level 3	Estimated price per perch LKR 75,000/-to 200,000/-	Positively Correlated
Freehold Buildings – Kosgama	141,368 sq.ft	25	Level 3	Estimated price per Square Foot LKR 1,580/- to 7,900/-	Positively Correlated

5.6 The carrying amount of revalued assets of the Group that would have been included in the financial statements had that been carried at cost less depreciation is as follows:

5.6.1 Description of Valuation Techniques

Comparable Open Market Value Method

The selling price of a similar property within a reasonably recent period of time in determining the fair value of the property being evaluated. This involves evaluation of recent active market prices of similar assets marking appropriate adjustments for any differences in the nature, size, location or condition of the specific property.

Cost Approach

The market value of property is estimated as a function of the current cost to purchase or replace the property. Adjustments to new replacement cost are made to account for depreciation to determine the market value of the property.

Depreciated Replacement Cost Method

Depreciated Replacement Cost of an asset is the current cost to replace the asset less accumulated depreciation. It is the cost company spends to acquire the current replacement asset and deduct the accumulated depreciation to reflects with the current asset condition. It is simply the replacement cost less depreciation which already deduct from the current asset.

5.6.2 Dankotuwa Porcelain PLC

Type of property	Cost	Cumulative Depreciation If Assets were Carried at Cost	Net Carrying Amount 2024	Net Carrying Amount 2023
	LKR	LKR	LKR	LKR
Land – Freehold	250,000	-	250,000	250,000
Building – Freehold	169,311,079	111,634,401	57,676,678	27,453,883
	169,561,079	111,634,401	57,926,678	27,703,883

NOTES TO THE FINANCIAL STATEMENTS

5.6.2 Royal Fernwood Porcelain Ltd.

Type of property	Cost	Cumulative Depreciation If Assets were Carried at Cost	Net Carrying Amount 2024	Net Carrying Amount 2023
	LKR	LKR	LKR	LKR
Land – Freehold	3,462,294	-	3,462,294	3,462,294
Building – Freehold	41,386,161	15,828,932	25,557,229	17,141,067
	44,848,455	15,828,932	29,019,523	20,603,361

COMPANY

5.7 Gross Carrying Amounts

5.7.1 At Cost

	Balance as at 01.04.2023	Additions	Disposals/ Transfers	Revaluation	Balance as at 31.03.2024
	LKR	LKR	LKR	LKR	LKR
Building - Leasehold	52,878,501	-	-	-	52,878,501
Roadways & Fence	39,836,566	-	-	-	39,836,566
Plant & Machinery	838,078,772	6,961,948	(37,982,533)	-	807,058,187
Motor Vehicles	11,728,054	-	-	-	11,728,054
Office Equipment	67,268,889	2,650,973	(7,878,265)	-	62,041,597
Furniture & Fittings	25,957,579	3,091,788	(1,512,901)	-	27,536,466
Computer Equipment	52,109,220	4,903,508	(932,693)	-	56,080,035
Capital WIP	17,934,146	7,188,649	(24,618,989)	-	503,806
	1,105,791,727	24,796,866	(72,925,381)	-	1,057,663,212

5.7.2 At Valuation

	Balance as at 01.04.2023	Additions	Disposals/ Transfers	Revaluation	Balance as at 31.03.2024
	LKR	LKR	LKR	LKR	LKR
Land – Freehold	867,185,000	-	-	15,767,000	882,952,000
Building – Freehold	509,153,000	2,874,930	(32,087,876)	13,830,946	493,771,000
	1,376,338,000	2,874,930	(32,087,876)	29,597,946	1,376,723,000
	2,482,129,727	27,671,796	(105,013,257)	29,597,946	2,434,386,212

5.8 Depreciation

5.8.1 At Cost

	Balance as at 01.04.2023	Charge for the Year	Disposals/ Transfers	Revaluation	Balance as at 31.03.2024
	LKR	LKR	LKR	LKR	LKR
Building - Leasehold	35,203,862	5,429,488	-	-	40,633,350
Roadways & Fence	2,384,632	996,512	-	-	3,381,144
Plant & Machinery	788,305,731	13,466,372	(38,468,079)	-	763,304,026
Motor Vehicles	8,714,005	196,182	-	-	8,910,186
Office Equipment	44,268,177	5,094,293	(7,978,704)	-	41,383,765
Furniture & Fittings	19,179,650	1,646,555	(1,236,705)	-	19,589,501
Computer Equipment	42,219,600	3,558,168	(935,662)	-	44,842,105
	940,275,657	30,387,570	(48,619,150)	-	922,044,077

5.8.2 At Valuation

Company	Balance as at	Charge for the	Disposals/	Revaluation	Balance as at
	01.04.2023	Year	Transfers		31.03.2024
	LKR	LKR	LKR	LKR	LKR
Building - Freehold	-	32,087,876	-	(32,087,876)	-
	-	32,087,876	-	(32,087,876)	-
	940,275,657	62,475,446	(48,619,150)	(32,087,876)	922,044,077

5.9 Net Book Values**5.9.1 At Cost**

	2024	2023
	LKR	LKR
Building - Leasehold	12,245,151	17,674,639
Roadways & Fence	36,455,422	37,451,934
Plant & Machinery	43,754,161	49,773,041
Motor Vehicles	2,817,868	3,014,049
Office Equipment	20,657,833	23,000,714
Furniture & Fittings	7,946,966	6,777,929
Computer Equipment	11,237,929	9,889,620
Capital WIP	503,805	17,934,145
	135,619,135	165,516,074

5.9.2 At Valuation

	2024	2023
	LKR	LKR
Land - Freehold	882,952,000	867,185,000
Building - Freehold	493,771,000	509,153,000
	1,376,723,000	1,376,338,000
Total Carrying Amount of Property, Plant and Equipment	1,512,342,135	1,541,854,074

5.10 The Company acquired Property, Plant and Equipment to the aggregate value of LKR 27,671,796/- during the financial year (2023 -LKR.109,268,013/-). Cash payments amounting to LKR. 25,385,037/- (2023 - 72,118,851/-) were made during the year for purchase of Property, Plant and Equipment.

5.11 Property, Plant and Equipment includes fully depreciated assets having a gross carrying amounts of LKR 799,179,966/- (2023 - LKR 803,235,756/-).

NOTES TO THE FINANCIAL STATEMENTS

5.12 The useful lives of the assets of the companies in the Group are estimated as follows:

	GROUP		COMPANY	
	2024	2023	2024	2023
Buildings Leasehold	Over the Lease Period	Over the Lease Period	Over the Lease Period	Over the Lease Period
Buildings Freehold				
Buildings Freehold	25-40 years	25-40 years	40 years	40 years
Roadways & Fence	15-40 years	15-40 years	15-40 years	15-40 years
Plant & Machinery				
Plant & Machinery	10-33 years	10-33 years	10-33 years	10-33 years
Lab Equipment's	6 2/3 years	6 2/3 years	6 2/3 years	6 2/3 years
Tools	6 2/3 years	6 2/3 years	6 2/3 years	6 2/3 years
Power Supply Equipment	10-50 years	10-50 years	50 years	50 years
Factory Equipment	10 -20 years	10 -20 years	10 -20 years	10 -20 years
Wells & Tanks	40 years	40 years	40 years	40 years
Kilns	15-34 years	15-34 years	15-34 years	15-34 years
Office Equipment				
Office Equipment	5-6 2/3 years	5-6 2/3 years	6 2/3 years	6 2/3 years
Sound Equipment	6 2/3 years	6 2/3 years	6 2/3 years	6 2/3 years
Welfare Equipment	5- 6 2/3 years	5- 6 2/3 years	6 2/3 years	6 2/3 years
Security Equipment	6 2/3 years	6 2/3 years	6 2/3 years	6 2/3 years
Telephone	5 years	5 years	5 years	5 years
Shop Assets	10 years	10 years	10 years	10 years
Motor Vehicles	4 - 25 Years	4 - 25 Years	6-25 Years	6-25 Years
Furniture & Fittings	5-10 years	5-10 years	10 years	10 years
Computer Equipment	4 years	4 years	4 years	4 years

6. RIGHT TO USE ASSETS (GROUP/COMPANY)

Right of use assets

The Group recognises right of use assets when the underlying asset is available for use. Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life or the lease term. Right of use assets are subject to impairment.

6.1 Right to Use Assets

	GROUP /COMPANY			
	Gross Carrying Amount			
	As at 31.03.2023	Additions	De-recognition*	As At 31.03.2024
	LKR	LKR	LKR	LKR
Right to Use Asset - Building (Note 6.3)	50,681,965	39,648,512	(25,916,235)	64,414,242
Right to Use Asset Motor Vehicle	8,623,478	-	-	8,623,478
	59,305,443	39,648,512	(25,916,235)	73,037,720

	GROUP /COMPANY			
	Amortization			
	As at 31.03.2023	Additions	De-recognition*	As At 31.03.2024
LKR	LKR	LKR	LKR	
Right to Use Asset - Building (Note 6.3)	21,553,624	15,734,594	(25,916,235)	11,371,985
Right to Use Asset Motor Vehicle	5,926,060	2,160,297	-	8,086,357
	27,479,684	17,894,891	(25,916,235)	19,458,342

* LKR 25.9 Mn recorded under De-recognition pertains to lease agreements that expired during the year.

6.2 Net Book Value

Year ended 31st March	GROUP / COMPANY	
	As at 31.03.2024	As at 31.03.2023
	LKR	LKR
Right to Use Asset - Building (Note 6.3)	53,042,257	29,128,341
Right to Use Asset Motor Vehicle	537,121	2,697,419
	53,579,378	31,825,760

Security: Absolute ownership of the assets under lease will be with the lessor until the expiration of the lease period.

6.3 This represents the lease arrangement for rented showrooms as per the SLFRS 16.

7. INVESTMENT PROPERTY

Year ended 31st March	GROUP		COMPANY	
	2024	2023	2024	2023
	LKR	LKR	LKR	LKR
As at 01.04.2023	769,945,602	702,743,214	629,700,002	580,028,314
Fair value gain from Investment Property	-	67,202,388	-	49,671,688
As at 31.03.2024	769,945,602	769,945,602	629,700,002	629,700,002

7.1 Details of Group investment Property stated at valuation are indicated below;

Company	Property	Location	Method of Valuation	Valuation - LKR	Valuers Details	Effective Date of Valuation
Dankotuwa Porcelain PLC	Free Hold Land	Dankotuwa	Comparable Open Market Value Method	629,700,002	F.R.T Valuation Services (Private) Limited	31 March 2024
Royal Fernwood Porcelain Ltd.	Freehold Land	Kosgama	Comparable Open Market Value Method	140,245,600	FRT Valuation Services (Private) Limited	31 March 2024
				769,945,602		

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7.2 Fair Value Hierarchy and Significant Unobservable Valuation Input as at 31st March 2024:

Company	Property	Location	Fair Value Hierarchy	Significant Unobservable Inputs	Area	Sensitivity of fair value to unobservable Inputs
Dankotuwa Porcelain PLC	Free Hold Land	Dankotuwa	Level 3	Average Market value per perch LKR 150,000/- to LKR 350,000/-	3,899.35 p	Positively Correlated
Royal Fernwood Porcelain Ltd.	Freehold Land	Kosgama	Level 3	Average Market value per perch LKR 70,000 to LKR 100,000/-	1,753.07 p	Positively Correlated

7.3 Fair Value Hierarchy and Significant Unobservable Valuation Input as at 31st March 2023:

Company	Property	Location	Fair Value Hierarchy	Significant Unobservable Inputs	Area	Sensitivity of fair value to unobservable Inputs
Dankotuwa Porcelain PLC	Free Hold Land	Dankotuwa	Level 3	Average Market value per perch LKR 150,000/- to LKR 350,000/-	3,899.35 p	Positively Correlated
Royal Fernwood Porcelain Ltd.	Freehold Land	Kosgama	Level 3	Average Market value per perch LKR 70,000 to LKR 100,000/-	1,753.07 p	Positively Correlated

Fair value is determined using the market comparable method. Valuations are based on active market prices, adjusted for any difference in the nature, location or condition of the specific property. The most recent revaluation was carried out on 31 March 2024 by an Independent Valuer, FRT Valuation Services (Pvt) Ltd, who has valuation experience for similar properties.

8. INTANGIBLE ASSETS

	Carrying Amount			
	GROUP		COMPANY	
	2024	2023	2024	2023
Year ended 31st March	2024	2023	2024	2023
	LKR	LKR	LKR	LKR
Summary				
Computer Software (Note 8.1)	29,076,600	15,146,279	25,174,339	9,822,897
Goodwill on Consolidation (Note 8.2)	12,673,968	12,673,968	-	-
Brand Name (Note 8.3)	14,787,753	14,787,753	-	-
	56,538,321	42,608,000	25,174,339	9,822,897

8.1 Computer Software

	GROUP		COMPANY	
	2024	2023	2024	2023
	LKR	LKR	LKR	LKR
Year ended 31st March	2024	2023	2024	2023
	LKR	LKR	LKR	LKR
Cost				
As at the beginning of the year	72,437,668	72,437,668	65,352,772	65,352,772
Acquired / Incurred during the period	22,332,230	-	22,332,230	-
As at the end of the year	94,769,898	72,437,668	87,685,002	65,352,772
Amortisation				
As at the Beginning of the Year	57,291,389	48,883,484	55,529,875	48,539,209
Amortisation for the Year	8,401,909	8,407,906	6,980,788	6,990,667
As at the End of the Year	65,693,298	57,291,389	62,510,663	55,529,875
Net Book Value as at the End of the Year	29,076,600	15,146,279	25,174,339	9,822,897

8.1.1 Intangible Assets consisted of Microsoft Open Licenses and ERP system, which were amortized over the useful life of 24 months and 8 years respectively.

8.1.2 The Group acquired Intangible Assets to the aggregate value LKR 22,332,230 during the 2023/24 financial year (2022/23 - LKR NIL).

8.2 Goodwill on Consolidation

Year ended 31st March	GROUP	
	2024	2023
	LKR	LKR
Balance at the beginning of the year	12,673,968	12,673,968
Impairment for the year (Note 8.4.1)	-	-
Balance at the end of the year (Note 8.2.1)	12,673,968	12,673,968

8.2.1 Goodwill represents the excess of an acquisition over the Company's interest in the net fair value of the identifiable Assets, Liabilities and Contingent Liabilities at the date of acquisition, and is carried at cost less accumulated impairment Losses.

Goodwill is not amortized, but is reviewed for impairment annually and whether there is an indication that goodwill may be impaired. For the purpose of testing goodwill for impairment, goodwill is allocated to the operating entity level, which is the lowest level at which the goodwill is monitored for internal management purpose.

8.3 Brand Name

Year ended 31st March	GROUP	
	2024	2023
	LKR	LKR
Balance at the Beginning of the Year	14,787,753	14,787,753
Balance at the End of the Year (Note 8.3.1)	14,787,753	14,787,753

8.3.1 The Management identified the Brand Name of Royal Porcelain as an Intangible Asset with an indefinite useful life arising from the Business Combination. Management is in the opinion that the Brand Name will be a key attraction in Porcelain sector. The Brand Name has been tested for impairment along with other Intangible Assets of the Royal Fernwood Porcelain Group, as further explained under Note 8.4.

Year ended 31st March	GOODWILL		BRAND NAME	
	2024	2023	2024	2023
	LKR	LKR	LKR	LKR
Royal Fernwood Porcelain Limited (Note 8.2 & 8.3)	12,673,968	12,673,968	14,787,753	14,787,753

8.4 Impairment Testing of Goodwill and Intangible Assets with Indefinite Lives

The Group considers the relationship between its recoverable amount and its book value, among other factors, when reviewing for indicators of impairment.

Key assumptions used in the Value In Use (VIU) calculation and sensitivity to changes in assumptions

Gross margins

The basis used to determine the value assigned to the budgeted gross margins/contributions is the gross margins/contributions achieved in the year preceding the budgeted year adjusted for projected market conditions.

Discount rates

The discount rate of 19.7% is the risk free rate which is the long term bond rate as published by Central Bank of Sri Lanka, adjusted by the addition of an appropriate risk premium.

NOTES TO THE FINANCIAL STATEMENTS

Inflation

The basis used to determine the value assigned to the budgeted cost inflation, is the inflation rate, based on projected economic conditions as published by Central Bank of Sri Lanka.

Volume growth

Volume growth has been budgeted on a reasonable and realistic basis by taking into account the growth rates of one to four years immediately subsequent to the budgeted year based on Industry growth rates. Cash flows beyond the five year period are extrapolated using 3.1% growth rate.

Sensitivity to Changes in Key Assumptions

Sensitivity impact of the key assumptions on the recoverable amount of the CGU is given in Note 9.3.

8.4.1 The goodwill and the brand name have been allocated to Royal Fernwood Porcelain Ltd for the purpose of impairment assessment, where the recoverable amount has been estimated using the discounted cash flow method.

In light of current operational and economic conditions, the Group has reassessed the expected future business performance relating to cash generating units where the management has concluded that the recoverable value of subsidiary exceeds its carrying values.

9. INVESTMENT IN SUBSIDIARY - COMPANYY

Non-Quoted	Country of Incorporation	No. of Ordinary Shares	Direct Holding		Fair Value	Cost	Fair Value	Cost
			2024	2023	2024	2024	2023	2023
					LKR	LKR	LKR	LKR
Royal Fernwood Porcelain Ltd.	Sri Lanka	2,137,512,160	95.69%	95.69%	834,370,000	391,381,586	837,373,000	391,381,586
Royal Fernwood Porcelain Ltd. (Note 9.1)					350,319,253	350,319,253	350,319,253	350,319,253
DPL Singapore PTE Ltd (Note 9.1)	Singapore	1,000	100.00%	100.00%	233,934	233,934	233,934	233,934
Total Non-Quoted Investment in Subsidiary (Note 9.1)					1,184,923,187	741,934,773	1,187,926,187	741,934,773

*Terms and Conditions

Non-voting, Redeemable, non-cumulative shall be redeem at the option of issuer.

9.1 Total Non-Quoted Investment in Subsidiaries at Fair Value

Year ended 31st March	2024	2023
	LKR	LKR
At the beginning of the Year (Note 29)	1,187,926,187	966,591,253
Change in Fair Value	(3,003,000)	221,101,000
DPL Singapore PTE Ltd - Investment	-	233,934
At the end of the Year	1,184,923,187	1,187,926,187

The Principal Activities of the Subsidiaries are disclosed in Note 1.6

9.2 The company uses Fair Valuation Method of measurement for investment in subsidiaries

Details of investment in subsidiary stated at fair value included below,

Company	Valuation Techniques	Significant Assumption	FV Level	2024	2023	Effective date
Royal Fernwood Porcelain Ltd.	Discounted Cashflow Method	Weighted Average Cost of Capital	Level 3	19.70%	17.20%	31 March 2024
		Terminal Growth Rate	Level 3	3.10%	3.00%	31 March 2024

Income Approach

The income approach is specifically used to evaluate properties in commercial real estate, that is properties that are income generating are most suitable under the income approach. Investors that evaluate the value of a property using the income approach indeed to pay attention to the condition of the property as at the time it is being rented.

The income approach converts future amounts to a single discounted amount considering risk and uncertainty. When the income approach is used the fair value measurement reflects current expectations about those future amounts.

9.3 Sensitivity Analysis

Royal Fernwood porcelain Ltd.		2024		2023	
		Effect on Profit or Loss Statement	Effect on Statement of Financial Position	Effect on Profit or Loss Statement	Effect on Statement of Financial Position
		LKR	LKR	LKR	LKR
If a one percentage point change in the assumed weighted average cost of capital, would have the following effects	1%	(85,698,010)	(85,698,010)	(94,018,474)	(94,018,474)
	-1%	96,654,225	96,654,225	108,289,990	108,289,990
If a one percentage point change in the assumed terminal growth rate, would have the following effects	1%	115,023,060	115,023,060	59,344,594	59,344,594
	-1%	(99,532,115)	(99,532,115)	(55,301,046)	(55,301,046)

The sensitivity analysis is based on a change in a key assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the Value in Use as it is unlikely that changes in assumptions would occur in isolation from one another.

Above assumptions are affected by expected future market and future economic conditions.

9.4 MATERIAL PARTLY-OWNED SUBSIDIARIES - GROUP

Financial information of subsidiaries that have material Non-Controlling Interests is provided below;

9.4.1 Proportion of Equity interest held by Non-Controlling interests:

Name of the Subsidiary	Proportion of NCI		Accumulated Balances of NCI		Profit allocated to NCI	
	2024	2023	2024	2023	2024	2023
	LKR	LKR	LKR	LKR	LKR	LKR
Non-Controlling Interests material individually						
Royal Fernwood Porcelain Ltd.	4.31%	4.31%	17,072,893	17,447,490	(374,597)	8,645,431

The summarised financial information of the subsidiary is provided below. This information is based on amounts before inter-company eliminations.

9.4.2 Summarised Statement of Comprehensive Income for the year ended 31st March

Year ended 31st March	2024	2023
	LKR	LKR
Revenue	2,466,756,614	2,558,467,920
Operating Costs	(2,413,526,352)	(2,170,426,737)
Other Income	12,923,430	6,768,428
Finance Costs	(180,683,333)	(211,708,974)
Finance Income	331,110	628,023
Fair Value Gain from Investment Property	-	17,530,700
Tax Reversal/(Expense)	40,519,621	(377,328)
Profit or Loss from Continuing Operations	(73,678,910)	200,882,031
Other Comprehensive Income	64,987,567	(291,983)
Total Comprehensive Income	(8,691,343)	200,590,048

NOTES TO THE FINANCIAL STATEMENTS

9.4.3 Summarised Statement of Financial Position as at 31 March

Year ended 31st March	2024	2023
	LKR	LKR
Current Assets	1,781,981,543	1,157,368,984
Non-Current Assets	1,012,568,368	968,409,601
Total Assets	2,794,549,911	2,125,778,585
Current Liabilities	1,655,564,934	902,364,258
Non-Current Liabilities	392,669,765	468,407,771
Total Liabilities	2,048,234,699	1,370,772,029

9.4.4 Summarised Cash Flow Information for the year ended 31 March

Year ended 31st March	2024	2023
	LKR	LKR
Operating	(536,638,764)	(52,079,274)
Investing	(13,902,164)	(64,225,475)
Financing	456,864,912	152,463,669
Net increase/(decrease) in Cash and Cash Equivalents	(93,676,016)	36,158,920

10. INVENTORIES

Year ended 31st March	GROUP		COMPANY	
	2024	2023	2024	2023
	LKR	LKR	LKR	LKR
Raw Materials	405,469,470	411,494,723	130,149,898	130,852,718
Indirect Materials	24,822,855	33,564,534	24,822,855	33,564,534
Packing Materials	25,977,248	23,685,066	17,622,595	13,427,517
Spare Parts	53,598,521	44,550,579	53,598,521	44,550,579
General Inventory	16,975,793	13,997,593	16,975,793	13,997,593
Consumables	26,333,091	33,621,605	26,333,091	33,621,605
Semi Finished Goods	279,769,125	185,545,272	279,769,125	185,545,272
Work in Progress	212,738,220	222,826,921	59,922,387	33,534,676
Finished Goods	826,105,695	636,428,605	324,712,090	258,080,689
Others	79,481,956	30,825,280	79,481,957	30,825,280
Less : Allowance for Obsolete & Slow Moving Inventories (Note 10.1)	(143,234,365)	(191,294,704)	(84,317,370)	(100,212,071)
	1,808,037,609	1,445,245,474	929,070,942	677,788,393
Goods in Transit	-	10,232,062	-	10,232,062
Total Inventories at the Lower of Cost and Net Realisable Value	1,808,037,609	1,455,477,536	929,070,942	688,020,455

10.1 Provision for Inventories

Year ended 31st March	GROUP		COMPANY	
	2024	2023	2024	2023
	LKR	LKR	LKR	LKR
Balance as at the Beginning of the Year	191,294,743	364,028,253	100,212,071	147,108,456
Provision Made/(Reversal) During the Period	(3,211,222)	(159,420,749)	10,471,955	(36,650,226)
Stock Written off during the Period	(44,849,156)	(13,312,800)	(26,366,656)	(10,246,159)
Balance as at the End of the Year	143,234,365	191,294,704	84,317,370	100,212,071

11. TRADE AND OTHER RECEIVABLES

Year ended 31st March	GROUP		COMPANY	
	2024	2023	2024	2023
	LKR	LKR	LKR	LKR
Trade Debtors - Related Party (11.1)	205,439	564,311	76,914	-
- Others	2,231,071,348	908,727,949	1,571,448,509	629,328,087
Less: Impairment for Doubtful Debts (11.3)	(76,993,826)	(32,661,983)	(66,887,735)	(27,224,072)
	2,154,282,961	876,630,277	1,504,637,688	602,104,015
Other Debtors - Related Party (11.2)	643,714	-	16,336,209	83,859,250
- Others	60,663,722	15,907,402	58,870,777	15,907,405
	(5,760,349)	(5,760,349)	(5,760,349)	(5,760,349)
	2,209,830,048	886,777,330	1,574,084,325	696,110,321
Advances and Prepayments	130,313,668	123,831,606	32,989,270	73,804,046
Loans Given to Employees (11.5)	50,000	-	50,000	-
	2,340,193,716	1,010,608,936	1,607,123,595	769,914,367

11.1 Trade Receivables – Related Parties

Year ended 31st March	Relationship	GROUP		COMPANY	
		2024	2023	2024	2023
		LKR	LKR	LKR	LKR
Ambeon Holdings PLC	Affiliate*	128,525	96,688	-	-
Ceylon Leather Products (Pvt) Limited	Other Entities*	-	407,869	-	-
Taprobane Investments (Pvt) Ltd.	Affiliate*	-	3,351	-	-
Millenum I.T.E.S.P. (Pvt) Ltd.	Affiliate*	76,914	56,403	76,914	-
		205,439	564,311	76,914	-

NOTES TO THE FINANCIAL STATEMENTS

11.2 Other Receivables – Related Parties

Year ended 31st March	Relationship	GROUP		COMPANY	
		2024	2023	2024	2023
		LKR	LKR	LKR	LKR
Royal Fernwood Porcelain Ltd	Subsidiary	-	-	12,058,965	83,859,250
Dankotuwa Singapore PTE Ltd	Subsidiary	-	-	3,669,469	-
Ambeon Holdings PLC	Affiliate*	13,974	-	13,974	-
Califolink Logistics (Pvt) Ltd	Group Company	629,740	-	593,801	-
		643,714	-	16,336,209	83,859,250

* Related party balance as at 31st March 2024 included only receivable balances that are due from the companies that were related parties as at 31st March 2024. Comparative balances included related parties before the ownership change and Companies No Longer Considered Related Parties Due to Ownership Changes has been transferred to the other receivable as appropriate. (Please refer Note 27.1 - related party transaction note for more clarifications.)

11.3 Impairment of Doubtful Debts

Year ended 31st March	GROUP		COMPANY	
	2024	2023	2024	2023
	LKR	LKR	LKR	LKR
Balance as at the Beginning of the Year	32,661,983	65,227,944	27,224,072	34,647,302
Write-off during the period	-	(38,434,758)	-	(12,287,256)
Provision Made (Reversal) During the Period	44,331,843	5,868,797	39,663,663	4,864,025
Balance as at the End of the Year	76,993,826	32,661,983	66,887,735	27,224,072

11.4 Ageing Analysis of trade receivables as follows;

	Neither past due nor impaired	Past Due but Not Impaired			Total
		31 to 60 days	61 to 90 days	More than 91 days	
		LKR	LKR	LKR	
Group					
2024	993,656,288	235,682,767	309,156,183	692,781,549	2,231,276,787
2023	342,073,267	212,859,639	79,095,413	275,263,941	909,292,260
Company					
2024	488,983,210	235,682,767	189,452,589	657,406,858	1,571,525,423
2023	155,035,511	161,126,153	46,591,412	266,575,011	629,328,087

11.5 Loans to Company Employees

Year ended 31st March	GROUP		COMPANY	
	2024	2023	2024	2023
	LKR	LKR	LKR	LKR
Summary				
Balance as at the Beginning of the Year	-	-	-	-
Loans Granted During the Year	100,000	-	100,000	-
Less: Repayments During the Year	(50,000)	-	(50,000)	-
Balance as at the End of the Year	50,000	-	50,000	-

11.6 Loans to Related Parties

Year ended 31st March	COMPANY	
	2024	2023
	LKR	LKR
Balance as at the Beginning of the Year	-	-
Loan Granted During the year	162,000,000	-
Accrued interest during the year	7,372,661	-
Repayments during the year	(98,887,195)	-
Balance as at the End of the Year	70,485,466	-

12. STATED CAPITAL

	2024		2023	
	Number	LKR	Number	LKR
Fully Paid Ordinary Shares				
Balance at Beginning of the Year	162,552,920	1,402,101,647	162,552,920	1,402,101,647
Balance at End of the Year	162,552,920	1,402,101,647	162,552,920	1,402,101,647

12.1 The holders of Ordinary Shares are entitled to receive dividends as declared from time to time and are entitled to one vote per individual present at a meeting of the shareholders or one vote per share in the case of a poll. All shares ranked equally with regard to the Company's residual assets.

13. OTHER COMPONENTS OF EQUITY

Year ended 31st March	GROUP		COMPANY	
	2024	2023	2024	2023
	LKR	LKR	LKR	LKR
Revaluation Reserve (13.1)	1,607,983,837	1,500,874,122	1,300,787,448	1,262,238,167
Foreign Currency Translation Reserve (13.2)	(2,827,366)	(1,072,200)	(2,827,366)	(1,072,200)
Amalgamation Reserve (13.3)	-	-	(123,361,720)	(123,361,720)
	1,605,156,471	1,499,801,922	1,174,598,362	1,137,804,247

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13.1 Revaluation Reserve

Year ended 31st March	GROUP*		COMPANY	
	2024	2023	2024	2023
	LKR	LKR	LKR	LKR
Balance as at the Beginning of the Year	1,500,874,122	1,589,229,960	1,262,238,167	1,348,263,427
Revaluation of Land and Buildings	107,109,715	(88,355,838)	38,549,281	(86,025,260)
Balance as at the End of the Year	1,607,983,837	1,500,874,122	1,300,787,448	1,262,238,167

*Attributable to Equity Holders of the Parent

13.1.1 Revaluation Reserves consist of surplus resulting on valuation of free hold Land & Buildings described in Note 5.5.

13.2 Foreign Currency Translation Reserve

Year ended 31st March	GROUP/COMPANY	
	2024	2023
	LKR	LKR
Balance as at Beginning of the year	(1,072,200)	639,773
Reversal /(Addition) during the year	(1,755,166)	(1,711,973)
Balance as at the End of the year	(2,827,366)	(1,072,200)

13.2.1 All resulting exchange differences on the conversion of foreign branch operations which is in functional currency of Indian Rupees (INR) to the presentation currency of Sri Lankan Rupees (LKR) have been recognized under Exchange Fluctuation Reserve as a separate component of equity.

13.3 Amalgamation Reserve – Company

Year ended 31st March	2024	2023
	LKR	LKR
	Balance as at Beginning of the Year	(123,361,720)
Balance as at the End of the Year	(123,361,720)	(123,361,720)

13.3.1 Dankotuwa Porcelain PLC obtained a certificate of amalgamation from the Registrar of Companies to amalgamate its wholly owned subsidiary, Taprobane Capital (Private) Limited with effective from 25 September 2017. The effect of this amalgamation is reflected in the reserve.

14. INTEREST BEARING LIABILITIES

14.1 Summary – Group

	2024			2023		
	Amount Repayable Within 1 Year	Amount Repayable After 1 Year	Total	Amount Repayable Within 1 Year	Amount Repayable After 1 Year	Total
	LKR	LKR	LKR	LKR	LKR	LKR
Bank Loans (Note 14.4)	1,313,968,541	308,980,169	1,622,948,710	402,731,101	439,152,136	841,883,237
Bank Overdrafts (Note 16.2)	786,567,532	-	786,567,532	360,878,076	-	360,878,076
	2,100,536,073	308,980,169	2,409,516,242	763,609,177	439,152,136	1,202,761,313

14.2 Summary – Company

	2024			2023		
	Amount Repayable Within 1 Year	Amount Repayable After 1 Year	Total	Amount Repayable Within 1 Year	Amount Repayable After 1 Year	Total
	LKR	LKR	LKR	LKR	LKR	LKR
Bank Loans (Note 14.3)	434,539,806	54,480,170	489,019,976	49,993,772	116,652,136	166,645,908
Bank Overdrafts (Note 16.2)	576,692,079	-	576,692,079	249,996,795	-	249,996,795
	1,011,231,885	54,480,170	1,065,712,055	299,990,567	116,652,136	416,642,703

14.3 Bank Loans

	Note	As at 01.04.2023	Loans Obtained	Repayment	Accrued Interest	Exchange (Gain)/Loss	As at 31.03.2024
		LKR	LKR	LKR	LKR	LKR	LKR
Bank Loans - Company							
Bank of Ceylon -Packing Credit Loan	14.4.1	-	668,389,563	(500,269,547)	2,920,462	(10,241,074)	160,799,404
Sampath Bank PLC - Packing Credit Loan	14.4.5	-	129,800,000	(49,800,000)	-	-	80,000,000
Sampath Bank PLC - Money Market Loan	14.4.6	-	75,000,000	(50,000,000)	-	-	25,000,000
Nation Trust Bank-PLC	14.4.7	166,645,908	-	(47,483,746)	594,681	-	119,756,843
Nation Trust Bank-Packing Credit Loan	14.4.9	-	287,229,813	(183,766,084)	-	-	103,463,729
Total Bank Loans - Company		166,645,908	1,160,419,376	(831,319,377)	3,515,143	(10,241,074)	489,019,976

14.4 Bank Loans

	Note	As at 01.04.2023	Loans Obtained	Repayment	Accrued Interest	Exchange (Gain)/Loss	As at 31.03.2024
		LKR	LKR	LKR	LKR	LKR	LKR
Bank Loans - Subsidiary							
Short Term Loan DFCC Bank LKR	14.4.22	118,175,653	30,400,000	(148,575,653)	-	-	-
Short Term Loan COM Bank LKR	14.4.13	-	276,300,000	-	3,347,018	-	279,647,018
Term Loan 1 NTB Bank LKR	14.4.17	247,000,000	-	(19,000,000)	2,921,760	-	230,921,760
Term Loan 2 NTB Bank LKR	14.4.18	152,500,000	-	(54,000,000)	460,345	-	98,960,345
Term Loan 1 COM Bank LKR	14.4.15	-	90,000,000	(11,250,000)	1,074,956	-	79,824,956
PC Loan - DFCC Bank - LKR	14.4.24	-	38,200,000	(38,200,000)	-	-	-
PC Loan NTB Bank LKR	14.4.19	-	212,700,000	(205,700,000)	29,748	-	7,029,748
PC Loan NTB Bank USD	14.4.21	90,723,321	408,529,379	(278,417,668)	1,358,858	(7,170,001)	215,023,889
PC Loan - DFCC Bank - USD	14.4.25	-	63,501,370	(33,764,417)	760,938	(2,528,242)	27,969,649
Import loan DFCC- USD	14.4.24	-	168,831,722	(66,978,713)	3,283,458	(5,543,572)	99,592,895
Import Loan - DFCC Bank - LKR	14.4.22	-	70,033,250	(36,392,282)	1,149,685	-	34,790,653
Import Loan COM Bank USD	14.4.14	-	27,853,970	(48,411)	185,128	(766,869)	27,223,818
Import Loan NTB Bank USD	14.4.20	66,838,354	181,294,618	(218,452,253)	244,442	3,018,844	32,944,005
		675,237,328	1,567,644,309	(1,110,779,397)	14,816,336	(12,989,840)	1,133,928,736
Total Bank Loans - Group		841,883,237	2,728,063,685	(1,942,098,774)	18,331,479	(23,230,916)	1,622,948,710

NOTES TO THE FINANCIAL STATEMENTS

Security, repayment terms and other significant details of facilities

Dankotuwa Porcelain PLC – Company

	Lending Institution	Nature of Facility	Facility Amount	Purpose of the Facility
14.4.1	Bank of Ceylon	Packing Credit Loans	USD 0.75 Mn	To finance working capital relating to export orders
14.4.2	Bank of Ceylon	Hypothecation Loan	LKR 10Mn	To retire bills under sight letter of credit & Collection bills
14.4.3	Bank of Ceylon	Overdraft Facilities	LKR 25 Mn	To finance working capital requirements
14.4.4	Sampath Bank PLC	Short Term Loan	LKR 25Mn	To finance working capital requirements
14.4.5	Sampath Bank PLC	Packing Credit Loans	LKR 180 Mn or USD 1 Mn	To finance working capital relating to export orders
14.4.6	Sampath Bank PLC	Overdraft Facilities	LKR 75 Mn	To finance working Capital requirements
14.4.7	Nations Trust Bank	Long-term Loan	LKR 250 Mn	To clear related party payables
14.4.8	Nations Trust Bank	Overdraft Facilities	LKR 25 Mn	To finance working capital relating to export orders
14.4.9	Nations Trust Bank	Packing Credit Loans	LKR 100 Mn or 0.5 Mn	To finance working capital relating to export orders
14.4.10	Hatton National Bank PLC	Overdraft Facilities	LKR 378 Mn	To finance working Capital requirements
14.4.11	Commercial Bank of Ceylon PLC	Overdraft Facilities	LKR 75 Mn	To finance working Capital requirements

Interest Rate	Repayment Terms	Security	Carrying value of the assets pledged	
			2024 LKR	2023 LKR
3 Months LIBOR +4.5% subject to minimum of 5.25% p.a. Additional 2% p.a. for overdue loans	Maximum 4 Months	Floating hypothecation over stocks and book debts of the company	2,434 Mn	1,290 Mn
AWPLR+2.5% p.a	Maximum 4 Months			
AWPLR+2.5% p.a	On Demand			
At prevailing market rates payable monthly together with applicable statutory tax rates	Maximum 3 months	Hypothecation Bond for LKR 100Mn over Stocks and Book Debts of the Company	100 Mn	100 Mn
AWPLR +2.0% p.a	Maximum 150 days or at the time of negotiation of relative export documents whichever is earlier			
3 Months SOFR +3.5% subject to minimum of 8.5% p.a	On Demand			
AWPLR + 1.5% p.a.				
AWPLR +1.5% p.a	60 months	Mortgage bond over 1.08Bn unquoted share of Royal Fernwood Porcelain Limited.	464 Mn	464 Mn
AWPLR +1% p.a	On Demand			
3 Months SOFR +4% p.a.	Maximum 4 months			
12 Months FD Rate + 1%	On Demand	Existing letter of set-off and lien over Fixed Deposit No 070300028813 for LKR 420.92 Mn	421 Mn	-
AWPLR + 1%	On Demand			

NOTES TO THE FINANCIAL STATEMENTS

Royal Fernwood Porcelain Ltd.

	Lending Institution	Nature of Facility	Facility Amount	Purpose of the Facility
14.4.12	Commercial Bank PLC	Pre-shipment Loans	USD 1 Mn or equivalent in LKR	To finance working capital requirements
14.4.13	Commercial Bank PLC	Short Term Loan	USD 1 Mn or equivalent in LKR (Sub limit of pre shipment loan)	To finance working capital requirements
14.4.14	Commercial Bank PLC	Import Loan	USD 1 Mn or equivalent in LKR (Sub limit of pre shipment loan)	To finance working capital requirements
14.4.15	Commercial Bank PLC	Term Loan	LKR 90 Mn	To finance working capital requirements
14.4.16	Commercial Bank PLC	Over Draft (LKR)	LKR 75 Mn	To finance working capital requirements
14.4.17	Nations Trust Bank PLC	Term Loan	LKR 250 Mn	To finance working capital requirements
14.4.18	Nations Trust Bank PLC	Term Loan	LKR 175 Mn	To finance working capital requirements
14.4.19	Nations Trust Bank PLC	Over Draft (Submit of PCL)	LKR 75 Mn	To finance working capital requirements
14.4.20	Nations Trust Bank PLC	Import Loan (Submit of PCL)	USD 500,000	To finance working capital requirements
14.4.21	Nations Trust Bank PLC	Packing Credit Loan	USD 1 Mn	To finance working capital requirements
14.4.22	DFCC Bank PLC	Short Term Loan	LKR 157,685,957 (Sub-Limit of Export Line)	To finance working capital requirements
14.4.23	DFCC Bank PLC	Overdraft Facility	LKR 30,000,000 (Sub-Limit of Export Line)	To finance working capital requirements
14.4.24	DFCC Bank PLC	Import Loans	USD 1.2Mn	To finance working capital requirements
14.4.25	DFCC Bank PLC	Export Loans		To finance working capital requirements

Interest Rate	Repayment Terms	Security	Carrying value of the assets pledged	
			2024 LKR	2023 LKR
LKR-AWPLR +1% (Monthly), USD- SOFR (Monthly) +2.75%	Settlement through sales proceeds. (150 days)			
AWPLR +1% (Monthly)	Settlement through sales proceeds. (150 days)	Corporate Guarantee for USD 1,000,000/- from Dankotuwa Porcelain PLC	-	-
LKR-AWPLR +1% (Monthly), USD- SOFR (Monthly) +2.75%	Settlement through sales proceeds. (150 days)			
AWPLR +1.25% (Monthly)	Repayable 24 equal monthly installment	Corporate Guarantee for LKR 240,000,000/- from Dankotuwa Porcelain PLC	240 Mn	-
AWPLR +1% (Monthly)	On demand			
AWPLR + 1.5% (Monthly)	60 Months (Inclusive of the capital grace period of 6 Months)	Primary mortgage bond over immovable property in the factory at Kosgama	771 Mn	699 Mn
AWPLR + 1.5% (Monthly)	38 Variable monthly instalments	Primary mortgage bond over immovable property in the factory at Kosgama	771 Mn	699 Mn
AWPLR + 1.0% (Weekly)	On Demand	Primary mortgage bond over immovable property in the factory at Kosgama	771 Mn	699 Mn
3 Month LIBOR + 5%, Floor Rate 6%	Settlement through sales proceeds. (120 days)	Primary mortgage bond over immovable property in the factory at Kosgama	771 Mn	699 Mn
Monthly AWPLR + 1.25% (3Mn review) or 3 Month LIBOR + 5%, Floor rate 6%	Settlement through sales proceeds. (120 days)	Primary mortgage bond over immovable property in the factory at Kosgama	771 Mn	699 Mn
AWPLR + 4.5% (Weekly),Floor Rate 22% p.a	Settlement through sales proceeds. (180 days)	Primary Mortgage for LKR 200,000,000/- or Dollars up to a limit of USD 1,250,000/- as the case may be over stocks kept/to		
AWPLR + 2.5% (Weekly),Floor Rate 22% p.a	On demand	and Book Debts of the Company together with in favour of the Bank.	1759 Mn	1,140 Mn
3 Month LIBOR + 11%, Floor Rate 14% p.a	Settlement through sales proceeds. (120 days)			
AWPLR + 4.5% (Weekly),Floor Rate 22% p.a or 3 Month LIBOR + 11%,Floor Rate 14% p.a	Settlement through sales proceeds. (120 days)			

NOTES TO THE FINANCIAL STATEMENTS

15. RETIREMENT BENEFIT LIABILITY

Year ended 31st March	Balance 01.04.2023	Charge for the Year	Payments during the Year	Balance 31.03.2024
Group	LKR	LKR	LKR	LKR
Retirement Benefits Obligation - Gratuity	177,414,076	82,506,095	(18,494,652)	241,425,519
	177,414,076	82,506,095	(18,494,652)	241,425,519

Year ended 31st March	Balance 01.04.2023	Charge for the Year	Payments during the Year	Balance 31.03.2024
Company	LKR	LKR	LKR	LKR
Retirement Benefits Obligation - Gratuity	145,049,580	66,012,015	(14,283,307)	196,778,288
	145,049,580	66,012,015	(14,283,307)	196,778,288

15.1 Expense on Defined Benefit Plan

Year ended 31st March	GROUP		COMPANY	
	2024	2023	2024	2023
	LKR	LKR	LKR	LKR
Interest Cost on Benefit Obligation	37,522,813	14,568,842	30,078,979	10,205,904
Current Service Cost	15,031,843	28,189,701	11,085,692	24,392,202
Recognition in the Statement of Profit or Loss	52,554,656	42,758,543	41,164,671	34,598,106
Actuarial (Gain)/Loss for the Year (Note 15.4)	29,951,439	(42,557,727)	24,847,344	(39,645,448)
Recognition in the Other Comprehensive Income	29,951,439	(42,557,727)	24,847,344	(39,645,448)
Recognition in the Total Comprehensive Income	82,506,095	200,816	66,012,015	(5,047,341)

15.2 Messrs. Actuarial & Management Consultants (Pvt) Ltd Actuaries, carried out an actuarial valuation of the defined benefit plan gratuity of the Group on 31 March 2024. Appropriate and compatible assumptions were used in determining the cost of retirement benefits.

Principal Actuarial Assumptions

The principal financial assumptions underlying the valuation are as follows:

	GROUP/COMPANY	
	2024	2023
	LKR	LKR
Discount Rate	12% per annum.	22% per annum.
Future Salary Increase Rate	10%	14%

15.3 Maturity Profile of the Defined Benefit Plan

Year ended 31st March	GROUP		COMPANY	
	2024	2023	2024	2023
	LKR	LKR	LKR	LKR
Within Next 12 Months	65,635,758	46,577,465	53,678,204	36,101,220
Between 1 - 2 Years	66,420,091	43,751,441	51,275,415	36,254,386
Between 2 - 5 Years	67,586,769	52,808,706	56,528,613	42,638,017
Between 5 - 10 Years	35,697,199	29,039,967	30,290,224	25,251,130
Beyond 10 years	6,085,702	5,236,497	5,005,832	4,804,827
	241,425,519	177,414,076	196,778,288	145,049,580

Year ended 31st March	GROUP		COMPANY	
	2024	2023	2024	2023
	LKR	LKR	LKR	LKR
Weighted Average Duration of Defined Benefit Obligation (Years)	3.60	2.84	4.00	3.16

15.4 Break up of the Actuarial (Gain)/Loss

	GROUP		COMPANY	
	2024	2023	2024	2023
	LKR	LKR	LKR	LKR
Actuarial (Gain)/Loss Resulting from Changes in Financial assumptions	37,407,516	(25,915,611)	30,480,610	(21,382,260)
Actuarial (Gain)/Loss Resulting from Changes in Demographic Assumptions	559,204	2,070,709	591,928	2,192,670
Actuarial (Gain)/ Loss Resulting from Changes in Experience Adjustments	(8,015,281)	(18,712,824)	(6,225,194)	(20,455,858)
	29,951,439	(42,557,727)	24,847,344	(39,645,448)

15.5 Sensitivity Analysis

Actuarial Assumptions			GROUP		COMPANY	
			2024	2023	2024	2023
			LKR	LKR	LKR	LKR
If a one percentage point change in the assumed discount rate would have the following effects.	Change in Discount Rate	+1%	(7,029,562)	(9,824,531)	(5,818,076)	(3,469,003)
		-1%	7,488,063	10,528,896	6,200,537	3,668,576
If a one percentage point change in the assumed salary increment rate would have the following effects.	Salary Increment Rate	+1%	7,073,718	10,816,933	5,775,561	3,576,302
		-1%	(6,754,296)	(10,254,125)	(5,512,692)	(3,426,949)

NOTES TO THE FINANCIAL STATEMENTS

16. CASH AND CASH EQUIVALENTS IN THE CASH FLOW STATEMENT

16.1 Favourable Cash and Cash Equivalents Balance

Year ended 31st March	GROUP		COMPANY	
	2024	2023	2024	2023
	LKR	LKR	LKR	LKR
Cash and Bank Balances	61,866,222	90,148,908	38,786,701	72,387,544
Short Term Deposits	437,577,157	368,514,609	437,577,157	368,514,609
	499,443,379	458,663,517	476,363,858	440,902,153

16.2 Unfavourable Cash and Cash Equivalent Balances

Year ended 31st March	GROUP		COMPANY	
	2024	2023	2024	2023
	LKR	LKR	LKR	LKR
Bank Overdraft (Note 14)	(786,567,532)	(360,878,076)	(576,692,079)	(249,996,795)
Total Cash and Cash Equivalents for the Purpose of Cash Flow Statement	(287,124,153)	97,785,441	(100,328,221)	190,905,358

16.3 Short Term deposit includes an amount of LKR 437,577,157/- include the balance amount of right issue funds raised.

17. TRADE AND OTHER PAYABLES

Year ended 31st March	GROUP		COMPANY	
	2024	2023	2024	2023
	LKR	LKR	LKR	LKR
Trade Payables - Related Parties (Note 17.1)	-	411,011	3,953,498	2,830,418
- Others	255,990,220	295,128,433	115,315,513	101,776,612
Other Payables - Related Parties (Note 17.2)	11,653,508	34,491,282	5,736,977	53,046,987
- Others*	509,682,005	489,137,970	294,132,576	346,769,544
	777,325,733	819,168,696	419,138,564	504,423,560

*Others has included Sundry Creditors and Accrued Expenses.

17.1 Trade Payables - Related Parties

Year ended 31st March	Relationship	GROUP		COMPANY	
		2024	2023	2024	2023
		LKR	LKR	LKR	LKR
Royal Fernwood Porcelain Ltd.	Subsidiary	-	-	3,953,498	2,830,418
Ceylon Leather Products Ltd.	Other Entities*	-	411,011	-	-
		-	411,011	3,953,498	2,830,418

17.2 Other Payables - Related Parties

Year ended 31st March	Relationship	GROUP		COMPANY	
		2024	2023	2024	2023
		LKR	LKR	LKR	LKR
Royal Fernwood Porcelain Ltd	Subsidiary	-	-	-	42,352,015
Ambeon Holdings PLC	Affiliate*	1,080,000	24,768,805	-	2,718,915
Ceylon Leather Products Ltd	Others Entities*	-	112,857	-	-
Lexinton Holdings (Pvt) Ltd	Affiliate*	-	655,683	-	598,758
Califolink logistics (Pvt) Ltd	Group Company	5,164,859	-	328,328	-
Ceyline Travells (Pvt) Ltd	Group Company	1,962,400	-	1,962,400	-
Taprobane Investments (Pvt) Ltd	Affiliate*	-	1,049,051	-	1,049,051
Taprobane Capital (Pvt) Ltd	Affiliate*	-	54,205	-	54,205
Millennium I.T.E.S.P (Pvt) Ltd	Affiliate*	3,446,249	7,850,681	3,446,249	6,274,043
		11,653,508	34,491,282	5,736,977	53,046,987

* Related party balance as at 31st March 2024 included only payable balances that are due to the companies that were related parties as at 31st March 2024. Comparative balances included related parties before the ownership change and Companies No Longer Considered Related Parties Due to Ownership Changes has been transferred to the other payable as appropriate. (Please refer Note 27.1 - related party transaction note for more clarifications.)

18. LEASE LIABILITY (GROUP/COMPANY)

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Set out below are the carrying amounts of lease liabilities on leasehold properties and the movements for the year ended 31 March 2024.

Year ended 31st March	2024		2023	
	LKR	LKR	LKR	LKR
Balance as at 01.04.2023		32,762,839		29,928,639
Additions		39,648,512		23,502,731
Interest Cost		5,127,922		5,372,166
Repayment		(31,318,253)		(26,040,697)
Balance as at 31.03.2024		46,221,020		32,762,839

	2024			2023		
	Gross Lease Liability	Finance Cost Attributable to Future Periods	Net Lease Liability	Gross Lease Liability	Finance Cost Attributable to Future Periods	Net Lease Liability
Amount Payable within one year	22,227,527	(6,830,259)	15,397,268	17,061,696	(2,367,508)	14,694,188
Amount Payable more than one year	35,038,411	(4,214,660)	30,823,752	19,183,036	(1,114,385)	18,068,651
Total	57,265,938	(11,044,919)	46,221,020	36,244,732	(3,481,893)	32,762,839

18.1 These refer to Lease arrangement for retail Show Room Leases as per SLFRS 16.

NOTES TO THE FINANCIAL STATEMENTS

19. OTHER INCOME

Year ended 31st March	GROUP		COMPANY	
	2024	2023	2024	2023
	LKR	LKR	LKR	LKR
Miscellaneous Income	12,916,817	17,755,194	9,064,306	15,037,862
Asset utilization Fee	3,459,480	3,459,480	3,459,480	3,459,480
	16,376,297	21,214,674	12,523,786	18,497,342

19.1 Miscellaneous Income includes the income generated from selling coconuts and unused materials.

20. FINANCE COST/INCOME

20.1 Finance Income

Year ended 31st March	GROUP		COMPANY	
	2024	2023	2024	2023
	LKR	LKR	LKR	LKR
Interest on Short Term Investments	74,006,393	40,295,664	73,675,283	39,667,639
Interest on Related Party Loan	-	-	7,372,661	3,023,652
Interest on Foreign Currency Savings Accounts	232,635	107,739	232,635	107,739
	74,239,028	40,403,403	81,280,579	42,799,030

20.2 Finance Cost

Year ended 31st March	GROUP		COMPANY	
	2024	2023	2024	2023
	LKR	LKR	LKR	LKR
Overdraft Interest	107,149,735	101,755,369	83,063,509	71,827,200
Interest on Bank Loan	171,213,399	222,240,261	30,460,172	57,357,014
Interest on Intercompany Loans	-	7,442,272	-	7,442,272
Interest on Packing Credit Loan	27,222,116	2,340,946	27,222,116	2,340,946
Interest on Lease	5,127,922	5,372,167	5,127,922	5,372,167
	310,713,172	339,151,015	145,873,719	144,339,599

21. PROFIT/(LOSS) BEFORE TAX**Stated after Charging/(Crediting)**

Year ended 31st March	GROUP		COMPANY	
	2024	2023	2024	2023
	LKR	LKR	LKR	LKR
Included under Cost of Sales				
- Depreciation	94,236,276	82,834,295	40,296,169	39,405,234
- Salaries	812,151,873	658,464,020	439,144,987	336,052,794
- Employee Benefits Liability	33,594,024	28,283,713	26,937,708	23,609,276
- Defined Contribution Plan Costs - EPF & ETF	72,700,198	62,946,364	43,254,382	38,010,830
- Other Staff Costs	291,981,996	281,856,014	179,522,030	168,011,859
- Research & Development	-	-	-	-
Included under Administration Expenses				
- Depreciation	19,368,917	18,845,595	14,069,730	12,248,024
- Amortisation of Intangible Assets	8,401,909	8,407,906	6,980,788	6,990,667
- Directors' Remuneration	12,450,000	13,323,000	11,200,000	12,423,000
- Salaries	164,238,975	128,716,653	98,432,832	78,731,345
- Employee Benefits Liability	10,078,661	8,325,030	6,742,678	5,934,945
- Defined Contribution Plan Costs - EPF & ETF	18,537,599	14,732,803	11,733,002	8,955,563
- Other Staff Costs	57,540,542	48,999,043	44,393,776	27,454,260
- Legal Fees	1,661,765	956,651	633,085	887,051
- Auditors' Fee and Expenses - Current Year	3,672,900	3,351,000	2,345,200	2,132,000
- Auditors' Fee and Expenses - Other Services and Branch	2,167,984	1,081,216	1,582,984	1,081,216
- Allowances for Obsolete & Slow Moving Inventories	(3,211,222)	(159,420,749)	10,471,955	(36,650,226)
Included under Selling & Distribution Expenses	-			
- Depreciation	2,684,691	2,794,227	2,680,057	2,794,227
- Amortisation	5,429,488	5,428,691	5,429,488	5,428,691
- Salaries	102,406,053	67,786,940	76,756,714	44,984,603
- Employee Benefits Liability	7,794,698	6,263,311	6,730,381	5,500,765
- Defined Contribution Plan Costs - EPF & ETF	9,932,175	6,729,479	7,205,658	4,545,849
- Other Staff Costs	69,047,968	61,573,491	56,029,365	46,265,171
- Provision for Doubtful Debts	44,331,841	5,446,797	39,663,663	4,442,025

NOTES TO THE FINANCIAL STATEMENTS

22. INCOME TAX EXPENSE

Year ended 31st March	GROUP		COMPANY	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR Restated
Current Income Tax				
Current Tax Expense on Ordinary Activities for the Year (Note 22.1)	225,937,322	132,623,314	225,937,322	132,623,314
Under / (Over) Provision of Current Taxes in respect of Prior Years	108,674	3,763,417	108,674	3,763,417
Current Tax Expense Relating to Branch Operation in India, Chennai	22,887,324	5,688,461	22,887,324	5,688,461
Deferred Income Tax				
Deferred Taxation Charge / (Reversal) (Note 22.2)	(32,585,697)	47,842,577	7,033,025	132,766,601
Income Tax Expense/(Reversal) Reported in the Statement of Profit or Loss	216,347,623	189,917,772	255,966,345	274,841,796

22.1 Reconciliation between total Tax Expense and the Product of Accounting Profit

Year ended 31st March	GROUP		COMPANY	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Accounting Profit / (Loss) Before Tax	584,294,125	869,249,761	697,311,316	896,909,236
Income Exempt from Tax	(171,416,023)	(331,730,443)	(148,562,435)	(313,571,719)
Aggregate Disallowed Item	279,741,074	301,786,689	274,926,241	134,807,868
Aggregate Allowable Items	(151,598,660)	(162,931,413)	(151,598,660)	(92,401,294)
Trade Profit/(Loss)	541,020,516	676,374,595	672,076,462	625,744,091
Taxable Business Profit /(Loss)	541,020,516	676,374,595	672,076,462	625,744,091
Other Sources of income				
Interest on loan given to Subsidiaries	-	-	7,372,661	3,023,652
Interest on Deposit	73,968,457	40,295,663	73,675,283	39,667,639
Total Statutory Income	614,988,973	716,670,259	753,124,406	668,435,383
Less- Carried forward Tax Loss Utilized (Note 22.1.1)	(293,174)	(51,258,528)	-	-
Taxable Income / (Loss)	614,695,799	665,411,731	753,124,406	668,435,383
Income Tax attributable to Taxable Income -April to September 2022-18%	-	75,348,452	-	75,348,452
Income Tax attributable to Taxable Income -30% March 2024 (October 2022 to March 2023-30%)	225,937,322	57,274,862	225,937,322	57,274,862
Current Income Tax Expense	225,937,322	132,623,314	225,937,322	132,623,314
Recognition on Deferred Tax on Temporally Difference (Note 22.2)	(32,585,697)	47,842,577	7,033,025	132,766,601
Current Tax Expense relating to branch operation in India, Chennai	22,887,324	5,688,463	22,887,324	5,688,463
Under / (Over) Provision of Current Taxes in respect of Prior Years	108,674	3,763,417	108,674	3,763,417
Total Income Tax Expense	216,347,623	189,917,772	255,966,345	274,841,796

22.1.1 Tax Losses Carried Forward

Year ended 31st March	GROUP		COMPANY	
	2024	2023	2024	2023
	LKR	LKR	LKR	LKR
Tax Losses Brought Forward	498,511,388	551,231,019	-	-
Adjustment in respect of prior years	39,234,617	(1,461,102)	-	-
Tax Losses Incurred During the Year	137,532,779	-	-	-
Tax Losses Utilized	(293,174)	(51,258,528)	-	-
Tax Losses Carried Forward	674,985,610	498,511,388	-	-

22.2 DEFERRED TAX LIABILITY**22.2.1 Group**

	Financial Position		Statement of Profit or Loss		Other Comprehensive Income	
	2024	2023	2024	2023	2024	2023
	LKR	LKR	LKR	LKR	LKR	LKR
Deferred Tax Liabilities						
Capital Allowances for Tax Purposes	79,660,790	76,599,780	3,061,010	16,329,963	-	-
Revaluation of Land and Buildings	578,629,795	565,551,021	-	-	13,078,774	321,057,280
Fair Value Gain from Investment Property	146,708,340	146,708,340	-	104,525,799	-	-
Unrealized Exchange Gain	27,842,200	513,592	27,328,608	513,592	-	-
Right to use Assets	2,207,509	(281,124)	2,488,633	118,739	-	-
	835,048,634	789,091,610	32,878,251	121,488,093	13,078,774	321,057,280
Deferred Tax Assets						
Defined Benefit Plans -Comprehensive Income	72,427,657	53,201,112	(10,241,113)	(34,316,130)	(8,985,432)	12,767,318
Impairment for doubtful debts	23,098,148	9,798,595	(13,299,553)	(2,440,978)	-	-
Unrealized Exchange Loss	5,466,502	11,913,021	6,446,519	(11,913,021)	-	-
Inventory Provision	42,970,309	57,388,411	14,418,102	(1,447,491)	-	-
Bonus Provision	12,291,630	-	(12,291,630)	-	-	-
Chennai Branch Differed Tax	-	2,397,995	2,397,995	(2,397,995)	-	-
Carry Forward of Unused Tax Losses	134,983,728	82,089,461	(52,894,267)	(21,129,901)	-	-
	291,237,974	216,788,595				
Deferred Income Tax - Expense/(Income)			(32,585,697)	47,842,577	4,093,342	333,824,598
Net Deferred Tax Liability	543,810,660	572,303,015				

The effective Tax rate used is 30% For the group (30% in 2023).

NOTES TO THE FINANCIAL STATEMENTS

22.2.2 Company

	Financial Position		Statement of Profit or Loss		Other Comprehensive Income	
	2024	2023	2024	2023	2024	2023
	LKR	LKR	LKR	LKR	LKR	LKR
Deferred Tax Liabilities						
Capital Allowances for Tax Purposes	27,796,851	24,281,209	3,515,642	9,807,780	-	-
Revaluation of Land and Buildings	395,679,962	404,631,296	-	-	(8,951,334)	205,829,006
Fair Value Gain from Investment Property	125,671,500	125,671,500	-	88,748,169	-	-
Unrealized Exchange Gain	21,085,456	513,592	20,571,864	513,592	-	-
Fair Value Gain from Investment in Subsidiary	93,885,976	94,786,876	(900,900)	85,301,351	-	-
Right to use Assets	2,207,509	(281,124)	2,488,633	118,740	-	-
	666,327,254	649,603,350	25,675,239	184,489,632	(8,951,334)	205,829,006
Deferred Tax Assets						
Defined Benefit Plans -Comprehensive Income	59,033,486	43,514,873	(8,064,410)	(28,096,035)	(7,454,203)	11,893,634
Impairment for Doubtful Debts	20,066,321	8,167,222	(11,899,099)	(2,655,308)	-	-
Unrealized Exchange Loss	5,466,502	11,913,021	6,446,519	(11,913,021)	-	-
Inventory Provision	25,295,211	30,063,622	4,768,411	(6,660,671)	-	-
Bonus Provision	12,291,630	-	(12,291,630)	-	-	-
Chennai Branch Differed Tax	-	2,397,995	2,397,995	(2,397,995)	-	-
	122,153,150	96,056,733				
Deferred Income Tax - Expense/(Income)			7,033,025	132,766,601	(16,405,537)	217,722,640
Net Deferred Tax Liability	544,174,104	553,546,617				

The average Tax rate used is 30% (30% in 2023) for the purpose of deferred tax computation.

22.3 Deferred Tax Liability

Year ended 31st March	GROUP		COMPANY	
	2024	2023	2024	2023
Balance as at 01 April	572,303,015	190,635,840	553,546,617	203,057,375
Charge/ (Reversal) to Profit or Loss				
- Due to Change in Tax Rate	-	(21,269,720)	-	51,586,661
- Due to Change in Temporary Differences	(32,585,697)	69,112,298	7,033,025	81,179,940
Charge/ (Reversal) to Other Comprehensive Income				
- Due to Change in Tax Rate	-	261,516,631	-	176,092,730
- Due to Change in Temporary Differences	4,093,342	72,307,966	(16,405,537)	41,629,911
Balance as at 31 March	543,810,660	572,303,015	544,174,104	553,546,617

23. EARNINGS / (LOSS) PER SHARE

Earnings / (Loss) Per Share ('EPS') is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. The weighted average number of ordinary shares outstanding during the year and previous year are adjusted for events that have changed the number of ordinary shares outstanding, without a corresponding change in the resources such as a bonus issue.

The following reflects the income and share data used in the Basic Earnings Per Share computation.

Year ended 31st March	GROUP		COMPANY	
	2024	2023	2024	2023
Amount Used as the Numerator:				
Net Profit Attributable to Ordinary Shareholders for Basic Earnings Per Share - LKR	371,122,063	670,673,974	441,344,974	622,067,443
Number of Ordinary Shares Used as Denominator:				
Weighted Average Number of Ordinary Shares in Issue	162,552,920	162,552,920	162,552,920	162,552,920
Basic/Diluted Earnings/(Loss) Per Share	2.28	4.13	2.72	3.83

24. COMMITMENT AND CONTINGENCIES

24.1 CAPITAL EXPENDITURE COMMITMENTS

The Company and the Group does not have significant capital commitments as at the reporting date.

24.2 CONTINGENT LIABILITIES

There were no material issues pertaining to Employees and Industrial Relations of the Group and the Company.

25. ASSETS PLEDGED

Details pertaining to assets pledged as security for bank facilities of the Group have been disclosed in Note 14 to these financial statements.

26. EVENTS AFTER THE REPORTING PERIOD

There have been no material events occurred after the reporting date that require adjustments to or disclosure in the financial statements.

27. RELATED PARTY DISCLOSURES

27.1 Transactions with the Parent and Related Entities - Group

Details of Significant Related Party Disclosures are as follows.

Nature of Transaction	Parent		Fellow Subsidiaries*		Others Entities**		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR
As at 1 April	(24,672,119)	(151,210,059)	(13,619,277)	(11,983,535)	-	-	(38,291,396)	(163,193,594)
Sale of Goods / Services	25,893	70,438	35,939	90,245	112,537	-	174,369	160,683
Purchase of Goods / Services	(1,607,479)	(42,900,787)	(24,096,487)	(29,368,227)	(12,042,339)	-	(37,746,304)	(72,269,015)
Cost Apportionment	(7,412,030)	(13,629,529)	-	-	(4,713,349)	-	(12,125,379)	(13,629,529)
Receipts /(Transfers) under Finance Arrangements	13,360,675	101,526,165	28,805,485	27,642,240	26,179,487	-	68,345,647	129,168,406
Loan Settlements / Transfers	2,741,126	87,816,017	-	-	5,824,893	-	8,566,019	87,816,017
Interest	87,260	(6,344,364)	-	-	185,427	-	272,686	(6,344,364)
Related Party reclassification due to the Ownership Change *	17,476,675	-	2,486,257	-	(19,962,932)	-	-	-
As at 31 March	-	(24,672,119)	(6,388,082)	(13,619,277)	(4,416,276)	-	(10,804,359)	(38,291,397)

NOTES TO THE FINANCIAL STATEMENTS

27.2 Transactions with the Parent and Related Entities - Company

Details of Significant Related Party Disclosures are as follows.

Nature of Transaction	Parent		Subsidiaries		Fellow Subsidiaries*		Others Entities**		Total	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023	31.03.2024	31.03.2023	31.03.2024	31.03.2023	31.03.2024	31.03.2023
	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR
As at 1 April	(2,718,917)	(78,984,357)	388,996,071	398,775,116	(10,694,973)	(10,468,804)	-	-	375,582,182	309,321,956
Sale of Goods / Services	15,705	10,631	16,565,789	19,037,111	-	-	90,888	-	16,672,382	19,047,742
Purchase of Goods / Services	-	(25,378,152)	(88,442,645)	(60,283,766)	(4,474,374)	(13,310,411)	(8,626,446)	-	(101,543,464)	(98,972,329)
Cost Apportionment	(7,412,030)	(13,629,529)	25,790,973	86,484,211	-	-	(4,713,349)	-	13,665,594	72,854,682
Receipts /(Transfers) under Finance Arrangements	7,871,216	46,121,596	16,000,000	(55,016,601)	11,095,600	13,084,242	14,514,388	-	49,481,204	4,189,237
Loan Settlements / Transfers	-	76,312,230	70,000,000	-	-	-	-	-	70,000,000	76,312,230
Interest	-	(7,171,336)	-	-	-	-	-	-	-	(7,171,336)
Related Party reclassification due to the Ownership Change*	2,244,026	-	-	-	2,376,819	-	(4,620,845)	-	-	-
As at 31 March	-	(2,718,917)	428,910,188	388,996,071	(1,696,928)	(10,694,973)	(3,355,365)	-	423,857,898	375,582,182

Information pertaining to the Parent Entity and Subsidiaries is stated in Note 1.3 and Note 6 respectively.

** * As of 15th June 2023, the Company's immediate parent entity is Ambeon Holdings PLC has entered into a share sales and purchase agreement on 15th June 2023 with Ceyline Investment (Pvt) Ltd, a company that is engage in business as an investment holding company, to dispose fifty decimal one per centum (50.1%) of its equity stake in Dankotuwa Porcelain PLC and completed the transaction on 13th July 2023. Due to the ownership change, when preparing related party transaction note, management has considered Ambeon group is the ultimate parent until 15th June 2023 & thereafter Ceyline Investment (Pvt) Ltd as the ultimate parent. Moreover, Ceylon Leather Products (Pvt) Limited that was related party due to the Ambeon group being the ultimate parent of the company has no longer considered to be related parties and companies that were newly Identified related parties due to the Ceyline investment (Pvt) Ltd being the ultimate parent were considered.

However, Dankotuwa Porcelain PLC is an associate company to Ambeon group as they keep 22% of equity holding after disposing the controlling power to Ceyline Investment (Pvt) Ltd.

Companies No Longer Considered Related Parties Due to Ownership Changes

Name of the Company	Country of Incorporation
Ceylon Leather Products (Pvt) Limited	Sri Lanka

On 14th June 2023, Ambeon Holding PLC disposed its equity stake amounting to 99.80% of the issued share capital of Ceylon Leather Products Ltd. During the financial year there is no transaction between Dankotuwa Porcelain PLC and Ceylon Leather Products Ltd.

The transaction between Royal Fernwood Porcelain Ltd and Ceylon leather Products Ltd has occurred before the ownership change which is represent in group note as follows;

	Ceylon Leather Products (Pvt) Ltd	
	2024	2023
	LKR	LKR
Sale of Goods / Services	(446,613)	(5,519,743)
Receipts /(Transfers) under Finance Arrangements	465,360	4,870,161

** Newly Identified Related Parties in Companies due to the ownership change

Name of the Company	Country of Incorporation
Califolink Logistics (Pvt) Ltd	Sri Lanka
Ceyline Travells (Pvt) Ltd	Sri Lanka

*** Other entities are entities which are controlled, jointly controlled or significantly influenced by the Key Management Personnel ("KMPs") and their Close Family Members ("CFMs") or shareholders who have either control, jointly control or significant influence over the entity.

Name of the Company	Country of Incorporation
Ambeon Holdings PLC	Sri Lanka
Millenium I.T.E.S.P(Pvt)Ltd	Sri Lanka

27.1.1 Information relating to the Preference Share Investment is provided as follows;

	Note reference
Investment in Preference Shares	9

27.1.2 Terms and Conditions:

Sales and purchase of goods / services to related parties were made at on the basis of the price lists in force with non related parties.

27.3 Transactions with Key Management Personnel

Key management personnel ("KMPs"), are those having authority and responsibility for planning, directing and controlling the activities of the entity and include Board of Directors and Chief Executive Officer. Accordingly, fees, emoluments and other benefits paid to KMPs are as follows;

	31.03.2024	31.03.2023
	LKR	LKR
Group		
Short-Term employee benefits	55,388,332	47,284,208
	55,388,332	47,284,208
Company		
Short-Term employee benefits	54,138,332	46,384,208
	54,138,332	46,384,208

No other significant transactions had taken place involving key management personnel and their close family members.

NOTES TO THE FINANCIAL STATEMENTS

28. FINANCIAL RISK MANAGEMENT

Objectives and policies

The Group's principal financial liabilities comprise loans and borrowings and trade and other payables including amounts due to related parties. The main purpose of these financial liabilities is to finance the group's operations and to provide guarantees to support its operations. The Group has loans, trade and other receivables, and cash and short-term deposits that arrive directly from its operations.

The Group's risk management is overlooked by the senior management, in close corporation with the board of directors and focuses on actively securing the Group's short to medium term cash flows by minimizing the exposure to financial markets. Long term financial investments are managed to generate lasting returns. The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described below.

The Group's financial assets and liabilities are exposed to the market risk, credit risk and liquidity risk.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk - interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk.

Foreign Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The group trade receivables and trade and other payables held in foreign currency and short term borrowings in foreign currency are the main financial instruments that are exposed to this risk of fluctuating exchange rates.

In order to mitigate this risk the company has set a policy of dealing only in limited number of strong currencies when dealing with its foreign stakeholders. The Group also has a policy of matching the liabilities held in foreign currency with the financial assets held in the same currency. Apart from that the group constantly monitors the exchange rate movements and make the settlement decisions of liabilities in favour of the Group at the appropriate time when there is an unfavourable movement in exchange rates.

Sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant, of the profit before tax.

	Increase/(Decrease) in Percentage	Effect on Profit before Tax (LKR)
Group		
2024	+5	34,908,066
	-5	(34,908,066)
2023	+5	14,402,240
	-5	(14,402,240)
Company		
2024	+5	32,888,269
	-5	(32,888,269)
2023	+5	12,375,835
	-5	(12,375,835)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest bearing loans payable and receivable made at variable interest rates are the main categories of financial instruments that are exposed to this risk. The Group constantly monitors the interest rates and adjust the borrowing levels of each category of financial liabilities and assets depending on the direction of the interest rates.

Sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the profit before tax (through the impact on floating rate borrowings).

	Increase/(Decrease) in Percentage	Effect on Profit before Tax (LKR)
Group		
2024	+1	(2,632,758)
	-1	2,632,758
2023	+1	(3,694,759)
	-1	3,694,759
Company		
2024	+1	10,657,121
	-1	(10,657,121)
2023	+1	4,166,427
	-1	(4,166,427)

The assumed spread of the interest rate is based on the current observable market environment.

Other price risks

The investments in equity shares is affected by the fluctuations in market prices. In order to mitigate this risk the Group has set a clear investment policy based on the guidance of the Board and every investment in equity shares is guided by the investment policy and subject to the approval of the Board. As at the year end, the risk arising from the investment in equity shares (quoted) to the Group is minimal as the Group has significantly decreased the similar investments as at the reporting date when compared to the previous year.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Cash and cash equivalents, trade and other receivables and loans granted to related parties are the main instruments that are exposed to the risk of non-payment or payment delays.

The Group considers a financial asset in default when contractual payments are 360 days past due. However, 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.

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Trade receivables note 11

NOTES TO THE FINANCIAL STATEMENTS

28.1.1 Risk exposure

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts (without consideration of collateral, if available). Following table shows the maximum risk positions.

Risk Exposure	Notes	GROUP				COMPANY			
		2024 LKR	% of allocation	2023 LKR	% of allocation	2024 LKR	% of allocation	2023 LKR	% of allocation
Trade and Other receivables	11	2,209,830,048	82%	886,777,330	66%	1,574,084,325	77%	696,110,321	61%
Cash and Short Term Deposits	16	499,443,379	18%	458,663,517	34%	476,363,858	23%	440,902,153	39%
Total credit risk exposure		2,709,273,427	100%	1,345,440,847	100%	2,050,448,183	100%	1,137,012,474	100%

28.1.2 Trade and Other receivables

The Group has set a clear credit policy in which guidelines are given for evaluating the credit worthiness, setting credit limits and credit periods for each customer and measures to be taken to ensure the recoverability such as Irrevocable Letters of Credit, Advance payments etc. The Group regularly monitors the customer outstanding balances each month and take appropriate actions where necessary in respect of long outstanding amounts. The Group does not hold collateral as security against trade and other receivables.

Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by Letter of Credit or other forms of credit insurance.

The requirement for an impairment is analyzed at each reporting date on an individual basis for major customers. Additionally, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actual incurred historical data.

Credit quality of trade receivables that are neither past due or impaired is explained in note No 11.4.

28.1.3 Cash and Short term Deposits

In order to mitigate settlement and operational risk related to cash and short term deposits, the Group deals with several banks with acceptable ratings.

The Group held cash & short term deposits as at 31 March 2024 LKR 499,443,379/- (2023 - LKR 458,663,517/-) as explained in note No. 16.1.

The Company held cash & short term deposits as at 31 March 2024 LKR 476,363,858/- (2023 - LKR 440,902,153/-) as explained in note No. 16.1.

Liquidity risk

The failure to maintain a sufficient level of liquid assets to meet its obligations in the ordinary course of the business can cause severe interruption to the smooth functioning of the business. The Group assess the liquid asset levels that need to be maintained at periodic intervals.

Apart from that this is further reviewed through the weekly "cash planning process". When the Group anticipate the need to enhance the normal operating capacity due to external factors (demand increases), the Group renegotiate with banks to enhance the short term credit limits and overdraft limits etc. to ensure that a sufficient amount of unutilized facilities are available to maintain the liquidity level.

28.2 Maturity Analysis of Financial Liabilities – Group

As at 31st March 2024	Total	Less than 3 months	3-12 months	1-5 Years
	LKR	LKR	LKR	LKR
Trade & Other Payables	777,325,733	777,325,733	-	-
Interest Bearing Loans & Borrowings	2,409,516,242	1,635,977,080	464,558,993	308,980,169
	3,186,841,975	2,413,302,813	464,558,993	308,980,169

As at 31st March 2023	Total	Less than 3 months	3-12 months	1-5 Years
	LKR	LKR	LKR	LKR
Trade & Other Payables	819,168,696	819,168,696	-	-
Interest Bearing Loans & Borrowings	1,202,761,312	665,618,402	97,990,774	439,152,136
	2,021,930,008	1,484,787,098	97,990,774	439,152,136

28.2.1 Maturity Analysis of Financial Liabilities – Company

As at 31st March 2024	Total	Less than 3 months	3-12 months	1-5 Years
	LKR	LKR	LKR	LKR
Trade & Other Payables	419,138,564	419,138,564	-	-
Interest Bearing Loans & Borrowings	1,065,712,055	973,722,891	37,508,994	54,480,170
	1,484,850,619	1,392,861,455	37,508,994	54,480,170

As at 31st March 2023	Total	Less than 3 months	3-12 months	1-5 Years
	LKR	LKR	LKR	LKR
Trade & Other Payables	504,423,560	504,423,560	-	-
Interest Bearing Loans & Borrowings	416,642,703	262,499,793	37,490,774	116,652,136
	921,066,263	766,923,353	37,490,774	116,652,136

Capital management

The primary objective of the Group's capital management is to ensure that it maintain a strong financial position and healthy capital ratios in order to support its business and maximize shareholder value.

The group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the group may issue new shares or have a rights issue.

As at 31 March	GROUP		COMPANY	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Debt/Equity	66.54%	38.16%	27.56%	12.58%

NOTES TO THE FINANCIAL STATEMENTS

29. FINANCIAL ASSETS AND LIABILITIES

29.1 Fair values of Assets and Liabilities - Group

The Group uses the following hierarchy for determining and disclosing the fair value of assets and liabilities by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: Other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: Techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data

Financial Assets and Liabilities in the tables below are split into categories in accordance with SLFRS 9.

	Notes	2024		2023			
		Fair Value Hierarchy	Carrying Value LKR	Fair Value LKR	Fair Value Hierarchy	Carrying Value LKR	Fair Value LKR
Assets Measured at Fair Value							
Freehold Land	5	Level 3	1,162,473,800	1,162,473,800	Level 3	1,135,901,550	1,135,901,550
Freehold Buildings	5	Level 3	985,543,002	985,543,002	Level 3	939,952,002	939,952,002
Investment Properties	7	Level 3	769,945,602	769,945,602	Level 3	769,945,602	769,945,602

29.2 Categories of Assets and Liabilities - Company

Financial assets and liabilities in the tables below are split into categories in accordance SLFRS 9.

	Notes	2024		2023			
		Fair Value Hierarchy	Carrying Value LKR	Fair Value LKR	Fair Value Hierarchy	Carrying Value LKR	Fair Value LKR
Assets Measured at Fair Value							
Freehold Land	5	Level 3	882,952,000	882,952,000	Level 3	867,185,000	867,185,000
Freehold Buildings	5	Level 3	493,771,000	493,771,000	Level 3	509,153,000	509,153,000
Investment Properties	7	Level 3	629,700,002	629,700,002	Level 3	629,700,002	629,700,002
Investment in Subsidiaries	9	Level 3	1,184,923,187	1,184,923,187	Level 3	1,187,926,187	1,187,926,187
Financial Instrument at Amortised Cost	16	Level 2	437,577,157	437,577,157	Level 2	368,514,609	368,514,609

Financial Assets and Liabilities measured or disclosed at Fair Value

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

Those assumptions for assets categorised as Level 3 has been described under respective note numbers.

During the reporting period ended 31 March 2024 there is no transfer from level 1 to level 2 in the fair value hierarchy



**SUPPLEMENTARY
INFORMATION**

DECADE AT A GLANCE

Period ended (LKR'000)

	Group 2024*	Group 2023*	Group 2022*	Group 2021*
SUMMARY OF OPERATING RESULTS				
Turnover (Net of Taxes)	6,249,204	5,913,133	3,762,106	2,432,418
Cost of Sales	(4,138,316)	(3,856,001)	(2,557,390)	(1,796,931)
Gross Profit	2,110,888	2,057,132	1,204,716	635,487
Other Income/(Expenses)	16,376	21,215	14,756	3,779
Distribution Costs	(771,023)	(665,572)	(435,213)	(341,601)
Administrative Expenses	(535,473)	(311,980)	(480,626)	(580,857)
Finance Costs	(310,713)	(339,151)	(112,932)	(146,335)
Finance Income	74,239	40,403	19,991	19,265
Fair Value Gain from Investment Property	-	67,202	-	14,307
Net Profit/(Loss) before Tax	584,294	869,250	210,692	(395,955)
Tax (Expense) / Reversal	(216,348)	(189,918)	(21,210)	(1,839)
Net Profit/(Loss) after Tax	367,947	679,332	189,482	(397,793)
Other Comprehensive Income Net of Taxes	84,389	(60,277)	184,161	174,376
Total Comprehensive Income for the Year After Tax	452,335	619,055	373,642	(223,417)
Dividends for the previous period	-	-	-	-
Retained Profit/(Loss) for the period	452,335	619,055	373,642	(223,417)
SUMMARY OF FINANCIAL POSITION				
Stated/Issued Capital	1,402,102	1,402,102	1,402,102	1,402,102
Reserves/Other Components of Equity	1,605,156	1,499,802	1,589,870	1,412,563
Retained Earnings	683,560	336,205	(364,272)	(563,866)
Non-Controlling Interest	17,073	17,447	8,802	12,061
Total Equity	3,707,891	3,255,556	2,636,502	2,262,860
ASSETS & LIABILITIES				
Current Assets	4,647,675	2,924,750	2,137,247	2,064,222
Current Liabilities	(3,075,569)	(1,671,330)	(1,772,883)	(2,071,702)
Net Current Assets	1,572,106	1,253,420	364,364	(7,480)
Non Current Assets	3,260,826	3,209,074	2,887,050	2,765,164
Non Current Liabilities	(1,125,040)	(1,206,938)	(614,912)	(494,824)
Net Non Current Assets	2,135,786	2,002,136	2,272,138	2,262,860
FACTORY OUTPUT				
Production Quantity				
White ware (Pcs)	9,646,865	9,774,634	8,754,335	6,040,123
Decorated ware (Pcs)	5,569,932	6,125,839	5,929,671	4,450,551
Sales Quantity				
Export (Pcs)	4,715,854	4,071,169	4,357,926	3,154,042
Local (Pcs)	5,248,893	6,036,762	5,179,706	4,066,930
KEY RATIOS				
Earnings per Share (LKR)	2.28	4.13	1.21	(2.39)
Net Assets per Share(LKR)	22.71	19.92	16.17	13.85
Dividend per Share(LKR)	-	-	-	-
Annual Sales Growth(%)	6%	57%	55%	9%
Current Ratio(Times)	1.51	1.75	1.21	1.00
Market Value Per Share (at year end)	24.60	20.50	9.80	10.30

*Presented/Restated in line with SLFRS/LKAS

The above summarized financial information's is extracted from audited financial statements

GROUP					
Year ended 31 March					
Group 2020**	Group 2019** Restated	Group 2018**	Group 2017**	Group 2016** Restated	Group 2015** Restated
2,233,871	2,173,202	2,083,446	2,366,324	2,379,158	2,317,598
(1,544,012)	(1,519,539)	(1,597,816)	(1,803,868)	(1,873,994)	(1,964,508)
689,859	653,662	485,630	562,456	505,163	353,090
13,191	13,080	5,978	16,077	21,991	12,128
(354,437)	(278,539)	(318,107)	(211,415)	(238,935)	(208,661)
(596,885)	(197,495)	(238,231)	(214,409)	(201,842)	(234,443)
(155,129)	(92,737)	(45,876)	(35,377)	(63,091)	(78,071)
24,763	36,701	33,232	29,517	7,331	1,088
114,489	293,029	-	-	-	-
(264,148)	427,701	(77,373)	146,848	30,617	(154,868)
40,038	(61,445)	80,851	(25,945)	(25,456)	7,973
(224,110)	366,256	3,478	120,904	5,161	(146,895)
94,962	269,653	246,021	91,744	254,733	277
(129,148)	635,909	249,499	212,648	259,893	(146,618)
-	-	-	(40,638)	-	-
(129,148)	635,909	249,499	172,010	259,893	(146,618)
1,402,102	1,402,102	1,402,102	1,402,102	1,402,102	679,644
1,219,307	1,115,254	851,568	589,377	507,703	248,824
(156,671)	78,029	(278,740)	(260,579)	(280,734)	(261,920)
21,539	20,041	13,688	8,220	3,059	(11,867)
2,486,277	2,615,425	1,988,618	1,739,119	1,632,130	654,681
2,418,880	1,993,191	1,606,646	1,444,364	1,260,604	1,023,477
(2,027,795)	(1,496,260)	(944,436)	(694,493)	(532,183)	(642,571)
391,085	496,931	662,211	749,872	728,420	380,906
2,714,093	2,605,641	2,006,856	1,605,605	1,569,831	1,306,630
(618,901)	(487,147)	(680,449)	(616,358)	(666,121)	(1,032,855)
2,486,277	2,615,425	1,988,618	1,739,119	1,632,130	654,681
8,997,530	9,442,122	9,050,904	9,112,165	9,755,324	9,302,570
5,751,742	6,349,321	6,627,888	7,682,267	7,932,158	6,702,737
3,551,882	3,983,187	4,982,908	4,938,857	5,112,899	5,424,802
4,525,604	4,401,695	3,467,824	4,797,240	6,390,460	5,352,911
(1.39)	2.22	0.02	0.74	0.15	(1.70)
15.16	15.97	12.15	10.65	10.02	12.83
-	-	-	0.65	-	-
3%	4%	(12)%	(1)%	3%	29%
1.19	1.33	1.70	2.08	2.37	1.60
4.50	5.30	6.90	6.00	6.80	11.20

INVESTOR INFORMATION

The issued ordinary shares of Dankotuwa Porcelain PLC (DPL) are listed with the Colombo Stock Exchange (CSE). The trading of DPL ordinary shares commenced on 15 February 1995.

ORDINARY SHAREHOLDERS AS AT 31 MARCH 2024

Range of Shareholding	No. of Shareholders	No. of Shares	%
1 upto 1,000 shares	3,433	816,015	0.50
1,001 to 10,000 shares	893	3,085,704	1.90
10,001 to 100,000 shares	189	4,805,838	2.95
100,001 to 1,000,000 shares	19	6,235,371	3.84
Over 1,000,000 shares	4	147,609,992	90.81
TOTAL	4,538	162,552,920	100.00

PUBLIC SHAREHOLDING

Information pertaining to public shareholding is as follows;

	2024	2023
Number of public shares	20,435,986	44,446,906
Public holding percentage	12.57	27.34
Number of public shareholders	4,532	5,116
Float adjusted market capitalisation (LKR)	502,725,255	888,839,367

The Company is compliant with the Minimum Public Holding requirement under option 5 of rule 7.13.1 (a) of the Listing Rules of the Colombo Stock Exchange.

MARKET VALUES (LKR) (TRADED DATES)

Market value per share as at last traded date (LKR)	24.60 (28.03.2024)	20.50 (31.03.2023)
Highest value per share recorded during the period (LKR)	27.50 (07.13.2023)	37.50 (06.10.2022)
Lowest value per share recorded during the period (LKR)	18.70 (17.05.2023)	6.80 (27.04.2022)

SHARE TRADING

No. of transactions	7,453	27,663
No. of shares traded	118,401,674	68,699,899
Value of shares traded (LKR)	3,266,821,975	1,723,106,179

There were 4,538 registered shareholders as at 31 March 2024 (5,122 as at 31 March 2023).

RATIO ANALYSIS – COMPANY

Earnings per Share (LKR)	2.72	3.83
Net Assets Value per Share (LKR)	24.82	21.98
Dividend per Ordinary Share (LKR)	-	-
Dividend Payout Ratio	-	-
Quick Assets Ratio	1.32:1	1.36:1

TWENTY LARGEST SHAREHOLDERS AS AT

Name of shareholder	2024		2023	
	No. of shares	%	No. of shares	%
1. Hatton National Bank PLC/Ceyline Investments (Pvt) Ltd	105,482,433	64.89		
2. Seylan Bank PLC/Ambeon Holdings PLC (Collateral)	35,533,341	21.86	116,972,354	71.96
Seylan Bank PLC/Ambeon Holdings PLC (Margin)	888,380	0.55	888,380	0.55
Ambeon Holdings PLC	850	0.00	850	0.00
TOTAL	36,422,571	22.41	117,861,584	72.51
3. Mr.M.C Gamage	5,360,000	3.30	-	-
4. J.B. Cocoshell (Private) Limited	1,234,218	0.76	780,159	0.48
5. LOLC Finance PLC/M.K.C Perera	664,827	0.41	4,000	0.00
6. Mr. M A Jafferjee	563,404	0.35	563,404	0.35
7. Rosewood (Private) Limited	511,789	0.31	511,789	0.31
8. Mr. D L B C Perera	501,727	0.31	501,727	0.31
9. Mr. A K Palliya Guruge Don (Deceased)	334,600	0.21	334,600	0.21
10. Dr. A A M Dharmadasa	281,856	0.17	281,856	0.17
11. Mrs. E B H A Perera	270,000	0.17	270,000	0.17
12. Mr. A M Mansoor	264,975	0.16	262,081	0.16
13. Mr. S M Nazeer	264,825	0.16	264,825	0.16
14. Amana Bank PLC	250,000	0.15	250,000	0.15
15. Mr. M H A Kamil	247,344	0.15	247,344	0.15
16. Hatton National Bank PLC/Anuja Chamila Jayasinghe	212,848	0.13	213,754	0.13
17. Mr. H P C R Priyadarshana	206,837	0.13	-	-
18. Mr. R P Pathirana	200,000	0.12	-	-
19. Seylan Bank PLC/Jayantha Dewage	177,500	0.11	-	-
20. Mr. R P M S Rajapaksha	158,556	0.10	-	-

DIRECTOR'S SHAREHOLDINGS AS AT

Name	31 March 2024	31 March 2023
1. Mr. R P Pathirana	200,000	182,500
2. Mr. C S Karunasena	Nil	Nil
3. Dr. K S Narangoda	Nil	Nil
4. Mr.R S Egodage	Nil	Nil
5. Ms.S N Egodage	Nil	Nil
6. Ms.L Rajendran	Nil	Nil
7. Dr.L H K Perera	Nil	Nil
8. Mr.V Aslibekyan	Nil	Nil
9. Mr.P.D.C.N Gunawardana	11,930	11,930

INVESTOR INFORMATION

Status of the utilisation of funds raised via the Rights Issue

Objective as per Circular to Shareholders	Amount allocated as per the Circular to Shareholders in LKR	Proposed date of utilisation as per Circular to Shareholders	Amount allocated from proceeds in LKR (A)	% of total proceeds	Amount utilised in LKR (B)	% of Utilised against allocation (B/A)	Clarification if not fully utilised including where the funds are invested
Retiring part of the borrowings	500,000,000	Immediately upon receipt of the proceeds	500,000,000	69%	500,000,000	100%	N/A
To fund the modernization of the Factory	222,457,424	within 15 months from the date of receipt of the proceeds	222,457,424	31%	222,457,424	100%	N/A
	722,457,424		722,457,424		722,457,424		

Disclosure in terms of Section 9.3.2 of the Listing Rules of the Colombo Stock Exchange

NON-RECURRENT RELATED PARTY TRANSACTIONS

Name of the Related Party	Relationship	Value of the Related Party Transactions entered into during the Financial Year	Value of Related Party Transactions as a % of Equity and Assets	Terms and Conditions of the Related Party Transactions	The Rationale for entering into the transactions
Royal Fernwood Porcelain Limited	Subsidiary	LKR 270,000,000/- and USD 2,200,000/-	Equity -26.02% Assets-17.55%	Corporate Guarantee	In order to facilitate the banking facilities of Royal Fernwood Porcelain Limited
Royal Fernwood Porcelain Limited	Subsidiary	LKR 70,000,000/-	Equity -1.96% Assets-1.32%	Short Term Loan	In order to facilitate the Working Capital of Royal Fernwood Porcelain Limited

RECURRENT RELATED PARTY TRANSACTIONS

Name of the Related Party	Relationship	Nature of the transaction	Aggregate value of Related Party Transactions entered into during the Financial Year	Aggregate Value of Related Party Transactions as a % of Net Revenue/Income	Terms and conditions of the Related Party Transactions
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Aggregate value of the recurrent Related Party Transactions does not exceed 10% of the Group Consolidated Revenue

GLOSSARY OF FINANCIAL TERMINOLOGY

ACCRUAL BASIS

Recording revenues and expenses in the period in which they are earned or incurred regardless of whether cash is received or disbursed in that period.

CAPITAL EMPLOYED

Shareholders' funds plus minority interest and total debt.

CONTINGENT LIABILITIES

A condition or situation existing at the reporting date due to past events, where the financial effect is not recognized, because:

1. The obligation is crystallized by the occurrence or non-occurrence of one or more future events, or
2. A probable outflow of economic resources is not expected, or
3. It is unable to be measured with sufficient reliability.

GROSS PROFIT RATIO

Gross profit as a percentage of total revenue.

OPERATING PROFIT MARGIN

Operating profit as a percentage of total sales.

NET PROFIT MARGIN BEFORE TAX

Profit before tax divided by total revenue.

NET PROFIT MARGIN AFTER TAX

Profit after tax divided by total revenue.

RETURN ON EQUITY

Profit/(Loss) attributable to shareholders as a percentage of shareholders' funds including minority interest.

RETURN ON CAPITAL EMPLOYED

Profit before interest and tax as a percentage of capital employed.

INTEREST COVER

Profit before interest and tax over net finance expenses.

DEBT-EQUITY RATIO

Debt as a percentage of shareholders' funds, excluding minority interest.

INVENTORY DAYS

Average inventory divided by cost of goods sold multiply by 365 days.

DEBTOR DAYS

Average receivables divided by total revenue multiply by 365 days.

PAYABLE DAYS

Closing payables divided by cost of goods sold multiply by 365 days.

CASH CONVERSION CYCLE

Inventory days + Debtor days – Payable days.

CURRENT RATIO

Current assets to current liabilities.

QUICK RATIO

Current assets minus inventory to current liabilities.

NET CURRENT ASSETS

Current assets minus current liabilities.

RETURN ON ASSETS

Profit before interest and tax divided by the total assets.

EQUITY TO ASSETS

Total equity divided by total assets.

NET DEBT (CASH) TO EQUITY

Total debt – Cash and cash equivalent divided by equity.

DEBT TO TOTAL ASSETS

Total debt divided by total assets.

EBIT

Earnings before interest and tax (includes other operating income).

EARNINGS/(LOSS) PER SHARE

Net profit/(Loss) attributable to equity holders of the parent divided by the weighted average number of ordinary shares.

PRICE EARNINGS RATIO

Market share price as of balance sheet date divided by earnings per share.

NET ASSETS

Total assets minus current liabilities, minus long-term liabilities, minus minority interest.

NET ASSETS VALUE PER SHARE

Net assets as at the particular financial year divided by the number of shares in issue as at the current financial year end.

SHAREHOLDERS' FUNDS

Total of stated capital, capital reserves and revenue reserves.

TOTAL DEBT

Long-term loans plus short-term loans and overdrafts.

TOTAL EQUITY

Shareholders' funds plus minority Interest.

SUBSIDIARIES AND ASSOCIATES

Subsidiary Companies

Director

ROYAL FERNWOOD PORCELAIN LIMITED

No. 10, 5th Floor, Gothami Road
Colombo 8
Tel: 011 5 700 700
Fax: 011 2 680 225
Email: fernwood@fernwoodporcelain.com

Dr. L J A Peiris
Mr. E M M Boyagoda
Dr. K S Narangoda
Ms. S N Egodage

DANKOTUWA SINGAPORE PTE LIMITED

No. 3, Shenton Way
10 – 05, Shenton House
Singapore (068805)

Mr. S Pasupathy
Mr. A L Devasurendra
Mr. N M Prakash

Sub-Subsidiary Companies

Director

FERNWOOD LANKA (PRIVATE) LIMITED

No. 10, 5th Floor, Gothami Road
Colombo 8
Tel: 011 5 700 700
Fax: 011 2 680 225

Mr. A G Weerasinghe
Dr. L J A Peiris

LANKA DECALS (PRIVATE) LIMITED

No. 10, 5th Floor, Gothami Road
Colombo 8
Tel: 011 5 700 700
Fax: 011 2 680 225

Mr. A G Weerasinghe
Dr. L J A Peiris

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of DANKOTUWA PORCELAIN PLC ("the Company") will be held by way of electronic means on, 26th September 2024 at 9.00 a.m. centered at the Boardroom of Commercial Credit & Finance PLC, No 165, Kynsey Road, Borella, Colombo 08, for the following business:

1. To receive and consider the Report of the Directors and the Statement of Accounts for the year ended 31 March 2024 together with the Report of the Auditors thereon (Resolution 1).
2. To elect Ms. S.N. Egodage, Director appointed since the last Annual General Meeting, in terms of Article No. 24 (2) of the Articles of Association (Resolution 2).
3. To elect Ms. L. Rajendran, Director appointed since the last Annual General Meeting, in terms of Article No. 24 (2) of the Articles of Association (Resolution 3).
4. To elect Dr. L.H.K. Perera, Director appointed since the last Annual General Meeting, in terms of Article No. 24(2) of the Articles of Association (Resolution 4).
5. To elect Mr. V. Aslibekyan, Director appointed since the last Annual General Meeting, in terms of Article No. 24(2) of the Articles of Association (Resolution 5).
6. To elect Mr. R.S. Egodage, Director appointed since the last Annual General Meeting, in terms of Article No. 24(2) of the Articles of Association (Resolution 6).
7. To elect Mr. P.D.C.N. Gunawardana, Director appointed since the last Annual General Meeting, in terms of Article No. 24 (2) of the Articles of Association (Resolution 7).
8. To elect Mr. C. Gamage, Director appointed since the last Annual General Meeting, in terms of Article No. 24(2) of the Articles of Association (Resolution 8).
9. To elect Mr. R.T. Devasurendra, Director appointed since the last Annual General Meeting, in terms of Article No. 24(2) of the Articles of Association (Resolution 9).
10. To elect Mr. S.L. Sebastian, Director appointed since the last Annual General Meeting, in terms of Article No. 24(2) of the Articles of Association (Resolution 10).
11. To re-elect Mr. C.S. Karunasena, Director who retires by rotation in terms of Article No. 24 (6) of the Articles of Association (Resolution 11).
12. To re-appoint M/s. Ernst & Young, Chartered Accountants, the retiring auditors and to authorize the Directors to determine their remuneration (Resolution 12).
13. To authorise the Directors to determine donations for charitable and other purposes for the year 2024/2025 as set out in the Companies' Donation Act [CAP147] (Resolution 13).
14. ANY OTHER BUSINESS

Proposed Amendments to the Articles of Association as mandated by the Listing Rules of Colombo Stock Exchange on Corporate Governance

The revised Corporate Governance Rules implemented by the Colombo Stock Exchange on 1 October 2023 ("Listing Rules") has mandated that the Articles of Association of Listed Entities be amended to reflect the requirements set forth in Section 9.9 of the Listing Rules pertaining to the Board Composition, Alternate Directors and method of sending Notices to the Shareholders.

SPECIAL RESOLUTION - AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY IN LINE WITH THE REVISED CORPORATE GOVERNANCE RULES OF THE COLOMBO STOCK EXCHANGE ("CSE")

"IT IS HEREBY RESOLVED THAT the Articles of Association of the Company be amended by deleting the entirety of existing Article 24. (1), 35 (7) (i) to (v) and 44 (1) substituting the new Article 24.1, 35. (7) (i) to 35. (7) (vii) and 44 (1) in accordance with the following provisions be and are hereby approved".

- Article 24. (1) of the Articles of Association – Board Composition 24.(1). The number of directors shall not be less than five (05) nor more than eleven (11) in number.
- Article 35. (7) of the Articles of Association – Alternate Directors
 - 35.(7).(i). In the event of an exceptional circumstance, a director may notify the Board in writing of the requirement to appointment an alternate for such Director and the Board may appoint any person to be an alternate Director of the Company, to act in such Director's place during his/ her absence, subject to applicable laws, rules and regulations. Any such appointment shall not exceed a period of one (1) year from the date of appointment.
 - 35.(7).(ii). However, he shall ipso facto cease to be an alternate Director in any of the following events, that is to say:
 - (a) upon the return of his appointor including a return to Sri Lanka;
 - (b) if his appointor ceases for any reason to be a Director; provided that if any Director retires by rotation but is re-elected at the meeting at which such retirement took effect, any appointment made by him pursuant to this article which was in force immediately prior to his retirement shall continue to operate after his re-election as if he had not so retired;
 - (c) if the alternate Director shall have a receiving order made against him or compounds with his creditors or is adjudicated an insolvent;
 - (d) if the alternate Director be lunatic or become of unsound mind;
 - (e) if the appointment of the alternate Director is revoked by his appointor by a notice in writing left at the office;
 - (f) if the Board resolves that the appointment of the alternate Director be terminated;
 - (g) is disqualified by Statute;
 - 35.(7).(iii). An alternate Director shall (on his giving an address for such notices to be served upon him) be entitled to receive notices of all meetings of the Board and to attend and vote as Director at any such meeting at which the Director appointing him is not personally present and generally to perform all the functions of his appointor as a Director in the absence of such appointor.

NOTICE OF MEETING

- 35.(7).(iv). A person appointed to be an alternate Director shall not in respect of such appointment be entitled to receive any remuneration from the Company nor be required to hold any share qualification but the Board may repay the alternate Director such reasonable expenses as he may incur in attending and returning from meetings of the Board which he is entitled to attend or as he may otherwise properly incur in or about the business of the Company or may pay such allowances as they may think proper in respect of these expenses.
- 35.(7).(v). A Director shall not vote on the question of the approval of an alternate Director to act for him or on the question of the termination of the appointment of such an alternate Director under the foregoing sub-clause of 35.7.(ii) (f) of this Article, and if he does so his vote shall not be counted; nor for the purpose of any resolution for either of these purposes shall he be counted in the quorum present at the meeting.
- 35.(7).(vi). If an alternate Director is appointed for a non-executive Director such alternate should not be an executive of the Company. Similarly, if an alternate Director is appointed for an independent Director, the person so appointed shall meet the criteria for independence under applicable laws, rules and regulations.
- 35.(7).(vii). The attendance of any alternate Director at any meeting subject to (v) above, including Board committee meetings shall be counted for the purpose of the quorum.

- Article 44 (1) Notices

- 44.1. Any notice or document (including a share certificate) may be served by the Company on any Member either personally or by sending it through the post in a prepaid letter addressed to such member at his registered address or (if he has no registered address within Sri Lanka) to the address supplied by him to the Company as his address for the service of notice. Where a notice or other document is sent by post to an address within Sri Lanka, it shall be deemed to have been served at the expiration of Three (03) days after the letter containing the same is posted, and in proving such service it shall be sufficient to prove that such letter was properly addressed, stamped and posted. Notice of General Meetings and any communications to be made to the shareholders from time to time may be displayed on the websites of the Company and the Colombo Stock Exchange (CSE), published in national newspapers or any other method of communication as recommended by the CSE from time to time. In such situations the notices given in the aforesaid manner shall be deemed to have duly served on the shareholders of the Company.

By Order of the Board
Sgd.
Nexia Corporate Consultants (Pvt) Ltd
Secretaries

Colombo
30th August 2024

Should shareholders wish to obtain a hard copy of the Annual Report, they may complete and send the Form of Request available on the corporate web site to the registered office of the Company. 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.

Notes:

1. A shareholder entitled to attend and vote at the above meeting is entitled to appoint a Proxy who need not be a shareholder, to attend and vote instead of him/her. A Proxy need not be a shareholder of the company.
2. A Form of Proxy is enclosed in this Report.
3. Shareholders who are unable to participate in the above meeting are also encouraged to submit a duly completed Form of Proxy appointing the Chairman or any other Member of the Board to participate and vote on their behalf.
4. The completed Form of Proxy should be deposited at the Registered Office of the Company, at No 01, Alfred House Avenue, Colombo 03, not later than 48 hours before the time appointed for the meeting.

NOTES

NOTES

FORM OF PROXY

I/We
holder of NIC No. of
..... being a Shareholder/Shareholders of Dankotuwa Porcelain PLC, do
hereby appoint
holder of NIC No. of
..... or failing him/her

- | | |
|--------------------------|----------------|
| Mr. R.P. Pathirana | or failing him |
| Mr. P.D.C.N. Gunawardana | or failing him |
| Mr. C.S. Karunasena | or failing him |
| Ms. S.N. Egodage | or failing her |
| Ms. L. Rajendran | or failing her |
| Dr. L.H.K. Perera | or failing her |
| Mr. V. Aslibekyan | or failing him |
| Mr. R.S. Egodage | or failing him |
| Mr. C. Gamage | or failing him |
| Mr. R.T. Devasurendra | or failing him |
| Mr. S.L. Sebastian | or failing him |

as *my/our proxy to represent me/us and to speak and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 26th September 2024 and any adjournment thereof and at every poll which may be taken in consequence thereof.

Resolutions	For	Against
1. To adopt the Audited Accounts for the year ended 31 March 2024		
2. To elect Ms. S.N. Egodage		
3. To elect Ms. L. Rajendran		
4. To elect Dr. L.H.K. Perera		
5. To elect Mr. V. Aslibekyan		
6. To elect Mr. R.S. Egodage		
7. To elect Mr. P.D.C.N. Gunawardana		
8. To elect Mr. C. Gamage		
9. To elect Mr. R.T. Devasurendra		
10. To elect Mr. S.L. Sebastian		
11. To re-elect Mr. C.S. Karunasena		
12. To re-appoint Auditors		
13. To authorize Directors to make donations		

Mark your preference with "X"

Signed on this day of 2024.

.....
Signature

- a) * Please delete the inappropriate words.
- b) Instructions as to completion are noted on the reverse thereof

INSTRUCTIONS AS TO THE COMPLETION OF PROXY

1. The full name, national identity card number and the registered address of the shareholder appointing the Proxy, and the relevant details of the Proxy should be legibly entered in the Form of Proxy which should be duly signed and dated.
2. The Proxy shall –
 - a. In the case of an individual be signed by the shareholder or by his/her attorney, and if signed by an Attorney, a notarially certified copy of the Power of Attorney should be attached to the completed Proxy if it has not already been registered with the Company.
 - b. In the case of a company or corporate/statutory body either be under its Common Seal or signed by its Attorney or by an Officer on behalf of the company or corporate/statutory body in accordance with its Articles of Association or the Constitution or the Statute (as applicable).
3. Please indicate with an “X” how the Proxy should vote on each resolution. If no indication is given, the Proxy in his/her discretion will vote as he/she thinks fit.
4. To be valid, the completed Form of Proxy must be deposited with the Registered Office of the Company at No 01, Alfred House Avenue, Colombo 03, Sri Lanka or must be emailed to dplagm2024@dankotuwa.com or by facsimile to +94 315 500 599 by 9.00 a.m on 24th September 2024.

CORPORATE INFORMATION

NAME OF COMPANY

Dankotuwa Porcelain PLC

COMPANY REGISTRATION NO.

PQ 79

NATURE OF BUSINESS

Manufacturing and marketing of Porcelain Tableware targeted to export and domestic markets.

LEGAL FORM

A Public Quoted Company with limited liability incorporated under the provisions of Companies Act No. 17 of 1982 (Registered as a Private Limited Company in Sri Lanka on 06 January 1984 and converted to a Public Company by a special resolution on 08 July 1994). Re-registered under the Companies Act No. 07 of 2007.

DATE OF INCORPORATION AND COUNTRY

06 January 1984 in Sri Lanka

HEAD OFFICE & FACTORY

Kurunegala Road, Dankotuwa, Sri Lanka

Telephone: +94-31-550 0500

Fax: +94-31-550 0599

Email: info@dankotuwa.com

Website: www.dankotuwa.com

REGISTERED OFFICE

1 Alfred House Avenue, Colombo 03, Sri Lanka

SHOWROOMS

No. 194, High Level Road

(Opposite Siebel Avenue)

Colombo 6, Sri Lanka

Telephone: +94-11 566 5000

No. 47, Guildford Crescent

Colombo 7, Sri Lanka

Telephone: +94-11 5630 5555

Kurunegala Road, Dankotuwa, Sri Lanka.

Telephone: +94-31-550 0545,

+94-31-550 0500 (Ext. 345)

No. 389 C, Main Street

Negombo, Sri Lanka

Telephone: +94-31 5205205

Shangri-La Shopping Mall

One Galle Face

Shop No. L3-51

Colombo 03

Telephone: +94-11-5666222

SECRETARIES

Nexia Corporate Consultants (Private) Limited

No. 130, Level 2, Nawala Road,

Narahenpita, Colombo 5, Sri Lanka.

Telephone: +94-11-4510709

REGISTRARS

S S P Corporate Services (Private) Limited

101, Inner Flower Road, Colombo 3, Sri Lanka

Telephone: +94-11-2573894

AUDITORS

Ernst & Young

Chartered Accountants

201, De Saram Place, Colombo 10, Sri Lanka

Telephone: +94-11-2463500

LAWYERS

Nithya Partners

Attorneys-at-Law

No. 97 A, Galle Road, Colombo 3, Sri Lanka.

Telephone: +94-11-471 2625

BANKERS

Bank of Ceylon

Cargills Bank PLC

Commercial Bank of Ceylon PLC

DFCC Bank PLC

Hatton National Bank PLC

National Development Bank PLC

Nations Trust Bank PLC

Pan Asia Banking Corporation PLC

People's Bank PLC

Sampath Bank PLC

Seylan Bank PLC

Standard Chartered Bank

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