

Royal Ceramics Lanka PLC
Annual Report 2024/25

Patterns of Excellence



Patterns of Excellence

At Royal Ceramics Lanka PLC, we believe that excellence is not a fixed point – it is a continuous journey of metamorphosis that enables us to achieve unrivalled results. Year after year, this pursuit of perfection is reflected in every aspect of our business— from the products we craft, to the value we create for the many stakeholders we serve.

Each product we deliver, each partner in our journey, and every process we refine serve as individual building blocks that contribute towards our collective strength and adaptability – enabling us to achieve optimised performance and rise to any challenge that may come our way. These patterns, woven together over time, reinforce our reputation for reliability, innovation, and exceptional quality.

The harmony of these core principles—the fine balance of design, sustainability, and performance—enable us to continuously evolve, shaping our direction as we navigate through times of change. These flexible structures and strategies are designed to help us advance into the future, while strengthening the relationships that define us, both across Sri Lanka and beyond.

As we grow and transform, we remain focused on maintaining these patterns of excellence. Through them, we continually raise the bar, ensuring that our future is vibrant, prosperous, and capable of weathering the challenges of tomorrow.

The butterfly's wings are composed of thousands of tiny scales, each playing a critical role in creating a flexible yet strong structure. This intricate design allows the butterfly to move with exceptional agility, responding to even the slightest changes in its environment. It's a masterclass in natural strategy: a balance of form and function, where every part contributes to the whole. In this unity, we see the essence of excellence—a spirit of transformation driven by precision, and the power of strength rooted in adaptability.



Eternal Elegance

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Royal Ceramics Lanka PLC Group demonstrated its resilience, delivering Profit After Tax of Rs. 6.05 Bn for the year ended 31st March 2025 despite an extremely challenging landscape for the Tiles sector.

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Managing
Director's
Message

Our quest for sustainable growth underpinned by operational excellence, a sustainability mindset and effective stakeholder engagement continues to shape our future, ensuring long-term value creation for its stakeholders.

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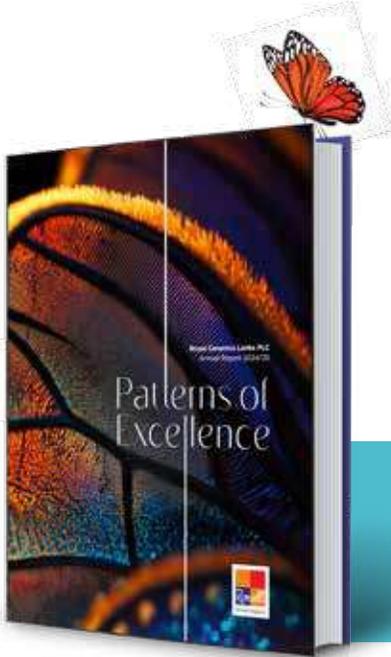
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We are pleased to present the ninth Integrated Annual Report of Royal Ceramics Lanka PLC, offering a comprehensive and balanced overview of our performance for the financial year ended 31st March 2025. This report highlights how we continue to meet stakeholder expectations as we navigate an evolving business landscape, gradually recovering from recent challenges.

Scope and Boundary

This report, succeeding the most recent one for the financial year ended 31st March 2024, encompasses both financial and non-financial information crucial for assessing the performance of Royal Ceramics Lanka PLC (the parent) and its 28 legal entities across five sectors, collectively referred to as “the Group,” for the financial year ended 31st March 2025. Where relevant, comparative data is included. The reporting boundaries for both financial and non-financial aspects remain consistent across the Group.

Reporting Frameworks and Principles

Financial Reporting

- Companies Act No.7 of 2007 and amendments there to
- Sri Lanka Accounting & Auditing Standards Act No.15 of 2015
- Sri Lanka Financial Reporting Standards
- Listing Rules of the Colombo Stock Exchange

Corporate Governance

- Code of Best Practices on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka
- Listing Rules of the Colombo Stock Exchange

Integrated Reporting

- International <IR> Framework

Sustainability Reporting

- Global Reporting Initiative Sustainability Reporting Standards
- Sustainable Development Goals (SDGs) of United Nations
- Sustainability Accounting Standards for,
 - Construction material
 - Containers and packaging
 - Iron and steel producers
- IFRS Sustainability Reporting Standards

Guiding Principles

<p>Strategic focus and future orientation </p> <p>This report provides insights into the organisation’s strategy and its connection to value creation in the short, medium, and long term, as well as its impact on and utilisation of various capitals.</p>	<p>Stakeholder relationships </p> <p>This report offers insights into the nature and quality of the organisation’s relationships with key stakeholders, highlighting how it understands, considers, and responds to their legitimate needs and interests.</p>	<p>Reliability and completeness </p> <p>This report presents all material matters, both positive and negative, in a balanced manner and without material error.</p>
<p>Materiality </p> <p>This report discloses information on key matters that significantly impact the organisation’s ability to create value in the short, medium, and long term.</p>	<p>Connectivity of information </p> <p>This report presents a holistic view of the interconnected factors, relationships, and dependencies that influence the organisation’s ability to create value over time.</p>	<p>Consistency and comparability </p> <p>This report is presented on a consistent basis over time and in a manner that allows for comparison with other organisations, where relevant, to assess the organisation’s ability to create value over time.</p>
<p>Conciseness</p> <p>This report is presented concisely.</p> 		

Significant Changes and Restatements

There were no significant changes requiring restatements of financial or sustainability information during the reporting period.

Assurance  2-5

Financial Reporting

Internal Assurance

Integrity and adequacy of financial reporting processes and internal controls evaluated by the Audit Committee and Internal Audit functions.

External Assurance

Messrs Ernst & Young

Sustainability Reporting

Internal Assurance

- GRI Standards (2021)
- UN Sustainability Development Goals (SDG's)
- Sustainability Accounting Standards Board
 - Construction material
 - Containers and packaging
 - Iron and steel producers

External Assurance

- Messrs Ernst & Young
- GRI Standards (2021)
 - International <IR> Framework
 - Sustainability Accounting Standards Board-Construction material

Forward Looking Statements

This report includes forward-looking statements based on our current perceptions, opinions, and analysis of both internal and external information. These statements aim to assess the Group’s potential for value creation in the future. However, they are subject to a high degree of uncertainty, as they relate to future events, outcomes, and external factors beyond our control, which can only be fully understood in hindsight. Market fluidity and the volatility of key economic indicators further amplify these uncertainties, potentially affecting the Group’s ability to create value.

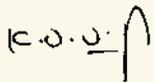
We advise users to be mindful of these uncertainties when interpreting forward-looking statements and to rely on the most up-to-date information available at the time of their assessment. All forward-looking statements are provided without recourse or liability to the Board or other contributors to this Annual Report, given the inherent unpredictability of future developments.

About the Report

The Statement of Responsibility

The Annual Report has been prepared by the Senior Management of the Group on behalf of the Board of Directors. The senior management has used internal and external resources in compiling this report to enhance presentation and readability of the report.

The Annual Report of the Board of Directors' includes an acknowledgement of the Directors' responsibility with regard to the Annual Report. The Board of Directors acknowledges their responsibility to ensure the integrity of the Integrated Report and is of the opinion that Integrated Annual Report of Royal Ceramics Lanka PLC for the financial year ended 31st March 2025 is presented in accordance with the <IR> Framework 2021.



Dhammika Perera
Chairman



Manil Jayasinghe
Audit Committee Chairman



Aravinda Perera
Managing Director

Feedback and Inquiries 2-3

We appreciate your feedback and are committed to enhancing the quality of our report. Please feel free to contact the following for any inquiries.

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Navigating Our Report

Capitals



Financial Capital



Manufactured Capital



Intellectual Capital



Human Capital



Social & Relationship Capital



Natural Capital

Stakeholders



Investors



Customers



Employees



Suppliers



Community



Regulators

Strategy



Customer Centricity



Competent Team



Innovation & Technology



Business Growth



Financial Stability



Operational Excellence



Sustainable Mindset

About Royal Ceramics Lanka PLC

GRI 2-1, 2-6



Established in 1991, Royal Ceramics Lanka PLC (Rocell) embarked on a mission to redefine excellence in tile manufacturing. With a vision to become the market leader, the company steadily expanded its operations, investing in innovation, quality, and superior craftsmanship.

A significant milestone in Rocell's growth came in 2002 with the founding of Royal Porcelain (Pvt) Limited, a strategic move that strengthened its position in the premium tile segment. Recognising the synergies between the two entities, Royal Porcelain later merged with Rocell, streamlining operations and enhancing the company's manufacturing capabilities. Continuing its journey of diversification, Rocell ventured into sanitaryware manufacturing in 2009 with the establishment of Rocell Bathware Ltd. This expansion allowed the company to offer a comprehensive range of bathroom solutions, reinforcing its commitment to design, functionality, and superior aesthetics.

The acquisition of the Lanka Walltiles PLC Group in 2013 marked another pivotal moment in Rocell's history. This strategic acquisition not only expanded the company's product portfolio but also strengthened its market presence, cementing Rocell's reputation as a dominant player in Sri Lanka's ceramics and sanitaryware industry. Today, Rocell stands as a leader in the sector, driven by continuous innovation, a commitment to quality, and an unwavering focus on customer satisfaction.

Over the years, Rocell has expanded beyond tile manufacturing to become a leading conglomerate in the construction industry. Today, the company holds a dominant presence across five key sectors: tiles, bathware, aluminium, packaging, and mining.

Beyond its core business areas, Rocell has strategically extended its influence into the finance and services sectors through its associate companies, LB Finance PLC and Delmege Ltd. These ventures reinforce Rocell's diversified business model, enabling sustained growth and resilience in an evolving market.

Tiles and Associated Products



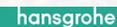
Dominates the local tiles market with cutting-edge manufacturing facilities



Sanitaryware



The leading manufacturer of Bathware in Sri Lanka and trusted partner for globally renowned brands. Also serving as a premier supplier of high quality Bathware Accessories



Aluminium



Manufactures high-quality aluminium extrusions, profiles, and value-added aluminium products.



Packaging



The leading manufacturer of packaging material in Sri Lanka, supplying for domestic and export oriented industries



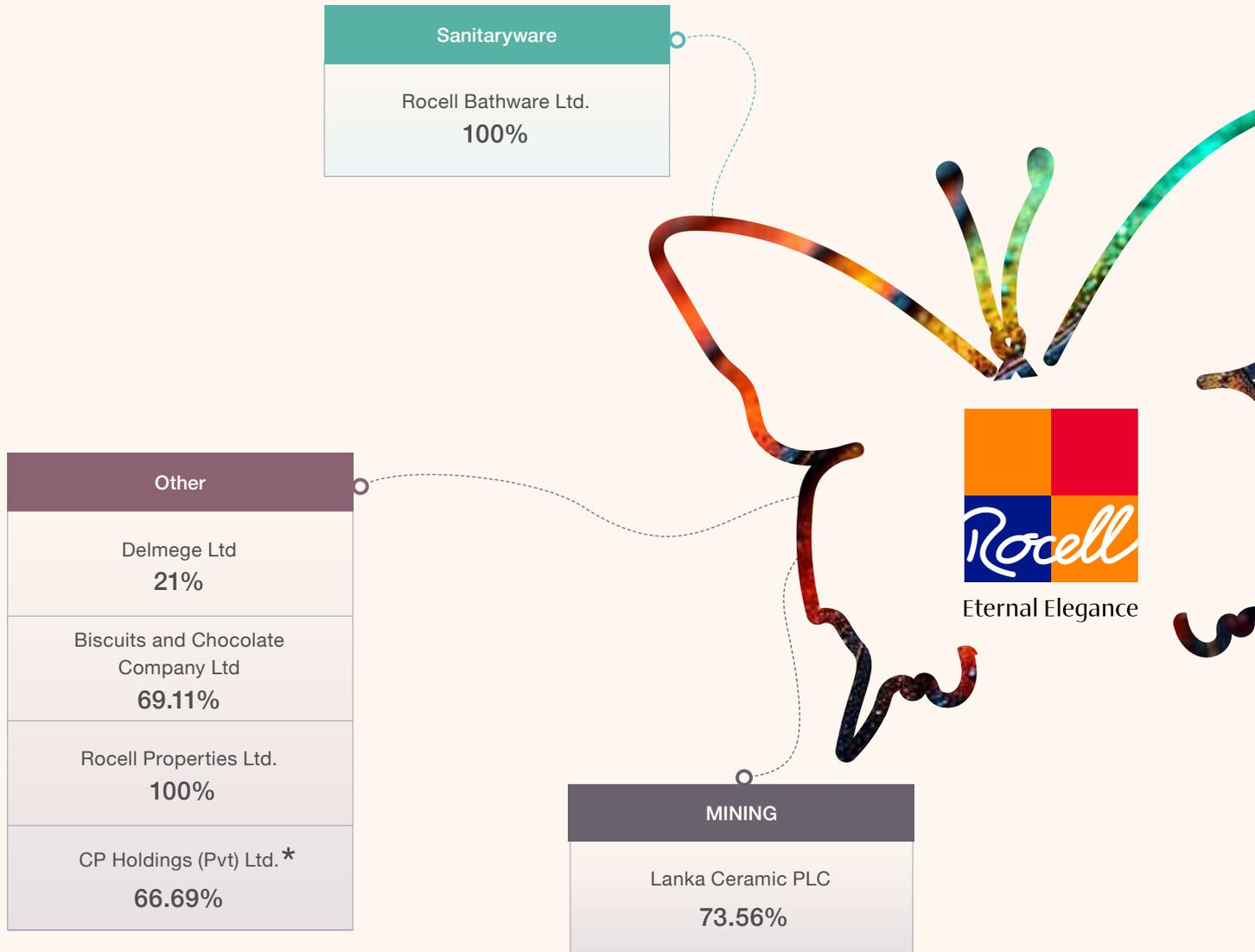
Mining



Supplies high quality feldspar for ceramic and tile industry in Sri Lanka

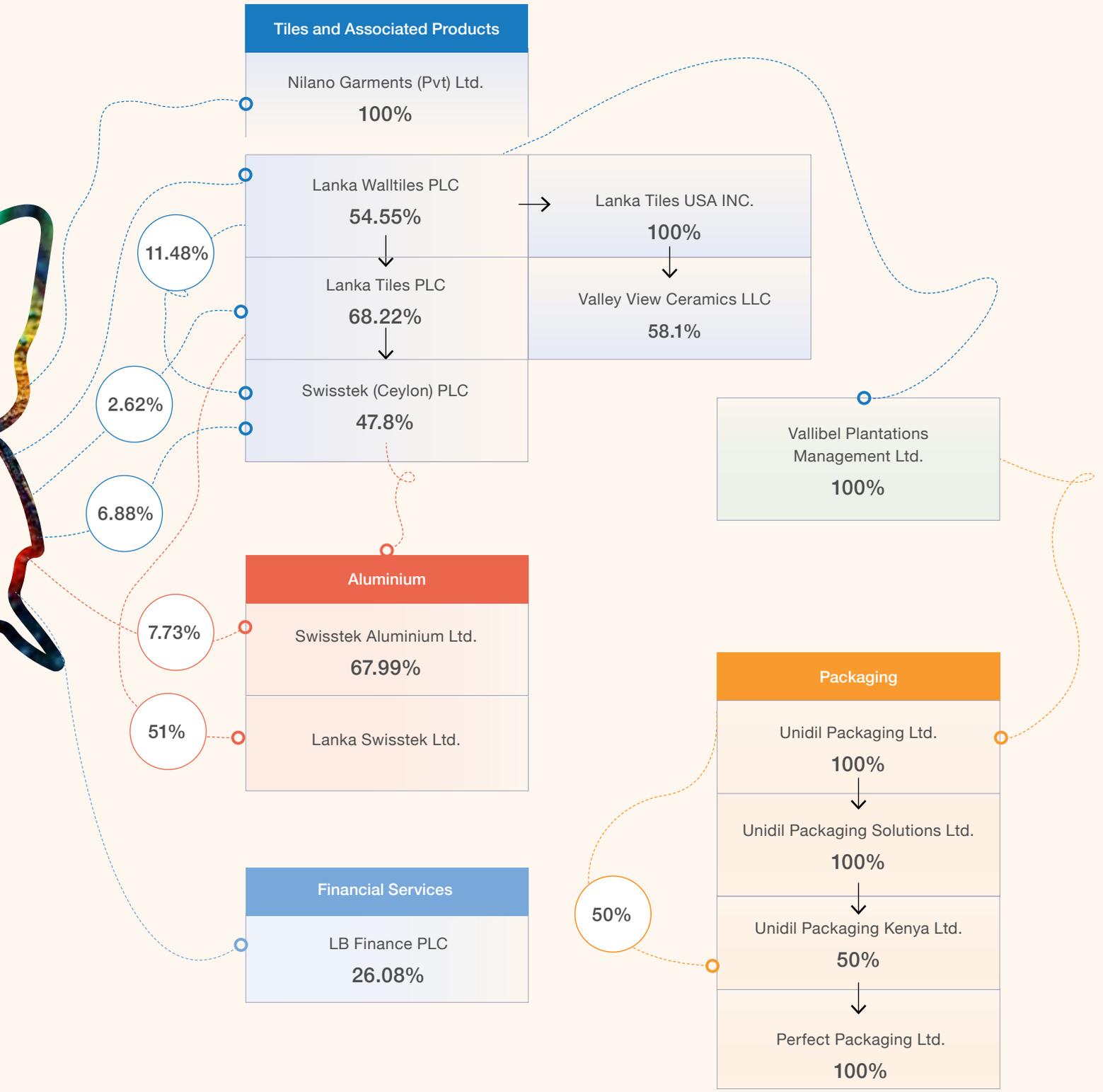


Group Structure



* Effective holding

Note : Above Group structure includes only the companies which have significant operations.



Milestones



With a legacy built on unwavering commitment and a passion for excellence, Royal Ceramics Lanka PLC has firmly established itself as an industry leader, marking each milestone with dedication and distinction.

Royal Ceramics Lanka PLC commenced operations

1991

Commenced operations in Rocell Bathware Ltd

2009

Acquired 25.85% stake in LB Finance PLC

2012

Restructured Lanka Ceramic PLC Investment to bring Lanka Walltiles PLC - under direct subsidiary of Royal Ceramics Lanka PLC

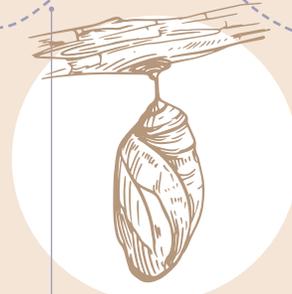
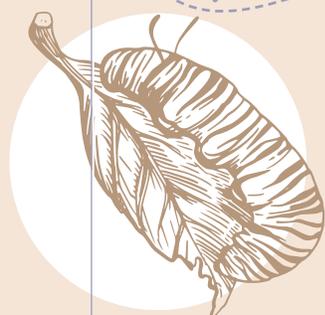
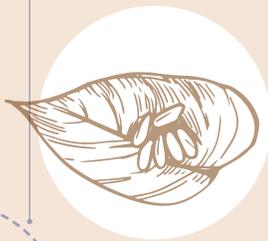
2017

Acquired CP Holding (Pvt) Ltd

2021

Lanka Walltiles PLC acquired a 58.1% stake in Valley View Ceramics LLC in USA through LankaTiles USA Inc.

2024



2002
Commenced operations in Royal Porcelain (Pvt) Ltd

2011
Acquired a 20% stake in Delmege Ltd

2013
Acquired a 76.54% stake in Lanka Ceramic PLC

2019
Amalgamated Royal Porcelain (Pvt) Ltd

2023
Disposal of Horana Plantations PLC

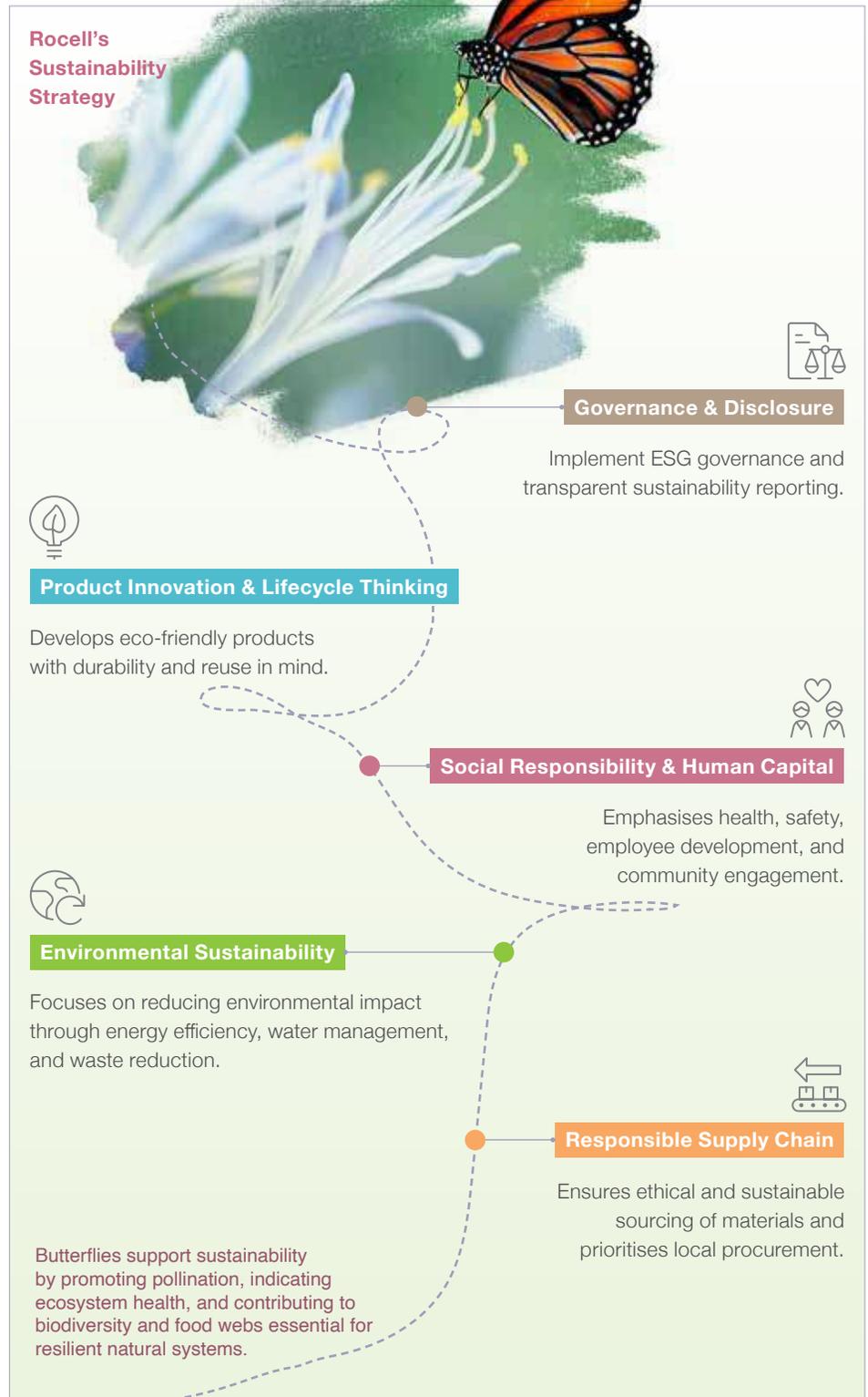
2025
Acquisition of Perfect Packaging Ltd in Kenya through fully owned subsidiaries of Unidil Group.

Our Commitment to Sustainability

Rocell is committed to shaping a more sustainable future by embedding environmental, social, and governance (ESG) principles into its core business strategy. As a leading manufacturer of premium tiles and bathware in Sri Lanka and a growing player in global markets, we recognise its responsibility to reduce its environmental footprint, foster responsible business practices, and create long-term value for all stakeholders.

This sustainability strategy is designed to guide Rocell through a period of transformation, one that balances innovation and profitability with climate responsibility, ethical supply chain management, and community well-being. Grounded in five strategic pillars, Environmental Sustainability, Responsible Supply Chain, Product Innovation, Social Responsibility, and Governance & Disclosure. The strategy sets a clear path toward decarbonisation, resource efficiency, inclusive growth, and transparent reporting.

As the Group scales its operations and expands globally, this strategy ensures that sustainability is not only a compliance requirement but a competitive advantage, underpinning its brand integrity, operational resilience, and stakeholder trust.



Our Commitment to Sustainability

Environmental Sustainability



Energy Efficiency & Carbon Reduction

- Transition to energy-efficient single-firing technology (with optimised kiln use).
- Implement solar and renewable energy initiatives at plants.
- Track and reduce Scope 1 & 2 emissions with targets

Water Management

- Optimise water recycling in tile and sanitaryware production.
- Monitor water usage per product unit and benchmark improvements.

Waste Reduction & Circularity

- Minimise raw material waste through lean production.
- Use recycled materials in packaging and explore tile recycling programs.

Responsible Supply Chain



Sustainable Sourcing

- Work with suppliers to adopt ESG standards for raw materials (clay, glaze, etc.).
- Set supplier codes of conduct and evaluate ESG compliance.

Ethical Procurement

- Prioritise local sourcing where possible to reduce transport emissions and support the domestic economy.

Product Innovation & Lifecycle Thinking



Green Product Lines

- Develop and label eco-friendly tile and bathware lines (e.g., low-water usage, high durability).

Design for Durability & Reuse

- Promote long-lasting designs that reduce lifecycle environmental impacts.
- Explore modular or reusable tile solutions for large projects.

Social Responsibility & Human Capital



Health & Safety

- Maintain world-class health & safety standards across factories and warehouses.

Employee Development

- Invest in upskilling, especially during tech transitions (e.g., double to single firing).

Community Engagement

- Support housing, education, and sanitation projects in surrounding communities.

Governance & Disclosure

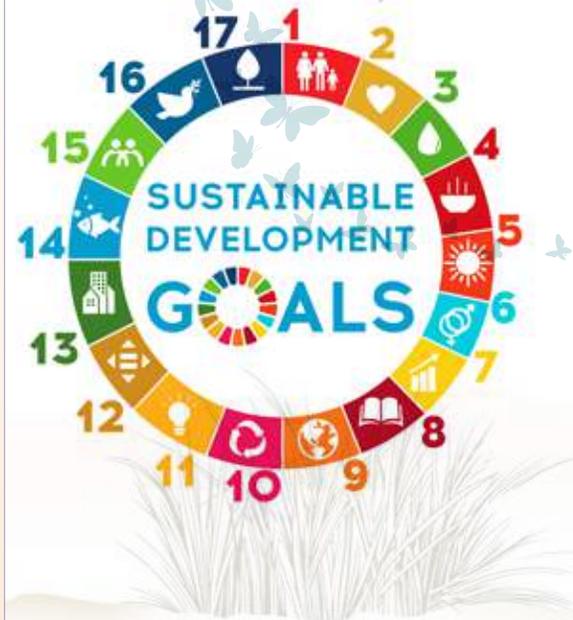


Sustainability Governance

- Form a Board-level ESG subcommittee to oversee sustainability strategy.

Transparency & Reporting

- Publish an annual Sustainability Report aligned with GRI or SASB standards.
- Set and disclose measurable targets for emissions, energy, water, and community impact.



Working Towards the UN Sustainable Development Goals

As a leading force in Sri Lanka's tile and bathware industry, Rocell recognises that long-term business success must go hand-in-hand with sustainable development. We are committed to playing an active role in addressing global challenges by aligning our operations and strategies with the United Nations Sustainable Development Goals (UN SDGs).

Through innovation, operational excellence, and responsible stewardship of natural and human resources, we integrate sustainability into the core of our value creation process. Our actions are guided by a clear understanding that economic growth must be inclusive, resource-efficient, and environmentally conscious. In this context, Rocell has identified and prioritised several SDGs where our

business can create the most meaningful and measurable impact, particularly in the areas of responsible production, climate action, clean water use, decent work, and industry innovation.

This commitment reflects not only our responsibility as a corporate citizen, but also our belief that businesses thrive best in sustainable societies.



- 4,512 direct employment opportunities
- Rs. 7,980 Mn paid as employee remuneration
- Rs. 40,963 Mn paid to local suppliers
- Rs. 13,189 Mn paid as taxes



- Safety committee at all manufacturing facilities
- Ongoing training in health and safety practices
- Regular monitoring of physical and mental health of employees
- Encouraging employees to maintain a healthy work-life balance



- Continuous training and development opportunities covering 47,228 hours
- Financial assistance for educational qualifications
- Provide industrial training for University students and factory visit opportunities for school students.
- Inhouse learning management system to improve knowledge of all categories of staff



- 10% female representation of workforce
- No gender pay gap
- Zero tolerance policy for any form of discrimination
- Equal opportunity policies in hiring and career development.
- Increasing participation of women in both corporate and operational roles.



- Nearly 100% of water used in our operations is recycled and reused in the production process after treatment
- Water recycling and closed-loop systems in manufacturing facilities.
- Design and promotion of water-efficient sanitaryware products.



- Rs. 334 Mn of energy savings from waste heat recovery
- 10% increase of renewable energy usage
- Implementation of various energy saving initiatives in all our premises



- Employment of a large local workforce with fair wages, benefits, and training.
- Workplace safety and compliance with national labour standards.
- Skills development programs for youth and new recruits to address the talent gap.



- Investment in advanced tile and bathware manufacturing technologies.
- Product and process innovation including digital printing, water-saving ceramics, and energy-efficient kilns.
- Modernisation of infrastructure with a focus on sustainability and resilience.



- Zero tolerance policy for any form of discrimination
- Fair and transparent recruitment policy in place
- No gender pay gap
- Fair and competitive remuneration



- Creating indirect job opportunities
- Rs. 11 Mn spent on CSR initiatives



- Sustainable business practices to enhance productiveness
- Innovation in product development and manufacturing processes
- Investing in research and development
- Use of recyclable materials and low-waste manufacturing processes.
- Efficient use of raw materials and reduction of rejects through quality assurance systems.
- Implementation of waste segregation and reuse programs within factories.



- Transition towards single-firing technology to reduce energy consumption.
- Energy conservation initiatives across production plants.
- Supporting carbon footprint reduction through optimised logistics and factory layouts.



- Collaboration with export markets, suppliers, and local communities to enhance sustainability practices.
- Participation in industry forums and regulatory efforts to strengthen ESG governance.

Performance Highlights

Financial Highlights

Financial Performance

	Unit	2024/25	2023/24	%
Revenue	Rs. Bn	60.7	61.2	-0.9
Operating Expenses	Rs. Bn	13.1	12.5	5.2
Operating Profit	Rs. Bn	10.0	14.2	-30.1
Profit Before Tax	Rs. Bn	7.9	12.1	-34.5
Profit After Tax	Rs. Bn	6.1	9.1	-33.2
GP Margin	%	32.0	38.4	-6.4
Operating Profit Margin	%	16.5	23.3	-6.8

Financial Performance



Return to Shareholders

	Unit	2024/25	2023/24	%
Earnings Per Share	Rs.	4.6	6.5	-30.0
Dividend Per Share	Rs.	1.6	2.9	-44.8
Dividend Yield	%	4.3	9.3	5.0
Return on Equity	%	9.3	15.1	5.8
Price to Book value	Times	0.8	0.8	9.5
Market Capitalisation	Rs. Bn	41.0	34.5	19.0
Market Value per Share	Rs.	37.0	31.1	19.0

EPS and DPS



Growth and Stability

	Unit	2024/25	2023/24	%
Total Assets	Rs. Bn	113.4	101.6	11.6
Shareholder Funds	Rs. Bn	65.0	60.1	8.2
Total Debt	Rs. Bn	30.7	24.2	26.5
Inventory	Rs. Bn	32.9	28.7	14.8
Net Asset per Share	Rs.	43.9	40.4	8.7
Gearing Ratio	%	32.1	28.7	3.3
Current Ratio	Times	1.5	1.7	-11.6
Quick Assets Ratio	Times	0.4	0.5	-12.6

Financial Position

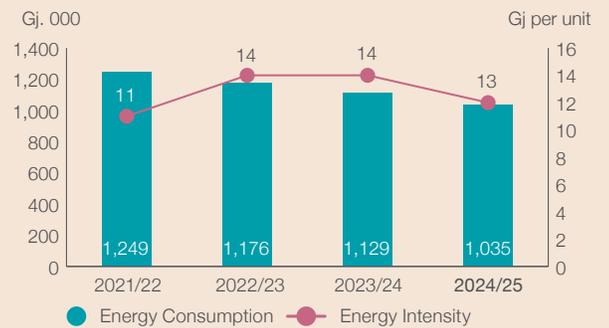


Non-Financial Highlights

E nvironmental

- 180 Trees planted
- 8% reduction in overall energy usage
- 10% increase in generation of renewable energy
- 19,248 MT of material recycled and reused
- 123 Mn. litres of water recycled and reused

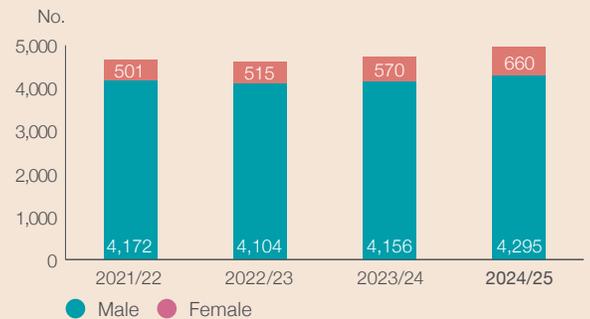
Energy Consumption and Intensity



S ocial

- 4,512 people employed across the Group
- 443 indirect employees
- Rs. 11 Mn spent in CSR activities
- Rs. 40,963 Mn paid to local suppliers
- 28 scholarships offered to children of employees under the Randaru initiative
- 10% Female representation in the workforce

Gender representation in the workforce - Direct and Indirect



G overnance

- Ensuring Board diversity in expertise, age, and gender.
- Zero fines paid during the year
- Sustainability oversight advanced to the Board level
- 4 Independent Directors in a Board of 12 Directors
- On time submission on all regulatory returns

Board of Directors



Awards and Recognition



1 CIOB Green Awards 2024

Gold Award - Swisstek Aluminium Ltd

2 TAGS Awards 2024 of CA Sri Lanka

Silver Award under Manufacturing Sector
Turnover above Rs 20 Bn - Royal Ceramics Lanka PLC

3 CNCI Achievers Awards 2024

Gold Award - Provincial Level in Extra Large Manufacturing Sector - RCL Eheliyagoda Factory

4 CNCI Achievers Awards 2024

Gold Award - Provincial Level in Extra Large Manufacturing Sector - RCL Horana Factory

5 CNCI Achievers Awards 2024

Bronze Award - National level in Extra Large Manufacturing Sector - Rocell Bathware Limited

6 CNCI Achievers Awards 2024

Gold Award - National Level in Extra Large Manufacturing Sector - Royal Ceramics Lanka PLC

7 CNCI Achievers Awards 2024

Top 10 Award in Extra Large Manufacturing Sector - Royal Ceramics Lanka PLC



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8 CNCI Achievers Awards 2024

Top 10 Award in Extra Large Manufacturing Sector - Rocell Bathware Limited

9 BMPC Awards 2025 of Institute of Chartered Professional Managers of Sri Lanka

Category Winner - Aluminium Extrusions - Swisstek Aluminium Ltd

10 CPM - Best Management Practices - Companies Award 2024

Merit Award - Unidil Group of Companies

11 CMA Excellence in Integrated Reporting Awards 2024

First Runner up in Best Integrated Report - Manufacturing Sector - Lanka Walltiles PLC

12 CMA Excellence in Integrated Reporting Awards 2024

Merit Award - Lanka Walltiles PLC

13 National Convention on Quality and Productivity - 2024

10 Gold Awards for the Best Quality Circles - Unidil Group of Companies

14 National Convention on Quality and Productivity - 2024

Unidil Group of Companies

15 Companies with Great Managers 2024 Award by Colombo Leadership Academy

Recognised Areas of Excellence Driving Results & Execution Excellence, Aligning Organisational Vision & Team Effectiveness & Collaboration - Swisstek Aluminium Ltd



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16 SAFA Best Presented Annual Report Awards 2023 organised by South Asian Federation of Accountants (SAFA)

Merit Award under Manufacturing Sector - Royal Ceramics Lanka PLC

17 Green Building Council of Sri Lanka 2024-2027

Green Labelled Product - Swisstek Aluminium Ltd

18 Construct Exhibition Awards 2024 of the National Construction Association of Sri Lanka

Most Innovative Stall - Swisstek Aluminium Ltd

19 Most Respected Entities of LMD

Sector Winner - Manufacturing Sector - Lanka Tiles PLC

20 Architect 2025 Exhibition of the Sri Lanka Institute of Architects

Overall Best Trade Stall & Most Innovative and Informative Trade Stall - Lanka Tiles PLC

21 Presidential Environmental Award -2024

Bronze Award - Mineral Related Manufacturing Industry - RCL Horana Factory

22 Presidential Environmental Award -2024

Gold Award - Mineral Related Manufacturing Industry - RCL Eheliyagoda Factory

23 Presidential Environmental Award - 2024

Merit Award - Chemical Industry - Swisstek Aluminium Ltd

24 SLIM DIGIS 2.4 Awards by the Sri Lanka Institute of Marketing

Silver Award for Best Digital Marketing Campaign in Industrial Manufacturing - Swisstek Aluminium Ltd

25 Great Place to Work in Sri Lanka

Small Category - Unidil Group of Companies

Chairman's Message

GRI 2-22



Dear Shareholders,

Royal Ceramics Lanka PLC Group demonstrated its resilience, delivering Profit After Tax of Rs. 6.05 Bn for the year ended 31st March 2025 despite an extremely challenging landscape for the Tiles sector. The Aluminium sector turned around the losses of the previous year while the Packaging sector maintained its profitability in line with the previous year. Losses of the Sanitaryware sector was inline with the previous year and steps have been taken to turn around the company. The Group invested Rs. 4.2 Bn in capital expenditure enhancing investment in the Tiles sector, reflecting our confidence in growth opportunities for the Rocell Group. Rocell and Lanka Tiles continue to lead market share in the tiles sector with their positioning boosted by an innovative product portfolio designed for inspiring spaces.

Royal Ceramics plays a dual role as the manufacturer of tiles and as the parent company of a Group with a broad presence across construction sector value chains. A 26.08% stake in LB Finance supports sustainable earnings with a steady dividend flow from the financial services sector.

Further, the Group also owns a 21% stake in Delmege Ltd a diversified conglomerate which also contributes with a dividend flow, albeit to a lesser extent.

Market Leadership

The Group represents the tile brands Rocell and Lanka Tiles, with over 40 years of experience in producing tiles that meet global quality management standards. A mature network of our own showrooms and franchise showrooms ensure islandwide availability. We have introduced a wide range of products at competitive prices, to compete effectively with unregulated imported tiles that have flooded the market with the lifting of import restrictions. Additionally, the Lanka Walltiles Group has expanded its factory to provide a broader range of cost effective options for customers. A portfolio of mosaic tiles, large format tiles and traditional tiles compiled into collections that appeal to a wide range of aesthetic trends underpins our leadership in this growth category.

The sanitaryware sector is recognised as the country's primary producer with a broad range of designs. Exports of sanitaryware focus on a niche as a significant provider of bathware for cabin cruisers, having achieved advancements in this specialised market in recent years. Aluminium sector's brand, Swisstek, offers a range of products from hardware items to solutions for the construction industry and was able to turn around its losses with promising growth in exports. Additionally, the agency for Hansgrohe brand of taps and accessories in Sri Lanka, complement the existing bathware and sanitaryware range.

Positive demand drivers

The construction sector in the country recorded a year of positive growth of 19.4% in 2024 having contracted by 20.8% in 2023. The gradual increase in activity in the sector observed in 2024 is expected to pick up pace in 2025 as low interest rates, low inflation and improved investor and consumer confidence drive investment in infrastructure and housing. Both locally



and globally, the demand for housing is at a historical high, with many countries having a shortage of housing leading to unsustainable housing prices and rents.

The aesthetic appeal continues to be a critical factor in both commercial infrastructure and private dwellings. Tiles are a vital material in creating spaces elegant interiors that are easily maintained and continues to gain appeal with the industry expected to record a compound annual growth rate of 2.5% - 5% over the next 10 years. Growth prospects for ceramic tiles is expected to be at the higher end of the growth rate. Technology continues to add an exciting dimension to the growth of the industry, enhancing the ability engage customers remotely with exciting visuals as well as transforming the ability to deliver highly customised solutions to customers. Expansion of e-commerce has provided an increasingly customer centric channel for distribution in an industry where the aesthetics play a key role. These trends and possibilities point to vibrant growth of the industry in the foreseeable future and Royal Ceramic's positioning in the value

chain as a trusted partner and quality supplier of tiles, bathware, accessories, aluminium and packaging products provides a solid foundation from which to compete effectively.

Performance

Group revenue for the year under review was Rs.60.65 Bn, 0.9% below the previous year as slow recovery of the construction sector combined with the flood of imports to exert pressure on sales. Royal Ceramics accounted for 25% of the Group revenue reflecting its strong presence in the market. Production costs and expenses increased due to growth in scope of operations of the Group. Finance costs decreased significantly, bolstering overall profitability. The share of profits from LB Finance and Delmege increased by 12.1% to Rs.3.03 Bn as the company recorded improved profitability. LB Finance contributed Rs.2.8 Bn, an increase of 11.8% over the previous year as the company recorded a stellar year despite declining interest rates. Delmege contributed Rs.202 Mn, 16.7% over the previous year, reflecting steady progress made in performance. Accordingly, the

Chairman's Message



Rocell Group recorded Profit Before Tax and Profit After Tax of Rs.7.9 Bn and Rs. 6.05 Bn respectively, 34.5% below the previous year for both.

Performance of the Tiles and Associated Products was below expectations as the lack of anti-dumping legislation creates an unequal playing field for domestic manufacturers. Additionally, volatility in raw material prices, resolution of technical issues and expansion of customer touchpoints increased costs during the year. The Aluminium sector delivered a standout performance, with a 65% increase in revenue, driven by robust export sales. The Sanitaryware sector recorded a loss in line with the previous year as demand factors remained subdued with severe price pressure. The Packaging sector maintained steady growth in profits, boosted by a stable economy and reduced volatility in pricing of raw materials. Gross profit for the Group amounted to Rs. 19.4 billion, a decline from Rs. 23.5 Bn in the previous year, primarily due to margin pressures and lower sales. However, strategic cost management and operational efficiencies helped mitigate

some of these impacts. The Group's balance sheet remains strong, with total assets increasing by 12% to Rs. 113.4 Bn, underscoring our commitment to long-term value creation and financial stability.

Corporate Governance & ESG

My re-appointment as Chairman and Mr. Harsha Amarasekera's re-designation as Co-Chairman was effected on 7th October 2024 and I am pleased to be once again at the helm of this prestigious institution. We bid farewell to Mr. R.N. Asirwatham, Mr. L.N.de S. Wijeratne and Mrs. N. Thambiyah who served on our Board for many years with the exercise of sound, independent judgement. We welcomed Mr. Manil Jayasinghe on to the Board and he has been appointed as the Chairman of the Audit Committee as he is eminently suited for this role. We also formed a Nominations & Governance Committee in line with the requirements of the CSE Listing Rule No. 09. We also formed a voluntary ESG Committee of the Board on 31st March 2025 under the leadership of Mr. Nivran Weerakoon. The Board ensured timely compliance with the Colombo Stock

Exchange Listing Rule No. 09 on Corporate Governance during the year which included the reconstitution of Board committees and the publishing of policies on the website.

Rocell has commenced a Group-wide initiative to strengthen risk management and will also shortly commence on our journey to comply with the SLFRS S1 and S2, institutionalising sustainability reporting in line with these standards as we move into mandatory reporting in the year that has commenced. The Audit Committee is designated with the task of overseeing this project. I have no doubt that years of sustainability reporting on a voluntary basis supports the transition as our reports have been recognised for their excellence in this aspect.

Future Outlook

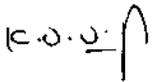
Sri Lanka's continued growth and the economic stability achieved commendable and the construction sector forecast to pick up activity in 2025. Low interest rates, low inflation and high demand for housing are expected to drive growth in housing. Commercial infrastructure is also expected to gather momentum supported by positive investor sentiments. Another key area of growth is likely to be the tourism sector which is expected to invest in refurbishments and upgrades in the year ahead. Government projects are also expected to commence as announced in the budget, consolidating growth.

We note with optimism the recent efforts to strengthen bilateral trade with countries in the region that support our quest while serving to abate the increasing geoeconomic threats. The Rocell Group is well positioned to benefit from growth of the sector. However, it is important to focus on growth of exports as we now have a comprehensive portfolio of tiles, accessories and allied products that is a pre-requisite to succeed

in a more competitive export market. Maintaining cost effective production through high utilisation rates of installed capacity will be key to profitable growth and succeeding in exports is the pin that needs to fall in place to realise our aspiration. We will focus significant efforts on export market development, exploring multiple distribution channels and destinations to drive results. Quality certifications and sustainability strengthen our credentials and support access to markets which are more conscious about ethical manufacture of products.

Acknowledgements

On behalf of the Board, I would like to express my sincere gratitude to the team at Rocell and its subsidiaries for their commendable performance throughout the year. I would also like to acknowledge the proficient leadership of the CEOs and MD's who successfully navigated their teams through numerous challenges. My thanks extend to all our customers and business suppliers who were instrumental in our operations. I appreciate the contributions of the Board members who applied their expertise and skills to guide us through a turbulent year. Lastly, I thank our shareholders for their trust as we look forward to realising the value of this restructured portfolio.



Dhammika Perera

Chairman

30th May 2025

Managing Director's Message

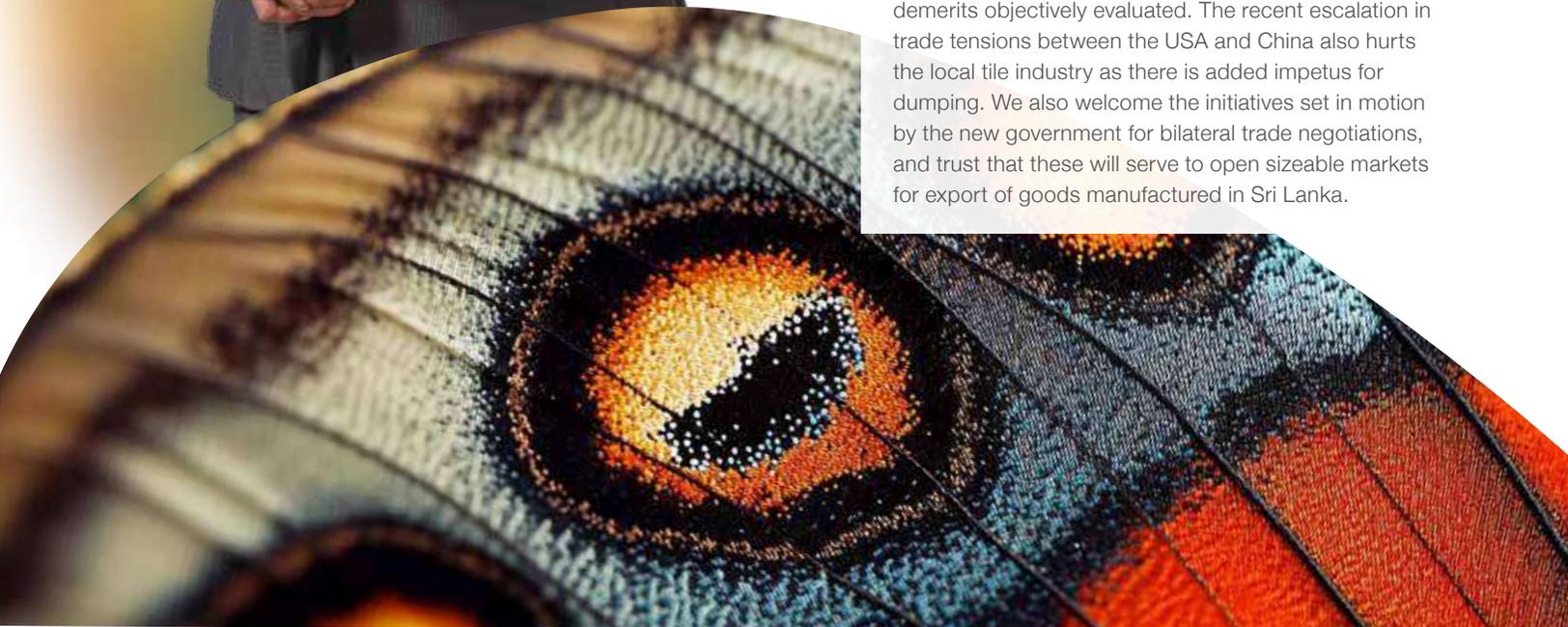


Dear Stakeholders,

The Royal Ceramics Group delivered a resilient performance, adapting to market dynamics while maintaining its focus on the strategic goals of the Group and reinforcing its market leadership in the ceramic tile industry. Accordingly, the Group delivered Profit After Tax of Rs. 6.05 Bn for the year ended 31st March 2025, 34.5% below previous year's Profit After Tax of Rs.9.23 Bn with all sector's contributing positively to the result except for Sanitaryware. Underlying demand for the sector is dependent on the activity levels of the construction sector which has been at a low ebb, recovering in 2024 after negative growth in the previous year. Our quest for sustainable growth underpinned by operational excellence, a sustainability mindset and effective stakeholder engagement continues to shape our future, ensuring long-term value creation for its stakeholders.

Trade and access to markets

The Royal Ceramics Group has been a strong advocate for creating a level playing field for domestic manufacturers against dumping by large scale manufacturing countries and also to ensure that those who play by the rules are not disadvantaged by those who don't. Therefore, it is encouraging to see that the topic is now discussed openly with merits and demerits objectively evaluated. The recent escalation in trade tensions between the USA and China also hurts the local tile industry as there is added impetus for dumping. We also welcome the initiatives set in motion by the new government for bilateral trade negotiations, and trust that these will serve to open sizeable markets for export of goods manufactured in Sri Lanka.



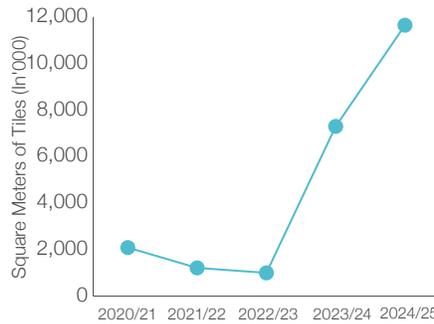
Tile imports increased by 60% during the year with the main countries of origin being China and India. The local tile industry is a key import substitution industry that has kept pace with global trends in technology and design, ensuring that our customers have access to the latest tile formats, aesthetics and accessories to build inspiring spaces. The lack of anti-dumping legislation in the country and the dubious practices of under-invoicing result in a loss of potential revenue for the government and creates an unequal playing field for local manufacturers. The Ceramic Industry continues to engage with the Government of Sri Lanka to make representations and seek solutions in this regard.

The Construction sector having contracted by 20.6% in 2023, recorded growth of 19.6%, admittedly off a low base. The Condominium Property Sales Volume Index which covers the Colombo District and other major cities, decreased by 22.7% in 2024 reflecting the lack of activity. However, activity is expected to pick up in 2025 with low interest rates, low inflation and a stable exchange rate harmonising to create conducive conditions for housing and commercial infrastructure.

Aligning to market dynamics

We have launched an affordable product range specifically aimed at competing more effectively with imported alternatives in the market. The body formula and the glaze were adjusted to move it faster and reduce cycle time, making the product more affordable. The flip side of this is that it increased production capacity as the time taken to produce the tile decreased resulting in increased output. It has gained traction in the market, and has greatly reduced the energy consumption as well as the energy intensity per square meter of tile.

Tile Imports



We focused on product innovation by working with renowned Spanish and Italian designers for tiles and bathware, some of which will launch next year. Our priority is to grow and upgrade our showrooms. We have upgraded Gampaha showroom, by moving to a larger premises. We added five more warehouses put in place a more refined warehouse management strategy to optimise space utilisation.

The Bathware factory operations were scaled down in view of the lackluster performance, with many employees leaving on their own accord leaving a focused, disciplined workforce. An Indian consultant was hired and we also hired Indian labour, recording an extremely productive month in January 2025. We believe that the leaner operation now has a chance to turnaround and deliver positive results, together with an order from a world renowned bathware brand.

A Sustainability focus

Energy savings was a key area of focus. The heat recovery system, piloted at the Horana factory and subsequently implemented at Ranala with the assistance of European consultants, was a success, enabling us to save Rs. 334 million during the year. We plan to roll it out to our other factories during the current year as well.

Profit After Tax

6,051 Rs.Mn

Net Profit Margin

10 %

We are proud to announce the introduction of a locally produced flake machine, which has significantly reduced our investment costs and enhanced our finishing capabilities. This innovative machine not only improves the quality of our products but also contributes to our efforts in reducing our carbon footprint. Our commitment to responsible disposal of waste and effluents is evident in our new processes, such as the flaking of green (wet) tiles and the implementation of waste water recycling systems. Additionally, our new sludge treatment plant is enabling us to use treated sludge to manufacture cut bricks, demonstrating our dedication to sustainable practices. We also repurpose damaged tiles by cutting and donating them, further minimising waste. Our Eheliyagoda facility is actively engaged in environmental conservation through tree planting initiatives, making significant strides in our sustainability journey.

Impacts of climate change

Climate change has a significant impact on quality and availability of raw materials, resulting in weather induced price volatility. The level of moisture is determined by the rainfall and Sri Lanka has had an increased number of rainy days, affecting both quality and availability. Ball clay improves when

Managing Director's Message

extracted and stored for 6 months as it is easier to use. Additionally, we compete with the housing market for sand. A resilient procurement strategy seeks to ensure availability of raw materials which has resulted in increasing warehousing requirements for raw materials in addition to finished goods.

A resilient performance

Consolidated revenue dipped marginally to Rs.60.7 Bn as volumes decreased. This was mainly due to the change in the product mix gained traction and we also offered generous discounts to move inventory. The Aluminium sector recorded encouraging volume growth of 66% to Rs.11.9 Bn continuing the effective strategies put in place last year. The Packaging sector revenue increased by 10% to Rs.8.7 Bn supported by growth in business volumes.

Borrowing costs decreased by 8.5% as interest rates declined, offsetting the impact of increased borrowings from Rs.22.9 Bn to Rs.29.1 Bn. Finance income declined by 46% due to the declining interest rates and advances from customers and losses on translation of foreign currency denominated deposits. Expenses were also curtailed to modest increases of 6.5% and 9.8% for Distribution and Administration respectively as costs were streamlined. The share of profit from the equity accounted investee, LB Finance and Delmege Ltd increased by 12.1% to Rs.3.03 Bn reflecting the strong performance of the company. Profit Before Tax was Rs.7.91 Bn, a decrease of 34.5% over the previous year due to the combined effect of a decline in revenue and increased costs. Taxation declined by 38.6% to Rs.1.85 Bn as profits declined. Accordingly, Rocell recorded Rs.6.05 Bn as Profit After Tax which was a decline of 34.5%.

Equity and Total Assets increased by 8.2% and 11.6% to Rs.65.0 Bn and Rs.113.3 Bn respectively reflecting a

strong financial position. We invested Rs.4.2 Bn in capital expenditure during the year, on machinery upgradation with new technology. All tiles sector factories operated at optimal capacity facilitating overhead absorption and managing the cost per unit of production. As a result, inventories increased by 15% to Rs.32.9 Bn. Borrowings increased by 28% to Rs.22.9 Bn to Rs.29.1 Bn to finance capital expenditure and the increased working capital. The Group remains liquid with a 1.48 current ratio and a conservative debt equity ratio of 47%.

Sector Review 2024/25

The segments within the Group are affected by the level of activity in the construction sector except for LB Finance. The share of profits from LB Finance serves to stabilise performance of the Group, building resilience against the cyclical nature of the construction sector.

Tiles Sector

The Tiles sector represents 61% of the Group's revenue, totalling Rs.36.7 billion, and contributes 37% of the Profit After Tax, amounting to Rs.2.3 billion, making it the largest sector within the Group. Three entities within the Group manufacture tiles providing a comprehensive product portfolio that combines aesthetics with functionality. Reduced construction activity coupled with the lifting of import restrictions has led to a dampening of demand across all three entities, resulting in a 15% decrease in revenue, which now stands at Rs.36.7 billion.

Gross margins declined to 38% as discounts were offered to move inventory as plants were running at optimal capacity. We continued to expand the large format tile production unlocking efficiencies for the Group and the customer. Energy efficient technology and the focus on Total

Productive Maintenance combined to supports significant cost savings. Finance costs decreased by 16% as interest rates declined despite an increase in interest bearing liabilities. The sector recorded Profit before Tax of Rs.3.52 Bn overcoming significant challenges, 62% below the previous year. Taxation decreased in line with profits resulting in Profit after tax from the Tiles sector declining by 65% to Rs.2.27 Bn.

Sanitaryware

Sanitaryware revenues increased by 6% to Rs.3.97 Bn, driven by a strong 32% surge in exports. Gross margins improved marginally from 22% to 23% largely due to changes in product mix and improved yield. Consequently, gross profit increased by 11% to Rs.903 Mn. Distribution costs exceeded the gross profit, increasing by 25% to Rs.1,071 Mn. The increase in Admin costs were curtailed to a mere 7% while Finance costs decreased by 40% to Rs.261 Mn although interest bearing liabilities increased during the year.

Packaging

The Unidil Packaging Group accounts for 14% of Group revenue and 12% of the Group's Profit After Tax, recording a steady performance. Gross margins decreased marginally from 23% to 22%, though gross profit increased by 4% to Rs.1.92 Bn. Distribution and administration costs increased by 25.4% and 46.8% respectively in line with improved operation of the company Finance costs declining by 11.8% to Rs.191.5 Mn. Other income increased by 156.8% to Rs.279 Mn due to increase revenue of scrap sales. Consequently, profit after tax increased by 4.5% to Rs.745 Mn. Unidil also acquired a 100% stake in Perfect Packaging Ltd, in Kenya expanding its geographical footprint.

Aluminium Products

The Aluminium sector turned around in 2024/25, driving revenue growth by 65% to Rs.11.98 Bn supported by strong volume growth. Gross margins improved from 16% to 20% driving gross profit up by 112% to record gross profit of Rs.2.39 Bn. The sector witnessed expansion in both Administration and Distribution costs due to the increased scale of activity. Finance costs declined by 14% to Rs.571 Mn. Consequently, the sector was able to turnaround the loss of Rs.337 Mn to a profit of Rs.418 Mn, through growth in exports.

Finance

The Group's associate company, LB Finance, accounted for 47% of the profit after tax, contributing Rs.2.83 Bn to the Rocell Group. The company witnessed profit growth alongside improvements in credit quality and capital adequacy. Additionally, the Company experienced robust growth in credit portfolios and deposits, reflecting customer trust and confidence. With over 50 years of heritage, a leading position in the Non-Banking Financial sector, and extensive customer touchpoints across the island, the company is well-supported for sustainable growth and financial stability.

Value to Shareholders

The Rocell Group has declared a dividend of Rs.1.60 per share as shareholders benefited from an return on equity of 9.3% as the Group delivered a commendable performance in a difficult year. Equity increased by 8% to Rs.65.0 Bn due to increased retained earnings and a revaluation surplus of Rs.2.81 Bn during the year.

The share price increased from Rs.31.10 as at 31st March 2024 to Rs.37 in March 2025. Market capitalisation of the Group increased by 19% to Rs.40.99 Bn as at 31st March 2025. Net Assets increased from Rs.60.1 Bn in 2024 to Rs.65 Bn in 2025 reflecting the value of the Group.

People Matters

We continue to invest in our people by using face-to-face methods, which are more effective. Training on both technical and soft skills has been provided for head office and factory staff. Hans Grohe also trained showroom staff before the launch to ensure they were knowledgeable about the products.

Most Group employees belong to trade unions, and we work with their representatives to maintain cooperative relationships. There were no disruptions due to union actions. We maintain close contacts with local temples and religious institutions and recruit from local communities. A significant proportion of our CSR work is done in collaboration with these temples and schools.

Outlook

The construction industry is expected to pick up pace in 2025 as the demand for housing intensifies. Additionally, we continue to pursue export opportunities aggressively to realise our strategic goals by reducing dependency on the Sri Lankan market. This is key to liquidating inventory at viable price points, ensuring a commensurate return for investments undertaken in the recent past.

Working capital management is key to building resilience as the future of world trade adjusts to a new normal. Commercial infrastructure projects, property development and refurbishment of hotels and hospitals all provide opportunities for growth. We will continue to work with the Ceramic Industry to mitigate the threat of dumping tiles.

Acknowledgements

The CEOs of each sector of the Rocell Group provided leadership to their teams in overcoming challenges and delivering the performance outlined in this report. The staff contributed significantly to achieving the results presented in this report. The Chairman, Co-Chairman and the Board offered valuable advice throughout the year. All stakeholders have participated in our journey, and we look forward to their continued support in the future.



Aravinda Perera
Managing Director

30th May 2025

Board of Directors



Mr. Dhammika Perera
Chairman

Mr. Harsha Amarasekera
Co-Chairman

Mr. Aravinda Perera
Managing Director



Mr. A M Weerasinghe
Deputy Chairman

Mr. Tharana Thoradeniya
Director Marketing and
Business Development

Mr. G A R D Prasanna
Director



Mr. Nivran Weerakoon
Director



Mr. Sanjeewa Renuka Jayaweera
Director



Mr. Jitendra R Gunaratne
Director



Mr. Sameera Madushanka Liyanage
Director



Ms. Brindhiini Perera
Director



Mr. Manil Jayasinghe
Director

Board of Directors

GRI 2-11

Mr. Kulappu Arachchige Don Dhammika Perera

Chairman/Non-Executive Director

Mr. Dhammika Perera is a philanthropist, quintessential strategist and business leader with interests in various key industries, including manufacturing, banking and finance, leisure, plantations and hydropower generation.

He has over 35 years of experience building formidable businesses through unmatched strategic foresight and extensive governance experience gained through membership of the Board of quoted and unquoted companies.

Currently, Mr Perera is the Chairman of Vallibel One PLC, Co-Chairman of Hayleys PLC and Chairman/Founder of Dhammika & Priscilla Perera Foundation

Mr. Shiran Harsha Amarasekera

Co-Chairman / Non-Executive Director

Mr. Harsha Amarasekera, a renowned lawyer and an eminent legal practitioner in the Sri Lanka legal fraternity since 1987, is an independent non-executive Director and Co-Chairman of the Company.

Mr. Harsha Amarasekera, President's Counsel has a wide practice in the Original Courts as well as in the Appellate Courts. His fields of expertise include Commercial Law, Business Law, Securities Law, Banking Law and Intellectual Property Law.

Mr. Amarasekera has extensive experience in the corporate sector being an Independent Director and Chairman of several listed Companies in the Colombo Stock Exchange including Sampath Bank PLC, CIC Holdings PLC, Swisstek Ceylon PLC and Vallibel Power Erathna PLC. He is also the Chairman of Colombo Port City Economic Commission, Swisstek Aluminium

Limited, Sampath Centre Limited and CIC Agri Businesses Private Limited and was an independent Non-Executive Director of Expolanka Holdings PLC. He is also the Co Chairman of Vallibel One PLC.

Mr. Amarasekera serves as Non-Executive Director in the Ceylon Hotel Holdings (Pvt) Ltd., EFL Global Logistics (PTE) Ltd., Galle Face Management Company (Pvt) Ltd., Link Natural Products (Pvt) Ltd., Millennium Airlines (Pvt) Ltd., Millennium Investments Lanka (Pvt) Ltd and Silver Aisle (Pvt) Ltd.

Mr. Mahawaduge Yasalal Aravinda Perera

Managing Director

Mr. Aravinda Perera is the Managing Director of this Company. He counts over 41 years in the Banking sector and functioned as the Managing Director of Sampath Bank PLC from 1st January 2012, until his retirement in September 2016.

He is presently the Non - Executive Chairman of Singer Finance (Lanka) PLC and Pan Asia Banking Corporation PLC. He is an Executive Director of Rocell Bathware Ltd. and Non-Executive Director of SNAPS Residencies Private Limited, Hayleys Advantis Ltd, Hayleys Aventura Private Ltd and Kosgulana Hydro Company Private Limited. He holds a directorship at Fentons Limited and serves as the Senior Independent Non-Executive Director at Hayleys PLC. In addition to his Directorships, he Chairs the Audit Committees of Hayleys PLC, Hayleys Aventura Private Ltd, Hayleys Advantis Ltd and Fentons Ltd.

He was the former Chairman of Siyapatha Finance PLC and former Director of Sampath Centre Ltd., Colombo Stock Exchange and Lanka Bangla Finance Limited in Bangladesh.

He passed out from the University of Moratuwa in 1980 with an Honours Degree in Mechanical Engineering. He is a Member of the Institute of Engineers (Sri Lanka) (MIESL) and a Chartered Engineer (C.Eng.). He is also a Fellow Member of the Chartered Institute of Management Accountants (UK) (FCMA) and a Fellow of the Institute of Bankers – Sri Lanka (FIB). He also holds an MBA from the Postgraduate Institute of Management.

Mr. Perera was honoured with the “CEO Leadership Achievement Award 2016” by the Asian Banker magazine and was also the recipient of the prestigious “Platinum Honours – 2014” Award by the Postgraduate Institute of Management Alumni (PIMA) of Sri Jayawardenapura University. He was honoured with the “Award for the Outstanding Contribution to the Banking Industry – 2015” by the Association of Professional Bankers and was also awarded an Honorary Life Membership by the Association of Professional Bankers in October 2018.

Mr. Amarakone Mudiyansele Weerasinghe

Executive Deputy Chairman

Founder of Royal Ceramics Lanka PLC in 1990 a Gem Merchant by profession he is presently the Deputy Chairman of the Company. Mr. Weerasinghe has been in the business field for more than 38 years involved in Real Estate, Construction, Transportation & Hospital Industry, and a Landed Proprietor. In addition to the above, he is Executive Chairman of Rocell Bathware Limited and Non-Executive Chairman of Lanka Tiles PLC, Lanka Walltiles PLC, Lanka Ceramics PLC, Singhe Hospitals PLC, Weerasinghe Property Development (Pvt) Ltd, Ever Paint and Chemical Industries (Private) Limited, TradeHuts (Pvt) Ltd and Weerasinghe Gems (Pvt) Ltd. He also serves as a Non-Executive

Director of Swisstek (Ceylon) PLC, Biscuits and Chocolate Company Ltd, C P Holding (Pvt) Ltd, LC Plantation Projects (Pvt) Ltd, Rocell Properties Limited, Royal Ceramics Distributors (Private) Ltd and Swisstek Aluminium Limited.

Mr. Tharana Gangul Thoradeniya

Director Marketing and Business Development

Mr. Thoradeniya has over two decades of Senior Management experience across diverse industries. He is currently the Group Director of Marketing and Business Development at Royal Ceramics Lanka PLC and an Executive Director of Rocell Bathware Ltd and holds directorial positions in several prominent companies, including public listed entities such as Lanka Ceramic PLC, and Lanka Tiles PLC. Additionally, he serves as a director of Delmage Ltd, Unidil Packaging Limited, Swisstek Aluminium Limited, Greener Water Ltd, Rocell Properties Ltd, Vallibel Plantation Management Ltd, Royal Ceramics Distributors (Pvt) Ltd and Biscuit and Chocolate Company Ltd among others.

Recognised as a pioneer in business innovation, Mr. Thoradeniya's expertise spans various sectors. He is a Chartered Marketer certified by the Chartered Institute of Marketing (UK), distinguishing himself as a skilled professional in marketing strategies and practices.

Mr. Godawatta Archchige Rasika Prasanna

Non-Executive Director

Mr. G A R D Prasanna has been a Director of this Company since May 2009. He has wide experience in various businesses and also in business management. He is the Chairman of LB Finance PLC. He was the former Chairman of Pan Asia Banking Corporation PLC and also the Managing

Director of Wise Property Solutions (Pvt) Ltd. Further, he serves as a Director on the Boards of La Fortresse Private (Pvt) Limited and Delmege Group of Companies.

Mr. Nivran Joseph Weerakoon

Independent Non-Executive Director

Mr. Nivran Weerakoon's extensive experience and leadership across multiple sectors showcase his significant impact on both local and international business landscapes. As a Fellow Member of the Chartered Institute of Management Accountants (CIMA) and holder of an MBA from the University of West London, his academic qualifications complement his business expertise.

He currently leads various organisations, serving as the Managing Director of Media Monkey (Pvt) Ltd, Executive Director of the Colombo Academy of Hospitality Management (Pvt) Ltd, Director/CEO of Global Conversions FZ-LLC (UAE), and Managing Director of Metaphase Global FZC LLC (UAE) and Uptima Travel and Tourism LLC (UAE). In addition to these roles, he contributes strategically as a Group Director of Acorn Ventures (Pvt) Ltd and Child Action Lanka, and serves on the boards of prominent Sri Lankan companies, including Royal Ceramics Lanka PLC, Delmege Limited, Kasper Global (Pvt) Ltd and Alpha Fire Services PLC, where he also chairs the Audit Committee.

Beyond his corporate achievements, Mr. Weerakoon contributes to the community through his involvement with Child Action Lanka, an NGO dedicated to uplifting underprivileged children, and his commitment to sustainable development is encompassed with his engagement as a Council Member of the Sustainable Development Council of Sri Lanka.

Mr. Sanjeewa Renuka Jayaweera

Independent Non-Executive Director

Mr. Jayaweera was appointed to the Board in 2021 and also serves as a member of the Audit Committee, Related Party Transactions Review Committee, and Nominations and Governance Committee. He has a proven track record spanning over two decades in senior management positions of several John Keells Group of Companies listed on the Colombo Stock Exchange (CSE). He has a well-established reputation for adhering to high ethical standards and integrity.

He has expertise in financial accounting, management accounting, hotel management, manufacturing, retail, audits, and compliance. From July 2005 to June 2018, he was a member of the Group Operating Committee (GOC) of John Keells Holding PLC. He also serves as a Non-Executive Director of Lanka Walltiles Plc, Lanka Tiles Plc, and Delmage Ltd.

Mr. Jitendra Romesh Gunaratne

Independent Non-Executive Director

Mr. Jitendra R Gunaratne had over 40 years career experience at John Keells Holdings (JKH) PLC, leading the teams in Consumer Foods, Plantations and Leisure sectors of the Group.

He was a former Member of the Food Advisory Council of the Ministry of Health, Sri Lanka (2016-2018), Founder Chairman of the Beverage Association of Sri Lanka (2012-2018), Member of the Council for Hotel & Tourism of the Employer's Federation of Ceylon (2018-2020) and held Directorships and served on several public listed and private Companies within the JKH Group.

Board of Directors

Mr. Gunaratne is the Non Executive Chairman of Delmege Limited, Independent Non Executive Chairman of The Fortress Resorts PLC. He is an Independent Non-Executive Director of C I C Holdings PLC, Lanka Tiles PLC. He serves as Non Executive Deputy Chairman of Link Natural Products (Private) Limited and CISCO Speciality Packaging (Pvt) Ltd and Non-Executive Director of C I C Feeds (Private) Limited.

Mr. Sameera Madushanka Liyanage Non-Executive Director

Mr. Liyanage is a respected professional with over 11 years' experience and a record for exceptional performance. He has demonstrated transformational leadership in business transformation for the companies under the Vallibel One PLC Group. He is the Managing Director of Uni Dil Group of Companies; Uni Dil Packaging Ltd and Uni Dil Packaging Solutions Ltd.

He has a degree in Bachelor of Science in Industrial Management and Statistics from the Wayamba University of Sri Lanka and Master of Business Administration from University of Kelaniya. He holds a Diploma in Information Technology from University of Colombo.

He currently serves as a Group Director - Continuous Improvement and Research at Vallibel One PLC, where he is responsible for business strategic planning, supply chain development, developing new business and coordinating manufacturing excellence projects at the Vallibel Group of Companies.

He currently serves as Executive Director of Eco Pack Solutions Lanka Limited, Non-Executive Director of Horana Plantations PLC, Lanka Ceramic PLC and Swisstek Aluminium Limited and Director of DHT Cement (Pvt) Ltd and Uni Dil Packaging Kenya Ltd.

He was certified as a Lean Six Sigma Black Belt and has trained as a Lean Six Sigma Master Black Belt. He was also declared as a certified TPM practitioner and has a publication on the topic of Lean Six Sigma 4.0 at the OELSS conference in Colombo.

Mr. Liyanage is a Member of the Alumina Association of SSMI Asia and Global. He has participated in International Business and Management at MSU, Malaysia.

Ms. Kulappu Arachchige Donna Brindhiini Perera Non-Executive Director

Ms. Brindhiini Perera has earned a Masters in Mechanical Engineering from Imperial College London. Her studies included comprehensive coverage of subjects such as Manufacturing Technology and Management, Entrepreneurship, Corporate Finance, Statistics, and Mathematics.

She serves as a Non-Executive Director in several companies listed on the Colombo Stock Exchange including Haycarb PLC, Dipped Products PLC, The Kingsbury PLC, Hayleys Leisure PLC, Singer (Sri Lanka) PLC, Vallibel One PLC, Hayleys Fabric PLC, Lanka Tiles PLC, Lanka Walltiles PLC, Delmege Limited, Otwo Biscuit (Private) Limited, The Canbury Biscuit Company Limited, Manatee Clothing Company (Pvt) Ltd, Dhammika & Priscilla Perera Foundation and The Fortress Resorts PLC. She also serves on the Board of Eurocarb Products Ltd (UK).

Mr. H. M. A. Jayesinghe Independent Non-Executive Director

Mr. Jayesinghe is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka, the Chartered Institute of Management Accountants (UK) and the Certified Management Accountants of Sri Lanka. He is also a member of The Chartered Institute of Public Finance & Accountancy.

Mr. Jayesinghe possesses over 41 years of experience in Advisory and Industry across key sectors in Sri Lanka, Maldives and Bhutan. He served as the Country Managing Partner of Ernst & Young Sri Lanka & Maldives from 2021 - 2023, Head of Assurance Practice for Sri Lanka and Maldives, and the Professional Practice Director of Sri Lanka from 2003 -2023

Mr. Jayesinghe is the current Chairman of the Statutory Accounting Standards Committee and a member of the Statutory Auditing Standards Committee. He serves in many other committees of the Institute of Chartered Accountants of Sri Lanka, Chairs the Accounting Standards Committee of the South Asian Federation of Accountants (SAFA), and is a member of the Governing Board of the Central Bank of Sri Lanka.

Mr. Jayesinghe is a past president of the Institute of Chartered Accountants of Sri Lanka. He has served as a council member of the National Chamber of Commerce of Sri Lanka, a board member of the CIMA Sri Lanka board, a member of the International Accounting Education Standards Board of the IFAC, a council member of the Moratuwa University, a member of the Board of Sri Lanka Accounting & Auditing Standards Monitoring Board, a Council member of CMA Sri Lanka, a member of Commission of Securities & Exchange Commission of Sri Lanka, a board member of the Board of Investment of Sri Lanka and has served as a consultant to the Audit Committees of the Listed Companies.

Mr. Jayesinghe is an Independent Non - Executive Director on the Boards of Diesel and Motor Engineering PLC, Ceylon Hospitals PLC, C W Mackie PLC, Lanka Milk Foods (CWE) PLC, John Keells Holdings PLC, Lanka IOC PLC, Vallibel One PLC, Lanka Dairies (Pvt) Ltd, Sahasiya Investments Ltd and NMJ Leisure (Pvt) Ltd.

The Corporate Management



Aravinda Perera
Managing Director



Tharana Thoradeniya
Director Marketing and
Business Development



Haresh Somashantha
Director Finance



Nandajith Somaratne
Director Manufacturing



Kumudu Keerthirathna
DGM - Manufacturing
(Eheliyagoda Factory)



Dhammika Ranaweera
DGM - Manufacturing
(Horana Factory)



Sidath Rodrigo
Senior Head of Sales



Wasantha Sarathchandra
Head of Finance



Harshana Ranmuthugala
Head of Human Resources

The Corporate Management



Nalin Fernando
Head of IT



Sudeeptha Seneviratne
Head of Brands



Thishanie Dharmadasa
Head of Internal Audit and Risk



Rohan Mendis
Senior Export Manager



Mothilal Nanayakkara
Head of Bathware Factory Complex



Randeer Mendis
Head of Supply Chain



Upul Dissanayake
Head of Logistics



Shammika De Silva
Head of Warehouse Operations



Priyanka Fernando
Head of Security

STRATEGY

Calibrations of Strategy

With clarity of vision and a keen sense of our surrounding dynamics, we move with purpose—navigating complexity, identifying opportunity, and adapting to change with agility. Our strategy is shaped by responsiveness and foresight, enabling us to chart a course that is both bold and balanced.

A butterfly relies on its powerful vision and antennae to sense and respond to its surroundings—drawing on intuition and insight to remain attuned to change. Its heightened perception enables it to navigate shifting landscapes with clarity, purpose, and precision.



Strategy

At Royal Ceramics Lanka PLC, our strategic direction is built upon a legacy of excellence, innovation, and leadership in the ceramics industry. As we navigate an increasingly dynamic, challenging and competitive environment, we have redefined our business strategy to position the Group for sustainable growth, operational agility, and long-term value creation.

As depicted below, our strategy is centered around seven key pillars: Operational Excellence, Business Growth, Customer Centricity, a Competent and Inspired Team, Innovation and Technology, Financial Stability, and a Sustainable Mindset. These pillars represent our commitment to delivering superior products, exceeding customer expectations, empowering our workforce, and leading with purpose in environmental and social responsibility.

By aligning our organisational efforts with these strategic priorities, Rocell aims not only to reinforce our market leadership but also to build a resilient and forward-thinking enterprise that thrives in the future of global manufacturing and design.





Operational Excellence

To sustain our competitive edge and deliver cost-effective, high-quality ceramic products, Royal Ceramics Lanka PLC is executing a focused Operational Excellence strategy. This approach targets process optimisation, defect reduction, and capacity maximisation across key manufacturing plants.

Objective	Action Plan
Tiles	
Kiln Capacity Optimisation	<ul style="list-style-type: none"> Reduce kiln idle time Improve pressing cycle times Enhance box loading machine efficiency Practice autonomous maintenance Introduce new technologies to improve line efficiency
Enhance Production Yield	<ul style="list-style-type: none"> Address yield drop due to double charge tile production Continue 10 major defect reduction projects Hire expert consultant for double charge reintroduction
Reducing Manufacturing Cost	<ul style="list-style-type: none"> Continuous R&D activities to identify high quality, high performance alternative materials. Reduce kiln cycle time
Capacity & Cost Control	<ul style="list-style-type: none"> Maintain 2 production lines at 250,000 SQM/month. Increase daily output (5600 SQM → 5800 SQM)
Yield improvement	<ul style="list-style-type: none"> Defect reduction projects
Cost & Productivity Improvement	<ul style="list-style-type: none"> Quality improvement projects Productivity improvement projects Cost reduction projects
Product Line Expansion	<ul style="list-style-type: none"> Expanding 600mm*600mm and 600mm* 300mm lines Introducing 60mm*120mm range
Overall Equipment Effectiveness	<ul style="list-style-type: none"> Increasing Kiln availability and performance
Export-Driven Product Development	<ul style="list-style-type: none"> Improving the cutting technology to deliver customised small product sizes
Sanitaryware	
First Fire Yield Enhancement	<ul style="list-style-type: none"> Improving OEM and Fine Fire Clay product yields
Refiring Yield Improvement	<ul style="list-style-type: none"> Reducing of refire repair related defects
Production Cost Control	<ul style="list-style-type: none"> Improving overall yield
Raw Material Substitution to reduce dependency on imports	<ul style="list-style-type: none"> Obtaining support from R&D and technical team
Aluminium	
Product Innovation & High-Margin Focus	<ul style="list-style-type: none"> Focused R&D on premium & superior classes
Kaizen Initiatives:	<ul style="list-style-type: none"> 1,400+ projects completed,
Operational Excellence Programme	<ul style="list-style-type: none"> Implemented through Vallibel One Group.
Packaging	
Technological Advancements and Automation	<ul style="list-style-type: none"> Acquisition of modern equipment like 3-Colour Printing Machine, Sample Cutting Machine, Thin Blade Slitter Scorer, Sheet Cutter, UV Varnishing, Hot & Cold Laminator, and Automatic Flute Laminator.
Strategic Raw Material Management	<ul style="list-style-type: none"> Multiple suppliers, both local and international, to avoid dependency on single sources. Securing raw material for 5 months in advance to hedge against price and exchange rate fluctuations.

Strategy



Business Growth

Aimed at driving revenue growth, enhancing market presence, and reinforcing our leadership position across key segments: Tiles, Bathware, Accessories, and Manufacturing Operations. These initiatives align with market dynamics, consumer preferences, and competitive pressures, ensuring sustainable growth and improved profitability.

Objective	Action Plan
Tiles	
Enhancing Profitability through Large Format Tiles & Value-Added Products	<ul style="list-style-type: none"> Introduce premium pricing architecture for large formats Launch micro-granilia shimmer technology to elevate aesthetic appeal and luxury perception.
Market penetration in wall tiles	<ul style="list-style-type: none"> Employ aggressive penetration pricing for 60x30cm wall tiles to boost volume. Strengthen premium wall tile offerings in 90x45cm, reinforcing brand positioning.
Competitive Growth for low cost product range	<ul style="list-style-type: none"> Optimise distribution. Introduce 60x60cm full-body tiles to counter imports and domestic competition.
Policy Advocacy	<ul style="list-style-type: none"> Continuous engagement with government stakeholders to implement anti-dumping duties.
Expand outdoor range	<ul style="list-style-type: none"> New stone design concepts for outdoor with 4 designs in 3 sizes. Develop competitive outdoor designs in 60*30cm size
New products for export market	<ul style="list-style-type: none"> Customise products per buyer requirements for export markets.
Expanding product range	<ul style="list-style-type: none"> Expand into value-added tiles (e.g., Granilia polishing, carving effects). Launch high-gloss 200x200mm tiles from 400x400mm format.
Sanitaryware	
Penetration in Entry-Level Segments	<ul style="list-style-type: none"> Roll out aggressive pricing for entry and lower-medium tier brands. Execute a targeted demand-generation campaign.
Strengthening Mid & Upper-Mid Tier Offerings	<ul style="list-style-type: none"> Launch three new mid-tier collections aligned with consumer trends. Elevate the Infinity Collection and introduce designer lines from Antonio Bullo and Benedito.
Expanding the Affordable Premium range	<ul style="list-style-type: none"> Introduce new affordable luxury suites sourced from Europe
Export Growth via Console Wash Basins	<ul style="list-style-type: none"> Position console wash basins as premium export products. Utilise Avesa and Linea designs to enhance global appeal.
Policy Advocacy	<ul style="list-style-type: none"> Continuous engagement with government stakeholders to implement anti-dumping duties.
Expand the Premium Wellness Portfolio	<ul style="list-style-type: none"> Expand offerings in Jacuzzi, sauna, and steam categories with smart features. Target the premium household and hospitality markets.
Design & Finish Upgrades	<ul style="list-style-type: none"> Vamp faucet collection using global benchmarks and introduce PVD finishes
New Product Subcategories	<ul style="list-style-type: none"> Launch outdoor-ready towel racks and heated towel solutions.
Hansgrohe & AXOR – Luxury Expansion	<ul style="list-style-type: none"> Drive high-end residential project involvement through premium brands.

Objective	Action Plan	
Aluminium		
Product development	<ul style="list-style-type: none"> Retractable louver system. Pivot doors for main entrances. SlimLine wardrobe series. 	<ul style="list-style-type: none"> Folding and top-hung sliding systems with soft-closing features. Glass hand railing system.
Expansion into New Markets	<ul style="list-style-type: none"> Swisstek Aluminium's first fabrication plant and Aluminium Solutions Reality Center in Bangalore, India USA: Supplying aluminium for solar railings to top 5 solar suppliers. UK: Initial market penetration focusing on high-potential construction segments. South Asia: Exploring opportunities aligned with urbanisation trends. 	
Packaging		
Geographical Expansion	<ul style="list-style-type: none"> Established Uni Dil Packaging Kenya Ltd via full acquisition of Perfect Packaging Ltd Entered and serving markets in Kenya, Uganda, Rwanda, Malawi, and India. Future plans to expand into Tanzania, Togo, Ghana, and Egypt. 	
Product Development	<ul style="list-style-type: none"> Offset Inner Cartons (Tea Industry) Paper Pallets (Consumer & Industrial Electronics) Anti-Static Cartons (FMCG & Tea) 	<ul style="list-style-type: none"> Flat Type Rigid Tea Sacks Multiwall 3-Ply 45Kg Paper Sacks 100g Tea Packaging Sacks

Strategy



Customer Centricity

To enhance customer engagement and brand equity, Rocell is implementing a series of focused, customer-centric initiatives. These strategies are designed to elevate the consumer experience, widen market reach, and reinforce Rocell's leadership in design and lifestyle branding.

Objective	Action Plan
Tiles and Sanitaryware	
Launch of New Concept Centres to provide immersive luxury experiences modelled on global retail benchmarks, showcasing the brand's design philosophy and premium offerings.	<ul style="list-style-type: none"> Transitioning the Gampaha showroom in to a Concept Center at new location
Launch of Factory Outlets to cater to cost-conscious consumers with affordable elegance, without compromising design and quality	<ul style="list-style-type: none"> Establish factory outlets in suburban regions.
Marketing Communications to sustain top-of-mind awareness and strengthen brand recall among key consumer segments.	<ul style="list-style-type: none"> Ongoing communications to reinforce Rocell's position as a design leader in the market. Tactical promotions and seasonal campaigns to enhance customer engagement and drive conversions.
Aluminium	
Tailored Offerings for Different Customer Groups	<ul style="list-style-type: none"> B2B (Architects, Engineers, Fabricators, Contractors): <ul style="list-style-type: none"> Focus on technical support, custom die designs, and project-specific profiles. On-site visits and consultations to ensure design compatibility. Product innovation targeted toward ease of fabrication and installation. B2C (Homeowners, Renovators): <ul style="list-style-type: none"> Aesthetic-focused products like SlimLine systems, wardrobe solutions, and soft-closing sliding systems. Launch of Alupenters.lk, connecting homeowners with trusted fabricators and installers.
Packaging	
Industry-Specific Solutions	<ul style="list-style-type: none"> Anti-static cartons for electronics and FMCG Flat rigid tea sacks for the tea sector Offset printed inner cartons and laminated cartons for premium branding
Customised Packaging Solutions	<ul style="list-style-type: none"> Develops packaging that aligns with the specific needs of various industries (Tea, FMCG, Electronics, etc.), ensuring each customer segment is given value-optimised solutions.



Competent and Inspired Team

We have outlined a strategic HR roadmap to elevate talent acquisition, strengthen employee engagement, and build leadership capability. These initiatives are aligned with the company's vision for sustainable growth and operational excellence through empowered people.

Objective	Action Plan
Tiles and Sanitaryware	
Talent Acquisition & Workforce Planning	<ul style="list-style-type: none"> Enhance employer branding through web presence, social media, and industry events. Launch an online career portal and expand recruitment through LinkedIn and other sourcing channels. Conduct workforce planning including skill gap analysis and building talent pipelines.
Enhance Employee Engagement & Retention	<ul style="list-style-type: none"> Regular Employee Satisfaction Surveys and Well-being Programmes. Roll out Equity, Diversity, and Inclusion (EDI) initiatives including mentorship, pay equity, and diverse hiring. Compensation benchmarking to ensure competitiveness and fairness.
Enhance Employee Performance & Productivity	<ul style="list-style-type: none"> Launch a new Performance Management Policy. Integrate performance appraisals with HRIS, linking to rewards and promotions.
Leadership Development & Succession Planning	<ul style="list-style-type: none"> Launch a Leadership Development Framework using competency assessments and the 9-box model. Roll out succession plans for key roles and introduce a Management Trainee Programmes.
Talent Development	<ul style="list-style-type: none"> Identify training needs and implement continuous learning and upskilling programmes. Launch online Learning Management System (LMS) and Operational Excellence (OE) training across teams.
Industrial Relations & Compliance	<ul style="list-style-type: none"> Negotiate Collective Agreements with Trade Unions. Ensure workplace safety with ISO 45001:2018 certification. Uphold legal compliance and fair labour practices.
Aluminium	
Leadership Development	<ul style="list-style-type: none"> Identifying high-potential employees for leadership tracks. Training on strategic thinking, decision-making, and people management. Mentorship programs pairing senior leaders with emerging talent.
Talent Acquisition & Onboarding	<ul style="list-style-type: none"> Structured onboarding process to quickly integrate new hires into the company culture and processes. Use of competency-based recruitment to hire candidates aligned with company values and role requirements. Internship and apprenticeship programs in collaboration with technical institutes to build a talent pipeline.
Packaging	
Packaging	<ul style="list-style-type: none"> Conduct lean manufacturing and technology training to improve operational efficiency. Promote a learning environment that supports continuous personal and professional growth. Invests in knowledge-based development to build a skilled, adaptable workforce capable of handling new technologies and market changes.

Strategy



Sustainable Mindset

Committed to embedding sustainability into our operational fabric. These short-term strategies aim to reduce environmental impact, optimise energy usage, and maintain profitability through enhanced operational efficiencies at our manufacturing facilities.

Objective	Action Plan
Tiles	
Green Damage Reduction	<ul style="list-style-type: none"> Maintain optimal ball clay plasticity and optimise body binder usage.
Finished Goods Reject Rate Improvement	<ul style="list-style-type: none"> Improve pallet treatment methods Apply waste rubber carpets at the base of finished goods pallets Enhance palletising techniques
Cost of Production Reduction through Operational Efficiencies	<ul style="list-style-type: none"> Reduce kiln stoppages for energy optimisation Use alternative raw materials for polishing cover glaze Reduce glaze wastage and engobe wastage to optimise water usage
Energy Saving	<ul style="list-style-type: none"> Launching energy saving projects through Total Productivity Management System (TPM)
Sanitaryware	
Energy Efficiency Through Technological Upgrade Penetration in Entry-Level Segments	<ul style="list-style-type: none"> Install a new energy-efficient kiln with 50% lower energy consumption.
Aluminium	
Energy Efficiency Improvements	<ul style="list-style-type: none"> Replacement of old air-cooled rectifiers with water-cooled rectifiers, resulting in significant energy savings and increased capacity. Installation of energy-efficient equipment and continuous monitoring to reduce electricity consumption, especially in anodising operations.
Use of Recycled and Local Materials	<ul style="list-style-type: none"> Consumption of local billets accounting for 48% of total raw material, reducing carbon footprint by 95% compared to imported primary billets. Commitment to using recycled aluminium wherever feasible to conserve natural resources.
Packaging	
Eco-Friendly Product Development	<ul style="list-style-type: none"> Produces packaging from 100% natural components such as paper pulp, corn starch, and food-grade inks. All products are biodegradable, recyclable, and compostable.
Waste Management and Circular Economy	<ul style="list-style-type: none"> Established Eco Pack Solutions Lanka (Pvt) Ltd for collecting and recycling waste paper into new packaging products. Promotes circular economy concepts to minimise waste and environmental impact.



Financial Stability

To ensure resilient and sustainable growth, Rocell is executing a set of strategic financial initiatives aimed at optimising liquidity, enhancing reporting capabilities, and strengthening the overall capital structure.

Objective	Action Plan
Tiles and Sanitaryware	
Optimising Cash Flow Management	<ul style="list-style-type: none"> • Implement short-term and long-term cash flow forecasting to proactively manage cash needs. • Optimise inventory levels to reduce excess working capital tied up in unsold stock. • Establish a real-time cash position monitoring dashboard. • Introduce an integrated Sales & Operations Planning (S&OP) process to align demand and supply planning.
Strengthening Capital Structure	<ul style="list-style-type: none"> • Regularly monitor debt levels and maintain a healthy debt-to-equity ratio. • Avoid excessive borrowing and maintain capital discipline. • Pursue funding strategies that reduce the overall cost of capital.
Financial Reporting & Analytics	<ul style="list-style-type: none"> • Standardise financial reporting frameworks across all group entities to ensure consistency and transparency. • Improve the annual budgeting process and integrate advanced forecasting tools.
Risk Management & Contingency Planning	<ul style="list-style-type: none"> • Establish an enterprise-wide risk management framework to identify and address key financial threats, including: <ul style="list-style-type: none"> • Currency volatility • Fluctuations in raw material prices • Market or economic downturns • Conduct periodic risk assessments and integrate learnings into business strategy.
Aluminium	
Optimising Cash Flow Management	<ul style="list-style-type: none"> • Optimising costs by identifying and eliminating inefficiencies in operations. • Reducing excess inventory levels to free up working capital and reduce holding costs.
Financial Reporting & Analytics	<ul style="list-style-type: none"> • Standardise financial reporting frameworks across all group entities to ensure consistency and transparency. • Improve the annual budgeting process and integrate advanced forecasting tools
Packaging	
Optimising Cash Flow Management	<ul style="list-style-type: none"> • Cost optimisation • Controlling debts by applying strict credits control mechanism
Financial Reporting & Analytics	<ul style="list-style-type: none"> • Standardise financial reporting framework across all group entities to ensure consistency and transparency

Investment Case

The Rocell Group, represents a strategically diversified industrial conglomerate with exposure to construction materials, aluminium extrusion, and flexible packaging. The Group presents a compelling investment opportunity due to its market dominance across multiple industries, robust brand portfolio, vertically integrated operations, and resilience in navigating macroeconomic challenges. Backed by strategic leadership under the Vallibel One Group, Rocell is well-positioned to capitalise on post-crisis recovery, infrastructure development, and real estate demand in Sri Lanka and select export markets.

This vertically integrated group offers resilient cash flows, market leadership, and dividend consistency, making it an attractive proposition for medium-to-long-term investors.

Diversified Business Portfolio

The Group comprises four core businesses under, Royal Ceramics Lanka PLC, Rocell Bathware Ltd, Lanka Walltiles PLC, Lanka Tiles PLC, Swisstek Aluminium Ltd, and Unidil Packaging Ltd. This diversification spans the construction materials and industrial supply sectors, offering a well-balanced mix of consumer-facing and B2B revenue streams. Royal Ceramics together with Lanka Tiles, Lanka Walltiles and Rocell Bathware is the market leader in tiles and bathware through its flagship brands, known for design and quality. Swisstek Aluminium serves the construction industry with precision-engineered aluminium extrusions used in windows, doors, and architectural applications. Unidil Packaging caters to essential industries like FMCG, agriculture, and exports with flexible packaging and carton solutions. This integrated portfolio not only reduces dependence on any single sector but also creates operational synergies across manufacturing, supply chain, and distribution.



Competitive Advantages Across the Group

Tiles and Bathware

- **Brand Power:** Rocell, Lanka Tiles and Rocell Bathware brands are synonymous with design and quality in Sri Lanka's interior and construction markets.
- **Nationwide Footprint:** Extensive retail presence with showrooms and dealer networks.
- **Product Innovation:** Continuous introduction of premium designs, large-format tiles, and smart bathware.

Swisstek Aluminium

- **Construction Sector Play:** Supplies aluminium extrusions to a wide range of real estate and infrastructure projects.
- **Modern Manufacturing:** Operates advanced anodising and powder-coating facilities with scalability potential.
- **Export Opportunity:** Positioned to expand into regional markets, leveraging quality and capacity.

Unidil Packaging

- **Essential Sector Exposure:** Services critical industries such as FMCG, tea, pharma, and agri-exporters.
- **Backward Integration:** Some in-house printing and lamination processes improve margins and quality.
- **ESG Alignment:** Growing demand for sustainable packaging solutions provides growth runway.

Growth Catalysts

- **Sri Lankan Economic Recovery:** Increased construction, infrastructure, and FMCG activity to spur demand for tiles, aluminium, and packaging.
- **Import Substitution:** All three entities benefit from import restrictions that favour domestic manufacturing.
- **Overseas Expansion:** Swisstek and Unidil have made significant progress in expanding their operations overseas.
- **Green & Smart Manufacturing:** Investments in efficiency, design technology, and ESG initiatives position the group for long-term relevance.

Strategic Backing and Governance

- **Vallibel One Group:** Strategic guidance, financial discipline, and capital market experience enhance investor confidence.
- **Corporate Governance:** Listed entities with adherence to CSE standards, transparent disclosures, and board oversight.
- **Experienced Management:** Proven leadership across all operating companies ensures execution strength.

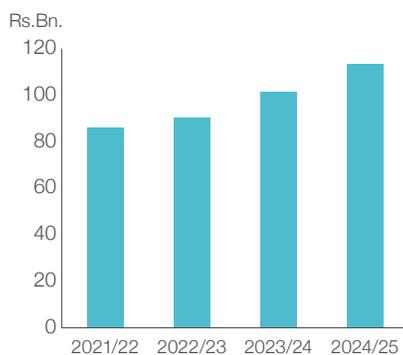
Group Synergies and Vertical Integration

- **Internal Demand Linkage:** Swisstek Aluminium and Unidil support packaging and construction components for Tile and bathware sectors, optimising internal value chains.
- **Capex Optimisation:** Group-level planning enables rationalised capital expenditure and asset utilisation.

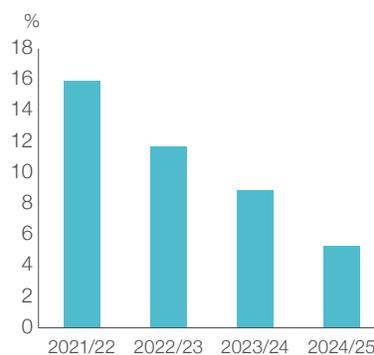
Financial Resilience and Shareholder Value

- **Strong Balance Sheets:** Conservative gearing and prudent working capital management across all three entities.
- **Profitability Track Record:** All Tiles, Packaging and Aluminium sectors have maintained profitability through volatile economic cycles.
- **Dividend Continuity:** Has a track record of generous dividend payments.

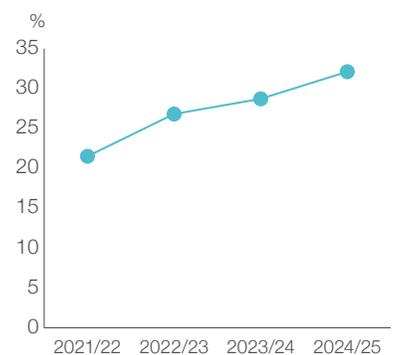
Asset base



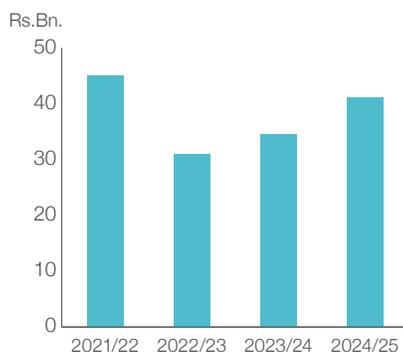
Return on Asset



Gearing



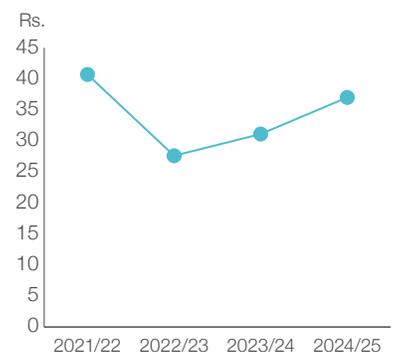
Market Capitalisation



Dividend per Share



Share Price Movement



Our Business Model

INPUTS



VALUE CREATION PROCESS





Financial Capital

- Rs. 65.04 Bn Equity
- Rs. 30.68 Mn Debt
- Rs. 113.37 Bn Assets



Manufactured Capital

- 08 Production Facilities
- 60 Showrooms



Social and Relationship Capital

- Customers
- Suppliers
- Business Partners
- Regulators



Human Capital

- 1,085 New Recruits
- 4,512 Employees



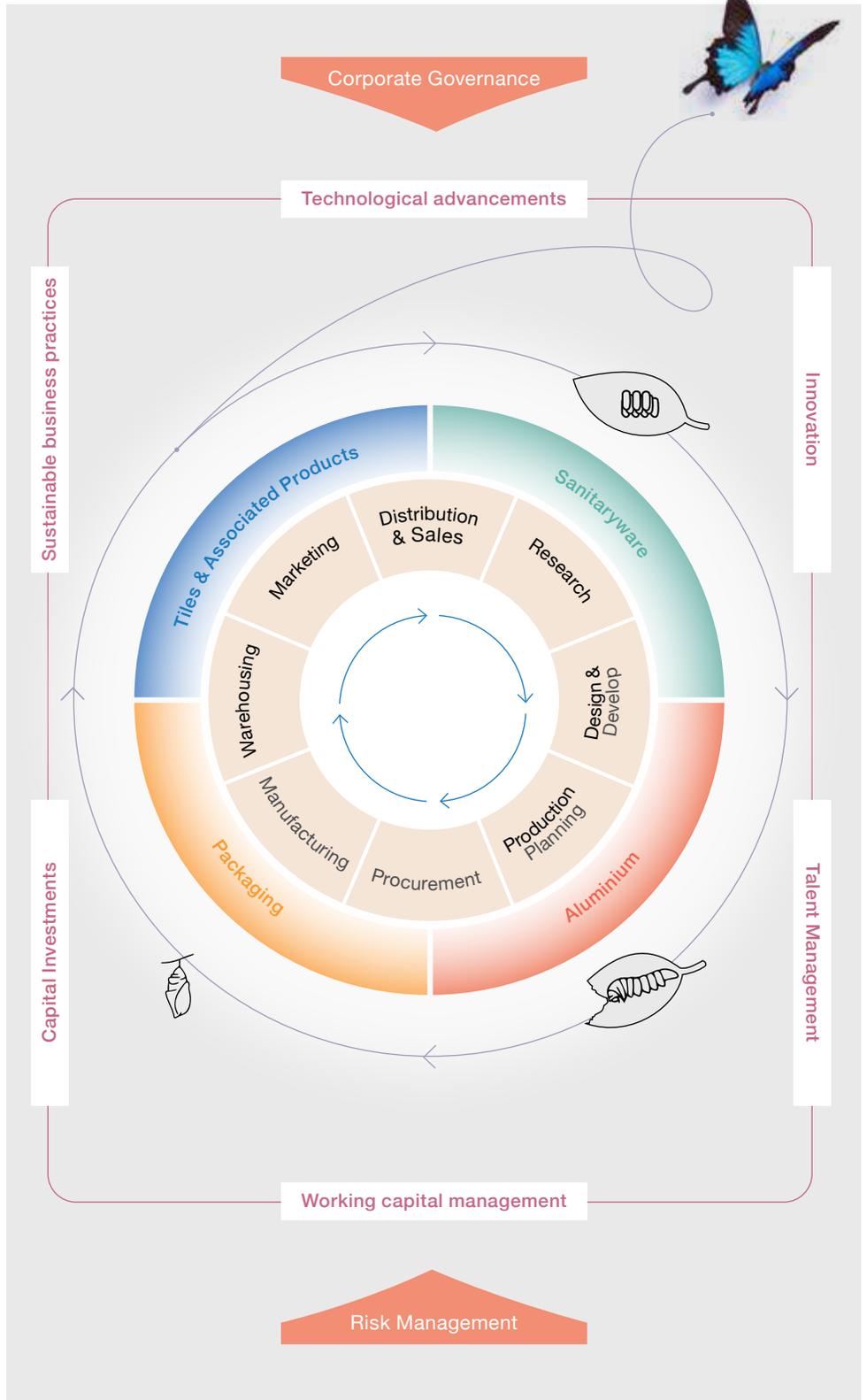
Intellectual Capital

- Brand Value
- Product innovation
- Skill & Expertise



Natural Capital

- Mining Lands



OUTPUT

OUTCOMES

VALUE DELIVERED



Tiles and Associated Products

- 9,886,224 SQM of tiles
- 3,744 MT of skim coat
- 48,612 MT of Motor
- 1,461 MT of Grout



Sanitaryware

- 143,344 pieces of bathware
- 169,428 pieces of bathware accessories



Aluminium

- 7,361 MT of aluminium products



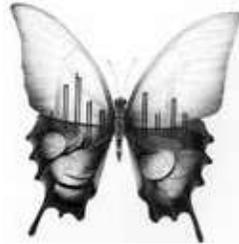
Packaging

- 26,049 MT of corrugated cartons
- 3,654 MT of paper sacks



Mining

- 35,611 MT of Feldspar



Economic

- Rs. 7,980 Mn paid as remuneration
- Rs. 2,655 Mn paid to equity holders
- Direct and indirect tax payments of Rs. 13,189 Mn.



Social

- 4,955 Direct and indirect employment opportunities
- Community development initiatives



Environmental

- 40,949 MT of waste discharged
- 177 Mn Liters of water discharged
- 7,376 kwh of renewable energy



Shareholders

- Earnings per Share of Rs 4.56
- Dividend per Share of Rs 1.60



Customers

- Delivery of high quality, innovative designs
- Customer support



Employees

- Employee remuneration of Rs. 7,980 Mn
- Rs. 29 Mn investment in Training and Development
- Job security
- Healthy and safe workplace
- An inclusive workplace



Suppliers/business partners

- Rs. 40,963 Mn payments to local suppliers
- Rs. 16,015 Mn payments to overseas suppliers



Communities

- Recruitment of 1,085 new employees
- CSR spend of Rs. 11 Mn



Government

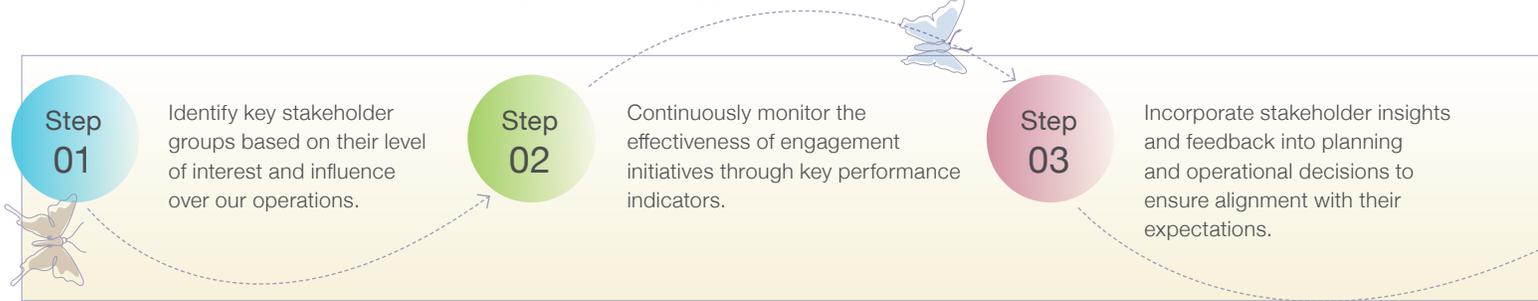
- Tax payments of Rs. 13,189 Mn

Stakeholder Engagement GRI 2-29, 207-3

Stakeholder engagement remains an integral part of our operations, enabling us to build trust, gain valuable insights, and foster mutually beneficial relationships. In an increasingly complex operating environment, strengthening our engagement efforts is more critical than ever to ensure sustainable value creation.

We employ a structured approach to stakeholder prioritisation, focusing on those with a significant interest in our business and those who have substantial influence over our operations. This ensures that our objectives remain aligned with stakeholder expectations, driving long-term success.

The framework shown outlines our stakeholder management approach, which has been instrumental in strengthening relationships, enhancing our reputation, and supporting sustainable growth.



Stakeholder	Customers 	Employees 	Regulator 
Stakeholder Concerns	<ul style="list-style-type: none"> A wide variety of products in terms of price, designs, colour, size and finish Value for money Convenience Product availability Customer service 	<ul style="list-style-type: none"> Competitive and attractive Remuneration Career progression and recognition Job security Fair and safe workplace Healthy work-life balance Opportunities for skill development 	<ul style="list-style-type: none"> Compliance Good governance Timely filing of returns Maintaining a fair marketplace
Common Concerns	<ul style="list-style-type: none"> Stability and growth of the company 		
Engagement Mechanisms	<ul style="list-style-type: none"> Island-wide show room network Direct visits Call centre Tilers app Trade fairs E Commerce Platform 	<ul style="list-style-type: none"> A comprehensive training calendar Open door policy Staff meetings / department meetings Staff appraisals Welfare activities/annual events Learning Management System (LMS) for continuous training 	<ul style="list-style-type: none"> Periodic filings Meetings Visits Tax filings Regulatory reporting disclosure Responses to proposals/letters Industry collaborations
Common Engagement Mechanisms	<ul style="list-style-type: none"> Corporate website Social media 		
Our Strategy	<ul style="list-style-type: none"> Continuous expansion of product offerings Comprehensive market research to understand customer preferences Continuous investments in technology and innovation to ensure superior quality Island wide presence Continuous training to showroom staff to enhance service quality Launched E-Commerce site 	<ul style="list-style-type: none"> Effective human resource management Maintaining employee engagement Competitive remuneration with annual revisions Continuous training opportunities Clear career paths with opportunities for progression Maintaining strict safety standards in all workplaces Fair workplace with equal opportunities for all 	<ul style="list-style-type: none"> Timely payments and disclosures Good corporate governance Effective Risk Management Collaboration with industry bodies

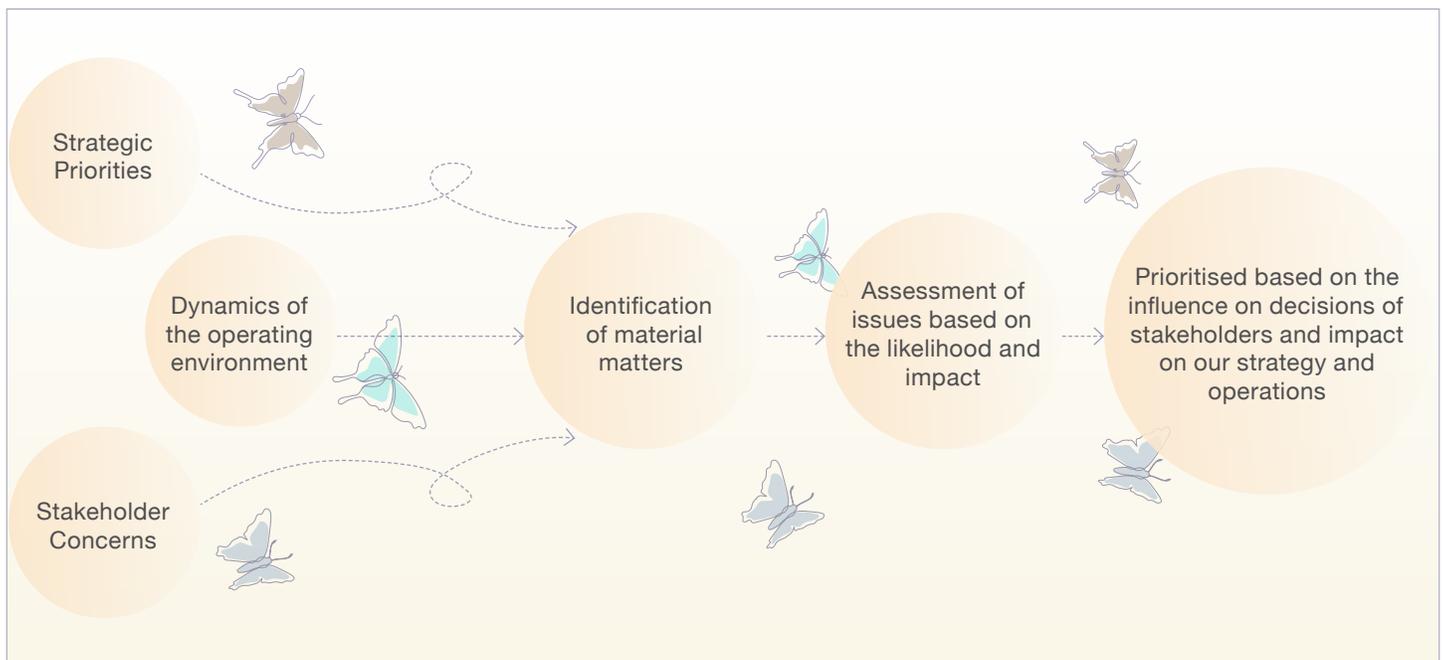


	 Business Partners/Suppliers	 Investors	 Community	
	<ul style="list-style-type: none"> • Timely and competitive commission payments • Opportunities for business growth • Training opportunities • Rewards and other benefits 	<ul style="list-style-type: none"> • Group's performance • Return on investments • Investment security • Timely repayments • Transparency 	<ul style="list-style-type: none"> • A fair market place • Transparent dealings • Sustainable business practices • Job creations • Community developments 	
	<ul style="list-style-type: none"> • Regulatory compliance 			
	<ul style="list-style-type: none"> • Direct Meetings • Supplier Visits • Telephone/email communication • Dedicated service teams • Trade fairs 	<ul style="list-style-type: none"> • Training programmes • Tilers' app • Annual events • Industry events 	<ul style="list-style-type: none"> • Annual General Meeting • Direct meetings • Press releases • Annual and quarterly financial statements • CSE disclosures • Access to Company Secretary 	<ul style="list-style-type: none"> • CSR activities • Marketing and promotional events • Corporate Website
	<ul style="list-style-type: none"> • Print media • Annual report 			
	<ul style="list-style-type: none"> • Effective engagement • Timely payments • Offering competitive and fair payment terms • Providing training and growth opportunities • Maintaining mutually beneficial relationships • Industry collaboration • Ease of doing business 	<ul style="list-style-type: none"> • Implementing a sound business strategy to achieve sustainable growth • Maintaining a strong and stable financial position • Effective management of resources • Comprehensive governance framework • Effective risk management framework 	<ul style="list-style-type: none"> • Good governance • Implementing sustainable business practices • Practicing ethical business dealings • Recruitment from local communities • CSR activities 	

Determining our Material Matters GRI 3-1 3-2

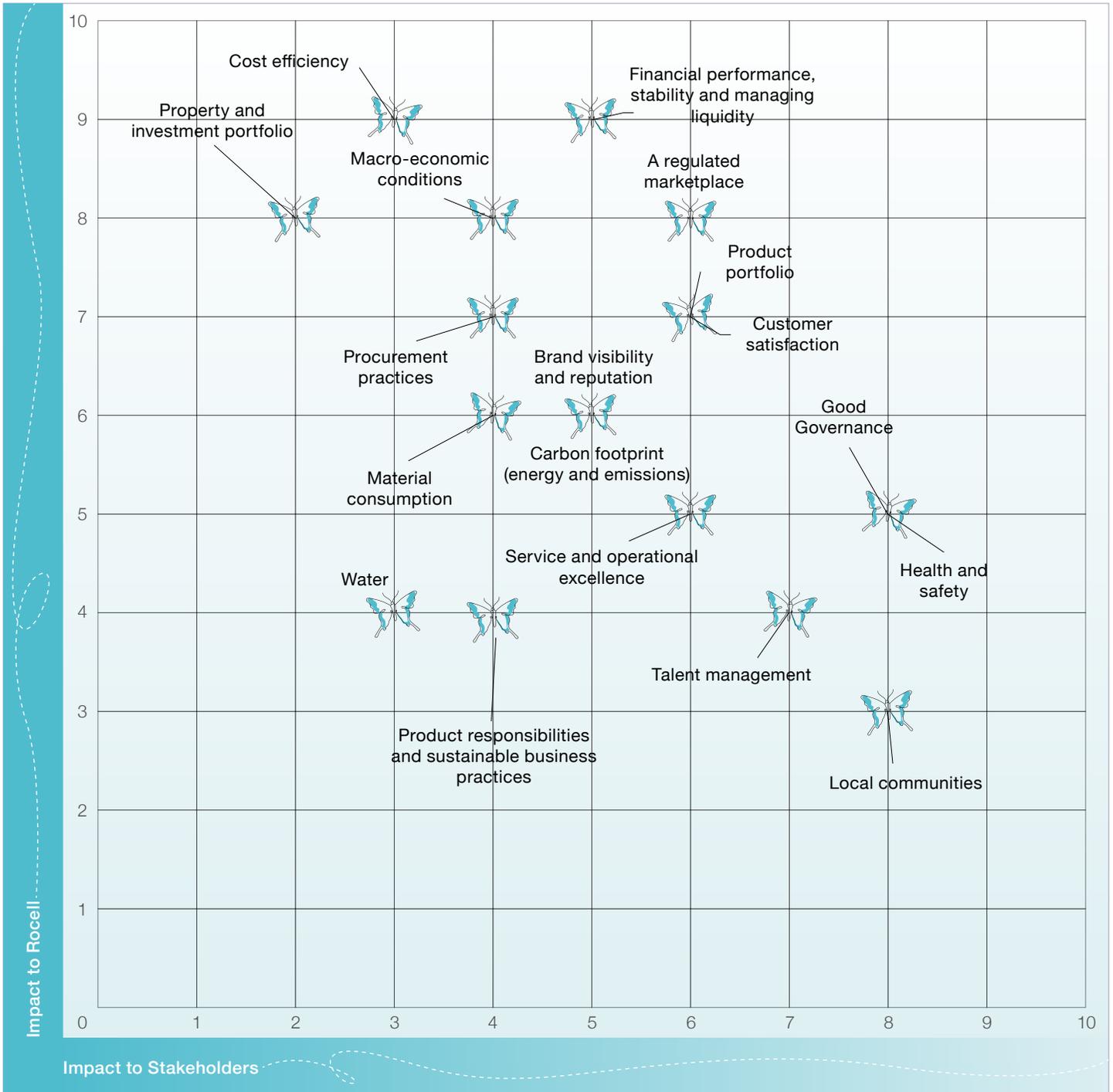
Identifying material matters is a vital step in ensuring that Rocell remains aligned with stakeholder expectations, market dynamics, and our strategic direction. These are the key issues that significantly influence our ability to create sustainable value over time.

Through a structured assessment process, incorporating insights from our operating environment, stakeholder engagement, and corporate priorities, we identify and prioritise the topics most relevant to our business. This enables us to focus our efforts, manage risks effectively, and report transparently on what matters most to our stakeholders and long-term success.



Material Topic	Impact to Stakeholders	Impact to Rocell	Reference
Financial performance, stability and managing liquidity (GRI 201, 207)	5	9	Financial Capital Page 86
Macro-economic conditions (GRI 201)	4	8	Risk Management on page 50 and Operating Environment on page 58
Customer satisfaction (GRI 418)	6	7	Social and Relationship Capital Page 110
Service and operational excellence	6	5	Intellectual Capital Page 126
Cost efficiency	3	9	Financial Capital Page 86
Product portfolio	6	7	Intellectual Capital Page 126
Property and investment portfolio (GRI 201)	2	8	Financial Capital Page 86
Talent management (GRI 202, 401, 402, 404, 405, 410)	7	4	Human Capital on page 92
Good Governance	8	5	Corporate Governance on page 134
Brand visibility and reputation (GRI 417)	5	6	Intellectual Capital Page 126
Health and safety (GRI 403)	8	5	Human Capital on page 92
Product responsibilities and sustainable business practices	4	4	Social and Relationship Capital Page 110
Procurement practices (GRI 204)	4	7	Social and Relationship Capital Page 110
Carbon footprint (energy and emissions) (GRI 302, 305)	5	6	Natural Capital Page 116
Water (GRI 303)	3	4	Natural Capital Page 116
Material consumption (GRI 301, 306)	4	6	Natural Capital Page 116
Local communities (GRI 413)	8	3	Social and Relationship Capital Page 110
A regulated marketplace (GRI 206)	6	8	Social and Relationship Capital Page 110

Material Matters

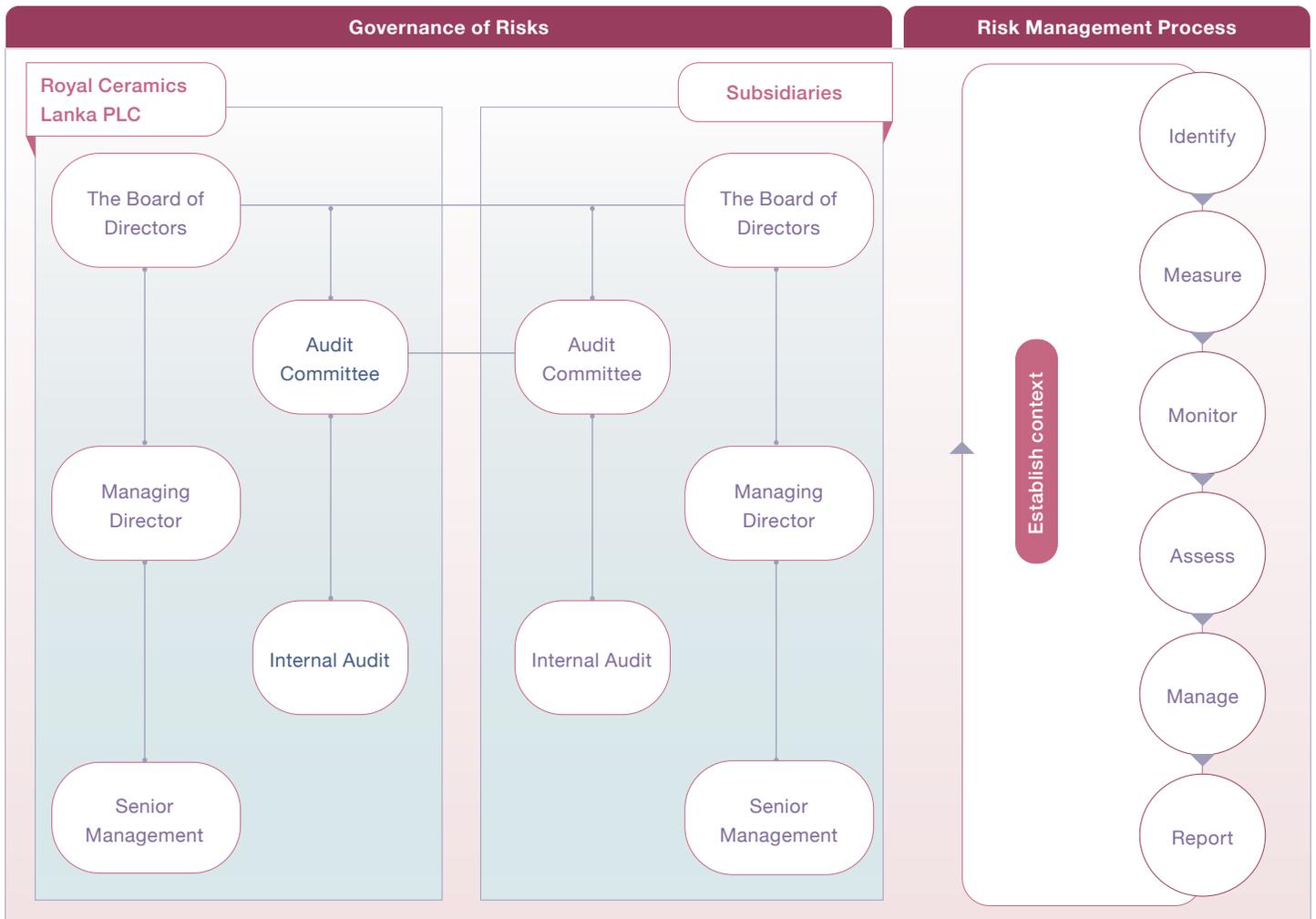


Managing Risk and Opportunities

Risk management remains a top priority for the Board, consistently appearing on the regular agenda as risk landscapes continue to evolve. It requires ongoing assessment from multiple perspectives and timelines to ensure that current decisions remain effective over time. Encouragingly, the tools available for risk management are also advancing, supporting more sophisticated quantitative and qualitative analyses that provide valuable insights for short, medium, and long-term management. Rocell diligently strengthens its risk management processes annually to keep pace with the demands of its business and regulatory environment.

Oversight of Risk Management

The Board is collectively responsible for managing risks and building organisational resilience. They are supported by the Audit Committee which has oversight responsibility for detailed review of risks as outlined in its Terms of Reference. The Group's subsidiaries are also required to report on risk to their respective Audit Committees and Boards and to the Board of Royal Ceramics PLC, as shown in the risk governance structure below. The Chief Executive Officer and Senior Management are tasked with implementing an effective risk management process as directed by the respective Boards and Audit Committees. The Board aims to cultivate a culture of risk awareness throughout the organisation, ensuring that each function understands the risks inherent to their work and how their actions affect the acceptance, increase, measurement, monitoring, or mitigation of risk in their roles. Risk is a significant topic at Senior Management meetings, with adequate time dedicated to considering the impacts of developments on risk and the formulation of mitigating plans.



Risk Landscape  201-2

With a value chain spreading across the construction sector, the Group is exposed to a fairly wide range of risks arising from the entire value chain as well as other common macroeconomic, social and environmental factors. The macrotrends shaping the road ahead are set out below. It is important to note that they are correlated and connected to each other, often compounding the impacts.

An uncertain world economic outlook

The global economic outlook is forecast to moderate from 3.3% in 2024 to 2.8% in 2025 with advanced economies growth forecast at 1.4%. The tariffs announced by the US administration have significantly increased uncertainty in forecasts of trade flows and economic activity as global supply chains are likely to be disrupted with knock on effects on a number of countries.

Competition

Competition intensified with the lifting of import restriction as imports flooded the market with cheap, often low quality products that create an unequal playing field for quality conscious local manufacturers.

Availability of raw material

Ball clay, feldspar and sand are key raw materials which require licenses to mine. This is handled by suppliers who experience difficulties in obtaining the necessary licenses from time to time due to various concerns. Movements in prices of aluminium and paper pulp used by Group companies vary with supply and demand which may see significant change in 2025.

A positive outlook for Sri Lanka

The World Bank has downgraded Sri Lanka's economic growth forecast to 3.6 per cent for 2025 and 3.1 per cent for 2026, citing the lingering effects of the economic crisis, structural bottlenecks, and global trade uncertainties in April 2025 despite the 5% growth achieved in 2024.

Rapid evolution in designs

Future forward designs are key to success with innovation at multiple levels and layers to deliver the final product. We access reputed designers who support us with the advice and technical guidance necessary to manufacture products that appeal to customers in a highly competitive market place.

Climate change

Rainfall patters impact the quality of raw materials as the moisture content in ball clay varies significantly. High levels of moisture necessitates drying out this key raw material for an extensive period of time, increasing stock holding costs.

Construction Sector

The construction sector is expected to pick up pace driven by demand for housing and low interest rates. Positive investor sentiments are expected to boost growth for commercial projects,, boosting demand for tiles and, Aluminium etc.

Technology

Our businesses are engaged in capital intensive industries with rapid evolution in designs and technology. Continuous investment is required to keep pace with industry standards to compete effectively in local and global markets.

Energy

While energy costs moved down during the year, they are forecast to move up. As energy is a key cost component, accounting for 42% of manufacturing costs, this is a key risk.

Financial risks

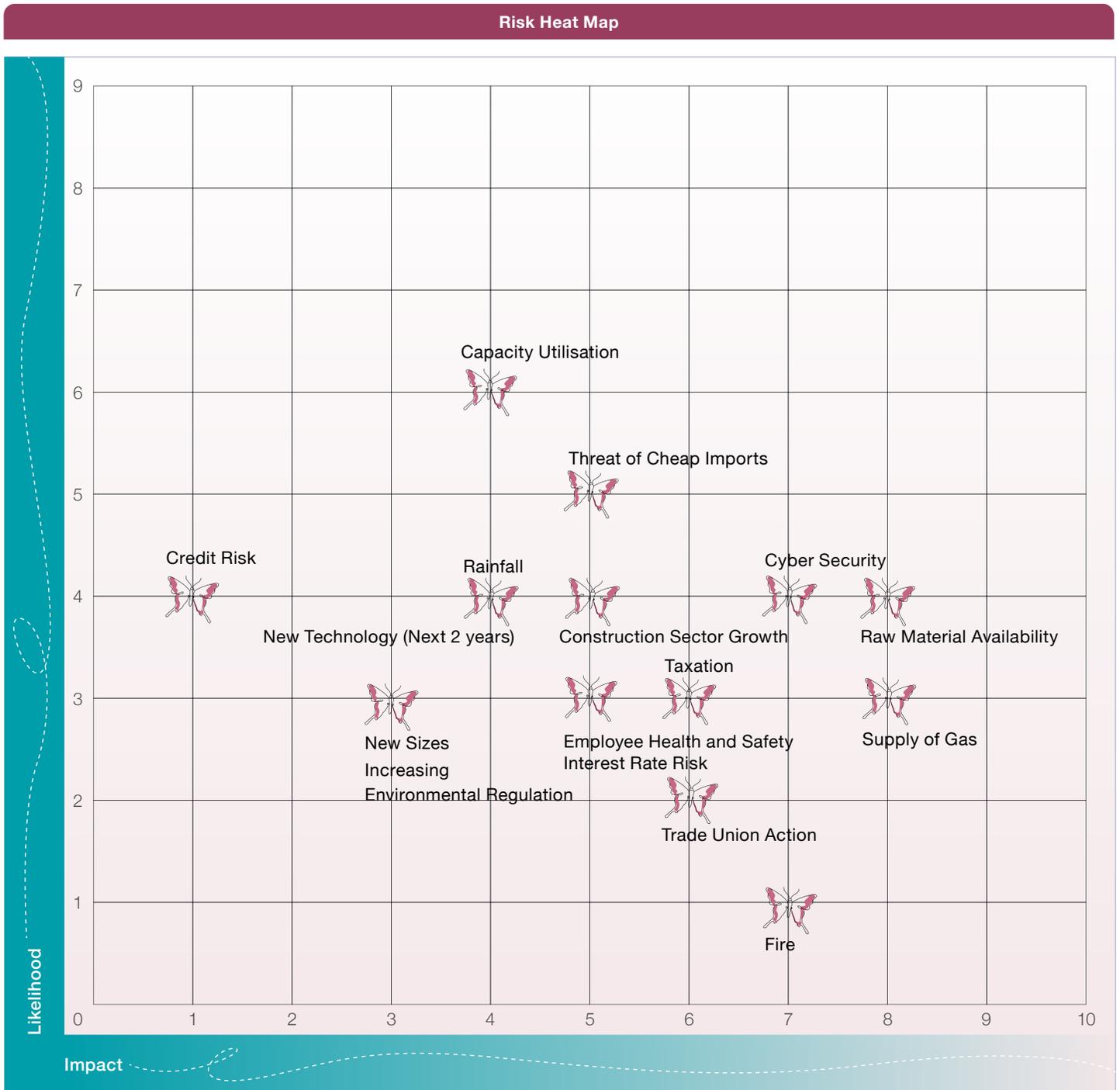
Inflation is expected to move up and stabilise around the target rate of 5% which may impact costs. Interest rates are expected to remain at low levels as per CBSL outlook for 2025.

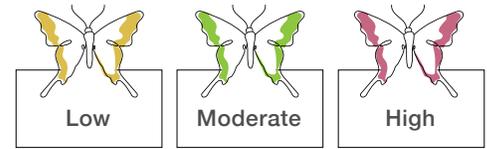


Managing Risk and Opportunities

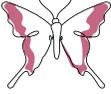
Key Risks

The Group maintains risk registers for its key businesses. A consolidated view of the key risks of the Group are given below.





All risks scoring above 4 for either the impact or likelihood of occurrence are described below.

Risk	Short Term (1 year)	Medium to Long Term (2-5 years)	Mitigating Factors/Plans
<p>1. Raw Material Availability</p> <p>Key raw materials such as ball clay, feldspar and silica sand are mined under license. Issues regarding licenses, longer term issues related to resource depletion and government policy plays a key role in the availability of raw materials.</p>			<p>The Group only works with licensed suppliers for procurement of these raw materials and work with them to ensure a reliable supply. The Group has also purchased land with deposits of ball clay and feldspar for medium to long term needs. The Group maintains high levels of raw material inventory to ensure continuous availability of raw materials for production.</p>
<p>2. Threat of Cheap Imports</p> <p>Sri Lanka has seen an influx of cheap imported tiles that compete at lower prices points. These cheap imports pose challenges to products manufactured locally to high quality standards with globally reputed certifications, exerting pressure on volumes and margins.</p>			<ul style="list-style-type: none"> • Introducing fighter brands targeting the price sensitive market • Entering into new markets for exports to diversify revenue and reduce reliance on local volume • Engage with regulatory authorities to ensure fair import practices <p>The threat is expected to wane in the medium to long term as strategic responses take effect.</p>
<p>3. Suboptimal capacity Utilisation</p> <p>Capacity utilisation plays a critical role in the cost of production of our tiles. High capacity utilisation facilitates improved cost absorption, improving margins while low capacity utilisation results in erosion of margins.</p>			<p>Inventory movement is key to optimising capacity utilisation as it can lead to increased stock holding costs if we manufacture faster than we sell.</p> <p>Introduced fighter brands at lower price points to move inventory and also developed our own network of factory outlets to sell these tiles. During the year plants were operated at optimum level to avoid stock build up</p>
<p>4. Supply of Gas</p> <p>Ensuring a continuous supply of gas for our kilns is critical as the temperatures of the kilns need to be maintained at extremely high levels. In normal times, there is a secure supply of gas. However, the fuel crisis and issues related to foreign exchange liquidity made this a key concern which was managed during the time. It remains on our risk grid due to the critical nature of the requirement.</p>			<ul style="list-style-type: none"> • To reduce dependency and improve resilience, Kilns were converted to run on dual fuel to shift to kerosene when gas prices increasing • Maintaining good relationships with suppliers

Managing Risk and Opportunities

Risk	Short Term (1 year)	Medium to Long Term (2-5 years)	Mitigating Factors/Plans
<p>5. Volatility in Construction Sector</p> <p>Construction sector growth drives demand for tiles, bathware, associated products and Aluminium products. In 2023 and 2024, the construction sector activity was subdued due to economic constraints.</p>			<p>The construction sector is expected to record a steady growth, supported by lower interest rates, improved access to raw materials and possible recommencement of donor funded construction work and private sector and household constructions.</p>
<p>6. Adverse Change in Taxation Policy</p> <p>Taxation has been a key fiscal policy instrument used by the government to steer the country to economic stability and growth. Accordingly, we have seen rate increases across VAT, Income tax and import duties which impact the competitiveness of our products. In 2024/25, 41% of the value created has been distributed to the government in the form of taxes, duties and levies.</p>			<p>Work with chambers of commerce and industry associations to make representations and proactively monitor the regulatory changes and access their impact on pricing</p>
<p>7. Rainfall</p> <p>Long periods of rain present difficulties in obtaining raw materials as well as the risk of floods in low lying areas around the factories. It also disrupts the transportation of raw materials and the distribution of finished goods in some areas.</p>			<p>Mitigating Factors include:</p> <ul style="list-style-type: none"> • Constructing bulk raw material stores • Increasing stock holding of vital raw materials and maintaining buffer stocks
<p>8. Cybersecurity</p> <p>Cybersecurity is a significant threat as we are increasingly reliant on IT for day-to-day operations across all systems and processes.</p>			<p>Mitigating Factors include:</p> <ul style="list-style-type: none"> • Routine Audits on IT System general controls • Updated anti-virus protections • System upgradation with latest version • Training and awareness for employees to strengthen physical controls
<p>9. New Technology</p> <p>Technology for tile manufacture continues to change, necessitating new investment.</p>			<p>The Group has invested in new technology over the past few years and has a comprehensive range of tiles in its portfolio. It monitors changes in technology and plans ahead for necessary investments.</p>

Risk	Short Term (1 year)	Medium to Long Term (2-5 years)	Mitigating Factors/Plans
<p>10. Interest Rate Risk</p> <p>Interest rates declined sharply during the year as policy rates decreased by 700 basis points and benchmark interest rates such as AWPR and the 364 day Treasury bill declined by over 1,000 basis points.</p>			<ul style="list-style-type: none"> • Renegotiating rates and /or restructuring loans to obtain favourable rates • Maintaining a balance borrowing between fixed and floating rates
<p>11. Employee Health & Safety</p> <p>The kilns operate at high temperatures and high levels of pressure used to compress the tiles. Hence, health and safety is a critical issue at the plant.</p>			<p>Our factories are ISO 45001:2018 certified, affirming our commitment to uphold internationally benchmarked standards to guard against this key risk. Additionally, we ensure that good practices are reinforced through rigorous training at all levels and that routine maintenance is carried out according to schedule, safeguarding against potential risks.</p>
<p>12. Trade Union Action</p> <p>Most of the factory employees belong to trade unions which are active. Economic stresses can lead to strike actions as well as political manoeuvres in an election year.</p>			<p>The Group maintains healthy relationships with trade unions with regular dialogue and up to date trade agreements.</p>
<p>13. New Sizes</p> <p>Design and innovation are critical success factors for tiles and bathware and a continuous pipeline of innovation is required to ensure that collections are refreshed in a timely manner.</p>			<p>Continuous research on new product developments and collaborating with foreign consultants ensures that our tile collections are contemporary and appealing to key customer segments.</p>
<p>14. Increasing Environmental Regulation</p> <p>Environmental regulation impacts availability of raw material and the operation of the factory.</p>			<p>Sustainability reporting processes creates greater understanding of potential environmental issues, facilitating early action to change processes, enabling the group to remain ahead of potential regulation by embracing global best practice.</p>
<p>15. Fire</p> <p>Fire is an ever present threat as our kilns operate at extremely high temperatures.</p>			<p>Strict controls and routine scheduled maintenance are mitigating factors as well as high levels of awareness at all locations of operations. Fire safety drills are conducted regularly with employees given training on fire safety regularly.</p>
<p>16. Credit Risk</p> <p>The Group provides credit for large corporate customers and to business partners in its distribution network.</p>			<p>Credit evaluations are conducted prior to establishing credit terms and invoices are followed up for regular payment.</p> <p>Significant portion of sale are on cash terms and most of the credit sales are backed by bank guarantees</p>



**MANAGEMENT DISCUSSION &
ANALYSIS**

Patterns of Perception

In reflecting on the year under review and examining the path ahead, we gather, analyse, and disperse insight, nurturing growth where it matters most. Through data-driven observation and purposeful dialogue, we uncover patterns, assess insights, and align our actions with long-term value creation. Our every decision is part of a broader ecosystem of accountability, strategy, and foresight.

The butterfly's gentle touch transfers life-sustaining pollen across its landscape. Each encounter, though fleeting, contributes to a flourishing whole - mirroring how timely insights, thoughtfully shared and acted upon, can spark progress and shape a thriving future.



Operating Environment

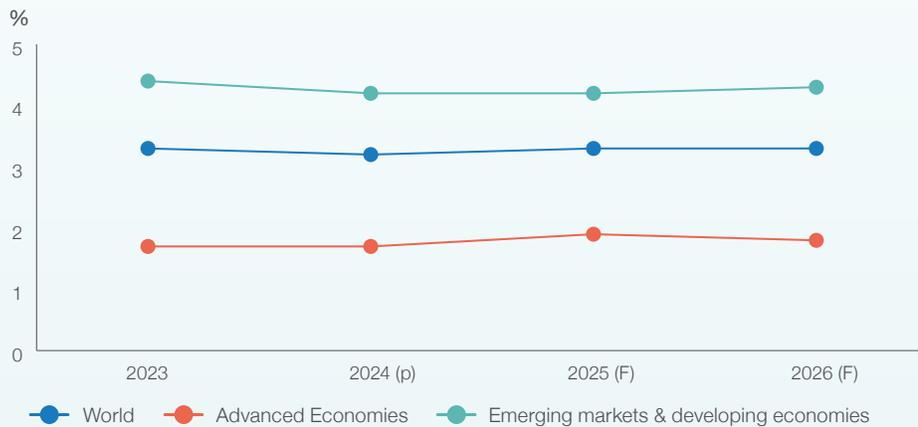
Global Front

In 2024, the global economy demonstrated resilience, navigating a disinflationary phase driven by sharp and coordinated monetary policy tightening worldwide. Signs of stabilisation emerged, with global growth projected at 3.2%, modest by historical standards. Advanced economies are expected to grow by 1.8%, while emerging markets and developing economies are projected have expanded by 4.2%.

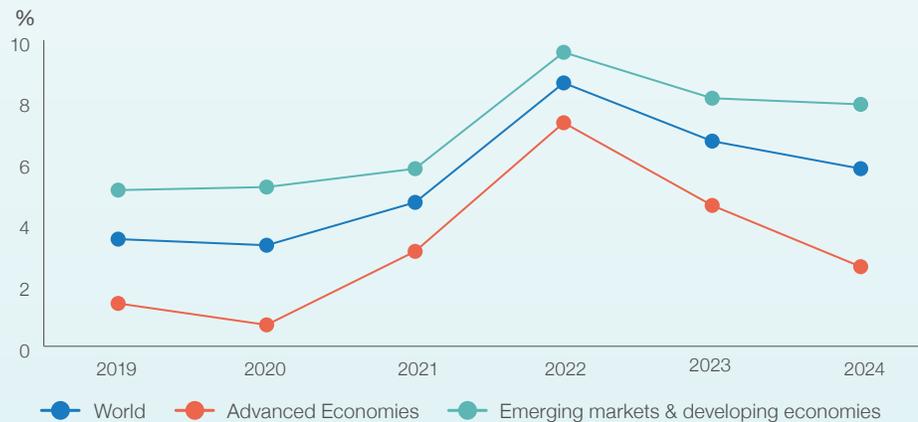
Economic activity in major economies has become more closely aligned with its potential, aiding the gradual stabilisation of inflation rates globally. However, the pace of disinflation slowed in early 2024. While goods prices have stabilised or even declined in some cases, services inflation remains elevated in many countries. This persistence is largely driven by rapid wage growth as earnings recover from the inflationary surge of 2021–2022.

Despite ongoing geopolitical tensions, the global trade volume as a share of world GDP has remained stable. However, there are emerging signs of geoeconomic fragmentation. Trade patterns are increasingly shifting toward transactions within geopolitical blocs rather than between them, indicating a gradual restructuring of global trade dynamics.

Global Economy



Global Inflation



Sri Lanka

In 2024, Sri Lanka’s economy demonstrated significant signs of stabilisation and recovery, following the severe financial crisis of 2022. The nation achieved a real GDP growth of 5% in 2024, the highest since 2017.

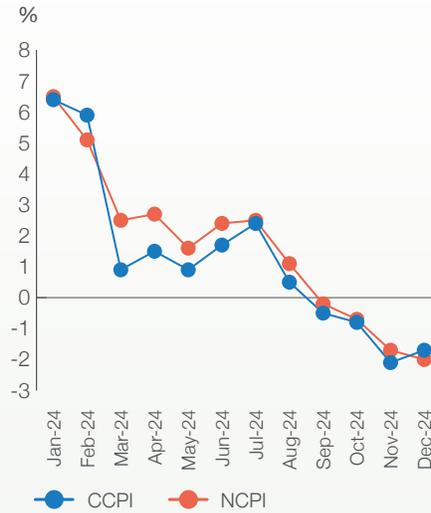
- Moody’s upgraded Sri Lanka’s long-term foreign currency issuer rating to ‘Caa1’ with a stable outlook, following the approval of a \$12.55 billion debt restructuring plan by the country’s creditors. This upgrade reflects a strengthened credit profile, marked by reduced external vulnerabilities and improved government liquidity, signalling greater financial stability and investor confidence.
- The Economy grew by 5.5% in Q3 2024, with industrial sector experienced a strong expansion of 10.8%, driven by a revival in construction, aided by the settlement of government arrears and the reinstatement of project financing. Meanwhile, the services sector grew by 2.6%, supported by the robust performance of tourism-related industries, including accommodation, food and beverage services, and transportation. The agricultural sector recorded a growth of 3%, driven by tea and animal production.

- The Central Bank introduced a single policy rate of 8%, easing monetary settings to support private sector credit growth.
- Sri Lanka experienced a significant shift in its inflation dynamics, transitioning from high inflation to deflation. Inflation remained in single digits throughout the year, falling to -1.7% by the end of 2024.
- Inflows on the financial account, amid continued debt service suspension, strengthened foreign reserves. Inflows from development partners contributed to this. However, the trade deficit widened due to the larger expansion in import expenditure outpacing the expansion of export earnings.
- At the end of 2024 USD exchange rate stood at Rs.292.5, recording an appreciation of 10.7% for the year. However, rupee depreciated by 1.7% against the US dollar during January 2025

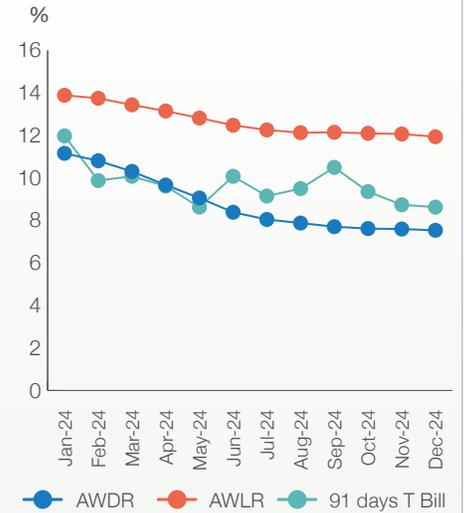
Sri Lanka - Quarterly GDP Growth



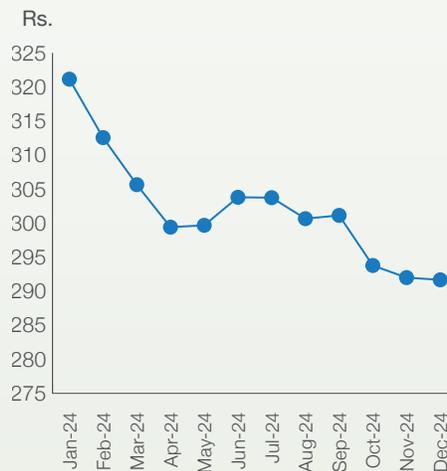
Inflation



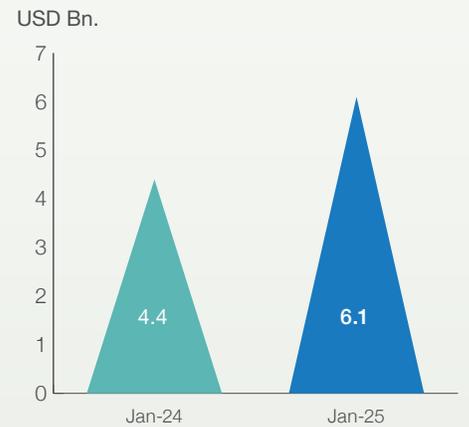
Interest Rates



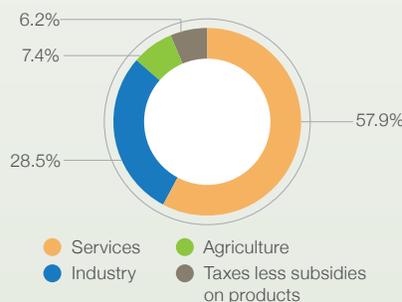
USD Exchange Rate



Gross Official Reserves



GDP Composition - year 2024



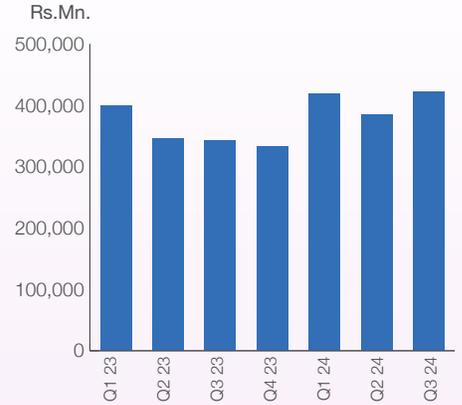
Operating Environment

Construction Sector

Construction activities experienced a notable improvement in 2024, driven by the gradual rollout of new projects, which were supported by a more favourable and stable economic environment. This marked a significant turnaround from the sharp contraction observed in the previous year. The sector recorded a robust growth rate of 19.4% in 2024, a strong recovery compared to the substantial decline of 20.8% registered in 2023. During the year construction sector made a 7% contribution to country’s overall GDP growth.

Credit to the construction subsector, which is the largest contributor to Industry activities, experienced a growth of 5.5% during 2024, indicating a gradual revival of construction-related activities following a long period of subdued activity. Credit advanced for housing projects by Licensed Commercial Banks (LCBs) saw a growth of 8.5% during 2024.

Performance of the Construction Sector



Tile and Bathware Sector

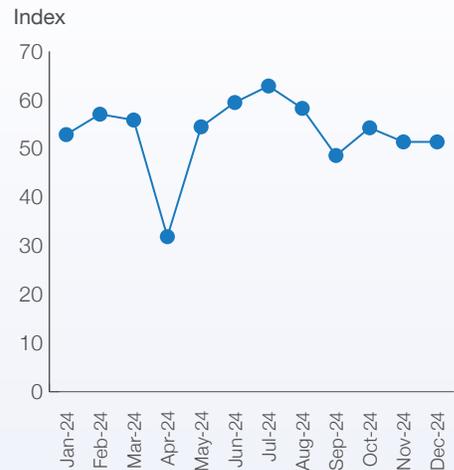
Sri Lanka’s domestic tile manufacturing sector is predominantly led by four key players: Royal Ceramics Lanka PLC, Lanka Tiles PLC, Lanka Walltiles PLC, and Mactiles Lanka (Pvt) Ltd. These companies have long maintained a strong presence in the local market, supported by robust brands, extensive distribution networks, and a reputation for high-quality ceramic and porcelain products. In the wake of the COVID-19 pandemic, the industry made substantial capital investments, undertaking major capacity expansions and technological upgrades to aiming to meet rising demand amid the absence of imported tiles in the market. Several of these large-scale projects have now been completed, enhancing production capabilities and positioning the sector for growth.

However, these developments have coincided with a downturn in the construction sector, traditionally the primary driver of tile demand, resulting in underutilised capacity and increased

financial pressure. Compounding the challenge, the government’s decision to lift the import ban on tiles has opened the local market to a surge of foreign competition. Imported tiles, particularly from countries such as China and India, are often significantly cheaper, putting local manufacturers at a disadvantage despite their superior product quality.

Both tile and bathware producers are now facing mounting pressure from these lower-priced imports. Escalating production costs—driven by high energy prices, raw material expenses, and labour, further erode their price competitiveness. The absence of anti-dumping duties has intensified the issue, allowing an influx of low-cost imports that threatens the market share and long-term sustainability of domestic producers. To navigate this challenging environment.

SL Purchasing Managers’ Index (PMI) for Construction Industry

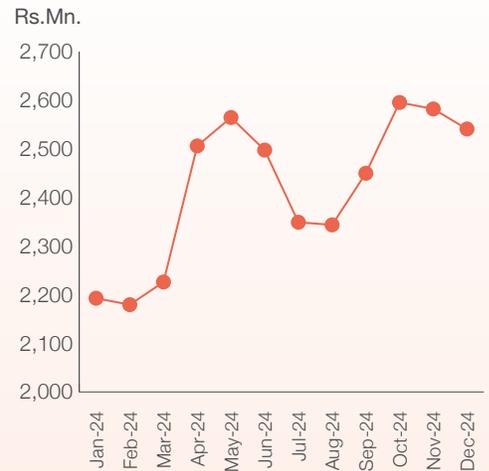


Aluminium Sector

The aluminium extrusion industry in Sri Lanka is a key contributor to the construction and manufacturing sectors, producing a wide range of products such as window frames, curtain walls, and custom profiles. Driven by urban development and demand for modern, durable materials, the industry has seen steady growth. The industry has invested in advanced technologies and maintains high quality standards, with some expanding into international markets across South Asia, Africa, Middle East and USA. However, the industry faces challenges such as dependence on imported raw materials, rising energy costs, and competition from low-cost imports.

As a result of the slow growth in high-rise developments in the country, the construction sector has shifted its focus towards medium-scale projects and residential developments, leading to a rise in demand for architectural aluminium profiles and creating new market opportunities.

World Aluminium Prices



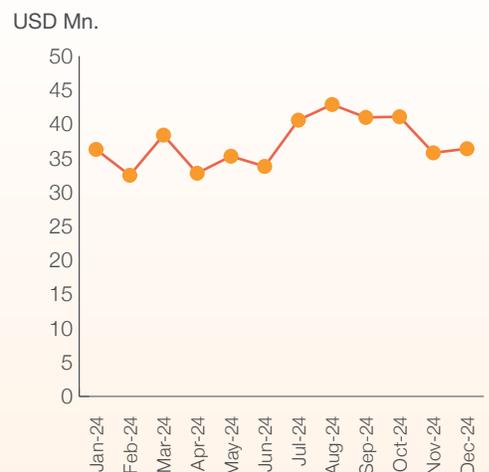
Source: Pink Sheet, World Bank

Packaging Sector

Sri Lanka's packaging industry is a vital sector that serves a wide range of industries, including food and beverage, pharmaceuticals, cosmetics, and consumer goods. The industry has experienced steady growth, driven by increasing domestic consumption, the rise of e-commerce, and the growing demand for sustainable packaging solutions. Key segments include flexible packaging, corrugated packaging, and rigid packaging.

The industry is increasingly adopting eco-friendly practices, with a focus on reducing plastic waste and exploring alternatives like biodegradable materials and recyclable packaging. Despite challenges like rising raw material costs and competition from imports, Sri Lanka's packaging industry remains resilient, supported by investments in technology, innovation, and infrastructure.

Paper Imports to the Country



Business | line Reviews Tiles and Associated Products



Our flagship brands, Rocell and LANKATILES, continue to dominate the Sri Lankan market, commanding an impressive 40% share of the tile market. This sustained market leadership is a direct result of our unwavering dedication to quality, innovation, and strategic growth.

Our manufacturing facilities, which are among the most sophisticated in the region. Outfitted with cutting-edge European technology, including high-definition digital printing, advanced robotic systems, precision-controlled kilns, and automated material handling. These plants allow us to deliver tiles that meet and exceed global quality benchmarks. Our production lines are supported by real-time quality monitoring and lean manufacturing practices, ensuring both efficiency and consistency across our product range.

Contribution to the Group

Revenue

61%

Profit After Tax

37%

Assets

61%



Strategic Priorities

- Product and process innovation in order to remain competitive
- Yield improvement and cost optimisation
- Focus on expanding export sales as conditions in the domestic market continues to be challenging
- Sustainability and environmental responsibility
- Customer-centric retail expansion

Effects of the Operating Environment

- Influx of unregulated, lower-priced imported tiles poses a significant and ongoing challenge for Rocell and other local manufacturers.
- Demand is shifting toward high-end, design-centric products, especially in urban and international markets.

Our Strategy

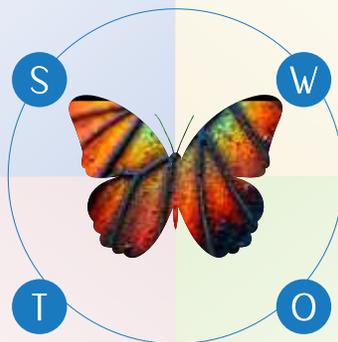
- Focus on design, innovation, and quality to position Rocell as a premium brand.
- Export Market Diversification
- Scale operations and lower unit costs.
- Advocating to create a fair playing field for local manufacturers.
- Introducing a new range of low cost, price competitive products to cater price concern market segment.

Strengths

- Dominant position in the Sri Lankan tile market, with Rocell Group commanding 36% and 40% of the wall and floor tile segments.
- Highly advanced manufacturing facilities equipped with modern European technology, ensuring high precision, product consistency, and scalability.

Weaknesses

- The Sri Lankan market, while dominated, is relatively small and saturated, potentially limiting domestic revenue growth.
- Operating world-class facilities with imported machinery and technology can result in high fixed and maintenance costs, especially in volatile economic environments.



Threats

- Domestic and Global disruptions in logistics or supply chains, especially in raw materials or energy, could impact production timelines and costs.
- Changes in trade policies, tariffs, or environmental regulations in export destinations may impact market access or compliance costs.

Opportunities

- Increasing global demand for high-quality, design-forward tiles presents strong opportunities for market penetration and revenue diversification.
- Investment in eco-friendly production methods and green certifications can enhance brand value and open doors to environmentally conscious markets.

Business | Line Reviews Tiles and Associated Products



Review of the year

The Tiles and Associated Products faced significant challenges as the sluggish recovery of the construction industry failed to generate sufficient demand for tiles. This situation was further exacerbated by an oversupply in the market, driven by increased production from most local manufacturers and a surge in imported tiles. A significant portion of tile importers in Sri Lanka operate without VAT registration, giving them an undue pricing advantage over compliant local manufacturers. The combination of weak demand and surge in supply intensified pressure on the sector, leading to pricing challenges, inventory build-ups, and a more difficult operating environment for the entire tile industry. This challenging landscape forced the Group to rethink our strategies, focusing on innovation, quality differentiation, and cost-cutting measures to survive in an increasingly competitive environment.

With the recent expansion of our manufacturing facilities, we have successfully upgraded our capabilities to produce larger format tiles, in line with evolving customer preferences and global market trends. This strategic advancement enables us to enhance our product portfolio with a premium offering, strengthening our competitive position in both local and

international markets. While the production of larger tiles inherently reduces output volumes due to their size, it allows us to target higher-value segments, achieving better price realisation and supporting margin expansion.

The intensified competition in the tile market compelled the Group to pursue cost-efficiency initiatives to preserve our competitive edge. In line with this objective, the Eheliyagoda plant undertook key process optimisations focused on both body and glaze formulations. These technical enhancements resulted in a meaningful reduction in production costs and improved the overall cost competitiveness of our product portfolio.

Notable improvements implemented during the period include:

- The introduction of a new base body formulation, which significantly reduced kiln cycle time.
- The development of a revised composition for black bodies, effectively minimising the occurrence of the black core effect.
- The use of black talc powder, which contributed to further reductions in kiln cycle time.

These measures reflect our commitment to continuous improvement and operational excellence, enabling the Group to better compete in a challenging market environment.

In addition, the plant successfully introduced a newly developed flake machine, designed and built in-house. The machine contributed to a significant reduction in material waste, improving overall production efficiency. Further, the machine enabled the plant to manufacture a broader variety of tile types, supporting the strategic expansion of our product portfolio to better meet evolving market demands.

We continued to actively pursue growth opportunities in international markets as part of our broader diversification strategy. During the period, we continued exports to established markets such as Australia, the United States, and India. In addition, we successfully expanded our presence into new and strategically important regions, including Africa and the Middle East. These efforts reflect our commitment to broadening our global footprint and reducing dependence on domestic demand, while leveraging our competitive product offerings to capture emerging market potential.

Subdued market demand, coupled with increased production capacity, led to a buildup of inventory across our operations. In response, the Group was compelled to expand its storage capabilities by securing five additional warehouses.

Despite the challenging market conditions, the Group remained committed to expanding its product portfolio in line with evolving customer preferences. During the period, we introduced larger-format porcelain tiles, catering to growing demand for modern, spacious design aesthetics.



Additionally, we enhanced our mosaic tile range by launching complementary trim and field tiles, offering customers greater design flexibility and coordination options.

To further strengthen our presence in the high-end market segment, we also initiated the offering of customised tile solutions at a premium price point. This strategic move not only allows us to cater to more discerning clientele but also supports margin enhancement through value-added offerings.

Given the challenging operating environment, the Group adopted a cautious approach toward expanding its showroom network. Despite these constraints, we successfully opened a new Concept Centre in Gampaha by Rocell, strategically enhancing our retail presence. In parallel, we focused on optimising our existing footprint by relocating and renovating several showrooms to improve customer experience and operational efficiency.

Our subsidiary, Lanka Walltiles encountered considerable challenges in completing the expansion project at its Meepe production facility. The project experienced delays due to a combination of shifting market dynamics and unforeseen technical complexities, particularly those arising from the transition from a double-fired to a single-fired manufacturing process. To support this transition, foreign experts were engaged to provide specialised training to the local workforce. However, despite these interventions, production yields were affected throughout the year, as ongoing complications within the plant made it difficult to consistently produce the desired product range.

Capital Value Creation

Financial Capital	2024/25	2023/24	%
Revenue (Rs.Mn)	36,701	43,262	-15.17
Profit after tax (Rs.Mn)	2,268	6,567	-65.46
Total assets (Rs.Mn)	69,613	66,875	4.09
Total liabilities (Rs.Mn)	34,187	32,081	6.56

Human Capital	2024/25	2023/24	%
No. of employees	3,026	3,024	0.07
Total remuneration (Rs.Mn)	5,937	5,540	7.17
Training hours	39,497	27,881	42

Manufactured Capital	2024/25	2023/24	%
Manufacturing capacity (SQM/Per Day)	49,000	44,100	11.11
Capacity utilisation (%)	93	98	-4.75
Capital Investment (Rs.Mn)	3,337	7,299	-54.28

Social and Relationship Capital	2024/25	2023/24	%
Suppliers	2,253	2,244	0.40
Own showrooms	59	59	-
Franchise showrooms	55	54	1.85
Hybrid & Factory Outlets	36	36	-
Dealers & Distributors	216	186	16.13
Tiler club members	5,443	6,032	-9.76

Natural Capital	2024/25	2023/24	%
Material consumption (MT)	271,763	299,704	-9.32
Water consumption (Mn.Liters)	113	117	-3.22
Energy consumption (GJ.'000)	876	982	-10.74

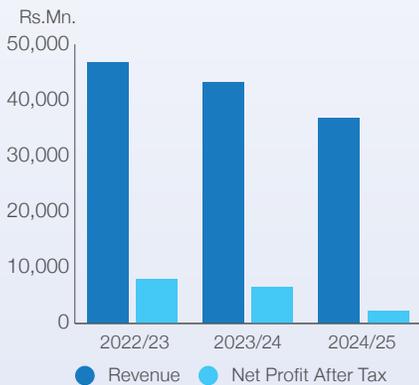
Intellectual Capital
<ul style="list-style-type: none"> • ISO 9001 • ISO 14001 • SLS 1181 • CE Marking • SLS ISO 18001 • Green SL Labelling System

Business Line Reviews Tiles and Associated Products

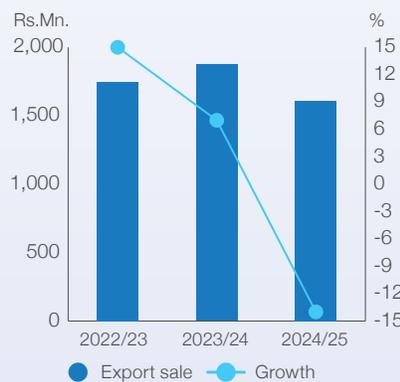
Financial Performance

- Revenue recorded a 15% contraction, driven by a 4% decline in sales volume. Total revenue recorded by the sector amounted to Rs. 36.7 Bn with exports contributing of Rs. 1.6 Bn. Exports sales also declined by 14% during the year
- Gross profit also recorded a decline of 28% in line with the contacted revenue
- Administrative expenses decreased 1% to reach Rs. 3,007 Mn while distribution expenses amounted to Rs. 6,915 Mn recording an increase of 0.4%
- Operating profit for the period declined by 55% driven by lower sales while operating profit margin decreased by 11%
- In line with the lower interest rates, the finance expenses declined by 16% to reach Rs. 1,330 Mn
- The sector recorded a net profit of Rs. 2,268 Mn for the period, recording a decline of 65%.

Sector Performance



Export Performance

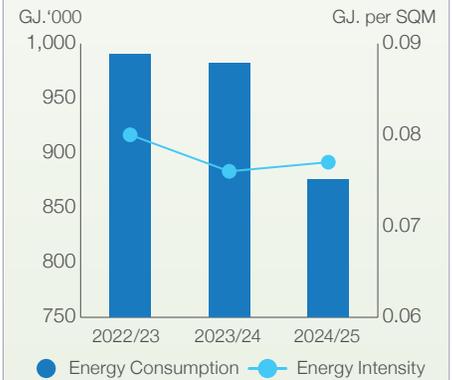


Sustainability

Our operations continue to focus on energy-efficient manufacturing processes, responsible raw material sourcing, and waste reduction initiatives. Water recycling systems have been implemented across our plants, and investments have been made in cleaner technologies to lower carbon emissions

- Material and energy consumption reduced by 9% and 11% respectively
- Water consumption 348 Mn. Litres
- Waste generated 26,652 MT

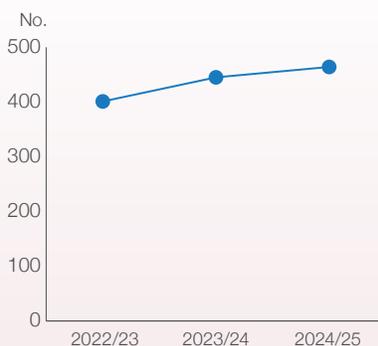
Energy Consumption and Intensity



People Perspective

- The Group continued to experience high employee turnover, particularly within the showroom staff category, despite efforts to improve retention.
- Special focus was placed on leadership development to strengthen internal capabilities and build future leadership.
- Annual salary increments and necessary compensation adjustments were implemented, reflecting the Group's commitment to employee well-being despite operational challenges.

Employee Turnover





Outlook

In the year ahead, the Group will focus on strengthening Rocell’s brand positioning and design leadership by expanding our product portfolio with luxury-inspired, sustainable collections and investing in advanced technologies like antibacterial and self-cleaning tiles. We aim to grow our presence in both local and international markets, particularly in the USA, Australia, and East Africa, while enhancing distribution through showrooms, franchises, and dealer networks.

Customer-centric growth will be driven by improved digital marketing, CRM initiatives, and a stronger focus on the home renovation and tourism construction segments. Amidst economic uncertainties, we will continue to prioritise operational efficiency, value-based pricing, and talent retention. Our commitment to sustainability and compliance remains central, with a focus on expanding eco-friendly products and upholding global standards.



Business | Line Reviews Sanitaryware



Rocell Bathware Ltd has firmly established itself as the premier manufacturer of sanitaryware in Sri Lanka and continues to make significant strides on the global stage. Renowned for our unwavering commitment to product innovation, superior quality, and visually captivating designs, we have earned international recognition in the competitive world of bathware.

Our strategic collaborations with leading Italian technical and design experts have been instrumental in elevating both our production capabilities and creative design processes. These partnerships have not only enhanced the sophistication and functionality of our product range but have also positioned us to meet the evolving demands of a diverse global clientele.

Contribution to the Group

Revenue

7%

Profit After Tax

-7%

Assets

7%



Strategic Priorities

- Seeking assistance from foreign experts to improve product yield and maintain profit margins.
- Pursue collaborations with world renowned brands
- Pursue opportunities in new markets

Effects of the Operating Environment

- Lackluster performance of the construction sector having a direct impact on local sales.
- Local bathware manufacturers struggling to compete with imported bathware products due to absence of anti-dumping regulations

Our Strategy

- Expand our product offerings better suit customer preferences and to penetrate in to new markets
- Improving product yield and minimising wastage to maintain profitability by obtaining foreign expertise

Strengths

- Operates one of Asia's most advanced bathware production facilities, equipped with foreign technology and machinery.
- Collaborations with renowned Italian design studios, have resulted in a range of bathware products that blend aesthetic appeal with functionality.

Weaknesses

- The reliance on imported high-quality clay exposes the Rocell to risks associated with supply chain disruptions and currency fluctuations.
- Operating a technologically advanced facility with imported machinery and materials may lead to higher production costs, potentially affecting pricing competitiveness.



Threats

- The presence of international bathware brands entering the Sri Lankan market poses competitive pressures in terms of pricing and brand recognition.
- Global events affecting logistics and supply chains can hinder the timely procurement of essential raw materials and components.

Opportunities

- Building on existing exports to countries like Australia, India, the Maldives, and Singapore, Rocell can further penetrate international markets seeking high-quality bathware.
- Revival of the construction industry, particularly in residential and hospitality sectors, presents increased demand for quality bathware solutions.

Business Line Reviews Sanitaryware



Review of the year

Despite the slow recovery of the construction industry, the bathware sector faced a particularly challenging year, as reflected in its financial performance. The continued influx of low-cost imported products created significant pressure on the industry, intensifying competition.

In response, we focused on optimising our production facility and processes to enhance efficiency and output. With the support of foreign consultants, we successfully improved several aspects of our manufacturing operations, leading to better production yields and, ultimately, improved profitability.

Given the subdued market demand and increased production capacity, we made a strategic decision to scale back production at times during the year. This required careful handling of labour relations to ensure workforce stability and avoid potential disruptions.

Amidst these challenges, we remained steadfast in our commitment to innovation and product development. Recognising the need to stay competitive and relevant in a rapidly evolving market, we strategically expanded our product portfolio by introducing over 12 new bathware products. These additions were the result of extensive market research, and collaboration with leading design experts.

Our presence in the marine industry, particularly among shipbuilders, remains strong, and we made notable progress in this export segment. In addition, our partnership with Hansgrohe & AXOR, two globally respected German brand, continued to thrive over the past year.

Capital Value Creation

Financial Capital	2024/25	2023/24	%
Revenue (Rs.Mn)	3,966	3,750	5.78
Profit after tax (Rs.Mn)	(447)	(434)	3.16
Total assets (Rs.Mn)	7,340	7,283	0.77
Total liabilities (Rs.Mn)	3,867	3,608	7.18

Human Capital	2024/25	2023/24	%
No of employees	265	346	-23.41
Total Remuneration (Rs.Mn)	374	347	7.88
Training hours	341	1,261	-72.96

Manufactured Capital	2024/25	2023/24	%
Manufacturing Capacity (Pcs/per Annum)	376,000	376,000	-
Capacity utilisation (%)	67	79	-12.00
Capital Investment (Rs.Mn)	257	291	-11.81

Social and Relationship Capital	2024/25	2023/24	%
Suppliers	275	283	-2.83
Own showrooms	57	57	0.00
Franchise showrooms	1	1	0.00
Dealers & Distributors	109	101	7.92
Hybrid & Factory Outlets	16	17	-5.88

Natural Capital	2024/25	2023/24	%
Material consumption (MT)	2,711	2,811	-3.56
Water consumption (Mn.Liters)	24	23	4.87
Energy consumption (GJ.'000)	63	82	-23.59

Intellectual Capital
<ul style="list-style-type: none"> • ISO 9001 • ISO 14001 • SLS 1181 • CE Marking • Watermark Certification

Financial Performance

- Total revenue for the year amounted to Rs. 3,966Mn, out of which Rs. 224Mn was generated through export sales. Exports for the year recorded an increase of 32% while total revenue increased by 6%
- Gross profit reported an increase of 11% on the back of increased sales and lower cost of production, driven by the successful implementation of cost-saving initiatives and operating the factory at its higher capacity
- Administrative expenses increased by 7% due to the social security levy while distribution expenses also saw an increase of 25%
- Finance expenses for the year declined by 40%
- Sanitaryware sector recorded a net loss of Rs. 447 Mn due to high distribution cost

Sector Performance



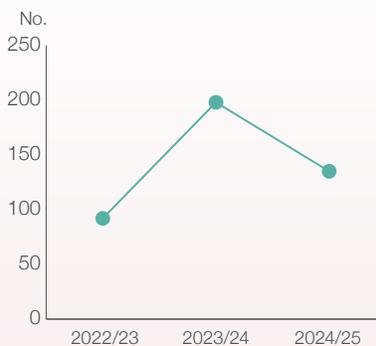
Export Performance



People Perspective

Due to necessary production cutbacks in response to reduced market demand, the sector was compelled to downsize its factory workforce. This situation required sensitive and strategic handling of labour relations to maintain overall workforce stability and morale during a challenging period. While efforts were made to manage the transition smoothly, employee turnover within the bathware sector remained relatively high. This was attributed to a combination of factors, some employees were released due to disciplinary concerns, while others chose to leave voluntarily. Despite these challenges, we remain committed to maintaining a skilled and motivated workforce, ensuring operational efficiency and product quality.

Employee Turnover



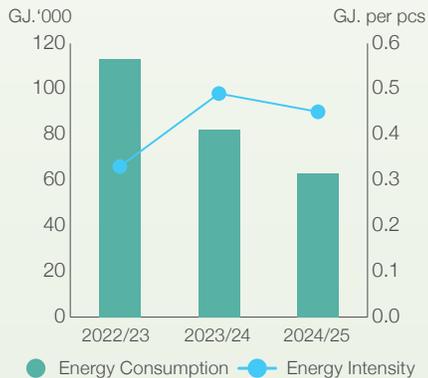
Business | Line Reviews Sanitaryware



Sustainability

As part of our commitment to environmental responsibility, we have actively implemented a range of sustainability initiatives across its operations. These include efficient resource management, responsible waste disposal, and the adoption of energy-saving technologies within our production facilities. We have received Green Label Certification from the Green Building Council of Sri Lanka, recognising our efforts to reduce our environmental footprint. Notably, both our Vitreous China and Fine Fire Clay product categories have been certified as “Green Labelled Products” with a prestigious 5-Star Rating for the period 2023 to 2026. This recognition underscores our dedication to sustainable manufacturing and our continued focus on offering environmentally conscious product solutions that support green building practices.

Energy Consumption and Intensity



Outlook

Looking ahead, the sector has opted to defer major capital expenditures in light of the current market challenges. With the subdued performance of the domestic construction industry and an oversupply of bathware products in the local market, we will focus on expanding our export sales to mitigate these pressures. We will continue to collaborate closely with our Italian partners to enhance product quality and diversify our offerings to better meet the demands of international markets.

Innovation will remain at the core of our strategy, with several new products already in the pipeline. Additionally, we will proactively manage inventory levels and make production adjustments as needed to maintain operational efficiency. While uncertainties remain, we are cautiously optimistic that the sanitaryware sector will overcome these challenges.





Business | Line Reviews Aluminium



Swisstek Aluminium is recognised as one of Sri Lanka's leading aluminium extrusion companies, offering a diverse and innovative product range to a wide customer base. Our success is driven by stringent quality assurance processes and a strong focus on innovation, resulting in a value-added portfolio that is both durable and highly functional.

Lanka Swisstek, the latest addition to the Group's aluminium division and based in Bangalore, India, is setting new standards in aluminium innovation. The company aims to harness the combined strengths, expertise, and experience of Lanka Tiles and Swisstek Aluminium to deliver innovative advanced, technology-driven solutions.

Amidst challenges in the stagnant construction industry, our commitment to product innovation has been instrumental in driving growth. By developing customised, high-performance aluminium solutions tailored to evolving market needs, we have remained resilient, catering to modern construction demands, energy efficiency requirements, and aesthetic preferences.

Contribution to the Group

Revenue

20%

Profit After Tax

7%

Assets

8%



SWISSTEK
ALUMINIUM
FOR THE PERFECT FINISH

ALLURA
INSPIRED BY DESIGN

Strategic Priorities

- Continued focus on opportunities in the export market
- Strategic focus on product innovation and development to maximise market opportunities
- Maintaining cost leadership to retain and expand market share through various cost saving initiatives

Effects of the Operating Environment

- As high-rise project growth slows, the construction sector is focusing more on medium-scale developments and residential projects.
- The strengthening of the Rupee impacts both raw material costs and export revenue

Our Strategy

- Geographical diversification of suppliers to manage the risks arising from exchange rate fluctuations.
- Introduction of new products to capitalise on emerging opportunities in the operating environment.

Strengths

- A well-established brand reputation associated with excellence in quality, durability, and aesthetic appeal.
- Being part of a diversified construction industry conglomerate provides significant synergies that enhance efficiency, competitiveness, and long-term growth.

Weaknesses

- Reliance on imported raw materials
- Managing working capital
- The company's rising debtor exposure has made timely payments and debt collection more challenging, while also increasing the demand for bank guarantees, putting additional pressure on cash flow management.



Threats

- The increased availability of cheaper, lower-quality imports and the expansion of local manufacturers with competitive pricing have intensified competition in the aluminium industry.
- The strengthening of the Rupee having a negative impact on the profit margins of export sales

Opportunities

- Accelerating urbanisation is driving demand for apartments and commercial buildings, requiring specialised architectural profiles for windows, doors, and other structural components.
- Rising electricity costs and government incentives for solar power create an opportunity for us to supply aluminium profiles for solar structures

Business | Line Reviews Aluminium



EM-IS-000A

Review of the year

The slow revival of the construction industry, coupled with the results of our efforts to boost export sales, began to show positive signs during the year under review. However, challenges continued to persist. Economic uncertainties, inflationary pressures, and fluctuating exchange rates impacted profitability, while increased competition and the demand for lower-cost alternatives posed additional hurdles. Despite these obstacles, Swisstek Aluminium remained resilient, focusing on strategic initiatives to strengthen our market presence, optimise costs, and expand into new regions. The company's commitment to innovation, sustainability, and operational efficiency played a crucial role in navigating these challenges and positioning ourselves for future growth.

Our adaptive strategy and commitment to product innovation have enabled us to capitalise on emerging opportunities within the industry. A key area of growth has been the solar structures sector, driven by rising electricity costs, which have significantly increased demand for solar

power solutions. Government subsidies and concessional bank loans have further accelerated this transition, creating a favourable environment for expansion. In response, Swisstek Aluminium has actively supplied aluminium profiles for solar structures while aggressively marketing the solar solutions, making a notable contribution to our topline.

Additionally, Sri Lanka's rapid urbanisation has driven demand for apartments, residential projects, and commercial buildings, strengthening the market for architectural aluminium profiles. As the slowdown in high-rise projects shifts construction trends toward medium-scale developments and residential projects, Swisstek Aluminium adapted by promoting the Superior Class and Slim Line product series. To enhance market penetration, we have conducted targeted awareness sessions with architects, ensuring our products remain aligned with industry demand.

Our overseas operations saw significant progress during the year. A major milestone was our expansion into international markets

with the launch of our first fabrication plant and Aluminium Solutions Reality Center in Bangalore, India, enabling us to meet the rising demand for high-quality aluminium solutions in South Asia. Additionally, we successfully entered the solar railings sector, supplying aluminium solutions to the top five solar structure suppliers in the USA, while also expanding into the UK market to diversify our customer base.

We continued our product development with the introduction of innovative offerings such as the SA5000 SlimLine Sliding series, SA4000 C-Groove Panel Door, and Superior Class S30 SlimLine Tempered Glass Partition. The SlimLine series was also expanded in India, and a new pivot door series was launched for Sri Lankan homes. To improve operational efficiency, we invested in production facilities, including a 420m² expansion, new cutting machines, and energy-efficient water-cooled rectifiers. Additionally, our showroom network grew with the establishment of five new Reality Centers, while targeted marketing campaigns across digital, traditional, and e-commerce platforms enhanced brand visibility and market engagement.

Despite these opportunities, the company faced several challenges. The depreciation of the US Dollar, alongside a 249% growth in export sales, impacted profitability as a stronger local currency exerted pressure on earnings. Domestically, a 48% surge in sales weakened the repayment capacity of trade debtors, increasing debtor exposure and necessitating higher bank guarantees. Additionally, inflationary pressures and economic downturns fuelled demand for lower-cost alternatives, leading to market penetration by lower-quality products and intensifying competition.

Capital Value Creation

Financial Capital	2024/25	2023/24	%
Revenue (Rs.Mn)	11,983	7,265	64.94
Profit after tax (Rs.Mn)	418	(337)	223.91
Total assets (Rs.Mn)	9,373	7,500	24.98
Total liabilities (Rs.Mn)	7,651	7,111	7.60

Human Capital	2024/25	2023/24	%
No of employees	607	484	25.41
Total Remuneration (Rs.Mn)	892	507	75.92
Training hours	5,558	4,468	24.40

Manufactured Capital	2024/25	2023/24	%
Manufacturing Capacity (MT/Per Month)	700	700	-
Capacity utilisation (%)	80	48	32.00
Capital Investment (Rs.Mn)	169	55	208.43

Social and Relationship Capital	2024/25	2023/24	%
Suppliers	277	343	-19.24
Own showrooms	1	1	-
Franchise showrooms	10	12	-16.67
Dealers and Distributors	197	184	7.07
Aluminium fabricators	2,026	1,750	15.77

Natural Capital	2024/25	2023/24	%
Material consumption (MT)	9,233	5,448	69.48
Water consumption (Mn.Liters)	23	15	53.59
Energy consumption (GJ.'000)	79	50	56.85

Intellectual Capital		
• ISO 5001:2018	• SLS 1410:2011	• Jotun Approved Applicator
• ISO 14001:2015	• Qualicoat certificate	• Green Labelled Product
• ISO 9001:2015	• Qualicoat Sea side Certificate	

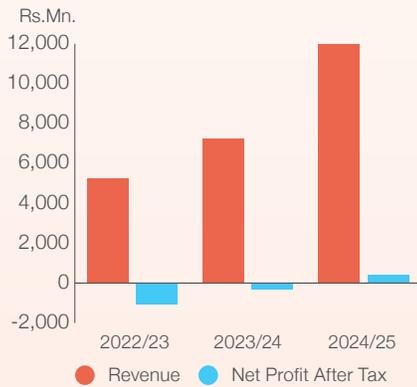


Business Line Reviews Aluminium

Financial Performance

- Swisstek Aluminium reported a revenue of Rs. 11,983 Mn, recording an impressive growth of 65% compared to the previous year. This growth was driven by robust performances from both local sales and export sales. Local sales for year amounted to Rs. 9,825 Mn, while exports amounted to Rs. 2,158 Mn, recording growth rates of 48% and 249% respectively.
- The sector reported a gross profit of Rs. 2,398 Mn with the Gross Profit Margin improving to 4% from previous years 16%. This was achieved through revenue increased and production costs decreased during the year.
- Administrative expenses increased by 65% to reach to Rs. 549 Mn
- Finance expenses saw a decline by 14% but remained high as the company short term borrowings continued to be high due to weak working capital position.
- The sector achieved a Profit After Tax of Rs. 418 Mn for the year. This included a Rs. 94 Mn loss reported by Lanka Swisstek. Swisstek Aluminium however recorded a remarkable year with a profit of Rs. 513Mn, marking a turnaround after experiencing 2 consecutive years of losses.

Sector Performance



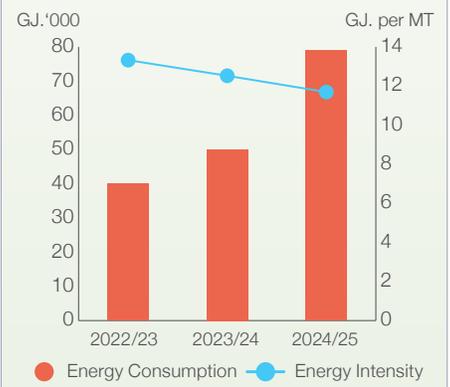
Export Performance



Sustainability

We reinforced our commitment to sustainability by obtaining Green Label Certification from the Sri Lanka Green Building Council. The company prioritised responsible production practices, including efforts to reduce its carbon footprint by utilising locally sourced billets, enhancing energy efficiency with the installation of new rectifiers, and reusing waste water. These initiatives reflect our ongoing dedication to sustainable manufacturing and environmental stewardship.

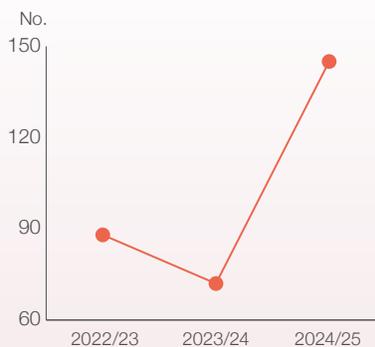
Energy Consumption and Intensity



People Perspective

Swisstek Aluminium continued its strong focus on investing in our workforce through various HR initiatives. The company implemented a cloud-based HRIS system and facilitated over 5,000 training hours to enhance employee skills. Engagement activities, including cultural celebrations and CSR programs, were also part of the efforts to foster a positive work environment. Despite these initiatives, employee turnover rose to 101% in 2024, with higher turnover rates observed among operatives and executives.

Employee Turnover





Outlook

Looking ahead, Swisstek Aluminium is poised for continued growth and innovation. Strategic initiatives include the installation of a new homogenising oven, billet preheater, and double puller system to enhance extrusion capacity. Additionally, the company plans to expand its anodising plant. New product offerings such as a pivot door series, glass hand railing system, and SlimLine folding door system will be introduced to meet evolving market needs. Expansion efforts will target urbanising regions, the furniture market, and the solar railings sector in the USA.



Business | line Reviews Packaging



Founded in 1994, Uni Dil Sri Lanka has grown into a leading provider of packaging solutions in the country, specialising in paper sacks and corrugated cartons. The company is well known for our high-quality, eco-friendly packaging materials, customised to meet the needs of various industries. Currently, Uni Dil holds an 18% market share in corrugated cartons and 40% in paper sacks.

The year under review was a milestone for Uni Dil, as the company successfully acquired Perfect Packaging Ltd in Kenya with a 100% takeover, rebranding it as Uni Dil Packaging Kenya Ltd. This strategic move strengthened our brand presence and expanded our global footprint.

Contribution to the Group

Revenue

14%

Profit After Tax

12%

Assets

7%



Strategic Priorities

- Expanding our global presence through strategic Acquisition
- Expanding product range through innovation to stay relevant in the highly competitive market.
- Continued focus on driving cost efficiencies to maintain profitability

Effects of the Operating Environment

- Securing a skilled workforce to sustain operations due to emigration of highly qualified professionals during the pandemic and economic crisis.
- The growing emphasis on and preference for environmentally friendly packaging.

Our Strategy

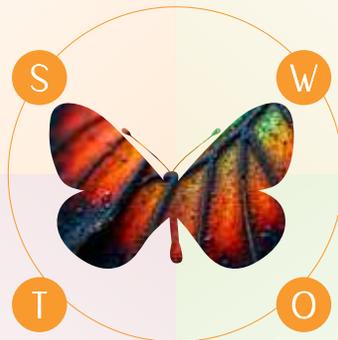
- Strategically targeting new export markets through focused promotional efforts and expanding our presence internationally by establishing our first foreign subsidiary in Nairobi
- Producing sustainable and eco-friendly packaging by prioritising environmentally responsible materials and innovative designs.

Strengths

- Innovation and product diversification: Wide range of innovative products, including eco-friendly and industry-specific packaging solutions.
- High production capacity and efficiency: 93% production utilisation rate and continuous investment in advanced machinery.

Weaknesses

- Dependence on raw material imports: Vulnerable to price fluctuations and supply chain disruptions
- High operational costs: Rising material and energy costs may impact profitability.
- Limited skilled labour pool: Workforce shortages due to emigration of skilled workers.



Threats

- Intense competition: Competing with global and local packaging firms in an evolving industry.
- Economic and political uncertainty: Fluctuations in exchange rates, inflation, and political instability in key markets.

Opportunities

- Increasing demand for sustainable packaging: Strengthening eco-friendly initiatives can enhance brand value.
- E-commerce & FMCG Growth: Rising demand for efficient and sustainable packaging in online retail and consumer goods sectors
- Growing export market: Potential expansion into Tanzania, Togo, Ghana, and Egypt.

Business | Line Reviews Packaging

Review of the year

The gradual recovery of export industries provided crucial relief to the packaging sector. In a highly competitive industry, we continued to adapt to evolving market conditions, including technological advancements, shifting consumer preferences, economic fluctuations, and regulatory changes.

Uni Dil strategically seized emerging opportunities while making significant progress in global expansion by establishing our first international subsidiary, Uni Dil Packaging Kenya Ltd, in Nairobi. This expansion enables the company to serve key East African clients, including Gold Crown Foods, United Aryan EPZ, Keda Ceramic, and Del Monte. Additionally, Uni Dil broadened our export reach to Rwanda, Uganda, Malawi, and India, further strengthening company's international presence.

We continued to navigate challenges arising from economic fluctuations, political influences, and supply chain disruptions. The recent economic crisis required strategic adjustments to secure a stable raw material supply, while rising material and energy costs necessitated price increases. Despite operating in a highly price-sensitive industry, Uni Dil remained committed to affordability and customer satisfaction. To mitigate the impact of rising input costs, the company implemented cost-cutting measures, optimised pricing strategies, and focused on continuous improvement initiatives to maintain product quality. Additionally, investments in research and development ensured that Uni Dil could adapt to evolving consumer demands while sustaining operational excellence.

Uni Dil remains at the forefront of innovation, consistently developing packaging solutions to meet diverse industry demands. The company's product development strategy is driven by extensive market research, cutting-edge technology, and a strong commitment to sustainability. Recent product innovations include offset inner cartons tailored for the tea industry, paper pallets designed for the consumer and electronics sectors, and anti-static cartons catering to the FMCG and tea markets.



Capital Value Creation

Financial Capital	2024/25	2023/24	%
Revenue (Rs.Mn)	8,697	7,885	10.30
Profit after tax (Rs.Mn)	745	713	4.48
Total assets (Rs.Mn)	8,274	5,281	56.66
Total liabilities (Rs.Mn)	5,210	2,634	97.81

Human Capital	2024/25	2023/24	%
No of employees	568	451	25.94
Total Remuneration (Rs.Mn)	721	694	3.93
Training hours	1,832	1,885	-2.81

Manufactured Capital	2024/25	2023/24	%
Manufacturing Capacity (MT/Per Annum)	33,000	33,000	-
Capacity utilisation (%)	93	64	29.00
Capital Investment (Rs.Mn)	399	162	146.52

Social and Relationship Capital	2024/25	2023/24	%
Customers	427	193	121
Suppliers	772	544	41.91

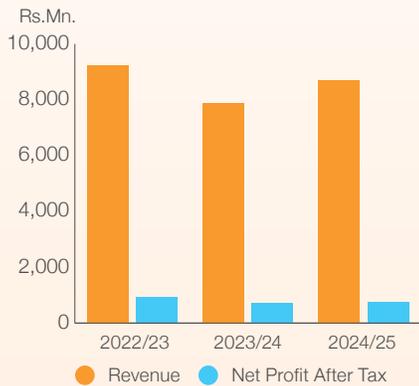
Natural Capital	2024/25	2023/24	%
Material consumption (MT)	30,496	23,850	27.87
Water consumption (Mn.Liters)	17	17	2.53
Energy consumption (GJ.'000)	14	11	24.77

Intellectual Capital		
• ISO 9001	• ISO 22000	• HACCP
• ISO 14001	• WRAP certification	• SMETA Certification

Financial Performance

- Revenue improved by 10% to reach Rs. 8,697 Mn, driven by volume. Domestic sales accounted for 61% and amounted for Rs. 5,268 Mn, the remaining was accounted for by direct and indirect exports.
- Gross profit increased by 4%, in line with the revenue and our continuous efforts in cost saving.
- Distribution expenses saw an increase of 25% on the back of improved sales while administrative expenses also increased by 47%.
- Finance expenses decreased by 12% on the back fresh borrowing made for Rs. 2,355 Mn
- Packaging sector reported a net profit of Rs. 745 Mn, a growth of 4% compared to net profit of Rs. 713 Mn reported in the previous year.

Sector Performance



Export Performance



People Perspective

Unidil places a strong emphasis on employee development and engagement through skill enhancement programmes, performance recognition, and workplace satisfaction initiatives. The company has been recognised as a Great Place to Work, achieving an 89% satisfaction score and ranking among the top workplaces in Sri Lanka. Additionally, employee welfare initiatives, including the 'Atha Hitha' loan scheme and financial assistance programmes, further underscore Unidil's commitment to supporting its workforce.

Employee Turnover



Business | line Reviews Packaging

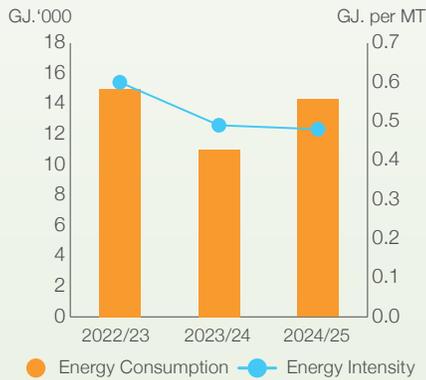
Sustainability

Unidil remains committed to sustainability, utilising recyclable materials and reducing its carbon footprint. Our adherence to international standards is reflected in the importation of materials approved by the United States Food & Drug Administration (USFDA).

Unidil recently obtained ISO-accredited Carbon Footprint Verified Organisation Certification from the Sri Lanka Climate Fund and the Ministry of Environment. Additionally, the establishment of Eco Pack Solutions Lanka (Pvt) Ltd showcases its commitment to waste management and sustainable packaging.



Energy Consumption and Intensity



Outlook

Plans are underway to expand production capacity in Kenya with advanced machinery and broaden our market reach into Tanzania, Togo, Ghana, and Egypt. Additionally, new product innovations, including E & B cartons for enhanced printability and Low GSM paper for the middle layer, will further strengthen its competitive edge.

With a targeted business growth through export markets and product innovation, Unidil Packaging remains committed to sustainable growth, operational excellence, and global expansion in the years ahead.



Capital Reports Financial Capital

GRI 3-3



The Group remained resilient despite facing multiple headwinds during the year. The Tiles and Associated Products sector remained profitable, although it experienced a significant decline due to challenging operating conditions and operational issues at Lanka Walltiles PLC. The Sanitaryware sector reported a marginal increase in revenue but ended the year with a loss. The Packaging sector continued to explore market opportunities, achieving modest improvements in both revenue and profitability. The Aluminium sector delivered an outstanding performance, driven by strong export growth, recording a profit of Rs. 418 Mn, marking a return to profitability after reporting losses for two consecutive years.

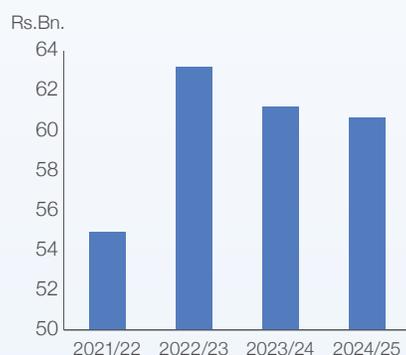


Widespread and adaptable, the Common Blue thrives in diverse landscapes—from grasslands to urban spaces—making it a symbol of steady resilience.

Much like Royal Ceramics Lanka PLC, it demonstrates the strength to grow in changing conditions, reflecting the stability and adaptability of solid financial capital that supports long-term success.

	Tiles & Associated Products			Sanitaryware			Packaging			Aluminium			Mining & Other			Group		
	24/25	23/24	%	24/25	23/24	%	24/25	23/24	%	24/25	23/24	%	24/25	23/24	%	24/25	23/24	%
Revenue (Rs.Mn)	36,701	43,262	-15%	3,966	3,750	6%	8,697	7,885	10%	11,983	7,265	65%	229	217	5%	60,651	61,192	-1%
Profit after tax (Rs.Mn)	2,268	6,567	-65%	(447)	(434)	3%	745	713	4%	418	(337)	226%	165	68	141%	6,053	9,056	-33%
Assets (Rs.Mn)	69,613	66,875	4%	7,340	7,283	1%	8,274	5,281	57%	9,373	7,500	25%	3,611	3,393	6%	113,366	101,619	12%
Liabilities (Rs.Mn)	34,187	32,081	7%	3,867	3,608	7%	5,210	2,634	98%	7,651	7,111	8%	696	692	1%	48,326	41,506	16%
ROA (%)	3%	10%	-7%	-6%	-6%	0%	9%	13%	-4%	4%	-4%	9%	5%	2%	3%	5%	9%	-4%
ROE (%)	6%	19%	-12%	-13%	-12%	-1%	24%	27%	-3%	24%	-87%	111%	6%	3%	3%	9%	15%	-6%

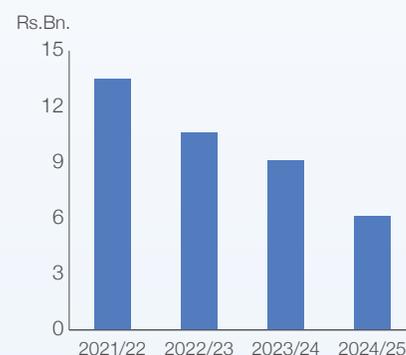
Revenue



Operating Profit and Margin



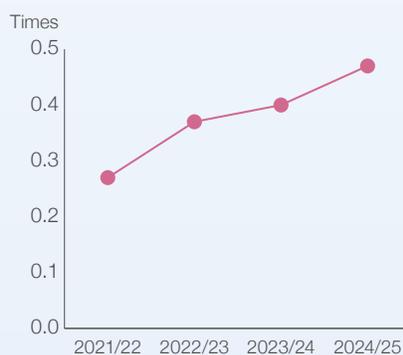
Profit after Tax



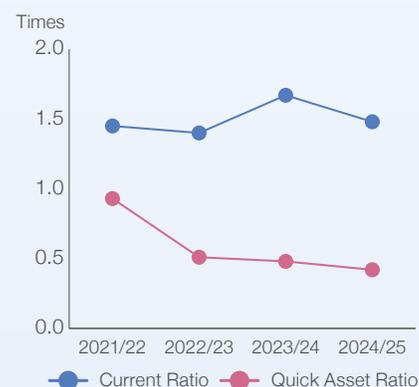
Assets



Debt to Equity Ratio



Current & Quick Asset Ratio



Capital Reports Financial Capital

Revenue

The Group reported revenue of Rs. 60.7 Bn, reflecting a marginal decline of 1% from the previous year's figure of Rs. 61.2 Bn.

- The Tiles and Associated Products Sector, the Group's largest revenue contributor, generated Rs. 36.7 Bn, accounting for 61% of total Group revenue. This marks a 15% year-on-year decline, with all three companies, Royal Ceramics Lanka PLC (Rocell), Lanka Walltiles PLC, and Lanka Tiles PLC, recording negative revenue growth of 12%, 30%, and 19%, respectively. Demand for tile products remained subdued amid an over supplied market, driven by increased local manufacturing

capacity and the influx of lower-priced imported tiles. For Royal Ceramics and Lanka Walltiles, the decline was attributed to reductions in both sales volume and price. While Lanka Tiles recorded a 2% increase in volume, its revenue declined due to substantial discounts offered to maintain market competitiveness.

- The Sanitaryware sector saw a 15% drop in sales volume; however, increased revenue from bathware accessories helped offset this decline, leading to a modest 6% overall revenue growth for the

sector, which accounted to Rs. 3.97Bn.

- The Packaging sector achieved a strong 27% increase in sales volume; however, revenue growth was limited to 10%, constrained by the industry's highly price-sensitive and competitive nature. The sector reported revenue of Rs. 8.7 Bn for the year.
- The Aluminium sector delivered a strong performance, with revenue rising by 65% to Rs. 12 Bn, driven by a 74% increase in sales volume, primarily supported by growth in export sales.

Gross Profit

The Group recorded a consolidated gross profit of Rs. 19.4 Bn, a decline from Rs. 23.5 Bn in the previous year, reflecting the impact of margin pressures and lower sales, despite notable cost reductions achieved across all sectors. The Tiles and Associated Products, the largest contributor to gross profit, reported a 28% decline, with profit falling to Rs. 14.1 Bn from Rs. 19.6 Bn. This was primarily due to reduced volumes

and pricing pressures. Lanka Walltiles, in particular, faced severe margin erosion owing to delays in commissioning one of its two expanded production lines, as well as technical issues in the operational line that caused major production disruptions. The Sanitaryware sector posted a gross profit of Rs. 902.8 Mn, up from Rs. 813.5 Mn, indicating some margin resilience despite a drop in volume. The Packaging

sector recorded a gross profit of Rs. 1.92 Bn, a modest 4% increase, though margins remained under pressure due to the sector's highly price-sensitive nature. The Aluminium sector delivered a strong margin recovery, with gross profit more than doubling to Rs. 2.4 Bn from Rs. 1.13 Bn, supported by robust topline growth and improved production efficiency through targeted operational enhancement initiatives.

Tiles and Associated Products Sector, Revenue

Rs. **36,701** Mn

(2023/24 - Rs. 43,262 Mn)

Sanitaryware Sector Revenue

Rs. **3,966** Mn

(2023/24 - Rs. 3,750 Mn)

Packaging Sector Revenue

Rs. **8,697** Mn

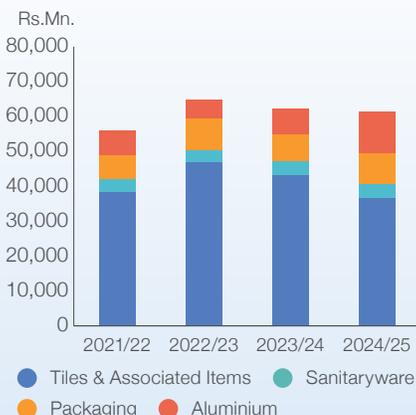
(2023/24 - Rs. 7,885 Mn)

Aluminium Sector Revenue

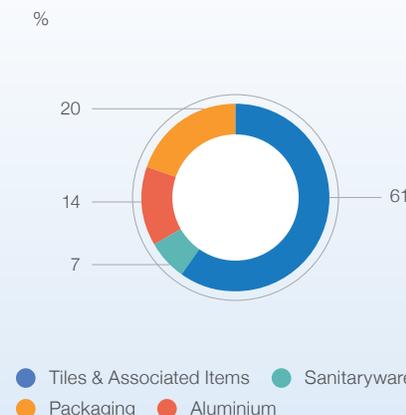
Rs. **11,983** Mn

(2023/24 - Rs. 7,265 Mn)

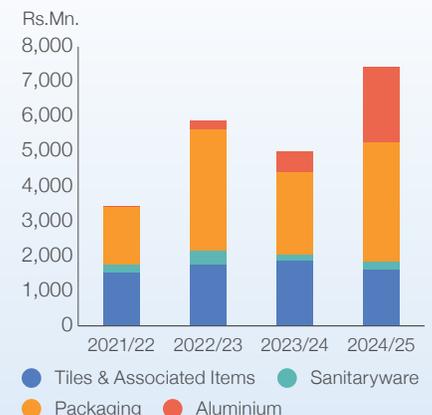
Revenue



Revenue



Export Sales



Operating Expenses and Operating Profit

The Tiles and Associated Products, recorded a marginal decline in operating expenses, mainly due to a reduction in administrative costs, driven by lower social security levies as a result of decreased sales. In contrast, the Sanitaryware sector saw a 17% increase in operating expenses, primarily due to higher selling and distribution costs associated with increased sales volumes. The Packaging sector reported a 38% rise in operating expenses, reflecting expanded operational activity. Similarly, the Aluminium sector experienced a 38% increase in operating costs, in line with its strong sales growth. Overall, the Group's total operating expenses rose to Rs. 13.1 Bn, representing a 5% increase compared to the previous year.

The Group reported an operating profit of Rs. 10.02 Bn for the year, a decline from Rs. 14.25 Bn recorded in the previous year, largely due to reduced sales and margin pressures in the core segments. The Tiles and Associated Products, experienced a significant drop in operating profit, falling 55% to Rs. 4.7 Bn, reflecting the combined impact of lower revenue and contracting margins. The Sanitaryware sector reported an operating loss of Rs. 240 Mn, compared to a loss of Rs. 160 Mn in the previous year, primarily driven by higher operating costs associated with increased sales volumes. The Packaging sector posted an operating profit of Rs. 1.22 Bn, remaining broadly flat compared to Rs. 1.24 Bn in the prior year. The Aluminium sector delivered a standout performance, with operating profit increasing 5 times to Rs. 1.1 Bn, supported by robust revenue growth and margin expansion.

Finance Cost

The Group's total borrowings increased by Rs. 6.4 Bn (27%), reaching Rs. 30.7 Bn. This increase includes a Rs. 3 Bn loan secured to fund the expansion project at Lanka Walltiles and Rs. 1.7 Bn attributed to Unidil, used for the acquisition of Kenyan operations and to support working capital requirements. Despite the rise in overall borrowings, the Group's net finance cost remained stable at Rs. 2 Bn, reflecting effective cost management and potential interest rate efficiencies.

On a sectoral basis, finance costs declined across the board. The Tiles and Associated Products Sector, saw a 16% reduction in finance costs to Rs. 1.3 Bn, while the Bathware sector recorded a 40% decline to Rs. 261 Mn. The Packaging sector also benefited from lower finance costs, down by 12% to Rs. 192 Mn, and the Aluminium sector saw a 14% drop, with finance costs totalling Rs. 571 Mn.

Tiles and Associated Products Sector, Profit Before Tax

Rs. **3,521** Mn

(2023/24 - Rs. 9,188 Mn)

Sanitaryware Sector Profit Before Tax

Rs. **(468)** Mn

(2023/24 - Rs. (546) Mn)

Packaging Sector Profit Before Tax

Rs. **1,025** Mn

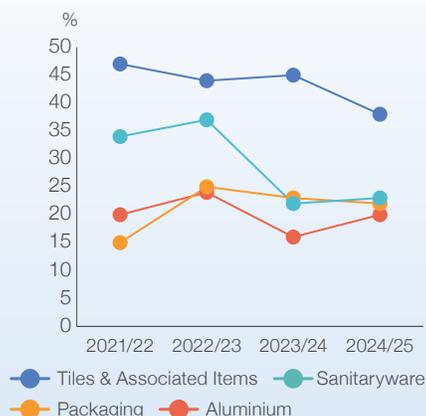
(2023/24 - Rs. 1,023 Mn)

Aluminium Sector Profit Before Tax

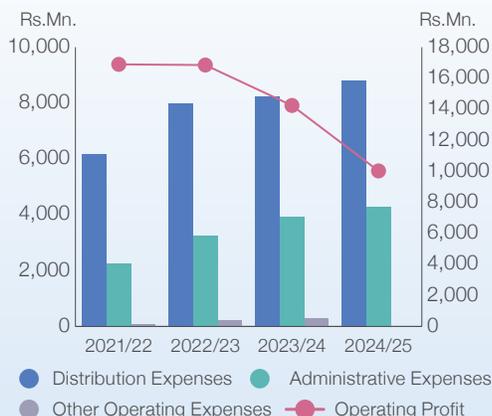
Rs. **575** Mn

(2023/24 - Rs. (412) Mn)

GP Margin



Operating Expenses and Profit



Finance Income and Expense



Capital Reports Financial Capital

Pre and Post tax profits

The Group reported a pre-tax profit of Rs. 7.9 Bn, reflecting a 35% decline compared to the previous year. This includes a contribution of Rs. 2.8 Bn from its associate company, LB Finance PLC, Post-tax profit fell by 33% to Rs. 6 Bn, primarily due to lower operating profits.

The Tiles and Associated Products segment contributed Rs. 2.27 Bn in net profit, marking a 65% year-on-year decrease. The packaging sector posted a modest 4% growth, reaching Rs. 745 Mn in net profit. The sanitaryware division recorded a net loss of Rs. 447 Mn. In contrast, the aluminium sector delivered a strong turnaround, reporting a profit of Rs. 418 Mn compared to a loss of Rs. 337 Mn in the prior year.

Cash Flows

For the year ended 31 March 2025, the Group reported a sharp decline in operating cash flows, with net cash generated from operating activities dropping to Rs. 331 Mn from Rs. 5.77 Bn in the prior year. This was primarily driven by reduced profitability and increased working capital requirements, notably due to inventory buildup in the Tiles and Associated Products. Investing activities resulted in a net outflow of Rs. 3.4 Bn, largely attributed to Rs. 4.2 Bn in capital expenditure related to capacity expansions at Lanka Walltiles and the acquisition of UniDil's Kenyan operations. Financing activities reflected significant movement, with Rs. 54 Bn raised through borrowings and Rs. 49 Bn repaid during the year.

Stability and Resilience

	2024/25 Rs.Bn	Increase %
Property, Plant & Equipments	44.61	8%
Investment in Associates	17.46	15%
Inventory	32.93	15%
Cash & Cash Equivalents	3.77	22%
Equity	65.04	8%
Interest Bearing Loans & Borrowings	30.68	27%

Tiles and Associated Products Sector, Profit After Tax

Rs. **2,268** Mn

(2023/24 - Rs. 6,567 Mn)

Sanitaryware Sector Profit After Tax

Rs. **(447)** Mn

(2023/24 - Rs. (434) Mn)

Packaging Sector Profit After Tax

Rs. **745** Mn

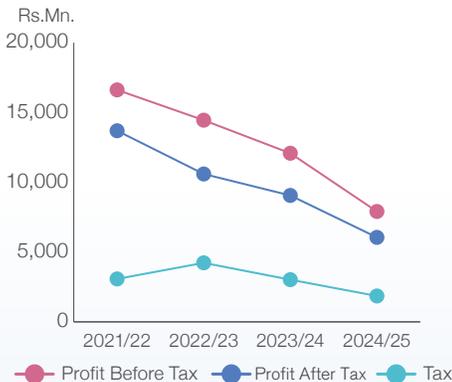
(2023/24 - Rs. 713 Mn)

Aluminium Sector Profit After Tax

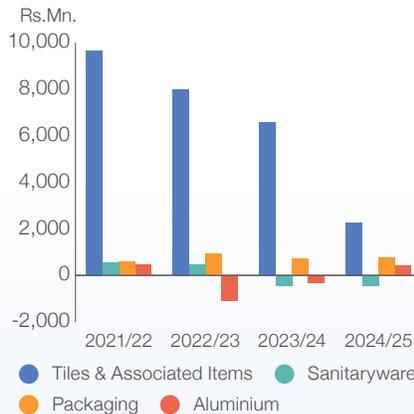
Rs. **418** Mn

(2023/24 - Rs. (337) Mn)

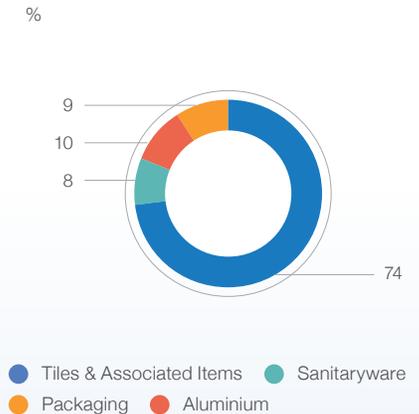
Pre and Post Tax Profits



Segmental Profits



Segmental Assets



Stability and Resilience

Total assets of the Group increased by 12% to Rs. 113.4 Bn, with a 8% increase in property plant and equipment due to expansion projects in Lanka Walltiles and acquisition of new Kenyan subsidiary of Unidil. Inventory remain elevated and further increased by 15% due to buildup of finished goods from the Tiles and Associated Products as a result of increased capacity and reduced demand. Cash balance increased by 22%.

57% of the Group's balance sheet is funded by equity and 27% is accounted for by interest bearing liabilities. Borrowings increased by 27% during the year on the back of funding obtained to finance the expansion plans for Lanka Walltiles and acquisition of new Kenyan subsidiary of

Unidil. This led to an increase in gearing ratio to 32% from last year's 29%.

The Group's balance sheet as at 31 March 2025 reflects its strategic focus on long-term growth, with significant investments directed toward capacity expansion and regional diversification. However, this expansion has come alongside a marked increase in working capital requirements, particularly evident in the substantial buildup of inventories. Liquidity appears to be under pressure due to a notable rise in short-term borrowings. Despite these challenges, the continued growth in equity and total assets underscores the Group's underlying financial strength and its commitment to long-term value creation.

Return to Shareholders

As a result of reduced profits, both earnings per share (EPS) and dividends per share (DPS) declined by 30% and 45% respectively. However share price increased by 19%, despite to the under performance of the Colombo Stock Exchange, driven by weak investor sentiment and a decrease in real income. At the close of the year, the company's market capitalisation was recorded at Rs. 41 Bn.

Tiles and Associated Products Sector, Asset

Rs. **69,613** Mn
(2023/24 - Rs. 66,875 Mn)

Sanitaryware Sector Asset

Rs. **7,340** Mn
(2023/24 - Rs. 7,283 Mn)

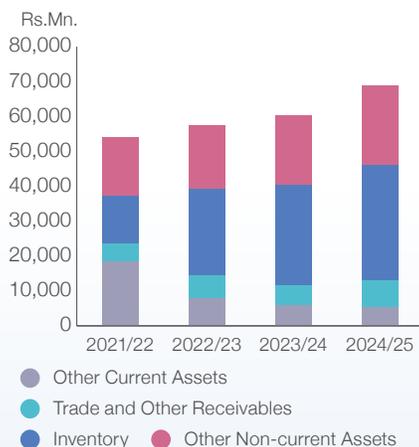
Packaging Sector Asset

Rs. **8,274** Mn
(2023/24 - Rs. 5,281 Mn)

Aluminium Sector Asset

Rs. **9,373** Mn
(2023/24 - Rs. 7,500 Mn)

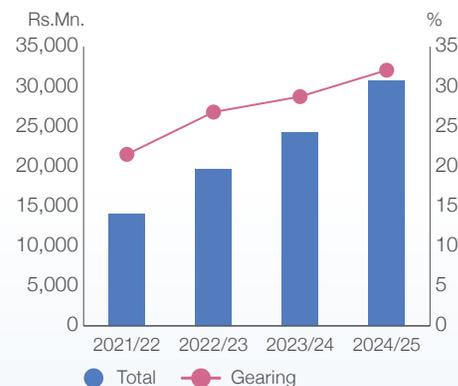
Composition of Assets



Borrowings



Borrowing and Gearing



Capital Reports Human Capital

GRI 3-3



Strategic Priorities

- Talent acquisition and retaining the necessary talent pool
- Leadership development and succession planning
- Continued focus on HR digitisation to drive efficiency
- Reinforcing our effects to boost employee engagement

Strategic Approach

- Adjustment of employee remuneration packages to match the industry rates
- Continued staff sourcing/ headhunting using multiple channels
- Cultivating a workplace culture where employees feel genuinely valued and appreciated
- Conducting leadership development programmes for targeted roles.
- Designing tailored training programmes based on employees' technology proficiency levels and organisational needs.

Highlights for 2024/25

- Rs. 7,980 Mn paid as remuneration
- 1,085 new recruits
- Employee turnover improved to 13% from last year's 18%
- 47,228 training hours

Human Capital is fundamental to the Group's success, driving innovation, ensuring quality, and strengthening its market leadership in all industries we operate. We recognise that our employees are essential to achieving our vision of leading the local industries while steadily expanding our global presence.

The industry's current challenges have underscored the need for the right skill set to navigate obstacles effectively. Therefore, the Group has continued to strengthen its value proposition for our team through various initiatives.



The Painted Lady

One of the most widespread butterflies in the world, the Painted Lady embarks on an extraordinary migration, travelling thousands of miles between Europe and Africa.

This remarkable journey symbolises resilience, adaptability, and the power of growth—traits that mirror the strength of Royal Ceramics Lanka PLC's human capital. Our workforce's ability to adapt, learn, and grow drives the company's success in navigating changing markets and evolving challenges.

Segmental Analysis of our Human capital

3,027

265

604

567

49

● Tiles & Associated Products ● Sanitaryware ● Aluminium ● Packaging ● Other

How We Manage our Human Capital

As shown alongside Human Capital management is driven by a clear vision to create a thriving and high-performing work environment built on strong partnerships. Our mission focuses on delivering exceptional HR services that attract, sustain, and inspire excellence in employees. The company is committed to fostering a culture of excellence, active engagement, and continuous learning to uphold its core values. These values serve as the foundation for Rocells' HR practices, ensuring a supportive and progressive workplace.

The Group has a well-defined set of HR policies and procedures that comply with Sri Lankan labour laws and regulatory standards while incorporating industry best practices. Our goal is to cultivate an inclusive and supportive workplace that ensures fair treatment for all employees. The HR governance structure presented below plays a crucial role in our human resource management framework, strengthening our dedication to effectively overseeing our workforce in alignment with established policies.

The Remuneration Committee, appointed by the Board, is responsible for overseeing HR and remuneration functions. Rocell maintains a centralised human resource department that reports directly to this committee, ensuring strategic alignment. Additionally, each subsidiary has its own HR department to manage sector specific activities. To promote seamless coordination and address HR related matters, regular meetings are conducted with HR heads from all subsidiaries.



Governance Structure



HR Policies in place

- Disciplinary Procedure Policy
- Recruitment Policy
- Opportunities for Internship and training
- Grievance Handling Policy
- Policy on Orientation & Induction
- Attendance and Leave Policy
- Policy on Types of Employment
- Training and Development Policy
- Policy on Exit Procedure
- Policy on Maintenance of HR Records
- Performance Management Policy
- Transfers, Secondment & Job Rotation Policy
- Policy on Superannuation
- Whistleblowing Policy
- Occupational Safety and Health Policy
- Internal Code of Business Conduct
- Policy on Anti Bribery & Corruption*

* Newly introduced policies

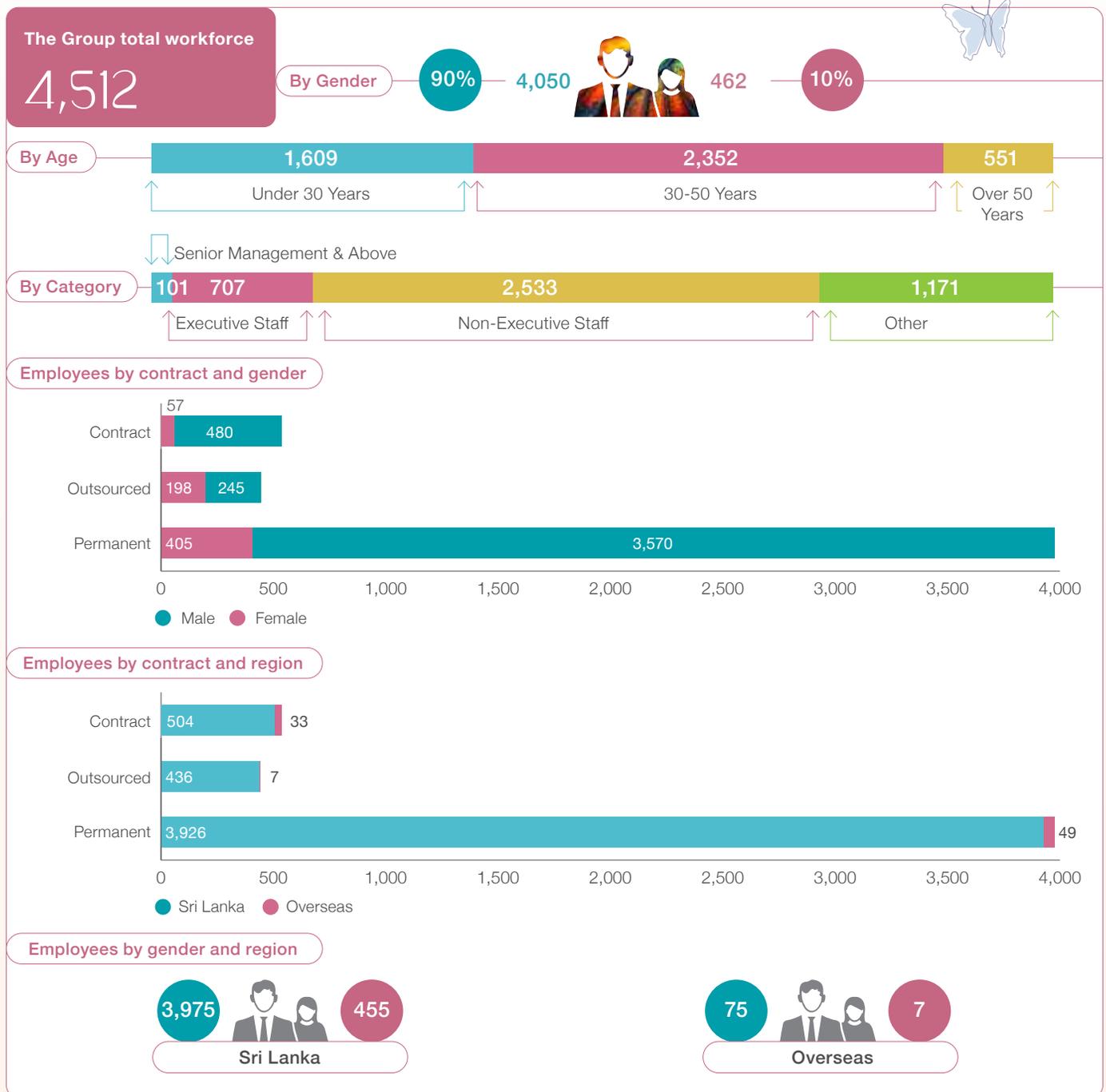
Capital Reports Human Capital

GRI 402-1

The HR management team is currently conducting a review of the policy framework to ensure its alignment with evolving industry standards and organisational needs. Necessary updates and enhancements will be implemented where required to maintain compliance, improve efficiency, and foster a more supportive work environment. All employees are given adequate notice of any significant operational changes.

Team Profile **GRI 2-7, 2-8, 202-2**

The Group has a workforce of 4,512 employees distributed across five different sectors. A significant portion of our employees are recruited from the local communities in which we operate, reinforcing our commitment to regional economic development and inclusive growth. 91% of senior management personnel have been hired from local communities. A detailed breakdown of the team composition is provided below. The majority of the Group's workforce consists of full-time employees. However, during peak seasons in April and December, additional staff are engaged on a temporary casual basis. The Group employed 443 outsourced personnel for cleaning, loading, and unloading operations.



GRI 401-1

Staff Attrition

Employee turnover demonstrated improvement; however, the Group continued to experience elevated attrition, primarily due to prevailing economic challenges. Showroom staff turnover remained high, and targeted initiatives have been implemented to mitigate this trend.

During the year, 1,085 new employees joined the workforce, while 937 exited for various reasons. The Group's retention rate remained as 82% (2023/24 - 82%)

	Recruit	%	Turnover	%
Total	1,085		937	
By Sector				
Tiles and Associated Products	520	48	464	50
Sanitaryware	54	5	135	14
Aluminium	248	23	145	15
Packaging	260	24	191	20
Other	3	0	2	1
By Gender				
Male	958	88	858	92
Female	127	12	79	8
By Region				
Sri Lanka	1,067	98	928	99
Overseas	18	2	9	1
By Age				
30-50 Years	246	23	247	26
Over 50 Years	33	3	67	7
Under 30 Years	806	74	623	67

Capital Reports Human Capital

Recruitment

The recruitment policy in place provides a robust framework and guiding principles for the recruitment and selection of employees within the Rocell Group. It ensures that all new hires are selected based on merit and individual competencies, contributing effectively to the Group’s sustainable growth and profitability. This policy and its associated procedures encompass all aspects of the recruitment and selection process across the Group and apply to all staff appointments.

The challenging economic outlook of the country has led to a critical talent shortage, making recruitment more difficult. To mitigate this, the Group adopted a multi-channel staff sourcing and headhunting approach, strengthened employer branding to engage potential talent pools, leveraged staff outsourcing under specialised service agreements, and offered competitive benefits packages aligned with industry standards.

Staff Induction

A structured induction and orientation programme is in place for all new employees at the staff level and above. It includes a corporate induction covering the Group’s structure, history, leadership, policies, and key procedures, followed by functional training within respective departments. After three months, new recruits are assessed by their Line Manager, Head of Department, and HR to identify any further training or development needs, ensuring seamless integration and performance enhancement

Employee Remuneration and Benefits

GRI 202-1, 401-2

We provide all permanent employees across the group with a competitive remuneration package, aligned with industry best practices and linked to individual performance listed below. Beyond compensation, RCL offers a diverse range of benefits and rewards, incorporating both fixed and variable elements, to inspire and retain top talent.

All remuneration packages comply with applicable labour laws and regulations, ensuring that entry-level compensation meets the minimum wage requirements. During the year, there were no instances of noncompliance. Despite a challenging operating environment, all necessary salary adjustments were implemented. The total staff cost for the year amounted to Rs. 7,980 Mn (2023/24: 7,124Mn).

Fixed Component

- Basic Salary
- Allowances
 - Travel
 - Meal
 - Accommodation
 - Vehicle
- Statutory pension contributions

Variable component

- Reimbursement of medical costs
- Financial assistance for educational qualifications
- Foreign trips for top performing employees
- Health insurance
- Subsidised meals
- Staff above assistant manager level are provided residential facilities at the tile factories
- Funeral fund
- Annual medical checkups

Performance Management **GRI** 404-3

Our Performance Management System ensures a fair and transparent evaluation of employees by setting both financial and value-driven objectives. Achievements are acknowledged through variable pay schemes and opportunities for career growth. All employees undergo performance appraisals based on predefined key performance indicators.

Employee Recognition

Employee recognition is an integral part of fostering a motivated and high-performing workforce. The Group acknowledges tenure through a dedicated retirement related recognition scheme, honouring long serving employees for their commitment and contributions. Individual performances are rewarded through performance-based incentive schemes, bonuses, and salary increments, ensuring that outstanding achievements are recognised and valued. Team performance is celebrated through foreign visits for sales channels, providing employees with valuable exposure and opportunities for professional growth. Additionally, outstanding employees at the showroom level are recognised quarterly to enhance productivity and sustain motivation. Employees are also acknowledged for their contributions under initiatives such as KAIZEN and TPM, reinforcing a culture of continuous improvement and operational excellence.

Leadership Development and Career Progression

The Group has a well structured succession plan in place to support career progression while aligning individual aspirations with organisational goals. Outstanding employees are recognised and provided with opportunities for career advancement. As part of this commitment, we launched a leadership development initiative during the year.

The leadership development programme, conducted in collaboration with the Postgraduate Institute of Management of University of Sri Jayewardenepura, was introduced for a group of 24 employees in Senior Manager, Manager, and Assistant Manager grades. Additionally, a showroom leadership development programme was implemented for 30 employees in Assistant Manager, Senior Executive, and Executive grades, fostering leadership capabilities and professional growth.



Training and Development GRI 404-1 to 2, 410-1

We are committed to continuous training and development, equipping our employees with the skills and knowledge they need while ensuring talent retention within the organisation. All employees are undergoing induction training when they join the company which covers the company policies and procedures including anti-corruption and whistleblowing. Training needs are identified during performance appraisals and compiled into the annual training needs analysis, which is then budgeted and implemented in the following financial year.

Training and development programmes are generally classified into four categories, induction & orientation, technical, functional, and public training. Additionally, employees at the staff level and above have access to the Rocell Learning Hub, a Learning Management System (LMS) that offers a range of learning programmes. These programmes can be completed either within a specified timeframe or at the employee's own pace, depending on the course requirements.

Employees on probation receive additional training after their evaluation, while urgent training requirements are addressed in consultation with the relevant Heads of Departments (HoDs) and approved by the Managing Director. Employees also have opportunities to attend training programmes, conferences, seminars,

webinars, and workshops based on HoD requests and HR Manager recommendations, subject to the Managing Director's approval. Additionally, training and development initiatives are designed and implemented based on insights from Board Meetings and Senior Management discussions.

As part of our commitment to ethical practices and employee well-being, we also provide training on human rights policies and procedures specifically for all security personnel, ensuring they operate in line with international standards and our internal code of conduct.

	2024/25	2023/24
Total investment in training – Rs.Mn	29	25
Total No. of training hours	47,228	35,495
No. of employees received training	7,976	5,924
Average hours of training per employee	5.92	5.99



Personalised Training Programmes

Rapid advancements in technology and evolving industry trends have led to skill gaps among employees, directly affecting productivity and competitiveness. To bridge these gaps, we have designed personalised training programmes tailored to the diverse learning styles and technological proficiency levels of employees across different generations. These programmes are strategically developed to align with organisational requirements, ensuring that employees remain adaptable, skilled, and equipped to meet industry demands effectively.

Capital Reports Human Capital

Programme to enhance managerial skills



An Internal Education Programme was launched to enhance the managerial skills of employees, equipping them with essential leadership and decision-making capabilities. The Foundation Level of the programme commenced during the year, providing a structured learning pathway for participants. Additionally, efforts are underway to obtain certification from the Tertiary and Vocational Education Commission, ensuring the programme meets recognised industry and educational standards.

Leadership Development Programme



Conducted in collaboration with the Postgraduate Institute of Management (PIM) at the University of Sri Jayewardenepura, is designed to enhance leadership capabilities among employees. This programme was conducted for a selected group of 24 participants from Senior Manager, Manager, and Assistant Manager grades, equipping them with strategic thinking, decision-making, and leadership skills essential for driving organisational success.

Training Programme for showroom staff



Showroom staff members who exhibit strong leadership potential are identified and provided with specialised leadership training to prepare them for showroom management roles. This structured development programme equips them with the necessary skills to lead teams, manage operations, and enhance customer experience. 387 staff members successfully completed the training during the year, strengthening the leadership pipeline within the organisation.

Health and Safety

GRI 403-1 to 10, SASB EM-CM-320 a.1, EM-IS-320a.1

Given the nature of our operations, ensuring employee safety, minimising workplace risks, and fostering a safe and conducive work environment remain top priorities for the Group. To uphold these commitments, we have implemented rigorous health and safety controls and standards across all our manufacturing facilities.

A safe working environment is maintained through the implementation of the Occupational Health & Safety Management System (OHSMS), ensuring compliance with industry best practices. All factory employees are covered in the Occupational Health and Safety Management system. Additionally, as a company that follows the Total Productivity Maintenance (TPM) framework, each factory has a dedicated Safety, Health & Environment (SHE) team. These SHE pillar members take the lead in initiating and monitoring occupational health & safety projects, ensuring alignment with the organisation's strategic objectives.

To continuously assess and improve our safety measures, an annual safety survey is conducted across all factories, gathering employee feedback on the effectiveness of the existing Occupational Health & Safety (OHS) frameworks.

Further reinforcing our commitment to workplace safety, Royal Ceramics Lanka PLC has been awarded the ISO 45001:2018 Occupational Health & Safety Management System certification by the Sri Lanka Standards Institution. Additionally, Lanka Tiles PLC and Lanka Wall Tiles PLC have been certified under the Occupational Health and Safety Assessment Series (OHSAS), demonstrating our adherence to global safety standards and best practices across our operations.

Training Programmes related to Health and Safety

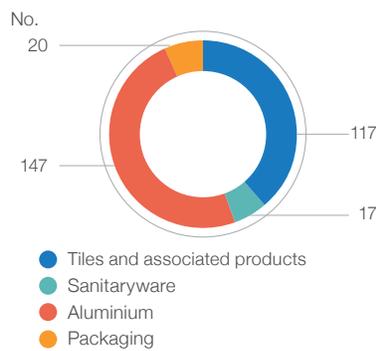
- At least two employees from each factory receive training for ISO 45001:2018 from Sri Lanka Standards Institute (SLSI). These employees oversee OSHAS governance in their factories, reporting to DGMs and Factory Managers.
- One employee per factory trained on “Safe Use of Chemicals at Work”, facilitated by the Employers’ Federation of Ceylon.
- Additional specialised training provided upon request, subject to approval from the Head of Department, Director Manufacturing, and Managing Director
- Training and awareness programs conducted at all employee levels. Focus on injury prevention, hazard mitigation, and adherence to safety standards.

Initiatives to ensure a safe workplace and a healthy workforce

- Provision of training and personal protective equipment (PPE) to all employees
- 24/7 standby vehicle dedicated to medical emergencies at all factory premises
- Periodic safety audits conducted to assess and improve workplace safety.
- Regular monitoring of machinery, equipment, injuries, and workplace accidents.
- Hazard analysis programme implemented to identify and mitigate risks.
- Monthly health checks for factory-level employees
- Visiting doctor services

	2024/25	2023/24
Work related injuries and diseases	301	411
Total no of lost days due to occupational injuries/diseases	549	707
Total recordable incident rate (TRIR)	0.01	0.01
Fatality rate for Direct Employees	0	0
Fatality rate for Contract Employees	0	0

Occupational Injuries by Sector



Industrial Relations GRI 2-30

We maintain cordial relationships with three trade unions representing employees across our factories, fostering collaboration and open communication. Our open-door policy with unions has contributed to improved decision-making, enabling a more inclusive and transparent work environment. We actively engage with trade unions in formulating work practices and ensuring the health and safety of our workforce. To strengthen this partnership, bimonthly meetings are held with union representatives to address concerns, enhance engagement, and promote a harmonious workplace.

Factory	% of employees in trade unions	Collective Agreement
Royal Ceramics Lanka PLC - Horana	81%	In place, valid till November 2025
Royal Ceramics Lanka PLC - Eheliyagoda	78%	In place, valid till January 2027
Rocell Bathware Limited	84%	Expired in December 2023, initiated discussions with the Parent and Branch Unions to review their demands and reach a final agreement.

Capital Reports Human Capital

Employee Engagement

During the year, the Group placed a strong emphasis on employee engagement to foster motivation and retain talent within the organisation. Recognising the importance of creating a positive work culture, our open-door policy encourages transparent communication, collaboration, and the sharing of ideas, ensuring that every employee's input is valued. This approach not only strengthens relationships between management and staff but also helps in addressing concerns promptly. In response to the challenge of high turnover, the Group focused on boosting morale and motivating employees by actively engaging with them, offering support, and creating a work environment that promotes growth, recognition, and job satisfaction. These efforts were aimed at improving overall employee retention and reinforcing a sense of belonging within the Group.



Cricket Tournament - Horana Factory



Annual Factory Day - Horana Factory



Vesak lanterns competition - Head Office



Annual get-together - Eheliyagoda Factory



Women's Day Celebration - Head Office



Annual pirith ceremony - Horana Factory



Annual staff trip - Horana Factory



Avurudu Celebration - Swisstek Aluminium & Royal Ceramics Eheliyagoda Factory.



Christmas decoration competition - Head Office

Grievance Handling GRI 2-25

Rocell has established a comprehensive grievance handling framework to ensure a fair and transparent approach to employee concerns. The Group fosters open communication through structured dialogue channels, allowing employees to voice grievances effectively. A well-defined resolution process ensures that issues are addressed promptly and equitably, with mediation and arbitration services available when necessary. Rocell actively engages in collective bargaining with labour unions, negotiating fair employment terms while upholding compliance with labour laws and ethical workplace practices. Employee engagement initiatives, recognition programmes, and continuous training enhance understanding of rights and responsibilities, promoting a harmonious work environment.

Digitisation of HR functions

We have embraced digital transformation in our HR function by leveraging automation and data-driven solutions to enhance efficiency and decision-making. Significant progress has already been made by automating payroll processes and generating precise reports, improving both transparency and operational effectiveness. Building on this, Rocell plans to further advance HR process automation by integrating pay item automation and reporting into our HRIS. Utilising HR data analytics will facilitate more informed management decisions, offering valuable insights for workforce planning and performance enhancement. Additionally, we intend to transition our HRIS to a cloud-based platform, ensuring secure, flexible, and seamless access to HR services. The planned introduction of an Automated Meal Management System will further streamline operations and enhance employee convenience. Through these digital innovations, Rocell remains committed to fostering a more data-driven, agile, and employee-centric HR function.

Diversity and Inclusion GRI 401-3, 405-1 to 2

We are committed to fostering a diverse and inclusive workplace by implementing policies that promote equality and fairness for all employees. The Group upholds gender parity by ensuring equal opportunities for both men and women across all job categories. Recruitment and career development are based solely on qualifications, experience, and performance, eliminating any biases related to gender. Additionally, Rocell enforces a gender pay equity policy, ensuring that salaries and benefits are determined by job roles rather than gender. Through these initiatives, Rocell continues to cultivate a work environment that values diversity, promotes inclusion, and supports the professional growth of all employees. We maintain a 1:1 ratio of basic salary between women and men at Rocell.

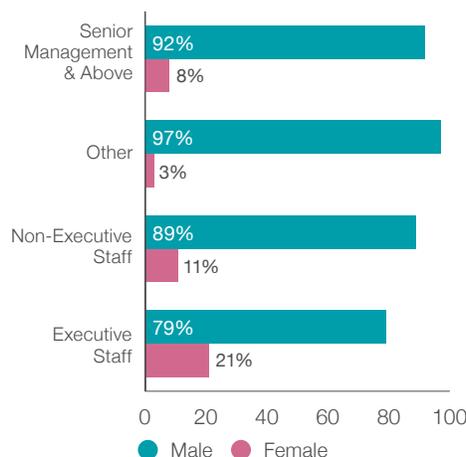
Further, Rocell remains committed to strengthening its diversity and inclusion efforts by implementing forward thinking initiatives. As an equal opportunity employer, We aim to further enhance workplace inclusivity by developing Diversity, Equity, and Inclusion (DEI) programs. Future plans include establishing diversity training programmes to promote awareness and understanding, creating employee resource groups to support under-represented employees, and ensuring equal opportunities for career growth and development. Through these initiatives, Rocell strives to foster a workplace culture that values diversity, encourages collaboration, and empowers all employees to thrive.

During the year under review, there were no reported incidents of discrimination reported within the Group.

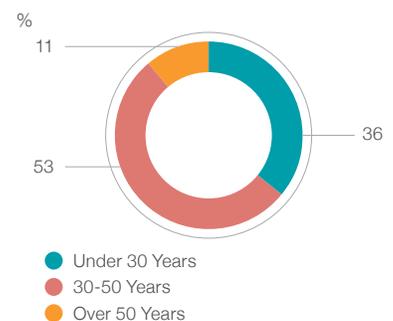
Return to work after maternal leave	2024/25	2023/24
Employees entitled to maternal leave	539	418
Employees on maternal leave	51	38
Employees who returned after parental leave	49	40
Employees still in employment 12 months after returning on parental leave	27	20

* The company provides only maternity leave.

Gender Representation



Employee by Age



Capital Reports Manufactured Capital

GRI 3-3



Strategic Priorities

- Enhancing production yield with minimum capital infusions
- Streamlining production process to drive efficiency
- Achieving the optimum product mix to achieve cost efficiencies while catering to evolving market needs.

Strategic Approach

- Obtaining foreign expertise to maximise production yield
- Prioritising the optimal production mix over operating at full capacity.
- Expanding our distribution network
- Leveraging modern technology to maximise productivity while minimising waste and environmental impact.

Highlights for 2024/25

- Capital expenditure of Rs. 4,196 Mn
- Capacity expansion of Lanka Walltile from 8,100 to 13,000 m² per day
- One new concept centre in Gampaha

The Group is a leading manufacturer of premium ceramic and porcelain products in Sri Lanka and manufacturing capital is a key driver of our value creation process, encompassing significant investments in advanced infrastructure, state-of-the-art machinery, and world-class production facilities. Rocell's manufacturing plants are equipped with cutting-edge technology, ensuring precision, efficiency, and superior quality in its product range. Notably, we have the capability to produce larger format tiles, meeting global industry trends and catering to evolving customer preferences. These advanced manufacturing capabilities reinforce Rocell's position as a market leader, offering innovative and high-performance tiling solutions. The total manufactured capital amounts to Rs. 33Bn.



Atlas Moth

With wingspans reaching up to 25 centimetres and striking snake-like patterns for predator defence, the Atlas Moth is a true masterpiece of nature's design, blending functionality and beauty.

Much like this moth's evolutionary adaptation, Royal Ceramics Lanka PLC harnesses precision, resilience, and innovative design in our manufacturing processes, ensuring every product reflects both excellence and purpose.

Segmental Analysis of our Manufactured capital (Rs. Mn)



Strengthening our Manufactured Capital

The Group strategically allocates significant financial resources to enhance its manufacturing capabilities, securing a competitive advantage in the market. The Board oversees all expansion initiatives, considering market demand, design trends, technological developments, and return on investment. This approach ensures informed decision-making aligned with our growth objectives and reinforces our industry leadership.

Capital expenditure for the year was kept to a minimum, as a significant funds had already been utilised for recent major expansion projects across multiple production facilities. These investments were essential for enhancing production capabilities and streamlining operations in anticipation of future growth. However, the Group faced considerable challenges due to the sluggish performance of the construction sector, which directly impacted demand for building materials. Additionally, the industry saw a substantial increase in production capacity, while tile demand remained stagnant, creating a challenging market environment for tile manufacturers. This combination of factors led to increased pressure on profitability, requiring careful financial planning and a strategic approach to managing resources effectively.

Rocell successfully designed and developed a new flake machine aimed at recycling and reusing industrial waste. This innovative advancement marks a significant step toward enhancing sustainability within our operations. The implementation of this machine has already shown a positive impact by reducing the cost of raw materials and minimising waste generated during the production process. Further, this machine provides the flexibility to expand our product range. This opens new avenues for innovation and market competitiveness.

The commissioning of the newly expanded Lanka Walltile production facility in Meepe encountered several disruptions due to technical challenges, particularly in the transition from a double-fired to a single-fired manufacturing process. To facilitate a smoother transition, foreign experts were brought in to train local staff. Despite these efforts, production yields were affected throughout the year, as ongoing complications within the plant made it difficult to consistently produce the desired product range.

The Group's deliberate shift towards manufacturing larger format tiles has placed constraints on overall production capacity. This strategic move was driven by changing customer preferences favouring larger formats, along with the ability to secure premium pricing for these tiles.

Segmental Analysis of Groups' Capital Expenditure (Rs.Mn)

Sector	2024/25	2023/24
Tiles & Associated Products	3,337	7,299
Sanitaryware	257	291
Aluminium	169	55
Packaging	399	162
Other	35	46
Total	4,196	7,853

Manufactured Capital by Type (Rs.Mn)

Type	2024/25	2023/24
Plant & Machinery	14,785	10,574
Buildings	10,702	9,842
Motor Vehicles	135	113
Showroom fixtures & fittings	950	922
Office Equipment	223	215
Other	2,527	2,101
CWIP	3,678	7,078
Total	33,000	30,845

Capital Reports Manufactured Capital

Our Production Facilities

Tiles and Associated Products

Horana – Royal Ceramics Lanka PLC



The plant specialises in the production of high-quality vitrified ceramic tiles and glazed porcelain tiles, known for their durability, aesthetic appeal, and precision craftsmanship. The manufacturing plant has recently undergone significant upgrades. These enhancements have expanded its capabilities, allowing for the efficient production of larger format tiles to meet growing market demand and evolving design trends.

- Capacity: 13,000 m2/day
- Capacity utilisation during the year: 99%
- Capex during the year: Rs. 193 Mn
- Modifications:
Polishing plant expansion by enabling manufacturing 1000x1000 mm size

Eheliyagoda – Royal Ceramics Lanka PLC



The company manufactures high-performance homogeneous full-body porcelain tiles as well as elegant glazed porcelain tiles. These products are engineered for strength, longevity, and visual appeal, making them ideal for both residential and commercial applications.

- Capacity: 6,500 m2/day
- Capacity utilisation during the year: 97%
- Capex during the year: Rs. 36 Mn

Ranala – Lanka Tiles PLC



The largest tile manufacturing facility in Sri Lanka. This manufacturing facility stands at the forefront of the industry, producing a wide range of premium tiles. Its product portfolio includes glazed and vitrified wall and floor tiles, as well as intricately designed mosaic tiles.

- Capacity: 16,500 m2/day
- Capacity utilisation during the year: 92%
- Capex during the year: Rs. 685 Mn

Bathware

Meepe – Lanka Walltiles PLC



The plant specialises in the production of wall and floor tiles available in a wide range of colours, textures, and sizes. Its offerings include mosaic tiles, decorative trim tiles, artistically decorated tiles, and handmade pieces crafted using double-firing technology. The plant recently underwent a significant expansion with partial commissioning of the new facilities already underway.

- Capacity: 13,000 m²/day
- Capacity utilisation during the year: 85%
- Capex during the year: Rs. 2,070 Mn
- Modifications:
Expansion of floor tile production plant

Ballummahara – Swisstek (Ceylon) PLC



Manufactures high-quality tile grouts, tile mortars, and decorative pebbles for residential and commercial applications.

- Capacity: 91,200 MT/per annum
- Capacity utilisation during the year: 62%
- Capex during the year: Rs. 30 Mn

Panagoda – Rocell Bathware Limited



The plant manufactures high-quality sanitaryware products using vitreous china and fine fire clay, offering durable, aesthetically refined solutions suitable for residential, commercial, and industrial applications. These materials allow for precise detailing, complex designs, and robust performance, meeting the demands of modern sanitation requirements.

- Capacity: 35,000 pieces per month
- Capacity utilisation during the year: 69%
- Capex during the year: Rs. 257 Mn
- Modifications:
Installation of a new ADM casting machine

Capital Reports Manufactured Capital

Our Production Facilities

Aluminium

Dompe – Swisstek Aluminium Limited



The plant is equipped to produce high-quality aluminium profiles designed for the fabrication of a wide range of architectural and structural applications, including doors, sliding doors, windows, shop fronts, partitions, curtain walls, roller shutters, ladders, and tile beading. These versatile profiles combine strength, durability, and aesthetic appeal, making them ideal for both residential and commercial construction projects.

- Capacity: 700 MT per month
- Capacity utilisation during the year: 80%
- Capex during the year: Rs. 169 Mn
- Modifications:
 - Enhance cutting capacity

Packaging

Dekatana – Uni Dil Packaging



The plant produces durable corrugated packaging and high-quality paper sacks tailored to meet diverse industry requirements. Designed for strength, reliability, and sustainability, these packaging solutions cater to sectors such as agriculture, manufacturing, retail, and logistics, ensuring safe and efficient product handling and transportation.

- Capacity: corrugated packaging - 33,00 MT per annum
paper sacks - 3,600 MT per annum
- Capacity Utilisation during the year: corrugated packaging - 93%
paper sacks - 42%
- Capex During the Year: Rs. 399 Mn
- Modifications:
 - Invested in a new 03 Colour Printing Machine, Sample Cutting Machine, Thin Blade Slitter Scorer, Sheet Cutter with Slitter Attachment.
 - Installation of automatic Flute Laminator, UV Varnishing and Hot & Cold Laminator Machine to enhance the production of laminated cartons which is adding more innovative laminated packaging solutions to the Uni Dil product range.

Our Showroom Presence

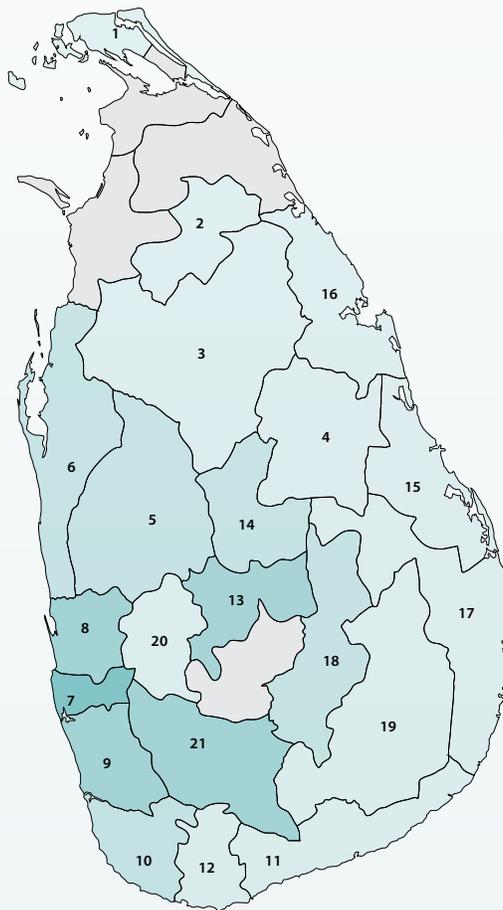
Rocell maintains a robust presence across the island with 60 showrooms. However, expansion plans for the showroom network were delayed due to the downturn in the construction industry and challenging economic conditions. As a result, capital expenditures were carefully managed. Despite these setbacks, essential maintenance for the showrooms was successfully completed, ensuring continued operational efficiency and customer satisfaction.

Rocell recently inaugurated the "Experience Centre for Hansgrohe and AXOR," a dedicated space showcasing the premium faucets, showers, and fittings of these renowned brands. Additionally, we opened the Rocell Concept Centre in Gampaha, further expanding its innovative retail offerings.



Northern Province	2	North Central Province	2	North Western Province	4
1. Jaffna District	1	3. Anuradhapura District	1	5. Kurunegala District	2
2. Vavuniya District	1	4. Polonnaruwa District	1	6. Puttalam District	2
Western Province	30	Southern Province	4	Central Province	7
7. Colombo District	17	10. Galle District	2	13. Kandy District	5
8. Gampaha District	8	11. Hambantota District	1	14. Matale District	2
9. Kalutara District	5	12. Matara District	1		
Eastern Province	3	Uva Province	3	Sabaragamuwa Province	5
15. Batticaloa District	1	18. Badulla District	2	20. Kegalle District	1
16. Trincomalee District	1	19. Monaragala District	1	21. Ratnapura District	4
17. Ampara District	1				

60 showrooms



Capital Reports Manufactured Capital

	Showroom	Address	Telephone
1	Ambalangoda	Sanga Raja Maha Viharaya, 754 Galle Rd, Ambalangoda	091-4944731/091-2253263
2	Ambalanthota	76 A, Tangalle Road, Ambalantota	047-4932446, 047-4379092
3	Anuradhapura	512 B, Maithreepala Senanayaka Mawatha, Anuradhapura	025-4581221 / 025-4580294
4	Athurugiriya	39, Godagama Road, Athurugiriya.	011-4443641/2
5	Badulla	70, Bank Road, Badulla.	055-4499780 /782
6	Balangoda	52, Barnes Ratwatta Mawatha, Balangoda.	045-4927365
7	Bandarawela	254, Bandarawela By Pass Rd, Bandarawela	057-4496014 / 057-4436038
8	Batticaloa	124, Bazaar St, Batticaloa	065-4929450
9	Beruwala	278, Galle Road, Massala, Beruwala	034-4288371/2
10	Chilaw	11,4 Chilaw - Colombo Main Rd, Chilaw	032-4934126
11	Colpetty	440, R.A. de Mel Mawatha, Colombo 03	011-4209204/5/6
12	Dambulla	679, Dambulla - Bakamuna - Kalugahawela Road, Dambulla	066-4935041/2
13	Dehiwala Concept Centre	106, Colombo - Galle Main Rd, Dehiwala-Mount Lavinia	011-7024729/30 / 28
14	Design Hub	100, Narahenpita - Nawala Rd	011-4691705/06 /07 /08
15	Eheliyagoda	185 B, Ratnapura Road, Eheliyagoda	036-4922946/ 036-2259553/ 034-4283403
16	Galle	W .D.S.Abeygunawardena Mawatha, 77 Old Matara Rd, Galle	091-4380033 / 091-4385120
17	Gampaha	137, Colombo Rd, Gampaha 11000	0334 670 937
18	Gampola	7, T.B.Panabokke Mawatha, Illawatura Rd, Gampola	081-4951436 / 081-4945257
19	Horana	173, Panadura Road, Horana.	034-4283403 / 034-4285033 / 034-4942797
20	Ja-Ela	Ja Ela Concept Centre, 203, Colombo Road, Ja-Ela	011-4334173 / 011-4504480
21	Jaffna	218, Stanley Road, Jaffna	021-4927003/4
22	Kadawatha	No.336, Kandy Rd, Kadawatha	011-4322994
23	Kaduwela	384/B, Malabe Road, Kaduwela	011-4948182 / 0114541423
24	Kalutara North	443, Galle Road, Kalutara North, Kalutara	034-4280469/034-2480152
25	Kalutara South	574, Galle Road, Kalutara South, Kalutara	034-4280933/4
26	Kalmunai	125, Main Street, Kalmunai	067-4501197 / 0776372645
27	Katugastota	279, Katugastota Road, Kandy.	081-4481759/60
28	Kegalle	504/1, Kandy Road, Meepitiya, Kegalle	035-2230980 / 035- 4925290 / 035- 4925292
29	Kiribathgoda	218, Kandy Road, Kiribathgoda.	011-4817231 / 011- 4817230
30	Kottawa	472/1, High Level Road, Makumbura, Kottawa	011-4308413/011-4304170
31	Kuliyapitiya	181, Hettipola Road, Kuliyapitiya.	037-4930870, 037-4696134
32	Kundasale	120, Digana Road, Kundasale	081-4501044
33	Kurunegala	176, Colombo Road, Kurunegala	037-4690467
34	Mahaiyawa	185, William Gopallawa Mawatha, Kandy	081-4475825
35	Maharagama	Elhena Rd, Maharagama	011-4319514 011- 4319646
36	Malabe	1st Lane, Malabe	011-4411775 / 011- 4411866
37	Matale	160, Kings Street, Matale	066-4460928 / 066- 2224270
38	Matara	139, Gunawardena Mawatha, Kotuwegoda, Matara.	041-4933629 / 041 - 4641007

	Showroom	Address	Telephone
39	Minuwangoda	173, Colombo Road, Minuwangoda.	011-4969060 / 1
40	Monaragala	Kandaland Wellawaya Road, Monaragala	055-4936169 / 055- 4936170
41	Moratuwa	438, A2, Moratuwa	011-4210726 / 011 - 4210827
42	Mulgampola	562, Peradeniya Road, Mulgampola, Kandy.	081-4471581 / 2
43	Nawala 101	101, Nawala Rd, Sri Jayawardanepura Kotte	011-4311311
44	Nawala 98	98, Nawala Road, Nugegoda.	011-4405160 / 011-4410088
45	Nawala Concept Centre	30, Narahenpita Road, Nawala.	011-4651000
46	Negombo	206, Chilaw Road, Negombo.	031-4922192 / 031-4874575
47	Nittambuwa	52, Kandy Road, Nittambuwa.	033-4929681 / 033 - 4928843
48	Panadura	504, Galle Road, Panadura.	038-4281898 /9
49	Pelmadulla	232, Rathnapura Road, Pelmadulla	045-4935060, 045-4935065
50	Piliyandala	114, Colombo - Horana Road, Piliyandala	011-4210675 / 011-4215604
51	Polonnaruwa	13, Hospital Junction, Polonnaruwa	027-7634402
52	Ratnapura	225, Colombo Road, Ratnapura.	045-4360318 / 045- 4360297
53	Seeduwa	587, Migamuwa Road, Seeduwa	011-4831987 / 011- 4831988
54	Trincomalee	2, Kandy Rd, Trincomalee	026-2225008 / 026-4925585 / 586
55	Vavuniya	Kandy Rd 1st Lane, Vavuniya	024-4928331/2
56	Wattala Concept Centre	279, Negombo Road, Wattala	011-4818563 / 69
57	Wennappuwa	338, Chilaw Road, Wennappuwa	031-4874656/57
58	Nawala - Lanka Tile PLC	215, Nawala Road, Narahenpita	011-4526700
59	Nugegoda - Lanka Tile PLC	37, Nawala Road, Nugegoda	011-4526700
60	Swisstek Aluminium Ltd	23, Narahenpita Road, Nawala	011-7807121

Capital Reports Social and Relationship Capital

GRI 3-3



Strategic Priorities

- Building product loyalty
- Stakeholder engagement and relationship management
- Community development and CSR

Strategic Approach

- Increasing product offerings to suit evolving customer requirements
- Strengthening our distribution network
- Strengthening relationships with the supplier base to ensure continuous supply
- Industry collaborations to drive growth

Highlights for 2024/25

- 490 new designs introduced during the year
- Rs. 40,963 Mn payments made to local suppliers
- Rs. 11 Mn spent on CSR initiatives
- Expanding our reach by opening new showroom in Gampaha

Building and maintaining strong relationships with key stakeholders is a cornerstone of our long-term strategy and a critical factor in sustaining our competitive edge. We place a high value on fostering partnerships that are mutually rewarding, particularly with our customers, suppliers, and the broader community.

Core principles such as transparency, integrity, and open dialogue underpin our interactions. These principles guide our efforts to build lasting trust, enhance stakeholder satisfaction, and cultivate a strong sense of loyalty. Ultimately, by nurturing these vital connections, we not only reinforce our current market standing but also lay a solid foundation for sustainable growth.



Red Postman

Unlike most butterflies, the Red Postman engages in communal roosting, gathering in small, tight-knit groups at night for safety, making them some of the most socially organised butterflies.

Much like Royal Ceramics Lanka PLC, this behaviour reflects the strength of relationships and collaboration within our teams, where a shared sense of purpose fosters resilience, innovation, and success in an ever-changing landscape.

Value Offered to our stakeholders  2-6 SASB EM-CM-000.A

Customers	Suppliers	Regulator	Community
<ul style="list-style-type: none"> 9,886,224 SQM of Tiles 143,344 pieces of Bathware 169,428 pieces of Accessories 26,049 MT Corrugated boxes 3,654 MT of Paper sacks 52,356 MT of Skim coat and Motar 7,361 MT of Aluminium products 35,611 MT Feldspar 	<ul style="list-style-type: none"> Rs. 40,963 Mn paid to local suppliers Rs. 16,015 Mn paid to foreign suppliers Timely payments Collaborations for industry growth 	<ul style="list-style-type: none"> Rs. 13,188 Mn paid as Direct and Indirect taxes Export revenue of Rs. 7,417 Mn 	<ul style="list-style-type: none"> Direct and indirect employment opportunities CSR spend of Rs. 11 Mn

Our Customer Value Proposition

 417-1 to 3, 418-1

The Group serves a diverse customer base, reflecting our broad presence across multiple industries. A deep understanding of continuously evolving customer needs is essential for maintaining our competitive edge and ensuring sustainable growth in every sector we operate in.

To achieve this, we adopt a comprehensive, multi-channel communication strategy designed to foster meaningful engagement with our customers. This includes direct interactions, detailed market research, surveys, and structured feedback mechanisms. These efforts enable us to gain valuable insights into shifting demand patterns, emerging market trends, and changes in consumer behaviour. In turn, this knowledge allows us to adapt and refine our offerings to better meet the dynamic expectations of our customers. We have met all requirements related to product and service information, labelling, and marketing communications. During the year, there were no incidents of non-compliance recorded with respect to product and service information, labelling, or marketing communications. This reflects our ongoing

efforts to ensure transparency, accuracy, and ethical communication with our stakeholders.

Further, there were no substantiated complaints concerning breaches of customer privacy or losses of customer data reported during the year.

Tiles and Sanitaryware

- 59 own showrooms
- 55 franchise showrooms
- 30 factory outlets
- 131 Dealers
- 6 hybrid showrooms
- Tiler Club
- Call Centres
- Distributors
- Design Conclave
- Android and iOS Apps
- Print, digital and social media
- Websites
- Exhibitions
- E-Commerce platform

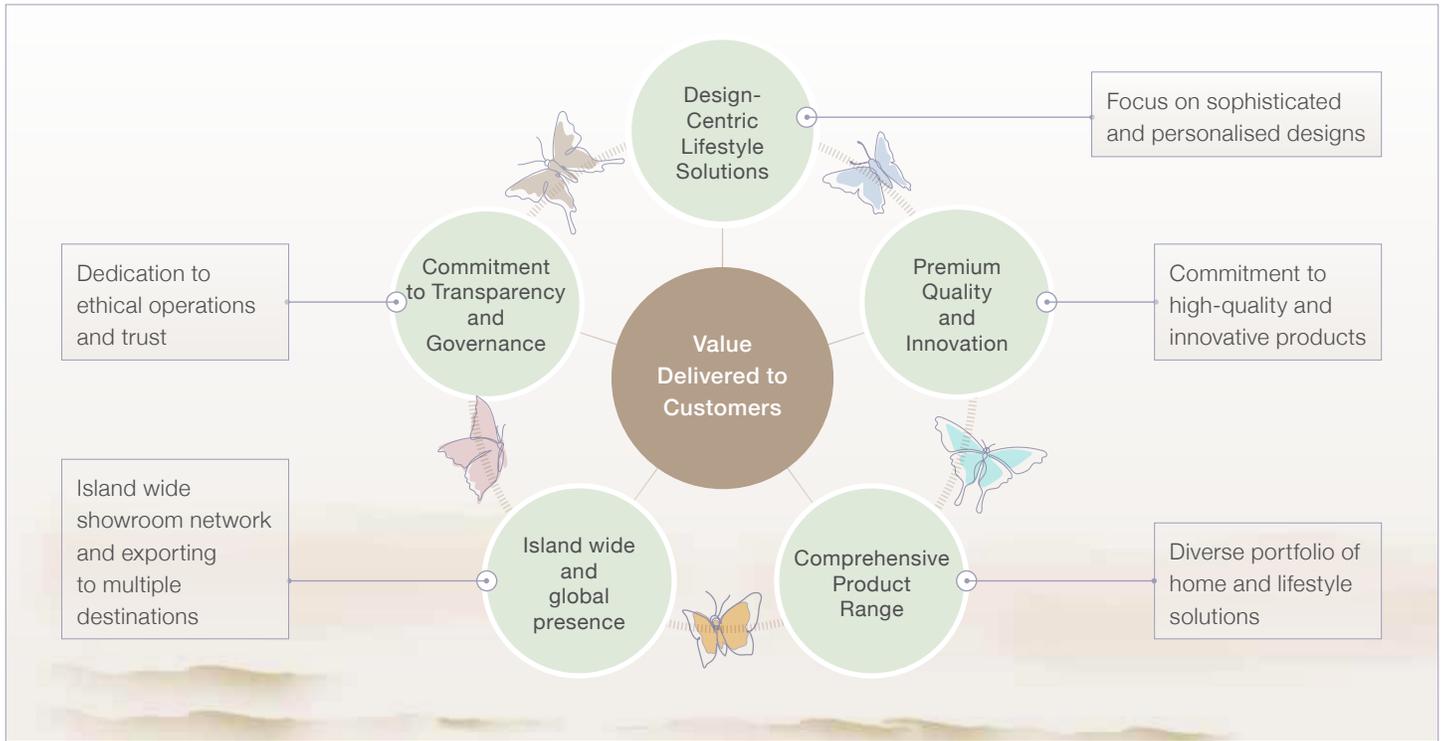
Aluminium

- 1 own showroom
- 185 dealers
- 10 franchise showrooms
- 12 Distributors
- 2,026 aluminium fabricators
- Print, digital and social media
- Websites
- Exhibitions
- E-Commerce platform

Packaging

- B2B customers

Capital Reports Social and Relationship Capital



GRI 206-1

Rocell delivers value to its customers through a strategically integrated approach that combines design excellence, advanced manufacturing capabilities, and rigorous quality control. By leveraging state-of-the-art production technologies and adhering to international standards, Rocell ensures product consistency, durability, and precision across its portfolio of multiple products. The Group's focus on R&D and continuous innovation enables it to stay aligned with global design trends and evolving customer preferences. Additionally, Rocell's robust supply chain, widespread distribution network, and customer-centric service model enhance operational efficiency and responsiveness, ensuring timely delivery and tailored solutions that support both residential and commercial applications. This holistic value delivery reinforces Rocell's position as a trusted partner in delivering high-performance, aesthetically sophisticated interior solutions.

To reinforce our brand positioning and elevate market perception among customers, we have introduced an upgraded product portfolio that reflects cutting-edge design and aligns with evolving global aesthetic and functional trends. In parallel, we have significantly enhanced customer engagement by launching state-of-the-art experience centres. These premium, immersive environments offer customers a firsthand opportunity to interact with our products, fostering deeper brand connection and supporting informed purchase decisions. This dual approach strengthens brand equity while enhancing the overall customer journey.

At Rocell Group, the health and well-being of our customers remain a top priority. We maintain stringent quality control measures throughout the manufacturing process to ensure that all products meet the highest safety and performance standards. Through

comprehensive and ongoing assessments, we safeguard product integrity, fostering customer trust and long-term loyalty.

To further reinforce consumer confidence, we ensure full compliance with all regulatory requirements, including clear and transparent pricing across our entire product range. We maintain a zero-tolerance approach towards corruption, including bribery, embezzlement, extortion, fraud, or any other form of illegal or unethical conduct. Our Audit Committee oversees compliance regularly, ensuring that our practices align with our ethical principles. There were no confirmed incidents of corruption or any legal action taken for anti-competitive behaviour, anti-trust, and monopoly practices during the year.

Maintaining relations with Suppliers GRI 2-6, 204-1

Rocell has adopted a comprehensive and proactive approach to managing our supplier base, particularly in response to ongoing local and global supply chain disruptions. The Group emphasises supplier selection and diversification, partnering with reliable vendors and maintaining multiple sources to reduce dependency on any single supplier. Long-term contracts and regular supplier evaluations further support stability.

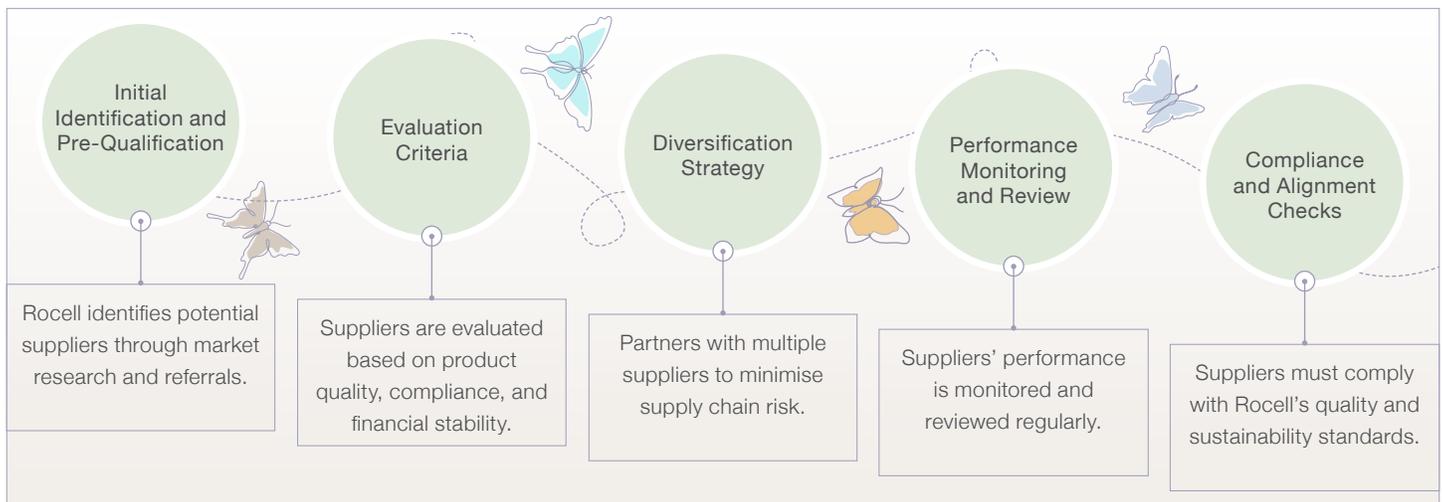
To ensure accurate procurement planning, Rocell uses demand forecasting tools, leveraging historical data and Oracle-based inventory systems. Inventory management is strengthened through safety stock

strategies, three months for export raw materials and two weeks for local materials, to buffer against unexpected disruptions.

The Group also engages in supply chain risk management by identifying potential risks such as geopolitical issues, natural disasters and preparing contingency plans that include alternative suppliers and logistics routes. Building strong supplier relationships remains a core focus, with collaborative efforts aimed at boosting efficiency, reducing costs, and improving performance.

Rocell uses bulk ordering systems such as group LPG purchases to ensure continuous supply, competitive pricing and economies of scale and integrates technology solutions like ERP systems to enhance procurement planning and transparency.

Rocell maintains a transparent and consistent procedure for selecting new suppliers, ensuring they meet the company's quality standards and align with its values, social ethics, and all applicable environmental regulations. During the year, 49 new suppliers were evaluated based on these criteria and all suppliers met the evaluated criteria which were mentioned above.



Payments made to suppliers



	2024/25	2023/24
No of local suppliers	3,277	3,144
No of foreign suppliers	336	317
Payment to local suppliers (Rs. Mn)	40,963	43,785
Payment to foreign suppliers (Rs. Mn)	16,015	18,638

Capital Reports Social and Relationship Capital

GRI 2-28

Strategic Partnerships and industry collaborations

We remain focused on strengthening our market position both domestically and internationally through strategic collaborations with globally recognised brands. By partnering with globally respected brands, we were able to incorporate advanced technologies, design expertise, and international best practices into our operations. These alliances have not only enhanced the value and appeal of our product portfolio but also strengthened our market positioning, enabling us to deliver superior solutions to our customers while reinforcing our reputation as a leader in the region’s tile and bathware industry.

We continued our collaboration with Hansgrohe and AXOR, globally recognised German brands renowned for their premium showers, faucets, and bathroom accessories. Rocell introduced a first-of-its-kind initiative in South Asia. We proudly launched the “Experience Centre for Hansgrohe and AXOR,” a dedicated space that showcases an exclusive range of their high-end bathroom fittings. This experiential showroom not only elevates customer engagement but also reinforces our position as a design and innovation leader in the region’s lifestyle and interior segment.

Swisstek Aluminium launched Sri Lanka’s first and only web platform is dedicated to connecting Aluminium fabricators with customers in search of their services. With the demand for aluminium fabrication rising steadily in the recent past, Alupenters.lk was created to cater to this niche market by connecting qualified fabricators with those in search of their services.

Further, we maintain active collaborations with key professional bodies to support the growth and advancement of our industry. These partnerships enable us to play a proactive role in shaping industry standards, promoting sustainable practices, and

encouraging innovation. By working closely with these organisations, we help drive collective progress while also providing our employees with valuable opportunities to share insights and expertise with their peers. Our active participation reflects Rocell’s enduring commitment to the long-term development of the industry and to fostering a culture of continuous improvement and excellence.

- The Institute of Chartered Accountants of Sri Lanka
- The Ceylon Chamber of Commerce
- Chamber of Construction Industry of Sri Lanka
- Sri Lanka Ceramic and Glass Council
- Sri Lanka - Italy Business Council
- Geological Survey and Mines Bureau
- Institute of Supply and Material Management of Sri Lanka
- The Ceylon National Chamber of Industries (CNCI)

GRI 201-1, 413-1 - 2

Community Engagement and Development

Contributing to the development of the communities in which we operate remains a core pillar of our corporate responsibility. Our commitment is reflected through a holistic approach that encompasses both social and environmental sustainability initiatives. On the social front, we support education, healthcare, and socio-economic development programmes aimed at improving the quality of life for community members. Additionally, we provide employment opportunities within local communities, helping to foster economic growth and stability. On the environmental side, our sustainability efforts focus on reducing our ecological footprint through responsible resource management and active conservation practices. Together, these initiatives demonstrate our dedication

to creating meaningful, long-term value for the communities we serve.

100% of our operational sites involved in community engagement programs during the year. During the reporting period, the group invested Rs. 11 Mn in community development initiatives, representing 0.034% of the total economic value distributed.

Our operations did not result in any actual or potential significant negative impacts on local communities during the reporting period.

Listed below are the community development projects undertaken this year,

- Tree planting
- Donations of school equipments, uniforms and gift for the schools
- Tile donations to schools, baby care unit of Horana hospital and temples
- Renovation of Dharma shalawa of Pahala Dompe Temple
- Milk power donation to cancer hospital
- Shamadana campaign at general cemetery at Mahara
- Provision of dry ration for flood affected employees and villagers at Pahala Dompe
- Provision of industrial training for university students and factory visit opportunities for school students

These CSR activities generated several indirect economic benefits, including:

- Fostering strong communication and harmonious relationships with the community
- Supporting sustainable development while promoting the brand through socially responsible and environmentally conscious initiatives
- Contributing to children’s educational and spiritual growth
- Strengthening employer branding, aiding in future talent attraction and recruitment
- Enhancing practical production knowledge and skills for the benefit of future generations



Donation of dry rations for the selected low income families in Kirigalahena, Horana



Donation of gift items to Kirigala Primary School for their celebration of World Children's day, Horana



Donation of tiles for the base Hospital, Horana.



Renovated Dharma Shalawa - Pahala Dompe Temple



Tree planting programmes, collaboration with Divisional Secretariat Horana



Donation of school uniform materials to Dhampasal students of Munagama Devindaramaya Temple



Technical and Knowledge-Sharing Session at the University of Moratuwa



Milk powder donation for Cancer hospital



Tree planting event at RBL Factory, Panagoda



Dealer event by Royal Ceramics Lanka PLC



Sramadana at General Cemetery at Mahara

Capital Reports Natural Capital

GRI 3-3



Natural Capital forms a vital foundation of Rocell’s value creation process. As a business reliant on natural resources such as bay clay, feldspar, and silica sand, the sustainable management of these resources is essential to ensuring operational continuity, maintaining cost efficiency, and meeting regulatory, environmental, and stakeholder expectations. We recognise that responsible stewardship of natural capital goes beyond resource extraction and includes minimising our environmental footprint. Through initiatives aimed at improving resource efficiency, reducing emissions, and adopting cleaner production technologies, we seek to preserve the ecosystems we depend on. By prioritising sustainable practices, we not only protect the environment but also strengthen our brand reputation, drive innovation in eco-friendly product development, and secure the long-term resilience and growth of our business.



Monarch Butterfly

A vital pollinator and powerful symbol of environmental health, the Monarch’s epic migration across continents depends on thriving ecosystems. Its alarming decline underscores the fragile balance of nature and highlights the urgent need for conservation.

Much like the Monarch’s reliance on healthy habitats, Royal Ceramics Lanka PLC is committed to safeguarding and enhancing Natural Capital—ensuring that our operations preserve and protect the environment for future generations.

Strategic Priorities

- Optimising the use of raw materials, water, and energy to ensure long-term availability and minimise waste.
- Adhering to international standards such as ISO 14001:2015 and maintaining strict compliance with environmental regulations and best practices.
- Continuously exploring new technologies and process improvements that reduce environmental impact while enhancing operational efficiency.
- Implementing systems to track environmental performance and setting measurable targets for ongoing improvement.

Strategic Approach

- An Environmental Management System implemented to establish policies, procedures, and controls for managing environmental impacts
- Adhering to sustainable sourcing practices by procuring raw materials from certified and environmentally responsible sources.
- Conducting life cycle assessment (LCA) of our products to identify the environmental impacts associated with production, use, and disposal

Highlights for 2024/25

- Reduced energy intensity by 6%
- 19,248 MT of recycled material
- Energy usage reduced by 8%
- 7,376 Kwh of renewable energy generated
- 100% of waste water treated before discharge

Our Approach

The Group remains deeply aware of the impact our operations have on the natural environment and is firmly committed to the sustainable use of resources for the broader benefit of society. We continuously pursue sustainable business practices to minimise any adverse environmental effects associated with our manufacturing activities. Our environmental strategy is closely aligned with the ISO 14001:2015 Environmental Management Systems Standard.

The Safety, Health & Environment (SHE) pillar

The Safety, Health & Environment (SHE) pillar, which focuses on fostering a safe and healthy work environment while minimising environmental impacts, plays a vital role in Rocell's commitment to responsible Natural Capital management. Under the guidance of the Deputy General Manager, Factory Manager, and TPM Manager, the SHE pillar leader is entrusted with the overall responsibility of overseeing activities related to natural capital. Through the SHE framework, Rocell ensures the sustainable use of resources, adherence to environmental standards, and continuous improvement in operational practices. Supported by a dedicated team of four members, the SHE pillar leader drives the effective execution of these initiatives across the organisation.

Environmental Management System (EMS)

Our manufacturing facilities operate under a comprehensive Environmental Management System (EMS), which establishes clear policies, procedures, and controls to effectively manage and minimise our environmental impact. This structured framework enables the proactive identification and mitigation of environmental risks, ensures compliance with relevant regulations and standards, and fosters a culture of continuous improvement. Through the EMS, we are able to systematically pursue opportunities to enhance resource efficiency, reduce waste, and strengthen the overall environmental performance of our operations, reinforcing our long-term commitment to sustainable manufacturing practices.

Life Cycle Assessments (LCA)

We conduct comprehensive Life Cycle Assessments (LCA) of our products to evaluate their environmental impact at every stage of the product life cycle, including raw material extraction, production, distribution, usage, and end-of-life disposal. By taking a holistic view of the environmental impacts associated with each phase, we are able to identify critical areas for improvement, develop targeted strategies to reduce resource consumption and emissions, and enhance product sustainability. These insights inform not only our manufacturing practices but also our product design and innovation processes, ensuring that sustainability is embedded from the outset. Through the continual refinement of our products' environmental profiles, we strive to minimise our overall ecological footprint and reinforce our commitment to responsible production and long-term environmental stewardship.

Our Monetised Natural Capital

The Group owns a significant land base, including mining land and other freehold properties utilised for various commercial purposes, such as manufacturing plants, showrooms, and warehouses. Among these, the Group holds over 168 acres of mining land, which is crucial to the long-term sustainability of our core business operations. This land plays a key role in fulfilling our in-house clay requirements, ensuring a stable and reliable supply chain, and bolstering our operational resilience. By securing these essential resources, we are better positioned to manage operational continuity and reduce potential supply disruptions, reinforcing the strength and stability of our business for years to come.

Capital Reports Natural Capital

GRI 301-1 & 2 RT-CP-250a.2, RT-CP-410a.1 to 3

Managing our Material Consumption

Our tile manufacturing process depends significantly on finite resources, including ball clay, feldspar, silica sand and kaolin. We are committed to minimising waste and maximising the reuse of materials wherever feasible. By focusing on innovative solutions and efficient resource management, we aim to reduce our reliance on these limited resources and foster a more sustainable and resilient production process.

We implement sustainable sourcing practices, ensuring that raw materials are procured from certified, responsible sources. This commitment is fully aligned with our environmental strategy and supports our broader goal of reducing our environmental footprint. Furthermore, by working closely with our suppliers, we gain valuable insights that allow us to process raw materials more efficiently, boost productivity, and improve yield. This collaborative approach not only enhances our operational efficiency but also supports our sustainability initiatives by minimising resource consumption and waste generation.

Total Productive Maintenance (TPM) and other process improvements play a crucial role in ensuring the responsible management of non-renewable resources. Through these initiatives, the majority of minerals used in tile manufacturing are carefully recycled and reused, while the remaining materials are returned to replenish clay mines. This approach not only enhances operational efficiency but also supports sustainable resource management, reinforcing Rocell's commitment to environmental stewardship.

Initiatives carried out during the year to manage material consumption

- Altering body and glaze formula to enhance production yield, ensuring more efficient use of resources.
- Use of better quality raw materials to improve production yield.
- Using waste from bathware production for tile manufacturing.
- During the year, 19,248 MT of materials were recycled, accounting for 0.007% of primary product.
- Installation of a new in-house built flake manufacturing machine has reduced material waste.
- Reduced the thickness of tiles without compromising the quality of the final product.
- Change body formulas by replacing alternative materials with scarce materials

Non-Renewable Material usage by Sector

Sector	Unit	2024/25	2023/24	%
Tiles & associated products	MT	269,901	296,921	-9
Sanitaryware	MT	2,711	2,811	-4
Aluminium	MT	8,413	4,856	73
Other	MT	35,602	34,019	5
Total	MT	316,627	338,607	-6

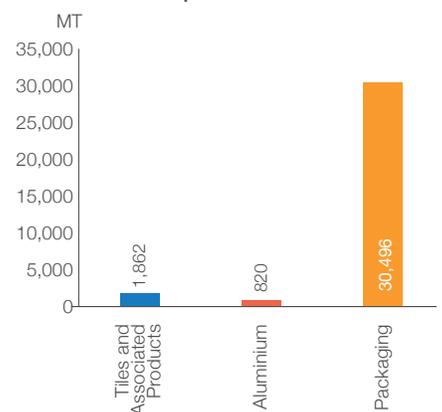
Selection Criteria for Suppliers

- Performance Criteria
- Reliability Criteria
- Government Policies
- Size, Shape, and Weight requirements
- Manufacturing Criteria
- Sustainability Criteria
- Industry Regulations

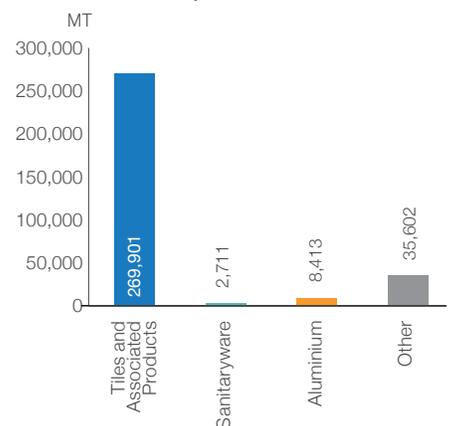
Material Consumption by Type (MT)

Type	2024/25	2023/24
Renewable		
Chemical	2,554	2,216
Ink	130	106
Paper	29,523	23,332
Powder	105	111
Other	866	436
Total	33,178	26,201
Non-renewable		
Billets	8,413	4,856
Ball clay	80,448	92,820
Feldspar	153,721	163,318
Cement	20,993	14,295
Kaolin	20,753	19,287
Silica sand	27,359	26,802
Other	4,940	5,532
Total	316,627	326,910

Sector wise Renewable Material Consumption



Sector wise Non-Renewable Material Consumption



Energy Management  302-1,3,4, SASB EM-CM-130a.1, EM-IS-130a.1, EM-IS-130a.2, RT-CP-130a.1,RT-CP-130a.2

Given the energy-intensive nature of our operations, especially following recent expansions in production capacity and the increased adoption of process automation, the efficient and sustainable management of energy consumption has become a key strategic priority for the Group. We are firmly committed to implementing comprehensive and forward-thinking energy management strategies that focus on optimising energy use, reducing waste, and exploring the adoption of renewable energy sources wherever feasible. In addition to investing in advanced technologies, we also place a strong emphasis on fostering a culture of energy awareness among our employees through regular training and engagement initiatives. Through these combined efforts, we aim not only to minimise our environmental footprint and meet evolving regulatory standards but also to enhance the long-term resilience, cost efficiency, and sustainability of our operations, securing a responsible future for the Group.

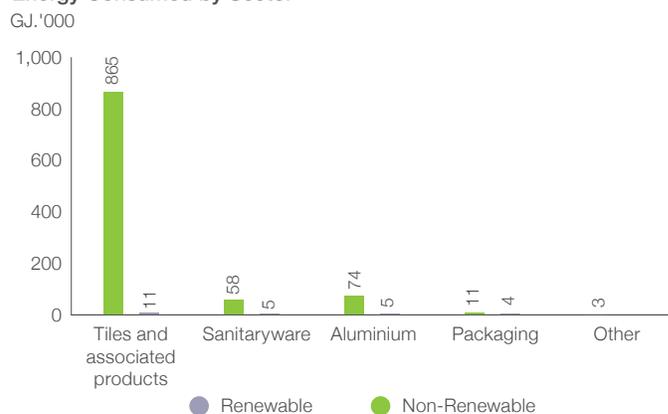
Energy Management System

Our Energy Management System (EMS) serves as a comprehensive framework designed to monitor, control, and optimise energy consumption across all stages of our production process. Given the energy-intensive nature of operations like firing, drying, raw material preparation, crushing, and grinding, the EMS plays a vital role in enhancing energy efficiency. Aligned with our Environmental Management System (ISO 14001:2015), the EMS helps identify opportunities for energy savings and continuous performance improvements. By leveraging advanced technologies such as smart meters, IoT sensors, and automated controls, we collect real-time data from key processes, enabling more informed decision-making. This system allows us to analyse energy usage patterns, minimise waste, and optimise equipment performance. The EMS not only ensures compliance with energy efficiency standards but also leads to lower production costs, reduced carbon emissions, and a significant decrease in overall energy consumption. Through ongoing monitoring and refinement, our EMS fosters sustainable manufacturing practices that enhance Rocell's competitiveness in the industry.

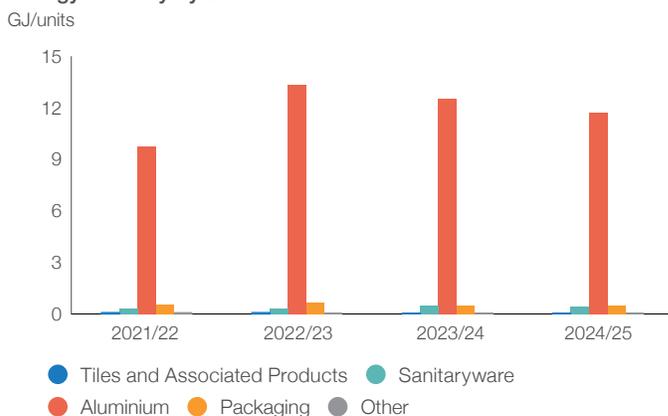
Energy Consumption by Type

Type	Unit	2024/25	2023/24	%
Renewable				
Solar power	Gj	24,934	22,702	10
Non-renewable				
Diesel	Gj	24,840	23,526	6%
Furnace oil	Gj	18,101	15,126	20%
LPG	Gj	691,995	780,064	-11%
Purchased electricity from CEB	Gj	274,993	277,548	-1%
Kerosene	Gj	328	9,727	-97%
Total self generated energy	Gj	24,934	22,702	10%
Total Energy consumption	Gj	1,035,189	1,128,692	-8%
Grid electricity	%	27%	25%	2%
Self generated energy	%	2%	2%	0%
Energy intensity per revenue Rs. Mn	Gj	17.03	18.45	-8%

Energy Consumed by Sector



Energy Intensity by Sector



Energy Intensity by Sector

Sector	Unit	2024/25	2023/24	%
Tiles & associated products	GJ/SQM	0.08	0.08	1.60
Sanitaryware	GJ/PCs	0.45	0.49	-7.87
Aluminium	GJ/MT	11.69	12.52	-6.83
Packaging	GJ/MT	0.48	0.49	-1.39
Other	GJ/MT	0.09	0.09	-

Capital Reports Natural Capital

Initiatives carried out to manage efficient use of energy

Efficient use of energy

- Installing high energy class motors which use inverters to reduce consumption when they are not required to run at full speed
- replacement of rubber liners in ball mills with alumina liners to reduce grinding time and save energy
- Installation of high thermal efficient burners for our combustion system
- Installed new kiln with higher thermal efficiency and high capacity
- Successful implementation of waste heat recovery projects in multiple production facilities resulting in Rs. 334 Mn of energy saved during the year
- Routine maintenance checks on plant and equipment

Group-wide energy saving initiatives

- Installed more efficient new machineries with modern technologies and large capacities to get more output and save energy
- Encouragement of off-peak electricity usage and reduction of usage during peak hours.
- Installation of skylights to save electricity consumption during daytime
- Installation of capacitor banks
- Using energy saving LED lights in the Factory Premises and replacing air conditioner to inverter type.

Generation and use of renewable energy where possible

- Solar PV systems installed on all factory roof tops generating a total of 7,376 KWh of electricity per year
- Gradually reducing our dependency on fossil fuels in our packaging plant by shifting to renewable energy sources such as firewood.

GRI 303-1to5, SASB EM-CM-140a.1,EM-IS-140a.1,RT-CP-140a.1,RT-CP-140a.2, RT-CP-140a.3

Managing Water Consumption and Effluents

Recognising the Group’s significant water footprint and Sri Lanka’s growing challenges with high water stress levels, we place strategic importance on the responsible management of our water resources. Our approach is focused on systematically reducing the volume of water withdrawn for operational needs by implementing measures to minimise wastage, enhance process efficiency, and promote the reuse and recycling of water discharged from our production activities. Through these efforts, we aim to lessen our dependency on fresh water sources, contribute to national water conservation goals, and strengthen the sustainability of our operations. In addition, we continuously invest in new technologies and awareness programmes to foster a culture of water stewardship across the Group, ensuring that water conservation remains an integral part of our environmental responsibility initiatives.

To minimise reliance on community water resources, the Group sources majority our water needs through an underground tube well located within the factory premises. This water is treated using an in-house purification system to ensure it meets safe drinking standards for employee use. Further, recognising the challenges faced by nearby communities during the dry season, when access to clean drinking water becomes severely limited, we extend our support by providing purified drinking water to affected residents. This initiative reflects our commitment to responsible water stewardship and to supporting the well-being of the communities in which we operate. 100% of the group’s water withdrawal occurs in regions identified as high water stress areas. We have consumed 482,000 m³ of water and 225,000 m³ of water was discharged during the year.

Water Intensity By Sector

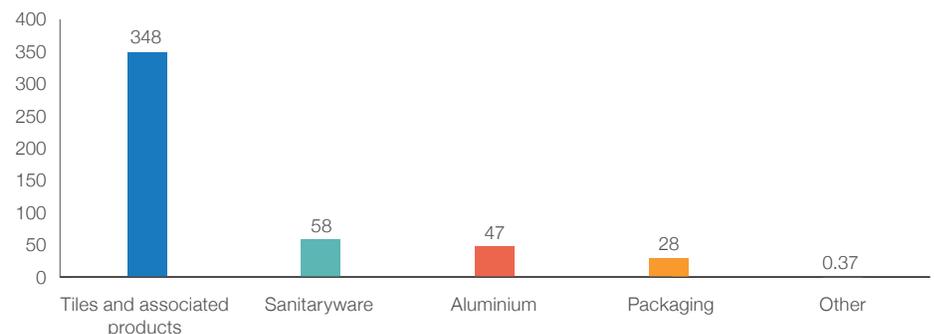
Sector	Unit	2024/25	2023/24	%
Tiles & associated products	Litres/SQM	31	33	-6
Sanitaryware	Litres/PCs	412	396	4
Aluminium	Litres/MT	7,008	8,246	-15
Packaging	Litres/MT	962	1031	-7
Other	Litres/MT	12	16	-25

Water withdrawal by source (Mega Liters)

Type	2024/25	2023/24
Ground water	282	327
Municipal water	96	82
Rainwater harvested	23	16
Surface water	81	123
Third party supply	0.42	-
Total	482	548

Water Consumed by Sector

Mega Liters.

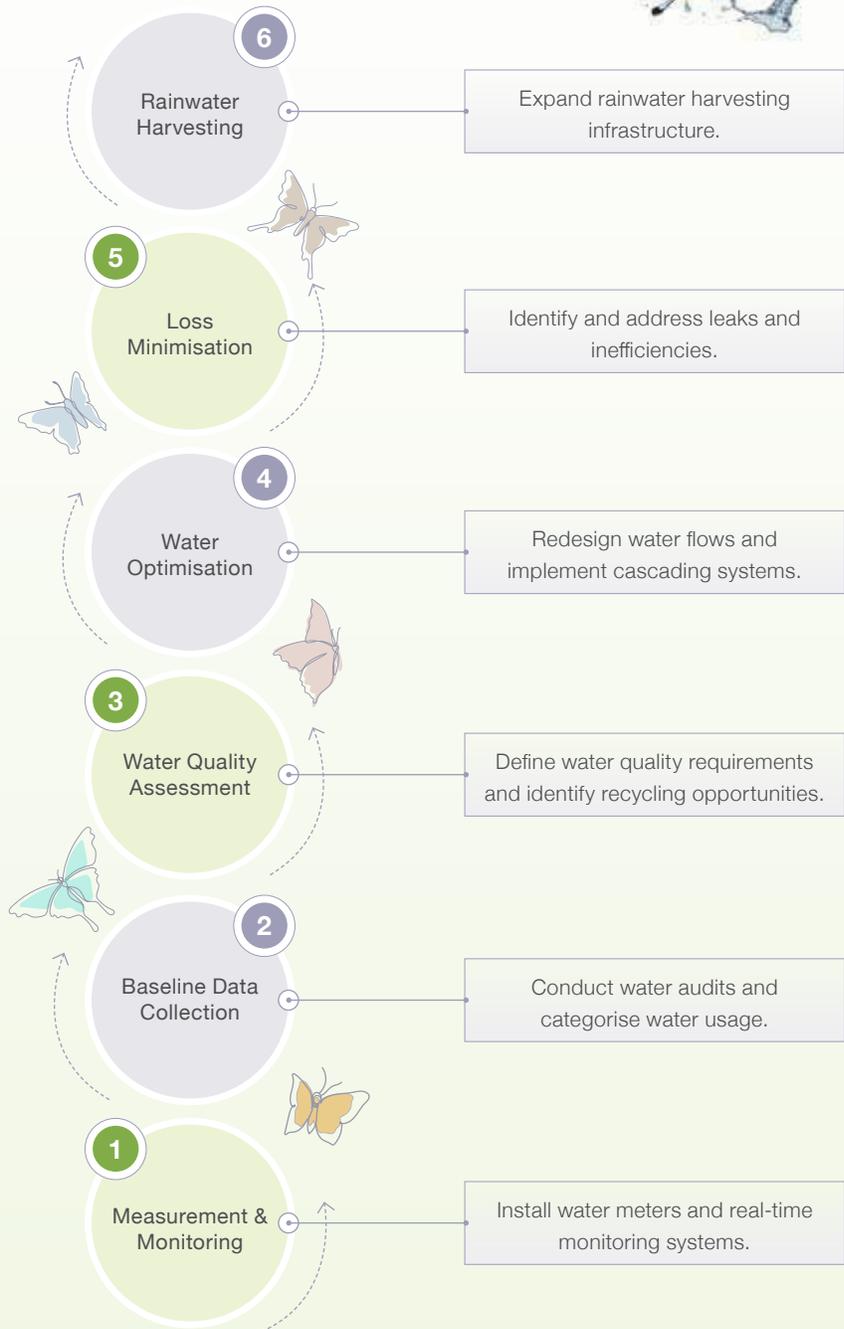




Net Zero Water Transition Plan

Water plays a vital role in the manufacturing processes at Rocell. In line with global sustainability goals, Rocell is committed to reducing freshwater usage, minimising waste, and enhancing water reuse across all operations.

Our Net Zero Water Transition Plan provides a clear roadmap to achieve these objectives through better measurement, audits, process optimisation, and expanded rainwater harvesting. By moving towards a more circular water system, Rocell aims to ensure long-term resource sustainability, operational efficiency, and leadership in environmental stewardship.



Capital Reports Natural Capital

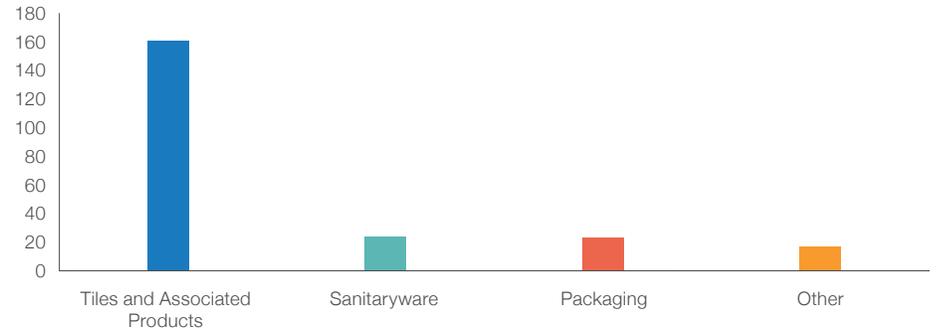
Discharge of waste water

Wastewater is generated at various stages of the tile manufacturing processes, including milling, spray drying, condensed slip preparation, glaze formulation, quality control testing, and during the printing and glaze application processes at the glazing line. All wastewater produced across these operations is collected into a series of common underground tanks for treatment purposes. In the event of any disruptions or technical barriers at the wastewater treatment plant, contingency measures are promptly implemented to control and temporarily isolate wastewater collection from specific operational areas, ensuring that untreated water does not enter the main system.

Additionally, water utilised in our operations is either treated or thoroughly purified for safe reuse within the manufacturing cycle, further reducing our reliance on freshwater resources. Ongoing investments are made to upgrade and enhance the efficiency of our treatment plants, demonstrating our dedication to sustainable water management and the minimisation of our environmental impact.

Water Discharged by Segment

Mega Litres



Water discharge by destination (Mega Litres)		
Type	2024/25	2023/24
Municipality sewerage, drainage lines	8	5
Recycled through Effluent treatment	123	132
To ground through soakage pits	23	24
To rivers, lakes, wetlands	47	38
Other	24	24
Total	225	223

Wastewater discharged from our operations undergoes rigorous treatment before being either released into water bodies or recycled for reuse in the production process. All our factories are equipped with advanced effluent treatment plants (ETPs), which are meticulously maintained to ensure optimal performance. We continuously monitor the quality of treated water to ensure compliance with the stringent standards set by the Central Environmental Authority. Throughout the year, we recorded no incidents of non-compliance, reflecting our strong commitment to environmental stewardship.

GRI 306-1to5, SASB EM-CM-150a.1, EM-IS-150a.1, RT-CP 150a.1

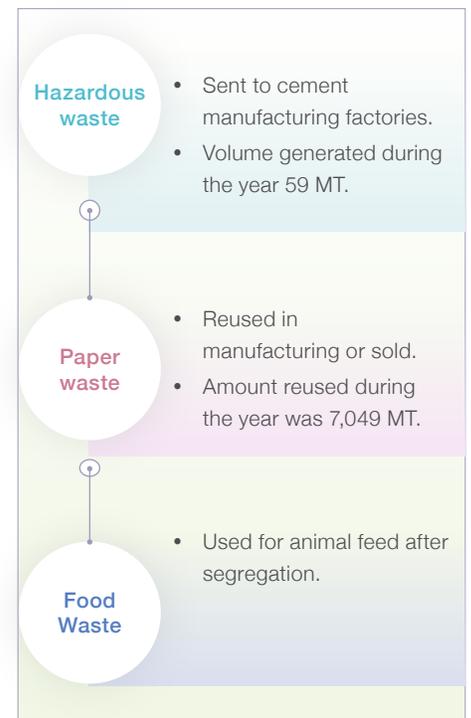
Management of Waste Disposal

Solid waste generated from operations is subject to a structured segregation, handling, and disposal process, ensuring full compliance with national environmental regulations and adherence to international best practices. Waste streams are carefully categorised at the source, separating recyclable, non-recyclable, and hazardous materials, to optimise recycling opportunities and minimise landfill contributions.

To maintain high standards of environmental stewardship, the Group conducts periodic internal audits across all sites. These audits assess compliance with the waste management guidelines prescribed by the Central Environmental Authority (CEA) and help identify areas for continuous improvement. Corrective actions are promptly implemented where deviations are observed.

During the reporting year, the Group generated a total of 40,949 MT of solid waste. This waste was managed through a combination of recycling, reuse, authorised third-party disposal, and, where necessary, environmentally compliant landfill methods.

A detailed breakdown of waste disposal methods is provided below, highlighting our commitment to responsible waste management and our ongoing efforts to reduce our environmental footprint.



In addition to compliant waste segregation and disposal, we have taken proactive measures to enhance waste recycling and resource recovery within our operations:

Internal Recycling Between Plants:

We have implemented an initiative to recycle waste materials generated from our sanitaryware production plant. Wastewater containing usable material is filtered to extract valuable solids, which are then repurposed as raw material input for tile manufacturing at our Horana plant. This initiative not only reduces waste generation but also lowers the demand for virgin raw materials.

Recycling of Polishing and Squaring Waste:

Previously, waste produced during the polishing and squaring processes was transported offsite for use in mine rehabilitation. We have since developed an internal recycling process where this material is reintegrated into the production cycle at the Horana factory. This closed-loop approach improves resource efficiency, reduces environmental impact, and supports our broader circular economy goals.

Waste generated by method of disposal				
Segment	Unit	2024/25	2023/24	
Hazardous				
Inclination	MT	59	25	135%
Non-Hazardous				
Landfill	MT	16,757	16,566	1%
Onsite storage	MT	8,689	8,300	5%
Other	MT	-	25	-100%
Recycled	MT	8,395	6,549	28%
Re used	MT	7,049	9,669	-27%
Total	MT	40,949	41,134	0%
Waste diverted to disposal	MT	25,505	24,916	2%
Waste diverted from disposal	MT	15,444	16,218	-5%
% of hazardous waste	%	0.14%	0.06%	0.08%
% of recycle waste	%	21%	16%	5%



Flake Machine - Eheliyagoda Factory

Emission Management

GRI 305-1 to 7, SASB EM-CM 110.a.1, 110.a.2 EM-IM 110a.1, EM-IM 110a.2, RT-CP-110a.1 RT-CP-110a.2

As a responsible manufacturer, the Group is dedicated to minimising our environmental footprint, particularly regarding greenhouse gas (GHG) emissions. The ceramic industry is inherently energy-intensive, with significant energy consumption in processes such as firing, drying, and glazing. Recognising the impact of emissions on global climate change, Rocell has integrated stringent emission management practices into our operations, aimed at achieving sustainable manufacturing and contributing to environmental goals.

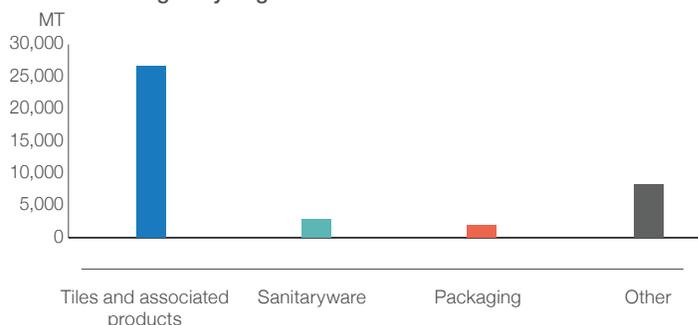
Group-wide initiatives aimed at minimising our carbon footprint have been a central focus across all our operations. We do not engage in releasing ozone depleting substances to the atmosphere. Also we ensure that we fully comply with the environmental regulations that has been audited by the relevant authorities periodically and noted the emission of NOx, SOx.. etc are at insignificant levels. Our subsidiaries, Unidil Packaging and Swisstek Aluminium successfully obtained Carbon Footprint Verification. This significant achievement underscores our unwavering commitment to reducing environmental impacts throughout our value chain, including production, packaging, and logistics.

Direct GHG Emissions				
Sector	Unit	2024/25	2023/24	%
Tiles & Associated Products	tCO2e	77,671	84,563	-8
Aluminium	tCO2e	3,833	2,825	36
Packaging	tCO2e	847	816	4
Other	tCO2e	174	180	-3

Emissions			
Sector	2024/25	2023/24	%
Gross direct (Scope 1) GHG emissions tCO2e	82,525	88,383	-7
Energy indirect (Scope 2) GHG emissions tCO2e	41,416	41,802	-1
Energy indirect (Scope 3) GHG emissions tCO2e	7,071	7,060	0.16
Total Emissions offset and/ or reduced tCO2e	131,012	137,246	-5
Emission intensity (Scope 1 & 2) per revenue Rs Mn	2.04	2.13	-4

We consider base year as 2023/24 cope 3 emissions include indirect GHG emissions from business air travel and local transportation

Waste Discharged by Segment



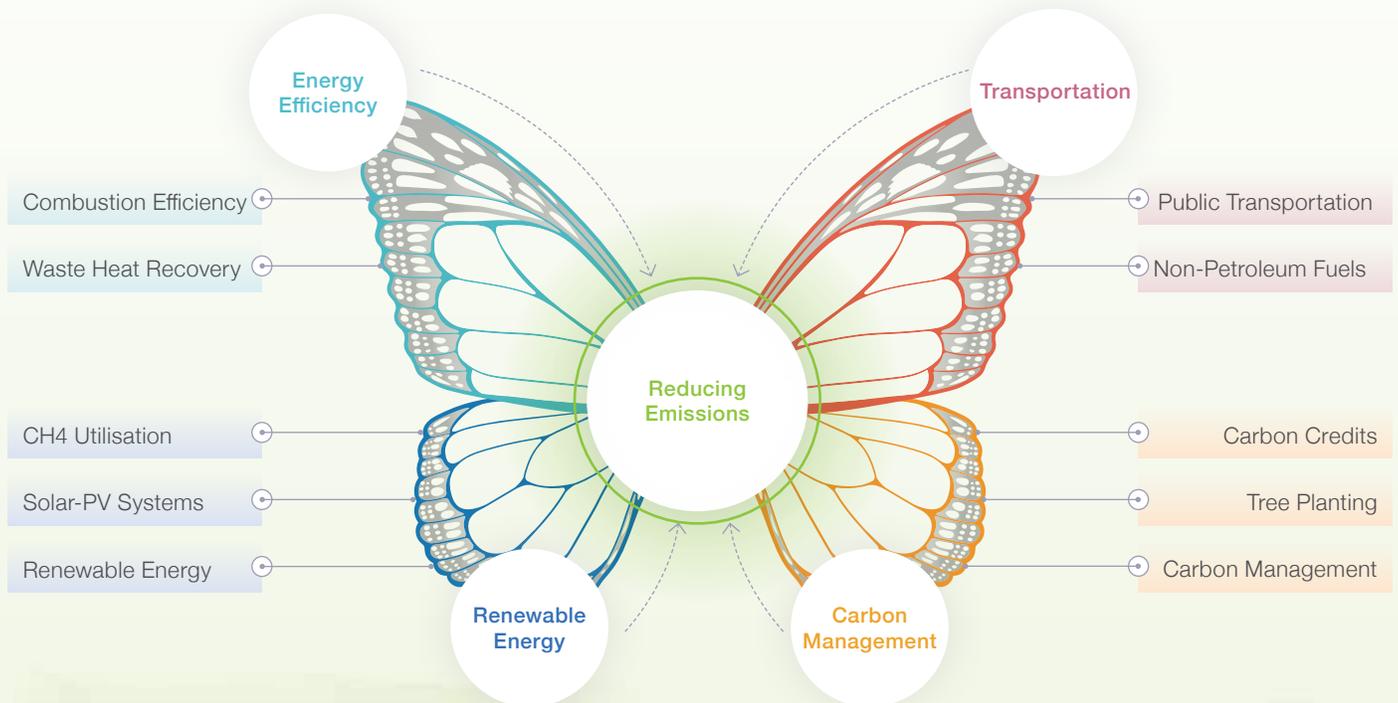
Capital Reports Natural Capital

Group's Emission reduction initiatives include,

- Reducing energy consumption with LED lighting and natural daylight through skylights.
- Utilising indirect lighting by optimising internal paintings and colours.
- Modifying roof design to a monitor roof for enhanced natural ventilation.
- Implementing large-scale motor staggering.
- Shifting load peak to off-peak hours.
- Enhancing power factor with capacitor banks.
- Using variable frequency drives for motor control.
- Harvesting solar PV energy.
- Implementing rainwater harvesting.
- Improving compressed air efficiency.

Net Zero Transition Plan for Emissions

As part of our ongoing commitment to sustainability and environmental responsibility, Royal Ceramics Lanka PLC is dedicated to achieving Net Zero emissions in long term. This transition plan outlines the strategies, actions, and milestones necessary to reduce our carbon footprint across all aspects of our operations. The plan focuses on systematically cutting emissions from energy use, transportation, waste management, and manufacturing processes while prioritising energy efficiency and the use of renewable energy sources.



Compliance

We are committed to compliance with all relevant environmental regulations set forth by the Central Environmental Authority. To ensure adherence, we have obtained Environmental Protection Licenses for all our factories. Our commitment to environmental responsibility is further demonstrated through annual reviews conducted via internal audits and compliance reporting processes.



During the year, there were no fines or penalties imposed for non-compliance with environmental regulations or laws.

Given below is a list of environmental compliance related certifications we complied with in 2024/25.

Certifications	Tiles & Associated Products	Sanitaryware	Aluminium	Packaging
ISO 9001:2015	✓	✓	✓	✓
ISO 14001:2015	✓	✓	✓	✓
ISO 45001:2018	✓			
ISO 50001:2018			✓	
SLS Certification (1992-2025)	✓			
SLS 1410:2011			✓	
CE Product Certificate	✓	✓		
Green Labelled Certificate	✓	✓	✓	
Qualicoate Certificate			✓	
Water Mark Certificate		✓		
WRAP				✓
WELS		✓		
ISO 14064-1				✓
SMETA				✓
FSSC 22000				✓
IPPC			✓	
Jotun Approved Applicator Certificate			✓	
QMEA Membership Certification			✓	

Capital Reports Intellectual Capital

GRI 3-3



Strategic Priorities

- Reinforce Rocell’s position as the preferred brand in luxury surfaces and bathware.
- Lead the market through continuous product innovation and design leadership.
- Maximise productivity and reduce costs while ensuring sustainable and responsible operations.
- Strengthen human capital to fuel innovation, quality, and customer satisfaction.
- Enhance operational agility, integration, and decision-making through digitalisation and automation.
- Comply with international quality and environmental standards to enhance trust and competitiveness.



Rocell Group, a leading force in Sri Lanka’s tile and bathware industry, has built a reputation not only through our high-quality products and market reach, but also through our strong foundation in Intellectual Capital, such as our knowledge, innovation, brand equity and employee expertise. For Rocell, these elements are not peripheral but central to our business strategy and long-term vision. As the Group continues to grow and diversify in both domestic and international markets, our Intellectual Capital plays a pivotal role in enhancing operational efficiency, fostering product innovation, and maintaining our leadership position. This intellectual infrastructure supports Rocell’s ability to adapt to dynamic market demands, deliver superior value to customers, and sustain profitability in an increasingly competitive industry.



Zebra Longwing

These butterflies display remarkable intelligence—navigating social hierarchies, remembering food sources, and adapting their foraging strategies through learned experience, far beyond what is typical in most butterfly species.

Much like the Zebra Longwing’s ability to adapt and thrive in ever-changing environments, Royal Ceramics Lanka PLC continuously invests in nurturing Intellectual Capital and fostering a culture of learning, collaboration, and innovation—empowering our workforce to navigate challenges and drive sustainable success.

Strategic Approach

- Execute targeted marketing campaigns and promotions to drive brand loyalty and retention.
- Expand premium product lines aligned with international design preferences.
- Continue to drive operational efficiency through innovation and technological transformation.
- Ongoing training and development programmes to upskill staff.
- Implement advanced digital systems and smart technologies to streamline internal processes and improve decision-making

Highlights for 2024/25

- Introduced 490 new designs.
- Digital marketing campaign.
- Launched e-commerce platform by Rocell

Components of Our Intellectual Capital



Brand Equity and Market Leadership

Group’s flagship brands, Rocell and Lanka Tiles, continue to demonstrate exceptional strength in brand equity and market leadership, commanding a dominant position in Sri Lanka’s tile and bathware industry. These brands are synonymous with aesthetic refinement, superior quality, and design innovation, resonating strongly with both domestic and international customers. Together, Rocell and Lanka Tiles hold an impressive 40% share of the local wall and floor tile market, a testament to their deep-rooted brand loyalty and consistent performance.

Rocell Bathware further reinforces this leadership position by fulfilling 24% of domestic bathware demand, a reflection of the brand’s reliability and appeal in the premium sanitaryware segment. These achievements are supported by a well-executed marketing strategies focused on continuous product innovation, the expansion of state-of-the-art experience centres, and targeted promotional campaigns. By delivering immersive customer experiences and maintaining a sharp alignment with global design trends, the Group not only safeguards but actively enhances our market leadership.

In addition to domestic success, both Rocell and Lanka Tiles have successfully penetrated multiple export markets, expanding their footprint and reinforcing the international credibility of Sri Lankan-manufactured ceramic products. This global recognition amplifies brand value and positions Rocell as a key regional player in the luxury surfaces and bathware space.

Capital Reports Intellectual Capital

Innovation and Design Excellence GRI 2-6

Innovation and design excellence remains at the forefront of our focus, as we continue to elevate product quality, expand our portfolio, and deliver exceptional brand experiences to our customers. Our commitment to offering globally inspired, aesthetically refined, and environmentally responsible solutions was further strengthened through a series of high-impact product launches.



Expansion of Tile size and format Options

Responding to evolving design trends and consumer preferences, we introduced 1000x1000mm polished tile ranges and 800x1200mm formats, ideal for large, modern interior spaces. These new sizes enhance aesthetic continuity and spatial elegance.



Launch of the 900x450mm Artisan Wall Tiles Collection

The new Artisan Wall Tiles Collection, featuring a unique 900x450mm format, showcases sophisticated craftsmanship and design detail, setting a new standard in decorative wall surfaces.



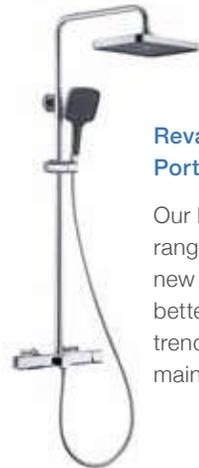
Advanced Carving Ink Technology

Our latest tile series now feature carving ink technology, enabling highly detailed textures and intricate surface finishes. This technological advancement has allowed us to replicate the natural look and feel of materials like stone and wood with remarkable accuracy.



ForumaPura Bathware Collection

We introduced the ForumaPura Collection, which blends minimalistic elegance with practical functionality. This new line complements our existing bathware portfolio while offering customers a fresh aesthetic and advanced performance.



Revamped Accessory Portfolio

Our bathroom accessory range was upgraded with new contemporary designs to better align with current lifestyle trends and complement our main bathware collections.



Introduction of Spa Baths

Enhancing our luxury product offering, we launched Spa Baths designed to deliver wellness and relaxation experiences in residential settings, reflecting the growing demand for home-based indulgence and comfort.



New Slimline series

We introduced new Slimline Series, featuring both Premium and Superior class collections. This innovative product line is designed to meet the evolving preferences of modern homeowners, offering a lifetime solution that combines functionality, durability, and aesthetic appeal.



Offset inner cartons for tea industry

We expanded our portfolio to include Offset Inner Cartons tailored specifically for the tea industry. These cartons are designed to offer enhanced brand visibility, protection, and shelf appeal, making them ideal for both local and export markets.

Operational Excellence

Operational excellence is a key driver of our success, ensuring that we maintain high standards of productivity, quality, and cost efficiency. Throughout the year, we have implemented several initiatives aimed at reducing costs, optimising resource utilisation, and improving the overall efficiency of our operations. These efforts not only enhance profitability but also strengthen our competitiveness in the marketplace. These initiatives include,



Energy-Efficient Machinery and Technology

We have invested in high-efficiency machinery with modern technologies and larger capacities, such as the installation of new polishing machines, which have allowed us to increase production output while reducing energy consumption. These upgrades directly contribute to cost savings through improved operational efficiency.



Waste Heat Recovery

Through the waste heat recovery project, we have been able to save 1,232 tons of LP gas per year, translating into considerable savings on energy costs. This initiative also supports our broader sustainability goals while enhancing cost efficiency.



New Kiln with Higher Thermal Efficiency

The installation of a new kiln with improved thermal efficiency has resulted in 30% energy savings. This higher-capacity kiln allows us to meet increased demand without incurring proportional increases in energy consumption, thus reducing operational costs while maintaining output levels.



Optimisation of Grinding Process

By replacing rubber liners in ball mills with alumina liners, we have been able to reduce grinding time, leading to lower energy consumption and significant savings on electricity usage. This change has improved our overall production efficiency, contributing to a reduction in operational costs.



Energy-Efficient Infrastructure

In a bid to reduce overall energy usage, we installed skylights in key areas of the factory, reducing the need for artificial lighting during daylight hours. Additionally, we introduced high-efficiency motors with inverters, further optimising electricity consumption.



Routine Maintenance and Monitoring

Regular maintenance checks and real-time monitoring of plant equipment ensure that machinery operates at peak efficiency, minimising the risk of downtime and costly repairs. This proactive approach allows us to identify inefficiencies early and take corrective measures before they lead to major disruptions.



Solar Power Plant

The successful installation and commissioning of our 2MW solar power plant in previous years has enabled us to significantly reduce electricity costs. This project has decreased the overall cost of energy consumption across our production facilities.



Off-Peak Energy Usage

We actively promote off-peak electricity usage, encouraging our production processes to run during off-peak hours, thereby reducing energy costs associated with peak demand periods.



Lean Manufacturing Practices

We have continued to implement lean manufacturing principles across our production processes, focusing on minimising waste, reducing downtime, and optimising resource allocation. By improving our operational workflows and eliminating non-value-adding activities, we have significantly reduced costs while enhancing overall productivity.

Capital Reports Intellectual Capital

Systems and Processes

We continue to strengthen our competitive advantage through the strategic implementation of cutting-edge systems and robust internal processes. These initiatives are purposefully designed to drive operational agility, reduce costs, ensure consistency across business units, and lay the foundation for scalable growth in a technology-driven business environment.

IoT project at the Lanka Tiles Ranala factory

We launched an IoT (Internet of Things) project at the Lanka Tiles Ranala factory to capture real-time production counts at each work center. This data is streamed into the data warehouse and displayed on a live dashboard for enhanced visibility and decision-making.

Integrated Systems Infrastructure

To consolidate data and eliminate operational silos, we have seamlessly integrated several critical systems:

Warehouse Management System (WMS):

Enabled real-time tracking of inbound, outbound, and inter-warehouse transfer transactions.

Oracle ERP & HRIS:

Integrated modules to automatically manage employee lifecycle processes including creation and termination.

Implemented Active Directory Audit tools

This system monitors all Active Directory Users' activities for malicious activities or policy violations. It can identify potential intrusions and alert administrators to take action to prevent the breach.

Workflow Automation and Custom Applications

To improve accuracy, transparency, and speed across operational workflows, we have implemented several automated systems:

NetSuite CRM & TMS:

Used for seamless customer management, scheduled data transfers, and sharing delivery snapshots to ensure timely order fulfillment.

Auto Stock Replenishment:

Developed to forecast and replenish stock levels of trading items automatically.



Workhub24 – Workflow Approvals:

Introduced to streamline discount approvals, enabling email notifications, sales order holds during approval cycles, and full traceability of approval and rejection actions.

Customised Cashier Day Closing Form:

Deployed across all sales locations to automate daily cash reconciliation, removing the need for manual registers and ensuring real-time showroom-level cash visibility.

Fixed Asset Transfer Workflow:

A digitised workflow that manages the entire lifecycle of fixed asset transfers.

E-Sales Orders (E-Bills):

Transitioned from physical to digital invoicing with real-time email and SMS notifications to customers, promoting a paperless operation.

Auto Allocation of Bathware:

Systemised allocation of products to sales orders for faster order fulfillment.



AI-Driven Decision Support and Smart Factory Roadmap

Royal Ceramics has embarked on a digital transformation journey, incorporating Artificial Intelligence (AI) and Machine Learning (ML) into our core systems:

AI Assistant in NetSuite:

A new AI-powered data warehouse system built into NetSuite CRM, designed for predictive planning, interactive report generation, and AI-driven business insights.



HyperMate Smart Factory System (In Development):

A next-generation industrial automation platform that integrates IoT, AI, Digital Twins, and real-time analytics. HyperMate will facilitate total plant automation, from raw material intake to final product inspection, improving efficiency, scalability, and precision.

Knowledge and Expertise

Our ability to deliver superior value to our customers is deeply rooted in the knowledge, skill, and dedication of our people. The Group places strategic emphasis on attracting and retaining top talent through a robust recruitment framework and a compelling Employee Value Proposition, ensuring we consistently meet and exceed stakeholder expectations.

We have made significant investments in learning and development, empowering our employees with the tools and knowledge required to excel in a competitive landscape. Structured training programs, continuous professional development, and exposure to industry best practices have contributed to a highly skilled and adaptive workforce. These initiatives not only enhance technical and operational capabilities but also support the development of leadership, creativity, and innovation across the Group.

The result of these focused efforts is evident in the exceptional quality and craftsmanship of Rocell's product portfolio. Our teams' expertise is central to maintaining the standards of excellence that define our built in it in precision manufacturing, contemporary design, or superior service delivery.

Certification	Royal Ceramics Lanka PLC	Rocell Bathware Ltd.	Lanka Tiles PLC	Lanka Walltiles PLC	Swisstek Aluminium	Unidil Packaging
 ISO 9001:2015	✓	✓	✓		✓	✓
 ISO 14001:2015	✓	✓	✓		✓	✓
 ISO 45001:2018	✓		✓			
 ISO 50001:2018					✓	
 SLS Certification (1992-2025)	✓		✓	✓		
 SLS 1410:2011					✓	
 CE Product Certificate	✓	✓	✓	✓		

Capital Reports Intellectual Capital

Certification	Royal Ceramics Lanka PLC	Rocell Bathware Ltd.	Lanka Tiles PLC	Lanka Walltiles PLC	Swisstek Aluminium	Unidil Packaging
 Green Labelled Certificate	✓	✓	✓	✓	✓	
 Schedule Waste Management Licence			✓			
 Qualicoat Certificate					✓	
 Water Mark Certificate		✓				
 WRAP						✓
 WELS		✓				
 ISO 14064-1						✓
 SMETA						✓
 FSC 22000						✓
 IPPC					✓	
 Great Place to Work						✓
 Jotun approved applicator certificate					✓	
QMEA membership certification					✓	

STEWARDSHIP

Structures of Stewardship

Our journey is supported by dynamic frameworks that uphold integrity while empowering agility and resilience. With the ability to anticipate and respond to change, we remain flexible in motion yet grounded in purpose—ensuring that every decision reflects a quest for sustained progress and growth.

The layered scales and intricate structure of a butterfly's wing enhance its manoeuvrability and flexibility -- enabling it to achieve stability amid the rapidly evolving forces of flight, maintain its form, and advance with fluidity and grace.



Corporate Governance GRI 2-9

GRI 2-23

The Board of Directors holds the ultimate responsibility for guiding strategy, maintaining internal controls, financial reporting, risk management, and overseeing operations at the Royal Ceramics Group. Corporate governance structures, policies, systems, and processes along with regular reporting enable the Board to fulfil these duties. These frameworks adapt to external changes in legal, regulatory, and voluntary guidelines as well as internal requirements to ensure they remain effective in a rapidly evolving operational environment.

Highlights 2024/25

Appointments

- Appointment of Mr. Dhammika Perera as Director w.e.f. 7th October 2024
- Appointment of Mr. Dhammika Perera as Chairman w.e.f 10th October 2024.
- Appointment of Mr. Manil Jayasinghe w.e.f. 1st January 2025

Resignations

- Resignation of Mr. L.N. De S Wijeyaratne w.e.f 31st December 2024
- Resignation of Mr. R.N. Asirwatham w.e.f 31st December 2024
- Resignation of Ms. N.R. Thambiyah w.e.f 31st December 2024

Composition

- Re-designation of Mr. S.H. Amarasekera as Co-Chairman
- Re-designation of Ms. N.R. Thambiyah as Independent Non-Executive Director w.e.f 1st October 2024
- Re-designation of Mr. S.H. Amarasekera & Mr. G.A.R.D. Prasanna as Independent Non-Executive Director w.e.f 1st January 2025

Board Committees

- Appointment of Nominations & Governance Committee
- Appointment of ESG committee
- Re-constitution of Audit Committee
- Re-constitution of Remuneration Committee
- Re-constitution of Related Party Transaction Review Committee

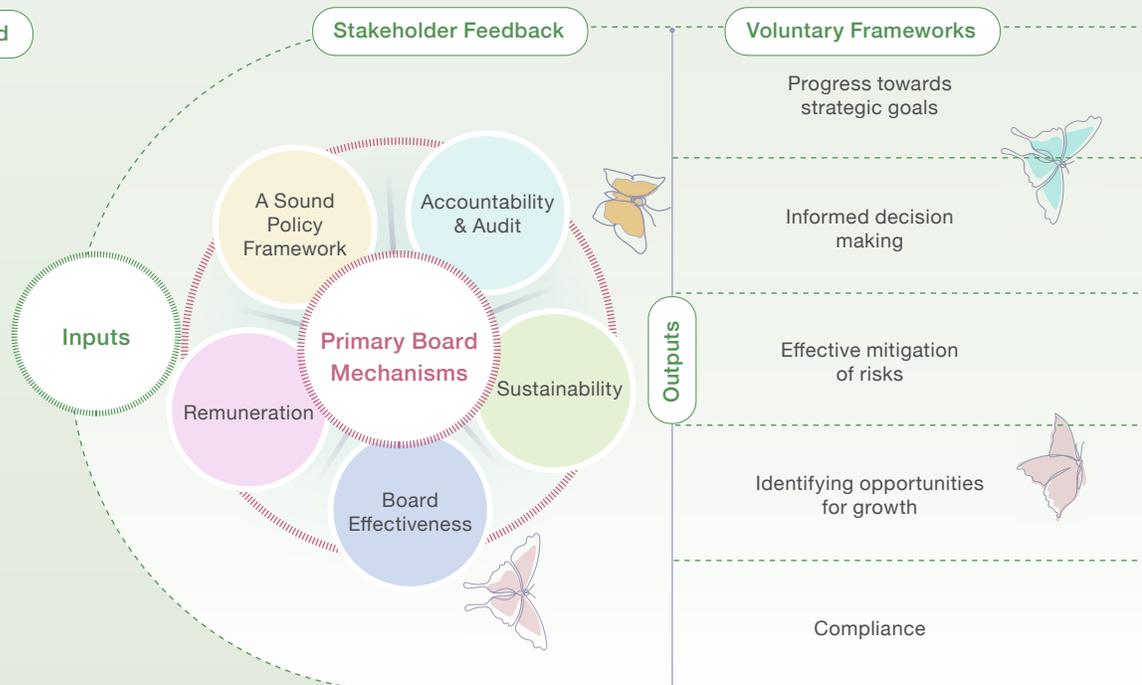
Policy Framework

- Review and approval of policies required by CSE Listing Rule No. 9 and publishing of the same on the company website

Governance Process

Defined responsibilities of the Board

- Value creation to stakeholders
- Strategy
- Resource allocation
- Appointment of Key Management Personnel
- Performance oversight
- Risk management
- Regulatory compliance
- Financial and other regulatory reporting
- Compliance



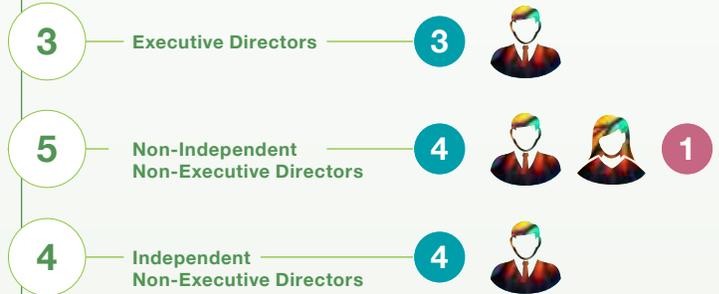
GRI 2-9

A Sound Governance Structure

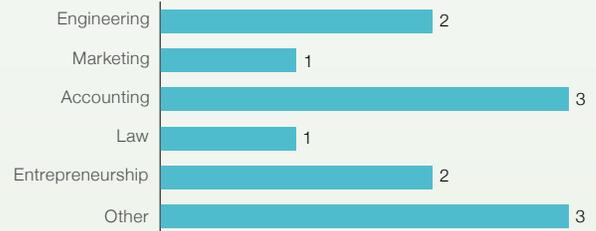
Composition and Balance



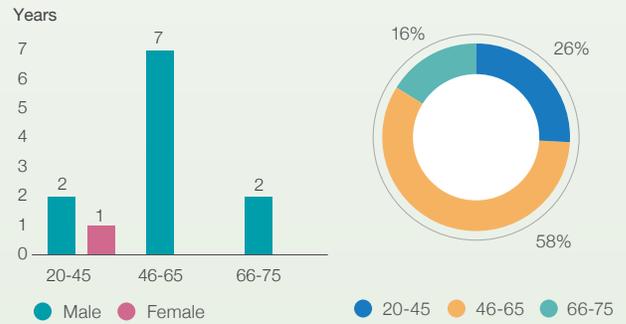
Composition & Balance GRI 405-1



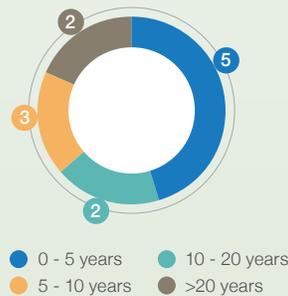
Skills & Experience and Investors



Age Diversity



Tenure on Board



Gender Diversity



Director Induction & Learning

Sustainable value to stakeholders

Enhanced resources

Management of impacts to people and planet

Progress on sustainability goals

Outcomes



Corporate Governance

A Strong Policy Framework

Internal Code of Conduct & Ethics for All Directors & Employees

Areas covered include:

1. General duties and responsibilities
2. Conflicts of Interest
3. Anti bribery and corruption
4. Trading in company shares
5. Encouraging the reporting of illegal/unethical behaviour

Policy on Corporate Governance, Nominations and Re-election

Areas covered include:

1. Composition of the Board
2. Governance requirements
3. Nomination of Directors
4. Term of Directors
5. Board relationship with shareholders
6. Ethics & conflicts of interest
7. Evaluation of the Board

Policy on Remuneration

Areas covered include:

1. Remuneration of directors
2. Employees' remuneration structure
3. Insurance and indemnifications
4. Performance appraisal
5. New recruitments
6. Promotions
7. Review and monitoring

Policy on Risk Management & Internal Controls

Areas covered include:

1. Governance and responsibility
2. Risk Identification and assessment
3. Risk mitigation and internal control
4. Monitoring and reporting
5. Review and monitoring

Policy on Environmental, Social and Governance Sustainability

Areas covered include:

1. Environmental factors
2. Social & governance factors
3. Disclosures

Policy on Control & Management of Company Assets and Shareholder and Investments

Areas covered include:

1. Protection and proper use of company assets
2. IT equipment and information systems
3. Reserves & investments
4. Review & monitoring



Our Policy

Policy on Board Committees

Areas covered include:

1. Board Committees
2. The Nominations & Governance Committee
3. The Remuneration Committee
4. The Audit Committee
5. The Related Party Transactions Review Committee
6. Proceedings of Meetings

Policy on Relations with Shareholders and Investors

Areas covered include:

1. General Meetings
2. Corporate Disclosure/ Communications
3. General Inquiries
4. Material Transactions and other price sensitive information Review and monitoring

Policy on Matters Relating to the Board of Directors

Areas covered include:

1. The Board
2. Meetings of the Board
3. The Chairperson
4. Executive Directors
5. The Company Secretary
6. Conflicts of interest
7. Appraisal of the Board
8. Review and Monitoring

Policy on Anti Bribery and Corruption

Areas covered include:

1. Bribery and corruption
2. Gifts and hospitality
3. Fraudulent payment
4. Nepotism
5. Donations and sponsorship
6. Corporate sound responsibility
7. Conflicts of interest
8. Dealership with third parties
9. Reporting and whistleblowing
10. Responsibilities of stakeholders
11. Consequences of non compliance
12. Record-keeping and inherent accounting control provisions
13. Track and communicate
14. Review and monitoring

Policy of Corporate Disclosures

Areas covered include:

1. Disclosure of Material Information
2. Corporate Communications
3. Review & monitoring

Policy whistleblowing



Rocell has a Whistleblowing Policy enabling employees to

1. Alert the Deputy Chairman if it does not concern members of the Board.
2. If members of the Board are concerned, the contact person is the Chair of the Board Audit Committee.
3. Upon receipt, the principal contact shall present it to an Investigations Committee (IC) which will normally comprise the MD, Chief Internal Auditor, the Heads of Finance and

4. Human Resources unless otherwise determined by the principal contact.
4. The IC will acknowledge receipt of the communication if identity is known and proceed to investigate the matter and has the authority to determine whether it involves the internal auditor, external auditor, police, or conducts an independent inquiry by itself.
5. The Investigator should make a Final Investigations Report to the IC
6. IC shall determine the course of

- action to be taken which may include disciplinary action and termination.
7. The alleged party and the Whistleblower have the right to appeal to the Chairman of the Board Audit Committee within 10 days of the decision of the IC. The BAC Chair will respond in 10 days.
8. Identify of the Whistleblower is protected during the entire process and may complain about any retaliation to the BAC Chair.

Framework



Corporate Governance

Make Up of the Board

The Board comprises 12 Directors whose profiles are given on page 28-30. There are 9 Non-Executive Directors of whom 4 are independent in accordance with the criteria set out in the Corporate Governance Listing Rule No.9. The Chairman and three other Directors are also Directors of Vallibel One PLC, the parent company of Royal Ceramics PLC. The combination of Executive and Non-Executive Directors and the diversity of skills and experience supports objective and informed deliberation of matters set before the Board. Each director has submitted declaration confirming that such director has continuously satisfied fit and proper assessment criteria as set out in the Listing Rule during the financial year under review as at the date of their declaration. Additionally, Independent directors has submitted declarations confirming their independence as per Listing Rules.

Name	Shareholding	Role	NGC	AC	RC	RPTRC	ESG	No of appointments at Public Listed entities	No of appointments at other entities
Mr. Dhammika Perera*	2,007,720	Chairman						3	2
Mr. S H Amarasekera		Co - Chairman	●		●			6	12
Mr. A M Weerasinghe	331,763	Deputy Chairman						6	10
Mr. M Y A Perera	2,200	Managing Director						4	6
Mr. T G Thoradeniya	1,856,800	Director - Marketing and Business Development						3	9
Mr. G A R D Prasanna	50,000	Director						2	14
Mr. R N Asirwatham**		Director						-	-
Ms. N R Thambiyah**		Director						-	-
Mr. L N De S Wijeyeratne**		Director						-	-
Mr. N J Weerakoon		Director		●		●	★	2	9
Mr. S M Liyanage		Director						4	6
Mr. S R Jayaweera		Director	●	●		●	●	3	1
Mr. J R Gunaratne		Director	★		★			4	4
Ms. K A D B Perera		Director					●	11	6
Mr. H M A Jayasinghe***		Director		★	●	★		8	4

*Appointed to the Board w.e.f 7th October 2024 and appointed as the Chairman w.e.f 10th October 2024

Resigned w.e.f 31st December 2024 *Appointed w.e.f 1st January 2025

★ Chairman	AC - Audit Committee	NGC - Nominations & Governance Committee
● Member	RC - Remuneration Committee	RPTRC - Related Party Transaction Review Committee

Appointments & Exits

The Nominations & Governance Committee helps the Board find candidates that meet business needs, independence, and diversity requirements. The Board recommends appointments to shareholders at the Annual General Meeting with separate resolutions for each nomination. Appointments are promptly reported to the Colombo Stock Exchange with a brief director resume, relevant interests in shares, current roles, and whether they are executive, non-executive, or independent directors.

The Board may appoint directors to fill any casual vacancies that arise during the year as outlined in the Articles of Association. Directors appointed this manner hold office until the next Annual General Meeting, where shareholders can re-elect them.

Articles are proposed to be amended whereby one third of the Directors excluding the Executive Directors will be required to retire by rotation at each Annual General Meeting and are eligible for re-election. A separate resolution is framed for the election/re-election of each director appointed since the last Annual General Meeting as set out on page 158 of the Annual Report. Executive directors are not subject to rotation as they typically serve the remainder of their contract of employment.

Determining Independence of Non-Executive Directors

Independence of the Directors is determined by the Board based on the annual declarations submitted by the Independent Directors in accordance with the Listing Rule No. 9.8.5 Mr. N J Weerakoon, Mr. J.R. Gunaratne, Mr. Manil Jayasinghe and Mr. Sanjeewa Jayaweera meet the independence criteria set out in Section 9.8.3 of the Listing Rules and the Board, based on declarations submitted by the said Directors, has determined that they are Independent as per the criteria set out in the said Rule 9.8.3.

Role of the Chairman and CEO

GRI 2-12, 2-24

The roles of the Chairman and CEO are distinct, allowing for a balance of power on the Board. The Chairman oversees the Board's activities, including scheduling meetings, setting agendas, conducting meetings, ensuring that Board members have adequate information for decision-making, and facilitating effective participation from all members. The Managing Director is responsible for executing strategy within the established policy framework and adhering to regulatory requirements.

Role of the Company Secretary

PW Corporate Secretarial (Pvt) Ltd provides company secretarial services, which include scheduling meetings, circulating board papers, maintaining minutes, filing necessary returns and submission of financial information and disclosures to the SCE. They advise directors on board procedures and legal requirements related to their duties and responsibilities. Additionally, they arrange Annual General Meetings, Extraordinary General Meetings, shareholder communications, and disclosures to the CSE through the Registrar, Central Depository System (Pvt) Ltd. The Board as a whole is responsible for their appointment and removal.

Board Committees **GRI** 2-13

Five Board Committees are established by the Board to assist with discharging its duties and responsibilities effectively and efficiently as summarised out below.

Committee	Composition	Mandate
Nomination & Governance Committee GRI 2-10  Refer page 174 for Nomination & Governance Committee Report	Mr. Jithendra Gunaratne - INED Mr. Harsha Amarasekera - NED Mr. Sanjeewa Jayaweera - INED	<ol style="list-style-type: none"> 1. Formulation of policies that provide the framework for the nomination, appointment, election and/or re-election of Directors to the Board and the appointment of members to Board committees; 2. Formulation of policies that sets out the framework for governance of the Company including corporate governance policies and compliance manuals; 3. Determining the number of Directors to be appointed to the Board subject to the minimum number as stipulated by the Listing Rules; 4. Evaluating the fitness and propriety of persons for appointment, election and/or re-election as Directors to the Board and making recommendations to Board; 5. Making recommendations to the Board on the maximum number of Directorships that could be held by a Director of the Company; and 6. Overseeing and evaluating the compliance by the Company with the governance framework.
Audit Committee  Refer page 167 for Audit Committee Report	Mr. Manil Jayasinghe - INED Mr. Sanjeewa Jayaweera - INED Mr. N.J Weerakoon - INED	Monitor and supervise management's financial reporting process in ensuring: <ol style="list-style-type: none"> 1. The integrity of Financial Statements in accordance with Sri Lanka Financial Reporting Standards. 2. The compliance with legal and regulatory requirements of Companies Act and other relevant financial reporting related regulations and requirements. 3. The External Auditor's independence and performance. 4. Review of the adequacy and effectiveness of the company's Internal Control and Risk Management systems, over the financial reporting process.
Remuneration Committee  Refer page 169 for Remuneration Committee Report	Mr. Jithendra Gunaratne - INED Mr. Harsha Amarasekera - NED Mr. Manil Jayasinghe - INED	The Committee focuses on and is responsible for ensuring that the total package is competitive to attract the best talent for the benefit of the Company. Recommend the remuneration payable to the Executive Directors and senior management.

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Board Committees (Contd.)

Committee	Composition	Mandate
Related Party Transactions Review Committee  Refer page 171 for Related Party Transactions Review Committee Report	Mr. Manil Jayasinghe - INED Mr. Sanjeewa Jayaweera - INED Mr. Nivran Weerakoon - INED	To ensure on behalf of the Board, that all Related Party Transactions of Royal Ceramic Lanka PLC and its subsidiaries are consistent with the provisions of Rule 9.14 of the Listing Rules and Best Practices on Corporate Governance the Code of Best. <ol style="list-style-type: none"> 1. Ensure that the Company complies with the rules on Related Party Transaction set out in the Listing Rules 2. Subject to the exceptions given in the Listing Rules, review in advance all proposed related party transactions 3. Perform other activities related to the Terms of Reference Terms of Reference as requested by the Board. 4. Have meetings every fiscal quarter and report to the Board on the Committee's activities 5. Share information with the Audit Committee as necessary and as appropriate, to permit the Audit Committee to carry out its statutory, regulatory and other responsibilities with regard to related party transactions. 6. Review the terms of reference and policy at least annually and recommend amendments to the Board as and when determined to be appropriate by the committee. Review the Charter and Policy at least annually and recommend amendments to the Charter and Policy to the Board as and when determined to be appropriate by the Committee.
ESG committee  Refer page 178 for ESG committee Report	Mr. Nivran Weerakoon (INED) Ms. Brindhiini Perera Mr. Sanjeewa Jayaweera	Provide strategic oversight, direction, and guidance on the Group's sustainability agenda. This includes environmental, social, and governance (ESG) matters relevant to the sectors in which the Group operates—tiles, grouts, aluminium, mining and corrugated cartons. The Committee will look into the following specific areas: <ul style="list-style-type: none"> • Strategic Oversight • Environmental Stewardship • Social Responsibility • Ethical Governance and Supply Chain Oversight • Performance Monitoring and Reporting

Governance Framework 2-27

The Company's governance framework extends beyond regulatory compliance, reflecting our commitment to transparency and global best practices. This year, we obtained external assurance on our disclosures under the GRI and SASB standards, building on the assurance obtained last year for our Integrated Report. No non-compliance has been reported or legal actions taken during the year. The governance framework of the Group is given below:

Regulatory	Voluntary Standards, Codes & Frameworks	Internal Documents
<ul style="list-style-type: none"> • Companies Act No.7 of 2007, • Sri Lanka Accounting and Auditing Standards Act No.15 of 1995 • Continued Listing Requirements of the Colombo Stock Exchange • The Shop and Office Employees Act No. 15 of 1954 • Factories Ordinance No. 45 of 1942 • Inland Revenue and other relevant Acts • Security and Exchange Commission of Sri Lanka Act No 19 of 2021 	<ul style="list-style-type: none"> • Code of Best Practice on Corporate Governance issued by CA Sri Lanka 2023 • Integrated Reporting Framework • Global Reporting Initiative Standards • Quality standard certifications obtained by company • SASB Standards 	<ul style="list-style-type: none"> • Article of Association • Board Charter • Policy Framework • Committee Terms of References

Managing conflicts of interest GRI 2-15

Directors are required to declare their business interests on appointment and update thereafter and the Company Secretaries maintain a register of Directors' Interests. Directors interest in contract are disclosed on page 265. Directors do not participate in the meeting when related party matters are discussed, absenting themselves from the Board room for the duration of the discussion.

Related party transactions are reviewed quarterly by the Related Party Transactions Review Committee recommends who recommends/approve the transactions and ensure appropriate disclosures are made to the Colombo Stock Exchange in line with regulatory requirements. Related party transactions are disclosed in Note 33 to the Financial Statements on page 266.

Effective Meetings

Board meetings occur monthly, with additional meetings as needed. The Chairman and Company Secretary set the agenda, and relevant papers are distributed to Directors seven days in advance. Regular agenda items include performance oversight, risk management, and financial review. Key Management Personnel attend by invitation to present on significant business issues and provide clarifications. Board minutes are circulated within two weeks.

Attendance of Directors at meetings is given below:

Directors	Date of Appointment	Board Meeting	NGC	AC	RC	RPTRC
Mr. Dhammika Perera*	7th October 2024	4/6				
Mr. S H Amarasekara	18th September 2014	9/12	1/1		1/1	
Mr. A M Weerasinghe	28th August 1990	12/12				
Mr. M Y A Perera	14th March 2017	12/12				
Mr. T G Thoradeniya	1st April 2003	12/12				
Mr. G A R D Prasanna	29th May 2009	12/12				
Mr. N J Weerakoon	17th May 2019	12/12		6/6		4/4
Mr. S M Liyanage	21st February 2020	12/12				
Mr. S R Jayaweera	8th April 2021	11/12		6/6		1/1
Mr. J R Gunaratne	28th April 2021	11/12	1/1			
Ms.K A D B Perera	19th October 2022	8/12				
Mr. H M A Jayasinghe***	1st January 2025	4/4		1/1		1/1
Mr. R N Asirwatham**	25th September 2009	8/8		4/5	1/1	3/3
Ms. N R Thambiyah**	10th January 2015	8/8	1/1			
Mr. L N De S Wijeyeratne **	16th May 2016	7/8		5/5	1/1	2/3
Total No of Meetings		12	1	6	1	4

*Appointed to the board w.e.f 7th October 2024 and appointed as the Chairman w.e.f 10th October 2024

Resigned w.e.f 31st December 2024 *Appointed w.e.f 1st January 2025

Induction & Training for Directors

Newly appointed Directors are formally inducted to enable effective contribution at Board meetings. The Chairman and the MD arrange meetings with themselves and Key Management Personnel to provide an overview. In addition, they are also taken on a tour of some of the manufacturing facilities.

Directors are expected to apprise themselves of developments in their areas of speciality and undertake learning activities necessary for the effective discharge of their duties. These requirements are coordinated through the Company Secretary.

Evaluations

Appraisal of MD

The performance of the MD is reviewed annually by the any Executive Directors from the Senior Independent Director and the Board in line with goals agreed at the beginning of the year. The performance of

the Group is assessed in the context of the operating environment and constructive feedback is provided. The outcome of the performance appraisal is linked to the annual increments for the fixed remuneration and determines the variable pay.

Board Evaluations GRI 2-18

The Board conducted self-evaluations in line with the requirements of the results were tabled at the 12 meeting of the Board. Issues raised in the evaluations were discussed and actions agreed for implementation during the year.

Remuneration Policy GRI 2-19, 2-20

The Board is assisted by the Remuneration Committee in determining remuneration of Executive Directors, Non-Executive Directors, KMPs and others. Remuneration policy is designed to attract and retain the skills, capabilities and experience required to pursue business objectives. Remuneration of KMP and Executive Directors are linked to



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the performance of the Group. Please refer page 169 for the Report of the Remuneration Committee and Terms of Reference. Non-Executive Director remuneration comprise a fee for being a Director of the Board and were applicable an additional fee for being a member of a committee.

Accountability & Audit

The Board approved the quarterly interim financial statements prior to dissemination to the public through the CSE and the corporate website. The Audit Committee reviews the financial statements and recommended the financial statements for approval by the Board. The following reports set out further information required by the Code:

- The Directors' Report on pages 157 to 165 (including the declaration that the company is a going concern)
- The Statement of Directors' Responsibility on page 166
- Report of the Audit Committee on page 168

External Auditor

The External Auditor is appointed by the shareholders at the Annual General Meeting. The Audit Committee monitors and reviews the External Auditor's independence, objectivity and the effectiveness of the audit process considering relevant professional and regulatory requirements.

Assignment of non-audit services to External Auditors is reviewed by the Audit Committee who determine whether there would be a potential impairment of independence and objectivity of the External Auditor in carrying out his duties and responsibilities.

Oversight of Subsidiaries & Associates

- Co-Chairman and some other directors sit on the Boards of subsidiaries and provide feedback to the main Board on matters of concern.
- The Audit Committee of the Group liaise with the Audit Committee of the subsidiaries, ensuring oversight of internal controls, financial reporting, internal and external audit.

- Finance and Human Resources functions have regular meetings with heads of corresponding functions in the subsidiaries to ensure harmonisation and sharing of best practice.

Internal audit co-ordinates with internal auditors of the respective subsidiaries to ensure that audits are conducted in line with expected standards and in line with the agreed audit plans.

Cyber Security

The Company has implemented robust cybersecurity measures to protect its information systems, data, and digital infrastructure. Regular risk assessments, employee awareness programs, and system upgrades are conducted to ensure resilience against cyber threats. The Board oversees cybersecurity as part of its broader risk management responsibilities, in line with the ICASL Code No. G.

Relations with Shareholders

The Group engages with Shareholders through multiple channels. These include the Annual General Meeting (AGM), annual report, interim financial statements, the Company website and via the CSE's website. Shareholders also have the opportunity to make inquiries and suggestions to the Board through the Company Secretaries - P W Corporate Secretarial (Pvt) Ltd, No. 3/17, Kynsey Road, Colombo 8 (011 - 4640360, pwcs@pwcs.lk) or Senior Finance Manager of the Company (076-5458069/ pandukas@rcl.lk) who is delegated for this purpose. They also can directly communicate with the Board at the Annual General Meeting. All significant issues and concerns of Shareholders are referred to the Board with the views of the Management.

Constructive use of Annual General Meeting (AGM)

Shareholders are encouraged to participate at the AGM and the Chairman, Board members and Chairpersons of Board Sub-committees are available for discussion at the AGM and respond to questions directed

to them by the Chairman. Additionally, KMPs of the Group are also present to assist the directors in this regard.

Notice of the AGM, the Annual Report and Accounts and any other resolution together with the corresponding information that may be set before the shareholders at the AGM, are circulated to shareholders minimum 15 days prior to the AGM. Separate resolutions for each item of business, facilitating voting on each of such issue, separately. Voting procedures at the AGM are circulated to the shareholders in advance. The Company has an effective mechanism to record and count all proxy votes lodged for each resolution. In the event there are a significant proportion of the votes cast against a resolution, the Board will take steps to understand the reasons behind the vote results and determine if any actions are required. The outcome of the vote on each resolution is informed to the CSE, soon after conclusion of the AGM.

Communication of Critical Concerns to the Highest Governance Body

Critical concerns are communicated to the highest governance body through formal reporting channels and structured governance processes. These include:

- Regular presentations and reports from the Executive Management Team during Board and Committee meetings.
- Escalation of material risks and significant operational or strategic issues through the enterprise risk management framework.
- Internal audit findings and compliance reports submitted to the Audit Committee.
- Whistleblower reports and stakeholder grievances reviewed through the Board's oversight mechanisms.
- Special briefings or ad-hoc meetings convened when urgent or unforeseen concerns arise.

These mechanisms ensure that the highest governance body remains informed and equipped to provide oversight, strategic direction, and timely decision

Given below is the status of compliance with the CSE Listing Rules – Section 7-9 and the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka in 2023.

Reference to ICASL Code	Corporate Governance Principle	How We Comply	Compliance Status
A. Directors			
A. 1 The Board			
A. 1.1	Board Meetings	Held every month and special meetings held as and when necessary.	✓
A. 1.2	Role of the Board	<ul style="list-style-type: none"> Focus in on developing strategies for business development and to provide guidance to the management. Sets the budget for the financial year and reviews progress at the monthly meetings. Approving of major capital expenditure Ensures that effective internal control and risk management framework is in place 	✓
A. 1.3	Compliance with laws and access to independent professional advice	<p>The Board seeks independent professional advice when deemed necessary, particularly before making any decisions which could have a significant impact on the Company.</p> <p>Further the Board is always mindful of the new laws/ regulations which are implemented and ensures compliance with same.</p>	✓
A. 1.4	<p>Access to advice from the Company Secretary</p> <p>Indemnifying the Board, Directors and key management personnel</p>	All directors have access to the advice of the Company Secretary.	✓
A. 1.5	Independent judgment of the Directors	Board comprises experienced business leaders and competent professionals who exercise independent judgement in discharging their duties.	✓
A. 1.6	Dedicating adequate time and effort	Regular Board meetings and sub-committee meetings are scheduled well in advance and Board papers circulated 1 week prior to the meetings, giving adequate time to prepare.	✓
A. 1.7	Calls for resolutions	Resolutions are passed for all Board approvals and minutes are kept.	✓

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Reference to ICASL Code	Corporate Governance Principle	How We Comply	Compliance Status
A. 1.8	Training of Directors	At the time a Director is appointed a letter confirming such appointment together with details on the duties of a Director in terms of the Act and Listing Rules are forwarded to them. All Directors have considerable experience in the industry. Relevant local and foreign training opportunities are made available.	✓
A. 2	Segregation of Roles of Chairman & CEO	Roles of Chairman and Managing Director are segregated. The Chairman serves in a non-executive capacity.	✓
A. 3	Chairman's Role	The Chairman ensures that meetings are conducted in an orderly manner and that each Board Member and Member of staff is given an opportunity to present his views/ concerns on matters.	✓
A. 4	Financial Acumen	Members of the Board and Management have sufficient financial knowledge and thus are able to provide guidance on financial matters.	✓
A. 5 Board Balance			
A. 5.1/A. 5.2/ A. 5.3 & A. 5.5	Presence of Non-Executive Directors Independence of Non-Executive Directors	Please refer an Effective Board on page 157.	✓
A. 5.4	Annual Declaration of Independence by the Independent Directors	Declarations citing their independence as per rule 9.8.5 of the listing rules are obtained by the Secretary annually.	✓
A. 5.6	Alternate Director to a Non-Executive Director	No Alternate Directorships	✓
A. 5.7 /5.8	Senior Independent Director	N/A	
A. 5.9	Chairman meeting with the Non-Executive Directors	When required the Executive Directors and members of staff are excused from meetings.	✓
A. 5.10	Recording concerns	Concerns of Directors are recorded in minutes including of disagreement expressed by Directors and reasons for such disagreement.	✓
A.6 Supply of Information			
A. 6.1	Obligation of the Management to provide appropriate and timely information	Board Papers and Committee papers are provided in advance to the meeting	✓
A. 6.2	Board papers to be provided 7 days prior to Board Meeting	Board papers are provided in advance to the Board meeting.	✓

Reference to ICASL Code	Corporate Governance Principle	How We Comply	Compliance Status
A.7 Appointments to the Board			
A. 7.1 / A .7.2	Nomination Committee and the assessment of composition of the Board	Nominations & Governance Committee review the skills and expertise required to meet the business needs of the Group and assess the skills and competencies of the Board.	✓
A. 7.3	Disclosure of Appointment of a New Director	Disclosure pertaining to any new appointments are made to the CSE within two market days from the date of such decision. The disclosure includes a brief profile of the Director and whether the Director is an Independent/Non-Executive/ Executive Director and the relevant interest in share held by such Director.	✓
A.8 Re-election			
A. 8.1 / A. 8.2	Re-election	At each AGM one Non-Executive Director presents himself/ herself for re-election. Moving forward one third rule considering the best practices through propose amendment to the Articles of Association. Newly appointed Non-Executive Directors are re-elected at the 1st AGM following their appointment.	✓
A. 8.3	Resignation	In the event of a resignation, a letter of resignation is provided by the Director.	✓
A.9 Appraisal of Board Performance			
A. 9.1/ A. 9.2/ A. 9.3/ A. 9.4	Appraisals of the Board and the sub committees	Board evaluations were carried out and results were tabled at the Board meeting. The Board discussed the findings and directed changes where there was consensus on matters raised in the evaluations.	✓
A.10 Disclosure of Information in Respect of Directors			
A. 10.1	Profiles of the Board of Directors and other related information	The names of the Directors of the Board and their profiles are given on page 28-30.	✓
A.11 Appraisal of Chief Executive Officer			
A. 11.1 / A. 11.2	Setting of the annual targets and the appraisal of the CEO	Appraisal of the MD/Director – Marketing and Business Development are done when considering increments/ bonuses to be paid. Achievement of the budget is a key factor that is considered.	✓

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Reference to ICASL Code	Corporate Governance Principle	How We Comply	Compliance Status
B. Directors' Remuneration			
B. 1 Remuneration Procedure			
B. 1.1	Set up a Remuneration Committee with agreed terms of reference	Please refer Directors' Remuneration on page 267. The Report of the Remuneration Committee on page 169 gives the composition of the Committee and a description of its activities during the year.	✓
B. 1.2	Remuneration Committee to consist of Non-Executive Directors only	Consists of two Independent Non-Executive Directors and one Non-Executive Director.	✓
B. 1.3	List names of Remuneration Committee in Annual Report	Please refer page 169.	✓
B. 1.4	Determination of the remuneration of the Non-Executive Directors	Remuneration of the Non-Executive Directors is decided by the Board based on the recommendations provided by the remuneration committee.	✓
B. 1.5	Consultation with the Chairman and the Managing Director	The Chairman/ MD are consulted when determining the remuneration to be paid to the Executive Directors and Management, respectively.	✓
B. 2 The Level & Makeup of Remuneration			
B. 2.1/ B. 2.2/ B. 2.3/ B. 2.4	The level and makeup of the remuneration of Directors and comparison of remuneration with other companies	Remuneration levels have been designed to attract, retain and motivate Directors while remaining within the industry standards and Annual performance approved.	✓
B. 2.5	Performance based remuneration	Part of the remuneration package of the Executive Directors are linked to achievement of targets and individual performance.	✓
B. 2.6	Executive share options		N/A
B. 2.7	Designing schemes of performance-based remuneration	Please refer the Report of the Remuneration Committee on page 169.	✓
B. 2.8/ B. 2.9	Early Termination of Directors	There is no compensation for early termination of Non-Executive Directors.	✓
B. 3 Disclosure of Remuneration			
B. 3.1	Disclosure of Remuneration	Please refer Report of the Remuneration Committee on page 169. Please refer Notes 33.2.1 and 33.2.2 in the Financial Statements on pages 267.	✓

Reference to ICASL Code	Corporate Governance Principle	How We Comply	Compliance Status
C. Relations with Shareholders			
C.1 Constructive use of AGM and Conduct of Meetings			
C. 1.1	Dispatch of Notice of AGM and related papers to shareholders	Notice of Meeting containing, the Agenda for the Annual General Meeting and the Annual Report are circulated to shareholders hosted on the Company page of the web portal of the Colombo Stock Exchange and website of the company to 15 working days prior to AGM as required by the Articles of Association and the Companies Act.	✓
C. 1.2	Separate resolution for substantially separate issues.	Separate resolutions are passed for each matter taken up at the AGM.	✓
C. 1.3	Accurate recording and counting valid proxy appointments received for General Meeting	Valid proxies are listed together with the number of shares held by the shareholder appointing the proxy.	✓
C.1.4	Availability of Chairman of Board Committees at the Annual General Meeting	The Chairmen of the Board Committees are present to answer any queries of the shareholders directed to them by the Chairman of the Company.	✓
C. 1.5	Summary of Notice of General Meetings and procedures governing voting at General Meetings	A summary of the procedure on voting is given in the Notice of Meeting.	✓
C.2 Communications with shareholders			
C. 2.1 to C. 2.7	Communications with Shareholders	<p>The AGM and EGM (if any) are used as the method for communicating with the shareholders.</p> <p>All quarterly and annual financial information and other important matters as required for by the Act and the Listing Rules are shared by way of disclosures through the CSE.</p> <p>The Company Secretaries/Registrars are the main contact people for the shareholders and in line with the policy on relations with shareholders and investor. The contact details of the company Secretary. The main contact point for shareholder appear on page 142.</p> <p>All major concerns of the shareholders are brought to the notice of the Board at the AGM and at Board/Subcommittee meetings.</p> <p>All queries of shareholders are answered at the AGM and all shareholders are given the opportunity to express their views/concerns.</p>	✓

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Reference to ICASL Code	Corporate Governance Principle	How We Comply	Compliance Status
C.3 Major & Material Transactions			
C. 3.1 & C. 3.2	Disclosure of Major Transactions	<p>There were no matters which were identified as Major Transactions during the year as such no disclosure has been made in this regard.</p> <p>In the event there are Major Transactions, relevant disclosures and relevant shareholder approvals are obtained.</p>	✓
D. Accountability & Audit			
D. 1.1	Annual Report	Please refer Accountability & Audit on page 181.	✓
D. 1.2	Interim and price sensitive reports to public and regulators	<p>In preparing annual and quarterly Financial Statements, the Company complies with the requirements of the;</p> <ul style="list-style-type: none"> • Companies Act No. 07 of 2007, • Sri Lanka Accounting Standards and • Listing Rules of the Colombo Stock Exchange. <p>The annual and interim Financial Statements were published within the time periods prescribed by the Listing Rules of the Colombo Stock Exchange.</p>	✓
D. 1.3	CEO/CFO Declaration	Director Finance and Managing Director provide written Assurance that to the best of their knowledge and belief the Financial Statement are prepared in accordance with the Applicable Accounting Standards and regulatory requirements.	✓
D. 1.4	Directors' Report Declarations	Please refer Annual Report of the Board of Directors on page 157.	✓
D. 1.5	Statements on responsibilities for preparation of financial statements and internal control	<p>Please refer the following:</p> <ul style="list-style-type: none"> • Statement of Board responsibility for preparation of Financial Statements - page 166 • Statement from Auditors on their reporting responsibilities - page 181 • Statement on Internal Control - page 166 	✓
D. 1.6	Management discussion & analysis	Please refer Annual Report pages from 58 to 132 which provides a comprehensive management discussion and analysis of the Group's operations.	✓
D. 1.7	Serious loss of capital	Shareholders will be informed of a serious loss of capital in the event it happens.	✓

Reference to ICASL Code	Corporate Governance Principle	How We Comply	Compliance Status
D. 1.8	Related Party Transactions	<p>Please refer the following disclosures on Related Party Transactions:</p> <ul style="list-style-type: none"> • Relates Party Transactions Review Committee Report on page 171 • Annual Report of the Board of Directors on page 157 • Note 33 to the Financial Statements 	✓
D.2 Risk Management & Internal Control			
D. 2.1	Monitor, review and report on financial, operational and compliance risk and internal control systems	<p>The following reports provide details on compliance with these requirements:</p> <ul style="list-style-type: none"> • Risk Report on page 50-55. 	✓
D. 2.2	Confirm assessment of the principal risks of the company	<ul style="list-style-type: none"> • Risk & Internal Control on page 50-55. • Directors' Statement on Internal Controls on page 166 	✓
D. 2.3	Internal Audit	<ul style="list-style-type: none"> • Audit Committee Report on page 167 	✓
D. 2.4	Require Audit Committee to carry out reviews of & Board responsibility for disclosures		✓
D. 2.5	Compliance with Directors' responsibilities as set out by the Code		✓
D.3 Audit Committee			
D. 3.1	Establish an Audit Committee comprising wholly of Non-Executive Directors of which at least 2 must be independent	Audit Committee comprises 03 independent non-executive Directors.	✓
D. 3.2	Written Terms of Reference for Audit Committee	The Audit Committee has a written Terms of Reference summarised in the Audit Committee Report on page 167.	✓
D. 3.3	Disclosures	The Audit Committee Report with required disclosures is given on page 167.	✓
D.4 Related Party Transactions Review Committee			
D.4.1/D.4.2/ D.4.3/9.3.2	Related Party Transactions Review Committee	<p>Please refer</p> <ul style="list-style-type: none"> • Related Party Transactions Review Committee on page 171 • Report of the Related Party Transactions Review Committee on page 171 	✓

Corporate Governance

Reference to ICASL Code	Corporate Governance Principle	How We Comply	Compliance Status
D.5 Code of Business Conduct & Ethics			
D. 5.1	Board declaration for compliance with Code	A Code of Ethics is in place for all directors and employees as summarised on page 134 to 156.	✓
D. 5.2	Price sensitive information	Material and price sensitive information is promptly disclosed to the CSE by the Company Secretaries as Directed by Board.	✓
D. 5.3	Monitor Share purchase by Directors/ KMPs	In terms of the internal code of business conduct for Directors and employees adopted by the Company, and policy adopted there on in line with the listing rules Directors and employees are required to follow the applicable rules there on and report any dealings in shares to the company Secretary.	✓
D. 5.4	Chairman's statement	Please refer the Chairman's Message on Corporate Governance on page 18 and the Board of Directors' Statement on Internal Controls on pages 158 to 166.	✓
D. 6	Corporate Governance Disclosures	The Corporate Governance Report on pages 134 to 156 together with its Annexes comply with this requirement.	✓
E. Institutional Investors			
E. 1.1	Institutional investors	The proxies of the major institutional investors, such as the major shareholder are obtained.	✓
E. 2	Evaluation of Governance Disclosures	Information required for evaluation of governance structures is provided in the Annual Report.	✓
F. Other Investors			
F. 1	Investing and divesting decision	We seek to provide sufficient information to investors through the annual report, quarterly financial statements and announcements to the CSE to assist investors with their investment and divestment decision.	✓
F. 2	Encouraging shareholder participation	Please refer Shareholder Relations on page 293-294.	✓
G. Internet of Things and Cyber Security			
G. 1	Identify connectivity and related cyber risks	Please refer Internet of Things & Cybersecurity on page 54.	✓
G. 2	Appoint a CISO and allocate budget to implement a cybersecurity policy		Working towards compliance
G. 3	Include cyber security in Board agenda	It is a regular agenda item for the Board meetings.	✓
G. 4	Obtain periodic assurance to review effectiveness of cybersecurity risk management	Please refer Audit Committee Report on page no. 168.	✓
G. 5	Disclosures in Annual Report	Please refer page no. 142.	✓

Reference to ICASL Code	Corporate Governance Principle	How We Comply	Compliance Status
H. Environment, Society & Governance			
H.	Environment, society and governance	Please refer ESG Reporting from page 178.	✓
H. 1	Consider the impact of sustainability risks and opportunities in the business model, operations and short, medium and long term plans to build resilience and report the same to the Board.	The Company identified and assessed the impact of its SRROs and CRROs which has been reviewed by the Board and is set out on page 50 - 55. The relevant SASBs for each industry within the Group was considered in determining the cause of action.	✓
H. 2	Continuously engage with and consider the views of its stakeholders to better understand and manage the company's sustainability/ESG risk and opportunities.	The Company continuously engages with its stakeholders to consider the views and manage concerns to manage its reputation and to preserve its social license to operate.	✓
H. 3	The company should establish a governance framework and structure which includes conformance, performance and sustainability/ESG factors	An ESG Policy has been published on the Company website.	✓
H. 4	The Board should establish a governance structure to support sustainability/ESG factors including its ability to create value and manage risks in the short, medium and long term, recognising, managing and measuring on all pertinent aspects of sustainability using financial and non-financial measures.	<ul style="list-style-type: none"> The Company has in place a system to capture its non-financial information from all locations of its operations. Internal controls are in place to ensure the accuracy and materiality of the data. Internal audit provides assurance on the same to the Audit Committee and the Board, safeguarding its operating licenses, reputation and the social license to operate. ESG related information is presented to the Board at its quarterly meetings while they are reviewed monthly by Corporate Management. 	✓
I. Special Consideration for Listed Companies			
I. 1	Listed entities shall establish and maintain policies relating to its governance and disclose the fact of existence of such policies together with the details relating to the implementation of such policies by the entity on its website.	We have published policies as mentioned in page no. 136.	✓
I. 2	Listed entities shall establish and maintain a formal policy governing matters relating to the Board of Directors.	A formal policy governing matters relating to the Board of Directors has been adopted and published on the company website.	

Corporate Governance

CSE Listing Rule: Section 9 – Corporate Governance

Reference to CSE Rule	Disclosure Requirement	How We Comply	Compliance Status
9.1.3	Statement confirming the extent of compliance with the Corporate Governance Rules	Please refer page No. 160	✓
9.2.2	Any waivers from compliance with the Internal Code of business conduct and ethics or exemptions granted	None	
9.2.3 (i)	List of policies in place as per Rule 9.2.1, with reference to website	Published on website www.rocell.com under the Rocell Investor Relations	✓
9.2.3 (ii)	Any changes to policies adopted	Complied	✓
9.4.2	(a) The policy on effective communication and relations with shareholders and investors (b) The contact person for such communication (c) The policy on relations with shareholders and investors on the process to make all Directors aware of major issues and concerns of shareholders	Published on website www.rocell.com under the Rocell Investor Relations Please refer page no. 142	✓
9.5.2	Confirmation on compliance with the requirements of the Policy on matters relating to the Board of Directors. If non-complied reasons for the same with proposed remedial action.	There were no significant changes	✓
9.6.3	The requirement for a SID	Not applicable as Chairman is not an Executive Director	
9.6.4	Rationale for appointing SID	Not applicable	
9.7.5	(a) Statement on Directors and CEO satisfying Fit and Proper Assessment Criteria (b) Any non-compliance/s and remedial action taken	Please refer Report of the Board of Directors on page 161	✓
9.8.5	Names of Directors determined to be 'independent'	Please refer Report of the Board of Directors on page 157	✓
9.10.4	Directors details		
	• Name, qualifications and brief profile	Please refer page 28-32	✓
	• Nature of his/her expertise in relevant functional areas	Please refer page 28-32	✓
	• Whether either the Director or Close Family Members has any material business relationships with other Directors	Please refer note 33 on page 265	✓
	• Whether Executive, Non-Executive and/or independent Director	Please refer page 157	✓
	• Total number and names of companies in Sri Lanka in which the Director concerned serves as a Director and/or KMP stating whether listed or unlisted, whether functions as executive or non-executive (If the directorships are within the Group names need not be disclosed)	Please refer page 28-32	✓
	• Number of Board meetings attended	Please refer page 141	✓
	• Names of Board Committees in which the Director serves as Chairperson or a member	Please refer page 138	✓
	• Attendance of board committee meetings	Please refer page 141	✓
	• TOR and powers of SID	N/A	

Reference to CSE Rule	Disclosure Requirement	How We Comply	Compliance Status
9.11.6	<p>Nominations and Governance Committee Report</p> <ul style="list-style-type: none"> • Signed by Chairman • Names of Chairman and members with nature of directorship • Date of appointment to the committee • Availability of documented policy and processes when nominating Directors • Requirement of re-election at regular intervals at least once in 3 years • Board diversity • Effective implementation of policies and processes relating to appointment and reappointment of Directors • Details of Directors re-appointed • Board Committees served, Date of first appointment, Date of last re-appointment • Directorships or Chairpersonships and other principal commitments, present and held over the preceding three years • Any relationships – close family member, more than 10% shareholding • Performance of periodic evaluation of board • Process adopted to inform independent directors of major issues. • Induction/ orientation programmes for new Directors on corporate governance, Listing Rules, securities market regulations or negative statement • Annual update for all Directors on corporate governance, Listing Rules, securities market regulations or negative statement • Compliance with independence criteria • Statement on compliance with corporate governance rules, if non-compliance reasons and remedial actions 	The report is set out on page 174	✓
9.12.8	<p>Remuneration Committee Report</p> <ul style="list-style-type: none"> • Names of Chairman and members with nature of directorship • Remuneration Policy • The aggregate remuneration of the Executive and Non-Executive Directors. 	The report is set out on page 169	✓

Corporate Governance

Reference to CSE Rule	Disclosure Requirement	How We Comply	Compliance Status
9.13.5	<p>Audit Committee Report</p> <ul style="list-style-type: none"> Names of Chairman and members with nature of directorship Status of risk management and internal control – company and group Statement on CEO and CFO assurance on operations and finances Opinion on compliance with financial reporting requirements, information requirements Listing Rules, Companies Act, SEC Act and any other requirements. Availability of formal Audit Charter Internal audit assurance and summary of the work internal audit Details demonstrating effective discharge of functions and duties Statement on external auditors' assurance on their independence Confirmation on determining auditor's independence 	The report is set out on page no. 167	✓
9.14.8 (1)	<p>Related Party Disclosures</p> <p>Non-recurrent RPT exceeding 10% of the Equity or 5% of the Total Assets, whichever is lower (in the specified format)</p> <ul style="list-style-type: none"> Name of the RP Relationship Value of RPT Value as % of equity and total assets Terms and Conditions Rationale 	There were no recurrent RPT exceeding in threshold	✓
9.14.8 (2)	<p>Recurrent RPT exceeding 10% of the gross revenue/income (in the specified format)</p> <ul style="list-style-type: none"> Name of the RP Relationship Nature of RPT Value of aggregate RPT Value as % of gross income Terms and Conditions 	There were no recurrent RPT exceeding in threshold	✓
9.14.8 (3)	<p>Related Party Transactions Review Committee Report</p> <ul style="list-style-type: none"> Names of the Directors comprising the Committee Statement that committee has reviewed RPTs and communicated comments/observations to the Board Policies and procedures adopted by the Committee 	The report is set out on page no. 171	✓
9.14.8 (4)	Affirmative declaration by the Board of Directors on compliance with RPT Rules or negative statement to that effect.	Please refer page no. 173 and page no 154	✓

Reference to CSE Rule	Disclosure Requirement	How We Comply	Compliance Status
9.16	<p>Additional disclosures by Board of Directors Declaration on following</p> <ul style="list-style-type: none"> All material interests in contracts and have refrained from voting on matters in which they were materially interested Reviewed of the internal controls covering financial, operational and compliance controls and risk management and obtained reasonable assurance of their effectiveness and successful adherence, and, if unable to make any of these declarations an explanation on why it is unable to do so; Made themselves aware of applicable laws, rules and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions; disclosure of relevant areas of any material non-compliance with law or regulation and any fines, which are material, imposed by any government or regulatory authority in any jurisdiction where the Entity has operations. 	Please refer the Report of the Board of Directors on page 157	✓

CSE Listing Rule: Section 7 – Continuing Listing Requirements

Rule Ref	Disclosure Requirement	How we Comply	Compliance Status
7.6 (i)	Board of Directors during the Financial Year with profiles	Please refer page no. 28 - 30	✓
7.6 (ii)	Principal activities of the Entity and subsidiaries including any changes	Please refer note no. 1.3 to the Financial Statement	✓
7.6 (iii)	Top 20 shareholders – number of shares and % of Voting and non-voting shares LKR or Foreign Currency denominated	Please refer page no. 294	✓
7.6 (iv) (a)	<p>Public holding details for LKR denominated Shares</p> <ul style="list-style-type: none"> float adjusted market capitalisation, public holding percentage (%), number of public shareholders option <p>The public holding percentage (%) in respect of non-voting ordinary Shares (where applicable).</p>	Please refer page no. 293	✓
7.6 (iv) (b)	<p>Public holding details for Foreign Currency denominated Shares</p> <ul style="list-style-type: none"> public holding percentage (%) number of public shareholders 	N/A	

Corporate Governance

Rule Ref	Disclosure Requirement	How we Comply	Compliance Status
7.6 (v)	Each Director's and Chief Executive Officer's shareholding in each class of shares at the beginning and end of each financial year	Please refer page no. 159	✓
7.6 (vi)	Material foreseeable risk factors of the Entity	Please refer page no. 48	✓
7.6 (vii)	Details of material issues pertaining to employees and industrial relations of the Entity.	Please refer page no. 160	✓
7.6 (viii)	Extents, locations, valuations and the number of buildings of the Entity's land holdings and investment properties.	Please refer page no. 214-219	✓
7.6 (ix)	Number of shares representing the Entity's stated capital.	Please refer note 13 of the Financial Statement on page no. 235	✓
7.6 (x)	Distribution schedule - Number of holders and % for each class as per the format in the rules.	Please refer page no. 293	✓
7.6 (xi)	Ratios and market prices Equity <ul style="list-style-type: none"> Dividend per share Dividend pay out Net asset value per share Market value per share – High, Low and Closing Debt (Only if listed)	Please refer page no. 290 Please refer page no. 293 N/A	✓
7.6 (xii)	Significant changes of entity and subsidiaries' fixed assets including substantial difference between market value and book value of lands.	Please refer note 3 of the Financial Statement on page no. 210	✓
7.6(xv)	Disclosure pertaining to corporate governance practices	Please refer page 134	✓
7.6(xvi)	Related party transactions exceeding threshold	There were no RPT exceeding the threshold	✓

Rule No 7.6(xiii), (xiv), (xvii), (xviii), (xix), (xx), (xxii) not applicable for the company.

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

The Board of Directors of Royal Ceramics Lanka PLC has pleasure in presenting to the shareholders their Annual Report on the affairs of the Company together with the Audited Financial Statements of the Company and the Consolidated Financial Statements of the Company and its subsidiaries (collectively referred to as 'Group') for the financial year ended 31st March 2025, conforming to all relevant statutory requirements.

This Report provides the information as required by the Companies Act, No.07 of 2007, Listing Rules of the Colombo Stock Exchange and the recommended Best Practices.

General

Royal Ceramics Lanka PLC is a public limited liability Company which was incorporated under the Companies Act No. 17 of 1982 as a private limited company on 29th August 1990. The Company was subsequently converted to a public limited liability company on 6th December 1991, listed on the Colombo Stock Exchange on 3rd May 1994 and re-registered as per the Companies Act, No.7 of 2007 on 13th March 2008 under Registration No PQ 125.

Principal Activities of the Company and Review of Performance during the Year

The Principal activities of the Company, which remain unchanged since the previous year, are the manufacture and marketing of wall tiles and floor tiles and the holding of investments.

The Principal activities of subsidiary companies are the manufacture and sale of wall and floor tiles, sanitaryware, investments and management of subsidiary companies, mining, processing and sale of raw materials for tiles and ceramic products, manufacture and marketing of raw materials

for ceramic industry, manufacture and sale of tile grout and mortar, manufacturing and trading of aluminium extrusions, manufacture and marketing of corrugated cartons and property holding.

Principal activities of the subsidiaries are given in Note 1.3 to the Financial Statements on page 192.

A review of the business and performance of the Group during the year, with comments on financial results, future strategies and prospects are contained in the Chairman's Message, Managing Director's Message, Business Line Reviews and Capital Reports on pages 18 to 132 which form an integral part of this Report.

This Report together with the Financial Statements, reflect the state of affairs of the Company.

Financial Statements

The Financial Statements of the Company and the Consolidated Financial Statements of the Company and its subsidiaries, duly signed by two Directors on behalf of the Board are given on pages 184 to 288.

Auditors' Report

The Report of the Independent Auditors on the Financial Statements of the Company and its subsidiaries is given on pages 181 to 183.

Accounting Policies

The Accounting Policies adopted in the preparation of the Financial Statements are given on pages 192 to 208. Except as stated in Note 2.1.2 to the Financial Statements there were no significant changes to the accounting policies used by the Company during the year under review vis-à-vis those used in the previous year.

Directors' Responsibilities for Financial Reporting

The Directors are responsible for the preparation of Financial Statements of the Company and the Group, which reflect a true and fair view of the state of its affairs. A further statement in this regard is included on page 166.

Directors

The constitution of the Board with the names of the Directors who held office as Independent, Executive and Non-Executive Directors as at the end of the accounting period are given below and their brief profiles appear on pages 26 to 30.

Executive Directors

Mr. A M Weerasinghe - Deputy Chairman
Mr. M Y A Perera - Managing Director
Mr. T G Thoradeniya - Director - Marketing and Business Development

Non - Executive Directors

Mr. Dhammika Perera - Chairman
Mr. S H Amarasekera - Co-Chairman
Mr. G A R D Prasanna
Mr. S M Liyanage
Ms. K A D B Perera

Independent Non - Executive Directors

Mr. S R Jayaweera
Mr. J R Gunaratne
Mr. N J Weerakoon
Mr. H M A Jayasinghe

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

Recommendation for re-election of Directors who retire by rotation

Mr. G A R D Prasanna retires by rotation in terms of Articles 87(i) and 88 of the Articles of Association and being eligible, consequent to review by the Nominations and Governance Committee is recommended by the Board for re-election.

Recommendation for re-election of Directors who were appointed since the last Annual General Meeting

Messrs Dhammika Perera and H M A Jayasinghe who were appointed to the Board in terms of Article 94 of the Articles of Association of the Company, since the last Annual General Meeting are recommended by the Board for re-election by the shareholders, consequent to review by the Nominations and Governance Committee.

Changes in the Directorate

Re-designations

Ms N R Thambiayah who served as an Independent Non-Executive Director having completed nine years of service on the Board of the Company, was re-designated as a Non-Independent Non-Executive Director with effect from 1st October 2024.*

Mr. S H Amarasekera and Mr. G A R D Prasanna who served as Independent Non-Executive Directors, as per the determination made by the Board "as nevertheless independent" notwithstanding them having completed nine years of service, were re-designated as Non-Independent Non-Executive Directors with effect from 1st January 2025, in compliance with applicable Listing Rule.

New Appointments

Mr Dhammika Perera was appointed as a Non-Executive Director with effect from 7th October 2024, and was appointed the Chairman of the Board of Directors with effect from 10th October 2024.

Consequently, Mr S H Amarasekera was designated as the Co-Chairman with effect from 10th October 2024.

Mr H M A Jayasinghe was appointed as an Independent Non-Executive Director with effect from 1st January 2025.

Resignations

Messrs L N de S Wijeyeratne and R N Asirwatham, Independent Non-Executive Directors resigned with effect from 31st December 2024

* Ms N R Thambiayah Non-Independent Non-Executive Director resigned with effect from 31st December 2024.

Directors of subsidiary Companies are given in Annexure A of this Report.

Directors' Interests in Contracts

Except for the transactions referred to in Note 33 to the Financial Statements, the Company did not carry out any transaction with any of the Directors. The Company carried out transactions during the year in the ordinary course of its business at commercial rates with the related entities of Directors referred to herein. The Directors have no direct or indirect interest in any other contract or proposed contract with the Company.

Interests Register

The Directors' Interest Register is maintained by the Company.

Directors' Remuneration

The Company has adopted a Remuneration Policy and established a formal procedure for determination of remuneration of Directors including Executive Directors. No Director is involved in deciding his or her own remuneration.

The Directors' remuneration is disclosed under key management personnel

compensation in Note 33.2 to the Financial Statements on page 267.

Independent Auditors

Company

Messrs Ernst & Young, Chartered Accountants served as the Auditors during the year under review and also provided audit related services and permitted non-audit/consultancy services.

Based on the declaration provided by Messrs Ernst & Young, Chartered Accountants and to the extent that the Directors are aware, the Auditors do not have any relationship with (other than that of the Auditors) or interest in, the Company, which in the opinion of the Board, may reasonably be considered to have a bearing on their independence within the meaning of the Code of Professional Conduct and Ethics issued by the Institute of Chartered Accountants of Sri Lanka as at the Reporting Date.

A total amount of Rs. 21,232,247 is payable by the Company to the Auditors for the year under review comprising Rs. 3,539,962 as audit fees and Rs. 17,692,285 as non audit services.

The Auditors have expressed their willingness to continue in office. The Audit Committee at a meeting held on 28th May 2025 recommended that they be re-appointed as Auditors. A resolution to re-appoint the Auditors and to authorise the Directors to determine their remuneration will be proposed at the Annual General Meeting.

Group

The audits of subsidiary companies are handled by firms of Chartered Accountants in Sri Lanka or their respective countries of incorporation.

Details of payments to Auditors of Subsidiary companies on account of audit

fees and for permitted non audit services are set out in Note 24 to the Financial Statements on page 253.

Stated Capital

The Stated Capital of the Company as at 31st March 2025 was Rs.1,368,673,373/- represented by 1,107,893,840 Ordinary Shares. There were no changes in the Stated Capital of the Company during the year.

Directors' Shareholding

The relevant interests of Directors in the shares of the Company as at 31st March 2025 and 2024 are as follows:

	Shareholding as at 31.03.2025	Shareholding as at 31.03.2024
Mr. Dhammika Perera	2,007,720	N/A
Mr. S H Amarasekera	-	-
Mr. A M Weerasinghe	331,763	331,763
Mr. M Y A Perera	2,200	2,200
Mr. T G Thoradeniya	1,856,800	1,856,800
Mr. G A R D Prasanna	50,000	50,000
Mr. S R Jayaweera	-	-
Mr. N J Weerakoon	-	-
Mr. S M Liyanage	-	-
Mr. J R Gunaratne	-	-
Ms. K A D B Perera	-	-
Mr. H M A Jayasinghe	-	N/A

Shareholders

There were 21,119 shareholders registered as at 31st March 2025 (22,035 shareholders as at 31st March 2024).

Major Shareholders, Distribution Schedule and Other Information

Information on the distribution of shareholding, analysis of shareholders, market values per share, earnings, dividends, net assets per share, twenty largest shareholders of the Company, public holding as per the Listing Rules of the Colombo Stock

Exchange are given on pages 290 to 291 and 293 to 294 under Share Information and the ten year summary of the Company.

Employment Policy

The Company's employment policy is totally non-discriminatory which respects individuals and provides career opportunities irrespective of the gender, race or religion.

As at 31st March 2025, 1,839 persons were in employment (1,831 persons as at 31st March 2024).

Reserves

The Reserves of the Company with the movements during the year are given in Note 14 to the Financial Statements on pages 235 to 236.

Land Holdings

The Company's land holdings referred to in Note 3 to the Financial Statements comprise the following:

	No. of Buildings	Extent (Perches)	As at 31.03.2025 At revaluation
Kottawa	3	225	643,187,500
Eheliyagoda	28	8,075	807,472,000
Eheliyagoda	1	17	6,476,250
Eheliyagoda	2	30	7,338,550
Eheliyagoda	0	20	3,885,200
Meegoda	3	471	226,227,250
Nawala 101	1	25	273,900,000
Nattandiya	0	1,600	45,000,000
Seeduwa	1	53	196,875,000
Narahenpita	1	17	195,730,000
Colpetty	1	20	439,340,000
Panadura	1	19	94,100,000
Dehiwala	1	15	163,130,000
Narahenpita	0	45	471,730,000
Horana	25	2,310	346,520,750
Nawala 98	1	18	200,200,000
	69	12,960	4,121,112,500

Details and movements of Property, Plant and Equipment are given on the Note 3 to Financial Statements on pages 209 to 221.

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

Investments

Details of the Company's quoted and unquoted investments as at 31st March 2025 are given in Notes 5 and 12 to the Financial Statements on pages 224,225 and 234.

Donations

The Company has paid monetary donations of Rs 175,000/- and Group has paid Rs 824,929/- during the year under review.

Dividends

The Company paid an Interim Dividend of Rs.1.00 per share for the year under review on 07th April 2025.

The Directors have proposed the payment of a Final Dividend of Cents Sixty per share (Rs. 0.60) for the year under review, subject to the approval of the shareholders at the Annual General Meeting to be held on 30th June 2025.

Risk Management

An ongoing process is in place to identify and manage the risks that are associated with the business and operations of the Company. The Directors review this process through the Audit Committee. Specific steps taken by the Company in managing the risks are detailed in the section on Risk Management on pages 50 to 55.

Statutory Payments

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 employees of the Company and all other known statutory dues as were due and payable by the Company as at the

Reporting date have been paid or, where relevant provided for, except for certain assessments where appeals have been lodged.

Contingent Liabilities

Except as disclosed in Note 29 to the Financial Statements on page 262 there were no material Contingent Liabilities as at the Reporting date.

Events occurring after the Reporting Date

Except for the matters disclosed in Note 31 to the Financial Statements on page 263 there are no material events as at the date of the Auditors' Report which require adjustment to, or disclosure in the Financial Statements.

Environmental Protection

The Company and the Group make every endeavour to ensure compliance with the relevant environmental laws, regulations and best practices applicable in the country. After making adequate inquiries from the management, the Directors are satisfied that the Company and the Group operate in a manner that minimises the detrimental effects on the environment within which the Company and the Group operate.

Material Issues pertaining to Employees and Industrial Relations pertaining to the Company

No material issues pertaining to employees or industrial relations of the Company occurred during the year under review which required disclosure under Rule 7.6 (vii) of the Listing Rules.

Corporate Governance

The Board of Directors confirm that the Company is compliant with Corporate Governance Rules set out Section 9 of the Listing Rules of the Colombo Stock Exchange.

The corporate governance of the Company is reflected in its strong belief in protecting and enhancing stakeholder value in a sustainable manner, supported by a sound system of policies and practices. Prudent internal controls ensure professionalism, integrity and commitment of the Board of Directors, Management and employees.

The Corporate Governance Statement on pages 134 to 156 explains the measures adopted by the Company during the year.

Policies in terms of Rule 9.2 of the Listing Rules

In terms of Rule 9.2.1 of the Listing Rules, the Company established, adopted and published on the Company website (www.rocell.com) the following policies, ensuring adherence to best practices in corporate governance, ethical conduct, and regulatory compliance:

- a) Policy on the matters relating to the Board of Directors
- b) Policy on Board Committees
- c) Policy on Corporate Governance, Nominations and Re-election
- d) Policy on Remuneration
- e) Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities
- f) Policy on Risk management and Internal controls

- g) Policy on Relations with Shareholders and Investors
- h) Policy on Environmental, Social and Governance Sustainability
- i) Policy on Control and Management of Company Assets and Shareholder Investments
- j) Policy on Corporate Disclosures
- k) Policy on Whistleblowing
- l) Policy on Anti-Bribery and Corruption

There were no significant changes to the above policies adopted by the Company during the year under review.

Fit and Proper Assessment of Directors

In terms of Rule 9.7.4 of the Listing Rules of the Colombo Stock Exchange, declarations were obtained from the Directors who confirmed that they have continuously satisfied the Fit and Proper Assessment Criteria set out in the Listing Rules during the Financial Year under review and as at the date of such Declarations. These Declarations were placed before the Nominations and Governance Committee, and upon review by the Nominations and Governance Committee, where no member participated in decisions relating to his/her continuation, were then presented to the Board.

Independence of Directors

The Board, based on the Declarations submitted by the Independent Directors declaring his independence against the criteria specified in the Listing Rules and such other information available to the Board that could reasonably be constructed to have a bearing on the independence of

such Directors, determined that the Four (4) Independent Directors namely Messrs S R Jayaweera, J R Gunaratne, N J Weerakoon and H M A Jayasinghe are 'Independent' in terms of the Listing Rules.

Policy on Relations with Shareholders and Investors

The Company has established a process for effective communication and relations with shareholders and investors. Accordingly, the shareholders have access to the Company as set out in Corporate Governance statement on page 142 of this Report.

Other Directorships held by the Directors

The Board, based on the recommendations of the Nominations and Governance Committee, and considering the time allocation required of the Directors for the Board related matters of the Company decided that a Director of the Company shall not hold more than eleven (11) directorships in Listed Companies.

Policy on Matters Relating to the Board of Directors

The Company has in terms of the above Policy, acted in compliance with the requirements set out in Rule 9.5.1 of the Listing Rules. (as applicable)

Additional Disclosures by/pertaining to Directors

(i) Material Interests in Contracts involving the Company

The Directors have declared all material interests in contracts involving the Company in terms of the Companies Act and the Articles of the Association

of the Company and have acted as prescribed therein, and where relevant have refrained from voting on matters in which they were materially interested.

(ii) Material Business Relationships with each other

None of the Directors or close family members have any material business relationships with the other Directors of the Company.

(iii) Other Directorships held by the Directors

Other Directorships held by Directors are disclosed on pages 28 to 30.

(iv) Review of Internal Controls

The Directors have, through the Audit Committee, conducted a review of the Internal controls covering financial, operational and compliance control and risk management and thereby obtained reasonable assurance of their effectiveness and successful adherence therewith.

(v) Applicable Laws Rules and Regulations

The Directors have made arrangements to make themselves aware of applicable laws, rules and regulations and are aware of the changes, particularly to Listing Rules and applicable capital market provisions.

Board Meetings

Twelve (12) Board Meetings of the Company were held during the year under review and the Directors' attendance at those Meetings is set out on page 141.

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

Board Sub-Committees

The Board of Directors of the Company has formed five (05) Sub Committees in compliance with the Listing Rules of the Colombo Stock Exchange, as per the Recommended Best Practices on Corporate Governance and SLFRS S1 and S2 (Sustainability Disclosure Standards).

They are the Audit Committee, Remuneration Committee, Nominations and Governance Committee, Related Party Transactions Review Committee and the ESG Committee, which function with Directors who possess the requisite qualifications and experience.

The composition of the said Committees is as follows:

Audit Committee		
Mr H M A Jayasinghe	Chairman	Independent Non-Executive Director
Mr S R Jayaweera		Independent Non-Executive Director
Mr N J Weerakoon		Independent Non-Executive Director
Remuneration Committee		
Mr J R Gunaratne	Chairman	Independent Non-Executive Director
Mr S H Amarasekera		Non-Executive Director
Mr H M A Jayasinghe		Independent Non-Executive Director
Related Party Transactions Review Committee		
Mr H M A Jayasinghe	Chairman	Independent Non-Executive Director
Mr S R Jayaweera		Independent Non-Executive Director
Mr N J Weerakoon		Independent Non-Executive Director
Nominations and Governance Committee		
Mr J R Gunaratne	Chairman	Independent Non-Executive Director
Mr S H Amarasekera		Non-Executive Director
Mr S R Jayaweera		Independent Non-Executive Director
ESG Committee		
Mr N J Weerakoon	Chairman	Independent Non-Executive Director
Ms K A D B Perera		Non-Executive Director
Mr S R Jayaweera		Independent Non-Executive Director

Declaration - Compliance with the Listing Rules on Related Party Transactions

In terms of Rule 9.14.8(4) of the Listing Rules, the Directors declare that the Company is in compliance with Rule 9.14 of the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions during the Financial Year ended 31st March 2025.

Corporate Social Responsibility

The Company continued its Corporate Social Responsibility Programmes, details of which are set out on pages 114 and 115 of this Report.

Special Business to be Transacted at the Annual General Meeting - Amendments to the Articles of Association

The "Special Business" set out as Item 2 of the Notice of Annual General Meeting contains amendments to certain Articles of the Articles of Association of the Company, as recommended by the Directors, to be adopted by way of a Special Resolution. The salient amendments proposed are :

- (a) Currently, the minimum number of Directors shall not be less than two (02). The recent amendments to Listing Rules require the minimum number to be increased to five (05). The proposed amendment to the number of Directors is to be in line with the new Rule.
- (b) The Listing Rules have introduced provisions relating to the circumstances under which/ the period for which an Alternate Director may be appointed. The proposed amendment to the provisions relating to Alternate Directors is to align the existing provisions with the Listing Rules.
- (c) Additional methods were brought in, to serve notice on shareholders.
- (d) Further provision in terms of the Listing Rules that publication by advertisement must be done in all three languages in

national daily newspapers is proposed to be incorporated. Publication of notice was further enhanced if permitted by law, to be done via the official website of the Company and/or the official website of the Colombo Stock Exchange so long as the Company is listed on the Colombo Stock Exchange.

- (e) With the introduction of the title Co-Chairman, certain provisions were introduced setting out the powers of the Co-Chairman.
- (f) To align the provisions relating to the re-election of Directors who retire by rotation and who are appointed during the year, with the best practices on Corporate Governance, certain amendments are proposed to the existing Articles.

Going Concern

The Directors have made an assessment of the Company's ability to continue as a going concern and is satisfied that it has resources to continue in business for the foreseeable future.

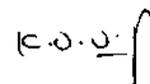
Annual General Meeting

The Notice of the Thirty Fifth (35th) Annual General Meeting appears on pages 309 and 310.

Acknowledgement of the Content of the Report.

As required by the Section 168(1)(k) of the Companies Act No. 07 of 2007, the Board of Directors do hereby acknowledge the content of this Annual Report.

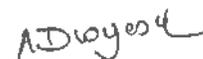
This Annual Report is signed for and on behalf of the Board of Directors by



Dhammika Perera
Chairman



Aravinda Perera
Managing Director



P W Corporate Secretarial (Pvt) Ltd
Secretaries

30th May 2025

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

Annexure A to the Annual Report of the Board of Directors on the Affairs of the Company

Directors of subsidiary Companies as at 31st March 2025

Biscuits and Chocolate Company Ltd

Mr. A M Weerasinghe
Mr. T G Thoradeniya
Mr. A K Dheerasinghe
Ms. A A K Amarasinghe
Mr. S M Liyanage

Ever Paint & Chemical Industries (Pvt) Ltd

Mr. A M Weerasinghe
Mr. H Somashantha
Mr. J K A Sirinatha
Mr. M W R N Somaratna
Mr. D B Gamalath

Nilano Garments (Pvt) Ltd

Mr. H Somashantha
Mr. B K G S M Rodrigo
Mrs. W S Bopitiya Gamage

Rocell Bathware Limited

Mr. A M Weerasinghe
Mr. M Y A Perera
Mr. T G Thoradeniya
Mr. G A R D Prasanna
Mr. R N Asirwatham
Mr. D J Silva

Rocell Properties Limited

Mr. A M Weerasinghe
Mr. T G Thoradeniya
Mr. G A R D Prasanna

Royal Ceramics Distributors (Pvt) Ltd

Mr. A M Weerasinghe
Mr. T G Thoradeniya
Mr. G A R D Prasanna
Mr. K D H Perera

Lanka Ceramic PLC

Mr. A M Weerasinghe
Mr. T G Thoradeniya
Ms. A M L Page
Mr. J D N Kekulawala
Mr. S M Liyanage
Ms. K D Weerasinghe
- appointed w.e.f 01.01.2025
Mr. L P B Talwatte -
appointed w.e.f 01.04.2025

Mr. J A P M Jayasekara -
resigned w.e.f. 01.04.2025

Lanka Walltiles PLC

Mr. A M Weerasinghe
Dr. S Selliah
Mr. S R Jayaweera
Mr. J D N Kekulawala
Mr. M W R N Somaratne
Ms. A M L Page
Ms. K A D B Perera
Ms. Y Bhaskaran
Mr. B D S Mendis
Mr. N M Pelpola
Mr. J A P M Jayasekara -
resigned w.e.f 01.04.2025
Mr. P L B Talwatte -
appointed w.e.f. 01.04.2025

Lanka Tiles PLC

Mr. A M Weerasinghe
Dr. S. Selliah
Mr. T G Thoradeniya
Ms. A M L Page
Mr. J A N R Adhihetty
Mr. J R Gunaratne
Mr. S R Jayaweera
Ms. K A D B Perera
Mr. R M M J Ratnayake
Mr. L P B Talwatte -
appointed w.e.f 01.04.2025
Mr. H Somashantha -
appointed w.e.f 01.04.2025
Mr. J A P M Jayasekara -
resigned w.e.f 01.04.2025
Mr. S M Liyanage -
resigned w.e.f. 25.04.2025

Swisstek (Ceylon) PLC

Mr. S H Amarasekera
Mr. A M Weerasinghe
Mr. J K A Sirinatha
Dr. S. Selliah
Mr. A S Mahendra
Mr. K D G Gunaratne
Mr. C U Weerawardena
Mr. R M M J Ratnayake -
appointed w.e.f 01.04.2025
Mr. B D S Mendis -
appointed w.e.f 01.04.2025
Mr. J A P M Jayasekara -
resigned w.e.f 01.04.2025

Swisstek Aluminium Limited

Mr. S H Amarasekera
Mr. A M Weerasinghe
Mr. T G Thoradeniya
Mr. S M Liyanage
Mr. A S Mahendra
Mr. C U Weerawardena
Mr. J A P M Jayasekara -
resigned w.e.f 01.04.2025

Vallibel Plantation Management Limited

Mr. A M Weerasinghe
Mr. T G Thoradeniya
Mr. A S Mahendra
Mr. L P B Talwatte -
appointed w.e.f 01.04.2025
Mr. J A P M Jayasekara -
resigned w.e.f 01.04.2025

Unidil Packaging Limited

Mr. T G Thoradeniya
Mr. Haresh Somashantha
Mr. N T Boghalande
Mr. C U Weerawardena
Mr. S M Liyanage
Mr. L P B Talwatte -
appointed w.e.f 01.04.2025
Mr. J A P M Jayasekera -
resigned w.e.f 01.04.2025

Unidil Packaging Solutions Limited

Mr. K D H Perera
 Mr. C U Weerawardena
 Mr. S M Liyanage -
 appointed w.e.f 12.08.2024
 Mr. L P B Talwatte -
 appointed w.e.f 01.04.2025
 Mr. J A P M Jayasekera -
 resigned w.e.f 01.04.2025

Beyond Paradise Collection Limited

Mr. M H Jamaldeen
 Mr. K D H Perera
 Mr. L P B Talwatte -
 appointed w.e.f 01.04.2025
 Mr. J A P M Jayasekera -
 resigned w.e.f 01.04.2025

L W L Development (Pvt) Ltd

Mr. K D A Perera
 Mr. L P B Talwatte -
 appointed w.e.f 01.04.2025
 Mr. J A P M Jayasekera -
 resigned w.e.f 01.04.2025

L T L Development (Pvt) Ltd

Mr. K D A Perera
 Mr. A M Weerasinghe
 Mr. L P B Talwatte -
 appointed w.e.f 01.04.2025
 Mr. J A P M Jayasekera -
 resigned w.e.f 01.04.2025

Swisstek Development (Pvt) Ltd

Mr. K D A Perera
 Mr. A M Weerasinghe
 Mr. J A P M Jayasekera -
 resigned w.e.f 01.04.2025

Lanka Swisstek (Pvt) Ltd India

Mr. A M Weerasinghe
 Mr. Fatheraj Singhvi
 Mr. Praveen Kumar Singhvi
 Mr. J A P M Jayasekera -
 resigned w.e.f 01.04.2025

L W Plantation Investments Ltd.

Mr. A M Weerasinghe
 Mr. L P B Talwatte -
 appointed w.e.f 01.04.2025
 Mr. J A P M Jayasekera -
 resigned w.e.f 01.04.2025

L C Plantation Projects Ltd.

Mr. A M Weerasinghe
 Mr. L P B Talwatte -
 appointed w.e.f 01.04.2025
 Mr. J A P M Jayasekera -
 resigned w.e.f 01.04.2025

L C Development (Pvt) Ltd.

Mr. A M Weerasinghe
 Mr. L P B Talwatte -
 appointed w.e.f 01.04.2025
 Mr. J A P M Jayasekera -
 resigned w.e.f 01.04.2025

Swisstek Investments (Pvt) Ltd

Mr. A M Weerasinghe
 Mr. J A P M Jayasekera -
 resigned w.e.f 01.04.2025

C P Holding (Pvt) Ltd

Mr. A M Weerasinghe
 Mr. L P B Talwatte -
 appointed w.e.f 01.04.2025
 Mr. J A P M Jayasekera -
 resigned w.e.f 01.04.2025

Lanka Tiles USA Inc.

Mr. A M Weerasinghe
 Mr. L P B Talwatte -
 appointed w.e.f 01.04.2025
 Mr. J A P M Jayasekera -
 resigned w.e.f 01.04.2025

Valley View Ceramics LLC, USA

Mr. A M Weerasinghe
 Mr. Benjamin Malloy
 Mr. L P B Talwatte -
 appointed w.e.f 01.04.2025
 Mr. J A P M Jayasekera -
 resigned w.e.f 01.04.2025

Statement of Directors' Responsibilities

The responsibilities of the Directors, in relation to the Financial Statements of the Company and its subsidiaries differ from the responsibilities of the Auditors.

The responsibility of the Independent Auditors in relation to the Financial Statements is set out in the Report of the Auditors given on pages 181 to 183 of the Annual Report.

As per the Sections 150(1), 151, 152(1) and (2), 153 (1) and (2) of the Companies Act No. 07 of 2007, the Directors are required to prepare Financial Statements for each financial year giving a true and fair view of the state of affairs of the Company and its subsidiaries as at the end of the financial year and of the results of its operations for the financial year, ensure that they are completed within six months or such extended period as may be determined by the Registrar General of Companies, certified by the person responsible for the preparation of the Financial Statements that they are in compliance with the said Companies Act and dated and signed on behalf of the Board by two Directors of the Company.

In terms of Section 166(1) read together with Sections 168(1)(b) and (c) and Section 167(1) of the Companies Act, the Directors shall cause a copy of the aforesaid Financial Statements together with the Annual Report of the Board of Directors of the Company prepared as per section 166(1) of the Companies Act to be sent to every shareholder not less than fifteen working days before the date fixed for holding the Annual General Meeting. The said obligation is discharged by the Directors by publishing/ making available for download, the Company's Annual Report on the Corporate Website of the Company and the Colombo Stock Exchange Website, and

by notifying the shareholders thereof. On request, printed copies of the Annual Report will be forwarded to the shareholders.

The Directors consider that in preparing these Financial Statements set out on pages 184 to 288, appropriate accounting policies have been selected and applied in a consistent manner and supported by reasonable and prudent judgment and that all applicable Accounting Standards, as relevant, have been followed.

The Directors are of the view that the Company and its subsidiaries have adequate resources to continue in operation either on their own or with the assistance of the Company, as the holding company/other subsidiaries/external funding arranged on the strength of their assets and have applied the going concern basis in preparing these Financial Statements.

Further, the Directors have a responsibility to ensure that the Company and its subsidiaries maintain sufficient accounting records to disclose with reasonable accuracy, the financial position of the Company and its subsidiaries.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Company and its subsidiaries and in this regard to give proper consideration to the establishment of appropriate internal control systems to prevent and detect fraud and other irregularities.

Financial Statements prepared and presented in this report have been prepared based on Sri Lanka Accounting Standards (SLFRS/LKAS) and are consistent with the underlying books of accounts and are in conformity with the requirements of Sri Lanka Accounting Standards, Companies Act No. 07 of 2007, Sri Lanka Accounting

and Auditing Standards Act No. 15 of 1995 and the Listing Rules of the Colombo Stock Exchange.

The Directors are of the view, that they have discharged their responsibilities as set out in this statement.

The Directors also confirm that to the best of their knowledge, all statutory payments payable by the Company and its subsidiaries as at the reporting date have been paid or where relevant provided for and/or payment terms are being agreed upon with the relevant authorities.

By order of the Board
Royal Ceramics Lanka PLC



P W Corporate Secretarial (Pvt) Ltd
Secretaries

30th May 2025

Report of the Audit Committee

Composition

The Audit Committee is composed of three Independent Non-Executive Directors, namely:

- Mr. Manil Jayasinghe – Chairman (appointed w.e.f. 01st January 2025)
- Mr. N J Weerakoon
- Mr. S R Jayaweera
- Mr. L. N. De S. Wijeyeratne – Chairman (Resigned w.e.f. 31st December 2024)
- Mr. R. N. Asirwatham (Resigned w.e.f. 31st December 2024)

The Board Secretary acts as the Secretary for the Committee.

Regular invitees include the Managing Director, Director Finance, and Head of Internal Audit. Further, members of corporate management are also invited occasionally to be present for discussions relating to the areas under their purview.

Meetings

The Audit Committee met six times during the year and attendance by the Committee members at each of these meetings are given in the Corporate Governance Report on page 141.

Role of the Audit Committee

The Committee has a written Terms of Reference, which clearly defines the oversight role and responsibility of the Audit Committee in terms of financial reporting as summarised below:

1. Review of the quarterly and annual financial statements, including the integrity, transparency, timeliness, accuracy and compliance with accounting standards, laws and regulations, prior to tabling the same for the approval of the Board of Directors.
2. Review the adequacy and effectiveness of internal and external audit arrangements.

3. Recommend the appointment, re-appointment and removal of the External Auditors including their remuneration and terms of engagement by assessing expertise, resources and independence
4. Evaluate the adequacy, efficiency, and effectiveness of the Company's Risk Management systems and Internal Controls including information systems controls and governance processes to avoid, mitigate and transfer risks.

As per the Audit Committee Charter, the scope is as below.

The Audit Committee of Royal Ceramics Lanka PLC is tasked to assist the Board of Directors in fulfilling its oversight responsibilities to the shareholders, potential shareholders, the investment community and other stakeholders in relation to;

1. The integrity of Financial Statements
2. That a good financial reporting system is in place and is well managed in order to give accurate, appropriate and timely information
3. That Financial Statements have been prepared in accordance with Sri Lankan Accounting Standards.
4. The company (Royal Ceramics Lanka PLC) comply with legal & regulatory requirements of the Companies' Act and other relevant financial reporting related regulations and ethical requirements.
5. Evaluate the external auditor's independence & performance and recommend to the Board the re-appointment or change of external auditors and recommend their remuneration and terms of engagement.
6. The performance of the internal audit function is satisfactory
7. Internal controls and risk management processes are effective and adequate to meet the requirements of the Sri Lanka Auditing Standards.

Financial Reporting

As part of its responsibility to oversee the Company's financial reporting process on behalf of the Board of Directors, the Committee has reviewed and discussed with Management the annual and quarterly Financial Statements prior to their issuance, including the extent of compliance with the Sri Lanka Financial Reporting Standards and the Companies Act No. 07 of 2007. Matters of special interest in the current environment and the processes that support certifications of the Financial Statements by the Company's Managing Director and Director Finance were also discussed.

The Committee confirms that it has received written assurance from the Managing Director and the Director Finance (serving as the Chief Executive Officer and Chief Financial Officer, respectively) affirming that, to the best of their knowledge and belief, the financial statements present a true and fair view of the Company's financial position and performance, and are prepared in accordance with applicable accounting standards and regulatory requirements. This assurance also included confirmation of the effectiveness of internal controls and risk management systems relating to the Company's operations and finances.

- The Committee reviewed Financial Statements and Notes for the year ended 31st March 2025
- The Committee reviewed the interim financial statements, on a quarterly basis.

Risks and Controls

During the year, the Committee assessed the major business and control risks and the control environment prevalent in the Company and advised the management on action to be taken in areas where weaknesses were observed. In addition, the Committee reviewed reports on losses resulting from frauds and operational failures and scrutinised the effectiveness of the Company's internal control system already in place and the processes

Report of the Audit Committee

adopted for identification, evaluation, and management of all significant risks.

In view of the changing business risks and the volatility/ uncertainty of the prevailing market conditions, greater emphasis was placed on risk assessment and mitigation during the year. A Risk Assessment matrix and a Risk Heat Map development were initiated during the last financial year. The key risks and mitigation strategies were reviewed to address any other matters to be considered

External Audit

The Committee met with the External Auditor during the year to discuss their audit approach and procedures, including matters relating to the scope of the audit. As part of the audit oversight process, the Committee obtained written assurance from the External Auditor, M/s Ernst & Young, confirming that they are and have been independent throughout the conduct of the audit engagement, in accordance with all relevant professional and regulatory requirements.

The Committee also undertook an assessment and made a formal determination of the independence of the External Auditor. This assessment considered the representations made by the auditor, the nature of both audit and non-audit services provided, and compliance with applicable guidelines. M/s Ernst & Young has been engaged as the Company's External Auditor since 2007, and the current audit engagement partner has served in this capacity since 2025. In evaluating independence, the Committee reviewed the fees paid for non-audit services and was satisfied that such services did not impair the auditor's objectivity or independence.

The Committee reviewed the Management Letter issued by the External Auditor together with the management responses and recommendations thereto, and ensured that appropriate follow-up actions were taken. The Letter of Representation issued to the External

Auditor was tabled at the Audit Committee meeting. The Committee recommended to the Board of Directors the re-appointment of M/s Ernst & Young as the External Auditor and fixed their remuneration, subject to shareholder approval at the Annual General Meeting.

Internal Audit

During the year, the Audit Committee reviewed the performance of the internal audit function; the internal audit findings which covered the controls at the Head-office, showrooms, warehouses, and factories were diligently followed up with a particular focus on inventory and debtors. The Internal Audit Plan was also reviewed and approved by the Committee and follow-up actions were monitored regularly.

Regulatory Compliance

The Director Finance has submitted quarterly reports on compliance with mandatory statutory requirements. The Committee reviewed the procedures established by the Management for compliance with the requirements of regulatory bodies and ensured compliance with Corporate Governance disclosure requirements, as set out on page 147.

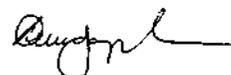
Other Matters

The Committee also:

- Noted that the Environmental, Social and Governance (ESG) reporting requirements for listed entities had become mandatory, as per the CSE guidelines. The company is in the process of developing a framework and adopting a reporting structure with the timeline of reporting starting from 01 April 2025.
- Obtained and reviewed the assurance received from the Managing Director and Director Finance on the financial records of the Company have been properly maintained and that the annual Financial Statements for the year ended 31st March 2025 comply with the appropriate

accounting standards and give a true and fair view of the financial position and performance of the Company and that the system of risk management and internal control was operating effectively.

- Reviewed and approved the proposal presented by Ernst & Young, chartered accountants on the Application Controls and IT General Controls Review of Oracle EBS System for the Company with necessary amendments in terms of scope of work, methodology, timeline etc.
- Reviewed the report submitted by the E&Y on the IT General Controls and IT Application Controls and the control lapses highlighted, for initiating remedial action. And advised the Management to prepare an Action Plan on how the corrective measures will be implemented.
- Reviewed the revised risk assessment matrix and revised risk heat map to ensure whether relevant risk factors and categories have been properly identified and assessed with the current economic conditions of the country and contemporary changes in the business world.
- Advised the management to conduct Risk Management workshop to educating the staff on risk management.
- Reviewed the key audit observations made in respect of statutory audits carried out on subsidiary companies.
- Reviewed the progress of the implementation of Oracle manufacturing module and the new warehouse management system.
- Evaluated the resource requirements to further strengthen the Internal Audit Department.



Manil Jayasinghe

Chairman
Audit Committee

30th May 2025

Report of the Remuneration Committee

Remuneration Committee of the Company was formed by the Board in compliance with the Listing Rules to make recommendations to the Board on the Executive Directors Remuneration.

Composition of the Committee

The Committee comprises two Independent Non-Executive Directors (one of whom is the Chairman) and one Non-Executive Director, in conformity with Rule 9.12.6 of the Listing Rules.

The Committee was reconstituted twice during the year under review on 30th September 2024 and 1st January 2025 respectively, and the composition of the Committee during the year was as follows:

As of 31st March 2025 and the date of this Report the Committee consists of:

Members	Date of appointment to the Committee	Nature of Directorship
Mr. J R Gunaratne (Chairman)	01.01.2025	Independent Non-Executive Director
Mr. Harsha Amarasekera	26.10.2015	Non-Executive Director
Mr. Manil Jayasinghe	01.01.2025	Independent Non-Executive Director

Prior to reconstitution on 30th September 2024, Mr Harsha Amarasekera, then Chairman of the Board was the Chairman of the Committee. With effect from 1st October 2024 Mr. L N De S Wijeyeratne was appointed the Chairman, in compliance with the Rule 9.12.6(2) of the Listing Rules.

Members				Nature of Directorship
From 1.4.2024 to 29.9.2024	Date of appointment to the Committee	From 1.10.2024 to 31.12.2024	Date of appointment to the Committee	
Mr. Harsha Amarasekera (Chairman)	26.10.2015	Mr. L N De S Wijeyeratne (Chairman) *	27.08.2018	Independent Non-Executive Director
Mr. L N De S Wijeyeratne	27.08.2018	Mr. Harsha Amarasekera	26.10.2015	Independent Non-Executive Director
Mr. R N Asirwatham	27.05.2016	Mr. R N Asirwatham *	27.05.2016	Independent Non-Executive Director

* resigned on 31st December 2024

Brief profile of each member appears on pages 28 to 30 of this Report.

The Company Secretaries, P W Corporate Secretarial (Pvt) Ltd serves as the Secretaries to the Company.

Terms of Reference of the Committee

The Remuneration Committee operates under a well-defined Terms of Reference incorporating scope, authority, duties and matters pertaining to quorum of Meetings.

The new Terms of Reference of the Committee were adopted with effect from 1st October 2024.

Remuneration Policy

The remuneration policy of the Company endeavours to attract, motivate, and retain quality management in a competitive environment with the relevant expertise necessary to achieve the objectives of the Company. The Committee focuses on and is responsible for ensuring that the total package is competitive to attract the best talent for the benefit of the Company. The

remuneration framework of the Company for the Executive Deputy Chairman, Managing Director, Executive Director and Corporate Management is designed to create and enhance value to all stakeholders of the Company and ensure alignment with the short- and long-term interests of the Company and its Executives. When designing competitive compensation packages, the Committee consciously balances the short term performance with medium to long-term goals of the Company.

Report of the Remuneration Committee

The Committee further reports that the Company has adopted a “Policy on Remuneration” in compliance with Rule 9.2.1 of the Listing Rules, and it has complied with the provisions of the Companies Act and the Articles of Association regarding Directors’ Remuneration.

Role of the Remuneration Committee

The Remuneration Committee is responsible for advising and assisting the Board in determining a formal and transparent procedure for developing the policy on Executive Directors’ remuneration and for fixing the remuneration of Non-Executive Directors.

Its key functions include:

- Establishing and review of the parameters of the framework for remuneration of Executive Directors, Non-Executive Directors and Senior Management of the Company and its unlisted subsidiaries.
- Review and making recommendations to the Board with regard to the remuneration of Executive Directors and Senior Management and also Non-Executive Directors.
- Assisting the Board of Directors to comply with the obligations under section 216 of the Companies Act No.7 of 2007 read together with the Articles of Association of the Company when approving remuneration of Directors including the basis under which the remuneration may be considered fair to the Company or the relevant subsidiary.
- The recommendations of the Committee, primarily on matters relating to compensation, benefits and Bonus to its Executive Directors and Senior Management were arrived at through discussion with the Management and agreement of Committee Members via

circular resolutions. The Committee ensures that the Company follows a fair, competitive, and performance-driven compensation structure, supporting the Company’s long-term success.

Disclosure on Directors’ Remuneration

The aggregate remuneration paid to the Directors of the Company during the year is disclosed in Note 33.2 to the Financial Statements in this Annual Report.



Jithendra Gunaratne

Chairman
Remuneration Committee

30th May 2025

Report of the Related Party Transactions Review Committee

The Related Party Transactions Review Committee (RPTRC) of the Company was formed by the Board in 6th January 2016 in accordance with Section 9 of the Listing Rules of the Colombo Stock Exchange to ensure compliance with those Rules facilitating independent review, approval and oversight of Related Party Transactions of the Company.

Composition of the Committee

The Committee comprises three Independent Non-Executive Directors (one of whom is the Chairman) in conformity with Rule 9.14.2 of the Listing Rules.

The Related Party Transactions Review Committee of the Company was reconstituted with effect from 1st January 2025 in compliance with the Corporate Governance Rules of the Colombo Stock Exchange.

The Committee comprises three Non-Executive Directors, all of whom are Independent and it is in conformity with Rule 9.14.2 of the Listing Rules.

The composition of the Committee during the financial year under review was as follows:

As of 31st March 2025 and the date of this Report the Committee consists of:

Name of Member	Date of appointment to the Committee	Nature of Directorship
Mr. Manil Jayasinghe (Chairman)	01.01.2025	Independent Non-Executive Director
Mr. Sanjeewa Jayaweera	01.01.2025	Independent Non-Executive Director
Mr. Nivran Weerakoon	24.02.2020	Independent Non-Executive Director

The composition from 1st April 2024 to 31st December 2024 was as follows:

Name of Member	Date of appointment to the Committee	Nature of Directorship
Mr. R N Asirwatham (Chairman)	06.01.2016	Independent Non-Executive Director
Mr. L N De S Wijeyeratne	31.10.2016	Independent Non-Executive Director
Mr. Nivran Weerakoon	24.02.2020	Independent Non-Executive Director

Brief profiles of the Members appear on pages 28 to 30.

The Company Secretaries, P W Corporate Secretarial (Pvt) Ltd serves as the Secretaries to the Company.

The Managing Director and the Director Finance attend meetings by invitation.

Meetings

The Committee met four (04) times during the financial year under review, where they met once every calendar quarter. Attendance of the members at these Meetings is as follows:-

Members	Attendance
Mr. Manil Jayasinghe [appointed on 01.01.2025]	1/1
Mr. R N Asirwatham [resigned on 31.12.2024]	3/3
Mr. S R Jayaweera [appointed on 01.01.2025]	1/1
Mr L N De S Wijeyeratne [resigned on 31.12.2024]	2/3
Mr N J Weerakoon [appointed on 24.2.2020]	4/4

Report of the Related Party Transactions Review Committee

Charter/Terms of Reference of the Related Party Transactions Review Committee

The Committee operates within the Charter of the Committee / Terms of Reference as approved by the Board. The Company has adopted a Related Party Transactions (RPT) Policy whereby the categories of persons / entities who shall be considered as 'related parties' have been identified and the identification and reporting on RPTs have been established.

The new Terms of Reference of the Committee were adopted by the Board with effect from 1st October 2024. It 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 authorised to:

- a) Receive regular reports from the management, and be provided with any information it requests relating to its responsibilities
- b) Establish policies and procedures that provide general pre-approvals to certain classes or types of related party transactions
- c) Review and evaluate the terms, conditions, and the advisability of, any related party transaction
- d) Determine whether the related party transaction under review 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, should 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

Responsibilities of the Related Party Transactions Review Committee

The key responsibilities of the Committee are ;

- a) Ensure that the Company complies with the Rules on related party transactions set out in the Listing Rules.
- b) Subject to the exceptions given in the Listing Rules, review, in advance all proposed related party transactions.
- c) Perform other activities related to its Terms of Reference as requested by the Board
- d) Hold meetings every calendar quarter and report to the Board on the Committee's activities
- e) Share information with the Audit Committee as necessary and appropriate, to permit the Audit Committee to carry out its statutory, regulatory and other responsibilities with regard to related party transactions
- f) Review the Terms of Reference at least annually and recommend amendments to the Charter and Policy to the Board as and when determined to be appropriate by the Committee.

Procedures for Reporting RPT's

Director Finance is responsible for reporting to the Committee through Managing Director, for its review and approval the information in respect of each related party transaction proposed to be entered into other than the exempted transactions as per the Listing Rules and those recurrent

Related Party Transactions in respect of which, the Committee has formulated guidelines. Moreover, on a quarterly basis, the it is required to report to the Committee on the approved related party transactions actually entered into by the Company.

The Committee has approved the Related Party Transactions Declaration Form required to be filled by the Directors and key management personnel of the Company. The Company uses this form to capture the related party transactions at the end of every quarter.

Review of Related Party Transactions

The Committee reviewed all related party transactions of the Company for the financial year 2024/25 and has communicated its comments and observations to the Board. It was observed that except one non recurrent related party transaction, all related party transactions entered during the year were of a recurrent, trading nature and were necessary for the day-to-day operations of the Company. In the opinion of the Committee, the terms of these transactions were not more favourable to the related parties than those generally available to the public.

The aggregate value of all non-recurrent RPTs entered into by the Company during the year under review was below the threshold for disclosure in the Annual Report as per Rule 9.14.8(i) of the Listing Rules and/or immediate disclosure as per Rule 9.14.7 of the Listing Rules.

The only non-recurrent Related Party Transaction above referred to, was the acquisition of 5,867,020 shares of Swisstek Aluminium Limited at an issue price of Rs.11/- per share whereby the Company invested a sum of Rs.64,537,220/-.

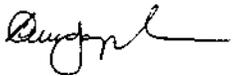
It was reviewed by the Committee through discussions had on the matter post submission of a Paper by the Management and a valuation provided by an external expert. Based on the outcome of those discussions, the formal approval was recorded by way of a Circular Resolution.

The aggregate value of Recurrent RPTs entered into by the Company during the year was below the threshold for disclosure in the Annual Report as per the Listing Rules.

The details of related party transactions entered into during the year are given in Note 33 to the Financial Statements, on pages 265 to 267 of this Annual Report.

Declaration

In terms of Rule 9.14.8 (4) of the Listing Rules of the Colombo Stock Exchange, a declaration by the Board of Directors as an affirmative statement of the compliance with the Listing Rules pertaining to Related Party Transactions is given on page 158 of the Annual Report.



Manil Jayasinghe

Chairman
Related Party Transactions Review Committee

30th May 2025

Report of the Nominations and Governance Committee

In line with the Listing Rules on Corporate Governance, the Company constituted its own Nominations and Governance Committee (NGC) on 30th September 2024 [in place of the previous arrangement, whereby the Nominations Committee of the parent entity, Vallibel One PLC acted on behalf of the Company upto 29th September 2024].

Composition of the Committee

The Committee comprises two Independent Non-Executive Directors (one of whom is the Chairman) and one Non-Executive Director, in conformity with Rule 9.11.4 of the Listing Rules.

The NGC of the Company was reconstituted with effect from 1st January 2025, consequent to the changes in the Directorate of the Company, in compliance with the Corporate Governance Rules of the Colombo Stock Exchange. The composition of the Committee during the financial year under review was as follows:

As of March 31, 2025 and the date of this Report, the Committee consists of

Members	Date of appointment to the Committee	Nature of Directorship
Mr. J R Gunaratne (Chairman)	30.09.2024	Independent Non-Executive Director
Mr. Harsha Amarasekera	30.09.2024	Independent Non-Executive Director (from 30-09-2024 to 31-12-2024) Non-Executive Director (from 01-01- 2025)
Mr. Sanjeeva Jayaweera	01.01.2025	Independent Non-Executive Director

From 30th September to 31st December 2024, Ms Niruja Thambiayah, Non-Executive Director was a member upon being appointed to the Committee on 30th September 2024 [She resigned with effect from 31st December 2024].:

Brief profile of each member appears on pages 28 to 30 of this Report.

The Company Secretaries, P W Corporate Secretarial (Pvt) Ltd function as the Secretaries to the Committee.

Meetings

The NGC met once during the financial year under review, since its formation on 30th September 2024. The attendance of the members at these meetings is set out in the table below:

Members	Attendance
Mr J R Gunaratne (Chairman)	1/1
Mr. Harsha Amarasekera	1/1
Ms Niruja Thambiayah	1/1

Additionally, the recommendations of the Committee on matters falling under its purview upon agreement being reached thereon, were recorded by way of circular resolutions and since its formation, three resolutions were approved by the Committee via circulation, during the year under review.

Terms of Reference

The Committee operates under a well defined Terms of Reference adopted with effect from 1st October 2024, which set out inter alia its scope, authority, duties and matters pertaining to quorum of meetings of the Committee.

As per its Terms of Reference, the Committee makes recommendations to the Board in respect of all new Board appointments and re-election / re-appointment of those retiring in terms of the Articles of Association or the Companies Act, No.7 of 2007 having regard to the structure, size and composition of the Board and effective discharge of duties and responsibilities. Additionally, maintaining a suitable process for the periodic evaluation of the performance of the Board of Directors of the Company and developing a succession plan for Board of Directors and Key Management Personnel of the Company are key functions of the Committee.

Policy and Processes for Directors' Nominations

The NGC operates under a documented policy and defined processes for the nomination of Directors. These processes include :

- Overseeing the identification, assessment, selection, and nomination of suitable candidates to be appointed as Directors to fill any vacancy on the Board, howsoever created and/or as additional Directors based on the business requirements of the Company;

- Assessing the skills, knowledge, experience, expertise, diversity, and levels of independence necessary that will best complement the effectiveness of the Board;
- Ensuring that the Directors nominees accord with the fit and proper criteria under Rule 9.7.3 of the Listing Rules and obtaining a declaration to that effect from the candidate and;
- Where a Director nominee is to be appointed as an Independent Director, identifying any potential conflicts of interest and assessing the independence of the candidate, and overseeing that he / she satisfies the criteria for independence as per Rule 9.8.5 of the Listing Rules and obtaining a duly completed declaration to that effect from the said party.
- Based on the assessment as aforesaid making recommendations to the Board on appointment of new Directors.

Re-election of Directors

In accordance with the Company's Articles of Association, one Director shall retire from office provided that Directors appointed to the office of Chairman, Deputy Chairman, Chief Executive Officer, Managing or Joint Managing Director or other Executive Officer shall not while holding that office be subject to retirement by rotation or be taken into account in determining the Directors to retire in each year

In pursuance of recommendations made by the NGC to align these provisions with the best practices, a Resolution will be placed before the shareholders to amend the relevant Article whereby one third of the Directors for the time being (excluding the Executive Directors) will be required to retire by rotation at every Annual General Meeting.

Additionally, as per the relevant provisions in the Articles dealing with the new appointments to the Board to fill casual

vacancies or as additional Directors, such new Directors are not required to offer themselves for re-election at the immediately succeeding Annual General Meeting. This Article too is to be amended based on NGC's recommendations to align the said provisions with the best practices.

Information on Directors' Re-election / Re-appointment

As required by the Listing Rules, the table below sets out the details of the Directors who were re-elected / re-appointed at the 34th Annual General Meeting held on 28th June 2024, and the details of those Directors who are recommended for re-election at the forthcoming Annual General Meeting, in accordance with the provisions of the Articles of Association of the Company and the Companies Act No. 7 of 2007:

Name of Director	Board Committees served on	Date of First appointment as a Director	Date of last re-election / re-appointment as a Director	Directorships or Chairpersonship and other principal commitments both present and those held over the preceding three years in other Listed entities	Any relationship including close family relationships between the candidate and the Directors, the Listed Entity or its shareholders holding more than 10% of the shares of the Listed Entity
34th Annual General Meeting held on 28th June 2024					
Re-election in terms of Articles 87(1) of the Articles of Association of the Company					
Mr J R Gunaratne	None	28.04.2021	28.06.2024	Refer profile on page 29	None
Re-appointment in terms of Section 210 of the Companies act No. 07 of 2007					
Mr R N Asirwatham	AC RC RPTRC	25.09.2009	28.06.2024	Resigned on 31.12.2024	None
Mr L N de S Wijeyeratne	AC RC RPTRC	15.05.2016	28.06.2024	-do-	None

Report of the Nomination and Governance Committee

Name of Director	Board Committees served on	Date of First appointment as a Director	Date of last re-election / re-appointment as a Director	Directorships or Chairpersonship and other principal commitments both present and those held over the preceding three years in other Listed entities	Any relationship including close family relationships between the candidate and the Directors, the Listed Entity or its shareholders holding more than 10% of the shares of the Listed Entity
35th Annual General Meeting to be held on 30th June 2025					
Recommended for re-election in terms of Articles 87 (1) and 88 of the Articles of Association of the Company					
Mr. Rasika Dimuth Prasanna Godawatta Arachchige	None	29.05.2009	29.06.2018	Refer profile on page 29	None
Re-election of Directors appointed since last Annual General Meeting in terms of Article 94 of the Articles of Association of the Company					
Mr Hector Manil Anthony Jayasinghe	AC RC RPTRC	01.01.2025	N/A	Refer profile on page 30	None

AC	Audit Committee
RPTRC	Related party Transactions Review Committee
RM	Remuneration Committee
NGC	Nominations and Governance Committee

Board Diversity

Board diversity is considered an essential factor in ensuring the Board's effective performance. In that context, the Company is committed to maintaining a diverse Board across the following dimensions that align with its strategic goals and governance standards.

Experience

The present Board comprises of Directors possessing varied experience / expertise in many disciplines which is appropriate for the business carried on by the Company, including entrepreneurship, finance, audit and risk management, banking, corporate communications, digital transformation, marketing, governance and legal.

Skills

The Board is possessed of skills that are essential to drive the business of the Company including communication skills, leadership skills, decision making skills, organisational skills and skills to embody the vision of organisation. Many Directors are experienced entrepreneurs, professionals and business leaders and make significant contribution towards the strategic direction of the Company and its subsidiaries with their diverse skills and attributes.

Age

There is a balanced distribution amongst different age groups, ranging from 25 years to 68 years.

Gender

The Company is committed to improving on gender diversity, and has initiated the process with one female Director.

Effective Implementation of Policies and Processes for appointment and re-appointment of Directors

The effectiveness of the policies and processes relating to the appointment and re-appointment of Directors is demonstrated by the following:

- The NGC reviewed the criteria for fitness and propriety, independence and other compliance requirements for individual Directors at the time of their initial appointments to the Board and through annual review. Such a review also covered the general disclosure of interests, declarations and other information provided by Director nominees and by individual Directors in accordance with the Listing Rules, Companies Act and the Company's Articles of Association.

- Director nominees are subject to reference checks and reviews of their past performance, particularly if the candidate has prior Board experience, and also interviews with the Management.
- The Committee has adopted the process for Board evaluations as per Best Practices on Corporate Governance, to ensure that each Director continues to add value to the Company to achieve its objectives, before the NGC recommends the re-election / re-appointment of a Director.

Periodic Evaluations on the performance of the Board

As per the Rules on Corporate Governance embodied in the Listing Rules and the Policy on Corporate Governance, Nomination and Re-election adopted by the Company with effect from 1st October 2024, it is necessary that periodic evaluation of the performance of the Board of are carried out, through a scheme of self-assessment to be undertaken by each Director. The NGC is responsible for such an assessment and to submit a report on the matter to the Board.

The NGC confirms that the annual evaluation of the performance of the Board of Directors has been conducted.

Process on the Flow of Information to Independent Directors on Major Issues

The Company ensures that Independent Directors are informed through a structured communication framework, including regular Board and Committee meetings, with detailed agenda and relevant documents shared in advance. Directors receive periodic updates on key financial, operational and strategic matters, with

direct access to the Senior Management and the Company Secretaries to seek clarifications on matters falling under the purview of the Board.

Special briefings are provided to the Directors through the Managing Director and/or the Company Secretaries in dealing with important matters. Strategy sessions, orientation, and training programs keep Directors informed on industry trends and governance. Crisis communication processes ensure timely updates during significant events, supporting effective oversight and contribution to the Company's objectives.

Induction and Orientation Programs

The Company provides induction programs for newly appointed Directors, covering operations, governance, regulations, strategic objectives, financial performance and key policies.

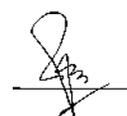
Updates are also provided to the Board on corporate governance, regulatory developments and relevant laws, ensuring compliance, effective risk management, and alignment with legislative amendments to protect shareholder interests.

Determination of Independence of Independent Directors

The NGC confirms that the four Independent Directors meet the criteria for independence as stipulated in Rule 9.8.3 of the Listing Rules.

Compliance with the Corporate Governance Requirements stipulated under the Listing Rules

The NGC confirms that the Company has fully complied with the Corporate Governance Requirements outlined in the Listing Rules.



Jithendra Gunaratne

Chairman – Nominations and Governance Committee

30th May 2025

Report of the ESG Committee

GRI 2-14, 2-17, 2-22

The ESG Committee was formally constituted by the Board on 31 March 2025, in recognition of the increasing importance of ESG oversight in driving long-term value creation, managing risks, and meeting stakeholder expectations. The Committee will provide leadership and direction in advancing the Group's sustainability agenda, and will support the Board in monitoring the Group's ESG performance going forward.

Committee Composition

As at the date of this report, the ESG Committee comprises the following three Non-Executive Directors:

Mr. Nivran Weerakoon - Chairman

Ms. Brindhini Perera - Member

Mr. Sanjeewa Jayaweera - Member

The Committee will also include, by invitation, senior management and functional leaders relevant to sustainability, including the Human Resources, Operations, and representatives from each business unit.

Committee Mandate

The ESG Committee has been established with the following core responsibilities:

- Provide oversight of the Group's ESG strategy and its alignment with long-term business goals.

Recommend ESG policies, frameworks, and performance targets to the Board.

- Monitor environmental performance (e.g., emissions, waste, water, energy use).
- Oversee social impact areas including workplace health and safety, labour practices, and community engagement.
- Ensure the integration of ESG risks into the Group's enterprise risk management framework.
- Promote ethical business conduct, supply chain responsibility, and good governance practices.
- Review and recommend ESG disclosures and compliance with relevant reporting standards.

Focus Areas for 2025

Following its establishment, the ESG Committee has set out the following key priorities for the upcoming year:

- Develop a Group-wide ESG policy and reporting framework.
- Identify material ESG risks and opportunities across all manufacturing operations.
- Initiate baseline assessments for key ESG indicators, including carbon footprint, energy intensity, and water use.

- Establish performance targets and monitoring systems in line with international standards (e.g., GRI, ISSB, TCFD).
- Begin preparation of the Group's first Sustainability Report for publication in 2026.
- Foster ESG awareness and capacity-building across the organisation.

The Board views the formation of the ESG Committee as a significant milestone in the Group's sustainability journey. While the Committee was not active during the 2024/25 reporting period, it is now fully operational and will play a central role in ensuring that ESG considerations are embedded into the Group's decision-making processes. Future annual reports will include detailed updates on the Committee's activities, performance, and impact.



Nivran Weerakoon

Chairman of the ESG Committee

30th May 2025

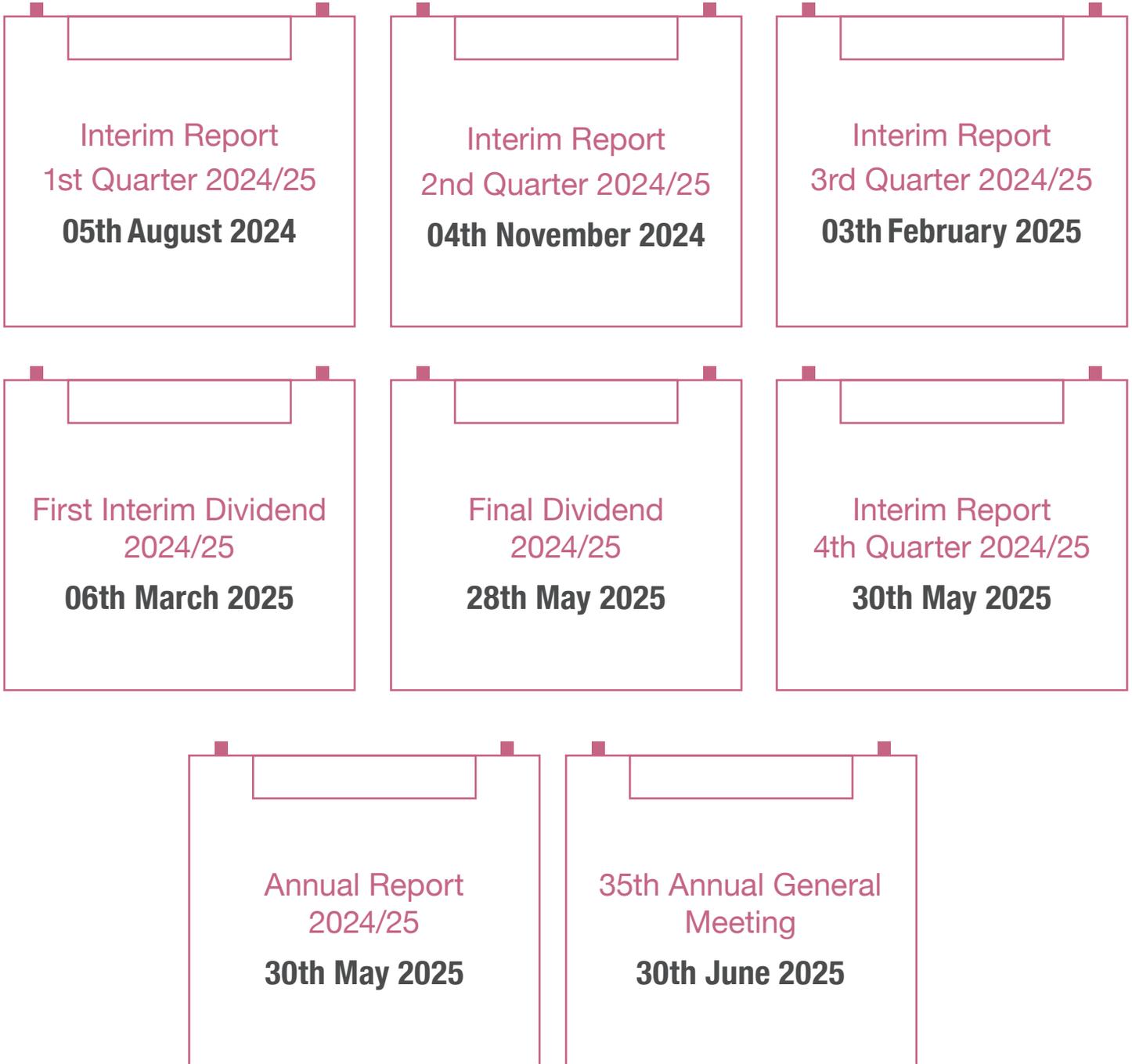
Iterations of Transformation

Driven by a relentless pursuit of continuous improvement, we are constantly transforming ourselves to elevate our journey and create a brighter future for all. Today, we stand ready to spread our wings and soar into the next chapter— as we pursue an era of innovation, transformation, and boundless possibilities.

The butterfly's metamorphosis represents a miraculous journey of transformation, symbolising growth, resilience, freedom, and the promise of a vibrant future.



Financial Calender



Independent Auditor's Report



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Chartered Accountants
Rotunda Towers
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Colombo 03, Sri Lanka

Tel: +94 11 246 3500
Fax: +94 11 768 7869
Email: eysl@lk.ey.com
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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ROYAL CERAMICS LANKA PLC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Royal Ceramics 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 31st 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 the Group give a true and fair view of the financial position of the Company and the Group as at 31st 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 (SLAuSs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the Code of Ethics 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 the auditor's 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 Matter
<p>Assessment of fair value of land and buildings</p> <p>Property, Plant and Equipment and Investment Property include land and buildings carried at fair value. The fair value of land and buildings were determined by external valuers engaged by the Group.</p> <p>This was a key audit matter due to:</p> <ul style="list-style-type: none"> the materiality of the reported fair value of land and buildings which amounted to Rs. 24.6 Bn representing 22% 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 the market approach, income approach and depreciated replacement cost approach and estimates made by the valuers based on market transactions. <p>Key areas of significant judgments, estimates and assumptions used in assessing the fair value of land and buildings, as disclosed in Note 3.11, 3.12, 2.5.5 & 2.5.8 to the financial statements, included judgements involved in ascertaining the appropriate valuation techniques and estimates such as:</p> <ul style="list-style-type: none"> Estimate of per perch value of the land Estimate of the per square foot value of the buildings Market rent per square foot, occupancy rates and yield 	<p>Our audit procedures included the following key procedures:</p> <ul style="list-style-type: none"> assessed the competence, capability and objectivity of the external valuers 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 significant assumptions, judgements and estimates made by the valuer such as per perch value, per square foot value, market rent per square foot, occupancy rates, yield and valuation techniques as relevant in assessing the fair value of each property <p>We also assessed the adequacy of the disclosures made in notes 3.11, 3.12, 2.5.5 & 2.5.8 to the financial statements.</p>

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

Principals: T P M Ruberu FCMA FCCA MBA (US J-SL), G R Goudian ACMA, D L B Karunathilaka ACMA, W S J De Silva BSc (Hons) - MIS Msc - IT, V Shakhiviel B.Com (Sp)



Key audit matter	How our audit addressed the Matter
Assessment of impairment of Goodwill	
<p>The Group's Statement of Financial Position includes an amount of Rs. 1.1 Bn relating to Goodwill, as disclosed in Note 7 and 7.1 to the financial statements.</p> <p>The CGU with goodwill is tested annually for impairment based on its recoverable amount. The recoverable amount is estimated using value in use (VIU) computations prepared by Management based on discounted future cash-flows.</p> <p>Assessment of impairment of this CGU with goodwill was a key audit matter due to the degree of management assumptions, judgements and estimates associated with deriving the estimated future cashflows used for value in use calculations considering economic conditions.</p> <p>As disclosed in notes 2.5.10,7 & 7.1, key areas of significant judgments, estimates and assumptions included key inputs and assumptions related to the long-term growth rate and discount rate.</p>	<p>Our audit procedures included the following;</p> <ul style="list-style-type: none"> • we gained an understanding of how management has forecast its discounted future cash flows. Our procedures included understanding how management has considered the potential impact of the economic conditions in the country in forecasting the cash flows • we checked the calculations of the discounted future cash flows and tested the data used by management to relevant underlying accounting records. • based on the best available information up to the date of our report, we assessed the reasonableness of significant assumptions, judgements and estimates used by the Group, in particular those relating to the growth rates and discount rate of the estimated future cashflows <p>We assessed the adequacy of the disclosures made in Note 2.5.10,7 and 7.1 in the financial statements.</p>
Existence and carrying value of Inventories	
<p>As at 31st March 2025, the carrying value of inventories amounted to Rs. 32.9 Bn net of a provision of Rs. 1.3 Bn for slowing-moving inventory as disclosed in note 2.3, 2.5.4, 9 & 9.1, to the financial statements.</p> <p>Existence and carrying value of inventories was a key audit matter due to:</p> <ul style="list-style-type: none"> • Materiality of the reported amount, which represents 29% of the Group's total assets • Inventories being held at multiple locations • Judgements applied by the management in determining the provision for slow-moving inventory on account of ageing, as disclosed in Note 2.3 to the financial statements. 	<p>Our audit procedures included the following:</p> <p>Observed physical inventory counts and reconciled the count results to the inventory listings compiled by management to support amounts reported as at the reporting date</p> <p>Tested the relevant key controls over inventory valuation. Our procedures included testing the general IT control environment and the relevant key IT application controls relating to the most significant IT systems relevant to inventory.</p> <p>Tested whether inventory was stated at the lower of cost and net realisable value, by comparing cost with subsequent selling prices</p> <p>Assessed the reasonableness of management judgements applied in determining that the provision for slow-moving inventories. Our procedures included testing the completeness and accuracy of inventory age reports used as a basis to estimate the provision</p> <p>We also assessed the adequacy of the disclosures made in notes 9, 9.1, 2.3 & 2.5.4 to the financial statements</p>

OTHER INFORMATION INCLUDED IN THE 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.



Shape the future
with confidence

Responsibilities of the management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis

for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company and the Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit

and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 2440.

R. M. G. G. G.

Colombo
30th May 2025.

Statement of Financial Position

As at 31st March	Note	Company		Group	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
ASSETS					
Non-Current Assets					
Property, Plant & Equipment	3	13,201,342,012	12,619,373,004	44,611,993,238	41,231,574,672
Investment Property	4	-	-	2,157,340,200	2,135,452,700
Investments in Subsidiaries	5	6,803,254,579	6,738,717,359	-	-
Investments in Associates	6	3,488,163,598	3,488,163,598	17,464,950,320	15,135,984,486
Intangible Assets	7	95,351,747	101,212,366	1,462,724,961	1,374,538,496
Right of Use Assets	8	1,030,169,416	866,797,140	1,312,287,513	1,154,344,285
Deferred Tax Assets	25.3	-	-	229,082,621	206,885,814
		24,618,281,352	23,814,263,467	67,238,378,853	61,238,780,453
Current Assets					
Inventories	9	9,003,170,333	7,179,019,694	32,934,535,695	28,689,598,470
Trade and Other Receivables	10	695,605,941	713,991,878	7,721,797,186	5,736,079,669
Amounts Due from Related Parties	10.1.3	97,528,723	1,983,174,356	-	-
Other Non Financial Assets	11	474,065,620	443,770,603	1,600,321,649	2,723,546,236
Contract Assets	10.3	-	-	-	30,032,715
Other Financial Assets	12	57,330,899	64,471,467	62,624,899	71,831,687
Income Tax Recoverable		-	-	-	13,100,394
Cash and Cash Equivalents	20	1,128,055,972	1,080,478,857	3,771,576,670	3,080,061,976
		11,455,757,488	11,464,906,855	46,090,856,099	40,344,251,147
Assets held for sale		-	-	36,369,539	36,056,060
		11,455,757,488	11,464,906,855	46,127,225,638	40,380,307,207
Total Assets		36,074,038,840	35,279,170,322	113,365,604,491	101,619,087,660
EQUITY AND LIABILITIES					
Capital and Reserves					
Stated Capital	13	1,368,673,373	1,368,673,373	1,368,673,373	1,368,673,373
Reserves	14	3,201,517,632	2,423,466,960	6,645,975,608	5,568,918,993
Retained Earnings		19,174,172,768	18,494,206,556	40,637,470,203	37,830,408,625
Equity Attributable to Equity Holders of the Parent		23,744,363,773	22,286,346,889	48,652,119,184	44,768,000,991
Non Controlling Interest		-	-	16,387,238,474	15,345,119,950
Total Equity		23,744,363,773	22,286,346,889	65,039,357,658	60,113,120,941

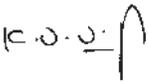
As at 31st March	Note	Company		Group	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Non-Current Liabilities					
Interest Bearing Loans & Borrowings	15	2,154,373,732	2,353,861,877	9,445,025,620	10,248,447,960
Deferred Tax Liabilities	25.4	2,099,418,265	1,709,778,362	5,920,600,894	5,606,394,264
Retirement Benefit Liabilities	16	848,235,053	716,069,760	1,790,812,440	1,476,619,741
Other Non-Current Liabilities	17	-	-	33,884,455	34,500,000
		5,102,027,050	4,779,709,999	17,190,323,409	17,365,961,965
Current Liabilities					
Trade and Other Payables	18	1,437,182,330	1,582,517,914	6,641,861,273	6,505,137,056
Amounts Due to Related Parties	18.1	177,949,723	73,765,393	191,619,824	165,866,138
Other Current Liabilities	19	1,469,164,254	1,243,609,744	1,960,078,005	1,611,235,247
Dividend Payable		218,659,408	252,753,576	435,790,592	499,266,122
Income Tax Liabilities		403,721,984	407,154,172	672,407,246	1,360,600,947
Interest Bearing Loans & Borrowings	15	3,520,970,318	4,653,312,635	21,233,904,181	13,997,704,366
		7,227,648,017	8,213,113,434	31,135,661,121	24,139,809,876
Liabilities directly associated with the Assets held for sale	39	-	-	262,303	194,878
		7,227,648,017	8,213,113,434	31,135,923,424	24,140,004,754
Total Equity and Liabilities		36,074,038,840	35,279,170,322	113,365,604,491	101,619,087,660

I certify that these Financial Statements are in accordance with the requirements of the Companies Act No. 7 of 2007.



Haresh Somashantha
Director Finance

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



Dhammika Perera
Chairman



Aravinda Perera
Managing Director

The Accounting Policies and Notes on pages 192 through 288 form an integral part of these Financial Statements.

30th May 2025
Colombo

Statement of Profit or Loss

For the year ended 31st March	Note	Company		Group	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Revenue from Contract with Customers	21	15,364,284,472	17,550,479,665	60,651,016,490	61,192,056,947
Cost of Sales		(7,798,069,509)	(8,382,507,605)	(41,248,505,613)	(37,704,490,458)
Gross Profit		7,566,214,963	9,167,972,060	19,402,510,877	23,487,566,489
Other Operating Income	22	1,532,823,781	2,073,944,197	676,252,799	518,118,892
Distribution Expenses		(3,799,049,973)	(3,591,991,833)	(8,790,096,392)	(8,253,507,256)
Administrative Expenses		(1,128,225,292)	(1,184,691,814)	(4,293,325,946)	(3,910,985,881)
Other Operating Expenses	22.1	(5,709,934)	(52,508,043)	(5,709,934)	(302,410,426)
Finance Cost	23.1	(639,118,073)	(684,027,738)	(2,309,346,622)	(2,524,385,758)
Finance Income	23.2	78,018,033	286,750,607	193,286,403	358,329,609
Share of Associate Companies' Profit		-	-	3,034,566,150	2,706,652,983
Profit Before Tax from Continuing Operations	24	3,604,953,505	6,015,447,436	7,908,137,335	12,079,378,652
Tax (Expense)/Reversal	25	(808,456,878)	(1,203,760,868)	(1,855,088,839)	(3,023,279,017)
Net Profit After Tax from Continuing Operations		2,796,496,626	4,811,686,568	6,053,048,496	9,056,099,635
Discontinued Operations					
Profit after tax from Discontinued Operations	39	-	-	(2,487,892)	177,409,517
Profit for the Year		2,796,496,626	4,811,686,568	6,050,560,604	9,233,509,153
Attributable to:					
Equity Holders of the Parent		2,796,496,626	4,811,686,568	5,053,578,763	7,216,356,991
Non-Controlling Interest		-	-	996,981,841	2,017,152,162
		2,796,496,626	4,811,686,568	6,050,560,604	9,233,509,153
Basic Earnings Per Share	26	2.52	4.34	4.56	6.51
Basic Earnings Per Share from Continuing Operations	26	2.52	4.34	4.56	6.35
Dividend per share	27	1.90	2.50	1.90	2.50

The Accounting Policies and Notes on pages 192 through 288 form an integral part of these Financial Statements.

Statement of Comprehensive Income

For the year ended 31st March	Note	Company		Group	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Net Profit for the Year		2,796,496,626	4,811,686,568	6,050,560,604	9,233,509,153
Other Comprehensive Income					
Other Comprehensive Income to be reclassified to Profit or Loss in subsequent periods (net of tax):					
Exchange differences on translation of Foreign Operations		-	-	25,525,483	(19,252,785)
Exchange Differences on translation of foreign operations of Associate Company		-	-	(3,445,277)	(19,051,016)
Net Other Comprehensive Income / (Loss) to be reclassified to Profit or Loss in subsequent periods		-	-	22,080,206	(38,303,801)
Other Comprehensive Income not to be reclassified to Profit or Loss in subsequent periods (net of tax):					
Revaluation of Land and Building net of Deferred Tax		784,403,241	65,459,596	1,102,065,668	1,669,567,643
Revaluation Reserve on disposal of Land and Building		2,722,530	-	4,222,530	-
Net (loss)/gain on Investment in Equity Instruments - Fair Value through Other Comprehensive Income of Associate Company	14.2	-	-	2,255,558	312,730
Actuarial (Loss)/Gain on Retirement Benefit Liability		(23,316,213)	24,751,488	(94,417,421)	(103,547,604)
Actuarial (Loss)/Gain on Retirement Benefit Liability of Associate Company		-	-	1,798,588	(11,267,333)
Net Other Comprehensive Income not to be reclassified to Profit or Loss in subsequent periods		763,809,558	90,211,084	1,015,924,923	1,555,065,436
Other Comprehensive Income/(Loss) for the Year, net of Tax		763,809,558	90,211,084	1,038,005,129	1,516,761,635
Total Comprehensive Income for the Year, net of Tax		3,560,306,184	4,901,897,652	7,088,565,733	10,750,270,788
Attributable to					
Equity Holders of the Parent				6,090,395,477	7,940,546,534
Non-Controlling Interest				998,170,256	2,809,724,254
				7,088,565,733	10,750,270,788

The Accounting Policies and Notes on pages 192 through 288 form an integral part of these Financial Statements.

Statement of Changes in Equity - Company

For the year ended 31st March	Stated Capital Rs.	Revaluation Reserve Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 31st March 2023	1,368,673,373	2,358,007,365	16,416,949,913	20,143,630,651
Net Profit for the Year	-	-	4,811,686,568	4,811,686,568
Other Comprehensive Income / (Loss)	-	65,459,595	24,751,488	90,211,082
Total Comprehensive Income	-	65,459,595	4,836,438,056	4,901,897,650
Dividends - 2023/2024	-	-	(2,769,734,600)	(2,769,734,600)
Dividend write back	-	-	10,553,187	10,553,187
Balance as at 31st March 2024	1,368,673,373	2,423,466,960	18,494,206,556	22,286,346,889
Net Profit for the Year	-	-	2,796,496,626	2,796,496,626
Other Comprehensive Income / (Loss)	-	787,125,771	(23,316,213)	763,809,558
Total Comprehensive Income	-	787,125,771	2,773,180,413	3,560,306,184
Transfer from Revaluation Reserve to Retained Earnings on disposal of Land		(9,075,099)	9,075,099	-
Dividends 2024/2025	-	-	(2,104,998,296)	(2,104,998,296)
Dividend write back	-	-	2,708,996	2,708,996
Balance as at 31st March 2025	1,368,673,373	3,201,517,632	19,174,172,768	23,744,363,773

The Accounting Policies and Notes on pages 192 through 288 form an integral part of these Financial Statements.

Statement of Changes in Equity - Consolidated

For the year ended 31st March	Attributable to owners of the parent					Total Rs.	Non- Controlling Interest Rs.	Total Equity Rs.
	Stated Capital	Revaluation Reserve	Fair Value Reserve	Foreign Currency Translation Reserve	Retained Earnings			
	Rs.	Rs.	Rs.	Rs.	Rs.			
Balance as at 1st April 2023	1,368,673,373	4,811,363,566	(12,319,075)	(3,851,924)	33,427,742,967	39,591,608,907	13,814,193,267	53,405,802,174
Net profit for the year	-	-	-	-	7,216,356,991	7,216,356,991	2,017,152,162	9,233,509,153
Other Comprehensive Income / (Loss)	-	788,349,904	312,730	(14,096,935)	(50,376,156)	724,189,543	792,572,092	1,516,761,635
Total Comprehensive Income	-	788,349,904	312,730	(14,096,935)	7,165,980,835	7,940,546,534	2,809,724,254	10,750,270,788
Dividends 2023/2024	-	-	-	-	(2,769,734,600)	(2,769,734,600)	-	(2,769,734,600)
Write back of Unclaimed Dividends	-	-	-	-	18,022,139	18,022,139	6,391,049	24,413,187
Transfer from Revaluation Reserve on disposal of Land	-	(839,273)	-	-	839,273	-	-	-
Subsidiary Dividends to Minority Shareholders	-	-	-	-	-	-	(1,116,286,000)	(1,116,286,000)
Change in Non Controlling Interest with acquisition of a Subsidiary	-	-	-	-	-	-	(239,351,609)	(239,351,609)
Acquisition of Non-Controlling Interests	-	-	-	-	(12,441,989)	(12,441,989)	12,441,989	-
Proceeds on issue of Shares to Minority Shareholders	-	-	-	-	-	-	58,007,000	58,007,000
Balance as at 31st March 2024	1,368,673,373	5,598,874,197	(12,006,345)	(17,948,859)	37,830,408,625	44,768,000,991	15,345,119,950	60,113,120,941
Net profit for the year	-	-	-	-	5,053,578,763	5,053,578,763	996,981,841	6,050,560,604
Other Comprehensive Income / (Loss)	-	1,084,769,408	2,255,558	4,106,748	(54,315,000)	1,036,816,714	1,188,415	1,038,005,129
Total Comprehensive Income	-	1,084,769,408	2,255,558	4,106,748	4,999,263,763	6,090,395,477	998,170,256	7,088,565,733
Dividends 2024/2025	-	-	-	-	(2,104,998,296)	(2,104,998,296)	-	(2,104,998,296)
Write back of Unclaimed Dividends	-	-	-	-	2,708,996	2,708,996	-	2,708,996
Transfer from Revaluation Reserve to Retained Earnings on disposal of Land	-	(14,075,099)	-	-	14,075,099	-	-	-
Transfer of Control to the Non Controlling Interest	-	-	-	-	(103,987,984)	(103,987,984)	103,987,984	-
Subsidiary Dividends to Minority Shareholders	-	-	-	-	-	-	(552,520,375)	(552,520,375)
Proceeds on issue of Shares to Minority Shareholders	-	-	-	-	-	-	492,480,659	492,480,659
Balance as at 31st March 2025	1,368,673,373	6,669,568,506	(9,750,787)	(13,842,111)	40,637,470,203	48,652,119,184	16,387,238,474	65,039,357,658

The Accounting Policies and Notes on pages 192 through 288 form an integral part of these Financial Statements.

Statement of Cash Flows

For the year ended 31st March	Note	Company		Group	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Cash Flows From / (Used in) Operating Activities					
Profit before Tax from Continuing Operations		3,604,953,505	6,015,447,436	7,908,137,335	12,079,378,652
Profit/(loss) before Tax from Discontinued Operations		-	-	(2,487,892)	177,409,517
Profit before Tax		3,604,953,505	6,015,447,436	7,905,649,443	12,256,788,169
Adjustments to reconcile Profit Before Tax to Net Cash Flows:					
Dividend Income	22	(1,095,092,392)	(1,668,315,084)	(956,380)	(1,016,102)
Interest Income		(78,018,033)	(286,750,607)	(193,022,209)	(358,329,609)
Depreciation of Property, Plant & Equipment	3	1,020,646,841	853,922,218	2,465,768,941	2,119,609,452
Amortisation of Right of use Assets	8.1	190,964,085	176,783,647	345,373,136	275,739,606
(Profit)/Loss on Sale of Property, Plant & Equipment	22	2,764,642	(4,568,514)	5,569,594	(31,814,084)
Finance Costs		639,118,073	684,027,738	2,309,346,622	2,524,385,758
Movements in Provisions and write-down of Inventories		130,943,894	68,404,309	412,942,332	315,830,690
Amortisation of Intangible Assets	7.2	27,865,780	29,166,752	47,306,153	47,223,752
Unrealised loss on Foreign Exchange		16,608,503	51,173,942	(34,105,838)	265,381,360
Allowance for Impairment of Trade Receivable		631,688	(822,137)	39,665,418	17,529,294
Deferred Income		-	-	(615,545)	-
Change in fair value of Investment Property	22	-	-	(21,021,541)	(65,789,600)
Provision for Land & Building		-	-	10,732,811	-
Gain on bargaining purchase		-	-	(15,148,151)	-
Provision /(Reversal) for Change in Fair Value of the Investments	22.1	5,709,934	4,291,510	5,709,934	4,291,510
Profit Share of Investment in Associates		-	-	(3,034,566,150)	(2,706,652,983)
Provision for Retirement Benefit Liability	16	144,078,389	158,701,669	274,014,150	299,337,323
Operating Profit/(Loss) before Working Capital Changes		4,611,174,909	6,081,462,879	10,522,642,720	14,962,514,536
(Increase)/ Decrease in Inventories		(1,955,094,533)	(1,231,244,102)	(4,630,933,124)	(3,412,862,329)
(Increase)/ Decrease in Trade and Other Receivables		18,754,864	48,698,278	(1,839,558,264)	206,957,581
(Increase)/ Decrease in Receivables from Related Parties		1,885,645,629	(71,391,085)	-	-
(Increase)/ Decrease in Other Non Financial Assets		(91,168,418)	175,457,056	1,061,463,755	1,415,206,112
Increase/ (Decrease) in Trade and Other Payables		(118,082,739)	135,531,967	(206,872,905)	213,467,812
Increase/(Decrease) in Payables to Related Parties		104,184,330	23,413,078	25,753,686	(94,865,057)
Increase/ (Decrease) in Other Current Liabilities		225,554,511	(1,448,766,086)	348,842,760	(1,576,732,637)
Cash Generated from Operations		4,680,968,553	3,713,161,985	5,281,338,628	11,713,686,018
Finance Costs paid		(630,281,128)	(665,546,719)	(2,290,174,679)	(2,666,890,919)
Retirement Benefit Liability paid		(45,221,972)	(21,571,588)	(94,317,616)	(152,252,163)
Income Tax paid		(745,706,786)	(1,476,258,341)	(2,566,169,407)	(3,126,147,924)
Net Cash Flows From/(Used in) Operating Activities		3,259,758,667	1,549,785,337	330,676,926	5,768,395,012

For the year ended 31st March	Note	Company		Group	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Cash Flows from / (Used in) Investing Activities					
Acquisition of Property, Plant & Equipment	3	(553,291,402)	(1,794,299,540)	(4,195,931,321)	(7,852,527,032)
Acquisition of Investment Property	4	-	-	(865,959)	-
Proceeds from Sale of Property, Plant & Equipment		23,640,437	4,583,478	37,461,406	33,450,798
Acquisition of Intangible Assets		(22,005,161)	(2,000,000)	(135,346,893)	(17,007,000)
(Acquisition of)/ Proceeds from Investments		1,430,634	(5,347,342)	3,496,856	(8,253,526)
Net cash outflow from Acquisition of a Subsidiary		-	-	(58,592,430)	(3,315,032)
Acquisition of additional Interest in Subsidiaries		(64,537,220)	-	-	-
Proceeds` from disposal of Subsidiary		-	-	-	695,180,000
Interest received		78,018,033	286,750,607	193,022,209	358,329,609
Dividends received	22	1,095,092,392	1,658,936,630	707,165,436	891,453,771
Net Cash Flows / (Used in) Investing Activities		558,347,713	148,623,833	(3,449,590,696)	(5,902,688,412)
Financing Activities					
Proceeds from Interest Bearing Loans & Borrowings		11,985,012,861	8,059,512,720	54,207,121,087	33,964,254,260
Repayment of Interest Bearing Loans & Borrowings		(13,115,872,719)	(5,892,308,175)	(48,754,553,673)	(28,568,283,618)
Capital repayments under Lease Liabilities		(162,874,577)	(111,298,400)	(293,295,101)	(188,991,570)
Dividends paid on Ordinary Shares		(2,136,383,468)	(2,767,391,632)	(2,136,383,468)	(2,767,391,632)
Dividend paid to Non Controlling Interest		-	-	(581,901,737)	(1,099,948,451)
Proceeds on Issue of Shares to Minority Shareholders		-	-	492,480,659	58,007,000
Proceeds from Refundable Deposit		-	-	-	19,500,000
Net Cash Flows from/(used in) Financing Activities		(3,430,117,903)	(711,485,487)	2,933,467,767	1,417,145,989
Net Increase/(Decrease) in Cash and Cash Equivalents		387,988,477	986,923,683	(185,446,003)	1,282,852,589
Net Foreign Exchange Difference		(8,973,535)	(50,276,072)	16,554,936	(103,589,823)
Cash and Cash Equivalents at the beginning of the Year	20	365,487,231	(571,160,380)	1,024,876,432	(154,386,334)
Cash and Cash Equivalents at the end of the Year	20	744,502,173	365,487,231	855,985,365	1,024,876,432

The Accounting Policies and Notes on pages 192 through 288 form an integral part of these Financial Statements.

Notes to the Financial Statements

1. CORPORATE INFORMATION GRI 2-1

1.1 General

Royal Ceramics Lanka PLC (“the Company”) is a public limited liability Company incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange. The registered office of the Company is located at No.20, R.A. De Mel Mawatha, Colombo 03.

The Consolidated Financial Statements of the Group as at and for the year ended 31st March 2025 comprise the Royal Ceramics Lanka PLC (Parent Company) and its subsidiaries (collectively, the “Group”), namely Royal Ceramics Distributors (Private) Limited, Rocell Bathware Limited, Ever Paint and Chemical Industries (Private) Limited, Biscuits and Chocolate Company Limited, Nilano Garments (Private) Limited, CP Holding (Private) Limited, Group of Lanka Ceramic PLC and the Group of Lanka Walltiles PLC and Group’s interest in equity accounted investees.

1.2 Parent Enterprise and Ultimate Parent Enterprise

The Company’s ultimate parent undertaking is Vallibel One PLC. The Group’s ultimate controlling party is Mr. K A D D Perera.

1.3 Principal Activities and Nature of Operations

During the year the principal activities of the group were as follows:

Royal Ceramics Lanka PLC	Manufacture and marketing of floor tiles and wall tiles and the holding of investments
Royal Ceramics Distributors (Private) Limited	Non Operational
Rocell Bathware Limited	Manufacture and marketing of sanitaryware
Ever Paint and Chemical Industries (Private) Limited	Non Operational
Biscuits and Chocolate Company Limited	Property holding
Lanka Ceramic PLC	Mining and supplying of raw materials to ceramics industry and managing and holding of an investment property
Lanka Walltiles PLC	Manufacture and marketing of wall tiles and floor tiles
Lanka Tiles PLC	Manufacture and marketing of wall tiles and floor tiles
Vallibel Plantation Management Limited	Providing management services to subsidiaries
Unidil Packaging Limited	Manufacture and marketing of cartons for packing
Unidil Packaging Solutions Limited	Manufacture and marketing of paper sacks for packing
Swisstek (Ceylon) PLC	Manufacture and marketing of tile grout and tile mortar
Swisstek Aluminium Limited	Manufacture and marketing of aluminium extrusions
LWL Development (Private) Limited	Property holding
Beyond Paradise Collection Limited	Property holding
Nilano Garments (Private) Limited	Manufacture and trading of value added ceramics tiles and allied products
Lanka Swisstek (Pvt) Ltd (Previously known as Lanka Tiles (Private) Limited)- India	Distribution of Tiles in India
Swisstek Development Limited	Holding of investments
LTL Development (Private) Limited	Holding of investments
Rocell Properties Limited	Holding of investments
LW Plantation Investments Limited	Holding of investments
LC Plantation Project Limited	Holding of investments
CP Holding (Private) Limited	Property Holding
LC Development (Private) Limited	Non Operational
Swisstek Investments (Private) Limited	Non Operational
Valley View Ceramics LLC	Distribution of Tiles in USA
Lanka Tiles USA Inc.	Holding of investments
Uni Dil Packaging Kenya Limited	Manufacturing and Selling Paper Sacks
Perfect Packaging limited	Manufacturing and Selling Corrugated Cartons and Other packaging products

There were no significant changes in the nature of the principal activities of the Company and Group during the financial year under review.

1.4 Date of Authorisation for Issue

The Consolidated Financial Statements of Royal Ceramics Lanka PLC, for the year ended 31st March 2025 were authorised for issue in accordance with the resolution of the Board of Directors on 30th May 2025.

2. MATERIAL ACCOUNTING POLICIES

2.1 Basis of Preparation

The Financial Statements of the Company and the Group have been prepared on a historical cost basis, except otherwise indicated which have been measured at fair value.

The Consolidated Financial Statements are presented in Sri Lanka Rupees (Rs.), except when otherwise indicated. Each entity in the Group uses the currency of the primary economic environment in which they operate as their functional currency.

2.1.1 Statement of Compliance

The Financial Statements of the Company and the Group have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/ LKAS) as issued by the Institute of Chartered Accountants of Sri Lanka. The preparation and presentation of these Financial Statements are in compliance with the Companies Act No. 07 of 2007.

2.1.2 Changes in Accounting Policies

New and amended standards and interpretations

The Group applied for the first time, certain standards and amendments, which are effective for annual periods beginning on or after 1 April 2024.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Classification of Liabilities as Current or Noncurrent - Amendments to LKAS 1

Amendments to LKAS 1 Presentation of Financial Statements specify the requirements for classifying liabilities as current or non-current. The amendments clarify.

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right

- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification
- Disclosures

The amendments are effective for annual reporting periods beginning on or after 1 January 2024.

Lease Liability in a Sale and Leaseback - Amendment to SLFRS 16

The amendments to SLFRS 16 Leases specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. A seller-lessee applies the amendment retrospectively in accordance with LKAS 8 to sale and leaseback transactions entered into after the date of initial application

The amendments are effective for annual periods beginning on or after 1 January 2024

Disclosures: Supplier Finance Arrangements - Amendments to LKAS 7 and SLFRS 7

The amendments clarify the characteristics of supplier finance arrangements and require an entity to provide information about the impact of supplier finance arrangements on liabilities and cash flows, including terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those arrangements.

The amendments are effective for annual periods beginning on or after 1 January 2024

International Tax Reform—Pillar Two Model Rule - Amendments to LKAS 12

The amendments to LKAS 12 introduce a mandatory exception in LKAS 12 from recognising and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. An entity is required to disclose that it has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

The amendments are effective for annual periods beginning on or after 1 January 2024

2.1.3 Comparative information

The accounting policies have been consistently applied by the Group and they are consistent with those used in the previous years. Previous year's figures and phrases have been re-arranged whenever necessary to conform to current presentation.

2.2 Basis of Consolidation

The consolidated Financial Statements comprise the Financial Statements of the Company and its subsidiaries as at 31st March 2025. Control 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:

Notes to the Financial Statements

- 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

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and 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, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

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 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 attributed 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. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and 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.

The consolidated financial statements of the Group include:

Company Name	Country of Incorporation and Operation	Year of Incorporation	% of equity Interest	
			2025 %	2024 %
Royal Ceramics Distributors (Private) Limited	Sri Lanka	1993/1994	100%	100%
Rocell Bathware Limited	Sri Lanka	2005/2006	100%	100%
Ever Paint and Chemical Industries (Private) Limited	Sri Lanka	2002/2003	100%	100%
Biscuits and Chocolate Company Limited	Sri Lanka	2006/2007	69.11%	69.11%
Nilano Garments (Private) Limited	Sri Lanka	1984/1985	100%	100%
Rocell Properties Ltd	Sri Lanka	2011/2012	100%	100%
Lanka Ceramic PLC	Sri Lanka	1991/1992	73.56%	73.56%
Lanka Walltiles PLC	Sri Lanka	1975/1976	54.55%	54.55%
Lanka Tiles PLC	Sri Lanka	1983/1984	39.83%*	39.83%*
Vallibel Plantation Management Limited	Sri Lanka	1992/1993	54.55%	54.55%
Swisstek (Ceylon) PLC	Sri Lanka	1967/1968	32.18%*	32.18%*
Swisstek Aluminium Limited	Sri Lanka	2007/2008	29.61%*	35.72%*
Unidil Packaging Limited	Sri Lanka	1994/1995	54.55%	54.55%
Unidil Packaging Solutions Limited	Sri Lanka	2006/2007	54.55%	54.55%
LWL Development (Private) Limited	Sri Lanka	2015/2016	54.55%	54.55%
Beyond Paradise Collection Limited	Sri Lanka	2011/2012	39.83%*	39.83%*
Lanka swisstek (Private) Limited	India	2017/2018	20.31%*	20.31%*
Swisstek Development Limited	Sri Lanka	2017/2018	32.18%*	32.18%*
LW Plantation Investments Limited	Sri Lanka	2020/2021	54.55%	54.55%
LTL Development Limited	Sri Lanka	2017/2018	39.83%*	39.83%*
LC Plantation Project Limited	Sri Lanka	2020/2021	73.56%	73.56%
CP Holding (Private) Limited	Sri Lanka	2011/2012	66.69%	66.69%
LC Development (Private) Limited	Sri Lanka	2020/2021	73.56%	73.56%
Swisstek Investment (Private) Limited	Sri Lanka	2020/2021	29.61%*	35.73%*
Valley View Ceramics LLC	USA	2015/2016	31.69%*	31.69%*
Lanka Tiles USA Inc.	USA	2023/2024	54.55%	54.55%
Uni Dil packaging Kenya Limited	Kenya	2024/2025	54.55%	-
Perfect Packaging Limited	Kenya	2017/2018	54.55%	-

* The Company has a controlling stake in these investee companies through the direct and indirect holdings within Group Companies.

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 profit or loss. Any investment retained is recognised at fair value.

2.3 Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Financial Statements of the Group require the management to make judgments, estimates and assumptions, which may affect the amounts of income, expenditure, assets, liabilities and the disclosure of contingent liabilities, at the end of the reporting period. In the process of applying the Group's accounting policies, the key assumptions made relating to the future and the sources of estimation at the reporting date together with the related judgment that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial year are discussed below.

(i) Going Concern

Financial statements of the Company and Consolidated financial statements of the Group for the year ended 31st March 2025 have been prepared on going concern basis as further elaborated in Note 2.4.

(ii) Fair value of Freehold Land and Buildings and Investment properties

The Group measures freehold land and buildings as well as Land classified as Investment properties at fair value with changes in fair value being recognised in other comprehensive income and statement of profit and loss respectively. Land and buildings were valued by reference to market-based evidence,

using comparable prices adjusted for specific market factors such as nature, location and condition of the property.

The valuer has used valuation techniques such as market values and discounted cash flow (DCF) method where there was lack of comparable market data available based on the nature of the property. (Note 3.11 and Note 4.1)

(iii) Useful life-time 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 (Note 3.12).

(iv) Impairment of non financial assets

Impairment exists when the carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group.

Refer Note 5.2 for impairment assessment performed for investments in subsidiaries.

(v) Impairment of debtors

The Group uses a provision matrix to calculate expected credit losses (ECLs) for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. (Note 10)

Notes to the Financial Statements

- (vi) **Fair Value of Financial Instruments**
Where the fair values of financial assets and financial liabilities disclosed in the financial statements cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but if this is not available, judgment is required to establish fair values. The judgments include considerations of liquidity and inputs such as discount rates. The valuation of financial instruments is described in more detail in Note 38.
- (vii) **Defined Benefit Plans**
The Defined Benefit Obligation and the related charge for the year are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates etc. Due to the long term nature of these plans such estimates are subject to significant uncertainty. Further details are given in Note 16 for the assumptions used and the sensitivity thereon.
- (viii) **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/sale. 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 (Note 9).
- (ix) **Deferred tax assets**
Deferred tax assets are recognised in respect of tax losses to the extent it is probable that future taxable profits will be available against which such tax losses can be set off. Judgment is required to determine the amount

of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits, together with the future tax-planning strategies.

(x) **Leases - Estimating the incremental borrowing**

The Group 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 Group 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 Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

2.4 Going Concern

In determining the basis of preparing the financial statements for the year ended 31st March 2025, based on available information, the management has assessed the prevailing and anticipated effects of the current economic conditions on the Group and the appropriateness of the use of the going concern basis.

It is the view of the management that there are no material uncertainties that may cast significant doubt on the Group's ability to continue to operate as going concern due to

the improved operating environment despite the ongoing effects of the current economic conditions and the operationalisation of risk mitigation initiatives and continuous monitoring of business continuity and response plans along with the financial strength of the Group. The management has formed a judgment that the Group has adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing and presenting these financial statements.

2.5 Summary Of Significant Accounting Policies

2.5.1 Foreign Currency Translation

The Group's consolidated financial statements are presented in Sri Lankan Rupees, which is Group's functional currency except for Unidil Packaging Kenya Limited, Perfect Packaging Limited, Vally View Ceramics, Lanka Tiles USA Inc and Lanka swissteck (Private) Limited. 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 Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

i) **Transactions and balances**

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on

settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates 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 measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

ii) Group companies

On consolidation, 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 statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation 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 profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

2.5.2 Taxation GRI 207-1,2

(a) Income Tax

Current income tax assets and liabilities for the current and prior periods 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 reporting 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 statement is recognised in equity and not in the statement of comprehensive income.

The Provision for income tax is based on the elements of income and expenditure as reported in Financial Statements and computed in accordance with the provisions of the Inland Revenue Act No. 24 of 2017.

Royal Ceramics Lanka PLC, Lanka Ceramic PLC, Royal Ceramics Distributors (Pvt) Ltd, Ever Paint & Chemical Industries (Pvt) Ltd, Lanka Walltiles PLC, Lanka Tiles PLC, Vallibel Plantation Management Ltd, Swisstek Ceylon PLC and Nilano Garments (Private) Limited, Unidil Packaging Limited, Unidil Packaging Solutions Limited, Valley View Ceramics LLC, Unidil Packaging Kenya Limited

(b) Deferred Tax

The statutory tax rates of above companies as follows;

	2024/25	2023/24
Local sales and others	30%	30%
Manufacturing	30%	30%
Qualified export	30%	30%

Swisstek Aluminium Ltd.

Income tax exemption given for Swisstek Aluminium Ltd has been ended by 01 September 2016 and company liable to pay tax at a rate as follows;

	2024/25	2023/24
Manufacturing	20%	20%
Trading and others	30%	30%

Rocell Bathware Limited

Income tax exemption given for Rocell Bathware Ltd has been expired on year of assessment 2015/16 and company liable to pay tax as follows;

	2024/25	2023/24
Manufacturing	15%	15%
Trading and others	30%	30%

Notes to the Financial Statements

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- where the deferred income tax liability arises from initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income 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 except:

- where the deferred income tax asset relating to the deductible temporary difference arises from initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the

foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income 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 income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relates to the same taxable entity and the same taxation authority.

(c) Turnover Based Taxes

Revenue, expenses and assets are recognised net of the amount of sales tax except where the sales tax incurred on a purchase of assets or services 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 items as applicable and receivable and payable 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 other receivables and other payables in the Statement of Financial Position.

(d) Social Security Contribution Levy

Social security contribution levy (SSCL) shall be paid by the Group on the liable turnover specified in second schedule of the social security contribution levy Act No. 25 of 2022, at the rate of 2.5%

2.5.3 Borrowing Cost

Borrowing costs are recognised as an expense in the period in which they are incurred except to the extent where borrowing cost that are directly attributable to acquisition, construction or production of assets that takes a substantial period of time to get ready for its intended use or sale. Such borrowing costs are capitalised as part of those assets.

2.5.4 Inventories

Inventories are valued at 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 material - At purchase cost on weighted average cost basis, except for, Swisstek Aluminium Limited and Swisstek (Ceylon) PLC which is on a first in first out basis.
- Consumable and spares - At purchase cost on weighted average cost basis.
- Finished goods and Work in progress - at the cost of direct material, direct labour and appropriated proportion of production overheads based on normal operating capacity.
- Goods in transit have been valued at cost.

- (e) Trading goods – At Purchase cost on weighted average basis except for Lanka Walltiles group which is on first in first out basis.

2.5.5 Property, Plant and Equipment

(a) Initial recognition

All items of property, plant and equipment are initially recorded at cost.

The cost of property, plant and equipment is the cost of acquisition or construction together with any expenses incurred in bringing the asset to its working condition for its intended use. Subsequent to the initial recognition as an asset at cost, revalued assets are carried at revalued amounts less any subsequent depreciation thereon. All other property, plant and equipment are stated at cost or fair value less accumulated depreciation and/or accumulated impairment losses, if any. Accumulated depreciation is provided for, on the bases specified in (c) below.

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

(b) Subsequent Expenditure

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalised. Other subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other expenditure incurred on repairs or maintenance of property, plant and equipment in order to restore or maintain the future economic benefits expected from the originally assessed standard of performance, is recognised as an expense when incurred.

(c) Depreciation

Depreciation is calculated by using a straight-line basis on all property, plant and equipment, other than freehold land and mining land, in order to write off the cost or valuation over the estimated economic life of such assets. Depreciation of mining land is calculated based on unit of production.

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

(d) Revaluation

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity in the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the Statement of Profit or Loss, in which case the increase is recognised in the Statement of Profit or Loss. A revaluation deficit is recognised in the Statement of Profit or Loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

Cost of repairs and maintenance are charged to the Statement of Profit or Loss during the period in which they are incurred.

(e) De-recognition

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

de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit or Loss in the year the asset is derecognised.

(f) Capital Work in Progress

Capital work in progress represents the cost of civil construction work not completed and property, plant and equipment that are not ready for their intended use.

Capital work in progress is stated at cost, net of accumulated impairment losses, if any.

2.5.6 Intangible assets

The Group's intangible assets include the cost of computer software and goodwill.

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Group.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following the initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and they are treated as

Notes to the Financial Statements

changes in accounting estimates. The amortisation expense on intangible assets with finite lives is presented as a separate line item in the Statement of Profit or Loss.

Amortisation is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives of 5 - 15 years, for computer software.

2.5.7 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. To assess whether a contract conveys the right to control the use of an identified asset, the Group considered whether;

- The contract involves the use of an identified asset. This may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified.
- The Group has right to obtain substantially all of the economic benefits of asset throughout the period of use; and
- The Group has right to direct the use of the asset. The Group has this right when it has decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either;
- The Group has right to operate the asset; or

- The Group designated the asset in a way that predetermines how and for what purpose it will be used.

Group as the Lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset is classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease added to the carrying amount of the leased asset and recognised over the lease term on the same basis rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Group as the 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.

(i) Right-of-use assets

The Group 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. The right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment and are in the range of 3 to 36 years.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in section 2.5.16 - Impairment of non-financial assets.

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance 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 Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because 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 lease payments (e.g., changes to future

payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. (refer Note 8).

(iii) **Short-term leases and leases of low-value assets**

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

The accounting policies applicable to the Group as a lessor in the comparative period were not different from SLFRS 16.

2.5.8 Investment properties

Properties held for capital appreciation and properties held to earn rental income have been classified as Investment Property. Investment Property is recognised if it is probable that future economic benefits that are associated with the Investment Property will flow to the Group and cost of the Investment Property can be reliably measured.

Initial measurement

An Investment Property is measured initially at its cost. The cost of a purchased Investment Property comprises of its purchase price and any directly attributable expenditure. The cost of a self-constructed investment is its cost at the date when the construction or development is complete.

Subsequent measurement

The Group applies the Fair Value Model for Investment Properties in accordance with LKAS 40 - Investment Property. Accordingly, land and buildings classified as Investment Properties are stated at Fair Value.

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 benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of comprehensive income 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. 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.

2.5.9 Investments In subsidiaries

Investments in subsidiaries in the separate Financial Statements have been accounted for at cost, net of any impairment losses which are charged to the Statement of Comprehensive Income of the Company.

Income from these investments is recognised only to the extent of dividend received.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amounts are recognised as income or expense.

2.5.10 Business Combination and Goodwill

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of non-controlling interest in acquiree. For each business combination, the group elects whether to measure the non-controlling interests in the acquiree at 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 expenses.

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.

Goodwill is initially measured at cost being the excess of the aggregate of consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Notes to the Financial Statements

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than the carrying amount, an impairment loss is recognised. The impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets prorata to the carrying amount of each asset in the unit.

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 of the cash-generating unit retained.

2.5.11 Financial instruments – initial recognition and subsequent measurement

a) Financial assets

Initial recognition and measurement

Financial assets within the scope of SLFRS 9, are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to

how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Subsequent measurement

The Group classifies all of these financial assets in the measurement category of financial assets at amortised cost, Financial assets at fair value through profit or loss and financial assets at fair value through OCI. Categories of financial assets as per SLFRS 9 are limited only for the followings.

(i) Financial assets at amortised cost

This category is the most relevant to the Group. 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 and other receivables, short term deposits and cash and bank.

(ii) 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.

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.

(iii) Financial assets designated at fair value through OCI (equity instruments)

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.

Derecognition

A financial asset is derecognised when:

- The rights to receive cash flows from the asset have expired
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
 - (a) The Group has transferred substantially all the risks and rewards of the asset, or
 - (b) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit

risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company 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.

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

b) Financial liabilities

Initial recognition & measurement

The Group's financial liabilities include trade and other payables, bank overdrafts and loans and borrowings and. Accordingly, Group financial liabilities have been classified as a financial liabilities at amortised cost.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the Statement of Profit or Loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the Statement of Profit or Loss.

The accounting for financial liabilities under SLFRS 9 remains largely the same as it was under LKAS 39.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit or Loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if:

- There is a currently enforceable legal right to offset the recognised amounts and
- There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

Notes to the Financial Statements

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions
- Reference to the current fair value of another instrument that is substantially the same
- A discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 38.

2.5.12 Cash and Cash Equivalents

Cash and cash equivalents are cash at bank and in hand, call 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 Statement of Cash Flows, cash and cash equivalents consist of cash in hand, cash at bank deposits in banks net of outstanding bank overdrafts. Investments with short maturities (i.e. three months or less from date of acquisition) are also treated as cash equivalents. Bank overdrafts are disclosed under Interest Bearing Liabilities in the Statement of Financial Position.

2.5.13 Investments in Associates

The Group's investment in its associate is accounted for using the equity method. An associate

is an entity in which the Group has significant influence.

Under the equity method, the investment in the associate is carried in the Statement of Financial Position at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The Statement of Profit or Loss of income reflects the share of the results of operations of the associate. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the Statement of Changes in Equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The share of profit of an associate is shown on the face of the Statement of Profit or Loss. This is the profit attributable to equity holders of the associate and therefore is profit after tax and non-controlling interests in the subsidiaries of the associate.

The Financial Statements of the associate are prepared for the same reporting period as the Group. Accounting policies that are specific to the business of associate companies are discussed in note 2.9.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the

difference between the recoverable amount of the associate and its carrying value and recognises the amount in the 'share of profit of an associate' in the Statement of Profit or Loss.

The investment in associate is accounted for using the cost method in the separate financial statements.

2.5.14 Provisions, contingent assets and contingent liabilities

Provisions are recognised when the Company/Group 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 Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate assets but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Profit or Loss net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

All contingent liabilities are disclosed as a note to the financial statements unless the outflow of resources is remote. A contingent liability recognised in a business combination is initially measured at its fair value. (refer Note 29).

Subsequently, it is measured at the higher of: The amount that would be recognised in accordance with the

general guidance for provisions above (LKAS 37) or the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the guidance for revenue recognition (SLFRS 15).

Contingent assets are disclosed, where inflow of economic benefit is probable.

2.5.15 Retirement Benefit Obligations

GRI 201-3

(a) Defined Benefit Plan – Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The defined benefit is calculated by independent actuaries using Projected Unit Credit (PUC) method as recommended by revised LKAS 19 – “Employee benefits” and resulting actuarial gain/loss was recognised in full in the Other Comprehensive Income (OCI).

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability.

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions about discount rate, expected rates of return on assets, future salary increases and mortality rates. Key assumptions used in determining the defined retirement benefit obligations are given in Note 16. Any changes in these assumptions will impact the carrying amount of defined benefit obligations and all assumptions are reviewed at each reporting date. Interest expense and the current service cost related to the liability is recognised in profit or loss and actuarial gain or loss is recognised in other comprehensive income.

The Group is liable to pay gratuity in terms of the Payment of Gratuity Act No. 12 of 1983, according to which a liability to pay gratuity arises only on completion of 5 years of continued service.

Accordingly, the employee benefit liability is based on the actuarial valuation as of 31st March 2025 carried out by Messrs Actuarial and Management Consultants (Private) Limited, actuaries.

Funding Arrangements

The Gratuity liability is not externally funded.

(b) Defined Contribution Plans- Employees’ Provident Fund and Employees’ Trust Fund

Employees are eligible for Employees’ Provident Fund Contributions and Employees’ Trust Fund Contributions in line with respective statutes and regulations. These are recognised as an expense in the Statement of Profit or Loss as incurred.

The Group contributes 12% and 3% of gross emoluments of the employees to Employees’ Provident Fund and Employees’ Trust Fund respectively.

2.5.16 Impairment of Non-financial Assets

The Company 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 is required for an asset, the Company makes an assessment of the assets’ recoverable amount. When the carrying amount of an asset exceeds its’ recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

2.5.17 Non-current assets held for trade and discontinued operations

The Group classifies non-current assets and disposal groups as held

for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Such non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sale. Costs to sale are the incremental costs directly attributable to the sale, excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to distribute will be withdrawn. Management must be committed to the sale expected within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for distribution are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations
 - Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations
- Or
- Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing

Notes to the Financial Statements

operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

Additional disclosures are provided in Note 39. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

2.6 Statement of Profit or Loss

2.6.1 Revenue from contracts with customers

The Group is primarily involved in manufacturing and marketing of tiles and associated items, sanitaryware, packaging material, aluminium products and agricultural products in Sri Lanka and overseas as detailed in Note. 21. Revenue from contracts with customers is recognised when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. The Group is the principal in its revenue arrangements, as it typically controls the goods before transferring them to the customer.

a) Sale of goods - tiles and associated items, sanitaryware, packing material, aluminium products

Revenue from sales of goods is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods which include one performance obligation. Control transition point to recognise the revenue on export sales is determined based on the international commercial terms applicable for the respective transactions. In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, which is not materially affect on the recognition of revenue.

b) Rendering of Services

Revenue from services is recognised as the services are provided. Revenue from service contracts that cover periods of greater than 12 months is recognised in the profit and loss in proportion to the services delivered at the reporting date.

(i) Significant financing component

Generally, the Group receives short-term advances from its customers. Using the practical expedient in SLFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

(ii) Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

(iii) Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial instruments – initial recognition and subsequent measurement.

(iv) Contract liabilities

A contract liability is the obligation to transfer goods to a customer for which the Company has received consideration (or an amount of consideration is due) from the

customer. If a customer pays consideration before the Company transfers goods to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

2.6.2 Other Sources of Revenue

a) Interest Income

For all financial instruments measured at amortised cost and interest bearing financial assets classified as available for sale, interest income or expense is recorded 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 Statement of Profit or Loss.

b) Dividends

Dividend Income is recognised when the shareholders' right to receive the payment is established.

c) Rental Income

Rental income is recognised on an accrual basis.

d) Other

Other income is recognised on an accrual basis.

e) Gains and Losses

Net Gains and losses of a revenue nature on the disposal of property, plant and equipment and other non-current assets including investments have been accounted for in the Statement of Profit or Loss, having deducted from proceeds on disposal, the carrying amount of the assets and related selling expenses. On

disposal of revalued property, plant and equipment, amount remaining in revaluation reserve relating to that asset is transferred directly to Retained Earnings.

Gains and losses arising from incidental activities to main revenue generating activities and those arising from a group of similar transactions which are not material, are aggregated, reported and presented on a net basis.

2.7 Cash Flow Statement

The Cash Flow Statement has been prepared by using the 'In direct Method' in accordance with LKAS 7 on Statement of Cash Flows, whereby gross cash receipts and gross cash payments of operating activities, financing activities and investing activities have been recognised. Cash and cash equivalents comprise mainly cash balances and highly liquid investments of which original maturity of 3 months or less and net amount due from banks.

2.8 Segment Reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. Segments of the Group are determined based on product or services supplied by Group.

Segment information is presented in respect of the Group's business and has been prepared in conformation with the accounting policies adopted for preparing and presenting the consolidated financial statements of the Group. The business segments are reported based on Group's management and internal reporting structure. Inter segment pricing is

determined at prices mutually agreed by the companies.

Segment result, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise of goodwill on consolidation.

The Group's segmental reporting is based on the following operating segments:

Tiles and Associated Products

The manufacture and distribution of wall tiles, floor tiles and related products.

Sanitaryware

Manufacturing and marketing of sanitaryware products.

Packaging Material

The manufacture and distribution of packing materials

Aluminium Products

The manufacture and distribution of aluminium extrusions and allied products through a network of dealers & distributors.

Finance

Provision of Financial Solutions.

Other

Supply of raw materials to the ceramic industry and provision of consumer, retail, life style, healthcare and transportation.

Management considers that there is no suitable basis for allocating such assets and related liabilities to geographical segments. Accordingly, segment assets, segment liabilities and other segment information by geographical segment is not disclosed.

2.9 Significant Accounting Policies that are specific to the business of associates

2.9.1 L B Finance PLC

Revenue Recognition –

a) Net interest income

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

The Group use the Effective Interest Rate (EIR) method for recognising the interest income and interest expenses of Financial Assets and Financial Liabilities that are measured at amortised cost, fair value through profit or loss or fair value through other comprehensive income under SLFRS 9 and the same method followed by the Group for the Financial Assets and Financial Liabilities classified as held for trading and as available-for-sale and financial Assets and Liabilities measured at amortised cost under LKAS 39 in the comparative financial year. EIR is the rate that exactly discounts 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 financial liability.

The calculation of EIR takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

The carrying amount of the financial asset or financial liability is adjusted if the Group revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original EIR and the change

Notes to the Financial Statements

in carrying amount is recorded as an impairment charge or reversal to the Income Statement.

Interest income on impaired financial instruments continues to be recognised at original EIR to the unadjusted carrying amount until the financial asset has been classified as fully impaired. Until such the accrued interest added to the unadjusted carrying amount has been impaired to the estimated Loss Given Default (LGD). Interest from overdue rentals have been accounted for on a cash received basis.

b) Fee and commission income

The Group earns fee and commission income from a diverse range of services it provides to its customers. These fees include credit-related fees and commission income. All fees and commissions are recognised to the Income Statement on an accrual basis. Fee and commission income that are integral to the EIR of a financial asset or financial liability are capitalised and included in the measurement of the EIR and recognised in the Income Statement over the expected life of the instrument.

c) Net trading income

Net trading income includes all gains and losses from changes in fair value and related dividends for financial assets and financial liabilities 'held for trading' other than interest income. Dividend income received from Financial Investments - Held for Trading is recognised when the Group's right to receive the payment is established.

d) Others

Income earned on other sources, which are not directly related to the normal operations of the Group is recognised as Other Operating Income on an accrual basis.

e) Impairment charges and other losses

The Group recognises the changes to the impairment provision which are assessed based on expected credit loss method in accordance with Sri Lanka Accounting Standard - SLFRS 09 (Financial Instruments). Recovery of amounts written-off as bad and doubtful debts is credited to impairment charges and other losses.

2.10 Standards Issued But Not Yet Effective

The new and amended standards that are issued, but not yet effective to the date of issuance of these financial statements are disclosed below. None of the new or amended pronouncements are expected to have a material impact on the consolidated financial statements of the Group in the foreseeable future. The Group intends to adopt these amended standards, if applicable, when they become effective.

• SLFRS 17 Insurance Contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace SLFRS 4 Insurance Contracts (SLFRS 4) that was issued in 2005. SLFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The core of SLFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

SLFRS 17 is effective for annual reporting periods beginning on or after 1 January 2026, with comparative figures required. Early application is permitted, provided the entity also applies SLFRS 9 and SLFRS 15 on or before the date it first applies SLFRS 17.

• 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.

03. PROPERTY, PLANT & EQUIPMENT - COMPANY**3.1 Gross Carrying Amounts**

	Balance As at 01.04.2024 Rs.	Additions/ Transfers Rs.	Increase / (Decrease) on Revaluation Rs.	Transfer on Revaluation Rs.	Disposals Rs.	Balance As at 31.03.2025 Rs.
At Cost or Valuation						
Land	3,418,594,500	-	1,060,927,673	(334,209,673)	(24,200,000)	4,121,112,500
Building	3,522,464,811	52,967,639	53,900,450	-	-	3,629,332,900
Lab Equipment	7,395,141	-	-	-	-	7,395,141
Motor Vehicles	571,591,793	59,729,806	-	-	(24,579,483)	606,742,116
Electricity Distribution	571,144,731	29,214,644	-	-	-	600,359,375
Office Equipment	720,340,425	65,884,835	-	-	(2,141,457)	784,083,803
Communication Equipment	18,800,519	1,078,658	-	-	(23,985)	19,855,192
Furniture & Fittings	959,136,493	164,369,147	-	-	(589,014)	1,122,916,626
Tools & Implements	348,591,774	47,785,691	-	-	-	396,377,465
Other Equipment	175,176,329	14,593,867	-	-	(3,751,648)	186,018,548
Factory Equipment	23,257,991	-	-	-	-	23,257,991
Construction Equipment	2,236,047	-	-	-	-	2,236,047
Plant and Machinery	8,162,714,062	198,411,514	-	-	(8,223,583)	8,352,901,993
Showroom Fixtures & Fittings	1,838,313,356	134,807,718	-	-	(1,543,863)	1,971,577,211
Stores Buildings on Lease hold						
Land	34,895,000	-	5,747,936	(2,679,936)	-	37,963,000
	20,374,652,973	768,843,519	1,120,576,059	(336,889,609)	(65,053,033)	21,862,129,909
In the Course of Construction						
	Balance As at 01.04.2024 Rs.	Additions Rs.	Increase/ (Decrease) from Revaluation Rs.	Transfers Rs.	Disposals Rs.	Balance As at 31.03.2025 Rs.
Capital Work in Progress	407,789,069	537,774,500	-	(789,855,452)	-	155,708,117
Total Gross Carrying Amount	20,782,442,042	1,306,618,019	1,120,576,059	(1,126,745,061)	(65,053,033)	22,017,838,026

Notes to the Financial Statements

03 PROPERTY, PLANT AND EQUIPMENT - COMPANY (Contd....)

3.2 Depreciation

	Balance As at 01.04.2024 Rs.	Charge for the Year Rs.	Transfers on Revaluation Rs.	Transfers Reclassification	Disposals/ Transfers Rs.	Balance As at 31.03.2025 Rs.
At Cost or valuation						
Building	242,958,180	119,085,438	(334,209,673)	(27,833,945)	-	-
Lab Equipment	7,395,141	-	-	-	-	7,395,141
Motor Vehicles	465,088,382	37,503,685	-	18,903,951	(24,579,482)	496,916,535
Electricity Distribution	38,773,412	36,644,203	-	-	-	75,417,615
Office Equipment	517,715,783	56,924,262	-	-	(1,133,735)	573,506,310
Communication Equipment	16,991,618	524,974	-	-	(2,347)	17,514,245
Furniture & Fittings	830,548,994	57,756,011	-	-	-	888,305,005
Tools & Implements	279,820,281	57,068,958	-	-	-	336,889,239
Other Equipment	121,596,129	16,530,146	-	-	(2,173,942)	135,952,333
Factory Equipment	23,257,991	-	-	-	-	23,257,991
Construction Equipment	2,236,047	-	-	-	-	2,236,047
Plant and Machinery	4,603,576,228	530,366,123	-	-	(896,887)	5,133,045,464
Showroom Fixtures & Fittings	1,011,324,227	107,349,729	-	8,929,994	(1,543,863)	1,126,060,087
Stores Buildings on Lease hold Land	1,786,624	893,312	(2,679,936)	-	-	-
	8,163,069,037	1,020,646,841	(336,889,609)	-	(30,330,256)	8,816,496,013

3.3 Net Book Values of Property Plant and Equipments

	2025 Rs.	2024 Rs.
At Cost or Valuation		
Land	4,121,112,500	3,418,594,500
Building	3,629,332,902	3,279,506,631
Motor Vehicles	109,825,581	106,503,411
Electricity Distribution	524,941,759	532,371,319
Office Equipment	210,577,493	202,624,642
Communication Equipment	2,340,947	1,808,901
Furniture & Fittings	234,611,620	128,587,499
Tools & Implements	59,488,226	68,771,493
Other Equipment	50,066,215	53,580,200
Plant and Machinery	3,219,856,529	3,559,137,833
Showroom Fixtures & Fittings	845,517,123	826,989,129
Stores Buildings on Lease hold Land	37,963,000	33,108,376
	13,045,633,895	12,211,583,935
In the Course of Construction	155,708,117	407,789,069
	13,201,342,012	12,619,373,004

3.4 During the year, the company acquired Property, Plant & Equipment for cash to the aggregate value of Rs. 553,291,402/- (2024-Rs. 1,794,299,540/-).

3.4.1 The amount of borrowing costs capitalised during the year ended 31st March 2025 was Rs. 2,800,840 The rate used to determine the amount of borrowing costs eligible for capitalisation was 11% which is the effective interest rate of the specific borrowing.

3.5 Property, Plant and Equipment includes fully depreciated assets having a gross carrying amount of Rs. 5,604,039,065 (2024 - Rs. 5,194,743,034/-) which are still in use.

PROPERTY, PLANT & EQUIPMENT - GROUP

3.6 Gross Carrying Amounts

	Balance As at 01.04.2024 Rs.	Additions / Transfers Rs.	Increase / (Decrease) on Revaluation Rs.	Transfer on Revaluation Rs.	Reclassification/ Disposals/ Transfers Rs.	Recognition on Acquisition of Subsidiary Rs.	Balance As at 31.03.2025 Rs.
Freehold and Clay Mining Land	10,727,831,268		1,263,337,852	(350,357,095)	(29,200,000)	-	11,611,612,025
Buildings	10,142,717,831	853,690,376	237,832,883	(92,557,484)	22,500,000	-	11,164,183,606
Water Supply Scheme	897,898,104	389,174,000	-	-	-	-	1,287,072,104
Lab Equipment	18,839,312	-	-	-	-	-	18,839,312
Motor Vehicles	634,302,188	59,729,806	-	-	(24,579,483)	-	669,452,511
Electricity Distribution	719,861,153	29,214,644	-	-	-	-	749,075,797
Office Equipment	762,521,986	68,273,644	-	-	(2,141,457)	-	828,654,173
Communication Equipment	584,986,975	21,586,221	-	-	(1,759,985)	18,337,500	623,150,711
Furniture and Fittings	1,080,606,072	233,899,278	-	-	(589,014)	-	1,313,916,336
Tools & Implements	1,944,065,229	292,134,389	-	-	(18,170,000)	12,613,275	2,230,642,893
Sundry Equipment	5,778,243	248,900	-	-	-	-	6,027,143
Other Equipment	172,552,518	14,884,359	-	-	(3,751,648)	-	183,685,229
Factory Equipment	23,257,991	-	-	-	-	-	23,257,991
Moulds	144,655,526	68,590,183	-	-	-	-	213,245,709
Construction Equipment	24,936,334	-	-	-	-	-	24,936,334
Plant and Machinery	23,323,937,896	5,327,488,405	-	-	(98,538,403)	239,010,798	28,791,898,696
Showroom Fixtures & Fittings	1,945,614,498	134,807,718	-	-	(1,543,863)	-	2,078,878,353
	53,154,363,125	7,493,721,923	1,501,170,735	(442,914,579)	(157,773,853)	269,961,573	61,818,528,923

Notes to the Financial Statements

	Balance As at 01.04.2024	Additions / Transfers	Increase / (Decrease) from Revaluation	Transfer on Revaluation	Reclassification/ Disposals/ Transfers	Recognition on Acquisition of Subsidiary	Balance As at 31.03.2025
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.

In the Course of Construction

Capital Work in Progress	7,077,750,754	3,636,491,857	-	-	(7,035,343,148)	-	3,678,899,463
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Total Gross Carrying Amount	60,232,113,879	11,130,213,780	1,501,170,735	(442,914,579)	(7,193,117,001)	269,961,573	65,497,428,386
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3.7 Depreciation

	Balance As at 01.04.2024	Charge for the Year	Transfers on Revaluation	Disposals/ Transfers	Balance As at 31.03.2025
	Rs.	Rs.	Rs.	Rs.	Rs.

At Cost or Valuation

Clay Mining Land	11,653,027	4,494,395	(16,147,422)	-	-
Building	629,346,509	259,568,618	(426,767,156)	-	462,147,971
Water Supply Scheme	492,672,226	249,539,000	-	(53,769,000)	688,442,226
Lab Equipment	18,672,894	71,880	-	-	18,744,774
Motor Vehicles	521,302,322	37,851,411	-	(24,579,483)	534,574,250
Electricity Distribution	43,913,194	44,323,674	-	-	88,236,868
Office Equipment	547,731,828	59,334,217	-	(1,133,735)	605,932,310
Communication Equipment	372,032,173	65,125,244	-	(1,330,347)	435,827,070
Furniture & Fittings	944,868,632	72,370,489	-	-	1,017,239,121
Tools & Implements	1,343,017,041	257,583,793	-	(20,918,000)	1,579,682,834
Sundry Equipment	2,390,190	658,980	-	-	3,049,170
Other Equipment	113,992,039	17,150,749	-	(2,173,942)	128,968,846
Factory Equipment	23,257,991	-	-	-	23,257,991
Moulds	138,171,773	957,678	-	-	139,129,451
Construction Equipment	23,903,131	-	-	-	23,903,131
Plant and Machinery	12,750,150,970	1,289,389,083	-	(32,510,054)	14,007,029,999
Showroom Fixtures & Fittings	1,023,463,267	107,349,729	-	(1,543,863)	1,129,269,133
	19,000,539,207	2,465,768,940	(442,914,578)	(137,958,424)	20,885,435,145

3.8 Net Book Values of Property Plant and Equipments

	2025 Rs.	2024 Rs.
At Cost or Valuation		
Freehold and Clay Mining Land	11,611,612,025	10,716,178,240
Building	10,702,035,634	9,513,371,323
Water Supply Scheme	598,629,878	405,225,878
Lab Equipment	94,538	166,418
Motor Vehicles	134,878,260	112,999,866
Electricity Distribution	660,838,930	675,947,959
Office Equipment	222,721,863	214,790,158
Communication Equipment	187,323,640	212,954,802
Furniture and Fittings	296,677,215	135,737,440
Tools and Implements	650,960,059	601,048,187
Sundry Equipment	2,977,973	3,388,053
Other Equipment	54,716,382	58,560,478
Mould	74,116,258	6,483,753
Construction Equipment	1,033,203	1,033,203
Plant and Machinery	14,784,868,697	10,573,786,926
Showroom Fixtures and Fittings	949,609,220	922,151,232
	40,933,093,775	34,153,823,918
In the Course of Construction	3,678,899,463	7,077,750,754
	44,611,993,238	41,231,574,672

3.9 During the year, the group acquired Property, Plant & Equipment for cash to the aggregate value of Rs. 4,195,931,321/- (2024- Rs.7,852,527,032/-)

3.9.1 The amount of borrowing costs capitalised during the year ended 31st March 2025 was Rs. 649,393,838/- The rate used to determine the amount of borrowing costs eligible for capitalisation was (10%-12%) range, which is the effective interest rate of the specific borrowing.

3.10 Property, Plant and Equipment includes fully depreciated assets having a gross carrying amount of Rs.10,818,307,743/- (2024 Rs.9,335,531,572/-) which are still in use.

Notes to the Financial Statements

3.11 The following properties are revalued and recorded under Freehold Land & Clay Mining Land. Fair Value measurement disclosure for revalued land based on un-observable input as follows.

- (A) Quoted Price (unadjusted) in active markets for identical assets or liabilities (Level -1).
- (B) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is derived from prices) (Level - 2)
- (C) Input for the assets or liability that are not based on observable market data (that is, unobservable inputs) (Level -3).

No.	Company	Location	Extent	Valuer
1	Royal Ceramics Lanka PLC	Factory at Ehaliyagoda	A50-R1-P34.72	Mr. A.A.M. Fathihu
		Showroom and Cutting Center Land at Kottawa	A1-R1-P24.75	Mr. A.A.M. Fathihu
		Land at Meegoda Warehouse	A2-R3-P31.29	Mr. A.A.M. Fathihu
		Land at Nawala for Nawala New Showroom	P24.90	Mr. A.A.M. Fathihu
		Land at Nattandiya	A10	Mr. A.A.M. Fathihu
		Land at Seeduwa	R1-P12.50	Mr. A.A.M. Fathihu
		Land at Narahenpita	P17.02	Mr. A.A.M. Fathihu
		Land at Colpitty	P19.97	Mr. A.A.M. Fathihu
		Land at Panadura	P18.82	Mr. A.A.M. Fathihu
		Land at Dehiwela	P14.83	Mr. A.A.M. Fathihu
		Land at Narahenpita	R1-P5.32	Mr. A.A.M. Fathihu
		Factory Buildings Eheliyagoda	333,019sq.ft	Mr. A.A.M. Fathihu
		Showroom Building - Kottawa	9,556sq.ft	Mr. A.A.M. Fathihu
		Warehouse Building at Meegoda	108,921sq.ft	Mr. A.A.M. Fathihu
		Showroom Building at Nawala 101	9,216sq.ft	Mr. A.A.M. Fathihu
		Showroom Building at Narahenpita 100	13,410sq.ft	Mr. A.A.M. Fathihu
		Showroom Building at Panadura	5,176sq.ft	Mr. A.A.M. Fathihu
		Showroom Building at Seeduwa	7,320sq.ft	Mr. A.A.M. Fathihu
		Showroom Building at Dehiwela	11,574sq.ft	Mr. A.A.M. Fathihu
		Head Office Building No 20,Colombo	28,278sq.ft	Mr. A.A.M. Fathihu
Factory Land at Horana	A.14 - R.1- P.7.36	Mr. A.A.M. Fathihu		
Factory Building at Horana	301,617 sq.ft	Mr. A.A.M. Fathihu		
Building at Nawala 98 Showroom	9,235 sq.ft	Mr. A.A.M. Fathihu		
Land at Nawala 98 Showroom	P18.20	Mr. A.A.M. Fathihu		
2	Rocell Bathware Ltd	Factory Land at Homagama	A1-R2-P19.60	Mr. A.A.M. Fathihu
		Land at Meegoda	A1-R3-P04.10	Mr. A.A.M. Fathihu
		Factory Complex at Homagama	206,933 sq. ft	Mr. A.A.M. Fathihu

Valuation Date	Valuation Details	Significant unobservable input : price per perch/ acre/range and rate per sq.ft.	Fair Value measurement using significant unobservable inputs (Level 3) Rs. Mn	Fair value as per previous revaluation year Rs. Mn
31 March 2025	Market based evidence	Rs. 100,000/- - Rs. 250,000/- per perch	825.172	656.071
31 March 2025	Market based evidence	Rs. 2,250,000/- - Rs. 5,000,000/- per perch	643.188	505.463
31 March 2025	Market based evidence	Rs. 475,000/- - Rs. 525,000/- per perch	226.227	183.338
31 March 2025	Market based evidence	Rs. 11,000,000/- per perch	273.900	236.550
31 March 2025	Market based evidence	Rs. 28,125/- per perch	45.000	38.500
31 March 2025	Market based evidence	Rs. 3,750,000/- per perch	196.875	168.000
31 March 2025	Market based evidence	Rs. 11,500,000/- per perch	195.730	161.690
31 March 2025	Market based evidence	Rs. 22,000,000/- per perch	439.340	349.475
31 March 2025	Market based evidence	Rs. 5,000,000/- per perch	94.100	84.690
31 March 2025	Market based evidence	Rs. 11,000,000/- per perch	163.130	140.885
31 March 2025	Market based evidence	Rs. 11,500,000/- per perch	471.730	410.200
31 March 2025	Market based evidence	Rs 2,000/- - Rs.8,000 per sq.ft	1,090.204	921.361
31 March 2025	Market based evidence	Rs.3,500/- - Rs.11,000per sq.ft	79.284	71.839
31 March 2025	Market based evidence	Rs.1,500/- - Rs.7,000 per sq.ft	618.192	504.613
31 March 2025	Market based evidence	Rs 4,000/- - Rs.13,500per sq.ft	65.941	64.109
31 March 2025	Market based evidence	Rs.15,000 per sq.ft	170.978	162.932
31 March 2025	Market based evidence	Rs 12,000 per sq.ft	55.674	54.742
31 March 2025	Market based evidence	Rs5,500/- - Rs.11,500 per sq.ft	55.665	131.240
31 March 2025	Market based evidence	Rs.15,000/- per sq.ft	138.888	131.240
31 March 2025	Market based evidence	Rs.20,000per sq.ft	400.892	376.149
31 March 2025	Market based evidence	Rs. 150,000/- per perch	346.512	288.760
31 March 2025	Market based evidence	Rs.850/- to Rs. 15,500/- per sq.ft	956.949	801.649
31 March 2025	Market based evidence	Rs.10,000 per sq.ft	34.631	28.000
31 March 2025	Market based evidence	Rs. 11,000,000/- per perch	200.200	182.000
31 March 2025	Market based evidence	Rs. 500,000/- per perch	129.800	77.880
31 March 2025	Market based evidence	Rs. 475,000/- per perch	134.950	90.912
31 March 2025	Market based evidence	Rs. 2,000/- to 8,750/- per Sq. ft	909.379	707.544

Notes to the Financial Statements

No.	Company	Location	Extent	Valuer
3	Lanka Walltiles PLC	No. 215, Nawala Road, Narahenpita, Colombo 05	A1-R1-P2.1	KPMG Real Estate & Valuation Services (Private) Limited
			36,170 sqft	KPMG Real Estate & Valuation Services (Private) Limited
		Plan No 2205 Situated at Mawathagama and Galagedara Village	A23-R1-P24.16	KPMG Real Estate & Valuation Services (Private) Limited
			313,012 sqft	KPMG Real Estate & Valuation Services (Private) Limited
4	Lanka Tiles PLC	Factory Premises Jaltara Ranala	28A-02R-32.69P	KPMG Real Estate & Valuation Services (Private) Limited
		Factory Premises Jaltara Ranala	416,813 sqft	KPMG Real Estate & Valuation Services (Private) Limited
		Land Adjacent to the Factory Premises Jaltara Ranala	08A-02R-08.56P	KPMG Real Estate & Valuation Services (Private) Limited
		Land Adjacent to the Factory Premises Jaltara Ranala	25,604 sqft	KPMG Real Estate & Valuation Services (Private) Limited
		Lanka Tiles Warehouse, Samurdhi Mawatha Biyagama	02A-00R-15.93P	KPMG Real Estate & Valuation Services (Private) Limited
		Lanka Tiles Warehouse, Samurdhi Mawatha Biyagama	48531 sqft	KPMG Real Estate & Valuation Services (Private) Limited
		Land at Nugegoda	00A-00R-32.03P	KPMG Real Estate & Valuation Services (Private) Limited
		Showroom, Nugegoda Building	15,385 sqft	KPMG Real Estate & Valuation Services (Private) Limited
5	Uni Dil Packing Limited	Land at Narampola Road, Moragala, Deketana	12A-03R-37.1P	Mr. D.G.Newton
		Building and Land improvement at Narampola Road, Moragala, Deketana	179,357 sq.ft	Mr. D.G.Newton
6	Uni Dil Packaging Solutions Limited	Land at Narampola Road, Moragala, Deketana	2A-2R-35P	Mr. D.G.Newton
		Building at Narampola road, Moragala, Deketana	32103 sq.ft	Mr. D.G.Newton

Valuation Date	Valuation Details	Significant unobservable input : price per perch/ acre/range and rate per sq.ft.	Fair Value measurement using significant unobservable inputs (Level 3) Rs. Mn	Fair value as per previous revaluation year Rs. Mn
31 March 2024	Market based evidence	Rs. 8,000,000/- per perch	1,616.800	1,414.700
31 March 2024	Contractor's basis method valuation	Rs.3,000/- to Rs 7,000/- per sqft	219.380	135.610
31 March 2024	Market based evidence	Rs. 300,000/- per perch	1,149.200	1,123.200
31 March 2024	Contractor's basis method valuation	Rs.2,000/- to Rs 11,000/- per sq.ft	1,463.500	897.017
31 March 2024	Market based evidences	Rs. 50,000/- to 150,000/-per perch	642.035	517.878
31 March 2024	Contractor's method	Rs 1,130/- to Rs. 6,190/- per sqft	1,630.640	1,191.022
31 March 2024	Market based evidences	Rs. 126,000/- to 231,000/- per perch	222.692	203.001
31 March 2024	Contractor's method	Rs 1,400/- to Rs. 5000/- per sqft	49.655	49.099
31 March 2024	Market approach	Rs. 1,500,000/- per perch	503.895	335.949
31 March 2024	Contractor's method	Rs 1,900/- to Rs. 5,100/- per sqft	243.388	192.451
31 March 2024	Market approach	Rs. 9,000,000/- per perch	288.270	240.200
31 March 2024	Market approach	Rs 15,000/- per sqft	230.775	-
31 March 2024	Market based evidence	Rs.85,000/- per perch	124.211	124.211
31 March 2024	Depreciated Replacement cost	Rs.750/- to Rs. 2,000/- per sq.ft	334.090	334.090
31 March 2024	Market based evidence	Rs. 80,000/- per perch	34.800	34.800
31 March 2024	Depreciated Replacement cost	Rs.1,750/- to Rs. 2,500/- per sq.ft	65.700	65.700

Notes to the Financial Statements

No.	Company	Location	Extent	Valuer
7	Swisstek (Ceylon) PLC	Factory Complex, Belummahara, Imbulgoda	984.5 Perches	Mr. D.G.Newton
		No: 288/26, Colombo Road, Belummahara, Imbulgoda	81.6 Perches	Mr. D.G.Newton
		No:334/5, Colombo Road, Belummahara, Imbulgoda	20.0 Perches	Mr. D.G.Newton
		No: 177/6, New Kandy Road, Weliveriya	85.0 Perches	Mr. D.G.Newton
		Land at Ratupaswela	2446.0 Perches	Mr. D.G.Newton
		Land at Belummahara	0.95 Perches	Mr. D.G.Newton
		Factory Complex, Belummahara, Imbulgoda	62,530 sq.ft	Mr. D.G.Newton
		No: 177/6, New Kandy Road, Weliveriya	27,170 sq.ft.	Mr. D.G.Newton
		Factory Complex, Belummahara, Imbulgoda-Tiles Stores	27,285 sq.ft	Mr. D.G.Newton
		Factory Complex, Belummahara, Imbulgoda-Sales Center	4,944 sq.ft	Mr. D.G.Newton
		Factory Complex, Belummahara, Imbulgoda-Open Shed	3,400 sq.ft	Mr. D.G.Newton
	Factory Complex, Belummahara, Imbulgoda-Warehouse	5,000 sq.ft	Mr. D.G.Newton	
8	Swisstek Aluminium Ltd.	76/7,Pahala Dompe,Dompe	A11-R1-P 22.8	Mr. A.A.M. Fathihu
		76/7,Pahala Dompe,Dompe	171,861 sq.ft	Mr. A.A.M. Fathihu
9	Lanka Ceramic PLC	Mining Land at Owala	25A-0R-35P	Mr. A.A.M. Fathihu
		Land situated at Owala	1A-1R-02P	Mr. A.A.M. Fathihu
		Factory, Office Building & other infrastructure at Owala mine	10,535 sq.ft	Mr. A.A.M. Fathihu
		Mining Land at Meetiyagoda	13A-1R-01.54P	Mr. A.A.M. Fathihu
		Land situated at Meetiyagoda	2A-3R-14.96P	Mr. A.A.M. Fathihu
10	Biscuits and Chocolate Company Limited	Kiriwaththuduwa Estate,Moonamalwatta Road,Kiriwaththuduwa,Homagama	33A-2R-26.0P	Mr. A.A.M. Fathihu
		Kiriwaththuduwa Estate,Moonamalwatta Road,Kiriwaththuduwa,Homagama	3R 20P	Mr. A.A.M. Fathihu
		Thalawitiya Watta Road, Eheliyagoda	15P	Mr. A.A.M. Fathihu
11	CP Holding (Pvt) Ltd	Akuressa	105A 2R 14.94P	Mr. A.A.M. Fathihu
12	Nilano Garment Limited	No.654, Galle Road, Rathmalana	12,640 sq.ft	Mr. A.A.M. Fathihu

Valuation Date	Valuation Details	Significant unobservable input : price per perch/ acre/range and rate per sq.ft.	Fair Value measurement using significant unobservable inputs (Level 3) Rs. Mn	Fair value as per previous revaluation year Rs. Mn
31 March 2024	Market based evidence	Rs. 800,000/- per perch	787.600	738.375
31 March 2024	Market based evidence	Rs. 725,000/- per perch	59.131	51.000
31 March 2024	Market based evidence	Rs. 650,000/- per perch	12.831	12.000
31 March 2024	Market based evidence	Rs. 600,000/- per perch	51.000	44.630
31 March 2024	Contractors Method	Rs. 100,000/- to 175,000/- per perch	387.533	-
31 March 2024	Contractors Method	Rs. 848,000/- per perch	0.814	-
31 March 2024	Contractors Method	Rs. 750/- to 4,500/- per sqft	226.422	139.250
31 March 2024	Contractors Method	Rs. 2,850/- to 3,250/- per sqft	82.286	79.569
31 March 2024	Income Approach	Rs. 4,378.96/- per sqft	119.480	87.067
31 March 2024	Income Approach	Rs. 8,458.33/- per sqft	41.818	30.473
31 March 2024	Income Approach	Rs. 3,282.42/- per sqft	11.160	8.133
31 March 2024	Income Approach	Rs. 5,908.35/- per sqft	29.542	21.527
31 March 2024	Market based evidence	Rs.50,000/- to Rs.150,000/- Per Perch	299.375	218.311
31 March 2024	Contractors Method	Rs.1250/- to Rs.7,500/- per sqft	802.406	559.398
31 March 2025	Market based evidence	Rs. 100,000/- to Rs. 1,100,000/- per acre	25.145	22.874
31 March 2025	Market based evidence	Rs. 1,100,000/- per acre	1.389	1.138
31 March 2025	Depreciated Cost method	Rs. 250/- to Rs. 8,000/- per sq.ft	40.643	9.076
31 March 2025	Market based evidence	Rs. 2,750,000/- per acre	36.462	34.473
31 March 2025	Market based evidence	Rs. 100,000/- to Rs. 1,600,000/- per acre	3.019	2.834
31 March 2025	Market based evidence	Rs. 120,000/- per perch	646.272	539.000
31 March 2025	Market based evidence	Rs. 16,000/- per perch	4.500	4.500
31 March 2025	Market based evidence	Rs. 400,000/- per perch	6.000	6.000
31 March 2025	Market based evidence	Rs 200,000 - Rs 2,750,000	136.420	130.630
31 March 2025	Market based evidence	Rs. 4,500/- per sqft	30.715	26.540

Notes to the Financial Statements

Significant increases/ (decreases) in estimated price per perch/ price per square foot in isolation would result in a significantly higher/ (lower) Fair Value.

A reassessment of the fair valuation was obtained from the same independent professional valuer who determined that there would have been no substantial material change in the fair value between the last revaluation date and reporting date.

1. **Market Based Evidence:** This valuation approach utilises recent transaction prices of comparable assets in the open market to determine the value of the subject asset. Adjustments are made for differences in location, condition, and other relevant factors to ensure comparability. This method reflects current market conditions and provides a reliable benchmark for asset valuation. It is particularly suitable for assets with an active and transparent market
2. **Contractor's Method / Contractor's Basis Method:** This approach estimates the value of an asset based on the total cost a contractor would incur to reproduce or replace the asset, including materials, labour, overhead, and profit margin. It considers contemporary construction costs and adjusts for any necessary entrepreneurial profit. This method is effective for valuing specialised or unique assets where market comparables are unavailable. It provides a detailed and cost based perspective on asset value
3. **Depreciated Replacement Cost:** This method calculates the current cost to replace an asset with a similar new one and then subtracts depreciation to account for physical deterioration, functional obsolescence, and economic factors. It offers a realistic assessment by considering the asset's remaining useful life and current condition. This approach is widely used for fixed assets such as buildings and industrial equipment. It ensures the valuation reflects both the cost of replacement and the asset's depreciated state
4. **Income Approach:** This valuation technique determines an asset's value based on the present value of future economic benefits it is expected to generate. It involves projecting future cash flows and discounting them to their present value using an appropriate discount rate that reflects the risk associated with those cash flows. This method is commonly applied to income-producing properties and businesses. It provides an intrinsic valuation by focusing on the asset's potential to generate future revenue

3.12 The useful lives of the assets are estimated as follows ;

	No. of Years	
	2025	2024
Building on free hold land and roadway	25,40 & 50	25,40 & 50
Plant and machinery,Other Equipment	5-20	5-20
Water supply and electricity distribution scheme	5-25	5-25
Tools, implements and furniture and fittings,Lab Equipment	2,4,5,&10	2,4,5,&10
Transport and communication equipment	4-12	4-12
Motor Vehicles	5	5
Computer Hardware & Software	8,4	8,4
Communication Equipment,Sundry Equipment,factory equipment	10-50	10-50
Construction equipment	20	20

3.13 The carrying amount of revalued assets of the Company would have been included in the Financial Statement had the assets been carried at cost less depreciation as follows;

	Company			
	Cost	Accumulated Depreciation	Net Carrying Amount	Net Carrying Amount
	2025	2025	2025	2024
	Rs.	Rs.	Rs.	Rs.
Freehold Land	1,009,496,525	-	1,009,496,525	1,009,496,525
Freehold Building	2,955,119,968	1,150,313,646	1,804,806,322	1,506,954,332
	3,964,616,493	1,150,313,646	2,814,302,847	2,516,450,857

	Group			
	Cost	Accumulated Depreciation	Net Carrying Amount	Net Carrying Amount
	2025	2025	2025	2024
	Rs.	Rs.	Rs.	Rs.
Freehold land and Clay Mining Land	3,448,918,811	5,825,000	3,443,093,811	3,443,093,811
Freehold Building	6,521,621,904	2,130,858,537	4,390,763,367	4,442,315,928
	9,970,540,715	2,136,683,537	7,833,857,178	7,885,409,739

04. INVESTMENT PROPERTY

	Group	
	2025 Rs.	2024 Rs.
At the beginning of the year	2,135,452,700	2,069,663,100
Addition	865,959	-
Change in Fair Value	21,021,541	65,789,600
At the end of the year	2,157,340,200	2,135,452,700

Notes to the Financial Statements

4.1 Fair value of investment property

Company	Location	Extent	No. of Buildings
Lanka Ceramic PLC	No 696,696 1/1,696 2/1,696 3/1,696 4/1, Kolupitiya Road, Colombo 03.	1R - 1.12 P	
	No 696,696 1/1,696 2/1,696 3/1,696 4/1, Kolupitiya Road, Colombo 03.	27,712 Sq.ft	01
	No 696,696 1/1,696 2/1,696 3/1,696 4/1, Kolupitiya Road, Colombo 03.	1R - 1.12 P	
	No 696,696 1/1,696 2/1,696 3/1,696 4/1, Kolupitiya Road, Colombo 03.	27,712 Sq.ft	01
LWL Development Limited	Agalagedara Village, Divulapitiya, Gampha	48A-03R-17.9P	
	Waradala Village, Divulapitiya, Gampha	4A-01R-15.9P	
	Agalagedara Village, Divulapitiya, Gampha	00A-00R-45 P	
	Agalagedara Village, Divulapitiya, Gampha	00A-00R-6.90 P	
	Agalagedara Village, Divulapitiya, Gampha	48A-03R-17.9P	
	Waradala Village, Divulapitiya, Gampha	4A-01R-15.9P	
	Agalagedara Village, Divulapitiya, Gampha	00A-00R-45 P	
	Agalagedara Village, Divulapitiya, Gampha	00A-00R-6.90 P	
Beyond Paradise Collection Limited	Agalagedara Village, Divulapitiya, Gampha	48A-03R-17.9P	
	House	981.sq.ft	01
	Agalagedara Village, Divulapitiya, Gampha	48A-03R-17.9P	
	House	981.sq.ft	01
CP Holding (Pvt) Ltd	Paraduwa Estate - Akuressa	190A 2R 7.86P	
	Paraduwa Estate - Akuressa	190A 2R 7.86P	

Significant increases/ (decreases) in estimated price per perch/ price per square foot in isolation would result in a significantly higher/(lower) fair value.

4.2 Rental Income earned from Investment Property by the Group amounted Rs.74.22 Mn. (2024 - Rs. 37.86 Mn).
Direct operating expenses incurred by the Group amounted to Rs. Rs. 4.10 Mn.(2024 - Rs. 3.91Mn.).

4.3 Rental income receivable under the operating lease agreement of investment property as follows;

	Less than 1 year Rs.	1 -2 year Rs.	2 - 3 year Rs.	3 - 4 year Rs.	4 - 5 year Rs.	Over 5 Years Rs.
2024-2025	74,216,400	74,304,720	74,393,040	74,393,040	-	-
2023-2024	74,216,400	74,216,400	74,304,720	74,393,040	74,393,040	-

Valuation Date	Valuer	Valuation Details	Significant unobservable input : price per perch/ acre/range	Significant unobservable inputs (Level 3) Rs.000's
31 March 2025	Mr. A.A.M. Fathihu	Market based evidence	Rs. 23,500,000/- per perch	966,320
31 March 2025	Mr. A.A.M. Fathihu	Depreciated replacement cost	Rs. 9,500/- - Rs. 14,000/- per Sq.ft	90,062
31 March 2024	Mr. A.A.M. Fathihu	Market based evidence	Rs. 23,000,000- per perch	945,760
31 March 2024	Mr. A.A.M. Fathihu	Depreciated replacement cost	Rs. 9,000/- - Rs. 13,500/- per Sq.ft	98,144
31 March 2025	KPMG Real Estate & Valuation Services (Private) Limited	Market based evidence	Rs. 8,000,000/- per Acre	390,900
31 March 2025	KPMG Real Estate & Valuation Services (Private) Limited	Market based evidence	Rs.5,000,000/- per Acre	21,800
31 March 2025	KPMG Real Estate & Valuation Services (Private) Limited	Market based evidence	Rs.130,000/- per Perch	5,850
31 March 2025	KPMG Real Estate & Valuation Services (Private) Limited	Market based evidence	Rs.80,000/- per Perch	552
31 March 2024	KPMG Real Estate & Valuation Services (Private) Limited	Market based evidence	Rs. 8,000,000/- per Acre	390,900
31 March 2024	KPMG Real Estate & Valuation Services (Private) Limited	Market based evidence	Rs.5,000,000/- per Acre	21,800
31 March 2024	KPMG Real Estate & Valuation Services (Private) Limited	Market based evidence	Rs.130,000/- per Perch	5,850
31 March 2024	KPMG Real Estate & Valuation Services (Private) Limited	Market based evidence	Rs.80,000/- per Perch	552
31 March 2025	KPMG Real Estate & Valuation Services (Private) Limited	Market based evidence	Rs. 8,000,000/- per Acre	390,895
31 March 2025	KPMG Real Estate & Valuation Services (Private) Limited	Market based evidence	Rs.5,800/- per sq.ft	5,690
31 March 2024	KPMG Real Estate & Valuation Services (Private) Limited	Market based evidence	Rs. 8,000,000/- per Acre	390,895
31 March 2024	KPMG Real Estate & Valuation Services (Private) Limited	Market based evidence	Rs.5,800/- per sq.ft	5,690
31 March 2025	Mr. A.A.M. Fathihu	Market based evidence	Rs 50,000 - Rs 2,750,000- per Perch	285,271
31 March 2024	Mr. A.A.M. Fathihu	Market based evidence	Rs 50,000 - Rs 2,650,000- per Perch	275,861

Notes to the Financial Statements

05. INVESTMENTS IN SUBSIDIARIES

5.1 Quoted and Non-Quoted

	Holding		Country of incorporation	Cost	
	2025 %	2024 %		2025 Rs.	2024 Rs.
Non-Quoted					
Royal Ceramics Distributors (Pvt) Ltd	100	100	Sri Lanka	500,000	500,000
Rocell Bathware Limited	100	100	Sri Lanka	1,529,999,950	1,529,999,950
Ever Paint and Chemical Industries (Pvt) Ltd	100	100	Sri Lanka	270,400,000	270,400,000
Biscuits and Chocolate Company Limited	69.11	69.11	Sri Lanka	258,564,256	258,564,256
Nilano Garments (Pvt) Ltd	100	100	Sri Lanka	60,000,000	60,000,000
Rocell Properties (Pvt) Ltd	100	100	Sri Lanka	56,666,670	56,666,670
Swisstek Aluminium Limited*	7.73	7.60	Sri Lanka	170,881,960	106,344,740
Quoted					
Lanka Ceramic PLC	73.56	73.56	Sri Lanka	551,039,307	551,039,307
Lanka Tiles PLC	2.61	2.61	Sri Lanka	125,032,515	125,032,515
Lanka Walltiles PLC	54.55	54.55	Sri Lanka	3,924,004,105	3,924,004,105
Swisstek Ceylon PLC	6.88	6.88	Sri Lanka	127,065,816	127,065,816
Total Quoted & Non-Quoted Investments in Subsidiaries				7,074,154,579	7,009,617,359
Total Gross Carrying Value of Investments				7,074,154,579	7,009,617,359
Impairment made				(270,900,000)	(270,900,000)
Total Net Carrying Value of Investments				6,803,254,579	6,738,717,359

* Rights Issue of Swisstek Aluminium Ltd

During the year, the Board of Directors of Swisstek Aluminium Ltd approved a Rights Issue of shares at Rs. 11 per share, in the proportion of 16 shares for every 29 shares held by a shareholder, with the right of renunciation. The purpose of the issue was to raise fund for capacity expansion and to reduce gearing levels. Swisstek (Ceylon) PLC and Royal Ceramics Lanka PLC were provisionally allotted 67,498,246 and 5,867,020 Rights shares respectively, with the right of renunciation.

Royal Ceramics Lanka PLC subscribed to its full rights entitlement by investing Rs: 64,537,220 representing, a 7.6% direct holding in Swisstek Aluminium Ltd. However, considering cash flow forecasts, Swisstek (Ceylon) PLC accepted rights for 22,727,272 shares only and invested a sum of Rs. 249,999,992/- in 22,727,272 ordinary shares of Swisstek Aluminium Ltd on 28th March 2025. The remaining rights entitlement of Swisstek (Ceylon) PLC was renounced in favour of the ultimate parent entity, Vallibel One PLC.

As of 28th March 2025, Swisstek Aluminium Ltd received a subscription amounting to Rs.807,017,926 in respect of 73,365,266 shares, and as per the terms of the Rights Issue, 73,365,266 shares were allotted by the subsidiary, thereby increasing its Stated Capital to Rs. 1,409,064,609/- represented by 213,376,121 shares.

Pursuant thereto, Swisstek (Ceylon) PLC's holding in Swisstek Aluminium Ltd is reduced to 67.987% based on the subscription received as of 31st March 2025, resulted to reduce the effective holding in Swisstek Aluminium Ltd by Lanka Walltiles PLC is reduced to 25.90% from the previous year 38.53%. If the remaining minority shareholders of Swisstek Aluminium Ltd accept their rights, Swisstek (Ceylon) PLC's holding will be further reduced to 66.772%.

However, the company has a controlling interest in Swisstek Aluminium Ltd without a majority of the voting rights on the basis that Lanka Walltiles PLC has power for the purpose of consolidation due to the fact that Lanka Walltiles Group hold majority of voting rights through a combination of direct and indirect shareholding.

5.2 Impairment of Investments in Subsidiaries

Ever Paint and Chemical Industries (Pvt) Ltd

In view of the negative net asset position resulting from the continuing losses and with the classification as a discontinued operation, the Company has made a full provision for impairment of the investment in Ever Paint and Chemical Industries (Pvt) Ltd in 2017. The said loss has been eliminated in the consolidated financial statements.

06. INVESTMENTS IN ASSOCIATES**6.1 Company**

	Holding Percentage		Cost	
	2025 %	2024 %	2025 Rs.	2024 Rs.
Quoted Investments				
L. B. Finance PLC	26.08	26.08	2,499,577,145	2,499,577,145
Non-quoted Investments				
Delmege Limited	21.00	21.00	988,586,453	988,586,453
			3,488,163,598	3,488,163,598

6.2 Group

	Holding percentage		Carrying Value	
	2025 %	2024 %	2025 Rs.	2024 Rs.
Quoted Investments				
L. B. Finance PLC	26.08	26.08	15,470,909,479	13,343,027,180
Non-quoted Investments				
Delmege Limited	21.00	21.00	1,994,040,841	1,792,957,306
			17,464,950,320	15,135,984,486

Market value of L B Finance PLC as at 31st March 2025 is Rs. 12,065,159,488 /- (2024- Rs. 9,074,155,878/-) However, the management have review the recoverable value of the investment and as of 31st March 2025, no impairment is required to be recognised.

6.3 Movement in Investments in Associates

	L. B. Finance PLC		Delmege Limited		Total	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
As at the beginning of the year	13,343,027,180	11,728,782,012	1,792,957,306	1,620,992,779	15,135,984,486	13,349,774,791
Share of results of associates	2,832,288,424	2,533,389,242	202,277,727	173,263,741	3,034,566,151	2,706,652,983
Dividends	(706,209,186)	(890,437,669)	-	-	(706,209,186)	(890,437,669)
Share of Other Comprehensive Income	1,803,061	(28,706,405)	(1,194,192)	(1,299,214)	608,869	(30,005,619)
At the end of the year	15,470,909,479	13,343,027,180	1,994,040,841	1,792,957,306	17,464,950,320	15,135,984,486

Notes to the Financial Statements

07. INTANGIBLE ASSETS

Summary

	Company		Group	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Goodwill (Note 7.1)	-	-	1,123,694,130	1,123,694,130
Software (Note 7.2)	95,351,747	101,212,366	334,592,374	250,844,366
Software work in progress (Note 7.3)	-	-	4,438,457	-
	95,351,747	101,212,366	1,462,724,961	1,374,538,496

7.1 Goodwill

	Group	
	2025 Rs.	2024 Rs.
At the beginning of the year	1,123,694,130	1,025,346,492
On acquisition of subsidiary	-	98,347,638
At the end of the year	1,123,694,130	1,123,694,130

Carrying value of Goodwill acquired through business combination as at the reporting date is relevant to Tiles & Associated products.

The recoverable amounts of all cash generating units have been determined based on the fair value, less cost to sell or the value in use (VIU) calculation.

The key assumptions used to determine the recoverable amount for the different cash generating units, are as follows;

Gross margins

The basis used to determine the value assigned to the budgeted gross margins is the gross margins achieved in the year preceding the budgeted year adjusted for projected market conditions. Gross margins used for the cash flow projections are in the range of 28%-30% (2024- 30%).

Discount rates

The discount rate used is the risk free rate, adjusted by the addition of an appropriate risk premium. The pre-tax discount rate applied to cash flow projections is 12.34%. (2024 - 14.58%)

Inflation

The basis used to determine the value assigned to the budgeted cost inflation, is the inflation rate, based on projected economic conditions.

Growth Rate

The Management has estimated 12% (2024- 8%) average annual revenue growth rate within the five-year period. Further 2% terminal growth rate in the cash flow beyond the five-year period is estimated.

7.2 Software

	Company		Group	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
At the beginning of the year	101,212,366	128,379,118	250,844,366	281,061,118
Incurred during the year	22,005,161	2,000,000	131,054,161	17,007,000
Amount amortised during the year	(27,865,780)	(29,166,752)	(47,306,153)	(47,223,752)
At the end of the year	95,351,747	101,212,366	334,592,374	250,844,366

7.3 Software work in progress

	Company		Group	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
At the beginning of the year	-	-	-	-
Incurred during the year	-	-	4,438,457	-
At the end of the year	-	-	4,438,457	-
Total intangible assets	95,351,747	101,212,366	1,462,724,961	1,374,538,496

Notes to the Financial Statements

08. LEASES

08.1 Right of Use Assets/ Lease Liabilities- Company

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	Buildings Rs.
Right of Use Asset	
At the beginning of the year	866,797,140
Additions	455,218,049
Adjustments for changes of Lease Terms and Termination	(100,881,688)
Depreciation expense	(190,964,085)
At the end of the year	1,030,169,416
Lease Liability	
At the beginning of the year	1,066,153,918
Additions	394,344,648
Adjustments for changes of Lease Terms and Termination	(100,881,688)
Interest Expense	158,349,748
Less: Payments	(321,224,325)
At the end of the year	1,196,742,301
As at 31st March 2025	
Payable within one year	193,653,545
Payable after one year	1,003,088,756
Total	1,196,742,301
As at 31st March 2024	
Payable within one year	159,715,200
Payable after one year	906,438,718
Total	1,066,153,918

08.2 Right of Use Assets/ Lease Liabilities- Group

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	Land Rs.	Buildings Rs.	Total Rs.
Right of Use Asset			
At the beginning of the year	81,962,801	1,072,381,484	1,154,344,285
Additions	-	604,198,070	604,198,070
Adjustments for changes of Lease Terms and Termination	-	(110,331,831)	(110,331,831)
Depreciation expense	(4,785,647)	(331,137,364)	(335,923,011)
At the end of the year	77,177,154	1,235,110,359	1,312,287,513

Lease Liability

At the beginning of the year	104,871,244	1,290,445,866	1,395,317,110
Additions	-	509,437,426	509,437,426
Adjustments for changes of Lease Terms and Termination	-	(100,881,688)	(100,881,688)
Interest Expense	11,879,410	198,684,520	210,563,930
Less: Payments	(9,326,997)	(490,301,856)	(499,628,853)
At the end of the year	107,423,657	1,407,384,268	1,514,807,925

As at 31st March 2025

Payable within one year	311,574,614
Payable after one year	1,203,233,311
Total	1,514,807,925

As at 31st March 2024

Payable within one year	281,390,329
Payable after one year	1,113,926,781
Total	1,395,317,110

Useful lives of Right of Use Lease Asset are estimated at the range of 3 - 36 years

The following are the amounts recognised in profit or loss:

	Company		Group	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Depreciation expense of right-of-use assets	190,964,085	176,783,647	335,429,359	275,738,637
Interest expense on lease liabilities	158,349,748	161,275,289	217,709,405	207,243,550
Expense relating to short-term leases (included in cost of sales)	2,703,439	2,617,835	88,636,453	61,107,760
Expense relating to short-term leases (included in distribution expenses)	32,775,242	15,105,015	32,775,242	19,235,296
Total amount recognised in profit or loss	384,792,514	355,781,786	674,550,458	563,325,243

Cash Outflows from short term leases and leases with low values for the year ended 31st March 2025 for the Company and for the Group are Rs. 32,478,681/- and Rs.121,411,695/-respectively.

Notes to the Financial Statements

9. INVENTORIES

	Company		Group	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Raw Materials	1,329,473,708	1,136,280,337	9,494,002,268	8,755,693,938
Spares & Consumables	1,871,567,301	1,678,020,120	3,252,829,064	3,793,701,835
Accessories	-	-	1,316,338,211	786,350,906
Work in Progress	74,045,581	103,425,793	1,288,293,077	1,293,472,558
Finished Goods	6,022,766,014	4,461,176,395	18,875,635,225	15,165,507,237
Goods in Transit	3,938,664	3,776,921	7,877,583	48,246,979
Other Consumables	27,040,660	29,264,955	31,944,380	29,264,955
	9,328,831,928	7,411,944,521	34,266,919,808	29,872,238,408
Less : Provision for Obsolete & Slow Moving Stock	(325,661,595)	(232,924,827)	(1,332,384,113)	(1,182,639,938)
	9,003,170,333	7,179,019,694	32,934,535,695	28,689,598,470

9.1 Provision for Obsolete and Slow Moving Stock

	Company		Group	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
At the beginning of the year	232,924,827	239,571,154	1,182,639,938	945,327,165
Provisions made during the year	92,736,768	(6,646,327)	149,744,175	237,312,773
At the end of the year	325,661,595	232,924,827	1,332,384,113	1,182,639,938

9.2 During the year the Rocell Bathware limited written down its inventories amount of Rs: 196 Mn to net realisable value according to LKAS 02.

10. TRADE AND OTHER RECEIVABLES

10.1 Company

	Company	
	2025 Rs.	2024 Rs.
Trade debtors - Other	502,545,995	509,690,843
- Related Parties (Note 10.1.1)	17,838,368	15,235,093
Trade Debtors	520,384,363	524,925,936
Provision for Bad and Doubtful Debts (Note 10.1.2)	(54,333,603)	(53,806,015)
	466,050,760	471,119,921
Other Receivables - Other	229,555,181	242,871,957
	695,605,941	713,991,878

10.1.1 Trade Debtors include following Related Party receivables,

	Relationship	Company	
		2025 Rs.	2024 Rs.
Hanwella Rubber Products Ltd	Affiliate	566,186	-
Greener Water Limited	Affiliate	-	8,279,369
Hayleys Fabric PLC	Affiliate	5,834	-
Dipped Products PLC	Affiliate	-	124,963
Hayleys Aviation (Pvt) Ltd	Affiliate	1,506,050	-
Ultracarb (Pvt) Ltd	Affiliate	6,596,600	-
Fentons Smart facilities (Pvt) Ltd	Affiliate	932,332	-
Ceylon Hospitals PLC	Affiliate	798,244	-
Kelani Valley Plantations PLC	Affiliate	472,640	51,609
The Kingsbury PLC	Affiliate	517,682	-
Singer Sri Lanka PLC	Affiliate	6,442,800	-
LB Finance PLC	Associate	-	6,779,152
		17,838,368	15,235,093

10.1.2 Allowances for Doubtful Debts

	Company	
	2025 Rs.	2024 Rs.
At the beginning of the year	53,806,015	54,203,595
Amount (provided)/reversed during the year	527,588	(397,580)
At the end of the year	54,333,603	53,806,015

10.1.3 Amount due from Related Parties

	Relationship	Company	
		2025 Rs.	2024 Rs.
Royal Ceramics Distributors (Pvt) Ltd	Subsidiary	2,318,155	2,318,155
Rocell Bathware Ltd	Subsidiary	-	1,896,437,106
Rocell Properties (Pvt) Ltd	Subsidiary	919,672	732,745
Biscuits and Chocolate Company Limited	Subsidiary	54,523,316	27,842,421
Lanka Tiles PLC	Subsidiary	3,288,374	12,781,363
Lanka Wall Tiles PLC	Subsidiary	142,515	8,766,169
Ever Paint and Chemical Industries (Pvt) Ltd	Subsidiary	38,654,846	36,106,658
Swisstek Ceylon PLC	Subsidiary	-	14,775
Unidil Packaging Limited	Subsidiary	-	493,119
		99,846,878	1,985,492,511
Impairment Provision		(2,318,155)	(2,318,155)
		97,528,723	1,983,174,356

Notes to the Financial Statements

10.1.4 Trade receivables are non interest bearing and on 30 to 45 days credit terms. As at 31st March, the ageing analysis of trade receivables is as follows:

		Total	Neither past due nor Impaired	Past due but not impaired			Provision for Impairment
				Less than 3 Month	3 to 12 Month	More than One Year	
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Trade debtors	31.03.2025	466,050,760	151,029,034	277,395,400	41,142,122	50,817,807	(54,333,603)
Trade debtors	31.03.2024	471,119,921	227,611,306	216,428,001	28,331,264	52,555,365	(53,806,015)

10.2 GROUP

	Group	
	2025 Rs.	2024 Rs.
Trade Debtors - Others	5,759,303,694	5,288,376,939
- Related Parties (Note 10.2.1)	21,680,939	16,055,565
Trade Debtors	5,780,984,633	5,304,432,504
Provision for Bad and Doubtful Debts	(269,827,646)	(229,799,418)
	5,511,156,987	5,074,633,086
Loans to company officers	13,315,000	12,613,000
Other Receivables	2,338,249,036	648,833,583
	7,721,797,186	5,736,079,669

10.2.1 Trade Debtors include following Related Party receivables,

	Relationship	Group	
		2025 Rs.	2024 Rs.
The Kingsbury PLC	Affiliate	773,831	66,660
Horana Plantations PLC	Affiliate	223,187	-
Greener Water Limited	Affiliate	-	8,486,155
Singer Sri Lanka PLC	Affiliate	6,471,942	-
Fentons Ltd.	Affiliate	-	294,200
Dipped Products PLC	Affiliate	-	134,459
Hayleys Aviation (Pvt) Ltd	Affiliate	2,562,181	-
Kandyan Resorts (Pvt) Ltd	Affiliate	1,310,663	138,500
Hayleys Fabric PLC	Affiliate	169,964	48,530
Energynet (Pvt) Ltd	Affiliate	-	56,300
Hanwella Rubber Products Ltd	Affiliate	566,186	-
Ultracarb (Pvt) Ltd	Affiliate	6,596,600	-
Fentons Smart facilities (Pvt) Ltd	Affiliate	993,917	-
Ceylon Hospitals PLC	Affiliate	1,069,060	-
Kelani Valley Plantations PLC	Affiliate	840,232	51,609
Alumex PLC	Affiliate	103,176	-
L B Finance PLC	Associate	-	6,779,152
		21,680,939	16,055,565

10.2.2 Trade receivables are non interest bearing and on 30 to 45 days credit terms. As at 31st March, the ageing analysis of trade receivables is as follows:

		Total Rs.	Neither past due nor Impaired Rs.	Past due but not impaired			Impaired Rs.	Provision for Impairment Rs.
				Less Than 3 Month Rs.	3 to 12 Month Rs.	More Than One Year Rs.		
Trade debtors	31.03.2025	5,511,156,987	3,155,316,273	1,815,449,211	409,691,919	187,532,039	212,995,190	(269,827,646)
	31.03.2024	5,074,633,086	2,047,342,973	2,519,270,374	508,307,034	111,948,123	117,564,000	(229,799,418)

10.2.3 Allowances for Doubtful Debts

	2025 Rs.	2024 Rs.
At the beginning of the year	229,799,418	212,312,545
Amount provided/(reversal) during the year	42,913,135	17,953,851
Amount Written off as bad debts during the year	(2,884,907)	(466,978)
At the end of the year	269,827,646	229,799,418

10.3 Contract Assets

	Group	
	2025 Rs.	2024 Rs.
At the beginning of the year	30,032,715	32,342,715
During the year recognised/(Transfer)	(30,032,715)	(2,310,000)
At the end of the year	-	30,032,715

The contract assets primarily relate to Swisstek Ceylon PLC rights to consideration for work completed but not billed at the reporting date on supply of timber. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Company issues an invoice to the customer.

11. OTHER NON FINANCIAL ASSETS

	Company		Group	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Receivables - Other	23,864,990	10,914,275	35,184,411	21,263,920
Advances and Prepayments	450,200,630	432,856,328	1,565,137,238	2,702,282,316
	474,065,620	443,770,603	1,600,321,649	2,723,546,236

Notes to the Financial Statements

12 OTHER FINANCIAL ASSETS

12.1 Investments at Fair Value through Profit or Loss

	No. of Shares		Company		Group	
			Fair Value			
	2025	2024	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Quoted						
The Fortress Resorts PLC	336,100	336,100	8,234,450	7,730,300	8,234,450	7,730,300
Aitken Spence PLC	225,000	225,000	28,743,750	29,306,250	28,743,750	29,306,250
Lanka Hospitals Corporation PLC	45,519	45,519	3,418,477	5,280,204	3,418,477	5,280,204
Citrus Leisure PLC	2,768,276	2,768,276	10,796,274	13,841,378	10,796,274	13,841,378
Serendib Hotels PLC	16,000	16,000	296,000	224,000	296,000	224,000
Softlogic Finance PLC	8	8	43	46	43	46
Hikkaduwa Beach Resort PLC	583,393	583,393	1,925,197	2,741,947	1,925,197	2,741,947
			53,414,191	59,124,125	53,414,191	59,124,125
Non-Quoted						
MBSL Insurance Company Ltd	4,666,667	4,666,667	8,666,667	8,666,667	8,666,667	8,666,667
Impairment			(8,666,667)	(8,666,667)	(8,666,667)	(8,666,667)
			53,414,191	59,124,125	53,414,191	59,124,125

12.2 Bank Term Deposits

	Company		Group	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Short Term Investment - Fixed Deposit	-	-	-	2,397,222
Deposit of Tsunami donations	-	-	5,294,000	4,963,000
	-	-	5,294,000	7,360,222

12.3 Loans

	Company		Group	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Loan Given to Royal Paint	3,916,708	5,347,341	3,916,708	5,347,341
	3,916,708	5,347,341	3,916,708	5,347,341
Total	57,330,899	64,471,467	62,624,899	71,831,687

13. STATED CAPITAL - COMPANY/GROUP

	Company		Group	
	2025		2024	
	Number	Rs.	Number	Rs.
At the beginning of the year	1,107,893,840	1,368,673,373	1,107,893,840	1,368,673,373
At the end of the year	1,107,893,840	1,368,673,373	1,107,893,840	1,368,673,373

14. RESERVES

Summary	Company		Group	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Revaluation Reserve (Note 14.1)	3,201,517,632	2,423,466,960	6,669,568,506	5,598,874,197
Fair Value Reserve (Note 14.2)	-	-	(9,750,787)	(12,006,345)
Exchange Differences on translation of foreign operations (Note 14.3)	-	-	(13,842,111)	(17,948,859)
	3,201,517,632	2,423,466,960	6,645,975,608	5,568,918,993

14.1 Revaluation Reserve

On Property, Plant and Equipment	Company		Group	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
At the beginning of the year	2,423,466,960	2,358,007,365	5,598,874,197	4,811,363,566
Revaluation of surplus during the year	1,120,576,059	93,513,708	1,490,386,175	1,116,974,332
Realised Surplus on Disposal Transferred to Retained Earnings	-	-	-	(839,273)
Tax effect on Revaluation Surplus	(336,172,818)	(28,054,113)	(409,839,297)	(328,624,428)
Transfer from revaluation reserve to retained earnings on disposal of land	(9,075,099)	-	(14,075,099)	-
Deferred tax reversal of revalued land disposal	2,722,530	-	4,222,530	-
At the end of the year	3,201,517,632	2,423,466,960	6,669,568,506	5,598,874,197

The above Revaluation Surplus consists of net surplus resulting from the revaluation of property plant and equipment as described in Note 3. The unrealised amount cannot be distributed to shareholders.

Notes to the Financial Statements

14.2 Fair Value Reserve

	Group	
	2025 Rs.	2024 Rs.
At the beginning of the year	(12,006,345)	(12,319,075)
Net Gains/(Losses) on Investment in Equity Instruments - Fair Value through Other Comprehensive Income	2,255,558	312,730
At the end of the year	(9,750,787)	(12,006,345)

The fair value reserve comprises the cumulative net change in the fair value of financial assets measured at fair value through other comprehensive income until they are derecognised or impaired.

14.3 Foreign Currency Translation Reserve

	Group	
	2025 Rs.	2024 Rs.
At the beginning of the year	(17,948,859)	(3,851,924)
Transferred during the year	4,106,748	(14,096,935)
At the end of the year	(13,842,111)	(17,948,859)

The foreign currency translation reserve comprises of all foreign currency differences arising from the translation of the Financial Statements of foreign operations. As at the reporting date, the assets and liabilities of foreign operations were translated into the presentation currency (Sri Lankan Rupee) at the exchange rate ruling at the reporting date and the Income Statement and Comprehensive Income was translated at the average exchange rate for the period. The exchange differences arising on the translation are taken to foreign currency translation reserve through other comprehensive income.

15 INTEREST BEARING LOANS AND BORROWINGS

	Company		Group	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Non Current				
Long term loans (Note 15.1)	1,151,284,976	1,447,423,159	8,241,792,309	9,134,521,179
Lease Liability (Note 15.3)	1,003,088,756	906,438,718	1,203,233,311	1,113,926,781
	2,154,373,732	2,353,861,877	9,445,025,620	10,248,447,960
Current				
Long term loans (Note 15.1)	478,763,044	515,913,044	2,504,560,183	1,661,104,685
Lease Liability (Note 15.3)	193,653,545	159,715,200	311,574,614	281,390,329
Short term loans (Note 15.2)	2,464,999,930	3,262,692,764	15,501,808,540	9,999,967,748
Bank overdrafts (Note 20)	383,553,799	714,991,626	2,915,960,844	2,055,241,604
	3,520,970,318	4,653,312,635	21,233,904,181	13,997,704,366
Total	5,675,344,050	7,007,174,512	30,678,929,801	24,246,152,326

15.1 Long Term Loans

	Company		Group	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
At the beginning of the year	1,963,336,203	1,318,807,382	10,795,625,864	1,750,021,402
On acquisition of subsidiaries	-	-	-	822,343,869
Loans obtained during the year	124,012,861	1,177,348,365	1,548,063,053	9,353,385,775
Exchange gain/loss on USD loans	-	-	(97,500)	(2,202,000)
Repayments during the year	(457,301,044)	(532,819,544)	(1,597,238,925)	(1,127,923,182)
At the end of the year	1,630,048,020	1,963,336,203	10,746,352,492	10,795,625,864
Payable within one year	478,763,044	515,913,044	2,504,560,183	1,661,104,685
Payable after one year	1,151,284,976	1,447,423,159	8,241,792,309	9,134,521,179
	1,630,048,020	1,963,336,203	10,746,352,492	10,795,625,864

15.2 Short Term Loans

	Company		Group	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
At the beginning of the year	3,262,692,764	1,739,792,499	9,999,967,748	12,004,913,630
Loans obtained during the year	11,861,000,000	6,882,164,354	52,659,057,226	25,433,212,554
Exchange gain/loss on USD loans	(121,159)	224,542	(198,935)	95,345
Repayments during the year	(12,658,571,675)	(5,359,488,631)	(47,157,017,499)	(27,438,253,781)
At the end of the year	2,464,999,930	3,262,692,764	15,501,808,540	9,999,967,748
Payable within one year	2,464,999,930	3,262,692,764	15,501,808,540	9,999,967,748

15.3 Leases

	Company		Group	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Lease Liability-Others (Note 8)	1,196,742,301	1,066,153,918	1,514,807,925	1,395,317,110
Total Lease Liability	1,196,742,301	1,066,153,918	1,514,807,925	1,395,317,110
Payable within one year	193,653,545	159,715,200	311,574,614	281,390,329
Payable after one year	1,003,088,756	906,438,718	1,203,233,311	1,113,926,781
Total	1,196,742,301	1,066,153,918	1,514,807,925	1,395,317,110

Notes to the Financial Statements

15.4 INTEREST BEARING LOANS AND BORROWINGS

Details of the Long Term Loans;

Lender	Approved Facility	Interest Rate	Repayment Terms
Company : Royal Ceramics Lanka PLC			
Commercial Bank of Ceylon PLC	Rs. 218.71Mn	Fixed	Payable in 22 equal monthly instalments of Rs.4,300,000.00 / 61 equal monthly instalments of Rs.2,000,000.00 each and a final instalment of Rs.2,112,360.00 together with interest.
Commercial Bank of Ceylon PLC	Rs. 77.35Mn	AWPLR	Payable in 10 equal monthly instalments of Rs.2,262,000.00 / 51 equal monthly instalments of Rs.1,052,500.00 each and a final instalment of Rs.1,050,865.00 together with interest.
Commercial Bank of Ceylon PLC	Rs. 400Mn	Fixed	Payable in 2 equal monthly instalments of Rs.16,666,000.00 / 56 equal monthly instalments of Rs.6,432,772.00 each and a final instalment of Rs.6,432,768.00 together with interest.
Commercial Bank of Ceylon PLC	Rs. 600Mn	AWPLR	Payable in 56 equal monthly instalments of Rs.10,526,315.00 each and a final instalment of Rs 10,526,360.00 together with interest.
Commercial Bank of Ceylon PLC	Rs. 1,000Mn	AWPLR plus margin	Payable in 59 equal monthly instalments of Rs.16,700,000.00 each and a final instalment of Rs 14,700,000.00 together with interest.
Commercial Bank of Ceylon PLC	Rs. 100Mn	AWPLR	Payable in 35 equal monthly instalments of Rs.2,777,000.00 each and a final instalment of Rs.2,805,000.00 together with interest.
Commercial Bank of Ceylon PLC	Rs. 147Mn	Fixed	Payable in 60 equal monthly instalments of Rs. 2,450,000.00 each together with interest
Hatton National Bank PLC	Rs. 175Mn	AWPLR plus margin	Payable in 59 equal monthly instalments of Rs.2,900,000.00 each and a final instalment of Rs.3,900,000.00 together with interest.
Hatton National Bank PLC	Rs. 100Mn	AWPLR plus margin	Payable in 59 equal monthly instalments of Rs.1,660,000.00 each and a final instalment of Rs.2,060,000.00 together with interest.
Hatton National Bank PLC	Rs. 45Mn	AWPLR plus margin	Payable in 60 equal monthly instalments of Rs.750,000.00 each together with interest.

Security	Security Amount	Balance As At 31st March 2025 Rs. Mn	Balance As At 31st March 2024 Rs.Mn
Primary mortgage bond for Rs. 359Mn over solar panels and related equipment installed on the roofs of Royal Ceramics Lanka factories at Horana and Eheliyagoda.	Rs. 218.71Mn	78.11	102.11
Primary mortgage bond for Rs. 359Mn over solar panels and related equipment installed on the roofs of Royal Ceramics Lanka factories at Horana and Eheliyagoda.	Rs. 77.35Mn	41.05	53.68
General terms and conditions relating to term loan facility for Rs. 400Mn signed by the Company.	-	167.25	244.45
General terms and conditions relating to term loan facility for Rs. 600Mn signed by the Company.	-	294.74	421.05
Leeway available in mortgage bonds of following properties: Primary mortgage bond for Rs.50Mn over the property at Baddegedaramulla, Meegoda and Secondary mortgage bond for Rs.200Mn, Primary mortgage bond for Rs.62.5Mn over the property at no.101, Nawala Rd, Nugegoda and Secondary mortgage bond for Rs.25 Mn, Primary mortgage bond for Rs.24.5Mn over the property at no.472, Highlevel Rd, Makumbura, Pannipitiya, Primary mortgage bond for Rs.300Mn over the property at no.20, R A De Mel Mawatha, Colombo 03 and Secondary mortgage bond for Rs.110Mn and Tertiary mortgage bond for Rs.100Mn, Primary mortgage bond for Rs.150Mn over the property at no.106, Galle Road, Dehiwala, Primary mortgage bond for Rs.200Mn over factory stores at Highlevel Road, Badeegedaramulla, General terms and conditions relating to term loan facility for Rs.1Bn signed by the company.	Rs. 1,000Mn	883.10	1,000.00
Floating Primary mortgage bond for Rs.100Mn over the property bearing assessment no.98, 98 1/1, 98 2/1 and 98 B1, Nawala Road, Nugegoda. General terms & conditions relating to term loan facility for Rs.100Mn signed by the company.	Rs. 100Mn	66.68	100.00
Floating Primary mortgage bond for Rs 500Mn over SACMI machine and other related machinery (Partially utilised Rs. 108Mn for this facility)	Rs. 108Mn	99.12	-
Negative pledge over machinery for Rs.175Mn	Rs. 175Mn	-	21.30
Negative Pledge over heat recovery system for Rs.100Mn	Rs. 100Mn	-	17.00
Negative Pledge over machinery for Rs.45Mn	Rs. 45Mn	-	3.75
		1,630.05	1,963.34

Notes to the Financial Statements

15.4 INTEREST BEARING LOANS AND BORROWINGS DETAILS OF THE LONG TERM LOANS (CONTD.)

Lender	Approved Facility	Interest Rate	Repayment Terms
Company : Rocell Bathware Limited			
Commercial Bank of Ceylon PLC	Rs. 106.11Mn	Fixed	Payable in 21 equal monthly instalments of Rs.1,650,000.00 / 62 equal monthly instalments of Rs.1,134,000.00 each and a final instalment of Rs.1,152,600.00 together with interest.
Commercial Bank of Ceylon PLC	Rs. 24.13Mn	AWPLR	Payable in 10 equal monthly instalments of Rs.506,000.00 / 52 equal monthly instalments of Rs.359,700.00 each and a final instalment of Rs.361,000.00 together with interest.
Commercial Bank of Ceylon PLC	Rs. 20.69Mn	Fixed	Payable in 1 instalment of Rs.3,333,000.00 / 58 equal monthly instalments of Rs.294,220.00 each and a final instalment of Rs.294,240.00 together with interest.
Commercial Bank of Ceylon PLC	Rs. 84Mn	AWPLR	Payable in 15 equal monthly instalments of Rs. 3,039,118.00 / 43 equal monthly instalments of Rs. 873,000.00 each and a final instalment of Rs. 876,730.00 together with interest.
Commercial Bank of Ceylon PLC	Rs. 525Mn	Fixed	Payable in 60 equal monthly instalments of Rs.8,750,000.00 each together with interest.

Security	Security Amount	Balance As At 31st March 2025 Rs. Mn	Balance As At 31st March 2024 Rs.Mn
		45.38	58.99
Primary Mortgage bond for Rs. 138Mn over solar panels and related equipment installed on the roof of Rocell Bathware factory at Panagoda.	Rs. 138Mn	14.39	18.71
General terms & conditions relating to the term loan for Rs. 200Mn signed by the Company.	-	8.24	11.77
General terms & conditions relating to the term loan for Rs. 179.3 signed by the company.	-	27.07	37.54
Primary mortgage bond for Rs.230.80Mn over the machinery and equipment relating to factory expansion project of Rocell Bathware Limited Panagoda factory. General terms & conditions relating to term loan facility for Rs.525Mn signed by the company.	Rs. 230.80Mn	472.50	-
		567.57	127.01

Notes to the Financial Statements

15.4 INTEREST BEARING LOANS AND BORROWINGS DETAILS OF THE LONG TERM LOANS (CONTD.)

Financial Institution	Repayment terms	Principal Rs. Mn	Interest rate per annum
Lanka Ceramic PLC			
Hatton National Bank PLC	60 monthly instalments (Restructured)	500	AWPLR plus margin
Total			
Lanka Walltiles PLC			
Commercial Bank of Ceylon PLC	72 monthly instalments (12 month Grace period)	3,660	11.50%
Commercial Bank of Ceylon PLC	72 monthly instalments (12 month Grace period)	800.00	11.50%
Total			
Lanka Tiles PLC			
DFCC Bank PLC	72 monthly instalments (12 month Grace period)	1,500.00	AWPLR+0.75%
Total			
Uni-Dil Packaging Limited			
Standard Chartered Bank	54 monthly instalments	17.74	7.75 (Fixed)
Commercial Bank of Ceylon PLC	54 monthly instalments	71	7.75%(fixed)
Hatton National PLC	36 monthly instalments	60	AWPLR+0.5%
Peoples Bank	36 monthly instalments	100	AWPLR
Total			
Uni-Dil Packaging Solution Limited			
Commercial Bank of Ceylon PLC	54 monthly instalments	18	7.75%(fixed)
Peoples Bank	36 monthly instalments	100	AWPLR
Total			
Uni Dil Packaging Kenya Limited			
Hatton National Bank PLC	54 monthly instalments	USD 1.4 Mn	3M SOFR+4%
Total			
Swisstek (Ceylon) PLC			
DFCC Bank PLC 60 monthly instalments	60 monthly instalments	110	AWPLR+1.25%
Bank of Ceylon	60 monthly instalments	382.5	AWPLR+1%
Total			
Swisstek Aluminium Limited			
Commercial Bank of Ceylon PLC	60 monthly instalments, After a 24 months grace period.	156.53	AWPR+1.4%
DFCC Bank PLC	12 M Grace period , 0% - for the first 06 month, start interest from Dec-23	2,000	AWPLR+ 1%
DFCC Bank PLC	48 instalments with 3M Grace period,	74,81	Fixed Rate 10%
Seylan Bank PLC	48 instalments with 6M Grace period,	1,065	AWPLR+ 1%
Nations Trust Bank PLC	36 monthly instalments	489	AWPLR
Total			
Total			

Security	Balance as at 31st March 2025 Rs.Mn	Balance as at 31st March 2024 Rs.Mn
Mortgage for Rs, 500 Mn over investment property of land and building at No 696,696/1,696/ 2/,696/3,696/4, Galle Road, Colombo 03 (1R - 1.12 P).	-	8.52
	-	8.52
"KAHATAGAHAHENA" land, and the plants and machinery located thereon are mortgaged	3,602.20	3,500.00
"KAHATAGAHAHENA" land, and the plants and machinery located thereon are mortgaged	679.64	786.66
	4,281.84	4,286.66
A primary mortgage plant and machinery amounting to Rs.1,500 Mn	166.67	418.29
	166.67	418.29
Mortgage bond for USD 500,00 over Movable Machinery	-	12.52
Solar System & related equipment	23.59	39.31
Clean	-	6.67
Clean	44.40	77.76
	67.99	136.25
Solar System & related	6.56	10.51
Clean	44.40	77.76
	50.96	88.27
Corporate Guarantee of Uni Dil Packaging Limited & Uni Dil Packaging Solutions Ltd	357	-
	357	-
Mortgage over Land, Building, Plant & Machinery , Stocks and Book debts owned by Swisstek Aluminium Ltd.	-	17.41
Mortgage over land and Buildings situated at Balummahara	369.17	-
	369.17	17.41
Mortgage over Solar Panel Equipment	70.40	101.72
Mortgage Bond for Rs. 1,500 Mn over stock and Debtors with an insurance policy over stocks assigned in favour of the Bank.	1,907.92	2,000.00
Mortgage Bond for Rs.660 over stock & debtors	73.53	96.20
Mortgage Bond for Rs.660 over stock & debtors	789.87	1,064.80
Primary Mortgage Bond over stocks and Book Debts for Rs. 600 MN.	413.84	485.09
	3,255.37	3,747.88
	10,746.35	10,793.63

Notes to the Financial Statements

16 RETIREMENT BENEFIT OBLIGATIONS

	Company		Group	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
At the beginning of the year	716,069,760	614,298,949	1,476,619,741	1,184,427,431
Interest cost	85,928,371	110,573,811	139,184,287	207,300,941
Current service cost	58,150,018	48,127,857	134,829,862	92,036,382
Benefits Paid	(45,221,972)	(21,571,588)	(94,317,617)	(152,252,222)
Actuarial (gain)/loss	33,308,876	(35,359,269)	134,496,167	145,107,209
At the end of the year	848,235,053	716,069,760	1,790,812,440	1,476,619,741

16.1 Maturity Profile of the Retirement benefit obligation

	Company		Group	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Future Working Life Time				
Within the next 12 months	98,626,090	89,743,008	174,787,950	180,739,352
Between 1-2 Years	183,847,703	151,364,943	261,491,287	236,958,996
Between 2-5 Years	186,870,464	176,376,045	330,748,754	335,289,476
Over 5 Years	378,890,796	298,585,764	1,023,784,449	723,631,917
Total	848,235,053	716,069,760	1,790,812,440	1,476,619,741

16.2 Sensitivity Analysis

In order to illustrate the significance of the salary escalation rates and discount rates assumed in these valuations a sensitivity analysis for all employees of Royal Ceramics Lanka PLC and its subsidiaries is carried out as follows;

	Company	Group
	Rs.	Rs.
Discount Rate as at 31 March 2025		
Effect on DBO due to decrease in the discount rate by 1%	54,292,104	236,304,872
Effect on DBO due to increase in the discount rate by 1%	(48,460,087)	(249,259,032)
Salary Escalation Rate as at 31 March 2025		
Effect on DBO due to decrease in salary escalation rate by 1%	(53,650,062)	(254,827,967)
Effect on DBO due to increase in salary escalation rate by 1%	59,176,599	240,806,727
Discount Rate as at 31 March 2024		
	Rs.	Rs.
Effect on DBO due to decrease in the discount rate by 1%	41,754,802	250,937,688
Effect on DBO due to increase in the discount rate by 1%	(37,657,033)	(223,661,038)
Salary Escalation Rate as at 31 March 2024		
Effect on DBO due to decrease in salary escalation rate by 1%	(37,115,388)	(223,504,340)
Effect on DBO due to increase in salary escalation rate by 1%	40,480,913	251,060,544

Notes to the Financial Statements

16.3 Principle Assumptions used for Actuarial Valuation

Royal Ceramics Lanka PLC/ Rocell Bathware Limited

Messrs. Actuarial & Management Consultants (Pvt) Ltd, Actuaries, carried out an actuarial valuation of the defined benefit plan gratuity using the Projected Unit Credit Method as at 31st March 2025 and 31st March 2024. Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The principal assumptions used are as follows:

	2025	2024
Discount rate (per annum)	11% p.a	12% p.a
Future salary increase rate - Royal Ceramics Lanka PLC	10.00% p.a	10.50% p.a
Future salary increase rate - Rocell Bathware Limited	10.00% p.a	12.00% p.a
Staff Turn Over - Royal Ceramics Lanka PLC	8.00% p.a	10.00% p.a
Staff Turn Over - Rocell Bathware Limited	8.00% p.a	12.00% p.a
Weight Average duration of retirement benefit liability (Years) - Royal Ceramics Lanka PLC	6.66	6
Weight Average duration of retirement benefit liability (Years) - Rocell Bathware Limited	8.9	7
Retirement Age	60 Years	60 Years

Lanka Ceramic PLC

Messrs. Actuarial and Management Consultants (Pvt) Ltd., actuaries carried out an actuarial valuation for Lanka Ceramic PLC of the defined benefit plan gratuity as at 31st March 2025.

The principal assumptions used are as follows:

	2025	2024
Discount rate (per annum)	10.0%	12.0%
Salary scale (per annum)		
Executives	10%	10%
Non-Executives	10%	10%
Staff Turn Over	23%	21%
Retirement Age	60 Years	60 Years
Weight Average duration of retirement benefit liability (Years)	4	4

CP Holding (Pvt) Ltd

Messrs. Actuarial and Management Consultants (Pvt) Ltd., actuaries carried out an actuarial valuation for CP Holding (Pvt) Ltd of the defined benefit plan gratuity as at 31st March 2025.

The principal assumptions used are as follows:

	2025	2024
Discount rate (per annum)	24.0%	12.0%
Salary scale (per annum)		
Executives	20%	10.0%
Non Executives	20%	10.0%
Staff Turn Over	29%	25.0%
Retirement Age	60 Years	60 Years
Weight Average duration of retirement benefit liability (Years)	5	5

Lanka Walltiles PLC

Messrs. Actuarial and Management Consultants (Pvt) Ltd., actuaries carried out an actuarial valuation for Lanka Walltiles PLC of the defined benefit plan gratuity as at 31st March 2025.

The principal assumptions used are as follows:

	2025	2024
Discount rate (per annum)	11%	12.5%
Salary scale (per annum)		
Executives	15.0%	15.0%
Non Executives	13%	12.0%
Retirement Age	60 Years	60 Years
Staff Turnover ratio	7%	7%
Weighted Average duration of defined benefit obligation (Years)	12	9

Lanka Tiles PLC

Messrs. Actuarial and Management Consultants (Pvt) Ltd., actuaries carried out an actuarial valuation for Lanka Tiles PLC of the defined benefit plan gratuity as at 31st March 2025.

The principal assumptions used are as follows:

	2025	2024
Discount rate (per annum)	11.0%	12.5%
Future salary increases		
Executives	15.0%	15.0%
Non Executives	12.5%	12.0%
Retirement Age	60 Years	60 Years
Weighted Average duration of defined benefit obligation (Years)	9.7	7

In addition to above, demographic assumptions such as mortality, withdrawal disability and retirement age were considered for the actuarial valuation.

Uni Dil Packaging Ltd and Uni Dil Packaging Solution Ltd

Messrs. Actuarial and Management Consultants (Pvt) Ltd., actuaries carried out an actuarial valuation for Uni Dil Packaging Ltd and Uni Dil Packaging Solution Ltd of the defined benefit plan gratuity as at 31st March 2025.

The principal assumptions used are as follows:

	2025	2024
Discount rate (per annum)	11.0%	12.25%
Future salary increases	11.0%	12.5%
Staff turnover factor	7.0%	9.0%
Retirement age (Years)	60	60
Weighted Average duration of defined benefit obligation (Years) Uni Dil Packaging Ltd	7.2	7.2
Weighted Average duration of defined benefit obligation (Years) Uni Dil Packaging Solution Ltd	7.2	7.2

Notes to the Financial Statements

Swisstek (Ceylon) PLC

Messrs. Actuarial and Management Consultants (Pvt) Ltd., actuaries carried out an actuarial valuation for Swisstek (Ceylon) PLC of the defined benefit plan gratuity as at 31st March 2025.

The principal assumptions used are as follows:

	2025	2024
Discount rate (per annum)	11%	12.5%
Future salary increases		
Executives	15%	15%
Non Executives	8.0%	12.5%
Retirement age (Years)	60	60
Weighted Average duration of defined benefit obligation (Years)	9.6	11.9

Swisstek Aluminium Limited

Messrs. Actuarial and Management Consultants (Pvt) Ltd., actuaries carried out an actuarial valuation for Swisstek Aluminium Limited of the defined benefit plan gratuity as at 31st March 2025.

The principal assumptions used are as follows:

	2025	2024
Discount rate (per annum)	11%	12.5%
Future salary increases		
Executives	15%	15%
Non Executives	12.5%	12.5%
Retirement age (Years)	60	60
Weighted Average duration of defined benefit obligation (Years)	3.9	8.33

17. OTHER NON CURRENT LIABILITIES

	Group	
	2025 Rs.	2024 Rs.
Refundable Deposit	33,884,455	34,500,000
	33,884,455	34,500,000

18. TRADE AND OTHER PAYABLES

	Company		Group	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Trade Creditors (Note 18.2)	605,799,346	660,233,944	4,110,506,804	3,208,143,985
Accrued Expenses	392,959,181	384,175,791	446,493,325	427,383,686
Sundry Creditors	438,423,803	538,108,179	2,084,861,144	2,869,609,385
	1,437,182,330	1,582,517,914	6,641,861,273	6,505,137,056

18.1 Payable to Related Parties

	Relationship	Company		Group	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Rocell Bathware Ltd	Subsidiary	98,488,066	-	-	-
Nilano Garments (Pvt) Ltd	Subsidiary	43,268,832	37,553,915	-	-
Lanka Ceramics PLC	Subsidiary	-	29,478	-	-
Swisstek Aluminium Limited	Subsidiary	-	26,702	-	-
Vallibel One PLC	Parent	36,192,825	36,155,298	191,619,824	165,866,138
		177,949,723	73,765,393	191,619,824	165,866,138

18.2 Trade Creditors includes following Related Party payables,

	Relationship	Company		Group	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Lanka Ceramics PLC	Subsidiary	-	297,225	-	-
Unidil Packaging Limited	Subsidiary	-	19,896	-	-
Unidil Packaging Solution Limited	Subsidiary	26,190,820	18,115,944	-	-
Swisstek Ceylon PLC	Subsidiary	33,554,615	9,559,750	-	-
Swisstek Aluminium Limited	Subsidiary	-	325,758	-	-
Lanka Walltiles PLC	Subsidiary	-	982,197	-	-
Lanka Tiles PLC	Subsidiary	-	509,485	-	-
Delmege Forsyth Co. Limited	Associate	108,430	178,494	108,430	178,494
Grip Delmege (Pvt) Ltd	Associate	191,214	191,214	191,214	191,214
Diesel And Motor Engineering PLC	Affiliate	267,552	-	426,766	-
Horana Plantation PLC	Affiliate	45,784	-	45,784	-
Singer (Sri Lanka) PLC	Affiliate	2,408,973	3,668,971	2,408,973	3,713,765
Kandyan Resorts (Pvt) Ltd	Affiliate	-	-	25,130	-
Mabroc Teas (Pvt) Ltd	Affiliate	-	-	93,511	-
Fentons Ltd.	Affiliate	-	12,252,664	-	12,252,664
Hayleys Electronics Lighting (Pvt) Ltd	Affiliate	-	5,000	-	5,000
Hayleys Aventura (Pvt) Ltd	Affiliate	643,998	599,342	643,998	599,342
		63,411,387	46,705,941	3,943,807	16,940,480

Notes to the Financial Statements

19 OTHER CURRENT LIABILITIES

	Company		Group	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Provisions	241,326,159	309,222,688	242,466,245	317,431,031
Other Statutory Payables	223,170,362	157,259,198	261,792,160	169,316,319
Contract Liability	1,004,667,733	777,127,858	1,455,819,600	1,124,487,897
	1,469,164,254	1,243,609,744	1,960,078,005	1,611,235,247

19.1 Contract Liability

	Company		Group	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
As at 1st April	777,127,858	1,999,500,044	1,124,487,897	2,343,915,250
Advance received	1,004,667,733	777,127,858	1,455,819,600	1,124,487,897
During the year recognised	(777,127,858)	(1,999,500,044)	(1,124,487,897)	(2,343,915,250)
As at 31st March	1,004,667,733	777,127,858	1,455,819,600	1,124,487,897

The contract liability primarily relates to the advances received for supply of tiles and sanitaryware. This will be recognised as revenue when the company issues an invoice to the customer, which is expected to occur over the next year.

20. CASH AND CASH EQUIVALENTS

Components of Cash and Cash Equivalents

20.1 Favourable Cash & Cash Equivalent Balances

	Company		Group	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Cash & Bank Balances	1,128,055,972	1,080,478,857	3,771,576,670	3,080,061,976
	1,128,055,972	1,080,478,857	3,771,576,670	3,080,061,976
Cash & Bank Balances attributable to discontinued operations	-	-	369,539	56,060

20.2 Unfavourable Cash & Cash Equivalent Balances

Bank Overdraft	(383,553,799)	(714,991,626)	(2,915,960,844)	(2,055,241,604)
Bank Overdraft Attributable to Discontinued Operations	-	-	-	-
Total Cash and Cash Equivalents For the Purpose of Cash Flow Statement	744,502,173	365,487,231	855,985,365	1,024,876,432

21 REVENUE FROM CONTRACTS WITH CUSTOMERS

21.1 Disaggregated revenue information

Set out below is the disaggregation of the Group's/Company's revenue from contracts with customers:

	Company		Group	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Type of goods or service				
Sale of Tiles & Associated Items	15,364,284,472	17,550,479,665	36,700,788,639	43,261,905,627
Sale of Sanitaryware	-	-	3,960,896,252	3,747,729,729
Sale of Packaging Materials	-	-	7,977,277,259	6,963,300,209
Sale of Aluminium Products	-	-	11,974,818,405	7,200,106,426
Other	-	-	37,235,935	19,014,956
Total revenue from contracts with customers	15,364,284,472	17,550,479,665	60,651,016,490	61,192,056,947

Geographical markets

Export Sales	162,292,701	133,946,059	7,417,353,236	3,348,646,672
Local Sales	15,138,031,557	17,346,390,165	53,139,507,571	57,733,401,115
Electricity Supply	63,960,214	70,143,441	94,155,683	110,009,160
Total revenue from contracts with customers	15,364,284,472	17,550,479,665	60,651,016,490	61,192,056,947

Timing of revenue recognition

Goods transferred at a point in time	15,364,284,472	17,550,479,665	60,651,016,490	61,192,056,947
Total revenue from contracts with customers	15,364,284,472	17,550,479,665	60,651,016,490	61,192,056,947

Segmental Information given on note 28 to these financial statements.

21.2 Contract balances

	Company		Group	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Trade receivables (Note 10)	466,050,761	471,119,921	5,370,233,150	5,074,633,086
Contract assets (Note 10.3)	-	-	-	30,032,715
Contract liabilities (Note 19.1)	1,004,667,733	777,127,858	1,455,819,600	1,124,487,897

Notes to the Financial Statements

22. OTHER OPERATING INCOME

	Company		Group	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Dividends on long-term & current investments with Related Parties	1,094,136,012	1,667,298,982	-	-
Dividends on long-term & current investments	956,380	1,016,102	956,380	1,016,102
Rental Income and Service Charge - Related Parties	375,381,518	337,691,747	-	-
Technical Fee Income - Related Parties	25,363,927	32,136,939	-	-
Rent Income - Related Parties	2,461,538	2,461,539	-	-
Rent Income - Others	-	-	76,677,840	40,325,040
Profit/(Loss) on Disposal of Property, Plant & Equipment	(2,764,642)	4,568,514	(5,256,594)	31,814,084
Sundry Income	30,385,172	28,770,374	478,543,174	379,174,066
Change in fair value of Investment Property	-	-	21,021,541	65,789,600
Exchange Gain	6,903,876	-	89,161,458	-
Gain on Bargain Purchase	-	-	15,149,000	-
	1,532,823,781	2,073,944,197	676,252,799	518,118,892

22.1 Other Operating Expenses

	Company		Group	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Net loss on Financial Assets at Fair Value through Profit or Loss	5,709,934	4,291,510	5,709,934	4,291,510
Other Expenses	-	-	-	9,541,317
Exchange loss	-	23,913,387	-	264,274,453
Provision for Termination Expenses - Rocell (Pty) Ltd	-	24,303,146	-	24,303,146
	5,709,934	52,508,043	5,709,934	302,410,426

23. FINANCE COST AND INCOME

23.1 Finance Cost

	Company		Group	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Interest Expense on Overdrafts	18,620,984	16,514,333	185,639,658	324,277,828
Interest Expense on Loans & Borrowings	458,794,172	501,446,747	1,909,495,786	1,992,864,380
Finance Charges on Lease Liabilities	158,349,748	161,275,289	214,211,178	207,243,550
Interest expense on Related Party balances	3,353,169	4,791,369	-	-
	639,118,073	684,027,738	2,309,346,622	2,524,385,758

23.2 Finance Income

	Company		Group	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Interest Income	30,765,115	64,750,436	193,286,403	358,329,609
Interest Income on Related party balances	47,252,918	222,000,171	-	-
	78,018,033	286,750,607	193,286,403	358,329,609

24. PROFIT/(LOSS) FROM OPERATING ACTIVITIES

Stated after Charging /(Crediting)	Company		Group	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.

Included in Cost of Sales

Depreciation	670,676,398	522,148,699	1,990,210,233	1,591,821,207
Amortisation of Right of use Lease Asset	-	-	4,070,645	4,142,159
Employee Benefits including the following	1,395,557,330	1,335,365,110	4,859,536,550	4,280,661,717
- Defined Benefit Plan Costs -Gratuity	60,575,118	90,235,353	101,737,548	140,675,105
- Defined Contribution Plan Costs - EPF & ETF	109,323,497	98,030,372	248,541,572	228,671,372

Included in Administrative Expenses

Depreciation	40,099,060	40,489,619	86,226,358	152,151,520
Employee Benefits including the following	377,966,992	402,825,953	1,055,590,017	964,851,098
- Defined Benefit Plan Costs -Gratuity	18,641,799	19,630,789	96,933,170	99,730,645
- Defined Contribution Plan Costs - EPF & ETF	34,137,804	29,775,989	78,746,666	76,774,426
Auditors' Fees and Expenses	4,714,416	3,570,672	33,222,460	27,249,972
Amortisation of intangible assets	21,961,292	21,961,292	41,401,664	40,018,292
Amortisation of Right of use Lease Asset	-	-	19,465,000	789,000

Included in Selling and Distribution Costs

Depreciation	309,871,382	291,283,902	434,594,109	375,636,725
Amortisation of Right of use Lease Asset	190,964,085	176,783,647	229,588,996	271,451,976
Amortisation of intangible assets	5,904,489	7,205,460	5,904,489	7,205,460
Employee Benefits including the following	1,419,649,479	1,345,493,599	2,033,769,020	1,878,763,515
- Defined Benefit Plan Costs -Gratuity	64,861,472	48,835,526	75,343,432	58,931,872
- Defined Contribution Plan Costs - EPF & ETF	114,472,679	102,188,848	153,396,597	139,204,797

Notes to the Financial Statements

25 INCOME TAX EXPENSE 207-2

25.1 The major components of income tax expense for the years ended 31st March are as follows :

Statement of Profit or Loss	Company		Group	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.

Statement of Profit or Loss

Current Income Tax

Current Income Tax charge	745,693,876	1,188,922,278	1,872,002,575	3,240,389,234
Dividend Tax	-	-	5,091,452	12,823,326
Under/(Over) Provision of current taxes in respect of prior years	(3,419,275)	27,905,922	13,982,862	(12,798,546)
	742,274,601	1,216,828,200	1,891,076,889	3,240,414,014

Deferred Income Tax

Deferred Tax Charge/(Reversal) (Note 25.4)	66,182,277	(13,067,332)	(32,655,318)	(208,603,108)
Deferred Tax on Un distributable Associate Profit	-	-	(3,332,732)	(8,531,889)
Income tax expense reported in the statement of profit or loss	808,456,878	1,203,760,868	1,855,088,839	3,023,279,017

Statement of Other Comprehensive Income

Deferred Income Tax related to items charged or credited directly to equity :

Deferred Tax effect on Employee Benefits	(9,992,663)	10,607,781	(40,078,477)	(41,559,545)
Deferred Tax effect on Land and Buildings revalued during the year	336,172,818	28,054,113	409,839,297	690,127,589
Deferred Tax effect on disposal of Land	(2,722,530)	-	(4,222,530)	-
Deferred tax expense reported in equity	323,457,625	38,661,894	365,538,290	648,568,044

25.2 A reconciliation between tax expense and the product of accounting profit multiplied by the statutory tax rate is as follows :

	Company		Group	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Accounting Profit (Profit before Taxation)	3,604,953,505	6,015,447,436	7,908,137,335	12,079,378,652
Share of results of Associates	-	-	(3,034,566,150)	(2,706,652,983)
	3,604,953,505	6,015,447,436	4,873,571,185	9,372,725,669
Exempt Profit	(40,497,950)	(53,092,539)	(88,586,677)	(97,508,776)
Non deductible expenses	1,666,798,621	1,477,182,619	5,825,280,069	3,133,132,339
Deductible expenses	(2,785,589,543)	(3,765,675,404)	(4,609,381,541)	(5,387,457,937)
Tax losses utilised	-	-	(733,183,613)	(48,239,482)
Income considered as separate source of income	39,981,622	289,212,146	244,312,121	234,066,482
Qualifying Payment relief	-	-	-	61,236,675
Taxable Income	2,485,646,255	3,963,074,258	5,512,011,546	7,267,954,970
Income Tax on Profit @ 30%	745,693,876	1,188,922,278	1,872,002,575	3,240,389,234
Dividend Tax @ 15%	-	-	5,091,452	12,823,326
Deferred Tax on Un distributable Associate Profit	-	-	(3,332,732)	(8,531,889)
Charge/(Reversal) of Deferred Tax (Note 25.5)	66,182,277	(13,067,332)	(32,655,318)	(208,603,108)
Adjustment of taxes in respect of prior years	(3,419,275)	27,905,922	13,982,862	(12,798,546)
	808,456,878	1,203,760,868	1,855,088,839	3,023,279,017

Notes to the Financial Statements

25.3 Deferred Tax Assets

	Group	
	2025 Rs.	2024 Rs.
At the beginning of the year	206,885,814	146,832,618
Reclassification from liability	-	(80,103,199)
On acquisition of Subsidiary	37,541,207	-
Charge/(Reversal) for the year	27,141,091	184,449,573
Deferred Tax release on components of other comprehensive Income	(42,485,491)	(44,293,178)
At the end of the year	229,082,621	206,885,814

The closing net deferred tax liability relate to the following;

Capital allowances for tax purposes	(332,326,734)	(278,312,404)
Revaluation surplus on Land and Buildings	(230,616,337)	(135,686,145)
Defined Benefit Obligation	22,457,986	19,165,940
Provision	-	11,984,000
Unutilised tax losses	640,085,796	476,587,339
Provision for Obsolete and Slow Moving, Consumables and Spares	125,721,303	105,848,719
Allowances for doubtful Debts	304,823	349,110
Leases	3,799,321	2,442,523
Unrealised Exchange Gain/(loss)	(343,537)	4,506,732
	229,082,621	206,885,814

25.4 Deferred Tax Liability

	Company		Group	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
At the beginning of the year	1,709,778,362	1,684,183,800	5,606,394,264	5,114,902,850
Reclassification to deferred tax assets	-	-	-	(80,103,199)
Charge/ (Reversal) Recognised in Profit or Loss				
- Arising on During the Year Movement	66,182,277	(13,067,332)	(8,846,170)	(32,621,456)
Charge/ (Reversal) Recognised in Other Comprehensive Income				
- Arising on During the Year Movement	323,457,626	38,661,894	323,052,800	604,216,069
At the end of the year	2,099,418,265	1,709,778,362	5,920,600,894	5,606,394,264
The closing net differed tax liability relate to the following;				
Capital allowances for tax purposes	1,031,572,059	1,047,445,746	3,100,556,549	2,901,523,109
Revaluation surplus on Land and Buildings	1,362,669,916	1,029,219,628	3,418,386,016	3,063,165,475
Revaluation surplus on Investment Property	-	-	390,006,085	375,898,350
Retirement benefit Liability	(254,470,516)	(214,820,928)	(486,654,712)	(410,118,578)
Unutilised tax losses	-	-	(346,942,718)	(30,589,982)
Reversal of tax losses claimed	127,000,000	-	127,000,000	-
Deferred Taxation on Un distributable Associate Profit	-	-	42,042,795	45,375,528
Provision for Obsolete and Slow Moving, Consumables and Spares	(97,698,478)	(69,877,448)	(234,617,108)	(235,798,853)
Allowances for Doubtful Debts	(16,300,081)	(16,141,805)	(31,999,922)	(36,341,027)
Leases	(49,968,242)	(50,853,320)	(53,789,698)	(51,526,248)
Unrealised Exchange Gain/(Loss)	(3,386,393)	(15,193,510)	(3,386,393)	(15,193,510)
	2,099,418,265	1,709,778,362	5,920,600,894	5,606,394,264

Notes to the Financial Statements

25.5 Statement of Profit or Loss

	Company		Group	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Deferred tax expense/(reversal) arising from;				
Capital allowances for tax purposes	(15,873,687)	97,923,793	(326,833,952)	162,500,810
Retirement benefit Liability	(29,656,925)	(41,139,024)	(66,412,971)	(49,192,909)
Provision for Obsolete and Slow Moving, Consumables and Spares	(27,821,030)	1,993,899	(12,140,536)	(80,828,690)
Allowances for Doubtful Debts	(158,276)	119,273	4,385,011	(3,282,043)
Transfers on Revaluation	-	-	-	13,392,978
Unutilised tax losses	-	-	227,447,308	(185,985,137)
Reversal of tax losses claimed	127,000,000	-	127,000,000	-
Lease Liability	885,078	(4,587,627)	(3,619,964)	206,418
Investment property - revaluation surplus	-	-	3,743,400	-
Unrealised Exchange Gain/(Loss)	11,807,117	(67,377,646)	13,776,386	(65,414,536)
	66,182,277	(13,067,332)	(32,655,318)	(208,603,108)
Deferred Tax on Un distributable Associate Profit	-	-	(3,332,732)	(8,531,889)
Total Deferred Tax Charge/(Reversal) for the year	66,182,277	(13,067,332)	(35,988,050)	(217,134,997)
Effective Tax Rate	22.43%	20.01%	23.46%	25.03%

Deferred tax has been computed at applicable weighted average tax rates of respective companies within the Group.

The Deferred Tax asset arising from unused tax losses has been recognised up to the extent that it is probable that future taxable temporary differences available against which the unused tax loss can be utilised.

As per the transitional provisions of the Inland Revenue Act No. 24 of 2017, brought forward tax losses can be claimed against the taxable income for a period of six years with effective from 1 April 2018. The Group has a cumulative tax loss of Rs. 4,290,197,288/- (2024- Rs. 2,739,013,948/-) as at 31st March 2025 and deferred tax asset of Rs: 987,028,514/- (2024- Rs: 507,177,321) has been recognised as at 31st March 2025 based on its recoverability assessed by Management on the estimated future taxable profits within the six year of assessments based on the year of loss incurred.

25.6 Carried forward tax losses of the Group as follows;

	Group	
	2025 Rs.	2024 Rs.
Tax loss brought forward	2,739,013,948	1,756,658,807
Loss for the year	1,899,189,968	1,030,594,623
On acquisition of Subsidiary	385,176,985	-
Utilised during the year	(733,183,613)	(48,239,482)
Tax loss carried forward	4,290,197,288	2,739,013,948

26. EARNINGS PER SHARE

26.1 Basic Earnings Per Share is calculated by dividing the net profit for the year attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the year.

26.2 The following reflects the income and share data used in the basic Earnings Per Share computation.

Amount Used as the Numerator:	Company		Group	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.

Net Profit for the year attributable to equity holders of the Parent

Continuing operations	2,796,496,626	4,811,686,568	5,056,066,655	7,038,947,474
Discontinued operations	-	-	(2,487,892)	177,409,517
Net Profit for the year attributable to equity holders of the parent	2,796,496,626	4,811,686,568	5,053,578,763	7,216,356,991

Number of Ordinary Shares used as the Denominator:	2025 Number	2024 Number	2025 Number	2024 Number
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Weighted Average number of Ordinary Shares in issue

Applicable to basic Earnings Per Share	1,107,893,840	1,107,893,840	1,107,893,840	1,107,893,840
Basic Earnings per Share	2.52	4.34	4.56	6.51

26.3 There were no potentially dilutive Ordinary Shares outstanding at any time during the year.

Notes to the Financial Statements

27 DIVIDEND PER SHARE

	Company /Group	
	2025 Rs.	2024 Rs.
Final Dividends for 2022/23	-	553,946,920
1st Interim Dividends for 2023/24	-	2,215,787,680
Final Dividends for 2023/24	997,104,456	-
1st Interim Dividends for 2024/25	1,107,893,840	-
Total Gross Dividends	2,104,998,296	2,769,734,600
No of Shares	1,107,893,840	1,107,893,840
Total Dividend Per Share	1.90	2.50

	Tiles & Associated Items		Sanitaryware		Packaging		Aluminium Products	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.

Revenue

Sales to external customers	36,700,788,639	43,261,905,627	3,960,896,252	3,747,729,729	7,977,277,259	6,963,300,209	11,974,818,405	7,200,106,426
Inter-Segment Sales	-	-	5,451,373	2,043,703	720,045,814	922,169,791	7,833,215	64,688,574
Total Revenue	36,700,788,639	43,261,905,627	3,966,347,624	3,749,773,432	8,697,323,073	7,885,470,000	11,982,651,621	7,264,795,000

Results

Gross Profit	14,089,635,581	19,634,689,838	902,840,715	813,450,845	1,919,636,695	1,840,475,849	2,398,253,350	1,130,983,000
Other Income	492,589,630	641,987,043	2,367,535	3,569,874	279,444,943	108,800,146	102,543,581	83,038,000
Distribution Expenses	(6,914,908,380)	(6,888,247,315)	(1,070,933,928)	(854,662,734)	(373,427,666)	(297,896,357)	(806,670,645)	(652,186,000)
Administrative Expenses	(3,006,822,062)	(3,048,501,176)	(74,449,563)	(69,364,622)	(608,930,688)	(414,725,000)	(548,640,809)	(333,409,000)
Other Operating Expenses	(5,709,934)	(53,659,264)	-	(53,253,066)	-	-	-	-
Finance Costs	(1,330,489,063)	(1,587,399,444)	(260,627,032)	(431,421,277)	(191,501,472)	(217,092,000)	(571,360,303)	(664,010,000)
Finance Income	196,699,457	488,960,629	33,090,544	45,360,790	-	3,567,000	412,655	24,043,000
Share of Associate Company's Profit	-	-	-	-	-	-	-	-
Net Profit before Income Tax	3,520,995,229	9,187,830,311	(467,711,729)	(546,320,190)	1,025,221,812	1,023,129,638	574,537,829	(411,541,000)
Income Tax Expense	(1,252,721,569)	(2,621,285,921)	20,371,656	112,667,481	(280,660,879)	(310,477,000)	(156,545,764)	74,197,000
Net Profit for the Year	2,268,273,660	6,566,544,390	(447,340,073)	(433,652,709)	744,560,933	712,652,638	417,992,065	(337,344,000)

As at 31st March

Assets and Liabilities

Segment Assets	69,613,012,197	66,874,581,072	7,339,635,459	7,283,464,096	8,273,800,103	5,281,495,000	9,373,355,916	7,499,651,000
Total assets	69,613,012,197	66,874,581,072	7,339,635,459	7,283,464,096	8,273,800,103	5,281,495,000	9,373,355,916	7,499,651,000
Segment liabilities	34,186,672,872	32,080,632,067	3,867,075,417	3,608,136,989	5,209,909,591	2,633,844,000	7,651,199,496	7,110,747,000
Total Liabilities	34,186,672,872	32,080,632,067	3,867,075,417	3,608,136,989	5,209,909,591	2,633,844,000	7,651,199,496	7,110,747,000

Other Segment Information

Total cost incurred during the period to acquire

Property, Plant & Equipment	3,336,820,558	7,298,835,053	256,859,788	291,250,791	398,888,697	161,807,000	168,530,824	54,642,000
Depreciation & Amortisation	2,090,415,171	1,777,317,392	161,580,443	154,637,344	118,768,370	101,554,000	113,837,111	104,769,000
Provisions for retirement benefit liability	215,789,732	246,106,369	12,589,470	13,975,373	27,568,694	25,085,000	16,647,241	12,487,000

28 SEGMENT INFORMATION

Primary Reporting Format - Business Segments

For management purposes, the group is organised into business units based on its products and services and has six reportable segments, as follows:

- Tiles and Associated Items
- Sanitaryware
- Packaging
- Finance
- Aluminium
- Other

The following tables present revenue and profit and certain assets and liability information regarding the company's business segments:

No operating segments have been aggregated to form the reportable operating segments. Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, Group financing (including finance costs and finance income) and income taxes are managed on a Group basis and are not allocated to operating segments. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Finance		Other		Total Segments		Eliminations/ Adjustments		Total	
2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
-	-	37,235,935	19,014,955	60,651,016,489	61,192,056,947	-	-	60,651,016,490	61,192,056,947
-	-	191,518,992	198,459,118	924,849,394	1,187,361,185	(924,849,394)	(1,187,361,185)	-	-
-	-	228,754,927	217,474,073	61,575,865,883	62,379,418,132	(924,849,394)	(1,187,361,185)	60,651,016,490	61,192,056,947
-	-	92,144,536	67,967,849	19,402,510,876	23,487,566,489	-	-	19,402,510,877	23,487,566,489
-	-	191,648,323	140,042,542	1,068,594,012	977,437,605	(392,341,212)	(459,318,713)	676,252,799	518,118,892
-	-	(13,303,986)	(14,085,439)	(9,179,244,605)	(8,707,077,845)	389,148,212	453,570,589	(8,790,096,392)	(8,253,507,256)
-	-	(57,675,823)	(50,735,188)	(4,296,518,946)	(3,916,934,986)	3,193,000	5,949,105	(4,293,325,946)	(3,910,985,881)
-	-	-	(8,390,096)	(5,709,934)	(115,302,425)	-	(187,108,001)	(5,709,934)	(302,410,426)
-	-	(4,692,749)	(36,345,229)	(2,358,670,620)	(2,936,267,951)	49,323,998	411,882,193	(2,309,346,622)	(2,524,385,758)
-	-	12,407,743	21,172,384	242,610,400	583,103,802	(49,323,997)	(224,774,192)	193,286,403	358,329,609
2,832,288,423	2,533,389,242	202,277,727	173,263,741	3,034,566,150	2,706,652,983	-	-	3,034,566,150	2,706,652,983
2,832,288,423	2,533,389,242	422,805,771	292,890,564	7,908,137,335	12,079,378,653	-	-	7,908,137,335	12,079,378,652
-	-	(55,775,535)	(51,402,916)	(1,725,332,091)	(2,796,301,356)	(129,756,748)	(226,977,661)	(1,855,088,839)	(3,023,279,017)
2,832,288,423	2,533,389,242	367,030,236	241,487,648	6,182,805,244	9,283,077,298	(129,756,748)	(226,977,661)	6,053,048,496	9,056,099,635
-	-	3,611,052,263	3,392,663,364	98,210,855,939	90,331,854,532	15,154,748,553	11,287,233,128	113,365,604,491	101,619,087,660
-	-	3,611,052,263	3,392,663,364	98,210,855,939	90,331,854,532	15,154,748,553	11,287,233,128	113,365,604,491	101,619,087,660
-	-	695,888,918	692,364,949	51,610,746,293	46,125,725,005	(3,284,499,461)	(4,619,758,286)	48,326,246,832	41,505,966,719
-	-	695,888,918	692,364,949	51,610,746,293	46,125,725,005	(3,284,499,461)	(4,619,758,286)	48,326,246,832	41,505,966,719
-	-	34,831,454	45,992,251	4,195,931,321	7,852,527,083	-	-	4,195,931,321	7,852,527,083
-	-	28,473,999	28,555,137	2,513,075,094	2,166,833,203	-	-	2,513,075,094	2,166,833,203
-	-	1,419,013	1,683,581	274,014,150	299,337,323	-	-	274,014,150	299,337,323

Notes to the Financial Statements

28.1 SEGMENT INFORMATION (Continued)

Reconciliations of reportable Segment Revenues, Profit or loss, Assets and Liabilities and other material items.

	2025 Rs.	2024 Rs.
Reconciliation of Net Profit for the year		
Segment Net Profit for the year	6,182,805,244	9,283,077,297
Dividend Tax on Intercompany dividend Income	(133,089,481)	(235,509,550)
Deferred Tax effect on Associate undistributable Profit	3,332,733	8,531,888
Group Net Profit for the year	6,053,048,496	9,056,099,635
Reconciliation of Assets		
Segment Assets	98,210,855,939	90,331,854,532
Assets of discontinued operations	36,369,539	36,056,060
Investment in subsidiaries (elimination)	980,233,256	775,982,471
Inter company balances (elimination)	(3,326,804,562)	(4,692,399,978)
Share of associate company's accumulated profit net of dividend received (elimination)	17,464,950,319	15,167,594,575
Group Assets	113,365,604,491	101,619,087,660
Reconciliation of Liabilities		
Segment Liabilities	51,610,746,293	46,125,725,005
Liabilities of discontinued operations	262,303	194,938
Deferred Tax effect on Associate undistributable Profit	42,042,798	72,446,754
Inter company balances (elimination)	(3,326,804,562)	(4,692,399,978)
Group Liabilities	48,326,246,832	41,505,966,719

29. CONTINGENT LIABILITIES

- a) Commercial Bank of Ceylon PLC has offered a combined letter of guarantee facility for the Royal Ceramics Lanka PLC and Rocell Bathware Ltd amounting to Rs.150Mn and at the reporting date total guaranteed value is Rs. 111.34Mn.
- b) The Department of Inland Revenue has issued two transfer pricing assessments to Royal Ceramics Lanka PLC, claiming additional income tax of Rs. 156 million and penalties amounting to Rs. 78 million for the years of assessment 2013/14 and 2014/15 on disallowance of expenditure on a disagreement with transfer pricing. The Company lodged appeals against these assessments; however, the subsequent determinations were not in the Company's favour. The matter was then referred to the Tax Appeals Commission, whose decision also upheld the position of the Commissioner General of Inland Revenue. The Company has now decided to pursue the matter further by filing an appeal with the Court of Appeal. Based on the information currently available, the Directors are of the view that the provision made in the financial statements, based on the proposal submitted, is reasonable. They further believe that the ultimate outcome of this matter is unlikely to have a material adverse impact on the Company. Accordingly, no further provision has been made in these financial statements for additional income tax or penalties.
- c) The Department of Inland Revenue has issued an additional assessment claiming tax of Rs.128 Mn and Interest of Rs.68 Mn for 2019/20 disallowing carried forward losses claimed as per the return that was disallowed in 2013/14 and 2014/15 on the same above transfer pricing assessments. The company has requested for administrative review and it was determined by the Commissioner General against the appellant. The Company has filed an appeal against this assessment with the Tax Appeal Commission. Based on the information currently available, the Directors of the company believe that ultimate resolution of this assessment is not likely to have a material adverse effect on the company. Accordingly, no further provision has been made in these Financial Statements in addition to that was provided under (b) above.

d) **Lanka Walltiles PLC**

As at the reporting date, the Lanka Walltiles PLC has received assessments issued by the Department of Inland revenue in respect of Income tax, Value added tax and economic service charge totalling Rs. 46,988,405/- for the year of assessment 2008/09, 2009/10. The Company has appealed against the assessments in the appeal hearing branch. The Directors believe, based on the information currently available, the ultimate resolution of such assessment is not likely to have a material adverse effect on the Company. Accordingly no provision for liability has been made in these financial statements.

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

30. CAPITAL COMMITMENTS

30.1 Capital commitments

There were no significant capital commitments as at the reporting date in the Company and Group except as detailed below.

- a) The Group and Company's commitment for acquisition of Property, Plant and Equipment incidental to the Ordinary course of business as at 31st March as follows.

	Company		Group	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Contracted but not provided for	-	91,940,111	510,192,944	224,851,820
	-	91,940,111	510,192,944	224,851,820

No provision has been made in these Financial Statements in this regard as at 31st March 2025

Lease commitments

- b) Lanka Tiles PLC is committed to pay Rs. 14,808,000/- as rent per annual for the use of land & buildings situated in Nawala.

31. EVENTS AFTER THE REPORTING PERIOD

Subject to the approval of the shareholders at the Annual General Meeting, Directors recommended payment of a final dividend of Rs. 0.60 per share for the year ended 31st March 2025 on 28th May 2025.

Other than the above there have been no material events occurring after the reporting date that require adjustment or disclosure in the financial statements.

32. ASSETS PLEDGED

The group has pledged its assets as security for the interest bearing loans and borrowings obtained as stated in note 15.4

Royal Ceramics Lanka PLC/Rocell Bathware Ltd

Bank overdrafts and Short term loans are secured primarily over inventories and debts.

Lanka Tiles PLC

Bank overdrafts are secured primarily on mortgage of inventories.

Lender	Facility	Limit Rs.	Security
Seylan Bank PLC	Short Term Loan	200,000,000	Inventories and Debtors
	Overdraft	10,000,000	
Sampath Bank PLC	Import Loan	250,000,000	Inventories and Debtors
Bank of Ceylon	Overdraft	150,000,000	Inventories and Debtors
	Short Term Loan	400,000,000	
Union Bank of Colombo PLC	Overdraft	100,000,000	Inventories and Debtors

Notes to the Financial Statements

Uni Dil Packaging Solutions Ltd

Lender	Facility	Limit Rs.	Security
Hatton National Bank PLC	Import Loan	570,000,000	Primary Mortgage Bond over the Company's Stock-in-trade and Book Debts
	Overdraft	30,000,000	
Hongkong and Shanghai Banking Corporation Limited	Import Loan	40,000,000	Corporate Guarantee from Uni Dil Packaging Limited
Seylan Bank PLC	Import Loan	100,000,000	Corporate Guarantee from Uni Dil Packaging Limited
	Overdraft	20,000,000	
DFCC Bank PLC	Import Loan	100,000,000	Primary concurrent Mortgage Bond for Rs 120,000,000/- ranking equal and pari passu with mortgage bond no 2365.
	Overdraft	20,000,000	

Lanka Walltiles PLC

Lender	Facility	Limit Rs.	Security
Sampath Bank PLC	Overdraft	60,000,000	Primary Mortgage Bond over the Company's Stock-in-trade and Book Debts
	Import Loan	80,000,000	
Seylan Bank PLC	Overdraft	10,000,000	Primary Mortgage Bond over the Company's Stock-in-trade and Book Debts
	Short Term Loan	500,000,000	
Union Bank of Colombo PLC	Overdraft	100,000,000	Primary Mortgage Bond over the Company's Stock-in-trade and Book Debts
	Short Term Loan	400,000,000	

Swisstek Aluminium Ltd

Lender	Facility	Limit Rs.	Security
Hatton National Bank PLC	Import Loan	300,000,000	Primary Mortgage Bond over the Company's Stock-in-trade and Book Debts
DFCC Bank PLC	Import Loan	800,000,000	Secondary Mortgage Bond over the Company's Stock-in-trade and Book Debts

33 RELATED PARTY DISCLOSURES

Details of significant related party disclosures are as follows:

33.1 Transactions with the Related Entities - Company

Nature of Transaction	Parent		Subsidiaries		Associates and Other		Affiliates	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Nature of Transaction								
Statement of Profit or Loss								
Sale of Goods	-	-	14,735,040	20,950,640	3,373,367	6,752,556	60,542,930	49,808,874
Purchase of Goods/Services	-	-	(460,277,397)	(379,175,407)	(48,543,101)	(1,387,260)	(192,654,943)	(65,778,627)
Sales Commission	-	-	(35,600,584)	-	-	-	-	-
Rendering of Services	-	-	757,319,275	667,974,196	-	-	-	-
Rent Income	-	-	(3,524,609)	(3,457,403)	-	-	-	-
Dividend Income	-	-	387,925,948	776,861,306	706,209,186	890,437,669	-	-
Interest Income/(Expense)	-	-	43,899,749	217,208,802	-	-	-	-
Dividend Payments	(1,117,176,210)	(1,434,333,086)	-	-	-	-	-	-
Technical Fee	(90,163,711)	(87,490,863)	29,929,434	37,117,818	-	-	-	-
Reimbursement of Expenses								
net of fund Transfer	90,126,185	101,010,416	(2,366,208,517)	(511,091,105)	-	-	-	-
Statement of Financial								
Position								
Balance outstanding as at								
end of the year								
Trade Debtors	-	-	-	-	-	6,779,152	17,838,368	8,455,940
Due from Related Parties	-	-	99,846,878	1,985,492,509	-	-	-	-
Due to Related Parties	(36,192,825)	(36,155,298)	(141,756,897)	(37,610,095)	-	-	-	-
Trade Creditor	-	-	(59,745,435)	(29,810,255)	(299,644)	(369,708)	(3,366,308)	(16,525,978)

Directive issued under section 13(c) of the Companies with in the group issued corporate guarantees in favour of Rocell Bathware Ltd. Guaranteeing loans, interest and other charges of the loans as stated in note 15.4 and note 32.

Notes to the Financial Statements

33.1.1 Transaction with the related entities-Group

	Parent		Subsidiaries/Affiliates	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Nature of Transaction				
Statement of Profit or Loss				
Sale of Goods	-	-	3,447,503,289	3,068,039,904
Purchase of Goods/Services	-	-	(1,777,982,520)	(2,807,081,114)
Dividend Payments	(2,518,571,900)	(3,201,304,250)	-	-
Technical Fee	(411,206,208)	(436,610,920)	-	-
Reimbursement of Expenses net of fund Transfer	90,126,185	101,010,416	(1,699,367,687)	(1,701,878,858)
Balance outstanding as at end of the year				
Trade Debtors	-	-	22,500,109	16,055,565
Due to Related Parties	(191,619,824)	(139,499,833)	-	-
Trade Creditor	-	-	(3,943,807)	(16,940,480)

Parent company is Vallibel One PLC

Transactions with the Subsidiaries include Rocell Bathware Limited, Ever Paint & Chemical industries (Pvt) Ltd, Lanka Ceramic PLC, Lanka Walltiles PLC, Lanka Tiles PLC, Swisstek Ceylon PLC, Swisstek Aluminium Ltd, Uni-Dil Packaging Ltd, Uni Dil Packaging solutions (Pvt) Ltd, Nilano Garments (Pvt) Ltd and Biscuit & Chocolate Company Ltd.

Associates of the Group include L. B. Finance PLC and Delmege Limited.

Transactions with Affiliates includes Greener Water Limited, Singer Sri Lanka PLC, Dipped product PLC, The Kingsbury PLC, Hayleys Aventura (Pvt) Ltd, Fentons Smarts Facilities (Pvt) Limited, Singhe Hospitals PLC, Hoarana Plantation PLC, Lanka IOC PLC, C W Mackie PLC, Hayleys Fabric PLC, Mabroc Teas (Pvt) Ltd, Puritas (Pvt) Ltd, Hayleys PLC, Thalawakale Tea Estates PLC, Hanwella Rubber Products Ltd, Fentons Limited, Kelani Valley Plantations PLC, Hayleys Fabric PLC, Ceylon Hospitals PLC, Diesel and Motor Engineering PLC, Hunas Falls Hotels PLC, Kandyan Resorts (Pvt) Ltd, Ultracarb (Pvt) Ltd, D P L Premier Gloves Ltd, Martin Bauer Hayleys (Pvt) Ltd, Pan Asia Banking Corporation, Hayleys Aviation (Pvt) Ltd, Hayleys Travels (Pvt) Ltd, Sampath Bank PLC.

33.1.2 The company carried out above transactions under the ordinary course of its business at commercial rates as agreed between outside parties. Fund transfers represents the sales proceeds of the subsidiaries received by the parent company and it will be settled by transferring of funds back to the relevant companies.

33.1.3 The company has invested Rs: 64,537,220 in Swisstek Aluminium Ltd as subscribe of right issue as stated in note 5.1

33.1.4 There were no non-recurrent related party transactions which in aggregate value exceeds 10% of the equity or 5% of the total assets, whichever is lower of the Group as per financial statements ending March 31, 2025, which require additional disclosures in the 2024/25 annual report under the Colombo Stock Exchange Listing Rule 9.3.2 and Code of Best Practice on Related Party Transactions under the Securities and Exchange Commission Directive issued under section 13(c) of the Securities and Exchange Commission Act.

33.1.5 There were no recurrent related party transactions which in aggregate value exceeds 10% of the consolidated revenue Group as per financial statements ending March 31, 2025, which require additional disclosures in the 2024/25 annual report under the Colombo Stock Exchange Listing Rule 9.3.2 and Code of Best Practice on Related Party Transactions under the Securities and Exchange Commission Act.

33.1.6 No security has been obtained for related party receivables and all related party dues are payable on demand.

33.2 Transactions with Key Management Personnel (*)

33.2.1 Compensation to Key Management Personnel

	Company		Group	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Nature of Transaction				
Short term Employee Benefits	315,519,302	347,214,649	570,590,531	566,749,553
Post Employment Benefits	42,903,127	38,853,249	42,903,127	96,668,249
	358,422,429	386,067,898	613,493,658	663,417,802

33.2.2 Other Transactions with Key Management Personnel

	Company		Group	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Rent Payment	15,060,000	11,160,000	15,060,000	11,160,000
Transport Expenses	13,927,633	11,618,924	13,927,633	11,618,924

(*) Key management personnel include the Board of Directors of the Company, Parent Company and its Subsidiaries. In addition, Director Finance and Director Manufacturing are Key management personnel of the Company.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise interest bearing loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group has trade and other receivables, and cash and short-term deposits that arrive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk.

The senior management of the Group oversees the management of these risks. The Senior management of the Group determine on financial risks and the appropriate financial risk governance framework for the Group. The financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Group policies and risk appetite.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

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. Financial instruments affected by market risk include loans and borrowings, equity investments classified as fair value through profit or loss.

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 Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt and short term borrowings with floating interest rates. The Group manages its risk by striking a balance between long term and short term debts. The company has easy access to funds at competitive interest rates.

Notes to the Financial Statements

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of the long term and short term borrowings. With all other variables held constant, the Groups profit before tax is affected through the impact on floating rate borrowings as follows;

	Company		Group	
	Change in Interest Rate	Change in Profit before tax	Change in Interest Rate	Change in Profit before tax
2025	6%	Rs. -231.0 Mn	6%	Rs. -463.5 Mn
	4%	Rs. -154.0 Mn	4%	Rs. -309.4 Mn
	2%	Rs. -77.0 Mn	2%	Rs. -154.5 Mn
	-2%	Rs. 77.0 Mn	-2%	Rs. 154.5 Mn
	-4%	Rs. 154.0 Mn	-4%	Rs. 309.4 Mn
	-6%	Rs. 231.0 Mn	-6%	Rs. 463.5 Mn
2024	6%	Rs. -318.3 Mn	6%	Rs. -462.9 Mn
	4%	Rs. -212.2 Mn	4%	Rs. -308.6 Mn
	2%	Rs. -106.1 Mn	2%	Rs. -154.3 Mn
	-2%	Rs. 106.1Mn	-2%	Rs. 154.3 Mn
	-4%	Rs.212.2Mn	-4%	Rs. 308.6 Mn
	-6%	Rs. 318.3 Mn	-6%	Rs. 462.9 Mn

Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities. The Group companies exposed to foreign currency-denominated payments with local currency revenues are adversely impacted to undue fluctuations in exchange rates.

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in USD, AUD, EURO and GBP exchange rates, with all other variables held constant. The Group exposure to all the other currencies are not material. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities.

	Company		Group	
	Change in exchange rate	Change in Profit before tax	Change in exchange rate	Change in Profit before tax
2025	20%	Rs. 114.7 Mn	20%	Rs.670.9 Mn
	15%	Rs. 86.0 Mn	15%	Rs. 503.2Mn
	10%	Rs. 57.3 Mn	10%	Rs. 335.5Mn
	-10%	Rs. -57.3 Mn	-10%	Rs. -335.5Mn
	-15%	Rs. -86.0 Mn	-15%	Rs.- 503.2Mn
	-20%	Rs. -114.7 Mn	-20%	Rs.-670.9 Mn
2024	20%	Rs. 106.5 Mn	20%	Rs.223.1 Mn
	15%	Rs. 80.0 Mn	15%	Rs. 167.4 Mn
	10%	Rs. 53.3 Mn	10%	Rs. 111.6 Mn
	-10%	Rs. -53.3 Mn	-10%	Rs. - 111.6 Mn
	-15%	Rs.- 80.0 Mn	-15%	Rs. - 167.4 Mn
	-20%	Rs. -106.5 Mn	-20%	Rs. - 223.1 Mn

Equity Price risk

The Groups listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about the future values of the investments securities. The Group manages the equity price risk by diversification and placing limits on individual and total investment in equity instruments. The group Board of Directors reviews and approves all equity investment decisions. The exposure was limited as total investments in listed equity securities at fair value was not material to the group.

At the reporting date, the exposure to listed equity securities at fair value was Rs. 53.4 Mn (2024 - 59.1 Mn). A change in 5% of the ASPI could have an impact on approximately Rs. 1.7 Mn (2024 - 2.8 Mn) on the Company/Groups profit before tax.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks.

Trade receivables

Customer credit risk is managed in accordance with the Group's established policy, procedures and control relating to customer credit risk management. Individual credit limits are defined in accordance with the prior experience with the customers. Outstanding customer receivables are regularly monitored. The requirement for an impairment is analysed at each reporting date on an individual basis for major clients. Additionally, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. The calculation is based on actually incurred historical data. Part of the trade receivable of the group are backed by bank guarantees. Hence the Group evaluates the concentration of risk with respect to trade receivables as low. Further, the individual receivable balances were re-assessed, specific provisions were made wherever necessary.

The Group considers a financial asset in default when contractual payments are 12-month past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Liquidity Risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and lease contracts. The Management is solemnly engaging with banks as well as with suppliers to negotiate terms in order to manage liquidity levels effectively.

Notes to the Financial Statements

Maturity analysis

The table below summarises the maturity profile of the Group's financial liabilities at 31st March 2025 based on contractual undiscounted (principal plus interest) payments.

As at 31st March 2025	On demand Rs	Less than 3 months Rs	3 to 12 months Rs	1 to 5 years Rs	Over 5 years	Total Rs
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Company

Interest-bearing loans and borrowings	383,553,799	2,584,690,691	359,072,283	1,151,284,975	-	4,478,601,748
Lease liability of right of use assets	-	48,413,386	145,240,159	505,741,403	497,347,354	1,196,742,302
Trade and other payables	-	1,437,182,330	-	-	-	1,437,182,330
	383,553,799	4,070,286,407	504,312,442	1,657,026,378	497,347,354	7,112,526,380

Group

Interest-bearing loans and borrowings	2,915,960,844	8,127,842,128	9,878,526,594	8,241,792,305	-	29,164,121,872
Lease liability of right of use assets	-	77,893,653	233,680,960	681,072,249	522,161,062	1,514,807,925
Trade and other payables	-	6,641,861,273	-	-	-	6,641,861,273
	2,915,960,844	14,847,597,055	10,112,207,555	8,922,864,554	522,161,062	37,320,791,070

As at 31st March 2024

Company

Interest-bearing loans and borrowings	468,157,730	3,476,462,801	415,954,892	1,881,650,105	-	6,242,225,528
Lease liability of right of use assets	-	40,927,020	128,770,380	513,489,651	869,459,354	1,552,646,405
Trade and other payables	-	1,582,517,914	-	-	-	1,582,517,914
	468,157,730	5,099,907,735	544,725,272	2,395,139,756	869,459,354	9,377,389,847

Group

Interest-bearing loans and borrowings	1,759,924,830	8,556,697,564	2,885,075,203	11,527,826,309	-	24,729,523,905
Lease liability of right of use assets	-	51,663,673	162,856,648	684,598,280	933,363,166	1,832,481,767
Trade and other payables	-	6,505,137,056	-	-	-	6,505,137,056
	1,759,924,830	15,113,498,293	3,047,931,851	12,212,424,589	933,363,166	33,067,142,729

35. CAPITAL MANAGEMENT

Capital includes equity attributable to the equity holders of the parent. The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratios in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31st March 2025 and 31st March 2024.

The Company monitors capital using a gearing ratio, which is interest bearing borrowings divided by equity plus interest bearing borrowings

	Company		Group	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Interest Bearing Borrowings	5,675,344,050	7,007,174,512	30,678,929,801	24,246,152,326
Equity	23,744,363,773	22,286,346,889	65,039,357,658	60,113,120,941
Gearing ratio	19%	24%	32%	29%

Notes to the Financial Statements

36. MATERIAL PARTLY-OWNED SUBSIDIARIES

Financial information of subsidiaries that have material non-controlling interests is provided below:

Proportion of equity interest held by non-controlling interests:

Company Name	Country of incorporation and operation	Location	2025	2024
Lanka Ceramic PLC	Sri Lanka	Sri Lanka	26.44%	26.44%
Lanka Walltile PLC	Sri Lanka	Sri Lanka	45.45%	45.45%
Lanka Tiles PLC	Sri Lanka	Sri Lanka	60.17%	60.17%
Vallibel Plantation Management Limited	Sri Lanka	Sri Lanka	45.45%	45.45%
Swisstek (Ceylon) PLC	Sri Lanka	Sri Lanka	67.82%	67.82%
Swisstek Aluminium Limited	Sri Lanka	Sri Lanka	70.39%	64.28%
Unidil Packaging Limited	Sri Lanka	Sri Lanka	45.45%	45.45%
Unidil Packaging Solutions Limited	Sri Lanka	Sri Lanka	45.45%	45.45%
LWL Development (Private) Limited	Sri Lanka	Sri Lanka	45.45%	45.45%
Beyond Paradise Collection Limited	Sri Lanka	Sri Lanka	60.17%	60.17%
Lanka Swissteck (Pvt) Ltd	India	India	79.69%	79.69%
Swisstek Development Limited	Sri Lanka	Sri Lanka	67.82%	67.82%
LW Plantation Investments Limited	Sri Lanka	Sri Lanka	45.45%	45.45%
LTL Development Ltd	Sri Lanka	Sri Lanka	60.17%	60.17%
LC Plantation Project Ltd	Sri Lanka	Sri Lanka	26.44%	26.44%
CP Holding (Pvt) Ltd	Sri Lanka	Sri Lanka	33.31%	33.31%
Biscuit and Chocolate Company Limited	Sri Lanka	Sri Lanka	30.89%	30.89%
Lanka Tiles USA, Inc	USA	USA	45.45%	45.45%
Valley View Ceramics LLC	USA	USA	68.31%	68.31%
Uni Dil Packaging Kenya Limited - Group	Kenya	Kenya	45.45%	-

Company Name	2025 Rs. 000's	2024 Rs. 000's
Accumulated Balances of Material Non - Controlling Interest		
Lanka Ceramic PLC	298,724	273,817
Lanka Walltile PLC	3,528,953	3,742,618
Lanka Tiles PLC	8,563,304	8,382,081
Vallibel Plantation Management Limited	423,699	420,663
Swisstek (Ceylon) PLC	1,629,259	1,490,999
Swisstek Aluminium Limited	1,198,542	250,000
Unidil Packaging Limited	1,074,786	938,402
Unidil Packaging Solutions Limited	420,157	334,285
LWL Development (Private) Limited	193,544	195,164
Beyond Paradise Collection Limited	250,117	251,136
Lanka Swissteck (Pvt) Ltd	15,498	90,817
Swisstek Development Limited	38,100	38,347
LW Plantation Investments Limited	25,559	25,680
LTL Development Ltd	33,783	33,925
LC Plantation Project Ltd	14,804	14,985
CP Holding (Pvt) Ltd	141,828	135,738
Biscuit and Chocolate Company Limited	211,913	188,830
Lanka Tiles USA, Inc	37,699	(128)
Valley View Ceramics LLC	(456,274)	(300,302)
Uni Dil Packaging Kenya Limited - Group	7,876	-
Less - Cross investments	(1,710,622)	(1,607,927)
Add - Attributed Goodwill	445,990	445,990
Accumulated Material Non- Controlling Interest	16,387,239	15,345,120
Profit allocated to Material Non - Controlling Interest		
Lanka Ceramic PLC	30,250	23,599
Lanka Walltile PLC	(246,039)	37,292
Lanka Tiles PLC	520,603	1,760,470
Vallibel Plantation Management Limited	2,205	18,408
Swisstek (Ceylon) PLC	274,705	149,800
Swisstek Aluminium Limited	329,456	(216,855)
Unidil Packaging Limited	237,210	251,528
Unidil Packaging Solutions Limited	127,357	66,571
LWL Development (Private) Limited	(1,620)	(1,465)
Beyond Paradise Collection Limited	(1,019)	(844)
Lanka Swissteck (Pvt) Ltd	(75,319)	(8,316)
LW Plantation Investments Limited	(121)	(72)
LTL Development Ltd	(142)	(136)
Swisstek Development Limited	(248)	-
LC Plantation Project Ltd	(51)	(53)
CP Holding (Pvt) Ltd	4,084	5,153
Biscuit and Chocolate Company Limited	(112)	-
Lanka Tiles USA, Inc	2,807	(129)
Valley View Ceramics LLC	(174,680)	(67,794)
Uni Dil Packaging Kenya Limited - Group	(32,346)	-
Accumulated Material Non- Controlling Interest	996,982	2,017,152

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

Notes to the Financial Statements

Summarised statement of profit or loss for year ended 31st March 2025:

	Lanka Ceramic PLC	Lanka Walltiles PLC	Lanka Tiles PLC	Vallibel Plantation Management Limited	Swisstek (Ceylon) PLC	Swisstek Aluminium Limited	Unidil Packaging Limited	Unidil Packaging Solutions Limited	LWL Development (Private) Limited
	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's
Revenue	228,755	5,206,950	13,130,450	-	3,382,152	11,945,042	6,462,424	2,322,662	-
Cost of sales	(136,610)	(4,176,287)	(8,832,732)	-	(2,348,961)	(9,543,153)	(5,080,638)	(1,756,628)	-
Administrative expenses	(46,465)	(410,650)	(992,385)	(1,629)	(188,807)	(471,354)	(455,826)	(93,831)	(3,536)
Finance costs	(4,684)	(361,298)	(163,392)	(9)	(117,578)	(514,623)	(115,465)	(43,471)	(273)
Profit before tax	140,080	77,944	1,464,221	339,398	569,865	669,055	825,718	384,343	(3,565)
Income tax	(25,685)	168,369	(442,559)	(24,808)	(164,829)	(156,546)	(212,896)	(104,145)	-
Profit for the year from continuing operations	114,396	246,313	1,021,663	314,590	405,036	512,509	612,822	280,198	(3,565)
Total comprehensive income	101,800	207,788	999,389	314,590	402,305	506,786	609,799	279,862	(3,565)
Attributable to non-controlling interests	26,919	(263,548)	507,200	2,205	272,853	325,778	235,836	127,204	(1,620)
Dividends paid to non-controlling interests	1,904	297,789	383,062	139,952	134,591	-	140,783	41,332	-

Summarised statement of profit or loss for year ended 31st March 2024:

	Lanka Ceramic PLC	Lanka Walltiles PLC	Lanka Tiles PLC	Vallibel Plantation Management Limited	Swisstek (Ceylon) PLC	Swisstek Aluminium Limited	Unidil Packaging Limited	Unidil Packaging Solutions Limited	LWL Development (Private) Limited
	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's
Revenue	217,475	7,407,574	16,130,887	-	2,872,649	7,264,795	5,891,622	1,993,848	-
Cost of sales	(149,507)	(5,235,557)	(8,667,606)	-	(2,122,909)	(6,133,953)	(4,404,457)	(1,640,537)	-
Administrative expenses	(40,341)	(476,476)	(1,159,316)	(1,862)	(126,714)	(333,422)	(345,683)	(69,042)	(3,364)
Finance costs	(36,343)	(376,058)	(287,775)	(2)	(224,172)	(664,010)	(176,957)	(40,135)	(371)
Profit before tax	99,518	1,620,333	4,190,841	395,943	336,978	(406,647)	884,437	211,236	(3,223)
Income tax	(10,276)	(76,539)	(1,219,351)	(34,147)	(112,633)	69,777	(245,704)	(64,773)	-
Profit for the year from continuing operations	89,241	1,543,794	2,971,491	361,796	224,345	(336,870)	638,733	146,463	(3,223)
Total comprehensive income	79,382	2,191,364	3,542,626	361,796	351,039	(156,560)	618,468	144,351	-
Attributable to non-controlling interests	19,836	467,154	2,261,907	18,408	273,982	(83,011)	242,317	65,611	(1,465)
Dividends paid to non-controlling interests	3,966	607,985	973,617	-	64,975	-	146,036	38,791	-

Notes to the Financial Statements

Summarised statement of financial position as at 31st March 2025:

	Lanka Ceramic PLC	Lanka Walltiles PLC	Lanka Tiles PLC	Vallibel Plantation Management Limited	Swisstek (Ceylon) PLC	Swisstek Aluminium Limited	Unidil Packaging Limited	Unidil Packaging Solutions Limited	LWL Development (Private) Limited
	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's
Current Assets	233,977	6,173,809	10,163,313	761,062	1,550,079	7,115,768	3,920,419	1,994,998	5,492
Non- Current Assets	1,319,978	14,481,256	9,150,896	196,992	2,904,396	2,018,160	1,638,576	259,574	482,391
Current Liabilities	41,181	7,901,618	3,279,709	25,870	1,301,402	4,878,198	2,856,349	1,290,394	6,467
Non- Current Liabilities	382,694	4,966,302	1,741,679	-	750,826	2,553,022	338,000	39,787	55,579
Total equity	1,130,081	7,787,145	14,292,821	932,184	2,402,246	1,702,707	2,364,646	924,391	425,837
Attributable to:									
Equity holders of parent	831,357	4,258,192	5,729,517	508,485	772,987	504,165	1,289,860	504,234	232,293
Non-controlling interest	298,724	3,528,953	8,563,304	423,699	1,629,259	1,198,542	1,074,786	420,157	193,544
	1,130,081	7,787,145	14,292,821	932,184	2,402,246	1,702,707	2,364,646	924,391	425,837

Summarised statement of financial position as at 31st March 2024:

	Lanka Ceramic PLC	Lanka Walltiles PLC	Lanka Tiles PLC	Vallibel Plantation Management Limited	Swisstek (Ceylon) PLC	Swisstek Aluminium Limited	Unidil Packaging Limited	Unidil Packaging Solutions Limited	LWL Development (Private) Limited
	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's
Current Assets	146,595	5,966,081	10,043,065	762,592	1,383,834	5,490,986	2,840,513	1,064,686	12,425
Non- Current Assets	1,369,992	12,753,730	9,076,276	196,992	2,626,659	2,011,695	1,390,079	138,616	479,464
Current Liabilities	118,927	4,888,484	3,355,096	34,080	1,335,257	3,787,860	1,834,452	397,178	7,033
Non- Current Liabilities	362,179	5,596,771	1,834,210	-	448,396	3,315,883	331,552	70,662	55,459
Total equity	1,035,481	8,234,556	13,930,036	925,504	2,226,840	398,938	2,064,587	735,464	429,402
Attributable to:									
Equity holders of parent	761,663	4,491,937	5,547,954	504,841	716,545	142,488	1,126,185	401,179	234,238
Non-controlling interest	273,818	3,742,618	8,382,082	420,663	1,510,295	256,450	938,403	334,285	195,164
	1,035,481	8,234,556	13,930,036	925,504	2,226,840	398,938	2,064,587	735,464	429,402

Beyond Paradise Collection Limited Rs. 000's	Lanka Swisstek (Pvt) Ltd Rs. 000's	Swisstek Development Limited Rs. 000's	LTL Development (Pvt) Ltd Rs. 000's	LW Plantation Investments Limited Rs. 000's	CP Holding (Pvt) Ltd Rs. 000's	LC Plantation Project Ltd Rs. 000's	Biscuit and Chocolate Company Limited Rs. 000's	LankaTile USA Inc. Rs. 000's	Valley view Ceramics Rs. 000's	Uni Dil Packaging Kenya Limited - Group Rs. 000's
-	127,294	-	-	-	30,831	-	1,137	381,000	758,015	359,182
488,278	112,133	56,667	56,667	56,667	422,929	70,953	896,882	18,467	17,162	343,526
5,029	219,979	491	524	431	4,302	683	55,573	316,521	1,443,157	328,829
67,584	-	-	-	-	25,825	-	156,380	-	-	356,551
415,664	19,448	56,176	56,143	56,236	423,633	65,984	686,065	82,946	(667,980)	17,329
					-	-				
165,548	3,950	18,076	22,360	30,677	283,893	51,180	474,152	80,139	(211,706)	49,675
250,117	15,498	38,100	33,783	25,559	141,828	14,804	211,913	2,807	(456,274)	(32,346)
415,664	19,448	56,176	56,143	56,236	425,721	65,984	686,065	82,946	(667,980)	17,329

Beyond Paradise Collection Limited Rs. 000's	Lanka Swisstek (Pvt) Ltd Rs. 000's	Swisstek Development Limited Rs. 000's	LTL Development (Pvt) Ltd Rs. 000's	LW Plantation Investments Limited Rs. 000's	CP Holding (Pvt) Ltd Rs. 000's	LC Plantation Project Ltd Rs. 000's	Biscuit and Chocolate Company Limited Rs. 000's	Lanka Tile USA Inc. Rs. 000's	Valley View Ceramics Rs. 000's
984	48,596	-	-	-	22,554	-	3,848	238,596	725,860
484,857	77,917	56,667	56,667	56,667	408,338	67,907	731,981	16,354	118
899	12,548	127	287	165	2,087	490	294	255,232	1,165,594
67,584	-	-	-	-	21,364	-	124,199	-	-
417,358	113,965	56,541	56,380	56,502	407,441	67,417	611,336	(281)	(439,617)
166,358	23,148	18,193	22,454	30,822	271,702	49,589	422,506	(153)	(139,315)
251,000	90,817	38,348	33,925	25,680	135,738	17,827	188,830	(128)	(300,302)
417,358	113,965	56,541	56,379	56,502	407,441	67,417	611,336	(281)	(439,617)

Notes to the Financial Statements

Summarised cash flow information for year ended 31st March 2025:

	Lanka Ceramic PLC	Lanka Walltiles PLC	Lanka Tiles PLC	Vallibel Plantation Management Limited	Swisstek (Ceylon) PLC	Swisstek Aluminium Limited	Unidil Packaging Limited	Unidil Packaging Solutions Limited	LWL Development (Private) Limited
	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's
Operating Cash Flow	161,675	(152,908)	801,023	277,775	501,790	(493,429)	(295,578)	(335,639)	4,806
Investing Cash Flow	16,016	(2,147,102)	(584,204)	-	(358,348)	(181,123)	(281,737)	(128,554)	(3,441)
Financing Cash Flow	(30,720)	1,515,985	(339,366)	(307,910)	(52,640)	515,505	932,171	506,508	(1,200)
Net increase / (decrease) in cash and cash equivalents	146,971	(784,025)	(122,547)	(30,135)	90,802	(159,047)	354,856	42,315	165

Summarised cash flow information for year ended 31st March 2024:

	Lanka Ceramic PLC	Lanka Walltiles PLC	Lanka Tiles PLC	Vallibel Plantation Management Limited	Swisstek (Ceylon) PLC	Swisstek Aluminium Limited	Unidil Packaging Limited	Unidil Papersacks (Private) Limited	Unidil Packaging Solutions Limited
	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's
Operating Cash Flow	199,241	429,274	2,772,773	83,769	397,795	(95,505)	743,548	127,422	(45)
Investing Cash Flow	13,732	(3,087,814)	(974,557)	283,983	(47,669)	(45,292)	(79,395)	(8,299)	-
Financing Cash Flow	(170,014)	2,721,510	(2,022,329)	(337,522)	(267,567)	123,895	(992,632)	(121,532)	(1,200)
Net increase / (decrease) in cash and cash equivalents	42,959	62,970	(224,113)	30,230	82,559	(16,902)	(328,479)	(2,409)	(1,245)

Beyond Paradise Collection Limited	Lanka Swisstek (Pvt) Ltd	Swisstek Development Limited	LTL Development (Pvt) Ltd	LW Plantation Investments Limited	CP Holding (Pvt) Ltd	LC Plantation Project Ltd	Biscuit and Chocolate Company Limited	LankaTile USA Inc.	Valley view Ceramics	Unidil Packaging Kenya Limited-Group
Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's
3,420	(85,304)	-	-	-	(6,228)	-	22,156	(204,124)	140,433	(383,943)
(3,420)	(55,199)	-	-	-	(1,177)	-	(22,471)	(2,113)	(17,044)	4,497
-	71,613	-	-	-	-	-	-	77,048	(156,972)	428,118
-	(68,890)	-	-	-	(7,405)	-	(315)	(129,189)	(33,583)	48,671

Beyond Paradise Collection Limited	Lanka Swisstek (Pvt) Ltd	Swisstek Development Limited	LTL Development (Pvt) Ltd	LW Plantation Investments Limited	CP Holding (Pvt) Ltd	LC Plantation Project Ltd	Biscuit and Chocolate Company Limited	Lanka Tile USA Inc.	Valley View Ceramics
Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's
-	(10,436)	-	(226)	-	(761)	-	(193)	-	-
-	-	-	-	-	1,987	-	(8,393)	-	-
-	-	-	-	-	-	-	-	-	-
-	(10,436)	-	(226)	-	1,226	-	(8,586)	-	-

Notes to the Financial Statements

37. Summarised financial information of associates

	L. B. Finance PLC		Delmage Limited	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Revenue / Operating Income	30,633,584,332	27,905,046,678	15,371,176,404	11,745,427,425
Cost of sales / Operating Expenses	(10,037,666,144)	(8,940,380,211)	(11,089,731,635)	(8,826,771,710)
Other Income and Gains	-	-	148,181,628	112,681,403
Administrative expenses	-	-	(1,301,829,726)	(930,445,037)
Selling and Distribution Costs	-	-	(1,592,249,586)	(1,069,223,852)
Finance costs	-	-	(121,037,324)	(307,070,532)
Finance Income	-	-	71,171,721	153,177,485
Tax on Financial Services	(4,183,240,540)	(3,630,243,445)	-	-
Profit before tax	16,412,677,648	15,334,423,022	1,485,681,482	877,775,182
Income tax Expenses	(5,550,743,207)	(5,627,414,439)	(461,786,494)	(52,709,749)
Profit for the year	10,861,934,441	9,707,008,583	1,023,894,988	825,065,433
Other Comprehensive income	6,913,577	(110,069,569)	(6,005,173)	(6,186,734)
Total Comprehensive income	10,868,848,018	9,596,939,014	1,017,889,815	818,878,699
Group share of profit for the year	2,832,288,423	2,533,389,242	202,277,727	173,263,741
Group share of Total comprehensive income for the year	2,834,091,484	2,504,682,837	201,083,535	171,964,527

	L. B. Finance PLC		Delmage Limited	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Current Assets	160,613,691,474	138,200,010,474	9,488,785,365	5,979,749,259
Non- Current Assets	87,062,903,235	69,452,134,495	6,152,143,541	5,907,738,825
Current Liabilities	136,906,906,068	121,366,981,465	6,432,399,785	3,812,832,610
Non- Current Liabilities	55,195,018,218	38,826,147,365	739,175,901	623,152,869
Total Equity	55,574,670,424	47,459,016,139	8,469,353,219	7,451,502,605
Group's fair value of the investments	14,493,874,046	12,377,311,409	-	-
Group's Carrying amount of the investments	15,470,909,479	13,343,027,180	1,994,040,841	1,792,957,306
Group Share of Contingent Liabilities	80,246,282	13,801,536	-	-
Capital and other Commitments	1,017,466,141	515,867,616	-	-

L B Finance PLC

Nature of principal activity	Principal place of business
LB Finance PLC provides a comprehensive range of financial services encompassing acceptance of deposits, granting lease facilities, hire purchases, mortgage loans, gold loans, personal loans, factoring, margin trading, trade finance loans, microfinance and other credit facilities, real estate development and related services	Sri Lanka

Delmage Ltd

Nature of principal activity	Principal place of business
Delmage Ltd is managing its subsidiaries, carrying out investment activities and providing management and administration services to the companies within the group. Subsidiaries of the group were engaged in the business of manufacturing, trading, shipping, logistics, airline and travel, and insurance brokering.	Sri Lanka

38. FAIR VALUE MEASUREMENT**Accounting Policy**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

01. In the principal market for the asset or liability, or
02. In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses various valuation methodologies that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The use of observable and unobservable inputs and their significance in measuring fair value are reflected in our fair value hierarchy assessment.

Level 1 : Inputs include quoted prices for identical instruments and are the most observable

Level 2 : Inputs include quoted prices for similar instruments and observable inputs such as interest rates, currency exchange rates, and yield curves

Level 3 : Inputs include data not observable in the market and reflect management judgment about the assumptions market participants would use in pricing the instruments

Management review the inputs to the fair value measurements to ensure they are appropriately categorised within the fair value hierarchy. Transfers into and transfers out of the hierarchy levels are recognised as if they had taken place at the end of the reporting period.

Notes to the Financial Statements

38.1 Assets Measured at Fair Value:

As at 31st March	Notes	2025			
		Fair Value Measurement Using			
		Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	Total Fair Value
		Level 1	Level 2	Level 3	
		Rs.	Rs.	Rs.	Rs.
Other Financial Assets	12.				
Investments at fair value through profit or loss		53,414,191	-	-	53,414,191
		53,414,191	-	-	53,414,191
Property, Plant & Equipment	3				
Freehold and Clay Mining Land		-	-	11,613,439,025	11,613,439,025
Buildings		-	-	11,613,439,025	11,613,439,025
Investment Property	4	-	-	2,157,340,200	2,157,340,200
		53,414,191	-	24,568,312,859	24,621,727,050

There were no transfers into and transfers out of the hierarchy levels during 2025 & 2024.

Financial assets and financial liabilities at amortised cost

Fair value of financial assets and financial liabilities at amortised cost does not materially deviate from carrying value of those as at the reporting date.

Fixed rate financial instruments

Fair Value of interest bearing borrowing at fixed interest rate is amounted to Rs. 423 Mn (2024-Rs.816Mn) as at reporting date.

In fair valuing financial assets and financial liabilities with fixed rate, Average Weighted Primary Lending rate published by the Central bank of Sri Lanka were used.

38.2 Financial Assets and Financial Liabilities not carried at fair value

Assets for which Fair Value Approximates Carrying Value

For financial assets and financial liabilities that have a short term maturity (original maturities less than a year), it is assumed that the carrying amounts approximate their fair values.

Accordingly, the following is a list of financial instruments whose carrying amount is a reasonable approximation of fair value.

Assets

Trade and Other Receivables, Amounts Due From Related Parties and Cash and short-term deposits

Liabilities

Trade and Other Payables and Amount Due to Related Parties

Majority of the Interest-bearing loans and borrowings balances comprise floating rate instruments therefore fair value of the value due to banks approximate to the carrying value as at the reporting date.

2024				
Fair Value Measurement Using				
Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	Total Fair Value	
Level 1	Level 2	Level 3		
Rs.	Rs.	Rs.	Rs.	
59,124,126	-	-	59,124,126	
59,124,126	-	-	59,124,126	
-	-	10,727,831,268	10,727,831,268	
-	-	10,142,717,831	10,142,717,831	
-	-	2,135,452,700	2,135,452,700	
59,124,126	-	23,006,001,799	23,065,125,925	

Notes to the Financial Statements

39 DISCONTINUED OPERATIONS

On 25th July 2016, the Board of Directors took a decision to cease the operations of Ever Paint and Chemical Industries (Private) Limited (“EPCI”) and to dispose of the assets thereof. EPCI is a fully owned subsidiary of Royal Ceramics Lanka PLC and it was engaged in the business of manufacturing and marketing of paints and allied products. With EPCI being classified as discontinued operations, the paint and allied products segment is no longer presented in the segment note.

Rocell Pty Ltd (“RPTY”) is a fully owned subsidiary of Royal Ceramics Lanka PLC and it was engaged in the business of wholesale and retailing of floor tiles and wall tiles in Australia. On 31st January 2021, the Board of Directors decided to cease the operations of RPTY and to dispose of the assets thereof. Accordingly it was classified as a discontinued operation and its results were no longer taken to tiles and associated items segment. However the Company settled its liabilities in March 2024 and wound up the company by 31st March 2024.

Management has reassessed the recoverability of the remaining assets and liabilities as at the reporting date. Management is continued to take steps to dispose the remaining assets of the Company. The results of discontinued operations for the period ended is presented below:

	Ever Paint and Chemical Industries (Private) Limited 31.03.2025 Rs.000's	Total 31.03.2025 Rs.000's	Ever Paint and Chemical Industries (Private) Limited 31.03.2024 Rs.000's	Rocell Pty Ltd 31.03.2024 Rs.000's	Total 31.03.2024 Rs.000's
Net Revenue	-	-	-	-	-
Cost of Sales	-	-	-	-	-
Operating Income	-	-	-	-	-
Other Operating Income	-	-	-	173,332	173,332
Distribution Expenses	-	-	-	-	-
Administrative Expenses	(2,488)	(2,488)	(2,487)	89	(2,398)
Finance Expenses	-	-	-	6,476	6,476
Finance Income	-	-	-	-	-
Tax Expense	-	-	-	-	-
Gain/(Loss) for the year from discontinued operations	(2,488)	(2,488)	(2,487)	179,897	177,410
Total Gain/(Loss) for the year from discontinued operations	(2,488)	(2,488)	(2,487)	179,897	177,410
Basic Earnings Per Share	(0.12)	-	(0.12)	72.13	-

The major classes of assets and liabilities of discontinued operations are being classified as held for sale as at the end of the period:

	Ever Paint and Chemical Industries (Private) Limited 31.03.2025 Rs.000's	Total 31.03.2025 Rs.000's	Ever Paint and Chemical Industries (Private) Limited 31.03.2024 Rs.000's	Total 31.03.2024 Rs.000's
Assets				
Property, Plant & Equipment	36,000	36,000	36,000	36,000
Trade and Other Receivables	-	-	-	-
Other Financial assets	-	-	-	-
Cash and Cash Equivalents	370	370	56	56
Assets held for sale	36,370	36,370	36,056	36,056
Liabilities				
Trade and Other Payables	(262)	(262)	(195)	(195)
Interest Bearing Loans & Borrowings	-	-	-	-
Liabilities directly associated with the assets held for sale	(262)	(262)	(195)	(195)
Net Assets directly associated with disposal group	36,108	36,108	35,861	35,861

The net cash flows incurred by each company for the year ended is as follows:

	Ever Paint and Chemical Industries (Private) Limited 31.03.2025 Rs.000's	Total 31.03.2025 Rs.000's	Ever Paint and Chemical Industries (Private) Limited 31.03.2024 Rs.000's	Rocell Pty Ltd 31.03.2024 Rs.000's	Total 31.03.2024 Rs.000's
Operating	(56)	(56)	(115)	67,507	67,392
Investing	-	-	-	-	-
Financing	-	-	-	-	-
Net cash (outflow)/inflow	(56)	(56)	(115)	67,507	67,392

Ever Paint and Chemical Industries (Private) Limited.

The fair value of land and buildings amounting to Rs. 36 Mn was determined by Mr. A.A.M. Fathihu, an independent professionally qualified valuer in reference to market based evidence. (valuation report dated 9 April 2018)

Significant increases (decreases) in estimated price per perch/ price per square feet in isolation would result in a significantly higher (lower) fair value

Price per square feet is in the range of Rs. 3,000/- to Rs.2,000/-

Price per perch is in the range of Rs. 85,000/- to Rs. 5,000/-

Significant increases (decreases) in estimated price per perch/ price per square feet in isolation would result in a significantly higher (lower) fair value

Notes to the Financial Statements

40 BUSINESS COMBINATIONS AND ACQUISITION OF NON CONTROLLING INTEREST

40.1 Investment in Lanka Tiles USA Inc.

On 22 August 2023, Lanka Walltiles PLC invested in 100% of the voting shares of Lankatiles USA Inc, a non-listed company based in the United States of America and specialising in the distribution of tiles and associated products for the consideration of USD 10. The Lanka Walltiles PLC invested in Lanka Tiles USA Inc. to ensure access to the USA market.

40.2 Acquisition of Valley View Ceramics LLC

On 4 December 2023, Lanka Tiles USA Inc. acquired 51% of the voting shares of Valley View Ceramics LLC, a non-listed company based in the United States of America and specialising in the distribution of tiles and associated products. Lanka Tiles USA Inc. acquired Valley View Ceramics LLC to ensure access to the USA market.

The fair values of the identifiable assets and liabilities of Valley View Ceramics LLC as at the date of the acquisition were:

	Fair value recognised on Acquisition date Rs.
Assets	
Other Current Assets	751,524,779
Cash & Cash equivalents	13,137,083
	764,661,862
Liabilities	
Current Liabilities	492,398,993
Non Current Liabilities	593,510,000
Total Identifiable Net Assets at Fair Value	(321,247,131)
Non-controlling interest measured at Fair value	239,351,609
Goodwill arising on Acquisition	98,347,638
Purchase consideration transferred	16,452,115
Cash Flow on Acquisition	
Net Cash Acquired with the Subsidiaries	13,137,083
Cash Paid	(16,452,115)
Net cash flow on acquisition	(3,315,032)

40.2.1 Acquisition of additional interest in Valley View Ceramics LLC

On 29 February 2024, the Group obtained an additional 7.1% interest in the voting shares of Valley View Ceramics LLC at zero consideration, increasing its ownership interest to 58.1%.

This increase in ownership resulted from a change in the share structure of Valley View Ceramics LLC, following the withdrawal of one shareholder from the company.

40.2.2 From the date of acquisition, Valley View Ceramics LLC contributed Rs.223Mn to the group revenue and Rs.99Mn as loss from continuing operations to the Group

40.2.3 The net assets of Valley View Ceramics LLC as at the acquisition date were provisionally determined, pending the final assessment of their fair values. However, no adjustments were required to the provisionally recognised goodwill during the financial year 2024/25.

40.3 On 13 November 2023, Lanka Tiles PLC, a subsidiary of Lanka Walltiles PLC, accepted and acquired the right-issued shares of 1,497,812 for the amount of Rs.60.4Mn of Lanka Swisstek (Pvt) Ltd, formerly known as Lanka Tiles India (Pvt) Ltd, to secure the 51% ownership interest in the voting shares. The proceeds of the right issue will be utilised for expanding business operations in India.

40.4 On 27 August 2024, Unidil Packaging Ltd and Unidil Packaging Solutions Ltd invested equally 100% of the voting shares of Unidil Packaging Kenya Ltd, a non-listed company based in Kenya for a consideration of LKR 90 Mn. Unidil Packaging Ltd and Unidil Packaging Solutions Ltd invested in Unidil Packaging Kenya Ltd, to gain access to the Kenyan market.

On 27 December 2024, Unidil Packaging Kenya Ltd invested 100% of the voting shares of Perfect Packaging Ltd, a non-listed company based in Kenya for a consideration of LKR 60.5 Mn. Unidil Packaging Kenya Ltd invested in Perfect Packaging Ltd, to gain access to the Kenyan market. This acquisition resulted in a gain of Rs. 15 Mn out of bargain purchase, which is included in the other operating income and incurred Rs.27.3Mn in relation to the acquisition and it recognised in the profit and loss statement.

Notes to the Financial Statements

The fair values of the identifiable assets and liabilities of Perfect Packaging Limited as at the date of the acquisition were:

	Fair value recognised on Acquisition date Rs.
Assets	
Non Current Assets	
Property Plant & Equipment	269,961,573
Deferred Tax Assets	37,541,207
	307,502,780
Current Assets	
Other current Assets	178,477,221
Cash & cash Equivalents	1,918,143
	180,395,364
	487,898,144
Liabilities	
Non current liabilities	
Current liabilities	412,239,419
	412,239,419
Total identifiable net assets at fair value	75,658,724
Goodwill/(gain on bargaining purchase)	(15,148,151)
Net purchase consideration	60,510,573
Net cash acquired	1,918,143
Net cash outflow on acquisition	58,592,430

SUPPLEMENTARY
INFORMATION

Synchronisations of Continuity

Our story is one of collective movement—growing, evolving, and progressing through unity and shared purpose. Each milestone builds on the last, creating a continuous pattern of growth that spans generations.

The monarch butterfly's migration embodies extraordinary continuity—a multi-generational journey guided by instinct, resilience, and interconnected purpose. It is a powerful symbol of collective strength and the enduring impact of shared progress, reflecting the pursuit of a more promising and sustainable future.



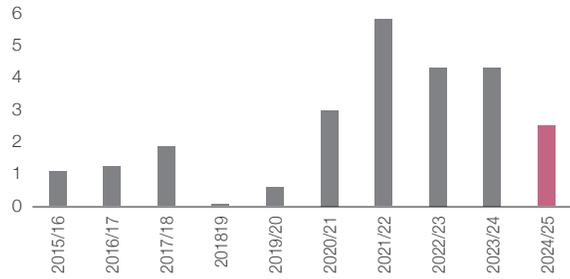
TEN YEAR SUMMERY - COMPANY

Trading results (RS.'000)	2024/25	2023/24	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16
Net Turnover	15,364,284	17,550,480	16,908,567	14,374,446	12,524,229	6,445,391	3,794,578	3,452,289	3,824,905	3,405,538
Other Income	1,532,824	2,073,944	2,386,531	2,986,684	1,385,096	1,016,944	1,039,703	2,759,288	1,808,744	1,679,396
Profit before interest & Tax	4,244,072	6,699,475	6,475,349	7,763,620	4,473,528	1,703,780	815,937	2,672,951	1,875,976	1,538,438
Interest	(639,118)	(684,028)	(423,197)	(298,731)	(594,353)	(952,011)	(795,936)	(432,816)	(386,935)	(360,784)
Profit After Interest Before Tax	3,604,954	6,015,447	6,052,151	7,464,889	3,879,175	769,656	32,940	2,247,381	1,489,818	1,177,680
Tax Reversal/(Expense)	(808,457)	(1,203,761)	(1,304,802)	(1,077,339)	(593,885)	(122,966)	24,779	(218,578)	(130,701)	15,315
Net Profit	2,796,497	4,811,687	4,747,350	6,387,549	3,285,290	646,690	57,719	2,028,803	1,359,117	1,192,996

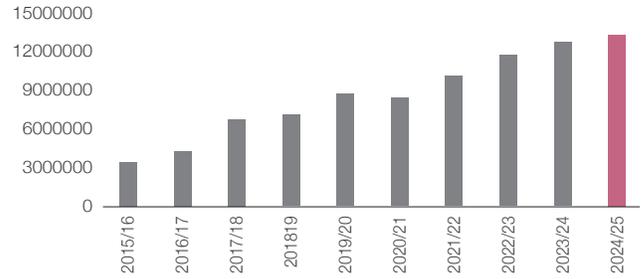
Statement of Financial Position (RS.'000)	2024/25	2023/24	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16
Stated Capital	1,368,673	1,368,673	1,368,673	1,368,673	1,368,673	1,368,673	1,368,673	1,368,673	1,368,673	1,368,673
Capital Reserve	3,201,518	2,423,467	2,358,007	2,758,474	1,360,280	1,192,935	830,591	830,591	213,634	213,634
Retained Earnings	19,174,173	18,494,207	16,416,950	15,534,919	13,783,646	12,023,045	7,247,365	7,466,545	6,444,557	6,076,307
Shareholders Funds	23,744,364	22,286,347	20,143,631	19,662,066	16,512,599	14,584,653	9,446,629	9,665,810	8,026,864	7,658,614
Fixed Assets	13,296,694	12,720,585	11,713,876	10,069,898	8,377,817	8,690,289	7,055,383	6,730,677	4,250,818	3,402,847
Right to use lease asset	1,030,169	866,797	946,301	881,696	855,049	965,787	-	-	-	-
Other non financial assets	-	-	-	-	18,017	41,304	-	-	-	-
Investments	10,291,418	10,226,881	10,226,881	10,168,604	9,786,712	9,786,712	9,769,937	9,618,309	8,320,280	8,046,217
Other Financial Assets	57,331	64,471	63,416	42,706	436,933	74,240	64,758	146,928	43,981	56,771
Current Assets	11,455,757	11,464,907	10,204,972	11,307,121	6,356,039	6,289,860	3,459,721	2,801,554	2,402,416	2,459,179
Current Liabilities	(7,277,648)	(8,213,113)	(8,878,564)	(9,597,794)	(5,491,693)	(7,146,803)	(7,307,418)	(5,525,765)	(3,625,785)	(3,485,306)
Non Current Liabilities	(5,102,027)	(4,779,710)	(4,069,835)	(3,167,460)	(3,389,342)	(4,042,496)	(3,530,994)	(3,958,965)	(3,515,723)	(3,088,016)
Total Equity	23,744,364	22,286,347	20,143,631	19,662,066	16,512,599	14,584,653	9,446,629	9,665,810	8,026,864	7,658,614

Ratios and Statistics	2024/25	2023/24	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16
Ordinary Dividends (Rs.'000)	2,104,998	2,769,735	3,489,866	4,653,154	1,551,051	443,158	221,579	997,104	997,104	664,736
Dividend per Share (Rs)*	1.90	2.50	3.15	4.20	1.40	0.40	0.20	0.90	0.90	0.60
Dividend Payout Ratio(%)	75	58	74	73	47	69	92	49	73	56
Earnings Per Share (Rs.)*	2.52	4.34	4.29	5.77	2.97	0.58	0.05	1.83	1.23	1.08
Market value per share-closing(Rs.)	37.00	31.10	27.60	40.70	257.00	55.90	59.00	105.40	119.00	100.10
Market value per share-Highest(Rs.)	45.30	35.50	44.90	83.50	439.50	99.10	109.50	134.70	125.30	137.00
Price Earnings Ratio(Times)	14.66	7.16	6.44	7.06	8.67	9.64	118.00	5.76	9.67	9.27
Net Assets Per Share(Rs.)	21.43	20.12	18.18	17.75	14.90	13.16	8.53	8.72	7.25	6.91
Return on Equity(%)	11.78	21.59	23.57	32	20	4	1	21	17	16

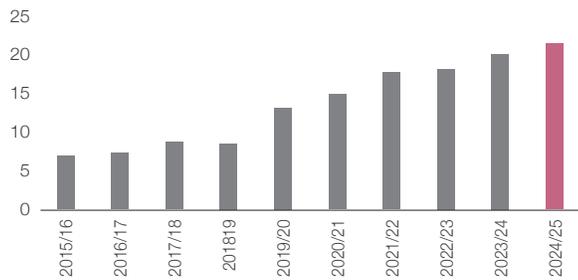
Earnings Per Share (Rs.)



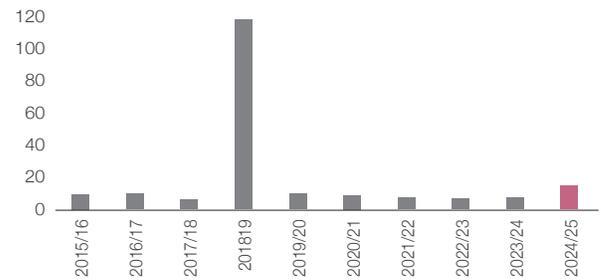
Fixed Assets (Rs.'000)



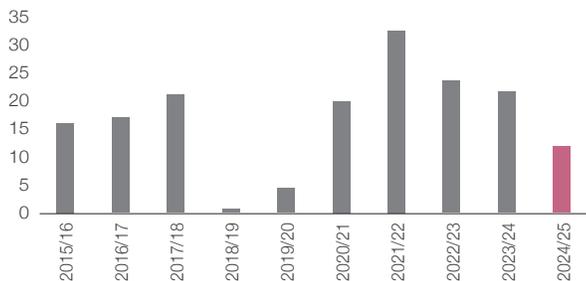
Net Assets Per Share (Rs.)



Price Earnings Ratio(Times)



Return on Equity (%)



Group Value Added Statement 201-1

	2024/25			2023/24		
	Rs.'000	Rs.'000	%	Rs.'000	Rs.'000	%
Turnover	69,213,949			68,954,057		
Finance & Other Income	869,539			876,449		
Share of Associate Company's profit	4,579,175			4,185,352		
	74,662,663			74,015,858		
Less: Cost of Material & Services bought in	42,214,617			39,014,085		
	32,448,047			35,001,773		
Value Allocated to Employees						
Salaries and Wages and Other Benefits		7,980,294	25%	7,124,330		20%
To Government						
Income Tax	3,399,697			4,501,978		
VAT/SSCL	9,788,950	13,188,648	41%	8,936,270	13,438,248	39%
To Providers of Capital						
Dividends	2,654,810			3,861,607		
Finance Cost	2,309,347	4,964,156	15%	2,524,386	6,385,993	18%
To Expansion and Growth						
Retained in Business	3,849,181			5,933,592		
Depreciation	2,465,769	6,314,950	19%	2,119,609	8,053,202	23%
		32,448,047	100%		35,001,773	100%

Share Information

SHARE DISTRIBUTION

Shareholding as at 31st March 2025

There were 21,119 registered shareholders as at 31st March 2025, distributed as follows

Number of Shares Held	Number of Shareholders	Number of Shares	% Shareholding
1 - 1,000	8,792	2,796,268	0.25
1,001 - 10,000	9,810	31,546,713	2.85
10,001 - 100,000	2,149	65,513,536	5.91
100,001 - 1,000,000	320	92,861,790	8.38
1,000,000 & over	48	915,175,533	82.61
Total	21,119	1,107,893,840	100.00

43.60% of shares were held by public as at 31st March 2025.

Category Shareholders	Number of Shareholders	Number of Shares	% Shareholding
Local Individuals	20,311	183,953,529	16.60
Local Institutions	673	913,400,956	82.44
Foreign Individuals	128	4,134,380	0.37
Foreign Institutions	7	6,404,975	0.58
Total	21,119	1,107,893,840	100.00

Share Prices for the year

	2024/25		2023/24	
	Date	Price	Date	Price
Highest during the year	30.12.2024	45.30	10.07.2023	35.50
Lowest during the year	09.09.2024	28.00	30.05.2023	24.90
As at end of the year		37.00		31.10

Public Holding Percentage as at 31st March 2025	- 43.60%
Number of shareholders representing the above Percentage	- 21,109
The float adjusted market capitalisation as at 31st March 2025	- Rs. 17,872,191,770.00

The Float adjusted market capitalisation of the Company falls under Option 1 of Rule 7.13.1 (i) (a) of the Listing Rules of the Colombo Stock Exchange and the Company has complied with the minimum public holding requirement applicable under the said option.

Share Information

TWENTY FIVE MAJOR SHAREHOLDERS

	31.03.2025		31.03.2024	
	No of Shares	% of Issued Capital	No of Shares	% of Issued Capital
1 VALLIBEL ONE PLC	620,026,000	55.96	620,026,000	55.96
2 EMPLOYEE'S PROVIDENT FUND	152,779,980	13.79	152,779,980	13.79
3 MR. K.D.H. PERERA	17,676,020	1.60	17,676,020	1.60
4 SRI LANKA INSURANCE CORPORATION LTD-LIFE FUND	13,831,320	1.25	13,831,320	1.25
5 AMANA BANK PLC/MR.MOHAMED NAYAZ DEEN	11,793,177	1.06	2,781,997	0.25
6 SEYLAN BANK PLC/MOHAMED NAYAZ DEEN	8,414,047	0.76	7,414,855	0.67
7 EMPLOYEES TRUST FUND BOARD	7,428,098	0.67	7,814,986	0.71
8 SEYLAN BANK PLC/PHANTOM INVESTMENTS (PVT) LTD	6,762,350	0.61	3,240,087	0.29
9 UNION ASSURANCE PLC-UNIVERSAL LIFE FUND	6,262,142	0.57	-	-
10 PEOPLE'S LEASING AND FINANCE PLC/SUHADA GAS DISTRIBUTORS (PVT) LTD	4,569,183	0.41	-	-
11 DEUTSCHE BANK AG TRUSTEE TO LYNEAR WEALTH DYNAMIC OPPORTUNITIES FUND	3,873,398	0.35	-	-
12 INVENCO CAPITAL PRIVATE LIMITED	3,631,743	0.33	75,000	0.01
13 NORTHERN TRUST COMPANY S/A LSV FRONTIER MARKETS EQUITY FUNDLP	3,600,600	0.32	3,600,600	0.32
14 RENUKA HOTELS PLC	2,900,000	0.26	2,900,000	0.26
15 CRESCENT LAUNDERERS AND DRY CLEANERS PVT LIMITED	2,730,000	0.25	2,730,000	0.25
16 PERERA AND SONS BAKERS PVT LIMITED	2,500,000	0.23	2,100,000	0.19
17 RENUKA CONSULTANTS & SERVICES LIMITED.	2,310,000	0.21	2,310,000	0.21
18 UNION ASSURANCE PLC-TRADITIONAL LIFE PARTICIPATING FUND	2,197,680	0.20	-	-
19 DFCC BANK PLC A/C NO .02	2,094,404	0.19	1,910,000	0.17
20 DFCC BANK PLC A/C 1	2,085,000	0.19	1,500,000	0.14
21 MR. K.D.D. PERERA	2,007,720	0.18	2,007,720	0.18
22 MR. H. YUSOOF	1,887,522	0.17	126,655	0.01
23 MR. T.G. THORADENIYA	1,856,800	0.17	1,856,800	0.17
24 ASSETLINE FINANCE LIMITED/SUHADA GAS DISTRIBUTORS (PVT) LTD	1,684,225	0.15	25,000	0.00
25 BANK OF CEYLON A/C CEYBANK UNIT TRUST	1,655,182	0.15	706,475	0.06
	886,556,591	80.02	847,413,495	76.49
OTHERS	221,337,249	19.98	260,480,345	23.51
	1,107,893,840	100.00	1,107,893,840	100.00

Independent Assurance Report



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Independent practitioner's assurance report to the Board of Directors of Royal Ceramics Lanka PLC on the Sustainability reporting criteria presented in the Integrated Annual Report FY 2024/25

SCOPE

We have been engaged by Royal Ceramics Lanka PLC to perform a 'limited assurance engagement,' as defined by Sri Lanka Standard on Assurance Engagements, here after referred to as the engagement, to report on Royal Ceramics Lanka PLC's Economic, Environment, Social and Governance (EESG) indicators (the "Subject Matter") contained in Royal Ceramics Lanka PLC's (the "Entity's") Integrated Annual Report for the year ended 31st March 2025 (the "Report").

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

CRITERIA APPLIED BY ROYAL CERAMICS LANKA PLC

In preparing the Subject Matter, Royal Ceramics Lanka PLC applied the following criteria ("Criteria"):

- The Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines, publicly available at <https://www.globalreporting.org>

- The Sustainability Accounting Standards Board (SASB) Standards, publicly available at SASB's website at SASB | Navigator

Such Criteria were specifically designed for the purpose of assisting you in determining whether Entity's Economic, Environment, Social and Governance (EESG) indicators contained in the Entity's Report is presented in accordance with the relevant criteria; As a result, the subject matter information may not be suitable for another purpose.

ROYAL CERAMICS LANKA PLC'S RESPONSIBILITIES

Royal Ceramics Lanka PLC management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

ERNST & YOUNG'S RESPONSIBILITIES

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the Sri Lanka Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (SLSAE 3000 Revised), and the terms of reference for this engagement as agreed with the Royal Ceramics Lanka PLC

on 28 May 2025. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

OUR INDEPENDENCE AND QUALITY MANAGEMENT

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and have the required competencies and experience to conduct this assurance engagement.

EY also applies quality management standards, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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

Principals: T P M Ruberu FCMA FCCA MBA (USJ-SL), G R Govindan ACMA, D L B Karunathilaka ACMA, W S J De Silva BSc (Hons) - MIS MSc - IT, V Shaktivel B.Com (Sp)

Independent Assurance Report



DESCRIPTION OF PROCEDURES PERFORMED

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the subject matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

- Validated the information presented and checked the calculations performed by the organisation through recalculation.
- Performed a comparison of the content given in the Report against the criteria given in the selected sustainability standards/frameworks.
- Conducted interviews with relevant organisation's personnel to understand the process for collection, analysis,

aggregation and presentation of data. Interviews included selected key management personnel and relevant staff.

- Read the content presented in the Report for consistency with our overall knowledge obtained during the course of our assurance engagement and requested changes wherever required.
- Provided guidance, recommendations and feedback on the improvement of the sustainability reporting indicators to improve the presentation standard.

We also performed such other procedures as we considered necessary in the circumstances.

EMPHASIS OF MATTER

Economic, Environment, Social management data/information are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data. Such inherent limitations are common in Sri Lanka.

We also do not provide any assurance on the assumptions and achievability of prospective information presented in the Entity's Report.

CONCLUSION

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the information on the Economic, Environment, Social and Governance (EESG) contained in the Integrated Annual Report of Royal Ceramics Lanka PLC for the year ended 31 March 2025, in order for it to be in accordance with the Criteria.

30th May 2025
Colombo

Independent Assurance Report



Ernst & Young
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Independent practitioner's assurance report to the Board of Directors of Royal Ceramics Lanka PLC on the Integrated Annual Report 2024/25

SCOPE

We have been engaged by Royal Ceramics Lanka PLC to perform a 'limited assurance engagement,' as defined by Sri Lanka Standard on Assurance Engagements, here after referred to as the engagement, to report on Royal Ceramics Lanka PLC's Information on how it's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation, preservation or erosion of value over the short, medium and long term (the "Subject Matter") contained in Royal Ceramics Lanka PLC's (the "Entity's") Integrated Annual Report for the year ended 31 March 2025 (the "Report").

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

CRITERIA APPLIED BY ROYAL CERAMICS LANKA PLC

In preparing the Subject Matter, Royal Ceramics Lanka PLC applied the Integrated Reporting Framework (<IR> Framework) issued by the International Integrated Reporting Council (IIRC) ("Criteria"):

Such Criteria were specifically designed for the purpose of assisting in determining whether the capital management, stakeholder engagement, business model, strategy, organisational overview & external environment outlook presented in the Integrated Annual Report is presented in accordance with the relevant criteria; As a result, the subject matter information may not be suitable for another purpose.

ROYAL CERAMICS LANKA PLC'S RESPONSIBILITIES

Royal Ceramics Lanka PLC management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

ERNST & YOUNG'S RESPONSIBILITIES

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the Sri Lanka Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (SLSAE 3000 Revised), and the terms of reference for this engagement as agreed with Royal Ceramics Lanka PLC

on 28 May 2025. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

OUR INDEPENDENCE AND QUALITY MANAGEMENT

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and have the required competencies and experience to conduct this assurance engagement.

EY also applies quality management standards, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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

Principals: T P M Ruberu FCMA FCCA MBA (US J-5L), G R Goudan ACMA, D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakthivel B.Com (Sp)

A member firm of Ernst & Young Global Limited



DESCRIPTION OF PROCEDURES PERFORMED

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the subject matter and related information and applying analytical and other appropriate procedures.

OUR PROCEDURES INCLUDED:

- Performed a comparison of the content of the Integrated Annual Report against the Guiding Principles and Content Elements given in the Integrated Reporting Framework (<IR> Framework).
- Checked whether the information contained in the Integrated Annual Report – Financial Capital element information has been properly derived from the audited financial statements.

Conducted interviews with the selected key management personnel and relevant staff and obtained an understanding of the internal controls, governance structure and reporting process relevant to the Integrated Report.

- Obtained an understanding of the relevant internal policies and procedures developed, including those relevant to determining what matters most to the stakeholders, how the organisation creates value, the external environment, strategy, approaches to putting members first, governance and reporting.
- Obtained an understanding of the description of the organisation's strategy and how the organisation creates value, what matters most to the stakeholders and enquiring the management as to whether the description in the Integrated Report accurately reflects their understanding.
- Checked the Board of Directors meeting minutes during the financial year to ensure consistency with the content of the Integrated Report.
- Tested the relevant supporting evidence related to qualitative & quantitative disclosures within the Integrated Report against identified material aspects.
- Read the Integrated Report in its entirety for consistency with our overall knowledge obtained during the assurance engagement.

We also performed such other procedures as we considered necessary in the circumstances.

EMPHASIS OF MATTER

Economic, Environment, Social and Intellectual capital management data/information are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data. Such inherent limitations are common in Sri Lanka.

We also do not provide any assurance on the assumptions and achievability of prospective information presented in the Entity's Annual Report.

CONCLUSION

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the information contained in the Integrated Annual Report of Royal Ceramics Lanka PLC for the year ended 31 March 2025, in order for it to be in accordance with the Criteria.

30th May 2025
Colombo

GRI Index

Statement of use	Royal Ceramics Lanka PLC has reported in accordance with the GRI Standards for the period 1st April 2024 to 31st March 2025
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	There is no applicable sector standard.

GRI Standard/ Other Source	Disclosure	Location	Omission			GRI sector Standard Ref. No.				
			Requirement(s) Omitted	Reason	Explanation					
General disclosures										
GRI 2: General Disclosures 2021										
2-1	Organisational details	7,192	A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.							
2-2	Entities included in the organisation's sustainability reporting	4,192								
2-3	Reporting period, frequency and contact point	4,6								
2-4	Restatements of information	5								
2-5	External assurance	5, 295 - 298								
2-6	Activities, value chain and other business relationships	7, 111,113 128								
2-7	Employees	94								
2-8	Workers who are not employees	94								
2-9	Governance structure and composition	134-135								
2-10	Nomination and selection of the highest governance body	139								
2-11	Chair of the highest governance body	28								
2-12	Role of the highest governance body in overseeing the management of impacts	139								
2-13	Delegation of responsibility for managing impacts	139								
2-14	Role of the highest governance body in sustainability reporting	178								
2-15	Conflicts of interest	141								
2-16	Communication of critical concerns	142								
2-17	Collective knowledge of the highest governance body	178								
2-18	Evaluation of the performance of the highest governance body	141								
2-19	Remuneration policies	142								
2-20	Process to determine remuneration	142								
2-21	Annual total compensation ratio						Confidentiality constraints			
2-22	Statement on sustainable development strategy	18-21, 178								
2-23	Policy commitments	134-135								
2-24	Embedding policy commitments	139								
2-25	Processes to remediate negative impacts	101								
2-26	Mechanisms for seeking advice and raising concerns	137								
2-27	Compliance with laws and regulations	140								
2-28	Membership associations	114								
2-29	Approach to stakeholder engagement	46-47								
2-30	Collective bargaining agreements	99								

GRI Index

GRI Standard/ Other Source	Disclosure	Location	Omission			GRI sector Standard Ref. No.
			Requirement(s) Omitted	Reason	Explanation	
Material topics						
GRI 3: Material Topics 2021	3-1 Process to determine material topics	48-49	A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.			
	3-2 List of material topics	48				
Economic performance						
GRI 3: Material Topics 2021	3-3 Management of material topics	86				
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	114, 292				
	201-2 Financial implications and other risks and opportunities due to climate change	51				
	201-3 Defined benefit plan obligations and other retirement plans	205-206				
	201-4 Financial assistance received from government		201-4	Not applicable	No financial assistances are given by the government for commercial organisation	
Market presence						
GRI 3: Material Topics 2021	3-3 Management of material topics	92				
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	96				
	202-2 Proportion of senior management hired from the local community	94				
Procurement practices						
GRI 3: Material Topics 2021	3-3 Management of material topics	110				
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	113				
Anti-competitive behaviour						
GRI 3: Material Topics 2021	3-3 Management of material topics	110				
GRI 206: Anti- competitive Behaviour 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	112				
Tax						
GRI 3: Material Topics 2021	3-3 Management of material topics	86				
GRI 207: Tax 2019	207-1 Approach to tax	197-198				
	207-2 Tax governance, control, and risk management	197-198, 254-259				
	207-3 Stakeholder engagement and management of concerns related to tax	46				
	207-4 Country-by-country reporting		207 - 4	Not applicable	Do not met criteria for country by country reporting	

GRI Standard/ Other Source	Disclosure	Location	Omission			GRI sector Standard Ref. No.
			Requirement(s) Omitted	Reason	Explanation	
Materials						
GRI 3: Material Topics 2021	3-3 Management of material topics	116				
GRI 301: Materials 2016	301-1 Materials used by weight or volume	118				
	301-2 Recycled input materials used	118				
	301-3 Reclaimed products and their packaging materials		301 - 3	Not applicable	No such incidents reported during FY 24/25	
Energy						
GRI 3: Material Topics 2021	3-3 Management of material topics	116				
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	119				
	302-2 Energy consumption outside of the organisation		302 - 2	Information unavailable	The group do not track the information at present	
	302-3 Energy intensity	119				
	302-4 Reduction of energy consumption	119				
	302-5 Reductions in energy requirements of products and services		302 - 5	Information unavailable	The group do not track the information at present	
Water and effluents						
GRI 3: Material Topics 2021	3-3 Management of material topics	116				
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	120				
	303-2 Management of water discharge-related impacts	120				
	303-3 Water withdrawal	120				
	303-4 Water discharge	122				
	303-5 Water consumption	120				
Emissions						
GRI 3: Material Topics 2021	3-3 Management of material topics	116				
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	123				
	305-2 Energy indirect (Scope 2) GHG emissions	123				
	305-3 Other indirect (Scope 3) GHG emissions	123				
	305-4 GHG emissions intensity	123				
	305-5 Reduction of GHG emissions	123				
	305-6 Emissions of ozone-depleting substances (ODS)	123				
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	123				
Waste						
GRI 3: Material Topics 2021	3-3 Management of material topics	116				
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	122				
	306-2 Management of significant waste-related impacts	122-123				

GRI Index

GRI Standard/ Other Source	Disclosure	Location	Omission			GRI sector Standard Ref. No.
			Requirement(s) Omitted	Reason	Explanation	
	306-3 Waste generated	123				
	306-4 Waste diverted from disposal	123				
	306-5 Waste directed to disposal	123				
Employment						
GRI 3: Material Topics 2021	3-3 Management of material topics	92				
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	95				
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	96				
	401-3 Parental leave	101				
Labour/management relations						
GRI 3: Material Topics 2021	3-3 Management of material topics	92				
GRI 402: Labour/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	94				
Occupational health and safety						
GRI 3: Material Topics 2021	3-3 Management of material topics	92				
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	98				
	403-2 Hazard identification, risk assessment, and incident investigation	98				
	403-3 Occupational health services	98-99				
	403-4 Worker participation, consultation, and communication on occupational health and safety	98-99				
	403-5 Worker training on occupational health and safety	98-99				
	403-6 Promotion of worker health	98-99				
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	98-99				
	403-8 Workers covered by an occupational health and safety management system	98				
	403-9 Work-related injuries	99				
	403-10 Work-related ill health	99				
Training and education						
GRI 3: Material Topics 2021	3-3 Management of material topics	92				
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	97				
	404-2 Programs for upgrading employee skills and transition assistance programs	97-98				
	404-3 Percentage of employees receiving regular performance and career development reviews	96				

GRI Standard/ Other Source	Disclosure	Location	Omission			GRI sector Standard Ref. No.
			Requirement(s) Omitted	Reason	Explanation	
Diversity and equal opportunity						
GRI 3: Material Topics 2021	3-3 Management of material topics	92				
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	101, 135	405-1	Information unavailable	Breakdown of employees by age and category will be included in disclosures starting next year	
	405-2 Ratio of basic salary and remuneration of women to men	101				
Security practices						
GRI 3: Material Topics 2021	3-3 Management of material topics	92				
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	97				
Local communities						
GRI 3: Material Topics 2021	3-3 Management of material topics	110				
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	114-115				
	413-2 Operations with significant actual and potential negative impacts on local communities	114				
Marketing and labelling						
GRI 3: Material Topics 2021	3-3 Management of material topics	126				
GRI 417: Marketing and Labelling 2016	417-1 Requirements for product and service information and labelling	111				
	417-2 Incidents of non-compliance concerning product and service information and labelling	111				
	417-3 Incidents of non-compliance concerning marketing communications	111				
Customer privacy						
GRI 3: Material Topics 2021	3-3 Management of material topics	110				
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	111				

SASB DISCLOSURES

2 CONSTRUCTION MATERIALS SUSTAINABILITY ACCOUNTING STANDARD

2.1 SUSTAINABILITY DISCLOSURE TOPICS & METRICS

Topic	Metric	Category	Unit of Measure	Code	Disclosure/Reference
Greenhouse Gas Emissions	Gross global Scope 1 emissions, percentage covered under emissions- limiting regulations	Quantitative	Metric tonnes (t) CO2-e, Percentage (%)	EM-CM-110a.1	123
	Discussion of long- and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Discussion and Analysis	n/a	EM-CM-110a.2	123
Air Quality	Air emissions of the following pollutants: (1) NOx (excluding N2O), (2) SOx, (3) particulate matter (PM10), (4) dioxins/ furans, (5) volatile organic compounds (VOCs), (6) polycyclic aromatic hydrocarbons (PAHs) and (7) heavy metals	Quantitative	Metric tonnes (t)	EM-CM-120a.1	Not applicable
Energy Management	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage alternative and (4) percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	EM-CM-130a.1	119 We do not use energy alternative
Water Management	(1) Total water withdrawn, (2) total water consumed; percentage of each in regions with High or Extremely High Baseline Water Stress	Quantitative	Thousand cubic metres (m ³), Percentage (%)	EM-CM-140a.1	120
Waste Management	Amount of waste generated, percentage hazardous and percentage recycled	Quantitative	Metric tonnes (t), Percentage (%)	EM-CM-150a.1	123
Biodiversity Impacts	Description of environmental management policies and practices for active sites	Discussion and Analysis	n/a	EM-CM-160a.1	Not applicable
	Terrestrial land area disturbed, percentage of impacted area restored	Quantitative	Hectares (ha), Percentage (%)	EM-CM-160a.2	
Workforce Health & Safety	(1) Total recordable incident rate (TRIR) and (2) near miss frequency rate (NMFR) for (a) direct employees and (b) contract employees	Quantitative	Rate	EM-CM-320a.1	99
	Number of reported cases of silicosis 1	Quantitative	Number	EM-CM-320a.2	No such incidents reported during FY 24/25
Product Innovation	Percentage of products that qualify for credits in sustainable building design and construction certifications	Quantitative	Percentage (%) by annual sales revenue	EM-CM-410a.1	79% of our products qualify for sustainable product certificate
	Total addressable market and share of market for products that reduce energy, water or material impacts during usage or production	Quantitative	Presentation currency, Percentage (%)	EM-CM-410a.2	Not available information
Pricing Integrity & Transparency	Total amount of monetary losses as a result of legal proceedings associated with cartel activities, price fixing, and antitrust activities ²	Quantitative	Presentation currency	EM-CM-520a.1	Not applicable

Table 2. Activity Metrics

Activity metric	Category	Unit of Measure	Code	Disclosure/Reference
Production by major product line ³	Quantitative	Metric tonnes (t)	EM-CM-000.A	111

3 IRON & STEEL PRODUCERS SUSTAINABILITY ACCOUNTING STANDARD

3.1 SUSTAINABILITY DISCLOSURE TOPICS & METRICS

Topic	Metric	Category	Unit of Measure	Code	Disclosure/Reference
Greenhouse Gas Emissions	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations	Quantitative	Metric tonnes (t) CO ₂ -e, Percentage (%)	EM-IS-110a.1	123
	Discussion of long- and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Discussion and Analysis	n/a	EM-IS-110a.2	123
Air Quality	Air emissions of the following pollutants: (1) CO, (2) NO _x (excluding N ₂ O), (3) SO _x , (4) particulate matter (PM ₁₀), (5) manganese (MnO), (6) lead (Pb), (7) volatile organic compounds (VOCs), and (8) polycyclic aromatic hydrocarbons (PAHs)	Quantitative	Metric tonnes (t)	EM-IS-120a.1	Not applicable
Energy Management	(1) Total energy consumed, (2) percentage grid electricity and (3) percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	EM-IS-130a.1	119
	(1) Total fuel consumed, (2) percentage coal, (3) percentage natural gas and (4) percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	EM-IS-130a.2	119
Water Management	(1) Total water withdrawn, (2) total water consumed; percentage of each in regions with High or Extremely High Baseline Water Stress	Quantitative	Thousand cubic metres (m ³), Percentage (%)	EM-IS-140a.1	120
Waste Management	(1) Amount of waste generated, (2) percentage hazardous, (3) percentage recycled	Quantitative	Metric tonnes (t), Percentage (%)	EM-IS-150a.1	123
Workforce Health & Safety	(1) Total recordable incident rate (TRIR), (2) fatality rate, and (3) near miss frequency rate (NMFR) for (a) direct employees and (b) contract employees	Quantitative	Rate	EM-IS-320a.1	99
Supply Chain Management	Discussion of the process for managing iron ore or coking coal sourcing risks arising from environmental and social issues	Discussion and Analysis	n/a	EM-IS-430a.1	74

SASB DISCLOSURES

3.2 Table 2. Activity Metrics

Activity metric	Category	Unit of Measure	Code	Disclosure/Reference
Raw steel production, percentage from: (1) basic oxygen furnace processes, (2) electric arc furnace processes	Quantitative	Metric tonnes (t), Percentage (%)	EM-IS-000.A	74
Total iron ore production ¹	Quantitative	Metric tonnes (t)	EM-IS-000.B	Not applicable
Total coking coal production ²	Quantitative	Metric tonnes (t)	EM-IS-000.C	Not applicable

4 CONTAINERS & PACKAGING SUSTAINABILITY ACCOUNTING STANDARD

4.1 SUSTAINABILITY DISCLOSURE TOPICS & METRICS

Topic	Metric	Category	Unit of Measure	Code	Disclosure/Reference
Greenhouse Gas Emissions	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations	Quantitative	Metric tonnes (t) CO ₂ -e, Percentage (%)	RT-CP-110a.1	123
	Discussion of long- and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets and an analysis of performance against those targets	Discussion and Analysis	n/a	RT-CP-110a.2	123
Air Quality	Air emissions of the following pollutants: (1) NO _x (excluding N ₂ O), (2) SO _x , (3) volatile organic compounds (VOCs), and (4) particulate matter (PM)	Quantitative	Metric tonnes (t)	RT-CP-120a.1	Not applicable
Energy Management	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable and (4) total self-generated energy	Quantitative	Gigajoules (GJ), Percentage (%)	RT-CP-130a.1	119
Water Management	(1) Total water withdrawn, (2) total water consumed; percentage of each in regions with High or Extremely High Baseline Water Stress	Quantitative	Thousand cubic metres (m ³), Percentage (%)	RT-CP-140a.1	120
	Description of water management risks and discussion of strategies and practices to mitigate those risks	Discussion and Analysis	n/a	RT-CP-140a.2	120
	Number of incidents of non-compliance associated with water quality permits, standards and regulations	Quantitative	Number	RT-CP-140a.3	120
Waste Management	Amount of hazardous waste generated, percentage recycled	Quantitative	Metric tonnes (t), Percentage (%)	RT-CP-150a.1	123
Product Safety	(1) Number of recalls issued, (2) total units recalled 1	Quantitative	Number	RT-CP-250a.1	No such incidents reported during FY 24/25
	Discussion of process to identify and manage emerging materials and chemicals of concern	Discussion and Analysis	n/a	RT-CP-250a.2	118

Topic	Metric	Category	Unit of Measure	Code	Disclosure/Reference
Product Lifecycle Management	Percentage of raw materials from: (1) recycled content, (2) renewable resources, and (3) renewable and recycled content	Quantitative	Percentage (%) by weight	RT-CP-410a.1	118
	Revenue from products that are reusable, recyclable, or compostable	Quantitative	Presentation currency	RT-CP-410a.2	118
	Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle	Discussion and Analysis	n/a	RT-CP-410a.3	118
Supply Chain Management	Total wood fibre procured; percentage from certified sources	Quantitative	Metric tonnes (t), Percentage (%)	RT-CP-430a.1	Not applicable
	Total aluminium purchased; percentage from certified sources	Quantitative	Metric tonnes (t), Percentage (%)	RT-CP-430a.1	Not applicable

Table 2. Activity Metrics

Activity metric	Category	Unit of Measure	Code	Disclosure/Reference
Amount of production, by substrate ²	Quantitative	Metric tonnes (t)	RT-CP-000.A	82
Percentage of production as: (1) paper/wood, (2) glass, (3) metal, and (4) plastic	Quantitative	Quantitative Percentage (%) by revenue	RT-CP-000.B	Not applicable
Number of employees	Quantitative	Number	RT-CP-000.C	82

Glossary of Financial Terms

ACCOUNTING POLICIES

Specific principles, bases, conventions, rules and practices adopted by an enterprise in preparing and presenting Financial Statements.

CAPITAL EMPLOYED

Total assets less interest free liabilities.

CASH AND CASH EQUIVALENT

Short-term highly liquid assets those are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

CONTINGENCIES

A condition or situation existing at the reporting date where the outcome will be confirmed only by occurrence or non-occurrence of one or more future events.

CURRENT RATIO

Current assets divided by current liabilities.

GEARING RATIO

Interest bearing borrowings divided by equity plus interest bearing borrowings.

LEVERAGE RATIO

Interest bearing borrowings divided by equity.

DEFERRED TAXATION

Sum set aside for tax in the accounts of an entity that will become liable in a period other than that under review.

QUICK ASSET RATIO

Current assets excluding inventories divided by current liabilities.

DIVIDEND PAYOUT RATIO

Dividends Per Share divided by Earnings Per Share.

EARNINGS PER SHARE

Profits attributable to ordinary Shareholders divided by the number of ordinary shares in issue and ranking for dividend.

GROSS DIVIDEND

Portion of profits distributed to Shareholders.

NET ASSETS PER SHARE

Shareholders' funds divided by the number of ordinary shares issued.

OPERATING PROFIT MARGIN

Operating profit divided by turnover.

PRICE EARNINGS RATIO

Market price of a share divided by Earnings per share.

RELATED PARTIES

Parties who could control or significantly influence the financial and operating policies of the business.

RETURN ON ASSETS

Net profit for the year divided by assets.

RETURN ON EQUITY

Net profit for the year divided by Equity.

RETURN ON CAPITAL EMPLOYED (ROCE)

Operating Profit (EBIT) divided by equity plus interest bearing borrowings

SHAREHOLDERS' FUNDS

Total of issued and fully paid up capital and reserves.

VALUE ADDITIONS

The quantum of wealth generated by the activities of the group and its application.

WORKING CAPITAL

Capital required to finance the day-to-day operations (current assets minus current liabilities).

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Thirty Fifth (35th) Annual General Meeting of Royal Ceramics Lanka PLC will be held on 30th June 2025 at 2.30 p.m. at 'The Winchester', The Kingsbury Hotel, 48, Janadhipathi Mawatha, Colombo 01 for the following purposes:

1. ORDINARY BUSINESS

- 1.1 To receive and consider the Annual Report of the Board of Directors on the affairs of the Company and its subsidiaries and the Statement of Accounts for the year ended 31st March 2025 and the Report of the Auditors thereon.
- 1.2 To declare a Final Dividend of Sixty Cents (Rs. 0.60) per Ordinary share for the year ended 31st March 2025 as recommended by the Board of Directors.
- 1.3 To re-elect Mr Rasika Dimuth Prasanna Godawatta Archchige, who retires by rotation in terms of Articles 87(i) and 88 of the Articles of Association, as a Director of the Company.
- 1.4 To re-elect as a Director, Mr. Kulappu Arachchige Don Dhammika Perera, who was appointed to the Board since the last Annual General Meeting in terms of Article 94 of the Articles of Association.
- 1.5 To re-elect as a Director, Mr. Hector Manil Anthony Jayasinghe, who was appointed to the Board since the last Annual General Meeting in terms of Article 94 of the Articles of Association.
- 1.6 To re-appoint Messrs Ernst & Young, Chartered Accountants, the retiring Auditors and to authorise the Directors to determine their remuneration.
- 1.7 To authorise the Directors to determine donations for the year ending 31st March 2026 and up to the date of the next Annual General Meeting.

2. SPECIAL BUSINESS

- 2.1 To consider and if thought fit, to pass the following resolution as a Special Resolution:

'IT IS HEREBY RESOLVED THAT the Articles of Association of the Company be amended:

- (i) by the deletion of the first sentence of Article 61 and to replace it with "The Chairman or failing him the Co-Chairman or failing both Chairman and Co-Chairman, the Deputy Chairman shall preside as Chairman at every General Meeting" and to interpolate the words "Co-Chairman or" between the words "or" and "Deputy Chairman" in the second sentence thereof ;
- (ii) by the deletion of the word and figure "two (2)" in Article 80 of the Articles of Association and the substitution therefor of "five (5)" ;
- (iii) by the substitution of the word "Special" in place of "Ordinary" in line 1 of Article 81 ;
- (iv) by the deletion of first sentence of Article 87(i) and to substitute therefor 'One-third of the Directors for the time being, or if their number is not a multiple of three the number nearest to (but not greater than) one-third shall retire from office.' and to delete the words "the office of" in the second sentence of Article 87(i) and to substitute therefor of the words "hold executive office including" ;
- (v) by the inclusion of following paragraph at the end of Article 94 ;
"Any Director so appointed shall hold office until the next Annual General Meeting and shall then be eligible for re-election by the shareholders, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting."
- (vi) by the inclusion of the words "Co-Chairman," between the words "Chairman," and "Deputy Chairman," in line 4 of Article 97 ;
- (vii) by the deletion of Article 116 in its entirety and to substitute therefor the following new Article 116 ;

"116. The Directors may appoint and remove a Chairman, Co-Chairman and Deputy Chairman of their meetings and may determine the period for which they are to hold office. If no Chairman or Co-Chairman or Deputy Chairman shall have been appointed, or if at any meeting the Chairman or failing him the Co-Chairman or failing both, the Deputy Chairman be not present within five minutes after the time appointed for holding the same, the Directors present may choose one of their number to be Chairman of the Meeting."

- (viii) by the deletion of Articles 120 under the existing heading, 'Alternate Directors' in its entirety and the substitution therefor of the following new Article 120;

ALTERNATE DIRECTORS

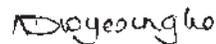
- 120.(i) Subject to the Statutes and other laws applicable in respect of the composition of the Board, a Director may, due to exceptional circumstances, by notice in writing under his hand delivered to the Secretary, nominate an individual to be appointed as an Alternate Director of the Company for a maximum period of one (1) year from the date of appointment to attend to the duties of the Director in his absence, and the following provisions of these Articles shall apply to any person so appointed
- (ii) If an Alternate Director is appointed for a Non-Executive Director, such Alternate Director shall not be an executive of the Company.
- (iii) If an Alternate Director is appointed to represent an Independent Non-Executive Director, such Alternate Director shall meet the criteria for independence specified in the Listing Rules of the Colombo Stock Exchange.
- (iv) The appointment of an Alternate Director shall be subject to the approval of the Board.

Notice of Annual General Meeting

- (ix) by the inclusion of the words and figures 'including the signing of resolutions in writing to be passed by circulation under Article 117 hereof.' at the end of Article 122(i);
- (x) by the inclusion of the words "Subject to Article 120, an" at the beginning of the Article 123 in place of the word "An"
- (xi) by the deletion of the words "If a majority of the Directors resolve" in line 1 of Article 123(iii) and the substitution therefor of "If the Board resolves";
- (xii) In Article 127(1)(a)(iv), the reference to Article '95' in being replaced by Article '96'.
- (xiii) by the deletion of Article 129 in its entirety and the substitution of the following as 129(i) and 129(ii);
- 129.(i) The Company may make distributions to shareholders in accordance with Section 56 of the Act. Subject to Article 129 (ii) of these Presents every dividend shall be recommended/approved by the Board and approved by an Ordinary Resolution of the Shareholders (as applicable). The Board must be satisfied that the Company will immediately after the distribution of the dividend, satisfy the solvency test in accordance with the provisions of the Act. The Directors who vote in favour of the distribution shall sign a certificate of their opinion to that effect.
- (ii) The Board may from time to time approve the payment of an interim dividend to shareholders, where that appears to be justified by the Company's profits without the need for approval by an ordinary resolution of the shareholders. The Board must be satisfied that the Company will immediately after the interim dividend is paid, satisfy the solvency test in terms of the Act. The Directors who vote in favour of the interim dividend shall sign a Certificate of their opinion to that effect.

- (xiv) by the inclusion of following paragraph at the end of Article 156
- "The Company may serve notice by electronic mail to an electronic mail account notified by a shareholder in writing or any other acceptable means, to the Company or to the Central Depository Systems (Pvt) Ltd. Where electronic mail is used, the document or notice shall be deemed to have been received by the shareholder upon the dispatch of same by the Company through electronic mail."
- (xv) by the inclusion of the following paragraph immediately after the word "newspaper" in Article 160;
- "The Company may if so permitted by Statute, publish any notice required to be given to the shareholders on the official website of the Company and/or on the official website of the Colombo Stock Exchange (so long as the Company is listed on the Colombo Stock Exchange)."

By order of the Board
Royal Ceramics Lanka PLC



P W Corporate Secretarial (Pvt) Ltd
Secretaries
At Colombo

30th May 2025

Notes:

1. A shareholder is entitled to appoint a Proxy to attend and vote at the meeting on his/her behalf.
2. A Proxy need not be a shareholder of the Company.
3. A Form of Proxy accompanies this Notice.
4. The completed Form of Proxy should be deposited at the Registered Office of the Company, No. 20, R.A. de Mel Mawatha, Colombo 03 by 3.30 p.m. on 28th of June 2025

Form of Proxy

I/We*..... (NIC/Passport/Co. Reg. No.) of.....being a shareholder / shareholders of ROYAL CERAMICS LANKA PLC hereby appoint(NIC/Passport No.....) of or failing him/her*,

Mr. Dhammika Perera	or failing him*
Mr. S H Amarasekera	or failing him*
Mr. A M Weerasinghe	or failing him*
Mr. M Y A Perera	or failing him*
Mr. S R Jayaweera	or failing him*
Mr. J R Gunaratne	or failing him*
Mr. T G Thoradeniya	or failing him*
Mr. G A R D Prasanna	or failing him*
Mr. N J Weerakoon	or failing him*
Mr. S M Liyanage	or failing him*
Ms. K A D B Perera	or failing her*
Mr. H M A Jayasinghe	or failing him*

as my/our* proxy to represent and speak and vote as indicated hereunder for me/us* and on my/our* behalf at the Thirty Fifth (35th) Annual General Meeting of the Company to be held on 30th June 2025 and at every poll which may be taken in consequence of the aforesaid Meeting and at any adjournment thereof.

1 ORDINARY BUSINESS

		For	Against
(1)	To declare a Final Dividend of Cents Sixty (Rs.0.60) per Ordinary share for the year ended 31st March 2025 as recommended by the Board of Directors.	<input type="radio"/>	<input type="radio"/>
(2)	To re-elect Mr Rasika Dimuth Prasanna Godawatta Archchige, who retires by rotation in terms of Articles 87(i) and 88 of the Articles of Association, as a Director of the Company.	<input type="radio"/>	<input type="radio"/>
(3)	To re-elect as a Director, Mr. Kulappu Arachchige Don Dhammika Perera who was appointed to the Board in terms of Article 94 of the Articles of Association.	<input type="radio"/>	<input type="radio"/>
(4)	To re-elect as a Director, Mr. Hector Manil Anthony Jayasinghe, who was appointed to the Board in terms of Article 94 of the Articles of Association.	<input type="radio"/>	<input type="radio"/>
(5)	To re-appoint Messrs Ernst & Young, Chartered Accountants, the retiring Auditors and to authorise the Directors to determine their remuneration.	<input type="radio"/>	<input type="radio"/>
(6)	To authorise the Directors to determine donations for the year ending 31st March 2026 and up to the date of the next Annual General Meeting.	<input type="radio"/>	<input type="radio"/>

2 SPECIAL BUSINESS

		For	Against
(1)	To consider and if thought fit to pass the Special Resolution set out under item 2.1 of the Notice of Meeting for amending the Articles of Association.	<input type="radio"/>	<input type="radio"/>

In witness my/our* hands this day of Two Thousand and Twenty Five.

.....
Signature of Shareholder/s

*Please delete what is inapplicable.

Notes: 1. A proxy need not be a shareholder of the Company.
2. Instructions as to completion appear overleaf.

Form of Proxy

Instructions for completion

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 completed Proxy should be deposited at the Registered Office of the Company, No. 20, R.A. de Mel Mawatha, Colombo 03 by 3.30 p.m. on 28th of June 2025
3. The Proxy shall –
 - (a) In the case of an individual be signed by the shareholder or by his attorney, and if signed by an attorney, a notarially certified copy of the Power of Attorney should be attached to the completed Proxy if it has not already been registered with the Company.
 - (b) In the case of a company or corporate / statutory body either be under its Common Seal or signed by its Attorney or by an Officer on behalf of the Company or corporate / statutory body in accordance with its Articles of Association or the Constitution or the Statute. (as applicable)
4. If you wish to appoint a person other than the Chairman or a Director of the Company as your Proxy, please insert the relevant details in the space provided.
5. Please indicate with a 'X' in the space provided how your Proxy is to vote on each resolution. If no indication is given, the Proxy in his discretion will vote as he thinks fit.
6. In the case of joint holders the Form of Proxy must be signed by the first holder.

Corporate Information

NAME OF THE COMPANY

Royal Ceramics Lanka PLC

LEGAL FORM

A Public Quoted Company with limited liability incorporated Under the provisions of Companies Act No. 7 of 2007

DATE OF INCORPORATION

29th August 1990

COMPANY REGISTRATION NUMBER

PQ 125

NATURE OF BUSINESS

Manufacture and sale of Porcelain & Ceramic Tiles

BOARD OF DIRECTORS

Mr. Dhammika Perera (Chairman)

Mr. S H Amarasekara (Co- Chairman)

Mr. A M Weerasinghe (Deputy Chairman)

Mr. M Y A Perera (Managing Director)

Mr. T G Thoradeniya
(Director Marketing & Business
Development)

Mr. S R Jayaweera

Mr. J R Gunaratne

Mr. G A R D Prasanna

Mr. N J Weerakoon

Mr. S M Liyanage

Ms. Brindhiini Perera

Mr. Manil Jayasinghe

HEAD OFFICE AND REGISTERED OFFICE

20, R. A de Mel Mawatha,
Colombo 03.

Tel : 011 4799400

Fax : 011 4720077

Email : ho.gen@rcl.lk

Website : www.rocell.com

SUBSIDIARY COMPANIES

Rocell Bathware Limited

Royal Ceramics Distributors (Private) Limited

Ever Paint and Chemical Industries (Private)
Limited

Nilano Garments (Private) Limited

Biscuits and Chocolate Company Limited
(Previously known as Rocell Ceramics
Limited)

Rocell Properties Limited

CP Holding (Private) Limited

Lanka Walltiles PLC and its subsidiaries

Lanka Ceramic PLC and its subsidiary

ASSOCIATE COMPANIES

Delmege Limited

L B Finance PLC

SECRETARIES

P W Corporate Secretarial (Pvt) Ltd

3/17, Kynsey Road, Colombo 08.

Tel : 011 4640360-3

Fax : 011 4740588

Email : pwcs@pwcs.lk

REGISTRARS

Central Depository System (Pvt) Ltd

Ground Floor, M&M Centre,

341/5, Kotte Road,

Rajagiriya

Tel : 011 2356491

Fax : 011 2440396

EXTERNAL AUDITORS

Ernst & Young,

Chartered Accountants

Rotunda Towers

No.109, Galle Road,

P.O. Box 101

Colombo 03

BANKERS

Commercial Bank of Ceylon PLC

Hatton National Bank PLC

Standard Chartered Bank Ltd.

HSBC Ltd.

DFCC Bank PLC

Seylan Bank PLC

Bank of Ceylon

PABC Bank PLC

Sampath Bank PLC

MCB Bank Ltd.

NDB Bank PLC

Nations Trust Bank PLC

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Digital Plates & Printing by Softwave
Printing and Publishing (Pvt) Ltd

