RESILIENCE for a brighter future

DANKOTUWA

World-class tableware

Annual Report 2024-2025

Since 1984, Dankotuwa Porcelain PLC has been more than a manufacturer of world-class tableware. We are custodians of an enduring craft, shaping timeless elegance with every piece we create. Through changing times, we have remained steady, drawing strength from our heritage and vision for a brighter tomorrow.

Our resilience is reflected not just in continuity, but in quiet progress. With consistent growth in recent years and bold strategies shaping our future, we move forward with purpose. Every decision we make is guided by a deep commitment to enhancing lifestyles, supporting communities, and preserving a proud Sri Lankan legacy.

In a world that constantly evolves, we stand firm. Not by resisting change, but by rising with it. Always graceful. Always grounded. And always ready to shape the future with beauty and strength.

Contents

ABOUT US

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 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.

About Dankotuwa Porcelain

ESTABLISHMENT AND EARLY YEARS

Recognised worldwide for exquisite and perfectly crafted porcelain tableware, Dankotuwa Porcelain PLC (DPL) 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 Dankotuwa Porcelain PLC 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.

A 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.

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

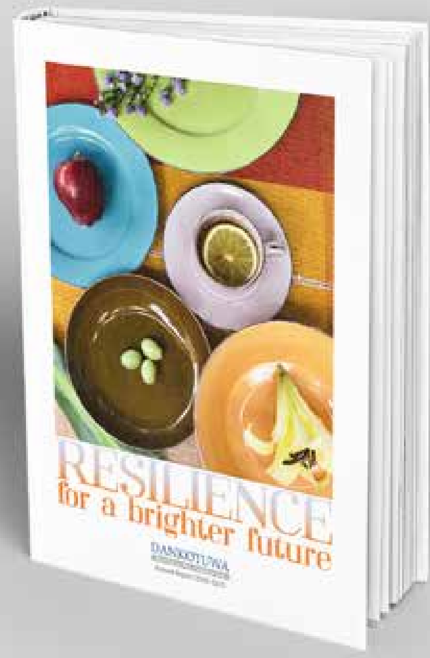
Through continuous improvements in quality and design innovations and commitment to perfection, Dankotuwa Porcelain proudly represents Sri Lanka on the global stage. The Company maintains a keen eye on evolving market trends and adapts to changing customer preferences; by doing so, DPL ensures consistency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

Group Structure

DANKOTUWA
World-class tableware

About this Report

We are pleased to present the Annual Report of Dankotuwa Porcelain PLC (DPL) for the financial year 2024/25 created under the theme 'Resilience for a Brighter Future', and extend a warm welcome to our shareholders and all other readers. This Report provides a comprehensive overview of our operations, performance, and future outlook. It offers more than just financial data, delivering insights into our Group's purpose, impact, and commitment to sustainability. Additionally, this Report serves as an essential resource to support informed decision-making for stakeholders and enables shareholders to evaluate the effectiveness of their investments.



SCOPE & BOUNDARY

This Annual Report outlines key financial and non-financial developments and performance highlights relating to Dankotuwa Porcelain PLC (DPL) and Royal Fernwood Porcelain Limited (RFPL), collectively referred to as "the Group." It encompasses comprehensive information on the Group's business activities and financial results for the period from 1st April 2024 to 31st March 2025. In addition to financial disclosures, the Report provides insights into non-financial and operational aspects of the Group's performance. The Group adheres to an annual reporting cycle.

REPORTING CONTENT & SCOPE

All financial statements presented in this Annual Report are prepared in accordance with the Sri Lanka Accounting Standards (SLFRS/LKAS) issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka). Furthermore, the disclosures contained herein comply with the applicable provisions of the Companies Act No. 7 of 2007 and the listing requirements of the Colombo Stock Exchange. The Report also incorporates relevant disclosures aligned with the Code of Best Practice on Corporate Governance, jointly issued by the Securities and Exchange Commission of Sri Lanka (SEC) and CA Sri Lanka in 2023.

Comprehensive sections on corporate governance, internal controls, and risk management are also included. No restatements have been made to information or data published in previous reporting periods. All information and data compiled in this Report were gathered by the relevant departments across the Group, including subsidiary operations. Additionally, inputs were obtained through interviews with members of the Management and Key Executives. The financial data is derived from the Audited Financial Statements and the accompanying notes, ensuring accuracy and transparency in financial reporting.

TARGET AUDIENCE

This Annual Report is primarily designed to assist our shareholders in making well-informed decisions regarding the organisation's growth, resilience, stability, and long-term sustainability. It also aims to address the information needs of a broader group of stakeholders, including customers, employees, suppliers, business partners, and local communities.

FORWARD LOOKING STATEMENTS

This Report contains forward-looking statements pertaining to the potential future financial position and operational performance of the Group. These statements inherently involve a degree of risk and uncertainty, as they are based on anticipated events and conditions that may or may not materialize. While these projections are made in good faith, the Group does not undertake any obligation to publicly update or revise such forward-looking statements, whether in response to new information, future developments, or other circumstances.

About this Report

COMBINED ASSURANCE

External Assurance

The financial statements presented in this Report have been audited by Messrs. Ernst & Young, Chartered Accountants. The auditors have provided their professional assurance and expressed their opinion on the fair and unbiased presentation of the financial statements, as detailed on page 70. The Board of Directors and the executive leadership maintain no affiliations or relationships with the auditing firm, thereby ensuring full independence. The external auditors' independence is further confirmed and disclosed on pages 70 to 73.

Internal Assurance

The reporting process and content have been thoroughly reviewed and validated internally by Senior Management, the Internal Audit function, and the Board of Directors (BOD). The Audit Committee has further ensured that the financial statements and related reporting are in full compliance with the Sri Lanka Accounting Standards (SLFRS/LKAS) and the Sri Lanka Financial Reporting Standards.

STATEMENT OF BOARD RESPONSIBILITY

The Board of Directors affirms that this 2024/25 Annual Report serves as a reliable, comprehensive source of information for all stakeholders, including our valued shareholders. This Report has been prepared in full compliance with all applicable statutory requirements and covers all material topics relevant to our operations and outlines the Group's strategic direction. The accuracy, authenticity, and transparency of both financial and non-financial disclosures have been thoroughly reviewed and validated by the internal audit team, operational leadership, and our independent external auditor.

FEEDBACK AND ENQUIRIES

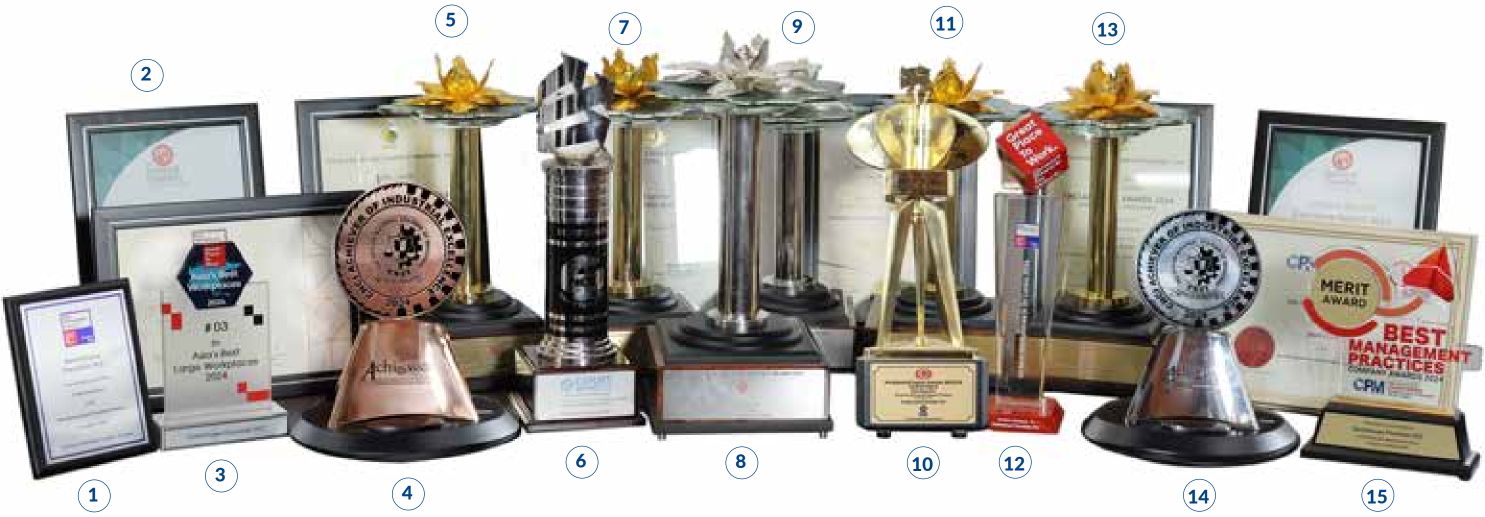
Feedback and constructive criticism of this Annual Report will be greatly appreciated as it will enable us to improve subsequent reports. We kindly request our readers and stakeholders to forward their feedback and any enquiries to:

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

Digital View

The Annual Report is available on CSE official website, www.cse.lk/pages/company-profile/company-profile.component.html?symbol=DPL.N0000

Awards and Accolades



1 Best Work Place in Manufacturing & Production - Sri Lanka 2024 - *One of the 15 Best Workplaces*

2 National Business Excellence Award 2024 (Manufacturing - Chemical, Ceramic & Glass Sector) - *Merit*

3 Asia's Best Large Workplaces 2024 - *3rd Place*

4 CNCI Achiever of Industrial Excellence 2024 (National Level - Extra Large Category - Manufacturing Sector) - *Bronze Award*

5 National Business Excellence Award 2025 - Excellence in Performance Management - *Winner*

6 NCE Export Award 2024 - Extra Large Category - Ceramic, Porcelain, & Other Clay Products Sector - *Silver Award*

7 National Business Excellence Award 2025 - Larger Category - *Winner*

8 National Business Excellence Award 2025 - Overall - *Silver Award*

9 National Business Excellence Award 2024 - Manufacturing - Chemical, Ceramic & Glass Sector - *Runner-Up*

10 Presidential Export Award 2023/24 Sectoral Award - Ceramics & Porcelain Based Products - *Best Exporter*

11 National Business Excellence Award 2025 - Manufacturing - Chemical, Ceramic & Glass Sector - *Winner*

12 50 Best Work Places in Sri Lanka 2024 - *1st Place - Medium Category*

13 National Business Excellence Award 2025 - Excellence in Global Market Research - *Winner*

14 CNCI Achiever of Industrial Excellence 2024 (Provincial Level - Extra Large Category - Manufacturing Sector) - *Silver Award*

15 Best Management Practices - Company Awards 2024 - *Merit Award*

Financial Highlights

As at		Group 31 March 2025 LKR '000	Group 31 March 2024 LKR '000	Company 31 March 2025 LKR '000	Company 31 March 2024 LKR '000
Result for the period-LKR '000					
Revenue - Export		1,808,978	3,584,604	710,972	2,212,298
Local		2,041,178	2,664,600	1,206,809	1,663,664
Total Revenue		3,850,156	6,249,204	1,917,781	3,875,962
Gross Profit		825,054	2,110,888	427,460	1,643,794
Operating Profit/Loss)		(991,702)	820,768	(888,776)	764,907
Change in Fair Value Gain/(Loss) of Investment in Subsidiary		-	-	(83,645)	(3,003)
Profit/(Loss) Before Interest & Tax		(947,176)	895,007	(915,416)	843,185
Net Profit/(Loss) Before Taxation		(1,248,509)	584,294	(1,065,286)	697,311
Net Profit/(Loss) After Taxation		(869,175)	367,947	(727,665)	441,345
Net Current Assets/(Liabilities)		253,510	1,572,106	496,040	1,454,966
FINANCIAL PERFORMANCE - %					
Gross Profit Ratio		21.43	33.78	22.29	42.41
Operating Profit/(Loss) Margin		(25.76)	13.13	(46.34)	19.73
Net Profit/(Loss) Before Taxation		(32.43)	9.35	(55.55)	17.99
Net Profit/(Loss) After Taxation		(22.58)	5.89	(37.94)	11.39
Return on Equity		(37.91)	16.82	(28.90)	18.36
Return on Capital Employed		(27.00)	23.35	(24.60)	21.71
Debt to Equity Ratio		106.57	66.54	48.39	27.56
WORKING CAPITAL RATIOS - Days					
Inventory Days		238	144	243	132
Debtor Days (for total Sales)		151	89	197	99
Payable Days		34	23	34	20
Cash Conversion Cycle		356	209	406	212
LIQUIDITY RATIOS - Times					
Current Asset Ratio		1.07:1	1.51:1	1.25:1	1.89:1
Quick Asset Ratio		0.5:1	0.92:1	0.72:1	1.32:1
Interest Cover		(3.86)	3.47	(5.04)	11.32
FINANCIAL STABILITY					
Total Assets	LKR '000	7,313,582	7,908,501	5,791,818	6,488,763
Return on Assets	%	(13.56)	10.38	(15.35)	11.79
Total Liabilities	LKR '000	4,416,138	4,200,609	2,454,001	2,454,334
Shareholders' Funds	LKR '000	2,896,472	3,690,819	3,337,816	4,034,429
Non Controlling Interest	LKR '000	972	17,073	-	-
Total Debt	LKR '000	3,086,908	2,455,737	1,615,016	1,111,933
Equity/Assets	%	39.61	46.67	57.63	62.18
Net Debt (Cash)/Equity	%	86.00	53.00	31.58	15.75
Debt/Total Assets	%	42.21	31.05	27.88	17.14
SHAREHOLDER INFORMATION					
Shares in Issue	Number 000'	162,553	162,553	162,553	162,553
Earnings/(Loss) per Share	LKR	(5.34)	2.28	(4.48)	2.72
Net Asset Value per Share	LKR	17.82	22.71	20.53	24.82
Closing Market Price	LKR	23.10	24.60	23.10	24.60
Market Capitalization	LKR '000	3,754,972	3,998,802	3,754,972	3,998,802
Price Earnings Ratio	Times	(4.32)	10.77	(5.16)	9.06

LEADERSHIP

Chairman's Message

Dear Shareholders,

I am pleased to bring you the Annual Report and Audited Financial Statements of Dankotuwa Porcelain PLC (DPL) for the financial year 2024/25.

Over the past three years, the Company has demonstrated strong financial performance, achieving consistent growth in revenue and profitability despite operating in a challenging and often unpredictable marketplace.

Regrettably, during the financial year under review, the Company recorded a loss primarily due to unforeseen circumstances involving a key international buyer, and the Company had to face the impact of significant reduction in orders from the largest export customer and additional provisions made for receivables from this customer due to overdue payments. While this outcome is disappointing, it also presented an opportunity for reflection and learning. The Board of Directors and the management team have undertaken a thorough review of the situation and implemented strategic measures to mitigate similar risks in the future. These include strengthening due diligence protocols, enhancing contractual safeguards, and diversifying our buyer portfolio. Moving forward, the Company remains committed to building a more resilient and adaptive business model, with renewed focus on risk management, sustainable growth, and long-term value creation for all stakeholders.

ECONOMIC LANDSCAPE AND MARKET DYNAMICS

Sri Lanka's economy continued its gradual recovery from the significant financial distress experienced in 2022 and 2023. The broader macroeconomic environment remained challenging, shaped by the government's ongoing efforts to stabilise the economy, ensure debt sustainability, and restore confidence among international stakeholders. During the year under review, DPL Group was impacted by these broader economic conditions, which included heightened inflationary pressures, fluctuations in currency values, and evolving policy frameworks. Key structural reforms were implemented as part of the country's economic stabilisation programme under the International Monetary Fund's (IMF) 48-month Extended Fund Facility (EFF). These included adjustments to tax structure and increases in VAT rates, which had a direct effect on the cost of doing business and consumer spending patterns. In the face of these complex and shifting dynamics, The Company and its subsidiaries faced many challenges which affected the operations and therefore failed to deliver the results as planned.

DPL Group's major markets in 2024 continued to be India, the US and Europe, and therefore the management team continues to focus and monitor each region's economic landscape and consumer spending, to forecast revenue potentials. In 2024 and early 2025, the US economy displayed mixed indicators amid ongoing trade-policy uncertainty. Consumer spending softened, with real personal consumption expenditures rising marginally in Q1 2025, well below the pace set in late 2024, driven by reduced outlays on vehicles and discretionary services. Additionally, U.S. tariff measures introduced by the new administration, including reciprocal tariffs on Sri Lankan exports, have raised concerns among Sri Lankan exporters, with duties temporarily paused and diplomatic negotiations underway. We are informed that the Sri Lankan government is making every effort to finalise a favourable outcome for our exports to the United States of America.

Meanwhile, in 2024 and early 2025, consumer spending across Europe remained resilient and cautiously optimistic, with stable household income and savings levels supporting discretionary expenditure, particularly on travel and leisure, despite lingering inflationary concerns.

PERFORMANCE REVIEW

Dankotuwa Porcelain PLC (DPL) revenue declined during the year to LKR 1.92 Bn, a 51% drop over the corresponding period from 2023/24. DPL's International Sales dipped to LKR 711 Mn (USD 2.44 Mn) while total National Sales came to LKR 1.21 Bn. Meanwhile, Royal Fernwood registered only a 15% decline in International Sales (on USD terms) and a drop of 24% in Total National Sales.

Group revenue dipped to LKR 3.85 Bn, marking a 38% decrease from the LKR 6.25 Bn achieved during the 2023/24 financial year. Current year revenue includes LKR 1.92 Bn from Dankotuwa Porcelain PLC and LKR 1.93 Bn from our subsidiary Royal Fernwood Porcelain Limited, including insignificant inter Company transactions.

During the financial year under review (2024/25), the Group reported a loss of (PAT) LKR 869 Mn, largely driven by adverse macroeconomic conditions. This result includes prudent provisions of LKR 449 Mn for receivables and LKR 178 Mn for inventory, made in accordance with our prudent internal policies. These provisions have the potential to be reversed in the current year and thereby contribute to a positive performance in the year 2025/26.

While the Board is of the belief that the current governance procedures are prudent and appropriate, we remain open to inputs 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.

Our commitment to Environmental, Social, and Governance (ESG) principles remains a core focus across all areas of our operations. In line with this, in 2024, we successfully implemented ISO 14001

Chairman's Message

for DPL, an internationally recognised environmental management standard that required significant adjustments to our internal processes. This involved not only the adoption of new systems and controls but also a fundamental shift in mindsets, fostering a culture that prioritises sustainability and long-term environmental responsibility. As part of these efforts, we have taken deliberate steps to reduce waste across our production facilities by optimising resource utilisation, enhancing operational efficiencies, and adopting more sustainable practices. These initiatives have enabled us to make more informed and responsible decisions, minimising environmental impact while supporting the Group's broader sustainability objectives.

We continued to strengthen the workplace experience for our employees through many efforts focused on their overall well-being, professional development, and engagement. By prioritising a supportive and inclusive work culture, we successfully earned the prestigious "Great Place to Work" certification and multiple awards, all of which underscore the effectiveness of our employee-centred approach. Our commitment to cultivating a high-performance environment has also inspired many within our leadership team to enhance their capabilities. Both senior and middle management have demonstrated notable growth in strategic foresight, empathy, and people management, reinforcing our long-term objective of building a resilient and future-ready organisation.

Throughout the year, the management team remained vigilant in identifying and addressing potential risk exposures that could impact the Group's operations and overall performance. Proactive measures were taken to implement robust mitigating controls, ensuring that risks were effectively managed across all key functions. The Internal Audit function played a critical role in this process by continuously reviewing and evaluating the adequacy and effectiveness of these controls, thereby reinforcing the Group's internal governance framework. In addition, our External Auditors conducted comprehensive audits to assess the integrity and accuracy of our financial statements. Their independent evaluations confirmed our adherence to prevailing regulatory requirements and alignment with internationally recognised financial reporting standards.

FUTURE OUTLOOK

We understand the strategic risk of overly depending on the revenue from a single customer, and therefore, we will continue to take action to minimise this exposure and ensure greater resilience when carrying out our international marketing activities.

We continue to seek new market opportunities in international markets such as India, Saudi Arabia and the United States. We strongly believe that the US market has great potential and through careful planning and prudent marketing strategies, we will be able to make inroads into this vast market, thereby bringing long-term stability and strategic value to the Group despite the unpredictability posed by tariffs and policies of the new administration. Additionally, we are strategically focused on expanding our business footprint within the ASEAN (Association of Southeast Asian Nations) region, capitalising on the region's dynamic economic growth and rising consumer demand. We intend to establish a retail presence through the development of relevant business models, supported by the formation of strategic partnerships with local dealers. This collaborative approach will enable us to deepen market penetration while ensuring operational agility. Furthermore, our product portfolio will be customised to reflect the unique preferences, cultural nuances, and consumption patterns of each market, ensuring stronger brand resonance and customer engagement.

In parallel with our expansion plans, we are set to embark on a transformative strategy designed to significantly strengthen our operational capabilities, elevate our market position, and unlock new avenues for sustainable growth. A key component of this strategy is the modernisation of our manufacturing facilities. This initiative will involve the integration of advanced technologies and automation systems aimed at improving production efficiency, reducing operational costs, and expanding overall capacity to meet future demands. In addition, we are planning to diversify our product portfolio through the development and launch of high-end, innovative products tailored to meet the refined tastes and expectations of today's discerning consumers. This will allow us to strengthen our efforts to tap into the premium segment of the market.

EXPRESSION OF GRATITUDE

On behalf of the Board of Directors, I wish to convey our gratitude to the CEO and his Management Team and all our staff members for their unparalleled dedication and hard work during the year. They have faced the year's challenges head-on and moved forward with determination to set the foundation for a strong recovery next year.

The Board and I extend our appreciation to all our shareholders and various other stakeholders. Your continued support and encouragement have given us the strength to overcome all hurdles, and I am confident that by working together, we will achieve positive results in the journey ahead.

(Sgd.)
Ranil Pathirana
Chairman

28th August 2025

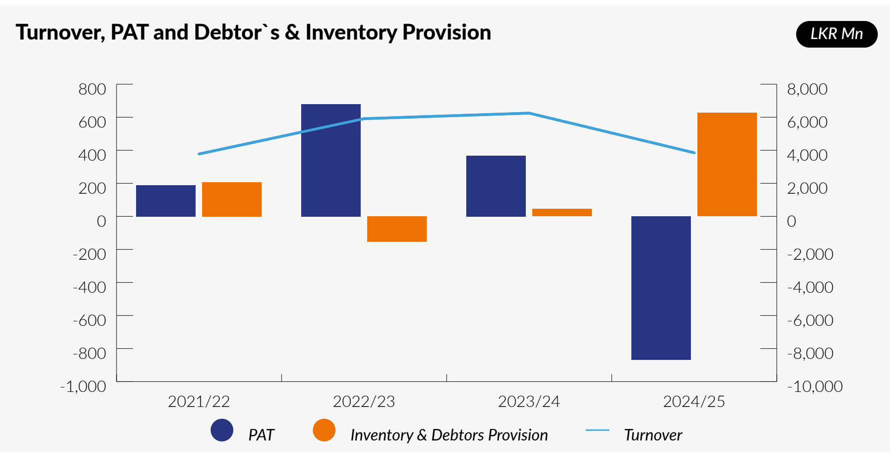
Chief Executive Officer's Review

Dear Valued Stakeholders,

I am pleased to present the Annual Report and Audited Financial Statements for Dankotuwa Porcelain PLC for 2024/25.

After three years of steady growth and continued success, the last financial year of the Group has been one of the most challenging periods in our recent history. This resulted in an unparalleled drop in National and International sales. During the financial year under review (2024/25), the Group reported a loss (PAT) of LKR 869 Mn, largely driven by adverse macroeconomic conditions. This result includes prudent provisions of LKR 449 Mn for receivables and LKR 178 Mn for inventory, made in accordance with our robust internal policies, and not receiving orders from our largest customer. Importantly, these provisions are potentially reversible in the current year (2025/26), reflecting our confidence in recovery. The Group loss (PAT) of LKR 869 Mn includes LKR 727 Mn from Dankotuwa Porcelain PLC, LKR 198 Mn from Royal Fernwood Porcelain Ltd and the impact from consolidation adjustments. Despite these headwinds, our leadership team remains fully committed and focused, with clear strategies in place to restore profitability and build long-term resilience. We are confident that our collective experience, resolve, and strategic actions will position us strongly for the year ahead.

Dankotuwa Porcelain Group recorded revenue of LKR 3.9 Bn for the year ended 31st March 2025, which is a 38% decrease from the revenue achieved as of 31st March 2024. The Group recorded a gross profit of LKR 825 Mn for the year ended 31st March 2025, while Dankotuwa Porcelain as a Company recorded a gross profit of LKR 427 Mn, and Royal Fernwood registered a gross profit of LKR 384 Mn.



During the year under review, total assets of the Group dipped slightly to LKR 7.3 Bn from the LKR 7.9 Bn as of 31st March 2024. A major portion of this was property, plant and equipment, which came to LKR 2.4 Bn while inventories reached LKR 2.1 Bn. Total Group liabilities, consisting of both current and non-current categories, rose marginally to LKR 4.4 Bn, representing a 5% increase from LKR 4.2 Bn in the previous year.

For the financial year 2024/25, Dankotuwa Porcelain's asset base was LKR 5.8 Bn, down from LKR 6.5 Bn in 2023/24. Royal Fernwood reported an asset base of LKR 2.8 Bn for both 2024/25 and 2023/24.

SRI LANKAN AND GLOBAL ECONOMIES

The Sri Lankan economy rebounded strongly in 2024, achieving a robust 5.0% real economic growth, after two years of annual contraction. This recovery was steady throughout the year, with all four quarters posting positive Gross Domestic Product (GDP) growth rates. The overall growth is mainly as a result of Industry activities, driven by the revival of manufacturing and construction activities, while services activities also contributed significantly, mainly supported by the sustained growth in accommodation and transport services. Additionally, agricultural activities also contributed positively to the growth.

Under the International Monetary Fund (IMF) Extended Fund Facility (EFF) established in March 2023, Sri Lanka has continued implementation of rigorous structural reforms aimed at restoring fiscal stability and debt sustainability. Fiscal rectification included important tax reforms in personal income tax and corporate income tax, while VAT expansion and removal of exemptions led to higher revenue, contributing to a primary surplus in 2024.

The Central Bank of Sri Lanka's firm focus on domestic price stability yielded visible results during the year. Inflation, which had surged during the crisis, showed a continued disinflationary trend from 2023 onward, aided by tighter monetary and fiscal policies and more favourable global

Chief Executive Officer's Review

price movements. A sharp reduction in cost-reflective utility tariffs contributed to inflation turning negative from September 2024, temporarily easing the burden on households and businesses alike. In parallel, an accommodative monetary policy environment contributed to a broad reduction in market interest rates, supporting increased access to credit for both consumption and investment. Lending to the private sector improved notably in the second half of the year, facilitating domestic economic activity.

The external sector demonstrated resilience despite a challenging global context. While merchandise imports led to a widening trade deficit, improved earnings from tourism and workers' remittances resulted in an external current account surplus for the second consecutive year. Strong foreign exchange inflows also enhanced domestic liquidity, enabling the Central Bank to record its highest-ever annual foreign exchange purchases. As a result, gross official reserves rose significantly, and the Sri Lankan Rupee appreciated for the second straight year. On the fiscal front, the government recorded a positive primary balance in 2024, supported by stronger revenue mobilisation. This, combined with visible progress in debt restructuring and broader macroeconomic stability, led to improvements in the country's credit ratings by international rating agencies. These developments have contributed to the gradual restoration of confidence among global investors and creditors, marking a pivotal step in Sri Lanka's path to sustained recovery and growth.

On the global markets front, in the United States, consumer spending remained a resilient driver of economic activity in 2024, supported by rising incomes and a strong labour market. While there was consistent monthly growth in personal consumption expenditures through late 2024, a mild deceleration occurred towards year-end as consumers adopted cautious behaviour due to rising prices, particularly for essentials, leading to a shift toward value purchases and prioritisation of spending on travel and housing over discretionary items. In Europe, consumer sentiment stabilised in 2024 despite persistent inflationary pressures.

BUSINESS AND FINANCIAL REVIEW

The financial year 2024/25 was a year of considerable challenges for the Group, shaped primarily by external macroeconomic pressures and customer-specific disruptions that led to an unprecedented drop in sales.

SALES PERFORMANCE AND FINANCIAL IMPACT

The financial performance of the Group during the year was significantly affected by a decline in sales, resulting in an adverse impact on overall profitability. It is important to note that this loss was not a result of any issues related to product quality, manufacturing inefficiencies, or operational shortfalls. The shortfall in financial results can be attributed directly and solely to challenges encountered in sales performance, both in domestic and international markets. The quality and consistency of our products remain of the highest order, with manufacturing operations continuing to adhere to the highest industry standards.

The Group's sales revenue is generated through two primary channels: International Marketing and National Sales. During the year under review, both segments experienced considerable headwinds, resulting in a sharp drop in revenue generation. Our International Marketing segment, which historically contributed a significant portion of the Group's total revenue, was adversely affected by a strategic vulnerability that materialised during the year. In the previous financial year, from international sales of USD 11.5 Mn, approximately USD 3.2 Mn, representing nearly 28% of sales revenue, was derived from a single major international client. However, during the year under review, sales from this customer fell to virtually zero, due to circumstances entirely beyond the Group's control. The client has been undergoing an internal restructuring of their operations, resulting in severe disruptions to their procurement cycles. As a consequence, scheduled orders were delayed by more than 15 months, effectively halting the Company's revenue flow from this previously reliable account. The sudden and prolonged absence of orders from this customer led to a significant contraction in export revenue for the year. The situation was further complicated by a payment delay from this client of a sum of approximately LKR 311 Mn; this amount, under normal operating circumstances, would have been expected to be received during FY 2024/25. However, due to their operational restructuring and payment delays, we were unable to collect the dues before the end of the financial year. As per prudent financial reporting practices, this outstanding amount has been accounted for as a provision for impairment, thereby resulting in a direct loss of LKR 311 Mn in the year under review; however, we are confident that this provision can be recovered during the financial year 2025/26.

On the home front, the year was marked by considerable economic and political uncertainty. The two main electoral events, the "Presidential Election and the General Election" contributed to a subdued and cautious consumer sentiment across Sri Lanka. These political developments, coupled with broader macroeconomic challenges, led to a notable reduction in household and corporate spending. As a result, national demand across several sectors contracted significantly, particularly for discretionary and industrial goods. The national sales were therefore directly impacted by this decline in consumer confidence and purchasing power. The subdued retail environment constrained our ability to meet targeted sales volumes. While these challenges were industry-wide and affected numerous market participants, their timing and scale during this financial year were particularly detrimental to our domestic sales performance.

In terms of international sales numbers, Group sales dipped to LKR 1.81 Bn, a drop of 50% over the previous financial year. It is imperative that this is seen in the context of the impressive sales numbers that were achieved in the previous four years (2023/24 - LKR 3.58 Bn, 2022/23 - LKR 3.17 Bn, 2021/22 - LKR 2.12 Bn and 2020/21 - LKR 1.40 Bn). Similarly, Group National Sales also declined to LKR 2.04 Bn, a drop of 23% over the corresponding period. Group National Sales followed the same upward trajectory of International Sales during the past four years (2023/24 - LKR 2.66 Bn, 2022/23 - LKR 2.74 Bn, 2021/22 - LKR 1.65 Bn and 2020/21 - LKR 1.04 Bn).

NATIONAL SALES CHANNELS

With LKR 15 Mn in sales, a healthy 85% increase over FY 23/24, e-commerce sales stood out from all the sales channels, while B2B sales registered a marginal increase of 11% to LKR 483 Mn. However, the declines in sales in other channels, notably Dealers to LKR 909 Mn (Drop of 36%), Showrooms to LKR 459 Mn (Drop of 55%), Special Sales and Other to LKR 141 Mn (drop of 6%) and Modern Trade to LKR 35 Mn (drop of 60%) resulted in the overall National Sales recording a 23% decline compared to FY 23/24.

E-COMMERCE PLATFORM

In line with our commitment to digital transformation and customer-centric innovation, we successfully launched our official e-commerce platform in July 2024. This strategic initiative represents a significant step forward in expanding market accessibility and creating new channels for revenue growth by enabling a broader and more diverse customer base. Through this platform, customers now enjoy direct access to our full range of product lines, including our latest designs and seasonal collections. Currently, the service supports islandwide delivery, ensuring that customers across the island can enjoy timely and reliable access to our products. Looking ahead, we are working toward enhancing the platform's international delivery capabilities, with plans to enable cross-border deliveries in the upcoming financial year. This will allow global customers to place orders and receive deliveries worldwide, thereby positioning our brand on a truly international stage and unlocking significant export potential through digital channels.

TECHNOLOGICAL ADVANCEMENTS

Enhancing our technological capabilities by extending the use of state-of-the-art tools is vital for continuously improving, increasing systems and processes and maintaining a competitive edge. During the year, we initiated an upgrade to the latest version of our Enterprise Resource Planning (ERP) solution to streamline operations and enhance decision-making through the additional features available in the upgraded version.

AWARD WINS

The Group continued to make its presence felt in multiple prestigious national award shows. During the year, DPL won awards at the National Business Excellence Award 2024, NCE Export Award 2024, CNCI Achiever of Industrial Excellence and the Best Management Practices Company Awards 2024. Additionally, the Company was presented with three awards by "Great Place to Work" for its continued efforts in building a culture of professional excellence. Similarly, Royal Fernwood Porcelain also bagged multiple awards at various prestigious award shows, including the NCE Export Awards, Certificate of Ethical Trading, CNCI Achievers Awards, National Business Excellence Award and Great Place to Work.

CORRECTIVE MEASURES AND FORWARD STRATEGY

Recognising the strategic risk of over-dependence on a single customer, the Group has taken decisive steps to address this exposure and build greater resilience into its international marketing structure. Moving forward, we are committed to diversifying our customer base to ensure that no single client represents a disproportionate share of export revenue. Additionally, as part of our international business development strategy, we have actively pursued new market opportunities and are making significant progress in Saudi Arabia, where initial market penetration efforts have yielded encouraging results. In parallel, we are preparing to scale up operations in the United States, despite ongoing concerns around potential tariff implications under the trade policies of the new administration. We believe that with careful planning and competitive positioning, the U.S. market holds long-term promise and strategic value for the Group. Notably, with the new US administration having imposed higher tariffs on Chinese products when compared to other countries such as Sri Lanka, we are optimistic that DPL will have greater opportunities to secure additional orders from the USA.

In response to the liquidity pressures caused by delayed receivables and reduced revenue, the Company had to curtail or postpone several non-essential activities and initiatives that are typically carried out within a financial year. These included marketing campaigns, planned capital investments, employee training and development, CSR initiatives and certain corporate events. These austerity measures were necessary to preserve cash flow and ensure business continuity while navigating an exceptionally challenging operating environment.

Overall, we remain confident that the proactive measures implemented, including customer diversification, market expansion, and cost discipline, will strengthen the Group's resilience and support a return to sustainable growth in the coming financial periods.

Chief Executive Officer's Review

ACKNOWLEDGEMENTS

As I arrive at the end of my review, I would like to express my heartfelt gratitude to the wonderful teams at Dankotuwa Porcelain PLC and Royal Fernwood Porcelain Limited for their passion, hard work and determination to forge ahead during a year of uncertainty. I would like to convey my appreciation to the Chairman and the Board of Directors for their wise counsel and unwavering support.

My sincere appreciation goes out to our international and local clientele for believing in Dankotuwa and Royal Fernwood and trusting in us to deliver products that meet their specific needs, especially during a year of uncertainty and change. I am also grateful to all our partners, design teams and foreign and local suppliers for lending us their fullest support and giving us the strength to face challenges with confidence.

Notwithstanding a challenging year in terms of financial performance, I would like to reiterate that the foundations of our companies are very strong, as evidenced by three years of continuous growth and solid financial results during some of Sri Lanka's most difficult years and therefore we must all remain optimistic about the financial and operational success in the coming months and years. We have taken timely action to stimulate growth and ensure that we are well-positioned to create sustainable value for all our key stakeholders.

(Sgd.)
Channa Gunawardana
Chief Executive Officer

28th August 2025

Board of Directors

RANIL PATHIRANA

(Appointed as Chairman w.e.f. from 30th October 2023)
Chairman/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 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-Independent, 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 as an Executive Director / Chief Executive Officer of Commercial Credit and Finance PLC.

Board of Directors

C.S. KARUNASENA

(Appointed w.e.f. from 22nd October 2021)
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.

S.N. EGODAGE

(Appointed w.e.f. from 19th October 2023)
Non-Independent, 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 also served 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 was integral in driving an industry leading ESG journey at CTC including initiatives to achieve carbon neutrality and becoming the first company in Sri Lanka to achieve Alliance for Water Stewardship (AWS) certification. She is now serving as Factory Manager at British American Tobacco in Indonesia.

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.

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, 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 Organisational Behaviour from Monash University. Her research focuses on the employee-organisation 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.

Board of Directors

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 specialised in Shipping and Logistics with exceptional management capabilities and proven track record of steering large, multinational organisations 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-Independent, 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 Nations Trust Bank PLC (6 years), Voguetex Pvt Ltd and Arpico Ataraxia 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 stakeholders 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.

R.T. DEVASURENDRA

(Appointed w.e.f 1st July 2024)
Non-Independent, Non-Executive Director

Revantha Devasurendra is a distinguished board member serving numerous public and private companies. He specialises 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, Devasurendra played a pivotal role in the organisation'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.

Board of Directors

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 visualisation 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 organisations, 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 is an accomplished business leader with extensive international experience across Sri Lanka, Maldives, Bangladesh, and Africa. He spent 12 years at the Hirdaramani Group, where he rose to COO of the Knit Cluster, managing 10 manufacturing plants and global buyer operations. He later served as CEO/ Director at Aitken Spence Garments before becoming CEO of Dankotuwa Porcelain PLC in 2019.

He has been recognised with prestigious honours, including the Hall of Fame for Leadership Excellence (2022) and Best Manufacturing CEO of the Year (2022).

Academically, he is a Fellow of CIMA (UK), a Fellow of CA Sri Lanka, and holds an MBA (University of Southern Queensland, Australia), along with a First-Class degree from University of Sri Jayewardenepura. He is currently pursuing a PhD at Management and Science University, Malaysia.

Management Team

CHANNA GUNAWARDANA

Director/ Chief Executive Officer

MIYURU RAJAPAKSHE

Chief Operating Officer
(Dankotuwa Porcelain PLC)

JAGATH RAJAMANTHRI

Chief Operating Officer
(Royal Fernwood Porcelain Limited)

SAROJ RANATHUNGA

Chief Financial Officer – Group

CHANNA GOONATILLEKE

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

PUSHPIKA SILVA

General Manager – International Marketing – Group

Management Team

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

MANAGEMENT
DISCUSSION & ANALYSIS

The Global and Local Operating Environment

Dankotuwa Porcelain PLC Group operates in a dynamic and evolving environment that drives the creation of distinctive, high-quality porcelainware. By blending traditional artisan craftsmanship with advanced manufacturing techniques, the Company consistently delivers high quality products that reflect both aesthetic excellence and technical precision.

INDUSTRY AND MARKET ANALYSIS

Sri Lanka's porcelain and pottery industry is deeply rooted in a rich tradition of craftsmanship that reflects the nation's cultural heritage and artisanal skill. Over the years, this heritage has evolved into a globally recognised industry, distinguished by its commitment to quality and design excellence. Renowned for using the finest materials and upholding meticulous standards of craftsmanship, Sri Lankan porcelainware continues to earn international acclaim for its elegance, durability, and artistic value, reinforcing the country's reputation as a trusted source of premium ceramic products.

Despite facing numerous challenges, including escalating production costs and increasingly stringent environmental regulations, the industry has experienced steady growth in exports in recent years. This upward trend is driven by sustained demand for Sri Lankan porcelain and pottery across key international markets, including India, Europe, the USA and the Middle East. The appeal of these products lies in their exceptional durability, refined aesthetics, and added value, which continue to position Sri Lankan wares as highly sought-after in the global marketplace.

The global porcelain tableware market is projected to grow steadily from USD 10.75 Bn in 2025 to USD 21.55 Bn by 2035, at a CAGR of 7.2%. This growth is driven by increasing demand for durable, elegant, and high-temperature-resistant tableware, particularly in luxury hospitality and fine dining. The market also benefits from rising interest in hand-painted, custom-designed, and eco-friendly products. However, challenges such as raw material cost volatility, competition from alternative materials like glass and ceramic, and shifting consumer preferences toward disposable or sustainable options may affect broader market adoption.

TOP REGIONAL TRENDS IN THE PORCELAIN TABLEWARE INDUSTRY

North America

Demand for porcelain tableware remains strong, driven by rising consumer spending on luxury dining products, increased investment in the hospitality sector, and a growing preference for premium home décor. Modern, minimalistic designs, custom-branded restaurant tableware, and sustainable fine dining solutions are gaining significant traction, particularly in the United States and Canada. This trend is expected to strengthen further as premium porcelain continues to be adopted across hotels, catering services, and other regions influenced by North American market preferences.

Europe

Demand for high-quality porcelain tableware is driven by a strong luxury dining culture, the prominence of heritage brands, and growing consumer preference for handcrafted designs. Countries such as Germany, the UK, France, and Italy lead in premium collections, often featuring artisanal and hand-painted porcelain aligned with global luxury trends. Additionally, the European Union's emphasis on eco-friendly and sustainable manufacturing practices is accelerating the shift toward recyclable and lead-free porcelain alternatives, further shaping market growth.

Asia Pacific

The Asia-Pacific region is expected to experience the highest growth in the porcelain tableware market, driven by rising disposable incomes, expanding hospitality and catering sectors, and increasing demand for premium dining experiences in China, Japan, India, and South Korea. China remains a leading producer and exporter, while Japan and South Korea focus on minimalist and high-tech porcelain innovations. In India, demand is fuelled by the growth of luxury hotel chains and premium wedding dining, further contributing to regional market expansion.

SRI LANKAN CERAMIC AND PORCELAIN TABLEWARE EXPORT MARKET

Sri Lanka exports a wide range of ceramic products, including porcelain tableware, ornamental and utility ware, tiles, sanitary ware, and bathware. A significant share, approximately 63% of total ceramic and porcelain exports consists of tableware and kitchenware. These products meet stringent international quality standards, including those set by the Food and Drug Administration (FDA) and ASTM, ensuring global competitiveness. Leading Sri Lankan porcelain manufacturers serve a broad spectrum of markets, with key export destinations including India, the USA, Japan, the UAE, and Sweden. This

strong international presence reflects the industry's commitment to quality and its ability to meet diverse global consumer preferences.

Sri Lanka's Ceramic & Porcelain exports achieved US$ 32.4 Mn in 2024 and had recorded US$ 11.8 Mn up to May 2025. The Top 5 export markets in 2024 were the USA (US$ 6.6 Mn), India (US$ 4.45 Mn), Japan (US$ 3.71 Mn), Australia (US$ 3.14 Mn) and the UK (US$ 2.58 Mn).

When taking into consideration Sri Lanka's Ceramic & Porcelain Products Contribution to Total Merchandise Exports from 2015 to 2024, the industry continued to fluctuate between a high of 0.35% (2015) and 0.24% (2020). In 2024, the figure was 0.27% and up to May 2025 it was 0.23%.

GLOBAL ECONOMY

The global economy in 2024 displayed resilience amid a complex backdrop of geopolitical tensions due to wars in the Middle East and Russia, monetary tightening, and fragmented recovery patterns. According to the International Monetary Fund (IMF), global GDP growth remained steady at 3.2%, reflecting a modest expansion while staying below the long-term average. Growth in the U.S. was robust, with GDP reaching 2.8% for 2024, a slight decline from the 2.9% achieved in 2023. While inflation continued to moderate, with headline CPI averaging around 2.6-2.8%, persistent pressures in the service sector kept core inflation slightly elevated. Consumer spending remained the backbone of the economy, driven by real wage growth and stable labour market conditions. Household consumption of durable goods, coupled with sustained spending on services, reflected a continued focus on wellness, travel, and home-centric lifestyles. However, elevated prices for housing and energy injected caution into consumer sentiment. Meanwhile, economic growth in Europe was subdued, with GDP projected at approximately 0.8–0.9% in 2024, lagging behind more dynamic economies of the world. Headline HICP inflation moderated to around 2.5%, with consumer spending exhibiting notable restraint. Household confidence remained cautious amid slow wage growth and high energy prices. Savings rates stayed elevated, supporting discretionary spending in niches like local artisan goods and sustainable products. European consumers increasingly prioritised value and environmental considerations in their purchasing decisions.

LOCAL ECONOMY

In 2024, the Sri Lankan economy demonstrated a strong recovery, recording a real GDP growth rate of 5.0% following two consecutive years of economic contraction. This positive momentum was sustained across all four quarters, reflecting broad-based improvements across key sectors. The resurgence was primarily driven by the industry sector, with notable contributions from revitalised manufacturing and construction activities. The Services sector also played a pivotal role, supported by continued expansion in accommodation, transport, and related services. Additionally, the agriculture sector contributed positively, reinforcing overall economic resilience and signalling a return to stability and growth for the national economy.

TRADE BALANCE, EXPORTS AND IMPORTS

In 2024, Sri Lanka's external trade performance revealed a significant widening of its merchandise trade deficit, reflecting divergent trends in exports and imports. The country posted its second-highest annual export earnings in history, with merchandise exports rising 7.2% year-on-year to USD 12.8 Bn, according to figures from the Central Bank of Sri Lanka (CBSL). These exports were driven by strong performance in key sectors such as textiles and garments (surpassing USD 5 Bn), petroleum products (exceeding USD 1 Bn), and agricultural commodities including tea, spices, and coconut products. Despite the export surge, import expenditure surged ahead, increasing 12.1% to USD 18.9 Bn. Import growth was broad-based, driven by rising demand for machinery, chemicals, textiles, and consumer goods, while fuel imports declined slightly. These developments underscore structural trade imbalances: while export diversification and sectoral growth have boosted earnings, rising import requirements, particularly for capital and consumer goods have amplified the deficit.

The Global and Local Operating Environment

EXCHANGE RATE

Throughout 2024, the LKR strengthened significantly against the USD, reversing much of the extreme depreciation seen during the 2022-23 financial crisis. According to CBSL data, the rupee appreciated by approximately 10.7% over the year, driven by improvements in external sector indicators such as remittances, tourism revenues, and inflows related to the IMF supported Extended Fund Facility (EFF). The average exchange rate for 2024 was LKR 301.98 per USD, compared to an average above LKR 324.55 in the prior year. This sustained appreciation reflects CBSL's strategy of allowing exchange rate flexibility while building foreign reserves through managed interventions, primarily purchasing USD when exchange pressures eased, thereby bolstering external buffers.

INFLATION

In 2024, Sri Lanka experienced a notable shift from inflationary pressure to persistent deflation. The year began with elevated inflation, headline CCPI. By mid year, inflation moderated significantly. In June, headline CCPI was 1.7%, with core inflation rising to 4.4%. From September to December, Sri Lanka entered a sustained deflationary cycle. Deflation was primarily attributed to structural reforms including cuts in electricity, fuel, and water tariffs as well as currency appreciation.

Management Report - Dankotuwa Porcelain PLC

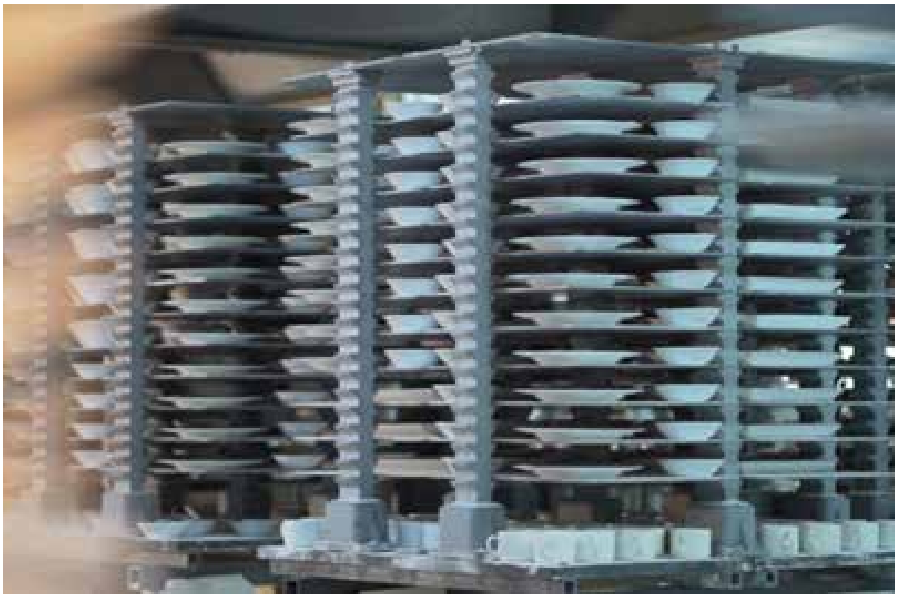
INTRODUCTION

With a proud legacy spanning nearly 40 years, Dankotuwa Porcelain PLC (DPL) has established itself as a leading global brand in porcelainware, renowned for its timeless elegance and sophistication. From its origins in traditional tableware, DPL has successfully expanded its product range to include ornamental figurines and giftware, all characterised by intricate craftsmanship. This diverse offering has garnered significant international demand, solidifying the brand's presence across global markets.

Each product is meticulously crafted, ensuring that DPL aligns its manufacturing processes with industry best practices and international standards. The Company is committed to integrating global insights and emerging trends, allowing it to stay ahead of market demands and continually deliver high-quality products.

DPL manufactures not only for the domestic market, but also for some of the world's most premium international tableware brands and retailers, demonstrating its exceptional craftsmanship and market credibility. With a passion for creativity and meticulous attention to detail, the Company strikes a perfect balance between classic design and modern style, raising the bar for porcelainware excellence. This dedication to quality has enabled DPL to forge partnerships with leading global brands, further strengthening its position in the industry.

As Sri Lanka's leading exporter of porcelainware, DPL generates 37% of its revenue from exports, including India, the Middel East, the USA, Japan, Europe, Australia, and Scandinavia. The Company collaborates with approximately 40 international brands, including porcelain manufacturers, department stores, and hospitality service providers, reinforcing its global reach and reputation.



FINANCIAL PERFORMANCE

DPL registered a total revenue of LKR 1,918 Mn for the 2024/25 financial year, representing a 51% decrease from LKR 3,876 Mn achieved in the previous year. Consequently, gross profit also declined from 42% to 22% by 47%, amounting to LKR 427 Mn, down from LKR 1,644 Mn in the prior year due to the low-capacity utilisation and nature of fixed cost models. This overall revenue contraction reflects the challenging macroeconomic environment impacting both domestic and international markets.

The Company's revenue comprises both international and national sales. International sales for the year amounted to LKR 711 Mn, a 68% reduction from LKR 2,212 Mn recorded in the previous year. Domestic sales fell by 27%, totalling LKR 1,207 Mn compared to LKR 1,664 Mn previously. Despite this overall decline, the B2B channel within domestic sales showed a positive growth of 9%, which is a promising sign for future performance. Additionally, with the launch of our own E-Commerce channel, it generated LKR 12 Mn in sales during the year which is 48% growth compared to last year sales of LKR 8 Mn, and it is expected to expand further as an important growth avenue. However, other sales channels, including dealers, modern trade, and showrooms, experienced negative growth compared to the last financial year.

Selling and distribution expenses increased by 74% to LKR 940 Mn, primarily driven by an additional debtor's provision of LKR 427 Mn, of which LKR 311 Mn relates to the Company's single largest export customer. We are confident that most of the debtor's provision made during the financial year can be reversed during the current financial year (2025/26). Excluding the debtor provision, net increase in the selling and distribution expenses is only 3% due to lower sales volumes.

Administrative expenses increased by 9%, reaching LKR 384 Mn. This rise was mainly due to an additional inventory provision of LKR 91 Mn and excluding the impact of this provision, administrative expenses decreased by 14%, reflecting tight cost control measures aimed at minimising the Company's overall loss.

Net finance costs increased significantly by 44%, due to funding of additional working capital requirements and cash losses through increased borrowings.

Management Report - Dankotuwa Porcelain PLC

In addition to above mentioned impacts, DPL recorded a loss on the fair value of its investment in subsidiary amounting to LKR 84 Mn compared to the loss of LKR 3 Mn in the previous year.

Overall, DPL recorded a loss before tax of LKR 1,065 Mn and a net loss after tax of LKR 727 Mn for the year. This result includes prudent provisions of LKR 446 Mn for receivables and LKR 182 Mn for inventory, made in accordance with our robust internal policies and over due payments from our largest customer. Importantly, these provisions are potentially reversible in the current year (2025/26), reflecting our confidence in recovery. In response, the Company is actively engaging in strategic initiatives, including participating in trade shows and maintaining close customer engagement to better understand and meet specific market needs. These efforts are aimed at strengthening the Company's market position, and the management remains optimistic that the coming years will yield improved results

EMPLOYEE VALUE PROPOSITION

Dankotuwa Porcelain PLC (DPL) has formed six teams comprising 36 senior and middle management leaders from various departments. These leaders are tasked with strategising, planning, and executing activities autonomously over a two-month period. Each team member assumes a managerial role, collaborating closely with peers to leverage individual expertise and drive collective performance. Throughout the year, this decentralised approach fostered informed decision-making, enhanced ownership, and improved overall performance. By empowering leadership at multiple levels, the Company demonstrated resilience in overcoming challenges and successfully capitalised on emerging opportunities, strengthening its operational capabilities.

HR GOVERNANCE

As one of Sri Lanka's leading workplaces in the manufacturing sector, DPL has consistently enhanced its commitment to fostering an inclusive and supportive environment for all employees. We prioritise creating a culture of mutual respect and dignity, empowering individuals at every level of the organisation. The HR team at DPL play a pivotal role in driving this vision, ensuring alignment with both internal policies and external regulatory requirements. To uphold this, a range of carefully designed policies governs HR functions, ensuring a balanced, fair, and objective approach to employee engagement, development, and welfare across the Company.

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
- Organisational Development Policy
- Time & Attendance Policy

GREAT PLACE TO WORK

Great Place to Work Sri Lanka continued to recognise DPL as 'Best Work Place in Manufacturing & Production - Sri Lanka 2024'. DPL continued its winning streak at these awards by winning two more awards, namely, One of the 15 Best Workplaces and 1st Place - Medium Category. Furthermore, the Company was awarded 3rd Place as Asia's Best Large Workplaces 2024 by Great Place To Work.

Last year, the Company achieved a historic milestone by becoming the first Company to originate from Sri Lanka as Asia's number one Best Workplace by Great Place to Work 2023, highlighting our success in our People Strategy. The Company was recognised as the leading large-sized Company in Asia in the Great Place to Work rankings.

Highlights

- The first Company from Sri Lanka to be named as Asia's number one Best Workplace by Great Place to Work 2023.
- Ranked number one in the Great Place to Work rankings under the Medium Workplaces category in Sri Lanka.

Recognitions

- Best Workplaces in Manufacturing and Production (2024), certified from February 2024 to February 2025.
- Great Place to Work Gold Certificate & Best Workplace in Manufacturing Sector award (March 2023).
- Best Workplace for Women award (2022 and 2023).
- Ranked 20th in the Best Workplaces in Asia™ (Large-size category, 2022).
- Listed among the Best 50 Workplaces in Sri Lanka (2022).
- Great Place to Work Gold Certificate & Best Workplace in Manufacturing Sector award (2022).

PROFESSIONAL DEVELOPMENT

At DPL, we recognise the importance of training and development in enhancing employee skills, boosting productivity, and preparing individuals for future roles within the organisation. We make targeted investments in both general and specialised training programs, with a strong emphasis on improving the capabilities of skilled and semi-skilled workers. However, due to the decline in financial performance during the year, the total training hours were reduced. Despite this, we continued to offer selective training programs for management, executive, and production staff, covering a wide range of relevant topics. Looking ahead, the Group has realigned its training strategy for the 2025/26 period, incorporating a comprehensive training needs analysis to ensure the programs are aligned with organisational objectives and employee growth. This approach will enhance our ability to deliver targeted development opportunities while supporting long-term success.

DPL ACADEMY

The DPL Academy was launched in the previous year, as an initiative dedicated to 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.

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

During the year, 34 employees participated in courses, of whom 19 successfully completed the programs and earned certificates by scoring over 75 marks in the examinations.

EMPLOYEE RIGHTS AND LABOUR RELATIONS

DPL is fully committed to upholding all relevant human rights and labour laws, ensuring that employees are always treated fairly and their concerns are addressed objectively. Being a manufacturing facility, we strictly comply with regulations regarding working conditions, minimum wage laws, overtime pay, and working hours, ensuring consistent adherence to all legal requirements.

The majority of our employees are engaged within our production facilities, and we prioritise their health and safety at all times. Our facilities are designed with employee well-being in mind, and we have implemented robust occupational health and safety standards, monitored daily by supervisory staff. Regular training on safety protocols is an integral part of our operations, fostering a safe and supportive working environment.

Labour Relations

Our employees are represented by a recognised union, ensuring that their voices are heard in matters concerning employment conditions. Furthermore, DPL is affiliated with the Employer's Federation of Ceylon, which provides essential support on legal and industrial matters, ensuring that we remain in compliance with industry standards and regulations.

Child Labour

DPL adheres to strict policies against child labour. We do not employ individuals under the age of 18, ensuring full compliance with national and international standards regarding the employment of minors. As a result, we maintain a zero-tolerance approach to child labour across all operations.

Grievance Handling

We encourage employees to promptly raise concerns and voice opinions regarding any internal issues or misconduct. Our Grievance Handling Policy ensures that all concerns are addressed fairly, promoting transparency, accountability, and respect within the workplace.

OCCUPATIONAL SAFETY

Occupational Health and Safety (H&S) is a core priority at DPL, particularly in safeguarding the physical well-being of all factory staff. We are committed to maintaining a safe working environment by actively monitoring operations and promptly addressing any potential safety risks. Strict adherence to relevant safety standards and parameters is ensured across all factory operations.

Training is integral to enhancing employees' awareness of occupational safety protocols. To this end, dedicated HR personnel and a specialised team of approximately 20 factory-appointed safety members are responsible for overseeing safety procedures. These team members receive comprehensive training in first aid, fire safety, and emergency response, ensuring they are well-prepared to manage potential risks. Additionally, factory floors are monitored by trained personnel who are responsible for implementing and overseeing safety routines.

In line with regulatory requirements, we have adopted all mandatory safety protocols and obtained necessary certifications, including fire-fighting training and clearance certificates. Furthermore, we ensure that all facilities are equipped with clear and accessible fire escapes to support emergency evacuation procedures.

EMPLOYEE ENGAGEMENT

At DPL, we prioritise fostering open dialogue across all levels of the organisation, actively listening to employees' needs, viewpoints, and concerns. From senior management to factory heads, regular communication is maintained with employees, ensuring that critical issues can be addressed directly with the CEO. We also strongly believe that employees are happier in their work environment when they have a happy life at home and within their communities and therefore, numerous steps are taken to ensure that they achieve this objective.

Open Door Policy

We have fully embraced an open-door policy, allowing employees to approach management, including the CEO, with ease. Frontline leaders, including those in operations and finance, regularly engage with staff, fostering a culture of openness. This policy ensures that the management remains connected with employees, sharing key information promptly across both the parent Company and its subsidiary.

Management Report - Dankotuwa Porcelain PLC

Work-Life Balance

Recognising the importance of work-life balance, we organise various events throughout the year to foster a sense of community and employee well-being. From festive celebrations to creative activities during cultural festivals, these occasions provide opportunities for reflection, celebration, and strengthening of interpersonal bonds, contributing to a harmonious and productive workplace.

Social Value Proposition

Our foremost priority is to cultivate and maintain robust relationships with our customers, suppliers, regulators, and the wider community, with a focus on creating shared value. Guided by ethical business principles and high operational standards, we strive to ensure that all stakeholders recognise and trust our capabilities. By consistently delivering on our commitments, we foster enduring trust and confidence. This strategic focus not only allows us to meet and at times exceed expectations, but also deepens our relationships and yields positive outcomes for all parties involved.

OUR CUSTOMERS

Local Market

At DPL, we maintain a resolute focus on customer satisfaction, product excellence, and adherence to internationally recognised quality standards. This commitment guides our ongoing efforts to strengthen relationships and innovate in response to our clients' evolving requirements. Our primary market comprises dealers and B2B customers, including hospitality, corporate, modern trade, and e-commerce sectors with dealers and HoReCa clients forming our principal customer segments. We also engage directly with end consumers through our five retail showrooms located in Colombo, Negombo, and Dankotuwa, supplemented by our e-commerce platform, which ensures broad access to our products.

International Market

Our global clientele spans a wide range of sectors, including retail brands, trading houses, agents, manufacturers, hotel suppliers, and online merchants across Asia, Europe, the Middle East, and North America. In particular, our Chennai branch has evolved into a significant distribution hub for Indian retail customers. In light of economic uncertainties in North America and Europe, we have pivoted strategically to strengthen our presence in India and the Middle East, diversifying our market footprint while maintaining consistent quality delivery.

PRODUCT RESPONSIBILITY

At DPL, ensuring product safety is fundamental to our commitment to quality and consumer well-being. All our porcelainware is manufactured using food-grade materials that are rigorously tested to be free from hazardous substances, thereby safeguarding consumer health. We have implemented stringent quality control procedures across the production process, with each item undergoing meticulous hand inspection by our skilled and experienced quality control personnel to prevent substandard products from entering the market.

Our decorated ware fully complies with California Proposition 65, which sets stringent limits on lead (Pb) and cadmium (Cd) content, reinforcing our adherence to international safety benchmarks. Notably, Dankotuwa Porcelain is the first Sri Lankan porcelain tableware manufacturer to be awarded the ISO 9001 certification, a testament to our unwavering focus on maintaining superior quality management systems.

Furthermore, all raw materials used in our manufacturing processes are certified lead-free, cadmium-free, and devoid of bone ash, reflecting our ethical and safety-conscious sourcing practices. Our products are designed for both elegance and utility being microwaveable and dishwasher-safe, ensuring not only aesthetic appeal but also convenience and durability for everyday use. These ongoing efforts underscore our dedication to delivering porcelainware that meets the highest standards of safety, performance, and customer satisfaction.

SUPPLIER AND BUSINESS PARTNER RELATIONSHIPS

DPL's procurement network encompasses both local and international suppliers. We place significant emphasis on sustainability and expect our suppliers to adhere to ethical, legal, and labour standards. Periodic on-site evaluations are conducted to ensure compliance with best practices and to foster enduring partnerships. In alignment with our ISO 9001 accreditation, we apply rigorous assessment criteria such as material quality, lead times, cost-effectiveness, supplier credibility, and historical performance. Critical raw materials sourced locally are subject to thorough inspections to uphold production integrity. Currently, our supplier base comprises 96 international and 586 domestic partners.

REGULATORY COMPLIANCE

During the reporting period, DPL reaffirmed its commitment to national growth through transparent and diligent practices. We contributed a total of LKR 243 Mn in taxes, including income tax and Social Security Contributions, marking an increase from the previous year. Our operations remain fully aligned with statutory and regulatory frameworks, ensuring the protection of business interests and stakeholder confidence. Responding to stakeholder expectations, we conducted comprehensive product quality audits, implemented robust HR practices grounded in ethics, and advanced environmental sustainability initiatives throughout the year.

INDUSTRY ASSOCIATIONS AND COMMERCIAL AFFILIATIONS

DPL maintains active participation in numerous industry associations and commercial bodies, which have been pivotal in our sustainability journey and competitive positioning. These affiliations facilitate collaboration with fellow manufacturers and offer critical access to both local and global stakeholder networks. They also serve as a valuable conduit for real-time updates on regulatory developments and policy shifts, enabling us to adapt swiftly and steer strategic decision-making. 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

COMMUNITY DEVELOPMENT

Over the years, Dankotuwa Porcelain PLC has remained steadfast in its commitment to supporting and uplifting the communities in which we operate. Our social responsibility extends beyond business operations to encompass the well-being of our employees, their families, and the broader community, particularly those residing near our production facilities. As a responsible corporate citizen, we prioritise initiatives that create meaningful, long-term value for society. During the year under review, our efforts were primarily directed toward addressing the pressing needs of our workforce at the Dankotuwa and Kosgama facilities, with a special focus on individuals facing financial hardship. These initiatives reflect our broader vision of inclusive growth and our dedication to fostering resilient, empowered communities.

ENVIRONMENTAL VALUE PROPOSITION

At DPL, we are firmly committed to an approach that promotes sustainable economic growth while preserving the planet's natural resources. Our strategy for managing natural capital reflects this understanding, focusing on the careful and responsible use of resources across all our operations. We implement multiple initiatives to improve resource efficiency, manage waste and wastewater, and monitor the consumption of energy, water, and fuel. These efforts are central to our environmental stewardship and reflect our accountability to current and future generations.

As a porcelain tableware manufacturer, our operations rely significantly on natural inputs. Core raw materials such as Kaolin, Quartz, and Feldspar, essential in porcelain production, are directly sourced both locally and internationally. Additionally, our production processes require substantial use of non-renewable resources, including energy, water, and fuel. As such, our commitment to environmental responsibility is embedded in every stage of production, from sourcing to final output.

WATER MANAGEMENT

Water plays an integral role in our production processes, particularly in mineral mixing and as a binding agent in porcelainware formation. Given its influence on product quality, we primarily utilise groundwater accessed through tube wells for production, while pipe-borne water is allocated for drinking and sanitation purposes. At both of our manufacturing facilities, underground water is sourced responsibly and in line with operational requirements. Acknowledging the growing global concern around groundwater depletion, we have implemented systems to purify and reuse the water discharged during manufacturing.

To minimise water consumption, we have installed water treatment plants at our production sites, enabling the recycling and repurposing of treated water. Additionally, sensor-operated taps are being introduced on production floors to further reduce water usage, while foot-operated taps have already been installed in canteen areas to encourage responsible water consumption.

ENERGY MANAGEMENT

Energy consumption is a significant operational requirement at DPL, particularly for firing kilns and drying processes essential to porcelain manufacturing. Our energy use is divided primarily between fuel and electricity, with Liquefied Petroleum Gas (LPG) serving as the principal source of heat energy. Electricity powers our machinery and supports the broader functioning of our production lines. Due to the scale and intensity of our operations, energy consumption represents a considerable portion of our overall expenditure. As a result, improving energy efficiency remains a strategic priority. We continue to assess and implement technologies and process improvements that allow us to reduce energy usage without compromising productivity or quality.

SOLID WASTE MATERIAL MANAGEMENT

Effective management of solid waste is another critical component of our environmental strategy. Our production facilities follow well-structured procedures to manage and reduce waste generated during the manufacturing process. By optimising raw material usage, we minimise

Management Report - Dankotuwa Porcelain PLC

waste generation, thereby reducing both the environmental and economic impact of waste disposal. Reuse and recycling remain key pillars in our approach to managing solid waste. Whenever possible, production of by-products are repurposed within the manufacturing process to limit waste output and enhance operational efficiency.

WASTEWATER MANAGEMENT

All wastewater generated during our production processes is subject to treatment before being discharged. We have established dedicated treatment systems at each of our facilities to ensure that wastewater released into the environment is free from hazardous substances. The treatment process includes the use of a filter press to remove suspended solids, followed by further purification. Treated water is subsequently repurposed for non-industrial uses, such as landscaping, reinforcing our commitment to a circular resource economy and sustainable practices.

STANDARDS AND CERTIFICATIONS

DPL's environmental management framework is built on globally recognised standards and practices. We continuously strive to reduce the environmental footprint of our operations by implementing energy-efficient practices, adopting emissions-reducing technologies, and optimising resource utilisation. Our commitment to environmental excellence is validated through our ISO 14001:2015 Environmental Management System certification, which underscores our systematic approach to environmental responsibility and regulatory compliance. Additionally, we adhere to the environmental regulations set by the Sri Lanka Standards Institute (SLSI), ensuring that our practices meet both local and international benchmarks.

Environmental responsibility also plays a vital role in our supply chain management. As part of our supplier selection process, we evaluate the environmental practices of all potential suppliers. This ensures that we partner with organisations that share our values and commitment to sustainable development. By integrating environmentally responsible practices throughout our operations and partnerships, DPL continues to advance its mission of delivering world-class porcelainware while preserving the natural environment for future generations.

AWARDS AND ACCOLADES

Over the years, Dankotuwa Porcelain has been the proud recipient of numerous prestigious accolades, both locally and internationally, in recognition of its exceptional craftsmanship, innovation, and enduring contribution to the global porcelain industry. These recognitions are a reflection of the Company's unwavering commitment to quality, design excellence, and continuous improvement. As the Company continues to evolve, it remains firmly dedicated to delivering timeless elegance, enriching dining experiences, and upholding the highest standards in porcelain manufacturing. With a keen focus on emerging global trends and shifting consumer preferences, the Company consistently reinvents its product offerings to meet the expectations of discerning customers while maintaining its signature style and sophistication. During the year, the Company won the following awards:

Award	Organisation	Details
Presidential Export Award 2023/24 Sectoral Award - Ceramics & Porcelain Based Products	Sri Lanka Export Development Board (EDB)	Best Exporter
National Business Excellence Award 2025 - Larger Category	The National Chamber of Commerce of Sri Lanka	Winner
National Business Excellence Award 2025 - Excellence in Global Market Research	The National Chamber of Commerce of Sri Lanka	Winner
National Business Excellence Award 2025 - Manufacturing - Chemical, Ceramic & Glass Sector	The National Chamber of Commerce of Sri Lanka	Winner
National Business Excellence Award 2025 - Excellence in Performance Management	The National Chamber of Commerce of Sri Lanka	Winner
National Business Excellence Award 2025 - Overall	The National Chamber of Commerce of Sri Lanka	Silver Award
Best Work Place in Manufacturing & Production - Sri Lanka 2024	Great Place to Work® Sri Lanka	One of the 15 Best Workplaces
Asia's Best Large Workplaces 2024	Great Place to Work	3rd Place

WAY FORWARD

Employee

- 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

- Increasing dealers and local reach
- New retail showrooms
- Increased marketing efforts on selected markets
- Supplier rationalisation
- Efforts to use more local clay in the production process
- Increased community investments

Environmental

- Reinforcing ISO-related standards
- Solar energy implementation

Management Report - Royal Fernwood Porcelain Limited

INTRODUCTION

Since its establishment in 1994, Royal Fernwood Porcelain Limited (RFPL) has emerged as a distinguished leader in the porcelainware industry, driven by strong customer endorsement and brand recognition. This continued support has reinforced our responsibility to grow sustainably, even amidst evolving market dynamics and global uncertainties. Anchored in the principles of sound corporate governance and a commitment to continuous innovation, we have consistently delivered value by addressing the diverse expectations of our stakeholders through a refined, versatile, and world-class product portfolio.

RFPL is globally recognised for its high-quality, export-grade porcelainware that meets international benchmarks in both design and durability. We have successfully fostered longstanding partnerships with some of the world's premier tableware brands by consistently delivering superior craftsmanship and innovation. Our use of advanced techniques such as hand glazing, intricate hand painting, and the application of platinum, silver, and gold-laced decals has set us apart in the marketplace. Our designs, inspired by nature, floral motifs, and modern geometric patterns, are a testament to our aesthetic sensibility and technical excellence.

Over the years, RFPL has received multiple industry accolades, further affirming our leadership. We remain committed to evolving with customer preferences and market trends, ensuring our continued relevance and excellence in the global porcelainware industry.

FINANCIAL PERFORMANCE

RFPL registered a total revenue of LKR 1,934 Mn for the 2024/25 financial year, representing a 22% decrease from LKR 2,467 Mn achieved in the previous year. Consequently, gross profit also declined by 16%, amounting to LKR 384 Mn, down from LKR 458 Mn in the prior year. This overall revenue contraction reflects the challenging macroeconomic environment impacting both domestic and international markets.

The Company's revenue comprises both international and national sales. International sales for the year amounted to LKR 1,098 Mn, a 20% reduction from LKR 1,372 Mn recorded in the previous year. Domestic sales fell by 24%, totalling LKR 836 Mn compared to LKR 1,094 Mn previously. Despite this overall decline, the B2B channel within domestic sales showed a positive growth of 13%, which is a promising sign for future performance. Additionally, the new E-Commerce channel generated LKR 3 Mn in sales during the year, and it is expected to expand further as an important growth avenue. However, other sales channels, including dealers, modern trade, and showrooms, experienced negative growth compared to the last financial year.

Selling and distribution expenses decreased by 17% to LKR 192 Mn, primarily driven by the 22% drop in revenue. The reduction in expenses aligns with the lower sales volumes. Additionally, the Company made a debtor's provision of LKR 22 Mn, up from LKR 5 Mn last year, reflecting cautious credit management amidst economic uncertainties. On the other hand, administrative expenses saw a significant increase of 70%, reaching LKR 293 Mn. This rise was mainly due to an additional inventory provision of LKR 91 Mn, after last year's lower expenses driven by inventory provision reversals. When adjusted for inventory provisions, administrative costs increased by approximately 9%.

Net finance costs saw a marginal decline of 2%, benefiting from a decrease in market interest rates. However, the Company did not capitalise on the opportunity presented by lower interest rates, as additional working capital requirements led to the continued funding of existing obligations.

Overall, RFPL recorded a loss before tax of LKR 265 Mn and a net loss after tax of LKR 198 Mn for the year. This was primarily driven by adverse macroeconomic factors affecting both local and international markets. In response, the Company is actively engaging in strategic initiatives, including participating in trade shows and maintaining close customer engagement to better understand and meet specific market needs. These efforts are aimed at strengthening the Company's market position, and the management remains optimistic that the coming years will yield improved results.

EMPLOYEE VALUE PROPOSITION

Our employees are the cornerstone of the RFPL's sustained growth and resilience, contributing tirelessly through their unwavering dedication, professionalism, and pursuit of excellence. Their steadfast commitment was especially evident during the challenges of the pandemic and the economic crisis where they demonstrated exceptional perseverance and went beyond their responsibilities to ensure uninterrupted operations. In recognition of their invaluable contribution, the Company remains committed to fostering a supportive, inclusive, and empowering work environment. We actively promote a workplace culture that encourages open communication, collaboration, and the free exchange of ideas, enabling employees to share challenges and contribute meaningfully to the Company's progress. Through various initiatives, we continue to uphold employee wellbeing and engagement as a key organisational priority.

As at the close of the financial year, Royal Fernwood Porcelain Limited employed a dedicated workforce of 835 individuals. Their collective efforts have played a vital role in executing the Company's strategic priorities, enhancing stakeholder value, and ensuring long-term, sustainable growth.

RECRUITMENT

At Royal Fernwood Porcelain Limited, we recognise that fostering a performance-driven culture is essential to achieving sustainable growth and long-term competitiveness. Accordingly, we continued to strengthen our core competencies by developing the knowledge, skills, and attitudes of our employees, with a strong focus on enhancing overall productivity and operational efficiency. Our recruitment strategy prioritises the selection of individuals with a proactive, solutions-oriented mindset, and we are equally committed to retaining this talent by nurturing motivation, engagement, and professional satisfaction.

To ensure a smooth transition for new employees, the Company conducts comprehensive induction programmes designed to familiarise them with our operations, core values, and strategic direction. This early integration helps to build a strong sense of belonging and alignment with the Company's goals from the outset.

HR POLICIES

The following policies are in effect across the DPL 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
- Organisational Development Policy
- Time & Attendance Policy

PROFESSIONAL DEVELOPMENT

In support of continuous learning, we maintain structured training initiatives aimed at keeping our workforce up-to-date with the latest industry practices and technological advancements. These programmes also promote analytical thinking and collaboration across teams. Furthermore, we invest in leadership development through targeted soft skills and personal development training based on performance appraisals.

Despite financial constraints during the year, we prioritised critical training needs. Performance evaluations were successfully conducted, rewarding excellence and identifying opportunities for growth. Our compensation packages remain competitive, complemented by a range of employee benefits.

EMPLOYEE ENGAGEMENT

We recognise that employee engagement is fundamental to cultivating a positive workplace culture that fosters higher productivity, motivation, and operational efficiency. In line with this belief, we conducted a range of employee-focused activities throughout the year, despite the financial limitations that necessitated the scaling down of certain planned initiatives.

Our engagement efforts included the celebration of religious and cultural festivals, internal sports tournaments, creative competitions, motivational programmes, and interactive knowledge-sharing sessions. These events provided employees with opportunities to showcase their talents, connect with colleagues, and contribute to a more vibrant and collaborative work environment. Importantly, these activities also played a crucial role in supporting the work-life balance of our team, which we consider essential for long-term employee satisfaction and retention. While the Company faced financial constraints during the year under review, we remained committed to maintaining employee morale by fostering a sense of belonging and appreciation. The management continuously strived to ensure that employees remained engaged, supported, and motivated throughout a challenging year, reinforcing our dedication to their well-being and the Company's collective success.

SOCIAL VALUE PROPOSITION

Our Customers

Our customers remain central to our operations, shaping every strategic decision and guiding our commitment to continuous improvement. We strive to enhance our product offerings in alignment with our core purpose to serve our customers better each day with integrity, innovation, and excellence. Customer engagement is fostered through an integrated approach that includes digital and social media platforms, targeted marketing and

Management Report - Royal Fernwood Porcelain Limited

promotional campaigns, and international outreach initiatives designed to strengthen our global footprint.

Understanding that consumer preferences are constantly evolving, we remain proactive in delivering vibrant, versatile, and trend-responsive designs that reflect the tastes and expectations of our diverse customer base. Our dedication to craftsmanship and design innovation has earned us the trust of high-end clients, enabling us to build and sustain long-term relationships across multiple international markets.

Local Market

Royal Fernwood and Dankotuwa Porcelain operate common showrooms to provide customers with a better shopping experience in 5 locations in Sri Lanka and a sales office in Chennai, India. Local 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 give, the Signature showroom in Colombo-07 and One Galle Face showrooms are strategically located to serve our exclusive premium customers. As the RFPL brand is strategically important to the Group, it has been decided to convert the current One Galle Face showroom into a dedicated showroom to RFPL within the 2025/26 financial year.

International Market

Through our intricately designed porcelainware, we have successfully secured export consignments with premium manufacturers and prestigious global brands across Europe, Australia, Japan, the United States, the Middle East, India, and Scandinavia.

PRODUCT RESPONSIBILITY

RFPL has earned multiple quality assurance certifications, reinforcing its commitment to delivering superior product quality and manufacturing excellence. These certifications validate our adherence to international standards and serve as a framework for responsible product development and continuous improvement. Our quality management system covers every stage of the production process, from in-house raw material preparation to final product dispatch with detailed inspection protocols for biscuits, whiteware, and finished goods. The Quality Assurance and Control team ensures all products meet predefined quality benchmarks through rigorous testing, random inspections, and daily monitoring based on Acceptable Quality Levels (AQL).

RFPL holds the following certifications.

- ISO 9001- 2015 certificate and ISO 9001-2015 international standard, which specifies requirements for a Quality Management System (QMS).
- First and only manufacturer of porcelain tableware to achieve the SLS 1222:2001 accreditation.
- Conformance with the Customs Trade Partnership Against Terrorism (CTPAT), which is a component of the US Customs and Border Protection's (CBP) multi-layered cargo enforcement strategy.
- Adherence to the Sedex Members Ethical Trade Audit (SMETA) method of ethical auditing best practices.
- Business Social Compliance Initiative BSCI Certification, which promotes workplace conditions in conformance with UN Charter on Human Rights and ILO conventions.

SUPPLIER AND BUSINESS PARTNER RELATIONSHIPS

Suppliers play a vital role in ensuring the continuity of operations and preserving the premium brand image associated with RFPL products. To strengthen these partnerships, the Company maintains regular communication through both digital and in-person channels, including periodic supplier visits. These long-standing relationships have enabled RFPL to secure consistent access to high-quality raw materials while maintaining short lead times. This reliability is critical in meeting customer expectations, upholding stringent quality standards, and supporting the Company's commitment to delivering superior porcelainware to both domestic and international markets.

Our partnerships include local supply companies, suppliers from New Zealand, UK, Japan and China, and world renowned machine manufacturers such as NetschzGmbh - Germany, Drayton Kilns Co. Ltd. - United Kingdom and Kajiseki (Takahama) and S.K.K. - Japan. During the year, we established new partnerships with both local and foreign suppliers in order to fulfil raw material, packaging and machinery requirements.

Since its inception, the Company has cultivated strong, mutually beneficial relationships with its network of dealers, contributing significantly to its sustained growth in the local market. These partnerships have generated shared financial value and enhanced our market presence and accessibility across diverse regions. Leveraging the physical infrastructure and distribution capabilities of our dealers, the Company has also expanded into the Northern Province, unlocking new opportunities for growth. This strategic collaboration continues to play a pivotal role in strengthening our domestic footprint and supporting the long-term success of our brand.

REGULATORY COMPLIANCE

The Company remains fully committed to regulatory compliance across all aspects of its operations, ensuring adherence to financial, labour, environmental, and product quality standards. We strictly comply with the financial reporting requirements set by the Institute of Chartered Accountants of Sri Lanka and uphold international product standards required by our global partners. Furthermore, our operations align with the quality and environmental regulations mandated by the Sri Lanka Standards Institute and the International Organization for Standardization (ISO).

COMMUNITY DEVELOPMENT

As a responsible corporate citizen, the Company is committed to uplifting and empowering the communities in which we operate. We continue to provide employment opportunities to individuals from surrounding areas, including differently-abled persons such as those with autism or hearing impairments, in collaboration with the Department of Social Services, Sri Lanka. These inclusive employment practices reflect our dedication to social equity and community development. However, due to prevailing financial constraints during the year under review, the Company was required to scale back certain CSR initiatives, while maintaining our core commitments to social responsibility.

ENVIRONMENTAL VALUE PROPOSITION

The Company remains firmly committed to environmental stewardship and responsible resource management, placing a high priority on reducing its ecological footprint at every level of its operations. In line with this commitment, we have implemented comprehensive policies and procedures aimed at promoting sustainable use of natural resources, minimising waste and emissions, and improving energy efficiency across all operations. Our manufacturing process relies on key minerals such as Kaolin, Feldspar, Quartz, and Dolomite, alongside significant water consumption and the use of LPG for heating and kiln-firing activities. Recognising the environmental impact of these processes, we have adopted a proactive approach to optimise material usage, conserve resources, and promote operational sustainability.

AWARDS AND ACCOLADES

RFPL's firm commitment to quality excellence and product exclusivity has been recognised on multiple occasions through prestigious industry awards, earning the admiration of customers and stakeholders worldwide. These accolades reflect our dedication to delivering superior craftsmanship, innovation, and service excellence. Leveraging this strong foundation, the Company continues to evolve by embracing emerging trends and customer preferences. Through continuous improvement and innovation, we remain focused on exceeding stakeholder expectations while reinforcing our reputation as a trusted and distinguished leader in the global porcelainware industry. During the year under review, the Company won the following awards:

Award	Organisation	Details
NCE Export Award	The National Chamber of Exporters of Sri Lanka	Won Silver Award for 2023/24 financial year
Certificate of Ethical Trading	The National Chamber of Exporters of Sri Lanka	Certified as an Ethical Business Practitioner. Valid until 2025.11.15
CNCI Achievers Awards	Ceylon National Chamber of Industries	Won the Merit Award for 2022/23 financial year
National Business Excellence Award	The National Chamber of Commerce of Sri Lanka	Won the Merit Award for 2022/23 financial year
Great Place to Work	Great Place to Work	41st in Asia's Best Large Workplaces for 2023/24 financial year

WAY FORWARD

Employee

- 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

- Increasing dealers and local reach
- New retail showrooms
- Increased marketing efforts on selected markets
- Supplier rationalisation
- Efforts to use more local clay in the production process
- Increased community investments

Environmental

- Reinforcing ISO-related standards
- Solar energy implementation

Corporate Governance

OUR PLEDGE TO GOOD GOVERNANCE

At Dankotuwa Porcelain PLC (DPL), we are deeply conscious 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.

On December 10, 2024, the Company transitioned from the Main Board to the Diri Savi Board, following a formal request submitted by the Company. This decision was primarily driven by the Company's inability to maintain the required minimum public holding of 20%. Additionally, the Company's float-adjusted market capitalization fell below LKR 2.5 BnA, necessitating this strategic move.

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 1,619 employees and numerous external stakeholders, we are also mindful of our responsibilities towards them, society and the environment.

CHANGES TO GOVERNANCE REPORTING

We have structured this Corporate Governance Report to provide a comprehensive understanding of how corporate governance is practiced at Dankotuwa Porcelain PLC. To enhance the quality and credibility of the governance review, we have also ensured a comprehensive demonstration of our compliance with statutory requirements under the compliance section.

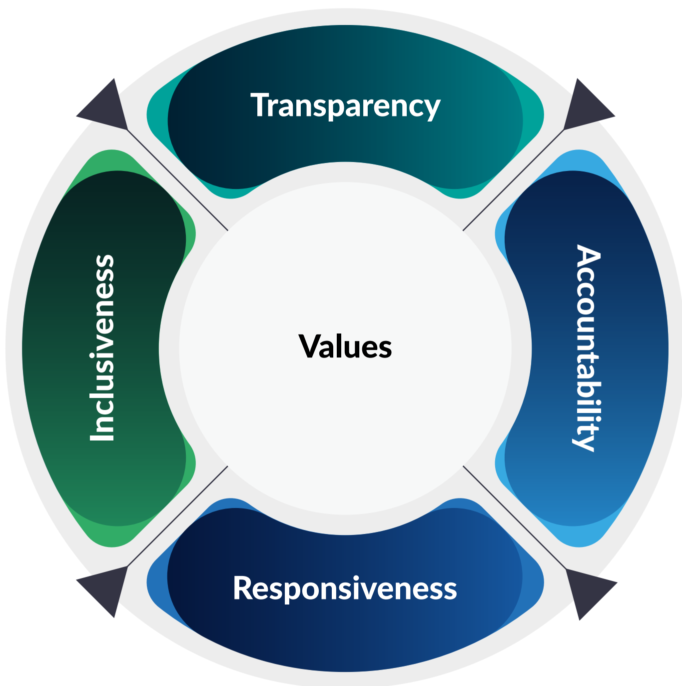
COMMUNICATION WITH REGULATORY AUTHORITIES

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 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 across 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.



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	Internal Mechnisms	Voluntary Guidelines
Continuing Listing Rules of the Colombo Stock Exchange (CSE)	Board Committee Terms of Reference	Sustainable Development Goals
Companies Act No. 7 of 2007	Governance Charter	
Code of Best Practice of Corporate Governance jointly issued by the Securities and Exchange Commission of Sri Lanka (SEC) and CA Sri Lanka	Risk Management Framework/ Mitigation protocols	
	Standard Operating Procedures (SOPs)	

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.

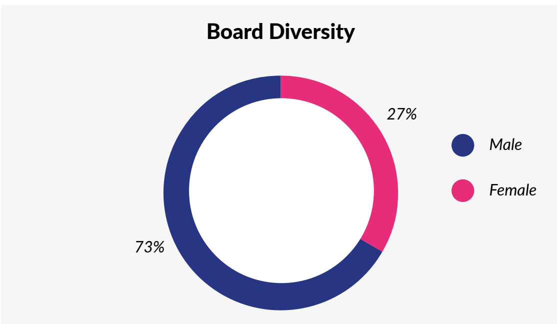
COMPOSITION

The Board comprises eleven Directors whose profiles are given on page No. 21 to 26 including one Executive Director who serves as the Chief Executive Officer. There are six Directors serving as Independent-Non-Executive Directors including the Chairman of the Company and remaining four Directors are Non-Independent – Non-Executive Directors.

COMPOSITION OF THE BOARD

There were no appointments during the period from last annual general meeting to this date.

Name	Directorship
Mr. Ranil Pathirana (Chairman)	Independent, Non-Executive Director
Mr. P.D.C.N. Gunawardana	Executive Director
Mr. C.S. Karunasena	Independent, Non-Executive Director
Ms. S.N. Egodage	Non-Independent, Non-Executive Director
Dr. L.H.K. Perera	Independent, Non-Executive Director
Ms. Lakshitha Rajendran	Independent, Non-Executive Director
Mr. Roshan Egodage	Non-Independent, Non-Executive Director
Mr. V. Aslibekyan	Independent, Non-Executive Director
Mr. C. Gamage	Independent, Non-Executive Director
Mr. R.T. Devasurendra	Non-Independent, Non-Executive Director
Mr. S.L. Sebastian	Non-Independent, Non-Executive Director



Corporate Governance

BOARD MEETINGS/ATTENDANCE

During the year under review, the Board convened at least once every quarter, with meetings pre-determined and scheduled at the beginning of the calendar year. Guidelines and procedures were communicated well in advance, ensuring that Directors were duly 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 2024/25.

The Board approves 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.

Board Meeting – "BM"
Remuneration Meeting – "RM"
Audit Committee Meeting – "ACM"
Related Party Transactions Review Committee Meeting – "RPTRCM"
Nomination and Governance Committee Meeting – "NGCM"

The Nomination and Governance Committee (NGC) of the Company did not convene during the year. However, necessary discussions and decisions concerning the scope of NGC were conducted through circulation among NGC members. Additionally, three new appointments and one resignation to the Board of Directors were reported during this period.

Directors	Continuation, Appointment or Resignation Date	Attendance			
		Board Meetings	Sub Committees		
			Audit	Remuneration	Related Party Transactions
Mr. Ranil Pathirana (Chairman)	No Change	4/4		2/2	
Mr. P.D.C.N. Gunawardana	No Change	4/4			
Mr. C.S. Karunasena	No Change	4/4	6/6		4/4
Dr. K.S Narangoda	Resigned w.e.f 10.06.2024	1/1			
Ms. S.N. Egodage	No Change	4/4			
Dr. L.H.K. Perera	No Change	4/4	6/6	2/2	
Ms. Lakshitha Rajendran	No Change	4/4	5/6	2/2	
Mr. Roshan Egodage	No Change	3/4		2/2	
Mr. V. Aslibekyan	No Change	4/4			4/4
Mr. C. Gamage	Appointed w.e.f 10.06.2024	0/3			4/4
Mr. R.T. Devasurendra	Appointed w.e.f. 01.07.2024	3/3			
Mr. S.L. Sebastian	Appointed w.e.f. 01.07.2024	3/3			

Note : Governance and Nomination Committee has been appointed on 30th September 2024, but not had any meeting during the financial year.

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 obtain 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 10 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 that could influence or interfere with exercising their judgment as Independent Directors.

SUB-COMMITTEES

The Board has established four sub-committees designated to oversee and guide the Group's (Dankotuwa Porcelain PLC and Royal Fernwood Porcelain Ltd) audit functions, remuneration activities, related party transactions review and nomination and governance activities.

Sub-committee	Areas of oversight	Composition	Further information
Audit Committee	Financial Reporting Statutory Compliance Internal Controls and Risk Management Internal and External Audit	Three Independent, Non – Executive Directors	Audit Committee report on pages from 58 to 59
Remuneration Committee	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	Three Independent, Non – Executive Directors and One Non-Independent, Non-Executive Director	Remuneration Committee report on page 60
Related Party Transactions Review Committee	Review Related Party Transactions Ensure that the interests of shareholders are taken into account when entering into a transaction	Three Independent, Non-Executive Directors	Related Party Transactions Review Committee report on page 61
Nomination and Governance Committee	Board Effectiveness Governance Oversight Succession Planning Performance Evaluation Board and Subcommittee Structure	Two Independent, Non – Executive Directors and One Non – Independent, Non – Executive Director	Nomination and Governance Committee report on page 62

Corporate Governance

REMUNERATION

The Board Remuneration Committee establishes the remuneration levels of staff across the organisation. It operates 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 as well as 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 not only maintains a balance of power but also encourages a sense of responsibility among the 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.

FINANCIAL ACCOUNTABILITY

With the objective of 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 ensure continued 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.

AUDIT

Shareholder Interactions

In fulfilling its governance duties, the Board adopts an inclusive approach to Stakeholders' 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 afforded full freedom to voice their concerns on matters outlined in the AGM notice.

In 2024, the AGM was held on the 26th September at 9.00 am 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 remains mindful of its relationships with all stakeholders, including the communities where the Group operates, with a strong focus on sustainability.

Share Ownership

As of 31st March 2025, DPL's public float was 12.57% and was held by 4,553 Shareholders.

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 44
9.2	Policies	Complied	The following policies which are mandated by the revised CSE Listing Rules are currently in place. ▣ Policy on the matters relating to the Board of Directors. ▣ Policy on Board Committees. ▣ Policy on Corporate Governance, Nomination and Re-election. ▣ Policy on Remuneration. ▣ Policy on Internal Code of Business Conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities. ▣ Policy on Risk Management and Internal Controls. ▣ Policy on Relations with Shareholders and Investors. ▣ Policy on Environmental, Social and Governance Sustainability. ▣ Policy on Control and Management of Company Assets and Shareholder Investments. ▣ Policy on Corporate Disclosures. ▣ Policy on Whistleblowing. ▣ Policy on Anti-Bribery and Corruption. The above policies are available at the Dankotuwa Porcelain PLC, Kurunegala Road, Dankotuwa for perusal. If any further details are required in this regards, please contact info@dankotuwa.com
9.3	Board Committees	Complied	The Company has formed the following subcommittees details of which are set out in pages 58 to 62. 1. Remuneration Committee 2. Audit Committee 3. Related Party Transactions Review Committee 4. Nomination and Governance Committee

Corporate Governance

Rule Ref	Disclosure Requirement	Compliance Status	Remarks
9.3.3	Chairperson of Board Subcommittees	Complied	The Chairperson of the Subcommittees is not the Chairperson of the Board.
9.4.1	Meeting Procedures	Complied	The Company maintains records of all resolutions passed at General Meetings.
9.4.2	Communication and Relations with Shareholders	Complied	The Company has a policy on Relations with Shareholders and Investors.
9.5	Policy on Matters relating to the Board of Directors	Complied	The Company has a Policy on Matters relating to the Board of Directors.
9.6.2	Chairman and CEO	Complied	The Chairman and the CEO/Managing Director of the Company is not the same person.
9.6.3	Senior Independent Director	Not Applicable	The Company has not appointed a Senior Independent Director.
9.7.1	Fitness of Directors and CEO	Complied	The Company ensures that the Board of Directors fulfills the assessment criteria set out in the Listing Rules of the Colombo Stock Exchange.
9.7.4	Fitness of Directors and CEO	Complied	All Directors and the CEO have provided a declaration confirming that they satisfy the Fit and Proper Assessment Criteria during the year.
9.7.5	Disclosures in the Annual Report	Complied	All Directors and the CEO met the Fit and Proper Assessment Criteria stipulated in the Listing Rules of the CSE as of 31st March 2025.
9.8.1	Minimum number of Directors	Complied	The Board consists of eleven Directors as of 31st March 2025.
9.8.2	Independent Directors	Complied	There are five Independent Directors as per the criteria for minimum number of Independent Directors.
9.8.3	Independent Directors	Complied	All Non-Executive Directors have submitted their confirmations on independence in accordance with the criteria set by the Company, in line with regulatory requirements.
9.8.5	Disclosure relating to Directors	Complied	Each Independent Director signed and submitted a declaration regarding his/her independence. The Board assessed the independence declared by each Director.
9.9	Alternate Directors	Not Applicable	None of the Directors has appointed an Alternate Director.
9.10.1	Disclosure relating to Directors	Complied	
9.10.2	Disclosure relating to Directors	Complied	Three new Directors were appointed during the year under review. Please refer to pages 21 to 26 for the brief resume of each Director.

Rule Ref	Disclosure Requirement	Compliance Status	Remarks
9.10.3	Disclosures relating to Directors	Complied	All changes to Board Committees were immediately informed to the Colombo Stock Exchange.
9.10.4	Disclosures relating to Directors	Complied	Corporate Governance, pages 44 to 52 of the Annual Report contains the relevant information.
9.11 - 1-3	Nomination and Governance Committee	Complied	NGC was established with effect from 30th September 2024.
9.11.4	Composition of the Nomination and Governance Committee	Complied	The Nomination and Governance Committee of the Company comprises two Independent, Non-Executive Directors and one Non-Independent, Non-Executive Director.
9.12	Remuneration Committee	Complied	Please refer page 60. The Remuneration Committee of the Company comprises three Independent, Non-Executive Directors and One Non-Independent, Non-Executive Director.
9.12.7	Functions of Remuneration Committee	Complied	Refer the Remuneration Committee Report on page 60.
9.12.8	Disclosure in the Annual Report relating to the Remuneration Committee	Complied	
9.13	Audit Committee	Complied	Please refer pages 58 to 59. The Audit Committee of the Company comprises three Independent, Non-Executive Directors.
9.13.1	Composition of Audit Committee	Complied	
9.14	Related Party Transactions Review Committee	Complied	Please refer page 61. The Related Party Transactions Review Committee currently comprises three Independent, Non-Executive Directors.
9.14.3 – 9.14.8	Related Party Transactions Review Committee 1. Functions of the above-mentioned Committee 2. Frequency of Meetings 3. Immediate Disclosures 4. Disclosure of Non-Recurrent and Recurrent Related Party Transactions	Complied	Please refer page 61.

Corporate Governance

Rule Ref	Disclosure Requirement	Compliance Status	Remarks
9.16	Additional Disclosures		
	The following declarations by the Board of Directors to be included in the Annual Report:		
	Declaration by BOD that;		
	▣ Declared all material interests in contracts.	Complied	Directors make a disclosure at appointment at the beginning of every financial year as required.
	▣ 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.
	▣ Made arrangements to make themselves aware of applicable laws, rules and regulations.	Complied	
	▣ Disclosure of any non-compliance with laws/regulations and any fines, which are material.	Complied	

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 80
168 (1) (b)	Signed Financial Statements of the Group and the Company for the accounting period completed	Page Number 74 to 143
168 (1) (c)	Auditors' Report on Financial Statements of the Group and the Company	Page Number 70 to 73
168 (1) (d)	Accounting Policies and any changes made during the accounting period	Page Number 80 to 92
168 (1) (e)	Particulars of the entries made in the Interest Register during the accounting period	Page Number 133 to 136
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company during the accounting period	Note Number 21 on page Number 127 and 128
168 (1) (g)	Corporate donations made by the Company during the accounting period	Page Number 66
168 (1) (h)	Information on the Directorate of the Company and its subsidiaries during and at the end of the accounting period	Page Number 21 to 26
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 67
168 (1) (j)	Auditors' relationship or any interest with the Company and its subsidiaries	Page Number 67
168 (1) (k)	Acknowledgement of the contents of this Report and Signatures on behalf of the Board	Page Number 76

Risk Management

RISK MANAGEMENT REVIEW

During this financial year, the Dankotuwa Group faced a range of economic, political, social, and human risks with significant implications. The Company has actively monitored and managed these emerging risks through a robust risk management framework. This approach enables the identification, evaluation, and mitigation of risks, ensuring alignment with long-term strategic objectives.

Dankotuwa Porcelain PLC's commitment to effective risk management has strengthened its ability to navigate uncertainties, capitalise on growth opportunities, and maintain financial stability, especially as an export-driven organisation. By continuously improving its risk management practices, the Company has fostered resilience and supported sustainable business growth in an increasingly complex environment.

RISK GOVERNANCE

The Board of Directors holds the ultimate responsibility for ensuring that the Company's risks are properly identified and effectively managed. To support this, the Board relies on the Audit Committee, which conducts quarterly reviews of the Company's risk profiles and internal control systems to confirm their effectiveness. The Audit Committee also oversees the risk management framework by ensuring the implementation of strong internal controls and policies designed to mitigate risks. Additionally, the Audit Committee is key in communicating risk and internal control strategies across the Dankotuwa Group and in promoting risk awareness among employees.

INTEGRATED RISK MANAGEMENT FRAMEWORK

The Dankotuwa Group implements a comprehensive Integrated Risk Management (IRM) framework that clearly defines risk parameters. This IRM system consolidates risk management across the Group, offering a strong and adaptable structure applicable to each individual business within the portfolio. By aligning and integrating risk management processes, the Group enables efficient and strategic decision-making. At the corporate level, key strategic risks are continuously monitored, while operational risks specific to each business are managed by the respective Business Heads in collaboration with the CEO. This approach ensures a targeted and customised risk management strategy both at the corporate and business unit levels.

To mitigate identified material risks and their potential impact, we have formulated a comprehensive risk mitigation plan that considers the interconnected relationships among stakeholders involved in the growth of the Dankotuwa Group. We have also incorporated measures to bolster our resilience against disruptions in production, supply chains, and markets. Moreover, we remain aware of the challenges brought about by macroeconomic and social changes. As a manufacturer and exporter, we face a diverse array of material risks, both strategic and operational that could significantly affect our stability. These risks originate from internal organisational factors as well as external environmental influences.

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, analysing heatmaps and other relevant information.

INTERNAL AUDIT

Throughout the year, internal auditors conducted audits in accordance with 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 focusing 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 monthly. Any identified exceptions are promptly escalated for attention. A summary of significant exceptions, along with the corresponding remedial actions, is presented to the Audit Committee on a quarterly basis.

Risk Management

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.

DPL Board

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DPL Audit Committee

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Internal Auditors

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 the 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.

IDENTIFY RISKS → **ANALYSE RISKS** → **EVALUATE RISKS** → **MANAGE RISKS**

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, is continuously monitored and reviewed 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 risky 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.

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.	- 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 to emerging trends in the international market. - Strengthening design, R&D and new product development capabilities by increasing internal resources, introducing the latest designing tools and collaborating with renowned international designers.
High dependency on a single large customer	Dependence on a single customer can make a business vulnerable to the behavior of the customer's business patterns.	- Actively seek out new customers to spread revenue across a wider base. - Expand into new geographic regions to diversify market reach. - Develop strong rapport and credibility early in the relationship to foster trust and loyalty. - Develop a plan to effectively manage any crises that may arise with a large customer, turning challenges into opportunities for stronger relationships.
Erosion of export markets due to global economic conditions	- The global GDP growth rate for 2024 was projected to be only 3.2% - Adverse economic conditions in the US and European markets have negatively impacted international sales.	- Look for geographies where there is a lower impact from the economic conditions. - Focus attention on the growing international markets. - Continuous research into the latest trends in the global porcelain industry. - Higher concentration on Indian market and emerging markets.
A market slowdown due to reduction in disposable income of consumers in the Sri Lankan Market	- This has an impact on turnover growth and profitability of the Company.	- Implementation of targeted marketing strategies to strengthen brand visibility of Dankotuwa Porcelain PLC and Royal Fernwood Porcelain Limited. - Focus on delivering affordable, value-for money products to expand market reach. - Strengthening dealer relationships.
People Risk	- Challenges in attracting, retaining, and developing skilled employees may lead to loss of knowledge and expertise impacting operational efficiency, business continuity, and long-term strategic objectives.	- Development of internal talent pipelines and promotion of internal mobility. - Enhancement of the recruitment process to improve job matching and ensure a better fit for roles within the organisation.

Risk Management

Material Risk	Impact	Mitigation Plan
Diversity and inclusion - The need to strengthen diversity and equity, in creating an inclusive environment in which all employees can thrive.	▣ Limited diversity of perspectives can hinder innovation, problem-solving, and creative thinking, potentially leading to missed opportunities and suboptimal solutions. ▣ Adverse implications on organisational culture can impact the Company's employer brand.	▣ Include and implement diversity and inclusion training programs to raise awareness and sensitivity among employees and leaders. ▣ Establish mentorship and sponsorship programs to support the development and advancement of female employees. ▣ Conduct exit interviews to understand reasons for turnover among female employees and address any systemic issues. ▣ Conduct a diversity & inclusion / climate survey to identify & gauge employee satisfaction
High cost of energy	▣ Rising energy costs, consumption and associated costs may adversely affect financial performance and sustainability commitments.	▣ Investment in energy-efficient equipment and sustainable procurement practices. ▣ Implementation of energy-saving technologies and operational optimization. ▣ Achieve operational efficiency in all areas of production. ▣ Increase capacity utilisation in Kilns by improved production planning.
High Production Costs	▣ This creates a challenge of being price competitive in the market which has resulted in a direct negative impact on the bottom line. One of the critical reasons for high production cost is the requirement to have more productive and efficient machinery.	▣ 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 are 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.	▣ Managing exchange rate movements through hedging techniques. ▣ Consistently monitoring the forex rates.
Working capital management	Impacts liquidity and profitability levels of the Group	▣ Close monitoring and forecasting of cash flows and building strong relationship with banks. ▣ Close monitoring of maturity mismatch between current assets and liabilities. ▣ Close monitoring of all levels of inventory based on future forecasted sales.
Credit risk	Impacts liquidity and profitability levels of the Group.	▣ Introducing more efficient credit verification and granting procedure. ▣ Implementing a stringent credit policy. ▣ Set up efficient recovery practices and follow-up.

Material Risk	Impact	Mitigation Plan
Health and safety	Employee injuries or illnesses can lead to lost productivity, legal liabilities, and compliance issues, impacting overall workplace safety and efficiency. 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.	▣ Comprehensive H&S training programs, covering hazard recognition and emergency preparedness. ▣ Deployment of safety management systems with regular inspections and reporting. ▣ Stringent health and safety guidelines implemented across all operations with strict adherence to all relevant health guidelines. ▣ High level of engagement with employees

RISK ENVIRONMENT OF 2024/25

Despite the challenging macroeconomic environment, the Group has continued to demonstrate resilience. While the period was marked by a significant decline in top-line performance and overall losses, the Group remained focused on operational continuity and long-term strategic priorities. We are actively implementing corrective measures and remain cautiously optimistic about a gradual recovery in the 2025/26 period. 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 behavior, ethical conduct, and unwavering integrity.

Report of the Audit Committee

I take this opportunity to present to you the 2024/25 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 and risk management processes, and the performance, independence, and effectiveness of the external auditors.

COMPOSITION

The Audit Committee comprises the following Board members.

Board Member	Board Status
Mr. Shalike Karunasena	Independent, Non-Executive Director - Chairperson
Dr. Liyanage Hasuli Kumarika Perera	Independent, Non-Executive Director
Ms. Lakshitha Rajendran	Independent, Non-Executive Director

Brief profiles of the present Committee members are given in pages 21 to 26 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 6 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	6/6
Dr. Liyanage Hasuli Kumarika Perera	6/6
Ms. Lakshitha Rajendran	5/6

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 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 organisation 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 2025 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.

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 the 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

28th August 2025

Report of the Remuneration Committee

The Board Remuneration Committee of Dankotuwa Porcelain PLC is established to take independent and objective decisions on all matters associated with the total remuneration and other terms of service of all staff, ensuring they remain competitive and sustainable in attracting and retaining talent.

COMPOSITION

As at the end of the year, the Committee comprised four Non-Executive Directors, including three Independent, Non-Executive Directors and one Non-Independent, Non-Executive Director. The Committee was chaired by one of the Independent, Non-Executive Directors.

Board Member	Board Status
Dr. Liyanage Hasuli Kumarika Perera	Chairman/Independent, Non-Executive Director
Mr. Ranil Pathirana	Independent, Non-Executive Director
Mr. Roshan Egodage	Non-Independent, Non-Executive Director
Ms. Lakshitha Rajendran	Independent, Non-Executive Director

Brief profiles of the Committee Members are given in pages 21 to 26 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 organisation in relation to performance, talent retention and rewards considering both internal and external factors.
- Recommend a remuneration structure and a reward scheme for all Senior Executives based on performance.
- Evaluate the performance of the Senior Executive Personnel and their management development and succession plans.
- Make recommendations to the Board on salary increments, bonuses, perquisites and incentives of all executives.
- Review the remuneration policy at least once in two years and update if necessary.

MEETINGS

The Board Remuneration Committee met two times during the financial year. Attendance by the Committee Members at this meeting is given below;

Name of the Director	Attendance at Meetings
Dr. Liyanage Hasuli Kumarika Perera	2/2
Mr. Ranil Pathirana	2/2
Mr. Roshan Egodage	2/2
Ms. Lakshitha Rajendran	2/2

NON-EXECUTIVE DIRECTORS' REMUNERATION

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

(Sgd.)
Dr. L H K Perera
Chairman
Remuneration Committee

28th August 2025

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 in to account when entering in to related party transactions (RPTs) and to prevent Directors, Key Management Personal and Substantial Shareholders taking advantage of their positions.

COMPOSITION

The Committee is comprised of three Independent Non-Executive Directors as at the year end and is chaired by an Independent Non-Executive Director.

Board Member	Board Status
Mr. Vardan Aslibekyan	Independent, Non-Executive Director - Chairperson
Mr. Shalike Karunasena	Independent, Non-Executive Director - Member
Mr. Chandana Gamage	Independent, Non-Executive Director - Member

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;

a) Receive regular reports from the Management and be provided with any information it requires relating to its responsibilities.

b) Establish policies and procedures that provide general pre-approvals to certain types of related party transactions.

c) Review and evaluate the terms, conditions, and the advisability of any related party transaction.

d) Determine whether the relevant related party transaction is fair and in the best interest of the Company and its Shareholders as a whole.

e) Recommend to the Board what action if any, is required to be taken by the Board with respect to any related party transaction.

f) 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	4/4
Mr. Shalike Karunasena	4/4
Mr. Chandana Gamage	4/4

The Chief Executive Officer and the Chief Financial Officer attended the Related Party Transactions 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 133 to 136 of this Annual Report.

DECLARATION

The Committee in its review process, recognised 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 pages 64 to 68 of the Annual Report.

(Sgd.)
Vardan Aslibekyan
Chairman
Related Party Transaction Review Committee

28th August 2025

Report of the Nomination and Governance Committee

The Nomination and Governance Committee assess whether the balance of skills, experience, knowledge and independence is appropriate to enable the Board to operate effectively. It also evaluates the diversity that would be required in the best interest of the Company and ensure the Board Members constitution enables the diversity required. The Committee has been established effective 30th September 2024. The Nomination and Governance Committee comprises of the following members:

COMPOSITION OF THE COMMITTEE

The Nomination and Governance Committee comprises the following Board members.

Board Member	Board Status	Date of Appointment
Mr. Shalike Karunasena	Independent, Non-Executive Director - Chairperson	30th September 2024
Mr. Chandana Gamage	Independent, Non-Executive Director - Member	30th September 2024
Mr. Savanth Sebastian	Non-Independent, Non-Executive Director - Member	30th September 2024

Brief profiles of the present Committee members are given in pages 21 to 26 of this Report.

REGULATIONS/RULES RELEVANT TO THE FUNCTIONS OF THE COMMITTEE

The Nomination and Governance Committee was formed in line with the Best Practices on Corporate Governance.

FUNCTIONS

The functions of the Nomination and Governance Committee include:

- To regularly review the structure, size, composition and competencies of the Board, the requirement of additional/ new expertise and the succession arrangements for retiring Directors and to make recommendations to the Board with regard to any changes.
- To consider any appointments to the Board and provide advice and recommendations to the Board on such appointments.
- To ensure that Directors are fit and proper persons to hold office as per the criteria set out in the relevant Statutes.
- To evaluate and recommend the appointment, promotion, transfer and re-designation of the Chief Executive Officer and Executive Directors.
- To recommend Directors who are retiring by rotation to be placed before the Shareholders, for re-election.
- To oversee and review the Board's succession plan and recommend the requirements of new expertise.
- To consider if a Director is able to and has been adequately carrying out his or her duties as a Director taking into consideration the number of Listed Company Boards on which the Director is represented and other Principal Commitments.
- To consider and examine such matters as it considers appropriate.
- To make recommendations on other related matters referred to the Committee by the Board of Directors.

ACTIVITIES DURING THE YEAR

The Committee has not had any sittings during the year under review. The Committee will meet to deliberate on the re-election of Directors retiring at the upcoming Annual General Meeting, as well as to make recommendations regarding seeking an extension of the Directors' terms beyond the age limit of 70 years.

The Committee also intends to focus on succession planning for Key Management Personnel, review and recommend suitable candidates for the replacement of retiring Directors and consider the appointment of new Directors. Additionally, the Committee plans to review the structure and composition of the Board, including the necessity for additional expertise, and to discuss succession arrangements for retiring Directors to ensure sustained governance and leadership.

POLICIES AND PROCEDURES

The Nomination Committee operates within the terms of reference as approved by the Board. As per the said terms of reference, the Committee shall consist of not less than three members, majority of whom shall be Non-Executive Directors. The Committee shall meet at least once in a financial year and additional meetings may be called at any time at the Chairman's discretion or by a member in consultation with the Chairman.

(Sgd.)
Shalike Karunasena
Chairman
Nomination and Governance Committee

28th August 2025

FINANCIAL STATEMENTS

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 2025, 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 the Institute of Chartered Accountants of 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 75 to 143 of this Annual Report.

GROUP STRUCTURE

The Group Structure is demonstrated on page 6 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 12 to 14, pages 16 to 20 and pages 33 to 43 of this Annual Report.

FINANCIAL STATEMENTS

The Financial Statements of the Company for the year ended 31 March 2025 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 70 to 143 of this Annual Report.

SUMMARIZED FINANCIAL STATEMENTS

	Group		*Company*	
	2024/2025	**2023/2024**	**2024/2025**	**2023/2024**
	LKR '000	LKR '000	LKR '000	LKR '000
Revenue	3,850,156	6,249,204	1,917,781	3,875,962
Profit/(Loss) Before Tax	(1,248,509)	584,294	(1,065,286)	697,311
Income Tax Reversal/ (Expense)	379,334	(216,348)	337,621	(255,966)
Profit/(Loss) After Tax	(869,175)	367,946	(727,665)	441,345

ACCOUNTING POLICIES AND CHANGES

The Accounting Policies adopted in the preparation of the Financial Statements are given on pages 80 to 92 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;

1) **Mr. Ranil Pathirana - Independent, Non-Executive Director**

   (Appointed as Chairman w.e.f. 30th October 2023 and as a Director w.e.f 1st July 2022)

2) **Mr. Shalike Karunasena – Independent, Non-Executive Director**

   (Appointed w.e.f. 22nd October 2021)

3) **Mr. Roshan Egodage - Non-Independent, Non-Executive Director**

   (Appointed w.e.f. 19 October 2023)

4) **Mr. Chandana Gamage – Independent, Non-Executive Director**
   (Appointed w.e.f. 10 June 2024)

5) **Mr. Revantha Thashan Devasurendra – Non-Independent, Non-Executive Director**
   (Appointed w.e.f. 01 July 2024)

6) **Mr. Savanth Laleen Sebastian - Non-Independent, Non-Executive Director**
   (Appointed w.e.f. 01 July 2024)

7) **Ms. Nathasha Egodage - Non-Independent, Non-Executive Director**
   (Appointed w.e.f. 19 October 2023)

8) **Ms. Lakshitha Rajendran – Independent, Non-Executive Director**
   (Appointed w.e.f. 19 October 2023)

9) **Dr. Hasuli Perera – Independent, Non-Executive Director**
   (Appointed w.e.f. 19 October 2023)

10) **Mr. Vardan Aslibekyan – Independent, Non-Executive Director**
   (Appointed w.e.f. 19 October 2023)

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

In accordance with the provisions of Article 24(6) of the Articles of Association, Mr. Roshan Egodage, Ms. Sachini Nathasha and Ms. Lakshitha Rajendran retire by rotation and, being eligible, offer themselves for re-election. The Board unanimously supports their re-election.

BOARD SUB COMMITTEES

The Board, while assuming overall responsibility and accountability for the management of the Company, has appointed Four (04) Board Sub-Committees; Audit Committee, Related Party Transactions Review Committee, Remuneration Committee and Nominations and Governance Committee to ensure oversight and control over certain affairs of the Company.

The Board approved Terms of References for these Sub Committees conform to the recommendations made by various regulatory bodies such as the Institute of Chartered Accountants of 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 133 to 137.

DIRECTORS' REMUNERATION

The Directors' Remuneration is disclosed in note 21 to the Financial Statements on page 127.

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 and indirect shareholdings are given below;

1)	Mr. Ranil Pathirana	: 200,000
	(Appointed as Chairman w.e.f. 30 October 2023 and as a Director w.e.f 01 July 2022)	
2)	Mr. Shalike Karunasena	: Nil
	(Appointed w.e.f. 22 October 2021)	
3)	Mr. Chandana Gamage	: Nil
	(Appointed w.e.f. 10 June 2024)	
4)	Mr. Revantha Thashan Devasurendra	: Nil
	(Appointed w.e.f. 01 July 2024)	
5)	Mr. Savanth Laleen Sebastian	: Nil
	(Appointed w.e.f. 01 July 2024)	
6)	Ms. Nathasha Egodage	: Nil
	(Appointed w.e.f. 19 October 2023)	
7)	Ms. Lakshitha Rajendran	: Nil
	(Appointed w.e.f. 19 October 2023)	
8)	Dr. Hasuli Perera	: Nil
	(Appointed w.e.f. 19 October 2023)	
9)	Mr. Vardan Aslibekyan	: Nil
	(Appointed w.e.f. 19 October 2023)	

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

10)	Mr. Roshan Egodage	: Nil
	(Appointed w.e.f. 19 October 2023)	
11)	Mr. Palpolage Don Channa Nirosha Gunawardana	: 11,930
	(Appointed w.e.f. 02 November 2023)	

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 Institute of Chartered Accountants of Sri Lanka and the Colombo Stock Exchange. The Corporate Governance Report is given on pages 44 to 52 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 58 to 59 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 53 to 57 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 128 to 131 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 16,115,331 and LKR 26,254,581 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 page 102 of this Annual Report.

Extents, locations, number of buildings and the valuation of the properties of the Group are given in note 5.5 and 7.2 to the Financial Statements on pages 96 and 102 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 7.2to 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 2025 is 784 and 1,619 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 2025 was LKR 1,402,101,647/- represented by 162,552,920 fully paid Ordinary Shares.

SHARE INFORMATION

There were 4,559 registered shareholders as at 31 March 2025.

DISTRIBUTION SCHEDULE OF SHAREHOLDERS

The distribution of shareholdings is shown on page 146 of this Annual Report.

SHARE INFORMATION

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 146 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 146 of the Annual Report.

Disclosures required under section 7.6 (iv) of the Listing Rules of the Colombo Stock Exchange is indicated on page 147 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 no 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 2025, 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 133 to 137 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 2025 have been audited by M/s. Ernst & Young, Chartered Accountants and the Independent Auditors' Report thereon is given on pages 70 to 73 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 3,770,200/- respectively for the Company and The Group were paid/ payable 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 Report of the Board of Directors on the Affairs of the Company

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on 26th September 2025. The notice of the Annual General Meeting appears on page 152 of this Annual Report.

ACKNOWLEDGEMENT 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

28th August 2025

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 70 to 73.

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 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 2025, 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 2025; and
- Financial performance of the Company for the financial year ended 31st March 2025.

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 No.07 of 2007 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 No.07 of 2007. 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.)
Mr. Ranil Pathirana
Chairman

28th August 2025

Independent Auditors' Report

Shape the future
with confidence

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

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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 2025, 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 2025, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (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	How our audit addressed the 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	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.

Other information included in the Group's 2025 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.

Independent Auditors' Report

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.

EY
Shape the future
with confidence

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.

Ernst & Young

28th August 2025
Colombo

Statement of Profit or Loss

For the year ended 31st March	Note	Group 2025 LKR	Group 2024 LKR	Company 2025 LKR	Company 2024 LKR
Revenue	4	3,850,156,209	6,249,203,783	1,917,781,431	3,875,961,607
Cost of Sales		(3,025,102,119)	(4,138,315,916)	(1,490,321,215)	(2,232,167,290)
Gross Profit		825,054,090	2,110,887,867	427,460,216	1,643,794,317
Other Income	19	7,242,918	16,376,297	8,013,284	12,523,786
Selling and Distribution Expenses		(1,132,239,074)	(771,022,623)	(939,773,725)	(538,909,236)
Administrative Expenses		(691,760,182)	(535,473,272)	(384,475,653)	(352,501,408)
Fair Value Gain from Investment Property	7	-	-	-	-
Operating Profit/(Loss)		(991,702,248)	820,768,269	(888,775,878)	764,907,459
Finance Cost	20	(301,333,219)	(310,713,172)	(149,870,248)	(145,873,719)
Finance Income	20	44,526,644	74,239,028	57,004,745	81,280,579
Change in Fair Value of Investment in Subsidiary	9	-	-	(83,644,724)	(3,003,000)
Profit/(Loss) Before Tax	21	(1,248,508,823)	584,294,125	(1,065,286,105)	697,311,319
Income Tax (Expense)/Reversal	22	379,333,857	(216,347,623)	337,621,421	(255,966,345)
Profit/(Loss) for the year		(869,174,966)	367,946,502	(727,664,684)	441,344,974
Attributable to:					
Equity Holders of the Parent		(868,381,499)	371,122,063		
Non-Controlling Interest		(793,467)	(3,175,561)		
		(869,174,966)	367,946,502		
Basic/Diluted Earnings/(Losses) Per Share	23	(5.34)	2.28	(4.48)	2.72

Figures in brackets indicate deductions

The accounting policies and notes on pages 80 through 143 form an integral part of the Financial Statements.

Statement of Comprehensive Income

		Group		Company	
For the year ended 31st March	Note	2025	2024	2025	2024
		LKR	LKR	LKR	LKR
Profit/(Loss) for the Year		(869,174,966)	367,946,502	(727,664,684)	441,344,974
Other Comprehensive Income					
Other Comprehensive Income/(Loss) to be reclassified to Profit or Loss in subsequent periods					
Translation of Foreign Operations	13	(1,204,964)	(1,755,166)	(1,204,964)	(1,755,166)
Net Other Comprehensive Income/(Loss) to be reclassified to Profit or Loss in subsequent periods		(1,204,964)	(1,755,166)	(1,204,964)	(1,755,166)
Other Comprehensive Income/(Loss) not to be reclassified to Profit or Loss in subsequent periods					
Actuarial Loss	15	(22,548,592)	(29,951,439)	(17,526,138)	(24,847,344)
Tax impact on Actuarial Loss	22	6,764,578	8,985,432	5,257,841	7,454,203
Revaluation of Land and Buildings		112,731,113	120,188,489	49,379,020	29,597,946
Tax impact on Revaluation Gain	22	(17,691,018)	(13,078,774)	(4,853,702)	8,951,334
Net Other Comprehensive Income/(Loss) not to be reclassified to Profit or Loss in subsequent periods		79,256,081	86,143,708	32,257,022	21,156,139
Other Comprehensive Income/(Loss) for the year- Net of Tax		78,051,117	84,388,542	31,052,057	19,400,973
Total Comprehensive Income/(Loss) - Net of Tax		(791,123,849)	452,335,044	(696,612,627)	460,745,947
Attributable to:					
Equity Holders of the Parent		(790,518,378)	452,709,641		
Non-Controlling Interest		(605,471)	(374,597)		
		(791,123,849)	452,335,044		

Figures in brackets indicate deductions

The accounting policies and notes on pages 80 through 143 form an integral part of the Financial Statements.

Statement of Financial Position

As at 31st March	Note	Group 2025 LKR	Group 2024 LKR	Company 2025 LKR	Company 2024 LKR
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	5	2,395,059,418	2,380,762,648	1,513,453,146	1,512,342,135
Right to Use Asset	6	33,289,214	53,579,378	33,289,214	53,579,378
Investment Property	7	769,945,602	769,945,602	629,700,002	629,700,002
Intangible Assets	8	50,843,922	56,538,321	20,897,179	25,174,339
Investment in Subsidiaries	9	-	-	1,120,601,787	1,184,923,187
		3,249,138,156	3,260,825,949	3,317,941,328	3,405,719,041
Current Assets					
Inventories	10	2,140,753,571	1,808,037,609	1,054,172,186	929,070,942
Trade and Other Receivables	11	1,327,861,892	2,340,193,716	705,341,213	1,607,123,595
Loan Receivable	11	-	-	153,262,781	70,485,466
Cash and Short Term Deposits	16	595,828,458	499,443,379	561,100,130	476,363,858
		4,064,443,921	4,647,674,704	2,473,876,310	3,083,043,861
Total Assets		7,313,582,077	7,908,500,653	5,791,817,638	6,488,762,902
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	1,698,991,602	1,605,156,471	1,217,918,715	1,174,598,362
Retained Earnings / (Losses)		(204,621,295)	683,560,408	717,795,822	1,457,728,802
Equity Attributable to Equity Holders of the Parent		2,896,471,954	3,690,818,526	3,337,816,184	4,034,428,811
Non Controlling Interest		972,360	17,072,893	-	-
Total Equity		2,897,444,314	3,707,891,419	3,337,816,184	4,034,428,811
Non-Current Liabilities					
Interest Bearing Loans and Borrowings	14	118,610,704	308,980,169	16,610,706	54,480,170
Lease Liability	18	15,290,789	30,823,752	15,290,789	30,823,752
Retirement Benefit Liability	15	287,210,866	241,425,519	229,427,741	196,778,288
Deferred Tax Liability	22	184,090,579	543,810,660	214,835,878	544,174,104
		605,202,938	1,125,040,100	476,165,114	826,256,314
Current Liabilities					
Interest Bearing Loans and Borrowings	14	2,937,609,202	2,100,536,073	1,567,717,436	1,011,231,885
Lease Liability	18	15,397,268	15,397,268	15,397,268	15,397,268
Trade and Other Payables	17	851,629,557	777,325,733	388,422,838	419,138,564
Income Tax Liabilities		6,298,798	182,310,060	6,298,798	182,310,060
		3,810,934,825	3,075,569,134	1,977,836,340	1,628.077,777
Total Equity and Liabilities		7,313,582,077	7,908,500,653	5,791,817,638	6,488,762,902

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 80 through 143 form an integral part of the Financial Statements.

28th August 2025
Colombo

Statement of Changes in Equity

GROUP

For the year ended 31st March

	Attributable to Equity holders of the Parent						
	Stated Capital	**Revaluation Reserve**	**Foreign Currency Translation Reserve**	**Retained Earnings**	**Total**	**Non-Controlling Interest**	**Total Equity**
	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Balance as at 01 April 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
Profit/(Loss) for the Year	-	-	-	(868,381,499)	(868,381,499)	(793,467)	(869,174,966)
Change in Non-Controlling Interest	-	-	-	(3,828,194)	(3,828,194)	(15,495,062)	(19,323,256)
Other Comprehensive Income/(Loss)	-	95,040,095	(1,204,964)	(15,972,010)	77,863,121	187,996	78,051,117
Total Comprehensive Income/(Loss)	-	95,040,095	(1,204,964)	(888,181,703)	(794,346,572)	(16,100,533)	(810,447,105)
Balance as at 31 March 2025	1,402,101,647	1,703,023,932	(4,032,330)	(204,621,295)	2,896,471,954	972,360	2,897,444,314

Figures in brackets indicate deductions

The accounting policies and notes on pages 80 through 143 form an integral part of the Financial Statements.

Statement of Changes in Equity

COMPANY

For the year ended 31st March	Stated Capital	Revaluation Reserve	Foreign Currency Translation Reserve	Amalgamation Reserve	Retained Earnings	Total Equity
	LKR	LKR	LKR	LKR	LKR	LKR
Balance as at 01 April 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)	-	(17,393,142)	19,400,973
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
Profit/(Loss) for the Year	-		-	-	(727,664,684)	(727,664,684)
Other Comprehensive Income/(Loss)	-	44,525,318	(1,204,964)	-	(12,268,296)	31,052,057
Total Comprehensive Income/(Loss)	-	44,525,318	(1,204,964)	-	(739,932,980)	(696,612,627)
Balance as at 31 March 2025	1,402,101,647	1,345,312,766	(4,032,331)	(123,361,720)	717,795,822	3,337,816,184

Figures in brackets indicate deductions

The accounting policies and notes on pages 80 through 143 form an integral part of the Financial Statements.

Statement of Cash Flows

		Group		Company	
Year ended 31st March	Note	2025	2024	2025	2024
		LKR	LKR	LKR	LKR
Cash Flows from/(Used in) Operating Activities					
Profit/(Loss) Before Tax		(1,248,508,823)	584,294,125	(1,065,286,105)	697,311,319
Adjustments for					
Depreciation	5	122,050,209	121,719,372	63,893,477	62,475,446
Amortization of Right to Use Assets	6.1	20,194,360	17,894,891	20,194,360	17,894,891
Change in Fair Value of Investment in Subsidiary	9.1	-	-	83,644,724	3,003,000
Amortization of Intangible Assets	8.1	8,308,881	8,401,909	6,891,643	6,980,788
Provision for Defined Benefit Plans	15.1	47,681,755	52,554,656	36,447,231	41,164,671
Interest Income	20.1	(44,526,644)	(74,239,028)	(57,004,745)	(81,280,579)
Finance Cost	20.2	301,333,217	310,713,172	149,870,248	145,873,719
Provision for Bad Debts	11.3	448,967,481	44,331,843	427,458,463	39,663,663
Inventory Write-off	10.1	(18,618,128)	(44,849,156)	-	(26,366,656)
Bad Debts Write-off	11.3	(358,587)	-	(311,497)	-
Reversal/(Charged) from Exchange Fluctuation Reserve	13.2	(1,204,964)	(1,755,166)	(1,204,964)	(1,755,166)
Unrealized Foreign Exchange Difference		23,537,362	(12,989,836)	(5,195,074)	-
Provision/(Reversal) for Slow Moving Inventories	10.1	182,017,851	(3,211,222)	91,347,113	10,471,955
Operating Profit/(Loss) before Working Capital Changes		(159,126,030)	1,002,865,560	(249,255,126)	915,437,051
(Increase)/Decrease in Inventories		(496,115,684)	(304,499,694)	(216,448,357)	(225,155,786)
(Increase)/Decrease in Trade and Other Receivables		607,178,902	(1,373,916,623)	530,616,579	(876,387,425)
Increase/(Decrease) in Trade and Other Payables		74,303,831	(41,842,964)	(30,715,727)	(85,284,996)
Cash Generated from Operations		26,241,019	(717,393,721)	34,197,369	(271,391,156)
Defined Benefit Plan Cost Paid	15	(24,445,000)	(18,494,652)	(21,323,916)	(14,283,307)
Finance Cost Paid		(294,472,579)	(287,253,767)	(149,870,248)	(137,230,645)
Income Tax Paid		(162,560,500)	(130,269,854)	(162,560,500)	(130,269,854)
Net Cash from Operating Activities		(455,237,060)	(1,153,411,994)	(299,557,295)	(553,174,962)
Cash Flows from / (Used in) Investing Activities					
Interest Income		712,086	53,474,053	712,086	59,544,674
Acquisition of Property, Plant and Equipment		(26,254,581)	(39,618,311)	(18,241,786)	(25,385,037)
Net Cash Flows from/(Used in) Investing Activities		(25,542,495)	13,855,742	(17,529,700)	34,159,637
Cash Flows from/(Used in) Financing Activities					
Repayment of Leases	18	(22,393,604)	(31,318,253)	(22,393,604)	(31,318,253)
Investment in Subsidiary	9.1	(19,323,324)	-	(19,323,324)	-
Proceeds from Interest Bearing Loans and Borrowings	14	3,488,387,652	2,728,063,685	1,792,003,503	1,160,419,376
Repayment of Interest Bearing Loans and Borrowings	14	(3,151,600,147)	(1,942,098,774)	(1,378,998,696)	(831,319,377)
Loan Given to Subsidiary	11.6	-	-	(69,684,252)	(162,000,000)
Loan Receipts from Subsidiary		-	-	-	92,000,000
Net Cash Flows from/(Used in) Financing Activities		295,070,577	754,646,658	301,603,627	227,781,746
Net Increase/(Decrease) in Cash and Cash Equivalents		(185,708,978)	(384,909,594)	(15,483,368)	(291,233,579)
Cash and Cash Equivalents at the Beginning of the Year	16	(287,124,153)	97,785,441	(100,328,221)	190,905,358
Cash and Cash Equivalents at the End of the Year	16	(472,833,131)	(287,124,153)	(115,811,589)	(100,328,221)

Figures in brackets indicate deductions

The accounting policies and notes on pages 80 through 143 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 2025, 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 2025 was authorized for issue in accordance with a resolution of the Board of Directors on 28 August 2025.

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 SLFRs (hereafter "SLFRS")

1.5. Parent Enterprise and Ultimate Parent Enterprise

The Company's immediate parent entity is Ceyline Investment (Pvt) Ltd, and the ultimate parent undertaking is BG International (Pvt) Ltd. Ceyline Investment (Pvt) Ltd and BG International (Pvt) Ltd are incorporated and domiciled in Sri Lanka.

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.

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 2025 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 Chartered Accountants of 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 recognised 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 2025. 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 pre measured 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 recognised 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.

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

Notes to the Financial Statements

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 recognised 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 the Group's ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Board is not aware of any material uncertainties that may cast significant doubt upon both the Company's and the 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 recognised 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 recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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 2025.

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. Cash flow 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 recognised 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.

Notes to the Financial Statements

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.

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 utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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 recognised 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 recognised 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. 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.

2.3.6. 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 formulae: -

Raw Materials	At weighted average cost
Work-in-Progress	At factory cost. Cost is determined by accruing all direct material, direct labor 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 labor and appropriate Apportionment of fixed production overheads, based on normal operating capacity
Goods in Transit	At Purchase price

2.3.7. 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.

2.3.8. 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 it carrying amount.

Notes to the Financial Statements

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.

2.3.9. 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.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition investment properties are stated at fair date, 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 derecognised 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 recognised 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.

2.3.10. 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.

2.3.11. 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

Notes to the Financial Statements

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 reorganisation 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.

2.3.12. Provisions

Provisions are recognised 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 recognised 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.

2.3.13. 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 recognised in full in the Other Comprehensive Income.

Payment of Gratuity is made as per the payment of Gratuity Act No 12 of 1983.

(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.

2.3.14. 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 recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

2.3.15. 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 recognised 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 recognise 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 0occurs.

The Group companies determines 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 applies 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.

2.3.16. 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 recognised at fair value, Subsequent to initial recognition, the fair value gains or losses are recognised 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.

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2.4. Statement of Profit or Loss

2.4.1. Revenue Recognition

Revenue is recognised 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. 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 recognised 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.

d. Gains and losses

Net gains and losses of a revenue nature arising from the disposal of property, plant and equipment and other non current 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.

e. Other income

Other income is recognised on an accrual basis.

2.4.2. 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.

2.4.3. 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.

2.4.4. Segmental Information

The Group's internal organisation and management is structured based 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.

2.4.5. Going Concern

The Group has prepared the financial statements for the year ended 31 March 2025 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 2025, 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.

2.4.6. 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 2025.

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.

2.4.7. 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 2025.

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.

2.4.8. 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 2025.

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.

2.4.9. 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 01 January 2025.

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. 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. 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 01 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.

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3.2. Lack of Exchangeability – Amendments to LKAS 21

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows. The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

4. REVENUE

4.1.

Year ended 31st March	Group		Company	
	2025	2024	2025	2024
	LKR	LKR	LKR	LKR
Exports	1,808,977,960	3,584,604,452	710,972,003	2,212,298,259
Local	2,041,178,249	2,664,599,331	1,206,809,428	1,663,663,348
	3,850,156,209	6,249,203,783	1,917,781,431	3,875,961,607

4.2. Revenue from Local Sales of the Group, includes of Revenue generated from showrooms for the year ended 31 March 2025 amounting to LKR 456,368,725/- (2024 - LKR 458,211,534 /-).

4.3. Revenue from Local Sales of the Company, includes of Revenue generated from showrooms for the year ended 31 March 2025 amounting to LKR 407,959,194/- (2024 - LKR 401,430,135/-).

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 2025 amounting to LKR 1,033,598,891/-(2024 LKR 1,485,478,099/-).

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 2025 amounting to LKR 537,545,446/- (2024 - LKR 896,235,409/-).

5. PROPERTY, PLANT & EQUIPMENT

5.1. Gross Carrying Amounts

Group	Balance as at 01.04.2024	Additions	Disposals/ Transfers	Revaluation	Balance as at 31.03.2025
	LKR	LKR	LKR	LKR	LKR
5.1.1. At Cost					
Building - Leasehold	52,878,501	-	-	-	52,878,501
Roadways & Fence	39,836,566	-	-	-	39,836,566
Plant & Machinery	1,447,753,426	6,105,125	(604,475)	-	1,453,254,076
Motor Vehicles	19,178,054	-	-	-	19,178,054
Office Equipment	100,816,419	2,675,939	(44,327)	-	103,448,031
Furniture & Fittings	44,178,774	4,022,076	(229,892)	-	47,970,958
Computer Equipment	79,933,644	8,790,288	(134,500)	-	88,589,432
Capital WIP	3,584,446	2,473,865	(3,403,786)	-	2,654,525
	1,788,159,830	24,067,293	(4,416,980)	-	1,807,810,143

Notes to the Financial Statements

Group	Balance as at 01.04.2024	Additions	Disposals/ Transfers	Revaluation	Balance as at 31.03.2025
	LKR	LKR	LKR	LKR	LKR
5.1.2. At Valuation					
Land - Freehold	1,162,473,800	-	-	55,336,900	1,217,810,700
Building - Freehold	985,543,002	2,976,592	(55,986,580)	57,393,865	989,926,880
	2,148,016,802	2,976,592	(55,986,580)	112,730,765	2,207,737,580
	3,936,176,632	27,043,885	(60,403,560)	112,730,765	4,015,547,723

GROUP

5.2. Depreciation

	Balance as at 01.04.2024	Charge for the Year	Disposals/ Transfers	Revaluation	Balance as at 31.03.2025
	LKR	LKR	LKR	LKR	LKR
5.2.1. At Cost					
Building - Leasehold	40,633,350	5,061,699	-	-	45,695,049
Roadways & Fence	3,381,145	971,220	-	-	4,352,365
Plant & Machinery	1,327,536,645	40,455,273	(602,986)	-	1,367,388,932
Motor Vehicles	11,103,205	1,732,094	-	-	12,835,299
Office Equipment	77,181,568	6,952,377	(44,327)	-	84,089,618
Furniture & Fittings	34,907,816	2,543,730	(229,892)	-	37,221,654
Computer Equipment	60,670,255	8,347,236	(112,106)	-	68,905,385
	1,555,413,984	66,063,629	(989,311)	-	1,620,488,302

	Balance as at 01.04.2024	Charge for the Year	Disposals/ Transfers	Revaluation	Balance as at 31.03.2025
	LKR	LKR	LKR	LKR	LKR
5.2.2. At Valuation					
Building - Freehold	-	55,986,580	-	(55,986,580)	-
	-	55,986,580	-	(55,986,580)	-
	1,555,413,984	122,050,209	(989,311)	(55,986,580)	1,620,488,302

5.3. Net Book Values

Year ended 31st March	Group 2025 LKR	Group 2024 LKR
5.3.1. At Cost		
Building - Leasehold	7,183,451	12,245,150
Roadways & Fence	35,484,201	36,455,421
Plant & Machinery	85,865,144	120,216,781
Motor Vehicles	6,342,755	8,074,850
Office Equipment	19,358,413	23,634,851
Furniture & Fittings	10,749,303	9,270,958
Computer Equipment	19,684,046	19,263,389
Capital WIP	2,654,525	3,584,446
	187,321,838	232,745,846

Year ended 31st March	Group 2025 LKR	Group 2024 LKR
5.3.2. At Valuation		
Land	1,217,810,700	1,162,473,800
Building - Freehold	989,926,880	985,543,002
	2,207,737,580	2,148,016,802
Total Carrying Amount of Property, Plant and Equipment	2,395,059,418	2,380,762,648

5.3.3. The Group acquired Property, Plant and Equipment to the aggregate value of LKR 27,048,885/- during the financial year (2024 - LKR. 42,672,786/-).Cash payments amounting to LKR 26,254,581/- (2024 - LKR. 39,618,311/-) were made during the year for purchase of Property, Plant and Equipment.

5.4. As at 31 March 2025, Group Property, Plant and Equipment with a total cost of LKR 1,390,381,428/- (2024 - LKR 1,073,192,268/-) have been fully depreciated but continue to be in use by the Group.

Notes to the Financial Statements

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 2025 for financial year ended 31st March 2025 for the Company and for the Group by KPMG Deal Advisory (Private) Limited, who has valuation experience for similar properties.(2024 by KPMG Deal Advisory (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	914,486,000	KPMG Deal Advisory (Private) Limited	31 March 2025
	Freehold Building	Dankotuwa	Depreciated Replacement Cost Method	478,498,864		
Royal Fernwood Porcelain Ltd	Freehold Land	Kosgama	Comparable Open Market Value Method	303,324,700	KPMG Deal Advisory (Private) Limited	31 March 2025
	Freehold Building	Kosgama	Depreciated Replacement Cost Method	511,428,015		

5.5.1. Fair Value Hierarchy and Significant Unobservable Valuation Input as at 31 March 2025

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 290,000/-	Positively Correlated
Freehold Buildings - Dankotuwa	267,801 sq.ft	36	Level 3	Estimated price per square Foot LKR 271/- LKR 3,000/-	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 900/- to 4,512/-	Positively Correlated

5.5.2. 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	Sensitivity of 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 190,000/-	Positively Correlated
Freehold Buildings - Kosgama	141,368 sq.ft	25	Level 3	Estimated price per Square Foot LKR 900/- to 4,250/-	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 depreceation 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, the Group 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 2025	Net Carrying Amount 2024
	LKR	LKR	LKR	LKR
Land - Freehold	250,000	-	250,000	250,000
Building - Freehold	169,311,079	115,867,178	53,443,901	57,676,678
	169,561,079	115,867,178	53,693,901	57,926,678

Notes to the Financial Statements

5.6.3. Royal Fernwood Porcelain Ltd

Type of property	Cost	Cumulative Depreciation If assets were carried at cost	Net Carrying Amount 2025	Net Carrying Amount 2024
	LKR	LKR	LKR	LKR
Land - Freehold	3,462,294	-	3,462,294	3,462,294
Building - Freehold	41,386,161	16,863,586	24,522,575	25,557,229
	44,848,455	16,863,586	27,984,869	29,019,523

COMPANY

5.7. Gross Carrying Amounts

	Balance as at 01.04.2024	Additions	Disposals/ Transfers	Revaluation	Balance as at 31.03.2025
	LKR	LKR	LKR	LKR	LKR
5.7.1. At Cost					
Building - Leasehold	52,878,501	-	-	-	52,878,501
Roadways & Fence	39,836,566	-	-	-	39,836,566
Plant & Machinery	807,058,187	1,830,375	(604,475)	-	808,284,087
Motor Vehicles	11,728,054	-	-	-	11,728,054
Office Equipment	62,041,597	2,119,233	(44,327)	-	64,116,503
Furniture & Fittings	27,536,466	3,973,179	(229,892)	-	31,279,753
Computer Equipment	56,080,035	7,741,288	-	-	63,821,323
Capital WIP	503,806	-	(488,032)	-	15,774
	1,057,663,212	15,664,075	(1,366,726)	-	1,071,960,561

	Balance as at 01.04.2024	Additions	Disposals/ Transfers	Revaluation	Balance as at 31.03.2025
	LKR	LKR	LKR	LKR	LKR
5.7.2. At Valuation					
Land - Freehold	882,952,000	-	-	31,534,000	914,486,000
Building - Freehold	493,771,000	451,261	(33,568,069)	17,844,672	478,498,864
	1,376,723,000	451,261	(33,568,069)	49,378,672	1,392,984,864
	2,434,386,212	16,115,336	(34,934,795)	49,378,672	2,464,945,425

5.8. Depreciation

	Balance as at 01.04.2024 LKR	Charge for the Year LKR	Disposals/ Transfers LKR	Revaluation LKR	Balance as at 31.03.2025 LKR
5.8.1. At Cost					
Building - Leasehold	40,633,350	5,061,699	-	-	45,695,049
Roadways & Fence	3,381,144	971,220	-	-	4,352,364
Plant & Machinery	763,304,026	11,279,303	(602,986)	-	773,980,343
Motor Vehicles	8,910,186	195,646	-	-	9,105,832
Office Equipment	41,383,765	5,232,900	(44,327)	-	46,572,338
Furniture & Fittings	19,589,501	1,939,008	(229,892)	-	21,298,617
Computer Equipment	44,842,105	5,645,632	-	-	50,487,737
	922,044,077	30,325,408	(877,205)	-	951,492,280

	Balance as at 01.04.2024 LKR	Charge for the Year LKR	Disposals/ Transfers LKR	Revaluation LKR	Balance as at 31.03.2025 LKR
5.8.2. At Valuation					
Building - Freehold	-	33,568,069	-	(33,568,069)	-
	-	33,568,069	-	(33,568,069)	-
	922,044,077	63,893,477	(877,205)	(33,568,069)	951,492,280

5.9. Net Book Values

Year ended 31st March	2025 LKR	2024 LKR
5.9.1. At Cost		
Building - Leasehold	7,183,452	12,245,151
Roadways & Fence	35,484,202	36,455,422
Plant & Machinery	34,303,744	43,754,161
Motor Vehicles	2,622,222	2,817,868
Office Equipment	17,544,165	20,657,833
Furniture & Fittings	9,981,137	7,946,966
Computer Equipment	13,333,586	11,237,929
Capital WIP	15,774	503,805
	120,468,282	135,619,135
5.9.2. At Valuation		
Land - Freehold	914,486,000	882,952,000
Building - Freehold	478,498,864	493,771,000
	1,392,984,864	1,376,723,000
Total Carrying Amount of Property, Plant and Equipment	1,513,453,146	1,512,342,135

Notes to the Financial Statements

5.10. The Company acquired Property, Plant and Equipment to the aggregate value of LKR 16,115,336 during the financial year (2024 -LKR.27,671,796/-). Cash payments amounting to LKR. 16,115,336/- (2024 - 25,385,037/-) 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 814,977,555/- (2024 - LKR 799,179,966/-).

5.12. The useful lives of the assets of the companies in the Group are estimated as follows.

	Group		Company	
	2025	2024	2025	2024
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)

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 Amounts			
	As At 31.03.2024	**Additions**	**De-Recognition***	**As At 31.03.2025**
	LKR	LKR	LKR	LKR
Right to Use Asset - Building (Note 6.2)	64,414,242	179,532	-	**64,593,774**
Right to Use Asset Motor Vehicle	8,623,478	-	-	**8,623,478**
	73,037,720	179,532	-	**73,217,252**

	Group/Company			
	Amortization			
	As At 31.03.2024	**Additions**	**De-Recognition***	**As At 31.03.2025**
	LKR	LKR	LKR	LKR
Right to Use Asset - Building (Note 6.2)	11,371,985	19,657,237	275,338	**31,304,560**
Right to Use Asset Motor Vehicle	8,086,357	537,123	-	**8,623,480**
	19,458,342	20,194,360	275,338	**39,928,040**

* LKR 0.28 million recorded under de-recognitions pertains to lease agreements

6.2. Net Book Value

	Group/Company	
Year ended 31st March	**As at 31.03.2025**	**As at 31.03.2024**
	LKR	LKR
Right to Use Asset - Building (Note 6.3)	33,289,214	53,042,257
Right to Use Asset Motor Vehicle	-	537,121
	33,289,214	53,579,378

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.

Notes to the Financial Statements

7. INVESTMENT PROPERTY

	Group		Company	
Year ended 31st March	2025	2024	2025	2024
	LKR	LKR	LKR	LKR
As at 01.04.2024	769,945,602	769,945,602	629,700,002	629,700,002
Fair value gain from Investment Property	-	-	-	-
As at 31.03.2025	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	Freehold Land	Dankotuwa	Comparison and Contractors Value Method	629,700,002	KPMG Deal Advisory (Private) Limited	31 March 2025
Royal Fernwood Porcelain Ltd	Freehold Land	Kosgama	Comparison and Contractors Value Method	140,245,600	KPMG Deal Advisory (Private) Limited	31 March 2025
				769,945,602		

7.2. Fair Value Hierarchy and Significant Unobservable Valuation Input as at 31 March 2025

Company	Property	Location	Fair Value Hierarchy	Significant Unobservable Inputs	Area	Sensitivity of fair value to unobservable Inputs
Dankotuwa Porcelain PLC	Freehold Land	Dankotuwa	Level 3	Average Market value per perch LKR 150,000/- to LKR 200,000/-	3,899.35 p	Positively Correlated
Royal Fernwood Porcelain Ltd	Freehold Land	Kosgama	Level 3	Average Market value per perch LKR 75,000/- to LKR 100,000/-	1,753.07 p	Positively Correlated

7.3. Fair Value Hierarchy and Significant Unobservable Valuation Input as at 31 March 2024

Company	Property	Location	Fair Value Hierarchy	Significant Unobservable Inputs	Area	Sensitivity of fair value to unobservable Inputs
Dankotuwa Porcelain PLC	Freehold Land	Dankotuwa	Level 3	Average Market value per perch LKR 150,000/- to LKR 200,000/-	3,899.35 p	Positively Correlated
Royal Fernwood Porcelain Ltd	Freehold Land	Kosgama	Level 3	Average Market value per perch LKR 75,000/- 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 2025 by an Independent Valuer, KPMG Deal Advisory (Private) Limited Valuer ,who has valuation experience for similar properties.

8. INTANGIBLE ASSETS

	Carrying Amount			
	Group		Company	
Year ended 31st March	2025	2024	2025	2024
	LKR	LKR	LKR	LKR
Summary				
Computer Software (Note 8.1)	23,382,201	29,076,600	20,897,179	25,174,339
Goodwill on Consolidation (Note 8.2)	12,673,968	12,673,968	-	-
Brand Name (Note 8.3)	14,787,753	14,787,753	-	-
	50,843,922	56,538,321	20,897,179	25,174,339

8.1. Computer Software

	Group		Company	
Year ended 31st March	2025	2024	2025	2024
	LKR	LKR	LKR	LKR
Cost				
As at the beginning of the year	94,769,898	72,437,668	87,685,002	65,352,772
Acquired / Incurred during the period	2,614,482	22,332,230	2,614,482	22,332,230
As at the end of the year	97,384,380	94,769,898	90,299,484	87,685,002
Amortisation				
As at the beginning of the year	65,693,298	57,291,389	62,510,663	55,529,875
Amortisation for the year	8,308,881	8,401,909	6,891,642	6,980,788
As at the end of the year	74,002,179	65,693,298	69,402,305	62,510,663
Net book value as at the end of the year	23,382,201	29,076,600	20,897,179	25,174,339

8.1.2. Intangible Assets consisted of Microsoft Open Licenses and ERP system, which were amortized over the useful life of 24 months and 8 years respectively.

8.1.3. The Group acquired Intangible Assets to the aggregate value LKR 2,614,482/- during the 2024/25 financial year (2023/24 - LKR 22,332,230/-).

Notes to the Financial Statements

8.2. Goodwill on Consolidation

Year ended 31st March	Group	
	2025	2024
	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	
	2025	2024
	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	
	2025	2024	2025	2024
	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 14.5% (2024-19.7%) is the risk-free rate, which is the long-term bond rate published by the Central Bank of Sri Lanka, adjusted by adding an appropriate risk premium

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 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 - COMPANY

	Country of Incorporation	No of Ordinary Shares	*Direct Holding*		Fair Value	Cost	Fair Value	Cost
			2025	2024	2025	2025	2024	2024
			%	%	LKR	LKR	LKR	LKR
Non-Quoted								
Royal Fernwood Porcelain Ltd	Sri Lanka	2,225,019,852	99.60	95.69	770,048,600	391,381,586	834,370,000	391,381,586
Royal Fernwood Porcelain Ltd (Note 9.1)-Preference Shares*					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)					1,120,601,787	741,934,773	1,184,923,187	741,934,773

* Terms and condition

Non-voting , Redeemable, Non- Cumulative shall be redeem at the option of issuer

Notes to the Financial Statements

9.1. Total Non-Quoted Investment in Subsidiaries at Fair Value

Year ended 31st March	2025 LKR	2024 LKR
At the beginning of the Year (Note 29)	1,184,923,187	1,187,926,187
Change in Fair Value	(83,644,724)	(3,003,000)
Investment in Royal Fernwood (Pvt) Limited	19,323,324	-
At the end of the Year	1,120,601,787	1,184,923,187

The Principal Activities of the Subsidiaries are disclosed in Note 1.6

9.2. The Company uses Fair Valuation Model of measurement for investment in subsidiaries.

Details of investment in subsidiary stated at fair value included below,

Company	Valuation Techniques	Significant Assumption	FV Level	2025	2024	Effective date
Royal Fernwood Porcelain Ltd	Discounted Cash flow Method	Weighted Average Cost of Capital	Level 3	14.50%	19.70%	31 March 2025
		Terminal Growth Rate	Level 3	3.10%	3.10%	31 March 2025

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 taking in to account, inter alia ,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		2025 Effect on Profit or Loss Statement LKR	2025 Effect on Statement of Financial Position LKR	2024 Effect on Profit or Loss Statement LKR	2024 Effect on Statement of Financial Position LKR
If one percentage point change in the assumed weighted average cost of capital , would have the following effects	1%	(174,613,142)	(174,613,142)	(85,698,010)	(85,698,010)
	-1%	208,813,691	208,813,691	96,654,225	96,654,225
If one percentage point change in the assumed terminal growth rate , would have the following effects	1%	214,517,783	214,517,783	115,023,060	115,023,060
	-1%	(123,560,374)	(123,560,374)	(99,532,115)	(99,532,115)

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*	
	2025	2024	2025	2024	2025	2024
	LKR	LKR	LKR	LKR	LKR	LKR
Non-Controlling Interests material individually						
Royal Fernwood Porcelain Ltd	0.40%	4.31%	972,360	17,072,893	187,996	(374,597)

The summarized financial information of the subsidiary is provided below. This information is based on amounts before inter-company eliminations.

9.4.2. Summarized Statement of comprehensive income for the year ended 31 March

	2025	2024
	LKR	LKR
Revenue	1,933,642,078	2,466,756,614
Operating Costs	(2,035,000,648)	(2,413,526,352)
Other Income	12,982,900	12,923,430
Finance Costs	(177,411,887)	(180,683,333)
Finance Income	614,959	331,110
Fair Value Gain from Investment Property	-	-
Tax (Expense) / Reversal	66,805,853	40,519,621
Profit or Loss from Continuing Operations	(198,366,745)	(73,678,910)
Other Comprehensive Income/(Loss)	46,999,059	64,987,567
Total Comprehensive Income/(Loss)	(151,367,686)	(8,691,343)

9.4.3. Summarized Statement of Financial Position as at 31 March

	2025	2024
	LKR	LKR
Current Assets	1,824,411,067	1,781,981,543
Non-Current Assets	1,024,336,890	1,012,568,368
Total Assets	2,848,747,957	2,794,549,911
Current Liabilities	2,057,508,196	1,655,564,934
Non-Current Liabilities	197,830,385	392,669,765
Total Liabilities	2,255,338,581	2,048,234,699

Notes to the Financial Statements

9.4.4. Summarized Cash Flow Information for the year ended 31 March

	2025	2024
	LKR	LKR
Operating	(101,294,456)	(536,638,764)
Investing	(7,397,836)	(13,902,164)
Financing	(61,400,966)	456,864,912
Net increase/(decrease) in Cash and Cash Equivalents	(170,093,258)	(93,676,016)

10. INVENTORIES

	Group		*Company*	
Year ended 31st March	**2025**	**2024**	**2025**	**2024**
	LKR	LKR	LKR	LKR
Raw Materials	433,546,945	405,469,470	157,173,806	130,149,898
Indirect Materials	64,478,034	24,822,855	64,478,034	24,822,855
Packing Materials	38,158,578	25,977,248	18,096,483	17,622,595
Spare Parts	58,959,797	53,598,521	58,959,797	53,598,521
General Inventory	12,329,497	16,975,793	12,329,497	16,975,793
Consumables	12,866,603	26,333,091	12,866,603	26,333,091
Semi Finished Goods	340,709,299	279,769,125	340,709,299	279,769,125
Work in Progress	246,190,486	212,738,220	45,340,939	59,922,387
Finished Goods	1,192,880,444	826,105,695	472,614,236	324,712,090
Others	44,945,596	79,481,956	44,945,596	79,481,957
Less : Allowance for Obsolete & Slow Moving Inventories (Note 10.1)	(306,634,087)	(143,234,365)	(175,664,483)	(84,317,370)
	2,138,431,192	1,808,037,609	1,051,849,807	929,070,942
Goods in Transit	2,322,379	-	2,322,379	-
Total Inventories at the Lower of Cost and Net Realizable Value	2,140,753,571	1,808,037,609	1,054,172,186	929,070,942

10.1. Provision for Inventories

	Group		*Company*	
Year ended 31st March	**2025**	**2024**	**2025**	**2024**
	LKR	LKR	LKR	LKR
Balance as at the Beginning of the Year	143,234,364	191,294,743	84,317,370	100,212,071
Provision Made / (Reversal) During the Period	182,017,851	(3,211,222)	91,347,113	10,471,955
Stock Written off During the Period	(18,618,128)	(44,849,156)	-	(26,366,656)
Balance as at the End of the Year	306,634,087	143,234,365	175,664,483	84,317,370

11. TRADE AND OTHER RECEIVABLES

Year ended 31st March	Group		Company	
	2025	2024	2025	2024
	LKR	LKR	LKR	LKR
Trade Debtors - Related Party (11.1)	128,525	205,439	-	76,914
- Other	1,558,773,080	2,231,071,348	1,064,205,013	1,571,448,509
Less: Impairment for Doubtful Debts (11.3)	(525,602,718)	(76,993,826)	(494,034,701)	(66,887,735)
	1,033,298,887	2,154,282,961	570,170,312	1,504,637,688
Other Debtors - Related Party (11.2)	959,643	643,714	35,588,774	16,336,209
- Other	53,183,753	60,663,722	37,994,775	58,870,777
Provision for Other receivable	(5,760,349)	(5,760,349)	(5,760,349)	(5,760,349)
	1,081,681,934	2,209,830,048	637,993,512	1,574,084,325
Advances and Prepayments	246,179,958	130,313,668	67,347,701	32,989,270
Loans Given to Employees (11.5)	-	50,000	-	50,000
	1,327,861,892	2,340,193,716	705,341,213	1,607,123,595

11.1. Trade Receivables - Related Parties

Year ended 31st March	Relationship	Group		Company	
		2025	2024	2025	2024
		LKR	LKR	LKR	LKR
Ambeon Holdings PLC	Affiliate	128,525	128,525	-	-
Millenum I.T.E.S.P (Pvt) Ltd	Affiliate	-	76,914	-	76,914
		128,525	205,439	-	76,914

11.2. Other Receivables - Related Parties

Year ended 31st March	Relationship	Group		Company	
		2025	2024	2025	2024
		LKR	LKR	LKR	LKR
Royal Fernwood Porcelain Ltd	Subsidiary	-	-	31,029,981	12,058,965
Dankotuwa Singapore PTE Ltd	Subsidiary	-	-	3,635,089	3,669,469
Ambeon Holdings PLC	Affiliate	-	13,974	-	13,974
Califolink Logistics (Pvt) Ltd	Group Company	959,643	629,740	923,704	593,801
		959,643	643,714	35,588,774	16,336,209

Notes to the Financial Statements

11.3. Impairment of Doubtful Debts

Year ended 31st March	Group 2025 LKR	Group 2024 LKR	Company 2025 LKR	Company 2024 LKR
Balance as at the Beginning of the Year	76,993,825	32,661,983	66,887,735	27,224,072
Write off During the Period	(358,587)	-	(311,497)	-
Provision Made (Reversal) During the Period	448,967,481	44,331,843	427,458,463	39,663,663
Balance as at the End of the Year	525,602,718	76,993,826	494,034,701	66,887,735

11.4. Ageing analysis of trade receivables as follows

	Neither Past due but Not Impaired LKR	Past due but Not Impaired: 31 to 60 Days LKR	Past due but Not Impaired: 61 to 90 Days LKR	Past due but Not Impaired: More than 91 Days LKR	Impairment for Doubtful Debts LKR	Total LKR
Group						
2025	552,197,692	158,196,754	101,919,733	746,587,425	(525,602,718)	1,033,298,887
2024	993,656,288	235,682,767	309,156,183	692,781,549	(76,993,826)	2,154,282,961
Company						
2025	287,314,415	59,660,239	42,661,644	674,568,715	(494,034,701)	570,170,312
2024	488,983,210	235,682,767	189,452,589	657,406,858	(66,887,735)	1,504,637,688

11.5. Loans to Company Employees

Year ended 31st March	Group 2025 LKR	Group 2024 LKR	Company 2025 LKR	Company 2024 LKR
Summary				
Balance as at the Beginning of the Year	50,000	-	50,000	-
Loans Granted During the Year	-	100,000	-	100,000
Less: Repayments During the Year	(50,000)	(50,000)	(50,000)	(50,000)
Balance as at the End of the Year	-	50,000	-	50,000

11.6. Loans to Related Parties

	Company	
Year ended 31st March	**2025**	**2024**
	LKR	LKR
Balance as at the Beginning of the Year	70,485,466	-
Loans Granted During the Year	69,684,255	162,000,000
Interest Accrued During the Year	13,093,060	7,372,661
Repayment During the Year	-	(98,887,195)
Balance as at the End of the Year	153,262,781	70,485,466

12. STATED CAPITAL

	2025		*2024*	
	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.

Notes to the Financial Statements

13. OTHER COMPONENTS OF EQUITY

Year ended 31st March	Group		Company	
	2025 LKR	2024 LKR	2025 LKR	2024 LKR
Revaluation Reserve (13.1)	1,703,023,932	1,607,983,837	1,345,312,766	1,300,787,448
Foreign Currency Translation Reserve (13.2)	(4,032,330)	(2,827,366)	(4,032,330)	(2,827,366)
Amalgamation Reserve (13.3)	-	-	(123,361,720)	(123,361,720)
	1,698,991,602	1,605,156,471	1,217,918,716	1,174,598,362

13.1. Revaluation Reserve

Year ended 31st March	Group*		Company	
	2025 LKR	2024 LKR	2025 LKR	2024 LKR
Balance as at the Beginning of the Year	1,607,983,837	1,500,874,122	1,300,787,448	1,262,238,167
Revaluation of Land and Buildings	95,040,095	107,109,715	44,525,318	38,549,281
Balance as at the End of the Year	1,703,023,932	1,607,983,837	1,345,312,766	1,300,787,448

*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	2025 LKR	2024 LKR
Balance as at Beginning of the Year	(2,827,366)	(1,072,200)
Reversal/(Addition) During the Year	(1,204,964)	(1,755,166)
Balance as at the End of the Year	(4,032,330)	(2,827,366)

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 recognised under Exchange Fluctuation Reserve as a separate component of equity.

13.3. Amalgamation Reserve - Company

Year ended 31st March	2025	2024
	LKR	LKR
Balance as at Beginning of the Year	(123,361,720)	(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

Year ended 31st March	2025			2024		
	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)	1,868,947,613	118,610,704	1,987,558,317	1,313,968,541	308,980,169	1,622,948,710
Bank Overdrafts (Note 16.2)	1,068,661,589	-	1,068,661,589	786,567,532	-	786,567,532
	2,937,609,202	118,610,704	3,056,219,906	2,100,536,073	308,980,169	2,409,516,242

14.2. Summary - Company

Year ended 31st March	2025			2024		
	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)	890,805,717	16,610,706	907,416,423	434,539,806	54,480,170	489,019,976
Bank Overdrafts (Note 16.2)	676,911,719	-	676,911,719	576,692,079	-	576,692,079
	1,567,717,436	16,610,706	1,584,328,142	1,011,231,885	54,480,170	1,065,712,055

Notes to the Financial Statements

14.3. Bank Loans

	Notes	As at 01.04.2024	Loans Obtained	Repayment	Accrued Interest	Exchange (Gain)/Loss	As at 31.03.2025
		LKR	LKR	LKR	LKR	LKR	LKR
Bank Loans - Company							
Bank of Ceylon -Packing Credit Loan-USD	14.4.1	160,799,404	277,218,498	(326,565,820)	3,841,719	814,772	116,108,573
Bank of Ceylon-Hypothecation Loan-LKR	14.4.2	-	32,802,956	(32,802,956)	-	-	-
Sampath Bank - Packing Credit Loan-LKR	14.4.6	80,000,000	260,000,000	(160,000,000)	-	-	180,000,000
Sampath Bank - Money Market Loan-LKR	14.4.5	25,000,000	75,000,000	(75,000,000)	-	-	25,000,000
Nations Trust Bank-Term Loan-LKR	14.4.8	119,756,843	-	(53,134,147)	-	-	66,622,696
Nations Trust Bank-Packing Credit Loan-USD	14.4.11	103,463,729	100,817,015	(149,749,409)	-	625,206	55,156,541
Nations Trust Bank-Packing Credit Loan-LKR	14.4.11	-	127,000,000	(97,000,000)	-	-	30,000,000
Nations Trust Bank-Import Loan-USD	14.4.12	-	3,976,320	(2,034,845)	-	-	1,941,475
Hatton National Bank-Packing Credit Loan-LKR	14.4.15	-	142,000,000	(85,000,000)	-	-	57,000,000
Hatton National Bank-Short Term Loan-LKR	14.4.16	-	337,500,000	(187,500,000)	-	-	150,000,000
Commercial Bank-Short Term Loan-LKR	14.4.21	-	65,356,497	(4,815,807)	-	-	60,540,690
Commercial Bank-Packing Credit Loan-USD	14.4.18	-	63,532,216	(39,595,712)	-	109,944	24,046,448
Commercial Bank-Packing Credit Loan-LKR	14.4.18	-	306,800,000	(165,800,000)	-	-	141,000,000
Total Bank Loans - Company		489,019,976	1,792,003,502	(1,378,998,696)	3,841,719	1,549,922	907,416,423

14.4. Bank Loans

	Notes	As at 01.04.2024 LKR	Loans Obtained LKR	Repayment LKR	Accrued Interest LKR	Exchange (Gain)/Loss LKR	As at 31.03.2025 LKR
Bank Loans - Subsidiary							
DFCC Bank-Short Term Loan-LKR	14.4.32	-	85,588,239	(50,300,000)	-	-	35,288,239
Hatton National Bank-Short Term Loan-LKR	14.4.39	-	216,500,000	(81,149,801)	-	-	135,350,199
Commercial Bank-Short Term Loan-LKR	14.4.23	279,647,018	219,500,000	(319,147,018)	-	-	180,000,000
Nations Trust Bank-Term Loan 1-LKR	14.4.27	230,921,760	-	(44,426,375)	-	-	186,495,385
Nations Trust Bank-Term Loan 2-LKR	14.4.28	98,960,345	-	(54,460,345)	-	-	44,500,000
Commercial Bank-Term Loan 1-LKR	14.4.25	79,824,956	-	(46,074,956)	-	-	33,750,000
Nations Trust Bank-Packing Credit Loan-LKR	14.4.29	7,029,748	-	(7,029,748)	-	-	-
Commercial Bank-Packing Credit Loan-LKR	14.4.22	-	35,000,000	(12,000,000)	-	-	23,000,000
Nations Trust Bank-Packing Credit Loan-USD	14.4.30	215,023,889	608,576,558	(650,336,291)	-	11,373,757	184,637,913
DFCC Bank-Packing Credit Loan-USD	14.4.35	27,969,649	220,242,252	(108,478,642)	-	3,433,280	143,166,540
Hatton National Bank-Import Loan-USD	14.4.40	-	119,434,289	(73,994,385)	-	292,936	45,732,840
DFCC Bank-Import loan-USD	14.4.34	99,592,895	66,390,966	(161,714,646)	-	5,714,981	9,984,196
Hatton National Bank-Import Loan-LKR	14.4.40	34,790,653	-	(34,790,653)	-	-	-
Commercial Bank-Import Loan-LKR	14.4.24	-	50,458,579	-	-	-	50,458,579
Commercial Bank-Import Loan-USD	14.4.24	27,223,818	27,950,668	(55,941,355)	-	766,869	-
Nations Trust Bank-Import Loan-USD	14.4.34	32,944,005	46,742,599	(72,757,236)	-	848,635	7,778,003
		1,133,928,736	1,696,384,150	(1,772,601,451)	-	22,430,458	1,080,141,894
Total Bank Loans - Group		1,622,948,710	3,488,387,652	(3,151,600,147)	3,841,719	23,980,380	1,987,558,317

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 Loan	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 drawn under Sight Letter of credit & Collection bills
14.4.3. Bank of Ceylon	Overdraft Facility	LKR 25 Mn	To finance working capital requirements
14.4.4. Bank of Ceylon	Letters of Credit	LKR 85 Mn	To import raw materials and machinery spares
14.4.5. Sampath Bank PLC	Short-term Loan	LKR 25Mn	To finance working capital requirements
14.4.6. Sampath Bank PLC	Packing Credit Loan	LKR 180 Mn or USD 1 Mn	To finance working capital relating to export orders
14.4.7 Sampath Bank PLC	Overdraft Facility	LKR 75 Mn	To finance working capital requirements
14.4.8 Nations Trust Bank PLC	Long-term Loan	LKR 250 Mn	To clear related party payables
14.4.9 Nations Trust Bank PLC	Overdraft Facility (I)	LKR 25 Mn	To finance working capital requirements
14.4.10 Nations Trust Bank PLC	Overdraft Facility (II)	LKR 400 Mn	To finance working capital requirements
14.4.11 Nations Trust Bank PLC	Packing Credit Loan	USD 0.5 Mn or equivalent in LKR	To finance working capital relating to export orders
14.4.12 Nations Trust Bank PLC	Import Finance Loans (Sub Limit of Packing Credit Loans)	USD 0.2 Mn or equivalent in LKR	To retire import bills and to finance duty/ tax payments.
14.4.13. Hatton National Bank PLC	Overdraft Facility	LKR 75 Mn	For operational expenses of the business.

Interest Rate	Repayment Terms	Security	*Carrying value of the assets pledged*	
			2025	2024
3 Months SOFR+4.5% p.a.	Maximum 4 Months	Foreign Currency Loan Agreement, Floating Hypothecation over stocks and book debts and Deposit of LC/ Confirmed export order.	1,760Mn	2,434Mn
AWPLR+2.5% p.a.	Maximum 4 Months	Hypothecation Loan Agreement and Floating Hypothecation over stocks and book debts.	1,760Mn	2,434Mn
AWPLR+2.5% p.a.	On Demand	Overdraft Agreement and Mortgage over stocks and assignment over the book debts.	1,760Mn	2,434Mn
0.175% for a period of three months and 0.15% for each additional month		Relative Bills of exchange, Shipping Documents and Underlying goods under the Bank's constructive control.	1,760Mn	2,434Mn
At prevailing market rates payable monthly together with applicable statutory tax rates	Maximum 3 months	Short Term Loan Agreement and Hypothecation Bond for USD 500,000/- over stocks and book debts and an additional Hypothecation Bond for USD 500,000/- over stocks located at factory premises in Dankotuwa and book debts.	1,760Mn	2,434Mn
For Foreign Currency : 3 Months SOFR+3.5% p.a. subject to a minimum of 8.5% p.a. and For LKR: AWPLR+1.5% p.a.	Maximum 150 days or at the time of negotiation of relative export documents whichever is earlier			
AWPLR+1.5% p.a.	On Demand	Overdraft Agreement and Hypothecation Bond for Rs. 100Mn over stocks and book debts of the Company.	100 Mn	100 Mn
AWPLR+1.5% p.a.	60 months	Term Loan Agreement and Mortgage bond over 1.08Bn unquoted share of Royal Fernwood Porcelain Limited.	465 Mn	465 Mn
AWPLR+1% p.a.	On Demand	Overdraft Agreement, Trade Finance General Agreement, Primary Mortgage Bond over stocks and book debts for LKR 100 Mn and Cash security of LKR 463,030,052/- for Overdraft (II).	463 Mn	421 Mn
Fixed Deposit Rate+0.4% p.a.	On Demand			
For Foreign Currency: 3 Months SOFR+4% p.a. and for LKR AWPLR+1% p.a.	Maximum 4 months			
For Foreign Currency: 3 Months SOFR+4% p.a. and for LKR AWPLR+1% p.a.	Maximum 4 months			
AWPLR+1% p.a.	On Demand	Clean		

Notes to the Financial Statements

Lending Institution	Nature of Facility	Facility Amount	Purpose of the Facility
14.4.14. Hatton National Bank PLC	Letter of Credit Facility	USD 1 Mn	To import raw materials/ machinery and machinery spare parts.
14.4.15. Hatton National Bank PLC	Packing Credit Loan (Sub Limit of Letter of Credit)	USD 1 Mn or equivalent in LKR	For Pre-shipment financing
14.4.16. Hatton National Bank PLC	Short Term Revolving Loan (Sub Limit of Letter of Credit)	LKR 150 Mn	For Local Purchases
14.4.17. Commercial Bank of Ceylon PLC	Overdraft facility	LKR 75 Mn	To finance working capital requirements
14.4.18. Commercial Bank of Ceylon PLC	Packing Credit Loan	USD 1 Mn or equivalent in LKR	To finance working capital relating to export orders
14.4.19. Commercial Bank of Ceylon PLC	Letter of Credit Facility (Sublimit of Packing Credit Loan)	USD 1 Mn or equivalent in LKR	For importation/ local purchase of all raw materials, machinery spars and others approved by the Bank
14.4.20. Commercial Bank of Ceylon PLC	Import Demand Loan Facility (Sublimit of Packing Credit Loan)	USD 1 Mn or equivalent in LKR	To retire import bills
14.4.21. Commercial Bank of Ceylon PLC	Revolving Short Term Loans (Sublimit of Packing Credit Loan)	USD 1 Mn equivalent in LKR	To finance working capital requirements

Security, repayment terms and other significant details of facilities

Royal Fernwood Porcelain Ltd

14.4.22. Commercial Bank of Ceylon PLC	Pre-shipment Loans	USD 1 Mn or equivalent in LKR	To finance working capital requirements
14.4.23. Commercial Bank of Ceylon PLC	Short Term Loan	USD 1 Mn or equivalent in LKR (Sub limit of pre shipment loan)	To finance working capital requirements
14.4.24. Commercial Bank of Ceylon PLC	Import Loan	USD 1 Mn or equivalent in LKR (Sub limit of pre shipment loan)	To finance working capital requirements
14.4.25. Commercial Bank of Ceylon PLC	Term Loan	Rs. 90 Mn	To finance working capital requirements
14.4.26. Commercial Bank of Ceylon PLC	Over Draft (LKR)	Rs. 75 Mn	To finance working capital requirements

Interest Rate	Repayment Terms	Security	*Carrying value of the assets pledged* 2025	2024
For Foreign Currency : 0.125% flat and for LKR : 0.5% for 90 days and 0.125% for each additional 30 days.	3 Months	Documents of title to goods to be imported and Duly accepted usance drafts.		
For Foreign Currency: 3 Months SOFR+3% p.a. and for LKR AWPLR+1% p.a.	180 Days	Clean		
AWPLR+1% p.a.	180 Days	Clean		
AWPLR+1% p.a.	On Demand	General Terms and conditions relating to Overdrafts signed by the Company.	1,760Mn	2,434Mn
For Foreign Currency: 1 Month SOFR+2.75% p.a. and for LKR AWPLR+1% p.a.	150 Days	General Terms and Conditions relating to Pre-Shipment Loans for USD 1 Mn or equivalent in LKR signed by the Company.	1,760Mn	2,434Mn
0.25% per quarter and 0.125% per additional month	Bills at sight/ Usance up to 150 days.	Lien over title of documents to goods under import.		
For Foreign Currency: 1 Month SOFR+2.75% p.a. and for LKR AWPLR+1% p.a.	Maximum of 150 days including usance period if any	General Terms and Conditions relating to Import Demand Loans for USD 1 Mn or equivalent in LKR signed by the Company.	1,760Mn	2,434Mn
AWPLR+1% p.a.	150 Days	General Terms and Conditions relating to Revolving Short Term Loans for USD 1 Mn equivalent in LKR signed by the Company.	1,760Mn	2,434Mn
LKR-AWPLR +1% (Monthly), USD- SOFR (Monthly) +2.75%	Settlement through sales proceeds. (150 days)	Corporate Guarantee for USD 1,000,000/- from Dankotuwa Porcelain PLC		-
AWPLR +1% (Monthly)	Settlement through sales proceeds. (150 days)			
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	240 Mn
AWPLR +1% (Monthly)	On demand			

Notes to the Financial Statements

Lending Institution	Nature of Facility	Facility Amount	Purpose of the Facility
14.4.27. Nations Trust Bank PLC	Term Loan	LKR 250 Mn	To finance working capital requirements
14.4.28. Nations Trust Bank PLC	Term Loan	LKR 175 Mn	To finance working capital requirements
14.4.29. Nations Trust Bank PLC	Over Draft (Submit of PCL)	LKR 75 Mn	To finance working capital requirements
14.4.30. Nations Trust Bank PLC	Import Loan (Submit of PCL)	USD 500,000	To finance working capital requirements
14.4.31. Nations Trust Bank PLC	Packing Credit Loan	USD 1 Mn	To finance working capital requirements
14.4.32. DFCC Bank PLC	Short Term Loan	Rs. 157,685,957 (Sublimit of Export Line)	To finance working capital requirements
14.4.33. DFCC Bank PLC	Overdraft Facility	Rs. 30,000,000 (Sublimit of Export Line)	To finance working capital requirements
14.4.34. DFCC Bank PLC	Import Loans	USD 1.2Mn	To finance working capital requirements
14.4.35. DFCC Bank PLC	Export Loans		To finance working capital requirements
14.4.37. Hatton National Bank PLC	Letter of Credit	USD 1 Mn or equivalent in LKR	Finance the working capital requirement
14.4.38. Hatton National Bank PLC	Pre-shipment Loans	USD 1 Mn or equivalent in LKR (Sub limit of LC Facility)	Finance the working capital requirement
14.4.39. Hatton National Bank PLC	Short Term Loan	LKR 300Mn equivalent in USD	Finance the working capital requirement
14.4.40. Hatton National Bank PLC	Import Loan	USD 1 Mn or equivalent in LKR (Sub limit of LC Facility)	Finance the working capital requirement
14.4.41. Hatton National Bank PLC	Over Draft (LKR)	Rs. 75 Mn	Finance the working capital requirement

Interest Rate	Repayment Terms	Security	*Carrying value of the assets pledged* 2025	2024
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	771 Mn
AWPLR + 1.5% (Monthly)	38 Variable monthly instalments	Primary mortgage bond over immovable property in the factory at Kosgama	771 Mn	771 Mn
AWPLR + 1.0% (Weekly)	On Demand	Primary mortgage bond over immovable property in the factory at Kosgama	771 Mn	771 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	771 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	771 Mn
AWPLR + 4.5% (Weekly),Floor Rate 22% p.a	Settlement through sales proceeds. (180 days)	Primary Mortgage for Rs 200,000,000/- or Dollars up to a limit of USD 1,250,000/- as the case may be over stocks kept/to and Book Debts of the Company together with in favour of the Bank.	1,759Mn	1,759Mn
AWPLR + 2.5% (Weekly),Floor Rate 22% p.a	On demand			
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)			
3 Month SOFR+3.5% Monthly AWPLR+1.25%	Settlement through sales proceeds. (180 days)	Corporate Guarantee from Dankotuwa Porcelain PLC for USD 2,248,000 and LKR 388,000,000	3,880 Mn	3,880 Mn
3 Month SOFR+3.5% Monthly AWPLR+1.25%	Settlement through sales proceeds. (180 days)	Corporate Guarantee from Dankotuwa Porcelain PLC for USD 2,248,000 and LKR 388,000,000		
3 Month SOFR+3.5% Monthly AWPLR+1.25%	Settlement through sales proceeds. (180 days)	Corporate Guarantee from Dankotuwa Porcelain PLC for USD 2,248,000 and LKR 388,000,000		
3 Month SOFR+3.5% Monthly AWPLR+1.25%	Settlement through sales proceeds. (180 days)	Corporate Guarantee from Dankotuwa Porcelain PLC for USD 2,248,000 and LKR 388,000,000		
3 Month SOFR+3.5% Monthly AWPLR+1.25%	On demand	Corporate Guarantee from Dankotuwa Porcelain PLC for USD 2,248,000 and LKR 388,000,000		

Notes to the Financial Statements

15. RETIREMENT BENEFIT LIABILITY

Year ended 31st March	Balance 01.04.2024	Charge for the Year	Payments during the Year	Balance 31.03.2025
	LKR	LKR	LKR	LKR
Retirement Benefits Obligation - Group	241,425,519	70,230,347	(24,445,000)	287,210,866
	241,425,519	70,230,347	(24,445,000)	287,210,866

	Balance 01.04.2024	Charge / (Reversal) for the year	Payments during the year during the	Balance 31.03.2025
	LKR	LKR	LKR	LKR
Retirement Benefits Obligation - Company	196,778,288	53,973,369	(21,323,916)	229,427,741
	196,778,288	53,973,369	(21,323,916)	229,427,741

15.1. Expense on Defined Benefit Plan

	Group		Company	
Year ended 31st March	2025	2024	2025	2024
	LKR	LKR	LKR	LKR
Interest Cost on Benefit Obligation	27,827,735	37,522,813	22,470,067	30,078,979
Current Service Cost	19,854,020	15,031,843	13,977,164	11,085,692
Recognition in the statement of Profit or Loss	47,681,755	52,554,656	36,447,231	41,164,671
Actuarial (Gain)/Loss for the year (Note 15.4)	22,548,592	29,951,439	17,526,138	24,847,344
Recognition in the Other Comprehensive Income	22,548,592	29,951,439	17,526,138	24,847,344
Recognition in the Total comprehensive Income	70,230,347	82,506,095	53,973,369	66,012,015

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 2025. 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	
	2025	2024
Discount Rate	10% per annum.	12% per annum.
Future Salary Increase Rate	10%	10%

15.3. Maturity Profile of the Defined Benefit Plan

Year ended 31st March	Group		Company	
	2025	2024	2025	2024
	LKR	LKR	LKR	LKR
Within Next 12 Months	62,806,491	65,635,758	49,429,788	53,678,204
Between 1 - 2 Years	79,441,025	66,420,091	60,176,201	51,275,415
Between 2 - 5 Years	88,415,572	67,586,769	72,415,383	56,528,613
Between 5- 10 Years	40,530,674	35,697,199	33,457,125	30,290,224
Beyond 10 years	16,017,104	6,085,702	13,949,244	5,005,832
	287,210,866	241,425,519	229,427,741	196,778,288

Year ended 31st March	Group		Company	
	2025	2024	2025	2024
Weighted Average Duration of Defined Benefit Obligation (Years)	3.45	3.60	3.50	4.00

15.4. Break up of the Actuarial (Gain)/Loss

	Group		Company	
	2025	2024	2025	2024
	LKR	LKR	LKR	LKR
Actuarial (Gain)/Loss Resulting from Changes in Financial Assumptions	16,719,843	37,407,516	13,323,538	30,480,610
Actuarial (Gain)/Loss Resulting from Changes in Demographic Assumptions	(318,003)	559,204	(413,552)	591,928
Actuarial (Gain)/ Loss Resulting from Changes in Experience Adjustments	6,146,752	(8,015,281)	4,616,152	(6,225,194)
	22,548,592	29,951,439	17,526,138	24,847,344

Notes to the Financial Statements

15.5. Sensitivity Analysis

			Group		Company	
			2025	2024	2025	2024
			LKR	LKR	LKR	LKR
Actuarial Assumptions						
If a one percentage point change in the assumed discount rate would have the following effects.	Change in Discount Rate	+1%	(8,617,534)	(7,029,562)	(6,865,128)	(5,818,076)
		-1%	9,179,336	7,488,063	7,307,810	6,200,537
If a one percentage point change in the assumed salary increment rate would have the following effects.	Salary Increment Rate	+1%	8,666,076	7,073,718	6,811,236	5,775,561
		-1%	(8,285,460)	(6,754,296)	(6,518,120)	(5,512,692)

16. CASH AND SHORT-TERM DEPOSITS IN THE CASH FLOW STATEMENT

	Group		Company	
Year ended 31st March	2025	2024	2025	2024
	LKR	LKR	LKR	LKR
16.1. Favourable Cash and Cash Equivalents Balances				
Cash and Bank Balances	118,123,915	61,866,222	83,395,587	38,786,701
Short Term Deposits	477,704,543	437,577,157	477,704,543	437,577,157
	595,828,458	499,443,379	561,100,130	476,363,858
16.2. Unfavourable Cash and Cash Equivalents Balances				
Bank Overdraft (Note 14)	(1,068,661,589)	(786,567,532)	(676,911,719)	(576,692,079)
Total Cash and Cash Equivalents for the Purpose of Cash Flow Statement	(472,833,131)	(287,124,153)	(115,811,589)	(100,328,221)

16.3. Short Term deposit includes an amount of LKR 477,704,543/- include the balance amount of right issue funds raised.

17. TRADE AND OTHER PAYABLES

Year ended 31st March		Group 2025 LKR	Group 2024 LKR	Company 2025 LKR	Company 2024 LKR
Trade Payables	- Related Parties (Note 17.1)	-	-	-	3,953,498
	- Others	279,257,429	255,990,220	138,546,866	115,315,513
Other Payables	- Related Parties (Note 17.2)	15,193,683	11,653,508	30,495,583	5,736,977
	- Others*	557,178,445	509,682,005	219,380,389	294,132,576
		851,629,557	777,325,733	388,422,838	419,138,564

*Others has included Sundry Creditors and Accrued Expenses

Year ended 31st March		Group 2025 LKR	Group 2024 LKR	Company 2025 LKR	Company 2024 LKR
Trade Payables - Related Parties					
	Relationship				
Royal Fernwood Porcelain Ltd	Subsidiary	-	-	-	3,953,498
		-	-	-	3,953,498

Year ended 31st March		Group 2025 LKR	Group 2024 LKR	Company 2025 LKR	Company 2024 LKR
Other Payables - Related Parties					
	Relationship				
Royal Fernwood Porcelain Ltd	Subsidiary	-	-	19,953,832	-
Ambeon Holdings PLC	Affiliate	2,169,230	1,080,000	363,077	-
Califolink logistics (Pvt) Ltd	Group Company	10,716,163	5,164,859	7,870,384	328,328
Ceyline Travels (Pvt) Ltd	Group Company	1,587,131	1,962,400	1,587,131	1,962,400
Ceyline Warehousing Solutions(Pvt) Ltd	Group Company	721,159	-	721,159	-
Millennium I.T.E.S.P (Pvt) Ltd	Affiliate	-	3,446,249	-	3,446,249
		15,193,683	11,653,508	30,495,583	5,736,977

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.

Notes to the Financial Statements

Set out below are the carrying amounts of lease liabilities on leasehold properties and the movements for the year ended 31 March 2025.

Year ended 31st March	2025	2024
	LKR	LKR
Balance as at 01.04.2024	46,221,020	32,762,839
Additions	-	39,648,512
Interest Cost	6,860,641	5,127,922
Repayment	(22,393,604)	(31,318,253)
Balance as at 31.03.2025	30,688,057	46,221,020

	2025			2024		
	Gross Lease Liability	Finance Cost Attributable to Future Periods	Net Lease Liability	Gross Lease Liability	Finance Cost Attributable to Future Periods	Net Lease Liability
	LKR	LKR	LKR	LKR	LKR	LKR
Amount Payable within one year	22,227,527	(6,830,259)	15,397,268	22,227,527	(6,830,259)	15,397,268
Amount Payable more than one year	35,038,411	(19,747,622)	15,290,789	35,038,411	(4,214,660)	30,823,752
Total	57,265,938	(26,577,881)	30,688,057	57,265,938	(11,044,919)	46,221,020

18.1. These refer to Lease arrangement for retail Show Room Leases as per SLFRS 16

19. OTHER INCOME

	Group		Company	
Year ended 31st March	2025	2024	2025	2024
	LKR	LKR	LKR	LKR
Miscellaneous Income	4,360,018	12,916,817	5,130,384	9,064,306
Asset utilisation Fee	2,882,900	3,459,480	2,882,900	3,459,480
	7,242,918	16,376,297	8,013,284	12,523,786

19.1. Miscellaneous Income includes the income generated from selling coconuts and unused material.

20. FINANCE COST / INCOME

20.1. Finance Income

	Group		Company	
Year ended 31st March	2025	2024	2025	2024
	LKR	LKR	LKR	LKR
Interest on Short Term Investments	44,348,845	74,006,393	43,733,885	73,675,283
Interest on Loans given to Subsidiaries	-	-	13,093,061	7,372,661
Interest on Foreign Currency Savings Accounts	177,799	232,635	177,799	232,635
	44,526,644	74,239,028	57,004,745	81,280,579

20.2. Finance Cost

Year ended 31st March	Group 2025 LKR	Group 2024 LKR	Company 2025 LKR	Company 2024 LKR
Overdraft Interest	90,848,025	107,149,735	64,049,934	83,063,509
Interest on Bank Loan	151,719,149	171,213,399	27,054,269	30,460,172
Interest on Packing Credit Loan	51,905,404	27,222,116	51,905,404	27,222,116
Interest on Lease	6,860,641	5,127,922	6,860,641	5,127,922
	301,333,219	310,713,172	149,870,248	145,873,719

21. PROFIT / (LOSS) BEFORE TAX

Stated after Charging / (Crediting)

Year ended 31st March	Group 2025 LKR	Group 2024 LKR	Company 2025 LKR	Company 2024 LKR
Included under Cost of Sales				
- Depreciation	92,231,233	94,236,276	39,166,089	40,296,169
- Salaries	778,753,533	812,151,873	404,713,704	439,144,987
- Employee Benefits Liability	30,727,763	33,594,024	24,166,862	26,937,708
- Defined Contribution Plan Costs - EPF & ETF	76,236,423	72,700,198	46,904,330	43,254,382
- Other Staff Costs	242,636,117	291,981,996	119,541,850	179,522,030
Included under Administration Expenses				
- Depreciation	21,630,588	19,368,917	16,543,621	14,069,730
- Amortization of Intangible Assets	8,308,881	8,401,909	6,891,643	6,980,788
- Directors' Remuneration	10,225,000	12,450,000	9,875,000	11,200,000
- Salaries	179,826,122	164,238,975	106,140,664	98,432,832
- Employee Benefits Liability	8,956,107	10,078,661	5,852,375	6,742,678
- Defined Contribution Plan Costs - EPF & ETF	19,796,974	18,537,599	11,893,383	11,733,002
- Other Staff Costs	50,610,658	57,540,542	31,099,156	44,393,776
- Legal Fees	1,742,434	1,661,765	1,248,900	633,085
- Auditors' Fee and Expenses - Current Year	3,770,200	3,672,900	2,345,200	2,345,200
- Auditors' Fee and Expenses - Other Services and Branch	1,890,904	2,167,984	1,582,984	1,582,984
- Allowances for Obsolete & Slow Moving Inventories	182,017,851	(3,211,222)	91,347,113	10,471,955

Notes to the Financial Statements

Year ended 31st March	Group		Company	
	2025	2024	2025	2024
	LKR	LKR	LKR	LKR
Included under Selling & Distribution Expenses				
- Depreciation	3,133,693	2,684,691	3,129,072	2,680,057
- Amortization	5,061,699	5,429,488	5,061,699	5,429,488
- Salaries	128,100,714	102,406,053	95,316,924	76,756,714
- Employee Benefits Liability	7,269,952	7,794,698	6,033,431	6,730,381
- Defined Contribution Plan Costs - EPF & ETF	12,593,393	9,932,175	9,791,187	7,205,658
- Other Staff Costs	56,467,153	69,047,968	48,443,820	56,029,365
- Impairment for Doubtful Debts	448,967,480	44,331,841	427,458,463	39,663,663

22. INCOME TAX EXPENSE

Year ended 31st March	Group		Company	
	2025	2024	2025	2024
	LKR	LKR	LKR	LKR
Current Income Tax				
Current Tax Expense on Ordinary Activities for the Year (22.1)	-	225,937,322	-	225,937,322
Under / (Over) Provision of Current Taxes in respect of Prior Years	(17,326,719)	108,674	(17,326,719)	108,674
Current Tax Expense relating to branch operation in India, Chennai	8,639,384	22,887,324	8,639,384	22,887,324
Deferred Income Tax				
Deferred Taxation Charge / (Reversal) (22.2)	(370,646,522)	(32,585,697)	(328,934,086)	7,033,025
Income Tax Expense/(Reversal) Reported in the Statement of Profit or Loss	(379,333,857)	216,347,623	(337,621,421)	255,966,345

22.1. Reconciliation between total Tax Expense and the Product of Accounting Profit.

	Group		Company	
Year ended 31st March	**2025**	**2024**	**2025**	**2024**
	LKR	LKR	LKR	LKR
Accounting Profit / (Loss) Before Tax	(1,248,508,823)	584,294,125	(1,065,286,105)	697,311,316
Income Exempt from Tax	(24,275,745)	(171,416,023)	10,705,780	(148,562,435)
Aggregate Disallowed Items	845,532,975	279,741,074	696,014,224	274,926,241
Aggregate Allowable Items	(166,625,952)	(151,598,660)	(110,230,105)	(151,598,660)
Trade Profit/(Loss)	(593,877,545)	541,020,516	(468,796,209)	672,076,462
Taxable Business Profit /(Loss)	(593,877,545)	541,020,516	(468,796,209)	672,076,462
Other Sources of income				
Interest on Loan given to Subsidiaries	36,361,224	-	43,733,885	7,372,661
Interest on Deposit	13,417,170	73,968,457	13,093,060	73,675,283
Total Statutory Income	49,778,394	614,988,973	56,826,945	753,124,406
Less- Carried forward Tax Loss Utilised (Note 22.1.1)	(49,778,394)	(293,174)	(56,826,945)	-
Taxable Income / (Loss)	-	614,695,799	-	753,124,406
Income Tax attributable to Taxable Income -30% March 2025 (March 2024-30%)	-	225,937,322	-	225,937,322
Current Income Tax Expense	-	225,937,322	-	225,937,322
Recognition on Deferred Tax on Temporally Difference (Note 22.2)	(370,646,522)	(32,585,697)	(328,934,086)	7,033,025
Current Tax Expense relating to branch operation in India, Chennai	8,639,384	22,887,324	8,639,384	22,887,324
Under / (Over) Provision of Current Taxes in respect of Prior Years	(17,326,719)	108,674	(17,326,719)	108,674
Total Income Tax Expense	(379,333,857)	216,347,623	(337,621,421)	255,966,345

Notes to the Financial Statements

22.1.1. Tax Losses Carried Forward

	Group		Company	
Year ended 31st March	2025	2024	2025	2024
	LKR	LKR	LKR	LKR
Tax Losses Brought Forward	674,985,610	498,511,388	-	-
Adjustment in respect of prior years	(227,078,237)	39,234,617	-	-
Tax Losses Incurred During the Year	593,877,545	137,532,779	468,796,210	-
Disallowed accumulated tax losses	(30,011,917)	-	-	-
Tax Losses Utilised	(57,151,055)	(293,174)	(56,826,945)	-
Tax Losses Carried Forward	954,621,946	674,985,610	411,969,265	-

As per the transitional provisions of the Inland Revenue Act No. 24 of 2017, brought forward tax losses can be claimed against taxable income for a period of six years, effective from 1 April 2018. Accordingly, the Group has recognised the tax losses as at 31 March 2025, based on their recoverability as assessed by Management, taking into account the estimated future taxable profits within the six-year period of assessment, based on the year in which the losses were incurred.

22.2. Deferred Tax Liability

22.2.1. Group

	Financial Position		Statement of Profit or Loss		Other Comprehensive Income	
Year ended 31st March	2025	2024	2025	2024	2025	2024
	LKR	LKR	LKR	LKR	LKR	LKR
Deferred Tax Liabilities						
Capital Allowances for Tax Purposes	80,681,810	79,660,790	1,021,020	3,061,010	-	-
Revaluation of Land and Buildings	596,320,813	578,629,795	-	-	17,691,018	13,078,774
Fair Value Gain from Investment Property	146,708,340	146,708,340	-	-	-	-
Unrealized Exchange Gain	-	27,842,200	(27,842,200)	27,328,608	-	-
Right to use Assets	780,348	2,207,509	(1,427,161)	2,488,633	-	-
	824,491,311	835,048,634	(28,248,341)	32,878,251	17,691,018	13,078,774
Deferred Tax Assets						
Defined Benefit Plans - Comprehensive Income	86,163,261	72,427,657	(6,971,026)	(10,241,113)	(6,764,578)	(8,985,432)
Impairment for doubtful debts	157,680,817	23,098,148	(134,582,669)	(13,299,553)	-	-
Unrealized Exchange Loss	5,423,522	5,466,502	42,980	6,446,519	-	-
Inventory Provision	91,990,226	42,970,309	(49,019,917)	14,418,102	-	-
Bonus Provision	12,876,389	12,291,630	(584,758)	(12,291,630)		
Chennai Branch Deferred Tax	-	-	-	2,397,995	-	-
Carry Forward of Unused Tax Losses	286,266,518	134,983,728	(151,282,790)	(52,894,267)	-	-
	640,400,732	291,237,974				
Deferred Income Tax - Expense/(Income)			(370,646,522)	(32,585,697)	10,926,440	4,093,342
Net Deferred Tax Liability	184,090,579	543,810,660				

The effective Tax rate used is 30% for the Group (30% in 2024)

22.2.2. Company

	Financial Position		Statement of Profit or Loss		Other Comprehensive Income	
Year ended 31st March	**2025** LKR	**2024** LKR	**2025** LKR	**2024** LKR	**2025** LKR	**2024** LKR
Deferred Tax Liabilities						
Capital Allowances for Tax Purposes	30,043,313	27,796,851	2,246,462	3,515,642	-	-
Revaluation of Land and Buildings	400,533,664	395,679,962	-	-	4,853,702	(8,951,334)
Fair Value Gain from Investment Property	125,671,500	125,671,500	-	-	-	-
Unrealized Exchange Gain	-	21,085,456	(21,085,456)	20,571,864	-	-
Fair Value Gain from Investment in Subsidiary	68,792,559	93,885,976	(25,093,417)	(900,900)	-	-
Right to use Assets	780,347	2,207,509	(1,427,162)	2,488,633	-	-
	625,821,383	666,327,254	(45,359,573)	25,675,239	4,853,702	(8,951,334)
Deferred Tax Assets						
Defined Benefit Plans -Comprehensive Income	68,828,322	59,033,486	(4,536,995)	(8,064,410)	(5,257,841)	(7,454,203)
Impairment for Doubtful Debts	148,210,411	20,066,321	(128,144,090)	(11,899,099)	-	-
Unrealized Exchange Loss	4,780,260	5,466,502	686,242	6,446,519	-	-
Inventory Provision	52,699,345	25,295,211	(27,404,134)	4,768,411	-	-
Bonus Provision	12,876,389	12,291,630	(584,759)	(12,291,630)	-	
Chennai Branch Differed Tax	-	-	-	2,397,995	-	-
Carry Forward of Unused Tax Losses	123,590,778	-	(123,590,778)	-	-	
	410,985,505	122,153,150	-	-		
Deferred Income Tax - Expense/(Income)			(328,934,086)	7,033,025	(404,139)	(16,405,537)
Net Deferred Tax Liability	214,835,878	544,174,104				

The average Tax rate used is 30% (30% in 2024) for the purpose of deferred tax computation.

	Group		Company	
Year ended 31st March	**2025** LKR	**2024** LKR	**2025** LKR	**2024** LKR
Balance as at 01 April	543,810,660	572,303,015	544,174,104	553,546,617
Charge/ (Reversal) to Profit or Loss				
- Due to Change in Tax Rate	-	-	-	-
- Due to Change in Temporary Differences	(370,646,521)	(32,585,697)	(328,934,087)	7,033,025
Charge/ (Reversal) to Other Comprehensive Income				
- Due to Change in Tax Rate	-	-	-	-
- Due to Change in Temporary Differences	10,926,440	4,093,342	(404,139)	(16,405,537)
Balance as at 31 March	184,090,579	543,810,660	214,835,878	544,174,104

Notes to the Financial Statements

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.

	Group		Company	
Year ended 31st March	**2025**	**2024**	**2025**	**2024**
Amount Used as the Numerator:				
Net Profit Attributable to Ordinary Shareholders for Basic Earnings Per Share - LKR	(868,381,499)	371,122,063	(727,664,684)	441,344,974
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	(5.34)	2.28	(4.48)	2.72

24. COMMITMENTS 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.

	*Parent**		*Fellow Subsidiaries*		*Others Entities****		*Total*	
	31.03.2025	31.03.2024	31.03.2025	31.03.2024**	31.03.2025	31.03.2024	31.03.2025	31.03.2024
	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Nature of Transaction								
As at 1 April	-	(2,718,917)	(6,388,082)	(13,619,277)	(4,416,276)	-	(10,804,359)	(16,338,193)
Sale of Goods/ Services	-	15,705	-	35,939	-	112,537	-	164,181
Purchase of Goods/ Services	-	-	(65,324,733)	(24,096,487)	(15,607,406)	(12,042,339)	(80,932,139)	(36,138,825)
Cost Apportionment	-	(7,412,030)	-	-	-	(4,713,349)	-	(12,125,379)
Receipts/(Transfers) under Finance Arrangements	-	7,871,216	59,757,441	28,805,485	17,873,540	26,179,487	77,630,982	62,856,188
Loan Settlements/ Transfers	-	-	-	-	-	5,824,893	-	5,824,893
Interest	-	-	-	-	-	185,427	-	185,427
Related Party reclassification due to the Ownership Change*	-	2,244,026	-	2,486,257	-	(19,962,932)	-	(15,232,649)
As at 31 March	-	-	(11,955,374)	(6,388,082)	(2,150,142)	(4,416,276)	(14,105,516)	(10,804,358)

Notes to the Financial Statements

27.2. Transactions with the Parent and Related Entities - Company

Details of Significant Related Party Disclosures are as follows.

	Parent*		Subsidiaries	
	31.03.2025	31.03.2024	31.03.2025	31.03.2024
	LKR	LKR	LKR	LKR
Nature of Transaction				
As at 1 April	-	(2,718,917)	428,910,188	388,996,071
Sale of Goods / Services	-	15,705	1,181,059	16,565,789
Purchase of Goods / Services	-	-	(13,839,508)	(88,442,645)
Cost Apportionment	-	(7,412,030)	28,722,189	25,790,973
Receipts /(Transfers) under Finance Arrangements	-	7,871,216	-	16,000,000
Loan Settlements / Transfers	-	-	69,684,255	70,000,000
Interest	-	-	-	-
Related Party reclassification due to the Ownership Change *	-	2,244,026	-	-
As at 31 March	-	-	514,658,183	428,910,188

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 change in ownership, when preparing related party transactions note, The Management has considered Ambeon Group as the ultimate parent until 15th June 2023, and 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.

Fellow Subsidiaries		Others Entities***		Total	
31.03.2025	31.03.2024**	31.03.2025	31.03.2024	31.03.2025	31.03.2024
LKR	LKR	LKR	LKR	LKR	LKR
(1,696,928)	(10,694,973)	(3,355,365)	-	423,857,896	375,582,181
-	-	-	90,888	1,181,059	16,672,382
(45,523,853)	(4,474,374)	(6,720,944)	(8,626,446)	(66,084,306)	(101,543,464)
-	-	-	(4,713,349)	28,722,188	13,665,594
37,965,810	11,095,600	9,713,232	14,514,388	47,679,041	49,481,204
-	-	-	-	69,684,255	70,000,000
-	-	-	-	-	-
-	2,376,819	-	(4,620,845)	-	-
(9,254,971)	(1,696,928)	(363,077)	(3,355,365)	505,040,133	423,857,898

Notes to the Financial Statements

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	
	2025	**2024**
	LKR	LKR
Sale of Goods / Services	-	(446,613)
Receipts /(Transfers) under Finance Arrangements	-	465,360

** 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 Travels (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:

The Company carried out above transactions under the ordinary course of its business at commercial rates as agreed between outside parties.

27.3. Transactions with Key Management Personnel

Key Management Personnel ("KMPs") are those individuals who have the authority and responsibility for planning, directing and controlling the activities of the entity and include the Board of Directors and The Chief Executive Officer. Accordingly, fees, emoluments and other benefits paid to KMPs are as follows;

Year ended 31st March	31.03.2025	31.03.2024
	LKR	LKR
Group		
Short-Term employee benefits	49,449,000	55,388,332
	49,449,000	55,388,332

	31.03.2025	31.03.2024
	LKR	LKR
Company		
Short-Term employee benefits	49,099,000	54,138,332
	49,099,000	54,138,332

No other significant transactions had taken place involving Key Management Personnel and their close family members.

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 minimising 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.

Notes to the Financial Statements

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 favor of the Group at the appropriate time when there is an unfavorable 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 basis points	Effect on Profit before Tax
		LKR
Group		
2025	+5	14,377,960
	-5	(14,377,960)
2024	+5	34,908,066
	-5	(34,908,066)
Company		
2025	+5	12,375,835
	-5	(12,375,835)
2024	+5	32,888,269
	-5	(32,888,269)

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 basis points	Effect on Profit before Tax
		LKR
Group		
2025	+1	30,562,199
	-1	(30,562,199)
2024	+1	(2,632,758)
	-1	2,632,758
Company		
2025	+1	15,843,281
	-1	(15,843,281)
2024	+1	10,657,121
	-1	(10,657,121)

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. 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 Note Number 11 in the Trade and Other Receivable.

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.

		Group				Company			
Risk Exposure	Notes	**2025** LKR	**% of allocation**	**2024** LKR	**% of allocation**	**2025** LKR	**% of allocation**	**2024** LKR	**% of allocation**
Trade and Other receivables	11	1,081,681,934	64%	2,209,830,048	82%	637,993,512	53%	1,574,084,325	77%
Cash and Short Term Deposits	16	595,828,458	36%	499,443,379	18%	561,100,130	47%	476,363,858	23%
Total credit risk exposure		1,677,510,392	100%	2,709,273,427	100%	1,199,093,642	100%	2,050,448,183	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 homogeneous 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 2025 LKR 595,828,458/- (2024 - LKR 499,443,379/-) as explained in note No 16.1.

The Company held cash & short term deposits as at 31 March 2025 LKR 561,100,130/- (2024 - LKR 476,363,858/-) 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 cause 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 unutilised facilities are available to maintain the liquidity level.

28.2. Maturity Analysis of Financial Liabilities - Group

As at 31st March 2025	Total	Less than 3 months	3-12 months	1-5 Years
	LKR	LKR	LKR	LKR
Trade & Other Payables	851,629,557	851,629,557	-	-
Interest Bearing Loans & Borrowings	3,056,219,906	2,348,469,753	589,139,449	118,610,704
	3,907,849,463	3,200,099,310	589,139,449	118,610,704

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

28.2.1. Maturity Analysis of Financial Liabilities - Company

As at 31st March 2025	Total	Less than 3 months	3-12 months	1-5 Years
	LKR	LKR	LKR	LKR
Trade & Other Payables	388,422,838	388,422,838	-	
Interest Bearing Loans & Borrowings	1,584,328,142	1,530,208,444	37,508,994	16,610,704
	1,972,750,980	1,918,631,282	37,508,994	16,610,704

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

Notes to the Financial Statements

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 under take a rights issue.

	Group		Company	
As at 31st March	2025	2024	2025	2024
	LKR	LKR	LKR	LKR
Debt/Equity	106.57%	66.54%	48.39%	27.56%

29. FINANCIAL ASSETS AND LIABILITIES

29.1. Fair values of Financial 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.

		2025			2024		
	Notes	Fair Value Hierarchy	Carrying Value	Fair Value	Fair Value Hierarchy	Carrying Value	Fair Value
			LKR	LKR		LKR	LKR
Assets Measured at Fair Value							
Freehold Land	5.1.2	Level 3	1,217,810,700	1,217,810,700	Level 3	1,162,473,800	1,162,473,800
Freehold Buildings	5.1.2	Level 3	989,926,880	989,926,880	Level 3	985,543,002	985,543,002
Investment Properties	7	Level 3	769,945,602	769,945,602	Level 3	769,945,602	769,945,602

29.2. Categories of Financial Assets and Liabilities - Company

Financial assets and liabilities in the tables below are split into categories in accordance SLFRS 9.

	Notes	2025			2024		
		Fair Value Hierarchy	Carrying Value	Fair Value	Fair Value Hierarchy	Carrying Value	Fair Value
			LKR	LKR		LKR	LKR
Assets Measured at Fair Value							
Freehold Land	5.1.2	Level 3	914,486,000	914,486,000	Level 3	882,952,000	882,952,000
Freehold Buildings	5.1.2	Level 3	478,498,864	478,498,864	Level 3	493,771,000	493,771,000
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	1,120,601,787	1,120,601,787	Level 3	1,184,923,187	1,184,923,187
Financial Instrument at Amortised Cost	16.1	Level 2	477,704,543	477,704,543	Level 2	437,577,157	437,577,157

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 2025 there is no transfer from level 1 to level 2 in the fair value hierarchy

SUPPLEMENTARY INFORMATION

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 2025

Range of Shareholding	No. of Shareholders	No. of Shares	%
1 upto 1,000 shares	3,424	815,473	0.50
1,001 to 10,000 shares	908	3,102,492	1.91
10,001 to 100,000 shares	199	5,285,843	3.25
100,001 to 1,000,000 shares	25	6,973,338	4.29
Above 1,000,000 shares	3	146,375,774	90.05
TOTAL	4,559	162,552,920	100.00

PUBLIC SHAREHOLDING

Information pertaining to public shareholding is as follows.

	2024/25	2023/24
Number of public shares	20,435,986	20,435,986
Public holding percentage	12.57	12.57
Number of public shareholders	4,553	4,532
Float adjusted market capitalization (LKR)	472,071,277	502,725,255

On 10th December 2024, the Company transitioned from the Main Board to the Diri Savi Board, following a formal request submitted by the Company. This decision was primarily driven by the Company's inability to maintain the required minimum public holding of 20%. Additionally, the Company's float-adjusted market capitalization fell below LKR 2.5 billion, necessitating this strategic move .Therefore , the Company is complied with the minimum public holding requirement of Diri Savi Board under rule 7.14.1(b), option (2), of the Listing Rules of the Colombo Stock Exchange.

MARKET VALUES (LKR) (TRADED DATES)

	2024/25	2023/24
Market value per share as at last traded date (LKR)	23.10 (28.03.2025)	24.60 (28.03.2024)
Highest value per share recorded during the period (LKR)	29.40 (27.01.2025)	27.50 (07.13.2023)
Lowest value per share recorded during the period (LKR)	19.50 (13.09.2024)	18.70 (17.05.2023)

SHARE TRADING

	2024/25	2023/24
No. of transactions	6,635	7,453
No. of shares traded	7,258,601	118,401,674
Value of shares traded (LKR)	183,008,506	3,266,821,975

There were 4,559 registered shareholders as at 31 March 2025 (4,538 as at 31 March 2024).

Investor Information

RATIO ANALYSIS – COMPANY

	2024/25	2023/24
Earnings /(Loss) per Share (LKR)	(4.48)	2.72
Net Assets Value per Share (LKR)	20.53	24.82
Dividend per Ordinary Share (LKR)	-	-
Dividend Payout Ratio	-	-
Quick Assets Ratio	0.72 : 1	1.32:1

TWENTY LARGEST SHAREHOLDERS AS AT

Name of shareholder	*31 March 2025*		*31 March 2024*	
	No. of shares	%	No. of shares	%
1. Hatton National Bank PLC/Ceyline Investments (Pvt) Ltd	105,482,433	64.89	105,482,433	64.89
2. Seylan Bank PLC/Ambeon Holdings PLC (Collateral)	35,533,341	21.86	35,533,341	21.86
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	36,422,571	22.41
3. Mr. M.C Gamage	5,360,000	3.30	5,360,000	3.30
4. J.B. Cocoshell (Private) Limited	779,164	0.48	1,234,218	0.76
5. Mr. M A Jafferjee	679,362	0.42	563,404	0.35
6. Mr. D L B C Perera	501,727	0.31	501,721	0.31
7. Mr. A K Palliya Guruge Don (Deceased)	334,600	0.21	334,600	0.21
8. Mrs. E B H A Perera	270,000	0.17	270,000	0.17
9. Mr. A M Mansoor	264,975	0.16	264,975	0.16
10. Mr. S M Nazeer	264,825	0.16	264,825	0.16
11. Mr. M H A Kamil	247,344	0.15	247,344	0.15
12. LOLC Finance PLC/M.K.C Perera	241,199	0.15	664,827	0.41
13. Mr. A M A D S Abeysinghe	234,870	0.14	-	-
14. Dr. A A M Dharmadasa	226,221	0.14	281,856	0.17
15. Mr. R P Pathirana	200,000	0.12	200,000	0.12
16. People's Leasing and Finance PLC/Almas Holdings (Pvt) Ltd	196,960	0.12	-	-
17. Macksons Holdings (Pvt) Ltd	192,665	0.12	-	-
18. Seylan Bank PLC/Jayantha Dewage	175,275	0.11	177,500	0.11
19. Mr. D G P Kaluarachchi	172,000	0.11	-	-
20. Mr. D M Rajapaksha	171,773	0.11	-	-

DIRECTOR'S SHAREHOLDINGS AS AT

Name	31 March 2025	31 March 2024
1. Mr. R P Pathirana	200,000	200,000
2. Mr. C S Karunasena	Nil	Nil
3. Mr. R S Egodage	Nil	Nil
4. Ms. S N Egodage	Nil	Nil
5. Ms. L Rajendran	Nil	Nil
6. Dr. L H K Perera	Nil	Nil
7. Mr. V Aslibekyan	Nil	Nil
8. Mr. P D C N Gunawardana	11,930	11,930
9. Mr. C Gamage	Nil	Nil
10. Mr. S L Sebastian	Nil	Nil
11. Mr. R T Devasurendra	Nil	Nil

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 as a % of Assets	Terms and Conditions of Related Party Transactions	The Rationale for entering into the transactions
There weren't any Non-Recurrent Related Party Transactions					

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
Aggregate value of the recurrent Related Party Transactions does not exceed 10% of the Group Consolidated Revenue					

Decade at a Glance

Period ended (LKR'000)	2025*	2024*	2023*	2022*
SUMMARY OF OPERATING RESULTS				
Turnover (Net of Taxes)	3,850,156	6,249,204	5,913,133	3,762,106
Cost of Sales	(3,025,102)	(4,138,316)	(3,856,001)	(2,557,390)
Gross Profit	825,054	2,110,888	2,057,132	1,204,716
Other Income/(Expenses)	7,243	16,376	21,215	14,756
Distribution Costs	(1,132,239)	(771,023)	(665,572)	(435,213)
Administrative Expenses	(691,760)	(535,473)	(311,980)	(480,626)
Finance Costs	(301,333)	(310,713)	(339,151)	(112,932)
Finance Income	44,527	74,239	40,403	19,991
Fair Value Gain from Investment Property	-	-	67,202	-
Net Profit/(Loss) before Tax	(1,248,509)	584,294	869,250	210,692
Tax (Expense)/Reversal	379,334	(216,348)	(189,918)	(21,210)
Net Profit/(Loss) after Tax	(869,175)	367,947	679,332	189,482
Other Comprehensive Income Net of Taxes	78,051	84,389	(60,277)	184,161
Total Comprehensive Income/(Loss) for the Year After Tax	(791,124)	452,335	619,055	373,642
Dividends for the previous period	-	-	-	-
Retained Profit/(Loss) for the period	(791,124)	452,335	619,055	373,642
SUMMARY OF FINANCIAL POSITION				
Stated/Issued Capital	1,402,102	1,402,102	1,402,102	1,402,102
Reserves/Other Components of Equity	1,698,992	1,605,156	1,499,802	1,589,870
Retained Earnings	(204,621)	683,560	336,205	(364,272)
Non-Controlling Interest	972	17,073	17,447	8,802
Total Equity	2,897,444	3,707,891	3,255,556	2,636,502
ASSETS & LIABILITIES				
Current Assets	4,064,444	4,647,675	2,924,750	2,137,247
Current Liabilities	(3,810,935)	(3,075,569)	(1,671,330)	(1,772,883)
Net Current Assets	253,510	1,572,106	1,253,420	364,364
Non Current Assets	3,249,138	3,260,826	3,209,074	2,887,050
Non Current Liabilities	(605,203)	(1,125,040)	(1,206,938)	(614,912)
Net Non Current Assets	2,643,935	2,135,786	2,002,136	2,272,138
FACTORY OUTPUT				
Production Quantity				
White ware (Pcs)	7,569,967	9,646,865	9,774,634	8,754,335
Decorated ware (Pcs)	4,880,516	5,569,932	6,125,839	5,929,671
Sales Quantity				
Export (Pcs)	2,945,497	4,715,854	4,071,169	4,357,926
Local (Pcs)	3,565,969	5,248,893	6,036,762	5,179,706
KEY RATIOS				
Earnings/(Loss) per Share (LKR)	(5.34)	2.28	4.13	1.21
Net Assets per Share (LKR)	17.82	22.71	19.92	16.17
Dividend per Share (LKR)	-	-	-	-
Annual Sales Growth (%)	(38)%	6%	57%	55%
Current Ratio (Times)	1.07	1.51	1.75	1.21
Market Value Per Share (at year end)	23.10	24.60	20.50	9.80

*The above summarized financial Information's is extracted from audited financial statements

**Presented/Restated in line with SLFRS/LKAS

GROUP

Year ended 31 March

2021*	2020**	2019** Restated	2018**	2017**	2016** Restated
2,432,418	2,233,871	2,173,202	2,083,446	2,366,324	2,379,158
(1,796,931)	(1,544,012)	(1,519,539)	(1,597,816)	(1,803,868)	(1,873,994)
635,487	689,859	653,662	485,630	562,456	505,163
3,779	13,191	13,080	5,978	16,077	21,991
(341,601)	(354,437)	(278,539)	(318,107)	(211,415)	(238,935)
(580,857)	(596,885)	(197,495)	(238,231)	(214,409)	(201,842)
(146,335)	(155,129)	(92,737)	(45,876)	(35,377)	(63,091)
19,265	24,763	36,701	33,232	29,517	7,331
14,307	114,489	293,029	-	-	-
(395,955)	(264,148)	427,701	(77,373)	146,848	30,617
(1,839)	40,038	(61,445)	80,851	(25,945)	(25,456)
(397,793)	(224,110)	366,256	3,478	120,904	5,161
174,376	94,962	269,653	246,021	91,744	254,733
(223,417)	(129,148)	635,909	249,499	212,648	259,893
-	-	-	-	(40,638)	-
(223,417)	(129,148)	635,909	249,499	172,010	259,893
1,402,102	1,402,102	1,402,102	1,402,102	1,402,102	1,402,102
1,412,563	1,219,307	1,115,254	851,568	589,377	507,703
(563,866)	(156,671)	78,029	(278,740)	(260,579)	(280,734)
12,061	21,539	20,041	13,688	8,220	3,059
2,262,860	2,486,277	2,615,425	1,988,618	1,739,119	1,632,130
2,064,222	2,418,880	1,993,191	1,606,646	1,444,364	1,260,604
(2,071,702)	(2,027,795)	(1,496,260)	(944,436)	(694,493)	(532,183)
(7,480)	391,085	496,931	662,211	749,872	728,420
2,765,164	2,714,093	2,605,641	2,006,856	1,605,605	1,569,831
(494,824)	(618,901)	(487,147)	(680,449)	(616,358)	(666,121)
2,262,860	2,486,277	2,615,425	1,988,618	1,739,119	1,632,130
6,040,123	8,997,530	9,442,122	9,050,904	9,112,165	9,755,324
4,450,551	5,751,742	6,349,321	6,627,888	7,682,267	7,932,158
3,154,042	3,551,882	3,983,187	4,982,908	4,938,857	5,112,899
4,066,930	4,525,604	4,401,695	3,467,824	4,797,240	6,390,460
(2.39)	(1.39)	2.22	0.02	0.74	0.15
13.85	15.16	15.97	12.15	10.65	10.02
-	-	-	-	0.65	-
9%	3%	4%	(12)%	(1)%	3%
1.00	1.19	1.33	1.70	2.08	2.37
10.30	4.50	5.30	6.90	6.00	6.80

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 recognised, 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

ROYAL FERNWOOD PORCELAIN LIMITED	Directors
No. 1, Alfread House Avenue Colombo 03 Sri Lanka. Tel: +94 363 137370 Email: info@fernwoodporcelain.com	Mr. Ranil Pathirana Mr. Mangala Boyagoda Ms. Nathasha Egodage Mr. Savanth Sebastian Mr. Revantha Devasurendra

DANKOTUWA SINGAPORE PTE LIMITED	Directors
No. 3, Shenton Way # 10 – 05, Shenton House Singapore (068805)	Mr. S Pasupathy Mr. K A C J Jayathilake

Notice of Meeting

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of the Shareholders of DANKOTUWA PORCELAIN PLC ("the Company") will be held on a virtual platform on, 26th September 2025 at 9.30 a.m. centered at the Boardroom of Commercial Credit & Finance PLC, No 165, Kynsey Road, Borella, Colombo 08, for the following business:

1. TABLING OF FINANCIAL STATEMENTS

To lay before the meeting, the Annual Report of the Directors and the Financial Statements of the Company for the year ended 31st March 2025 together with the Report of the Auditors thereon.

2. RE- ELECTION OF DIRECTORS

i. To re-elect Ms. Sachini Nathasha Egodage, Director who retires by rotation in terms of Article No. 24 (6) of the Articles of Association. (Resolution No.01)

ii. To re-elect Ms. Lakshitha Rajendran, Director who retires by rotation in terms of Article No. 24 (6) of the Articles of Association. (Resolution No. 02)

iii. To re-elect Mr. R.S. Egodage, Director who retires by rotation in terms of Article No. 24 (6) of the Articles of Association. (Resolution No. 03)

3. RE- APPOINTMENT OF AUDITORS

To re-appoint M/s. Ernst & Young, Chartered Accountants, who have consented to be re- appointed as Auditors of the Company until the conclusion of the next annual general meeting and to authorize the Directors to determine their remuneration (Resolution No. 04)

4. DONATIONS

To authorize the Directors to determine donations for charitable and other purposes for the year 2025/2026 as set out in the Companies' Donation Act [CAP147] (Resolution No. 05).

By Order of the Board

(Sgd.)
Nexia Corporate Consultants (Pvt) Ltd
Secretaries to the Company

(Sgd.)
Mrs. C.R. Weragala
Director

Colombo
28th August 2025

Should shareholders wish to obtain a hard copy of the Annual Report, they may complete and send the Form of Request available on the website of the Colombo Stock Exchange https://www.cse.lk/pages/company-profile/companyprofile.component.html?symbol=DPL.N0000 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 2025 and any adjournment thereof and at every poll which may be taken in consequence thereof.

Note

If the Proxy Form is signed by an Attorney, the relative Power of Attorney should also accompany the completed Form of Proxy, if it has not already been registered with the Company.

To lay before the meeting, Financial Statements for the year ended 31st March 2025

Resolutions	For	Against
1. To re-elect Ms. S.N. Egodage	☐	☐
2. To re-elect Ms. L. Rajendran	☐	☐
3. To re-elect Mr. R.S. Egodage	☐	☐
4. To re-appoint Auditors	☐	☐
5. To authorize Directors to make donations.	☐	☐

Mark your preference with “X”

Signed on this .... day of .... 2025.

....

Signature

a) * Please delete the inappropriate words.

b) Instructions as to completion are noted on the reverse thereof.

Form of Proxy

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 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 dplagm2025@dankotuwa.com or by facsimile to +94 31 5 500599 by 9.00 a.m. on 24th September 2025.

Corporate Information

NAME OF COMPANY

Dankotuwa Porcelain PLC

COMPANY REGISTRATION NO.

PQ79

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. 411)

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
Rotunda Towers,
No. 109, Galle Road.
Colombo 03.
Telephone - +94 112 463500

LAWYERS

Ms Chathumini Samarasinghe
Attorney-at-Law, Notary Public,
Commissioner for Oaths & Company Secretary
15/23D,
Dhammarathana Mawatha,
Madiwela,
Kotte
Telephone: +94 766554540,
+94 706908899

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

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Annual Reports

DANKOTUWA
World-class tableware