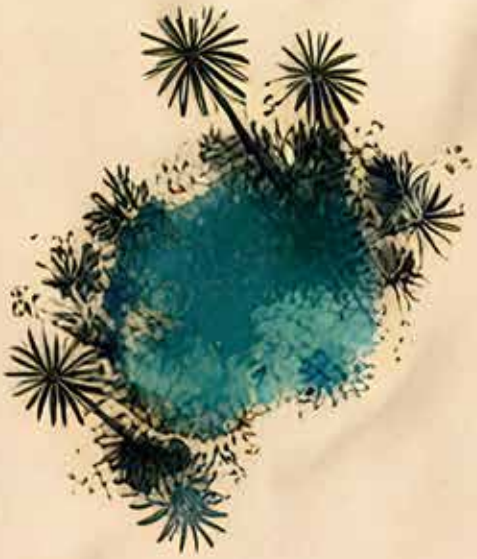
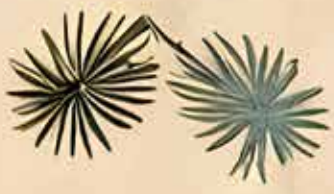



Rocell
Eternal Elegance

**Royal Ceramics Lanka PLC**
Annual Report 2025/26





# SELF-SUSTAINED

For us at Rocell, strength has never been borrowed. It has always been built.

In a year shaped by pressure and increasing competition, we maintained our profitability and our margins through discipline within. Every enhancement was intentional; refining our operations, improving efficiency, conserving energy, and aligning ourselves with global standards that define true manufacturing excellence, has allowed us to soar to greater heights and build a greater legacy.

In the face of changing conditions, we hold our ground. We do not wait – we adapt, recalibrate, and progress with clarity and control, always looking to deliver our best work to our discerning customer.

As a local manufacturer, our role also extends beyond performance. We contribute to a broader national ambition by strengthening domestic capability and supporting economic self-sufficiency.

Now and forever, Rocell remains self-sustained, because when resilience is internal, it endures.

*Like an oasis that thrives in isolation, sustaining life through its own ecosystem, Rocell grows its own ecosystem of independent and lasting progress.*

Rocell
Eternal Elegance

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# ABOUT THIS REPORT




**WE ARE PLEASED TO PRESENT THE 10TH ANNUAL INTEGRATED REPORT OF ROYAL CERAMICS LANKA PLC FOR THE FINANCIAL YEAR ENDED 31 MARCH 2026, COVERING THE PERFORMANCE OF BOTH THE COMPANY AND THE GROUP. IT PROVIDES A CLEAR AND BALANCED OVERVIEW OF THE GROUP'S FINANCIAL, ENVIRONMENTAL, SOCIAL, AND GOVERNANCE PERFORMANCE. THIS REPORT BUILDS ON THE ANNUAL INTEGRATED REPORT FOR THE YEAR ENDED 31 MARCH 2025, REFLECTING OUR CONTINUED COMMITMENT TO STRENGTHENING CORPORATE REPORTING.**

## FRAMEWORKS

This section sets out the regulatory requirements and the voluntary frameworks used as well as other information relating to the preparation of this Annual Report. Rocell remains committed to continuous improvement of our report, fine tuning the application of standards to material matters to ensure that users have reliable and comparable information.

### FINANCIAL REPORTING

- Sri Lanka Accounting & Auditing Standards Act No.15 of 1995
- Companies Act no. 7 of 2007
- Sri Lanka Financial Reporting Standards
- Guidelines for the presentation of Annual Reports issued by CA Sri Lanka
- Listing Rules of the Colombo Stock Exchange

### GOVERNANCE

- Code of Best Practice on Corporate Governance issued by CA Sri Lanka
- Listing Rules of the Colombo Stock Exchange

### SUSTAINABILITY REPORTING

- SLFRS S1 and S2
- UN Sustainable Development Goals
- <IR> Framework issued by the International Integrated Reporting Council
- GRI Standards 2021 "In Accordance with"
- SASB Standards for Construction material, Containers and packaging and Iron and steel producers
- Gender Reporting Framework issued by CA Sri Lanka



### EVOLUTION OF OUR REPORT IN 2025/26

- Improved interconnectivity of material topics throughout the report
- Improved Risk Reporting
- Expanded non-financial reporting to cover all Group entities in accordance with SLFRS S1
- Expansion of SLFRS S1 and S2 implementation, particularly in reporting CRROs and SRROs
- Extended sustainability assurance covering SLFRS S1 & S2 disclosures



### REPORTING PRINCIPLES

- Impacts
- Materiality
- Strategic focus and future orientation
- Connectivity of Information
- Stakeholder relationships
- Conciseness
- Reliability & Completeness



# ABOUT THIS REPORT

## SCOPE AND BOUNDARY

*GRI 2-2*

This report covers the financial and non-financial performance of Royal Ceramics Lanka PLC and its 23 subsidiaries in Sri Lanka and 4 subsidiaries outside Sri Lanka along with two Associated entities collectively referred to as the Group. These entities operate across six business verticals, cross Tiles and Associated products, Sanitaryware, Packaging, Aluminium, Finance and other. The financial and non-financial reporting boundaries are aligned and extend to the operating environment and external stakeholders. The report explains how our operations create, preserve, or erode value.




The financial and non-financial information boundaries are aligned for Royal Ceramics Lanka PLC and its subsidiaries. Financial information of equity accounted investee is included in summary in the financial statements. However, we have not included the non-financial information of equity accounted investees in the non-financial information.

## THE PRECAUTIONARY PRINCIPLE

*GRI 2-23*

When addressing social and environmental issues, the Royal Ceramics Lanka (Rocell) Group adheres to the precautionary principle as outlined in the Rio Declaration on Environment and Development. This commitment reflects the Group' s proactive approach to mitigating potential negative impacts on communities and the environment, going beyond mere compliance to ensure responsible and sustainable practices.



## REPORTING PROCESS

The Finance Department leads the initiative to prepare the Annual Report and obtains written confirmations from relevant departments and subsidiaries on the accuracy of matters set out in the report. The Finance and Sustainability teams leads the process to identify material matters, involving key departments that engage with stakeholders and operational departments. The material matters determined as set out on page 47 are approved by the Board. Reports from Board Committees are approved and signed by their respective Chairs. After completion, the annual report is distributed to all Board members for their review and feedback, and then formally presented to the Board for final approval.

## RESTATEMENTS AND COMPARABILITY OF INFORMATION

*GRI 2-4*

There were no major restatements during the year except for certain material, energy, water, and waste-related data reported under Natural Capital which have been updated to reflect changes in internal processes and data sources, ensuring improved accuracy and consistency of reporting.

## ASSURANCE

*GRI 2-5*

External assurance on the Company's and consolidated Financial Statements has been provided by Messrs Ernst & Young. External assurance on sustainability has been provided by Messrs Ernst & Young covering the requirements of GRI Standards, SASB - Construction Material Standard and SLFRS S1 and S2.

## CONNECTIVITY OF OUR REPORT

Non-financial disclosures, including Governance, Strategy, Risk Management and Metrics & Targets are prepared at the Group level to ensure consistency and transparency across all reporting dimensions. The following icons facilitate navigation and connectivity of information throughout the report.

Governance

Risk

### CAPITALS

Financial Capital

Manufactured Capital

Intellectual Capital

Human Capital

Natural Capital

Social & Relationship Capital

### STAKEHOLDERS

Investors

Customers

Employees

Suppliers

Community

Regulators

### STRATEGY

Operational Excellence

Customer Centricity

Competent Team

Sustainable Mindset

Innovation & Technology

Business Growth

Financial Stability

## FORWARD LOOKING STATEMENTS

This report includes forward-looking statements based on currently available internal and external information to support an assessment of the Group's future prospects. Given the significant uncertainty and volatility in global and local economies, these statements remain inherently uncertain. Some outcomes depend on future events beyond our control and may materially affect the Group's ability to create value. Readers are therefore encouraged to rely on the most recent information when forming their own judgments. These forward-looking statements are provided without liability or recourse to the Board or the report's preparers.

## STATEMENT BY THE BOARD

*GRI 2-14*

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 2026 is presented in accordance with the standards set out above.

The Board of Directors Approved the report on 29 May 2026

Signed on behalf of the Board

Dhammika Perera
*Chairman*

Manil Jayesinghe
*Chairman*
*Board Audit Committee*

Aravinda Perera
*Managing Director*

## FEEDBACK AND INQUIRIES

*GRI 2-3*

A feedback can be accessed using the QR code below for readers wishing to provide feedback on the Annual Report. Responses will be reviewed by the Management of the Company. We value your feedback and will use the same in improving the Annual Report.

Please contact us for inquiries regarding the Annual Report:

Mr. Haresh Somashantha
Director Finance

No. 20, R A De Mel Mawatha,
Colombo 3
Email: haresh@rcl.lk
Website: www.rocell.com

# ABOUT ROYAL CERAMICS LANKA PLC

*GRI 2-1, 2-6*

Having embarked on its journey as a tile manufacturer, Royal Ceramics Lanka PLC has grown to be Sri Lanka's largest tile manufacturer with a broad presence across the country's construction sector value chain. Listed on the Colombo Stock Exchange, the Group comprises five publicly listed companies engaged in construction related activities. A significant equity stake in the largest finance company LB Finance PLC and subsidiaries engaged in packaging diversifies our portfolio, stabilising earnings and building resilience. An islandwide network of showrooms and dealers keeps us connected to Sri Lankans as we help them build their dream spaces. A focus on delivering value to stakeholders together with a strong commitment to sustainability has been key to building resilient value chains, supporting our aspirations of sustainable and profitable growth.

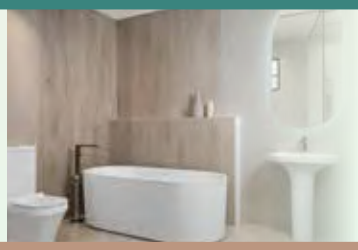
## TILES AND ASSOCIATED PRODUCTS



Dominates the local tiles market with cutting-edge manufacturing facilities

- The two leading tile brands in Sri Lanka
- 4 tile manufacturing facilities including the largest tile manufacturing plant in Sri Lanka
- The value chain is supported with the manufacture of grout, mortars and decorative pebbles under the Swisstek brand

## SANITARYWARE



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

- Leading brand of bathware in Sri Lanka
- Growing portfolio of designs
- Exports to globally reputed brands
- Collections created by internationally reputed bathware designers

## ALUMINIUM



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

- Export to 8 countries, delivering certified quality, advanced engineering, and sustainable solutions worldwide.
- Supply of precision engineered aluminium solutions for roof and ground mount solar systems, patio covers, pool enclosures, railings, gates, fences, and screens.

## PACKAGING



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

- Subsidiary in Kenya acquired during latter part of the previous year was fully operational
- Supplier of corrugated packaging and paper sacks for FMCG sector
- Uses state-of-the-art Japanese and German technology

## MINING



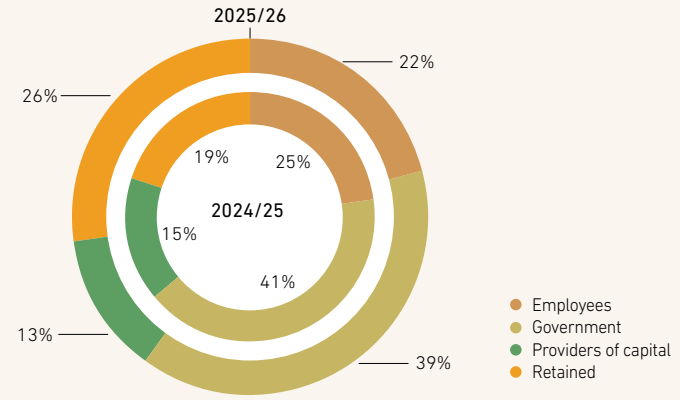
Supplies high quality feldspar for ceramic and tile industry in Sri Lanka

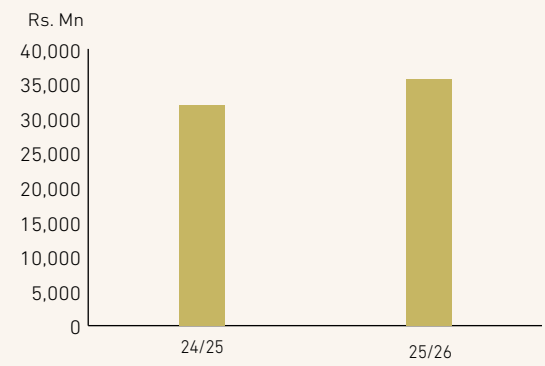
- Owns largest Feldspar mine in the country
- Supplies premium quality Feldspar.

## OUR SOCIOECONOMIC IMPACT

The socioeconomic impact of the Rocell Group is significant due to its islandwide ecosystem.

### VALUE CREATED AND DISTRIBUTED




Other ways in which we contribute to the country's socioeconomic progress are set out below:

Jobs provided
**5,079 Jobs**

Local Suppliers
**Payment Rs.38 Bn**

Distributors and Franchisees
**143 Touchpoints**

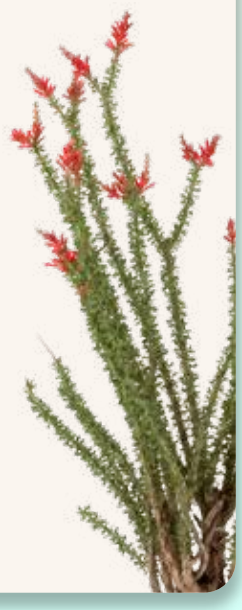
Tilers & Fabricators
**Trained 105 Tilers**



Export Revenue earned
**Rs. 7.3 Bn**

Payments to Overseas Suppliers
**Rs.19 Bn**

Payments to Distributors and Franchisees
**Rs.1.1Bn**



# GROUP STRUCTURE

*GRI 2-2*

**SANITARYWARE**

Rocell Bathware Ltd.

100%

**OTHER**

Delmege Ltd

21%

Biscuits and Chocolate Company Ltd

69.11%

Rocell Properties Ltd.

100%

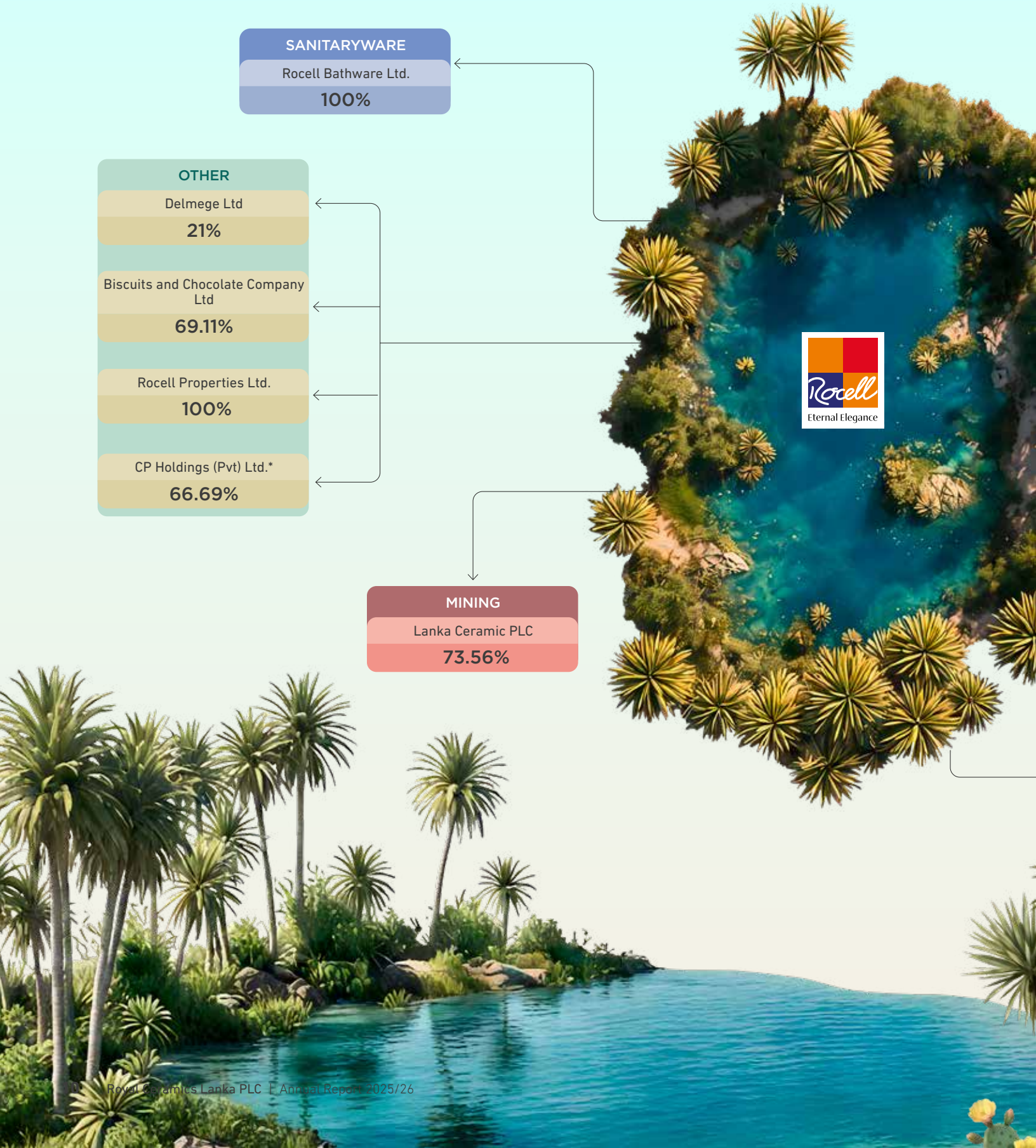
CP Holdings (Pvt) Ltd.*

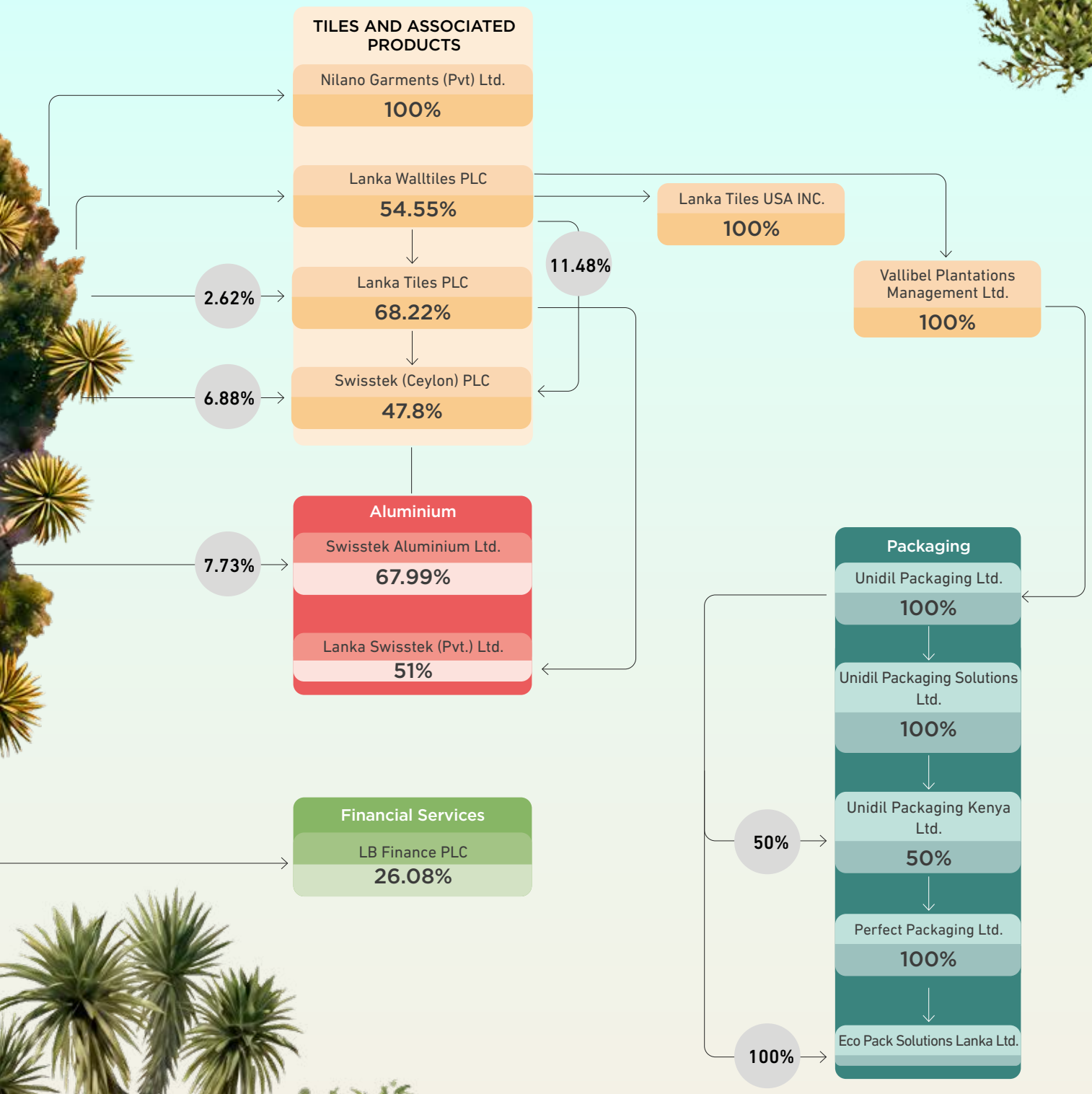
66.69%

**MINING**

Lanka Ceramic PLC

73.56%






*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.**

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

**2023** Disposal of Horana Plantations PLC

**2021** Acquired CP Holdings (Pvt) Ltd

**2019** Amalgamated Royal Porcelain (Pvt) Ltd

**2017** Restructured Lanka Ceramic PLC Investment to bring Lanka Walltiles PLC - under direct subsidiary of Royal Ceramics Lanka PLC

**2013** Acquired a 76.54% stake in Lanka Ceramic PLC

**2012** Acquired 25.85% stake in LB Finance PLC

**2011** Acquired a 20% stake in Delmege Ltd

**2009** Commenced operations in Rocell Bathware Ltd

**2002** Commenced operations in Royal Porcelain (Pvt) Ltd

**1991** Royal Ceramics Lanka PLC commenced operations



# OUR COMMITMENT TO SUSTAINABILITY

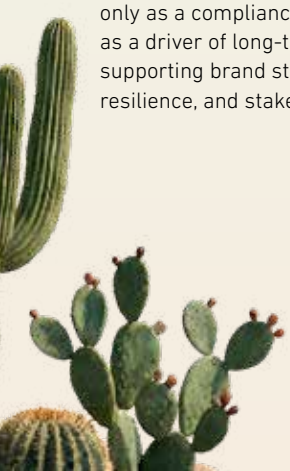
**Rocell is embedding environmental, social and governance (ESG) considerations into the Group's business strategy as it advances its long-term vision for sustainable value creation. As a leading manufacturer of premium tiles and bathware in Sri Lanka, with a growing international footprint, the Group recognises its responsibility to manage environmental impacts, uphold responsible business practices, and deliver enduring value to stakeholders.**

The sustainability strategy provides a structured framework to support Rocell's transformation agenda, aligning growth and innovation with climate stewardship, ethical supply chain practices, and social well-being. It is anchored in five strategic pillars:

- Environmental Sustainability,
- Responsible Supply Chain,
- Product Innovation,
- Social Responsibility, and
- Governance & Disclosure

The strategy defines the Group's pathway towards decarbonisation, greater resource efficiency, inclusive growth, and enhanced transparency.

As Rocell expands its operations and market presence, sustainability is positioned not only as a compliance imperative, but also as a driver of long-term competitiveness, supporting brand strength, operational resilience, and stakeholder confidence.





## ROCELL'S SUSTAINABILITY STRATEGY

**Governance & Disclosure**

Implement ESG governance and transparent sustainability reporting.



**Product Innovation & Lifecycle Thinking**

Develops eco-friendly products with durability and reuse in mind.



**Social Responsibility & Human Capital**

Emphasises health, safety, employee development, and community engagement.



**Environmental Sustainability**

Focuses on reducing environmental impact through energy efficiency, water management, and waste reduction.



**Responsible Supply Chain**

Ensures ethical and sustainable sourcing of materials and prioritises local procurement.

# OUR COMMITMENT TO SUSTAINABILITY

Rocell has aligned its sustainability activities to the SDGs as set out below.

## ENVIRONMENT SUSTAINABILITY

- Commit to achieving carbon neutrality by 2050, in alignment with national climate commitments.
- Reduce Scope 1 and Scope 2 emissions intensity through energy efficiency improvements and renewable energy adoption.
- To enhance the identification, assessment, and mitigation of climate-related risks through the structured implementation of SLFRS S1 and S2 sustainability disclosure standards

- Improve energy efficiency across all operations through continuous monitoring, optimisation, and technology upgrades
- To accelerate the adoption of renewable energy by expanding solar energy installations across operations, leveraging identified climate-related opportunities
- Implementation of various energy saving initiatives in all our premises including heat recovery system of Eheliyagoda factory.

- Promote efficient water use across operations and reduce water consumption intensity.
- Implement water recycling and reuse systems where feasible to minimise freshwater withdrawal.
- Ensure responsible wastewater management and compliance with discharge standards

## GOVERNANCE & DISCLOSURE

- Strengthen sustainability governance by integrating ESG oversight into Board-level decision-making processes, ensuring structured accountability for sustainability performance.
- Participation in industry forums and regulatory efforts to strengthen ESG governance.

## SOCIAL RESPONSIBILITY & HUMAN CAPITAL

- 4,659 direct employment opportunities
- Rs. 8,055 Mn paid as employee remuneration
- Rs. 38 Mn paid to local suppliers
- Rs. 14,090 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 43,843 hours
- Financial assistance for educational qualifications
- Provide industrial training for University students and factory visit opportunities for school students.
- In-house learning management system to improve knowledge of all categories of staff

- 18% 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.

- 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.

- 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. 6.3 Mn spent on CSR initiatives

## PRODUCT INNOVATION & LIFECYCLE THINKING

- 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

- 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.



## Rocell's Sustainability Strategy

1. **Responsible Supply Chain** - ensures ethical and sustainable sourcing of materials and prioritises local procurement
2. **Environmental Sustainability** - Focuses on reducing environmental impact through energy efficiency, water management, and waste reduction.
3. **Social Responsibility & Human Capital** - Emphasises health, safety, employee development, and community engagement.
4. **Product Innovation & Lifecycle Thinking** - Develops eco-friendly products with durability and reuse in mind.
5. **Governance & Disclosure** - Implements ESG governance and transparent sustainability reporting.




### 1. Responsible Supply Chain

**Sustainable Sourcing**

» Work with suppliers to adopt ESG standards for raw materials. (Ball clay, Feldspar and 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

### 2. Environmental Sustainability

**Energy Efficiency & Carbon Reduction**

» Transition to energy-efficient single-firing technology (with optimised kiln use).

» Maintained efficiencies in solar and renewable energy generations 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 sanitaryware & packaging and explore tile recycling programs.

### 3. 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.

### 4. 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.

### 5. Governance & Disclosure

**Sustainability Governance**

» Form Board Sustainability Committee to oversee sustainability strategy.

**Transparency & Reporting**

» Publish an annual Sustainability Report aligned with GRI or SASB standards.

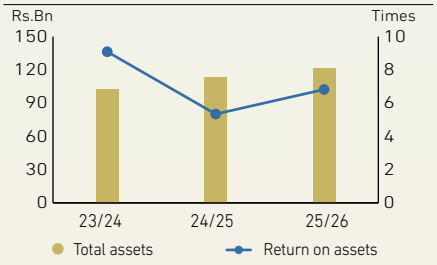
» Set and disclose measurable targets for emissions, energy, water, and community impact.



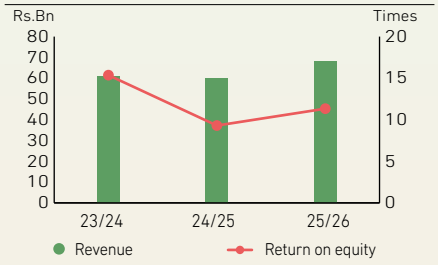
# PERFORMANCE HIGHLIGHTS
# FINANCIAL HIGHLIGHTS

| Year ended 31st March | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | 2025/26 | 2024/25 | Change (%) | 2025/26 | 2024/25 | Change (%) |
| **Earnings Highlights** | | | | | | |
| Revenue (Rs. Mn) | 68,096 | 59,987 | 14 | 18,584 | 15,364 | 21 |
| Earnings before interest, taxes, depreciation & amortisation (EBITDA) (Rs. Mn) | 15,707 | 12,850 | 22 | 5,607 | 5,215 | 8 |
| Results from operating activities (EBIT) (Rs. Mn) | 12,749 | 10,337 | 23 | 4,513 | 4,166 | 8 |
| Profit before tax (Rs. Mn) | 10,302 | 8,256 | 25 | 4,085 | 3,605 | 13 |
| Income tax (Rs. Mn) | 1,849 | 1,855 | (0.3) | 977 | 808 | 21 |
| Profit after tax (Rs. Mn) | 8,274 | 6,051 | 37 | 3,108 | 2,796 | 11 |
| Profit attributable to owners of the parent (Rs. Mn) | 6,971 | 5,054 | 38 | 3,108 | 2,796 | 11 |
| Dividends declared (Rs. Mn) | 2,216 | 1,773 | 25 | 2,216 | 1,773 | 25 |
| | | | | | | |
| **RATIOS** | | | | | | |
| Gross profit margin | 34% | 32% | 2 | 47% | 49% | (2) |
| Operating profit margin | 19% | 17% | 2 | 24% | 27% | (3) |
| Net profit margin | 12% | 10% | 2 | 17% | 18% | (1) |
| Earnings per share (Continued operations) (Rs.) | 6.29 | 4.56 | 38 | 2.81 | 2.52 | 11 |
| Return on assets | 7% | 5% | 2 | 8% | 8% | 0 |
| Return on capital employed | 13% | 11% | 2 | 16% | 14% | 2 |
| Return on equity | 11% | 9% | 2 | 12% | 12% | 0 |
| Interest cover (No. of times) | 5 | 5 | 6 | 9 | 7 | 35 |
| Total assets (Rs. Mn) | 121,367 | 113,366 | 7 | 37,147 | 36,074 | 3 |
| Total debt (Rs. Mn) | 26,589 | 30,679 | (13) | 3,422 | 5,675 | (40) |
| Equity attributable to equity holders of the parent (Rs. Mn) | 55,235 | 48,652 | 14 | 25,093 | 23,744 | 6 |
| Stated capital (Rs. Mn) | 1,369 | 1,369 | 0 | 1,369 | 1,369 | 0 |
| Revenue reserve (Rs. Mn) | 7,992 | 6,646 | 20 | 3,208 | 3,202 | 0.2 |
| Gearing | 27% | 32% | (5) | 12% | 19% | (7) |
| Debt/equity ratio | 36% | 47% | (11) | 14% | 24% | (10) |
| Equity asset ratio | 60% | 57% | 3 | 68% | 66% | 2 |
| Net assets per share (Rs.) | 49.9 | 43.9 | 14 | 22.6 | 21.4 | 6 |
| Current ratio (No. of times) | 1.5 | 1.5 | (1) | 1.9 | 1.6 | 18 |
| Quick asset ratio (No. of times) | 0.5 | 0.4 | 9 | 0.5 | 0.3 | 46 |
| No. of shares in issue (Mn) | 1,108 | 1,108 | 0 | 1,108 | 1,108 | 0 |
| Market value per share (Rs.) | 43 | 37 | 16 | 43 | 37 | 16 |
| Dividend per share (Rs.) | 2.0 | 1.6 | 25 | 2.0 | 1.6 | 25 |
| Market capitalisation (Rs.Mn) | 76,812 | 62,333 | 23 | 47,639 | 40,992 | 16 |
| Price earnings ratio (No. of times) | 6.8 | 8.1 | (16) | 15.3 | 14.7 | 5 |
| Dividend yield ratio | 5% | 4% | 1 | 5% | 4% | 1 |
| Dividend payout ratio | 32% | 35% | (3) | 71% | 63% | 8 |

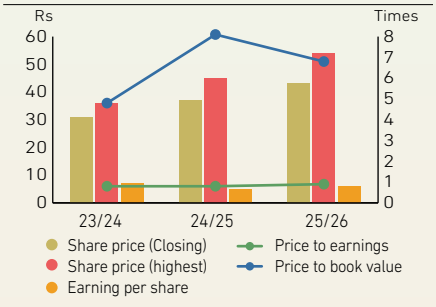
**Total Assets & ROA**




**Revenue & ROE**



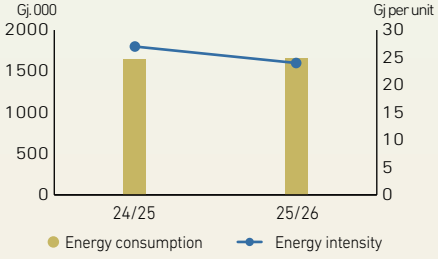

**Value to share holders**



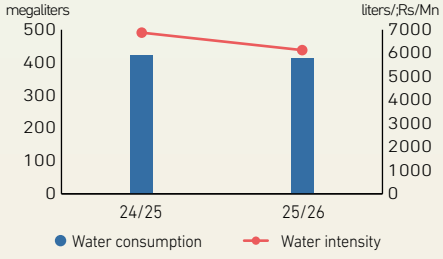
# NON-FINANCIAL HIGHLIGHTS

| Year ended 31st March | | Group | | |
|---|---|---|---|---|
| | | 2025/26 | 2024/25 | Change (%) |
| **ENVIRONMENT** | | | | |
| Material Consumption | MT | 369,777 | 349,805 | 6 |
| Total energy consumption | GJ | 1,657,172 | 1,637,675 | 1 |
| - Renewable energy consumption | GJ | 55,188 | 67,132 | (18) |
| - Non-renewable energy consumption | GJ | 1,601,984 | 1,570,544 | 2 |
| % Renewable energy consumption | % | 3 | 4 | (19) |
| Renewable energy generation | kWh | 3,281,140 | 3,677,631 | (11) |
| Total carbon footprint (GHG emissions) | tCO2e | 124,149 | 123,941 | 0.2 |
| Scope 1 emissions | tCO2e | 82,476 | 82,525 | (0.1) |
| Scope 2 emissions | tCO2e | 41,673 | 41,416 | 1 |
| Total water withdrawal | Liters | 422,209,441 | 412,489,815 | 2 |
| Recycled water usage | % | 72 | 28 | 43 |
| Solid waste | MT | 41,609 | 40,930 | 2 |
| Effluents discharged | Liters | 384,270,019 | 176,844,795 | 117 |
| Energy intensity (energy per revenue) | GJ/Rs mn | 24 | 27 | (12) |
| Emission intensity (emission per revenue) | tCO2e/Rs mn | 2 | 2 | (12) |
| Water intensity (water withdrawal per revenue) | Liters/Rs. mn | 6,130 | 6,876 | (11) |
| **SOCIAL PERFORMANCE** | | | | |
| **Customers** | | | | |
| Customer touchpoints | | 262 | 257 | 2 |
| Customer Satisfaction Score | | 97% | 91% | 5 |
| **Employees** | | | | |
| Employees on payroll | No. | 4,659 | 4,512 | 3 |
| Female representation | % | 11 | 10 | 1 |
| New recruits | No. | 1,058 | 1,085 | (2) |
| Value distributed to Employees | Rs.mn | 8,055 | 7,980 | 1 |
| Investment in training | Rs.mn | 18 | 29 | (38) |
| Training hours | Hours | 43,843 | 47,228 | (7) |
| Average training hours per employee | Hours | 5 | 6 | (8) |
| Retention rate | % | 80 | 82 | (2) |
| Workplace Injuries | No. | 340 | 301 | 13 |
| Lost mandays | No. | 732 | 549 | 33 |
| **Suppliers and Business Partners** | | | | |
| Payments to suppliers | Rs.mn | 56,969 | 56,978 | (0.02) |
| Proportion of spending on local suppliers | % | 67 | 72 | (5) |
| **Community Engagement** | | | | |
| Investment in CSR | Rs.mn | 6 | 11 | (43) |
| CSR beneficiaries | No. | 27,342 | 30,959 | (12) |

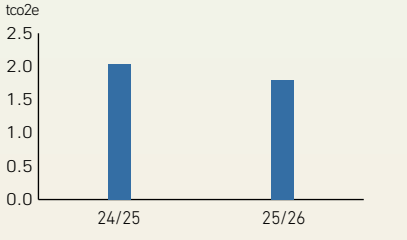
Energy Consumption and Intensity




Water Consumption and Intensity




Emission



# AWARDS AND RECOGNITION




1 2 3 4 5 6

7 8 9 10 11

**01 Sri Lanka National Quality Award - 2023**
Excellence in Quality large Category - Royal Ceramics Lanka PLC

**02 The National Project Management Excellence Awards (NPME) - 2025**
Gold Award for Best Managed Project – Process Automation -Lanka Tiles PLC

**03 TAGS Awards 2025 of CA Sri Lanka**
Bronze Award under Manufacturing Sector Turnover above Rs 50 Bn - Royal Ceramics Lanka PLC

**04 CNCI Achievers Awards - 2025**
Gold Award- National Level in Extra Large Manufacturing Sector - Royal Ceramics Lanka PLC

**05 CNCI Achievers Awards - 2025**
Gold Award- Provincial Level in Extra Large Manufacturing Sector - Royal Ceramics Lanka PLC (Eheliyagoda Plant)

**06 CNCI Achievers Awards - 2025**
Top 10 Award in Extra Large Manufacturing Sector - Royal Ceramics Lanka PLC

**07 CNCI Achievers Awards 2025**
Bronze Award- National Level in Extra Large Manufacturing Sector - Rocell Bathware Limited

**08 CNCI Achievers Awards - 2025**
Top 10 Award in Extra Large Manufacturing Sector - Lanka Tiles PLC

**09 CNCI Achievers Awards - 2025**
Silver Award- National Level in Extra Large Manufacturing Sector - - Lanka Tiles PLC

**10 Presidential Environmental Award 2024 -2027**
Gold Award - Mineral Related Manufacturing Industry - Royal Ceramics Lanka PLC (Eheliyagoda Plant)



**11 Green Building Council of Sri Lanka 2024-2027**
Green Labelled Product - Royal Ceramics Lanka PLC (Eheliyagoda Plant)

**12 Construct Awards 2025 of the National Construction Association of Sri Lanka**
Excellence in Dedication Stall - Swisstek Aluminium Ltd

**13 Architect Annual Awards 2026**
Product Award of Excellence recognised Areas of architectural innovation, precision engineering, and system - Swisstek Aluminium Ltd

**14 Companies with Great Managers 2025 award by Colombo Leadership Academy**
Recognised Areas of Excellence Driving Results & Execution Excellence, Aligning Organisational Vision & Team Effectiveness & Collaboration - Swisstek Aluminium Ltd

**15 SLIM Brand Excellence Awards 2025**
Bronze Award for Export Brand of the Year - Swisstek Aluminium Ltd

**16 Great Place to Work in Sri Lanka**
Small Category - Unidil Group of Companies

**17 CPM - Best Management Practices - Companies Award 2026**
Gold Award - Unidil Group of Companies

**18 Architect 2026 Exhibition of the Sri Lanka Institute of Architects**
Overall Best Stall and Best Trade Stall Displaying Local Products - Lanka Tiles PLC

**19 National Convention on Quality and Productivity - 2025**
12 Gold Awards for the Best Quality Circles - Lanka Tiles PLC

**20 National Convention on Quality and Productivity - 2025**
2 Silver Awards - Lanka Tiles PLC

# CHAIRMAN'S MESSAGE

*GRI 2-22*



**GROUP RECORDED STRONG EARNINGS GROWTH DELIVERING PROFIT AFTER TAX OF RS. 8.3 BN FOR THE YEAR ENDED 31ST MARCH 2026 AS THE CONSTRUCTION SECTOR ACTIVITY GATHERED MOMENTUM.**

# *Dear Stakeholders,*

Royal Ceramics Lanka PLC Group recorded strong earnings growth delivering profit after tax of Rs. 8.3 Bn for the year ended 31st March 2026 as the construction sector activity gathered momentum. Rocell functions as the holding company of a group with a broad presence across the construction sector value chain as well as a manufacturer of tiles. equity investments of 26.08% and 21% in LB Finance and Delmege Ltd., respectively, serve to diversify earnings, serving as a buffer against the volatility of the construction sector.

I am pleased to report that all sectors contributed positively to profitability with the Tile sector contributing 37% of profit after tax. The Sanitaryware sector turned around in response to strategic interventions, delivering a profit of Rs.172 Mn during the year. The Group invested Rs.3.85 Bn in capital expenditure to enhance our capabilities across all sectors while optimising existing infrastructure. Rocell and Lanka Tiles have reinforced their market shares in the tiles sector, launching over 300 new designs to cater to changing design trends.

## BENIGN CONDITIONS

Globally, the industry sector is expected to achieve a compound annual growth rate of 2.5% to 5% over the next decade, with ceramic tiles likely to perform at the upper end of that range. In Sri Lanka, the construction sector recorded the second highest growth rate of 9.2% in the Industry sector, accounting for 7.8% of GDP. Low inflation coupled with low interest rates a relatively stable exchange rate increased consumer and investor confidence, stimulating growth in renovation and construction projects by both individuals and entities.

Stable inflation also supported cost management, particularly on energy costs which account for a significant portion of the Group's costs. Groupwide focus on energy efficiency has been both a sustainability and cost management initiative and every factory has reviewed and streamlined its processes to yield savings in energy consumption per unit of product. The recent escalation in energy prices is a significant concern as it impacts our competitiveness in both domestic and export markets.

Rocell continues to bring global expertise to enhance the designs and technology of our tiles and bathware, ensuring that Sri Lankans have access to high quality, state of the art products. As consumers seek to optimise functionality, aesthetic appeal and affordability, Rocell is responding with new collections that meet their demands. Our products cater to consumers at multiple price points competing effectively in the domestic market. Rocell has built ecosystems that support our products ensuring that the ultimate consumer is supported by access to expertise throughout their journey, leveraging digital platforms and physical showrooms.

## PERFORMANCE

The Royal Ceramics Group delivered 37% earnings growth to record profit after tax of Rs.8.3 Bn for the year ended 31st March 2026. Earnings growth was driven by product and process innovation across all sectors as we focused on optimising existing infrastructure. Group revenue rose 14% to Rs.68.1Bn, driven by higher volumes and supported by the refreshed portfolio while prices remained stable. Sanitaryware and Aluminium sectors continued to explore potential markets as there is a need to expand exports. Finance costs increased as borrowings increased to part finance expansion of total assets. Share of profit from equity-accounted investees increased by 30% to Rs.3.9 Bn, with LB Finance accounting for the greater proportion. Accordingly, Profit before tax increased 25% to Rs.10.3 Bn while profit after tax of Rs.8.3 Bn was buoyed by the decrease in the effective tax rate and reduction in losses from discontinued operations.

The Group's financial position strengthened during the year, with Equity and total Assets increasing by 12% and 7% to Rs.73 Bn and Rs.121.4 Bn respectively. The growth was mainly driven by a 25% increase in Associate companies earnings, while cash balances rose by 32% supported by higher sales recorded in March. The Group remains liquid, with a current ratio of 1.47 and a debt-to-equity ratio of 36%.

**REVENUE**

**Rs 68 Bn**

**Increased by 14%**

**PROFIT AFTER TAX**

**Rs 8.3 Bn**

**Increased by 37%**

**"ROCELL CONTINUES TO BRING GLOBAL EXPERTISE TO ENHANCE THE DESIGNS AND TECHNOLOGY OF OUR TILES AND BATHWARE, ENSURING THAT SRI LANKANS HAVE ACCESS TO HIGH QUALITY, STATE OF THE ART PRODUCTS. AS CONSUMERS SEEK TO OPTIMISE FUNCTIONALITY, AESTHETIC APPEAL AND AFFORDABILITY, ROCELL IS RESPONDING WITH NEW COLLECTIONS THAT MEET THEIR DEMANDS."**

# CHAIRMAN'S MESSAGE

## VALUE TO SHAREHOLDERS

The Rocell Group has declared a dividend of Rs.2 per share as shareholders benefited from an return on equity of 11% as the Group delivered a commendable performance in the year under review. Net Assets per share improved from Rs. 44 to Rs. 50 reflecting a growth during the year.

The share price increased from Rs.37 as at 31st March 2025 to Rs.43 in March 2026, recording a highest of Rs. 54 in January 2026. Market capitalisation of Rocell was Rs.48 Bn as at 31st March 2026, an increased of 16% during the year.

## CORPORATE GOVERNANCE & ESG

There were no changes to the Board during the year and we were able to deep dive into areas of concern to strengthen the overall performance of the Group. Careful resource allocation and engaging specialists in vital areas from design to engineering supported improved performance across Tiles, Sanitaryware, Packaging and Aluminium sectors.

The Board Sustainability Committee formed at the end of the previous financial year commenced work, steering the Group towards readiness for mandatory sustainability reporting for the year under review. It has been a learning journey which has supported integration of sustainability throughout our operations. The Annual Report is testimony to their stewardship of this key aspect of our operations which sets out not just our compliance with the mandatory SLFRS S1 and S2 standards but also documents our sustainable product and process innovations that are part of the Group's DNA.

## FUTURE OUTLOOK

The Middle East conflict and the resultant disruption to global oil markets have increased the downside risks to the global economy, the country and businesses. The Board continues to monitor developments and align strategies and resources to manage critical risks. The urgency of the issues and the global impact tilt the odds in favour of a meaningful resolution in the near term. As highlighted by the Central Bank, economic growth will be highly correlated to the price of oil and its availability, both globally and in Sri Lanka and the duration of the hostilities.

Our forecasts for performance over the next year take into account the downside risks and therefore, we expect a moderation in

**NET ASSETS PER SHARE**

Rs 50

**Increased by 14%**

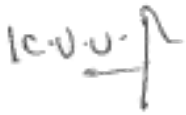




revenue and earnings growth. However, the demand for housing continues to remain high and we expect the projects that have already commenced to continue, supporting demand in the short term. An early recovery will enable the Group to maintain its new growth trajectory. Adoption of new technology including robotics is expected to drive efficiencies and ensure that Rocell is fit for the future.

## ACKNOWLEDGEMENTS

On behalf of the Board, I extend my sincere thanks to the teams at Rocell and its subsidiaries for their strong performance throughout the year. I also acknowledge the leadership of our MDs/CEOs in guiding their teams through numerous challenges. My appreciation goes to our customers and business partners for their support, and to the Board for its expertise and guidance during a demanding year. Finally, I thank our shareholders for their continued trust as we work to realise the value of this restructured portfolio.



Dhammika Perera
*Chairman*

29 May 2026





# MANAGING DIRECTOR'S MESSAGE



**THE YEAR UNDER REVIEW MARKED A PERIOD OF STEADY PROGRESS FOR THE ROYAL CERAMICS GROUP AS IMPROVING MACROECONOMIC CONDITIONS, LOWER INTEREST RATES, AND GRADUALLY RECOVERING DEMAND SUPPORTED PERFORMANCE ACROSS OUR CORE BUSINESSES.**

# *Dear Stakeholders,*

The year under review marked a period of steady progress for the Royal Ceramics Group as improving macroeconomic conditions, lower interest rates, and gradually recovering demand supported performance across our core businesses. While the operating environment remained complex, characterised by cost volatility, supply chain pressures, foreign exchange movements, and competitive market dynamics, the Group responded with resilience, discipline, and a clear focus on long-term value creation. Across our portfolio, we remained committed to strengthening operational efficiency, deepening customer relevance, investing in product innovation, and advancing the strategic priorities that will shape our future growth.

## OPTIMISING OUR CAPITALS

Our strategic focus for the year was to drive disciplined, demand-led growth while strengthening efficiency, oversight, and resilience across the portfolio. Accordingly, capital expenditure was maintained at necessary levels, amounting to Rs.3.85 Bn, as we sought to optimise existing resources and capabilities.

In Tiles and Bathware, we prioritised operational optimisation over capacity expansion, given the rise in imports, while continuing to benefit from strong tile sector performance and improved sales momentum. We have implemented targeted measures to enhance production efficiency and capacity utilisation across all factories. Centralised sourcing strategies unlocked Group synergies and fosters greater collaboration across this dominant sector. We also reduced excess inventory at Horana to more sustainable levels, easing cashflows. The Bathware operation was right sized to better align with market demand, supported by specialist input to improve productivity and planning.

The Lanka Tiles and Lanka Walltiles factories are undergoing a reorganisation phase with strengthened production and financial oversight, supported by senior secondments from Rocell in specialised areas. Unidil opened its first overseas branch office in Kenya during last year and remains focused on building and stabilising this operation, consolidating its position in that market. Across the Group, this strategy reflects a clear emphasis on agility, tighter execution, and prudent resource allocation in a competitive and evolving environment.

## FOCUSED INNOVATION

Product and process innovation remained a key driver of competitiveness across the Group during the year, supporting premiumisation, operational efficiency, and market differentiation. The Group launched over 300 new products and retired around 100 old products to ensure that our product portfolio remains fresh and relevant to changing lifestyles. In the Tiles & Associated Products sector, innovation focused on the expansion of porcelain, large-format, outdoor, and high-performance tile collections, supported by advanced digital printing, new surface technologies, and customised product development for export markets. Sanitaryware launched a range of new bathware products and designer collections, integrating advanced sanitary technologies such as rimless systems, tornado flushing, and high-pressure casting solutions.

Within Packaging, the focus was on value-added and customised solutions, supported by investments in offset printing and process improvements to enhance yield, reduce waste, and improve efficiency. Innovation in the Aluminium sector was driven through the development of engineered architectural systems, including slimline and proprietary solutions. Simultaneously, digital tools, ERP enhancements, and data-led decision-making strengthened process control and responsiveness. Ongoing investments in automation, advanced manufacturing technologies, process optimisation, and technical collaboration across all sectors, reinforce the Group's ability to deliver higher-value products while improving productivity, quality, and cost competitiveness.

## A SUSTAINABILITY FOCUS

Sustainability remained a clear strategic priority across the Group, with each sector advancing initiatives aligned to its operating model and environmental footprint. In Tiles & Associated Products, the focus was on energy efficiency, waste reduction, and circular manufacturing. The successful heat exchange programme piloted at Horana demonstrated meaningful energy savings and is expected to be extended to other factories. The sector also continued to improve wastewater recycling, repurpose damaged tiles, and explore solutions to recover waste from production, while environmental initiatives such as tree planting further supported responsible operations. In Sanitaryware, sustainability efforts were closely linked to process efficiency and safer manufacturing. Investments in energy-saving kiln upgrades, robotics, improved body formulations, and specialist-led productivity enhancements are helping reduce energy use, shorten supply chains, and improve yields while supporting safer and more efficient factory operations.

In Packaging, sustainability initiatives centred on material efficiency and reducing process waste. The sector continued to strengthen its customised and value-added solutions while investing in process improvements that enhance yield, reduce waste, and improve resource productivity. Its international expansion also creates opportunities to scale more efficient packaging solutions across markets. In Aluminium, the emphasis was on operational efficiency, engineered product design, and responsible manufacturing. The sector continued to develop higher-value architectural systems while improving process control through digital tools and data-led decision-making. Across both sectors, the broader sustainability agenda is increasingly linked to competitiveness, innovation, and long-term resilience, ensuring that environmental responsibility is embedded in how the businesses grow.

## GROWTH & RESILIENCE

We expanded our network of showrooms for tiles, opening two new showrooms during the year in town with high growth potential while also upgrading our Kandy showroom into a modern concept center enhancing customer experience through improved product displays,design,inspiration zones and personalised customer engagement. The new showrooms are expected to boost volume growth in the year ahead. Our

# MANAGING DIRECTOR'S MESSAGE

work with architects and industry leaders continues to position the Tiles, Sanitaryware and Accessories sectors as the most trusted brands, reinforcing our market leadership in these key sectors.

Supply chain issues continue to disrupt smooth operations since COVID with blocks in Suez, Houthi rebels and now the closure of the Strait of Hormuz. The Rocell Group increased stock levels of imported raw materials to overcome stock out situations of vital raw materials. Local raw materials also pose issues due to both availability and quality of raw materials which are being resolved through diversification of the local supplier base and engaging with the government to resolve issues relating to permits. Energy resilience is a critical issue as the spiralling costs of energy increase the factory overheads to levels that cannot be absorbed if our products are to remain competitive. An extended pressure on oil prices will pose a significant issue for the Group. We also increased the number of warehouses for storage of finished goods in the first half of the year but the uptick in sales has eliminated the need for additional storage as we optimised overall inventory management with production plans.

## PROFITABLE GROWTH

The Royal Ceramics Group delivered revenue growth 14% and earnings growth of 37% for the year ended 31st March 2026 reflecting gains in margins driven through product and process innovation across all sectors, driving efficiency to do more with less. Group revenue of Rs.68.1 Bn was supported by revenue growth across all sectors, largely driven by volume growth as prices remained stable. A recovering construction market, low inflation, wider customer touchpoints, and a broader product portfolio supported domestic growth. Tiles, the largest sector contributing to 60% of revenue grew by 14%. Sanitaryware revenue grew by 30% driven by stronger portfolio expansion, Packaging revenue rose 17% on overseas expansion and higher export and FMCG volumes, while Aluminium grew 2% as value-added products and construction recovery were partly offset by low-cost competition.

Profitability of the Tiles, Sanitaryware and Aluminium sectors improved as we optimised processes and systems to drive efficiencies. Profitability of the Packaging sector moderated with the initial costs of setting up operations in a new market which is expected to improve profitability over the medium to long term. Finance costs increased as borrowings increased during the year to finance capital expenditure . The share of profit from equity accounted investment increased by 30% to Rs.3.9 Bn, strengthening Group profitability. This reflects the stellar performance of LB Finance which continues to remain a leader in the country's Non-Banking Financial Institutions sector. Group Profit before tax increased by 25% to Rs.10.3 Bn as a result of the comprehensive initiatives implemented to improve returns.

Equity and Total Assets increased by 12% and 7% to Rs.73 Bn and Rs.121Bn respectively reflecting resilient growth and a strong financial position. Expansion of the balance sheet was focused on judicious capital expenditure to optimise production efficiency and sales network. The Group remains liquid with a 1.47 current ratio and a conservative debt equity ratio of 36%.

## A SECTOR REVIEW

### Tiles & Associated Products

The Tiles & Associated Products sector continued to demonstrate the strength of its brands, manufacturing platform, and innovation capabilities. As the Group's largest and most established business segment, it remained focused on improving operational efficiency, strengthening product mix, and expanding premium and value-added offerings, including porcelain and large-format tiles. During the year, the sector recorded resilient operational and financial performance despite energy price volatility, raw material constraints, and fluctuating demand conditions. At the same time, the business continued to invest in advanced manufacturing technologies, digital printing, automation, and export-oriented product development, supporting stronger competitiveness across both domestic and international markets.

| | 2025/26 Rs. Bn | Variance % |
|---|---|---|
| Revenue | 41.07 | 14 ↑ |
| Operating Profit | 5.66 | 16 ↑ |
| Net Finance Cost | 1.43 | 29 ↑ |
| Profit Before Tax | 4.23 | 12 ↑ |
| Profit After Tax | 3.09 | 22 ↑ |

### Sanitaryware

In Sanitaryware, Rocell Bathware strengthened its premium positioning through product innovation, quality enhancement, and growing OEM and export capabilities. Yield improvement, process optimisation, and the launch of new designer collections and advanced sanitary technologies reflected the sector's continued progress in building a more competitive and differentiated business.

| | 2025/26 Rs. Bn | Variance % |
|---|---|---|
| Revenue | 5.2 | 31 ↑ |
| Operating Profit | 0.6 | 346 ↑ |
| Net Finance Cost | 0.27 | 21 ↑ |
| Profit Before Tax | 0.32 | 168 ↑ |
| Profit After Tax | 0.17 | 139 ↑ |

### Packaging

The Packaging segment also delivered a stable performance, supported by demand from FMCG, tea, apparel, rubber, and export-oriented sectors. The business continued to evolve beyond conventional packaging supply, focusing increasingly on customised and value-added solutions that enhance customer relevance and margin potential. Growth in domestic volumes, improved export market engagement, and progress on international expansion through Unidil Packaging Kenya reinforced the strategic direction of the segment.

| | 2025/26 Rs. Bn | Variance % |
|---|---|---|
| Revenue | 10.17 | 17 ↑ |
| Operating Profit | 1.1 | 10 ↓ |
| Net Finance Cost | 0.28 | 46 ↑ |
| Profit Before Tax | 0.82 | 20 ↓ |
| Profit After Tax | 0.57 | 23 ↓ |

### Aluminium

Swisstek Aluminium maintained its leadership in the domestic aluminium extrusion market, supported by the continued transition towards higher-value architectural and engineered systems. Product innovation, stronger engagement with architects and developers, and expansion in premium applications contributed positively to performance, while our India operation continued to build momentum and support regional ambitions.

| | 2025/26 Rs. Bn | Variance % |
|---|---|---|
| Revenue | 12.2 | 2 ↑ |
| Operating Profit | 1.28 | 4 ↑ |
| Net Finance Cost | 0.47 | 16 ↓ |
| Profit Before Tax | 0.8 | 21 ↑ |
| Profit After Tax | 0.64 | 24 ↑ |

### Finance

LB Finance, the Group's associate, contributed 44% of profit after tax, amounting to Rs.3.6 Bn. Its performance improved during the year, supported by stronger credit quality, improved capital adequacy, and solid growth in credit portfolios and deposits. An islandwide presence and a reputation built over five decades of steady returns to customers and shareholders differentiates LB Finance in the financial services sector of the country. LB Finance remains well positioned to deliver sustainable growth in returns as the Group's largest equity accounted investee.

## VALUE TO SHAREHOLDERS

The Rocell Group has declared a dividend of Rs.2 per share as shareholders benefited from an return on equity of 11% as the Group delivered a commendable performance in the year under review. Equity increased by 12% to Rs.73 Bn due to increased retained earnings and a revaluation surplus of Rs.6 Bn during the year.

The share price increased from Rs.37 as at 31st March 2025 to Rs.43 in March 2026. Market capitalisation of the Group increased by 16% to Rs.48 Bn as at 31st March 2026. Net Assets increased from Rs.65 Bn in 2025 to Rs.73 Bn in 2026 reflecting the value of the Group.

## PEOPLE

The overall headcount in the Group increased from 4,883 in 2024/25 to 4,974 in 2025/26 with 70% engaged in the Tiles sector. Realignment of human capital to optimise production efficiencies is critical and we continue to work with our teams to enhance their productivity and performance. As the Group looks to modernise the manufacturing facilities using robotics, some of the low skilled labour involving heavy work are likely to be eliminated reducing risks to employees and improving the health and safety of our operations. Accordingly, we expect the Group team profile to gradually move to a more streamlined profile with higher skill levels. The Tiles and Associated products sector and Packaging sector saw an increase in headcount during the year. The bathware team was right sized for current requirements but we are now looking at expanding operations to substitute sanitaryware imports by Lanka Tiles which will require an increase in employees.

## OUTLOOK

While recognising the dramatic change in the business outlook in the last quarter of the financial year, the Rocell Group remains cautiously optimistic and focused on forging ahead with its plans for optimised production in alignment with market dynamics.

The sharp escalation of fuel prices due to the Middle East conflict is a drag on global economic growth. The International Monetary Fund has reduced its growth projections downwards with scenarios linked to the price of oil reflecting the role of energy in global economic growth. Accordingly, we expect the issue to be resolved urgently due to its impact on consumer prices, global trade and global output to name just a few.

Sri Lanka has remained resilient through multiple shocks over the last decade and we look forward to seeking opportunities for growth that come with every crisis. Current plans include focusing on optimising production and sales in the tiles sector and focusing on niche markets for bathware avoiding competition with hyperscalers in traditional markets, The Aluminium sector will continue its focus on exports and its value added products in the local market. Packaging will continue to maintain its leadership in the local market while growing its operations in Kenya in the short to medium term. Overall, we are braced for strong headwinds and are confident that these will be overcome with smart, agile strategy, disciplined financial management and a strong balance sheet.

## ACKNOWLEDGEMENTS

The commendable performance during the year was led by the CEO's of the sectors who worked closely with the parent company to collaborate and drive synergies. I take this opportunity to thank them and their teams for the contributions made during the year and look forward to their continued support to navigate the uncertainties of the year ahead. I am appreciative of the valuable counsel and guidance of the Chairman, Co-Chairman and the Board members during the year's we steered the Group to deliver on our goals. In closing, I thank our stakeholders who share our journey and look forward to their continued support in the future.



Aravinda Perera
*Managing Director*

29 May 2026

# BOARD OF DIRECTORS

*GRI 2-11*



**MR. K A D D PERERA**
Chairman/ Non- Executive Director



**MR. S H AMARASEKERA**
Co-Chairman/ Non-Executive Director



**MR. M Y A PERERA**
Managing Director



**MR. A M WEERASINGHE**
Deputy Chairman



**MR. T G THORADENIYA**
Director – Marketing and Business Development



**MR G A D RASIKA PRASANNA**
Non-Executive Director



**MR. N J WEERAKOON**
Independent Non-Executive Director



**MR. S R JAYAWEERA**
Independent Non-Executive Director



**MR. J R GUNARATNE**
Independent Non-Executive Director



**MR. S M LIYANAGE**
Non-Executive Director



**MS. K A D B PERERA**
Non-Executive Director



**MR. H M A JAYESINGHE**
Independent Non-Executive Director

# BOARD OF DIRECTORS

## MR. K A D D 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 and hydropower generation. He has over 35 years of experience building formidable business through unmatched strategic foresight and extensive governance experience gained through membership of the Boards of quoted and unquoted companies.

Mr. Perera contributes a wealth of strategic and operational expertise to the Board, drawing from decades of leadership across diverse industries. His ability to anticipate market shifts and identify growth opportunities supports the Group's resilience and competitiveness, with a strong track record in value creation. He plays a pivotal role in guiding the Group's strategic direction and ensuring alignment with its long-term vision.

Currently, Mr. Perera is the Chairman of Vallibel One PLC, Lanka Tiles PLC and Lanka Walltile PLC, Co-Chairman of Hayleys PLC, Chairman of Summer Season Ltd and Chairman/Founder Dhammika & Priscilla Perera Foundation

## MR. S H 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 holds an extensive portfolio of leadership roles across multiple sectors. He serves as the Chairman of the Colombo Port City Economic Commission and as the Non-Executive Chairman of Sampath Bank PLC, CIC Holdings PLC, Swisstek (Ceylon) PLC, Vallibel Power Erathna PLC, CIC Agri Businesses (Pvt) Ltd, and Swisstek Aluminium Ltd. Additionally, he serves as an Independent Non-Executive Director of Expolanka Holdings Limited. His further board appointments include holding the position of Non-Executive Director at Lanka Tiles PLC, Lanka Walltiles PLC, 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 Ceylon Hotel Holdings (Pvt) Ltd.

## MR. M Y A 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.

Mr. Aravinda Perera is a seasoned corporate leader with extensive governance experience across diverse sectors. He serves as the Non-Executive Chairman of Pan Asia Banking Corporation PLC and Singer Finance (Lanka) PLC. In an executive capacity, he functions as the Executive Director of Rocell Bathware Limited. His broader directorship portfolio includes serving as a Director on the boards of Fentons Limited and Hayleys Agriculture Holdings Ltd, and as a Non-Executive Director for Hayleys Advantis Ltd, Hayleys Aventura (Private) Ltd, and SNAPS Residencies (Private) Limited.

He is 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 Post Graduate 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. A M WEERASINGHE

**Executive Deputy Chairman**

The Founder of Royal Ceramics Lanka PLC, established in 1990, he is a gem merchant by profession and presently holds the position of Deputy Chairman of the Company. Mr. Weerasinghe has been in the business field for more than 38 years involved in Real Estate, Construction, Transportation & Healthcare Industry and a Landed Proprietor.

Mr.Weerasinghe maintains an extensive portfolio of executive and non-executive corporate leadership appointments. He serves as the Executive Chairman/CEO of Singhe Hospitals PLC and as the Executive Chairman of Rocell Bathware Limited. He also holds key leadership roles as Chairman of Lanka Ceramic PLC and C P Holding (Pvt) Ltd. Furthermore, he functions as the Non-Executive Chairman for Lanka Tiles PLC, Lanka Walltiles PLC, TradeHuts (Pvt) Ltd, Weerasinghe Gems (Pvt) Ltd, and Weerasinghe Property Development (Pvt) Ltd. His additional board appointments include serving as a Non-Executive Director for Swisstek (Ceylon) PLC, Biscuits and Chocolate Company Ltd, L C Development (Pvt) Ltd, L C Plantation Projects Ltd, Rocell Properties Limited, and Swisstek Aluminium Limited.

## MR. T G THORADENIYA

**Director – Marketing and Business Development**

Mr. Thoradeniya brings over two decades of senior management experience across multiple industries, including telecommunications, technology and ceramics. A seasoned marketing professional, he has played a pivotal role in strengthening the Group's market leadership and shaping the strategic direction of its flagship brands, including Rocell.

With deep expertise in brand building, market expansion and consumer insight, he has been instrumental in advancing the Group's design led retail and customer experience strategy, supporting the expansion of the Rocell retail network and the development of innovative product offerings across tiles, bathware and wellness solutions.

He is currently the Group Director of Marketing and Business Development at Royal Ceramics Lanka PLC and serving as an Executive Director of Rocell Bathware Limited. Furthermore, he holds the designation of Non-Executive Director at Lanka Tiles PLC, Biscuits and Chocolate Company Ltd, Fentons Limited, Greener Water Ltd, Rocell Properties Limited, Royal Ceramics Distributors (Pvt) Ltd, Swisstek Aluminium Limited, Unidil Packaging Limited, and Vallibel Plantation Management Limited.

A strategic marketer by profession, Mr. Thoradeniya belongs to the pioneering cohort of Chartered Marketers in the world through the Chartered Institute of Marketing(UK).

## MR G A D RASIKA PRASANNA

**Non-Executive Director**

Mr. G A D R Prasanna is a proven business leader with extensive experience across Manufacturing, Banking and Finance, Leisure, Plantations, and Hydropower Generation. He has held senior leadership roles as Chairman, Managing Director, and Independent Director in both listed and private companies, earning recognition as a strategist in business management and a trusted voice in corporate governance.

A strong advocate of Integrated Thinking, Mr. Prasanna emphasises aligning strategy, governance, sustainability, and performance to drive holistic value creation and long-term resilience. His leadership fosters cross-functional collaboration and stakeholder inclusiveness, strengthening investor and community trust.

Mr. Prassanna is an accomplished corporate executive and board leader with an extensive portfolio across varied commercial sectors. He holds major governance roles as the Non-Executive Director - Chairman of both Associated Motor Finance Company PLC and L B Finance PLC. In an active managerial capacity, he functions as an Executive Director for Wise Homes (Pvt) Ltd and Wise Property Solutions (Pvt) Ltd. His vast directorship portfolio includes serving as a Director on the boards of Anuradha Traders (Pvt), D H T Cement (Private) Limited, Laugf Holdings Ltd, Vallibel Holdings (Pvt) Ltd, Vallibel Investment (Pvt) Ltd, Vallibel Lanka (Pvt) Ltd, Vallibel Leisure (Pvt) Ltd, Vallibel X (Pvt) Ltd, and Vallibel Three (Pvt) Ltd. Additionally, he serves as a Non-Executive Director for Alternate Power Systems (Pvt) Limited, Delmege Insurance Brokers (Pvt) Limited, Grandmark (Pvt) Ltd, and La Forteressee (Private) Limited.

## MR. N J WEERAKOON

**Independent Non-Executive Director**

Mr. Nivran Weerakoon has extensive experience across multiple sectors, with contributions to both local and international enterprises. He is a Fellow Member of the Chartered Institute of Management Accountants (CIMA, UK) and holds an MBA from the University of West London.

Mr. Weerakoon holds a diverse range of executive leadership and corporate board positions. He serves as the Managing Director of Metaphase Global FZC LLC (UAE) and Media Monkey (Pvt) Ltd, and as the Executive Director/CEO of Global Conversions FZ-LLC (UAE). Furthermore, he functions as an Executive Director for the Colombo Academy of Hospitality Management (Pvt) Ltd, Aahayani Aviation Services (Pvt) Ltd, and Icetalk Time (Pvt) Ltd. His broader board appointments also include serving as a Director on the boards of Delmege Limited, Fly Lankan Asia (Pvt) Ltd, and Kasper Global (Pvt) Ltd.

He is also a Council Member of the Sustainable Development Council of Sri Lanka, reflecting his commitment to sustainable and responsible business practices.

## MR. S R JAYAWEERA

**Independent Non-Executive Director**

Mr. Jayaweera was appointed to the Board in April 2021 and also serves as a member of the Audit Committee, Related Party Transaction Review Committee, Nominations and Governance Committee and Sustainability Committee. He has a proven track record spanning over two decades in a senior management position of several John Keells Group of Companies listed on the Colombo Stock Exchange (CSE).

He has expertise in financial accounting, management accounting, hotel management, manufacturing, retail, audit and compliance. From July 2005 to June 2018, he was a member of the Group Operating Committee (GOC) of John Keells Holding PLC. He is an experienced corporate professional with a strong track record in board governance across several leading enterprises. He serves as the Non-Executive Chairman of Hiru Rice Pvt Ltd. His corporate governance portfolio further includes serving as an Independent Non-Executive Director for both Lanka Tiles PLC and Lanka Walltiles PLC, alongside holding a board seat as a Non-Executive Director at Delmege Limited.

## MR. J R 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

# BOARD OF DIRECTORS

& 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.

Mr. Gunaratne is a highly experienced corporate leader with a distinguished track record of governance across multiple key industries. He serves as the Independent Non-Executive Chairman of The Fortress Resorts PLC and as the Non-Executive Chairman of Delmege Limited. Additionally, he holds the position of Non-Executive Deputy Chairman at Link Natural Products (Private) Limited. His extensive boardroom portfolio also includes serving as an Independent Non-Executive Director for CIC Holdings PLC and Lanka Tiles PLC, alongside directorships as a Non-Executive Director at Asiavet Lifescience (Pvt) Ltd, CIC Feeds (Private) Limited, CIC Poultry Farms Ltd, and CISCO Speciality Packaging (Pvt) Ltd.

## MR. S M LIYANAGE

**Non-Executive Director**

Mr. Liyanage is a respected professional with over 11 years' experience and a record for exceptional performance. He holds several key leadership positions across various organisations. He serves as the Managing Director of Uni Dil Packaging Limited and Uni Dil Packaging Solutions Limited, and as an Executive Director of Eco Pack Solutions Lanka Limited. Additionally, he serves as a Non-Executive Director on the boards of Lanka Ceramic PLC and Swisstek Aluminium Limited, and holds directorships at D. H. T. Cement (Pvt) Ltd and Uni Dil Packing Kenya Limited.

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 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. K A D B PERERA

**Non-Executive Director**

Ms. Brindhiini Perera has earned a Master's 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 holds directorships in fifteen other companies; Non-Executive Director of Haycarb PLC, Hayleys Fabric PLC, Dipped Products PLC, The Kingsbury PLC, Hayleys Leisure PLC, Singer (Sri Lanka) PLC, Vallibel One PLC, Lanka Tiles PLC, Lanka Walltiles PLC, The Fortress Resorts PLC,. Delmege Limited, Otwo Biscuit (Private) Limited, The Canbury Biscuit Company Limited, Manatee Clothing Company (Pvt) Ltd and Dhammika & Priscilla Perera Foundation. 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, Chairs the Accounting Standards Committee of the South Asian Federation of Accountants (SAFA) and is a member of the Statutory Accounting Standards Committee and the Statutory Auditing Standards Committee. He serves in many other committees of the Institute of Chartered Accountants of Sri Lanka, He is also a member of the Governing Board of the Central Bank of Sri Lanka, International Panel on Accountancy Education of the IFAC and the IFRS Advisory Council.

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 possesses a distinguished portfolio of non-executive board appointments and institutional committee roles. He serves as a Senior Independent Non-Executive Director of Lanka IOC PLC and as a Non-Executive Director of Diesel and Motor Engineering PLC. Additionally, he holds positions as an Independent Non-Executive Director on the boards of Ceylon Hospitals PLC, C W Mackie PLC, John Keels Holdings PLC, Lanka Milk Foods (CWE) PLC, Vallibel One PLC, Lanka Diaries (Pvt) Ltd, Lanka Ceramics PLC, Lanka Walltiles PLC, and NMJ Leisure (Pvt) Ltd. Beyond his corporate directorships, he actively contributes to national regulatory and professional bodies as a Member of the Accounting Standards Committee Sri Lanka, the Auditing Standards Committee, and The Governing Board and the Monetary Policy Board of the Central Bank of Sri Lanka.

# THE CORPORATE MANAGEMENT



**ARAVINDA PERERA**
Managing Director



**THARANA THORADENIYA**
Director Marketing and Business Development



**HARESH SOMASHANTHA**
Director Finance



**NANDAJITH SOMARATNE**
Director Manufacturing



**DHAMMIKA RANAWEERA**
GM - Manufacturing



**KUMUDU KEERTHIRATHNA**
DGM - Manufacturing (Eheliyagoda Factory)



**SIDATH RODRIGO**
Senior Head of Sales



**WASANTHA SARATHCHANDRA**
Head of Finance



**MANJULA KARALLIYADDE**
Head of Human Resources

# THE CORPORATE MANAGEMENT



**NALIN FERNANDO**
Group Head of IT



**SUDEEPTHA SENEVIRATHNE**
Head of Marketing



**RANDEER MEDIS**
Group Head of Supply Chain



**THISHANIE DHARMADASA**
Head of Internal Audit and Risk



**ROHAN MENDIS**
Senior Export Manager



**MOTHILAL NANAYAKKARA**
Head of Bathware Factory Complex



**UPUL DISSANAYAKE**
Head of Logistics



**SHAMMIKA DE SILVA**
Head of Warehouse Operations



**PRIYANKA FERNANDO**
Head of Security

# SELF-DETERMINED

Our strategy at Rocell is shaped by foresight and careful planning, and is reinforced by our determination to anticipate market shifts and prepare for them while maintaining control over outcomes; sound investments and diversification ensure our long-term competitiveness and robust performance.

*A camel traversing the oasis does so with endurance, patience, and the ability to navigate challenging terrain.*



## STRATEGY

# STRATEGY

**At Rocell, our strategy is focused on creating long-term value through a disciplined balance of growth, operational efficiency, innovation, and resilience. Operating within a dynamic and increasingly competitive environment, the Group continues to refine our strategic priorities to address evolving market conditions, cost challenges, and competitive pressures, while positioning the Group to capitalise on emerging opportunities.**

Our strategic direction is underpinned by seven core pillars, Operational Excellence, Business Growth, Customer Centricity, a Competent and Inspired Team, Innovation and Technology, Financial Stability, and a Sustainable Mindset. Together, these pillars guide the Group's efforts to strengthen our leadership in tiles and bathware, while advancing Group's capabilities across aluminium and packaging businesses.

During the year, these priorities were translated into focused initiatives encompassing premium product development, channel expansion, operational efficiencies, and market diversification. This cohesive approach enables the Group to remain agile and competitive, while reinforcing our ability to deliver sustainable value over the long term.

## STRATEGIC PRIORITIES



## OPERATIONAL EXCELLENCE

Operational Excellence remains central to enhancing productivity, improving quality, and managing costs across the Group's manufacturing operations. Through continuous process improvements, efficiency initiatives, and adoption of advanced technologies, the Group strengthens the ability to operate competitively in a cost-sensitive environment.

| Value Drivers | Key Initiatives | KPIs |
|---|---|---|
| » Cost efficiency<br>» Productivity improvement<br>» Quality Enhancement | » Implemented strict energy consumption controls and operational efficiency measures to reduce electricity usage across all manufacturing plants<br>» Maximised raw material utilisation through waste reduction initiatives, including the use of non-moving inventory and alternative materials.<br>» Executed pallet optimisation and damaged pallet rebuilding initiatives at the Eheliyagoda plant.<br>» Led defect reduction initiatives across manufacturing facilities, completing 22 projects at the Horana plant, 10 projects at the Eheliyagoda plant, and 18 projects at the Bathware factory.<br>» Reduced kiln cycle times and minimised kiln idle time through process improvement projects, including 8 projects at the Horana plant and 4 projects at the Eheliyagoda plant.<br>» Improved machinery efficiency by optimising processing times and reducing fuel consumption.<br>» Developed cost-effective chemical formulations to support operational savings and process efficiency.<br>» Collaborated with R&D and technical teams to identify and implement alternative raw materials to replace imported materials at the Bathware production plant. | Capacity Utilisation (%)<br>» Tile Sector: 76% utilisation<br>» Aluminium Sector: 85% utilisation<br>» Packaging Sector: 87% utilisation<br>Production yield<br>» Tile Sector (Royal Ceramics Lanka PLC): 88%<br>» Bathware sector 73%<br>» Aluminium sector 88% |

Capitals Impacted



# STRATEGY

## BUSINESS GROWTH

Business Growth is driven by a focus on expanding revenue streams, strengthening market presence, and optimising the product portfolio. The Group continues to pursue growth opportunities through premiumisation, product innovation, channel expansion, and entry into new markets.

| Value Drivers | Key Initiatives | KPIs |
|---|---|---|
| » Revenue growth<br>» Market expansion<br>» Product mix optimisation<br>» Premiumisation<br>» Channel Expansion | » Expanded the large-scale tile portfolio by introducing new formats, including 900 mm×300 mm, 600 mmx1200 mm, and 1000 mm×1000 mm tile ranges, while strengthening existing premium product lines.<br>» Launched an exclusive, elite-tier designer bathware collection in collaboration with globally renowned designer Dr. Antonio Bullo.<br>» Transitioned the business from a component supplier to an integrated lifestyle solutions provider through focused New Product Development (NPD) in high-value categories, including faucets, kitchen sinks, bathroom furniture, spa baths, and saunas.<br>» Implemented a targeted penetration pricing strategy for high-volume wall tile segments (600 mm×300 mm) to enhance market reach and competitiveness.<br>» Introduced three specialised mid-tier bathware suites to strengthen and balance the overall product portfolio alongside premium and luxury ranges.<br>» Strengthened strategic collaborations with global brands such as Kohler and Xylem to enhance product innovation and market positioning | » Group Revenue Growth: 14%<br>» Group EBITDA Growth: 22%<br>» Group PAT Growth :37% |

Capitals Impacted



## CUSTOMER CENTRICITY

Customer Centricity underpins the Group's approach to delivering value, with a strong emphasis on understanding customer needs and enhancing overall experience. Through innovation, service excellence, and tailored solutions, the Group strengthens customer relationships and brand loyalty.

| Value Drivers | Key Initiatives | KPIs |
|---|---|---|
| » Customer satisfaction<br>» Brand strength<br>» Market positioning<br>» Digital Commerce | » Transitioned the Mahaiyawa showroom into a concept center in Kandy, delivering a luxury customer experience aligned with global benchmarks in retail design and engagement.<br>» Established two factory outlets and two tile yards to effectively serve cost-conscious customer segments and expand market accessibility.<br>» Implemented tactical promotional initiatives and seasonal campaigns to maintain strong brand visibility and sustain top-of-mind awareness.<br>» Launched the online store BuyRocell (buyrocell.com), enabling direct digital purchasing of tiles, bathware, and accessories to enhance customer convenience and channel presence.<br>» Launched customised customer solutions for aluminium products. | » Customer Satisfaction Score: 97%,<br>» Customer Touch points: 262<br>» Channel Expansion : 3 Showrooms |

Capitals Impacted

## COMPETENT TEAM

A competent and motivated workforce is essential to achieving the Group's strategic objectives. The Group invests in talent development, leadership capability, and employee engagement to build a high-performing team aligned with our long-term vision.

| Value Drivers | Key Initiatives | KPIs |
|---|---|---|
| » Employee productivity<br>» Engagement<br>» Leadership capability<br>» Learning culture | » Updated Learning Management System (LMS) platform to enhance corporate knowledge sharing and employee capability development.<br>» Designed and delivered leadership development programs in collaboration with academic institutions, including the Postgraduate Institute of Management (PIM), University of Sri Jayewardenepura.<br>» Conducted comprehensive training programs across technical, functional, and leadership domains, delivering a total of 43,843 training hours in support of workforce capability building. | » Employee Retention Rate: 80%<br>» Training Hours per Employee: 5.42 hours<br>» Investment in Training: Rs.18 million |

Capitals Impacted

# STRATEGY

## INNOVATION & TECHNOLOGY

Innovation and Technology play a key role in driving competitiveness and operational efficiency. The Group continues to invest in product development, digital transformation, and advanced manufacturing technologies to support growth and enhance decision-making.

| Value Drivers | Key Initiatives | KPIs |
|---|---|---|
| » Product innovation<br>» Operational efficiency<br>» Digital transformation<br>» Process Automation<br>» Technology Adoption | » Launched the online store BuyRocell (buyrocell.com), enabling direct digital purchase of tiles, bathware, and accessories to enhance customer convenience and strengthen the retail presence.<br>» Implemented advanced offset printing technology to drive product innovation and deliver enhanced value-added packaging solutions in the packaging sector.<br>» Deployed digital platforms to support production planning, monitoring, and operational control, improving overall process visibility and decision-making.<br>» Introduced advanced homogenizing oven technology to improve process consistency, product quality, and manufacturing efficiency. | » Introduction of 358 new tile SKUs across 130 design series, including large-format and porcelain tiles |

Capitals Impacted

## FINANCIAL STABILITY

Financial Stability ensures the Group's ability to sustain growth while managing risks effectively. Through disciplined financial management, efficient capital allocation, and strong governance practices, the Group maintains a resilient financial position.

| Value Drivers | Key Initiatives | KPIs |
|---|---|---|
| » Liquidity<br>» Capital efficiency<br>» Risk management<br>» Cost discipline<br>» Reporting Consistency<br>» Debt Management | » Optimised cash flow and liquidity management.<br>» Maintained Capital structure discipline.<br>» Enhanced Financial planning & analytics capabilities.<br>» Maintained a strong focus on cost optimisation and operational excellence to enhance overall organisational efficiency.<br>» Ensured prudent capital allocation and effective debt management to support sustainable and long-term business growth.<br>» Established an enterprise-wide risk management framework to identify and mitigate key financial risks, including currency volatility, raw material price fluctuations, and macroeconomic downturns.<br>» Standardised financial reporting frameworks across all group companies to ensure consistency, transparency, and improved governance. | » Debt to Equity Ratio: 36%<br>» Return on Equity (ROE): 11%<br>» Current Ratio: 1.5 times<br>» Operating Profit Margin: 19% |

Capitals Impacted

## SUSTAINABLE MINDSET

A Sustainable Mindset is embedded across the Group's operations, reflecting our commitment to environmental responsibility and long-term value creation. The Group focuses on resource efficiency, waste reduction, and sustainable practices to minimise our environmental impact.

| Value Drivers | Key Initiatives | KPIs |
|---|---|---|
| » Environmental efficiency<br>» Compliance<br>» Long-term sustainability<br>» Energy optimisation<br>» Waste minimisaion | » Driving energy optimisation initiatives through the Total Productive Maintenance (TPM) system across all Group companies to enhance operational efficiency and resource utilisation.<br>» Expanded renewable energy adoption, generating over 3.0 Mn KWh through solar power systems, supporting the Group's sustainability objectives.<br>» Implemented waste heat recovery systems to improve thermal efficiency and reduce overall fuel consumption.<br>» Installed high-efficiency motors and Variable Frequency Drives (VFDs) to optimise electricity consumption across operations.<br>» Executed multiple energy optimisation projects across kilns, spray dryers, vertical dryers, and polishing processes to improve overall energy performance in all tile manufacturing plant.<br>» Initiated development of a new energy-efficient kiln system for the sanitaryware manufacturing plant, targeting up to 50% reduction in energy consumption.<br>» Implemented lightweight packaging design and product optimisation initiatives, reducing material usage and strengthening sustainability outcomes. | » Energy Intensity (Tile Sector – Lanka Walltiles PLC): Improved to 0.27 GJ/ SQM,<br>» Water Consumption (Tile Sector): Reduced to 153 megaliters<br>» Energy Intensity (Sanitaryware Sector): Improved by 23%<br>» Water Consumption (Sanitaryware Sector): reduced to 64 megaliters |

Capitals Impacted



# CREATING VALUE

*GRI 2-6*

**The Rocell Group presence across the construction sector value chain enhances its ability to create value for its stakeholders, playing a key role in the country's housing and infrastructure development. The Group's portfolio of brands have earned the trust of homeowners, builders, engineers, architects and corporates alike, driving our growth as we innovate for a sustainable future.**

## OUR INPUTS

### MANUFACTURED CAPITAL

- Property Plant & Equipment Rs.34 Bn
- 8 Manufacturing facilities
- 66 Showrooms

### NATURAL CAPITAL

- Materials consumption 369,777 MT
- Energy Consumption 1,657,172 GJ
- Water Consumption 436,724,141 L

### HUMAN CAPITAL

- 4,659 Employees
- 43,843 Hours of Training
- Rewards, Recognition & Growth

## HOW WE CREATE VALUE

### Tiles & Associated Items

Manufacture of tiles that combine aesthetics and functionality in a range of shapes, colours and textures

Page 68



### Sanitaryware

Manufacture of sanitaryware in a range of pleasing designs

Page 74



**SOUND CORPORATE GOVERNANCE | STRATEGY | SYSTEMIC RISK MANAGEMENT | TECHNOLOGY**

## OUR OUTPUTS

### TILES & ASSOCIATED ITEMS

- 12,439,837 Sqm of Tiles
- 5,406 MT of Skim Coat
- 65,818 MT of Mortar
- 1,880 MT of Grout

### SANITARYWARE

- 146,219 pcs of sanitaryware
- 203,620 pcs of accessories

### ALUMINIUM

- 6,993MT of Aluminium Products

### PACKAGING

- 27,527 MT of corrugated cartons
- 4,166 MT of paper sacks

## OUTCOMES

### TO CUSTOMERS

- Quality products
- Affordability
- Innovative designs

### TO SHAREHOLDERS

- Rs. 2 Bn paid as Dividends
- Rs. 7 Bn increase in market capitalisation
- Net Assets Per Share Rs. 50
- EPS Rs. 6.29

### TO OTHER PROVIDERS OF FINANCIAL CAPITAL

- Rs. 3 Bn Interest paid
- Rs. 63 Bn Loan Repayments

### TO SUPPLIERS & BUSINESS PARTNERS

- Rs.38 Bn paid to Local Suppliers
- Rs.19 Bn paid to Foreign Suppliers
- Opportunities for growth

## SOCIAL & RELATIONSHIP CAPITAL

- Customers
- Suppliers
- Business Partners
- Regulators

## INTELLECTUAL CAPITAL

- Innovation & Design
- A portfolio of brands
- Tacit knowledge

## FINANCIAL CAPITAL

- Total Assets Rs. 121 Bn
- Equity Rs.73 Bn
- Borrowings Rs. 27 Bn

### Aluminium

Manufacture of aluminium products for use in the construction sector

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### Packaging

Manufacture of packages for a wide range of industries

Page 82



**FINANCIAL MANAGEMENT | ORGANISATION CULTURE | SUSTAINABILITY**

## MINING

- 36,913 MT of Feldspar

## EMISSIONS

- 82,476 tCO2e Scope 1 Emissions
- 41,673 tCO2e Scope 2 Emissions
- 7,303 tCO2e Scope 3 Emissions

## WASTE

- 59 MT of Hazardous
- 41,550 MT Non Hazardous

## TO EMPLOYEES

- Rs. 8 Bn paid as remuneration & rewards
- 5.42 Hours of Training per employee
- 270 Promotions

## TO GOVERNMENT

- Rs. 3.7 Bn paid as direct taxes
- Rs.10.4 Bn Collected as indirect taxes and paid

## TO SOCIETY

- 5,079 jobs
- Rs. 18 Mn community investments

# STAKEHOLDER ENGAGEMENT

*GRI: 2-29*

**Stakeholder engagement remains a fundamental component of the Rocell Group's approach to sustainable value creation. By maintaining strong, transparent, and consistent engagement with key stakeholder groups, the Group is able to better understand evolving expectations, manage risks proactively, and align our strategic priorities with stakeholder interests.**

In an increasingly dynamic operating environment, effective stakeholder engagement enables the Group to strengthen relationships, enhance trust, and identify opportunities for long-term growth. Insights gathered through these engagements are systematically integrated into decision-making processes, ensuring that business strategies remain responsive and relevant.

## OUR APPROACH TO STAKEHOLDER ENGAGEMENT

**Step 1**

**Identify Stakeholders**

Key stakeholder groups are identified based on their relevance to the Group's operations, including their level of interest and influence.

**Step 2**

**Prioritise Stakeholders**

Stakeholders are prioritised to focus engagement efforts on those most critical to the Group's strategic objectives and long term value creation.



**Step 3**

**Engage and gather insights**

A range of engagement mechanisms including meetings, surveys and ongoing interactions, are used to understand stakeholder expectations.

**Step 4**

**Integrate Feedback**

Insights gathered through engagement are incorporated into operational and strategic decision-making to ensure alignment with stakeholder expectations.

**Step 5**

**Monitor and enhance engagement**

The effectiveness of stakeholder engagement is continuously monitored through defined KPIs, enabling ongoing improvement.



## CUSTOMERS

### Overview

Customers are central to the Group's success, driving demand across our Tiles & Associated Items, bathware, aluminium, and packaging businesses. Understanding evolving customer preferences is critical to maintaining market leadership and delivering value.

### Their contribution to Group's value creation

Customers contribute to value creation through sustained demand, brand loyalty, and market feedback, enabling the Group to enhance product innovation, improve service delivery, and strengthen our competitive positioning and to maintain a strong financial position.

### How we engage

- Showroom network
- Direct interactions
- Call centre
- Customer feedback
- Social media engagements
- Products demonstration and design consultations
- Digital platforms
- Trade fairs and exhibitions

### Key Concerns

- Product quality
- Design variety
- Pricing
- Sustainability of products
- Product safety and compliance
- After sales support
- Availability
- Service excellence

### Our Approach

- Delivering high-quality products
- Design-led products supported by a strong retail presence and enhanced customer experience.
- Prompt response mechanism
- Continuous expansion of product offerings
- Comprehensive market research to understand customer preferences
- Continuous training for showroom staff to enhance service quality
- Launched E commerce Site
- Customer service unit
- Customer complaint handling system

### KPI

- Customer satisfaction score of **97%**
- **3** new showrooms
- **424** new product launches
- Customer complaint resolution time
  - Service Issues – Same Day
  - Delivery Issues – Within 3 Days
  - Product Issues – Within 14 Days
  - Cash Refund – Within 14 Days

## EMPLOYEES

### Overview

Employees are a key driver of operational excellence, innovation, and long-term growth. The Group's success is supported by a skilled and motivated workforce across our diverse business segments.

### Their contribution to Group's value creation

Employees contribute through their expertise, productivity, and commitment, enabling the Group to maintain high standards of quality, drive innovation, and enhance operational efficiency.

### How we engage

- Training programs and career progression
- Staff appraisals
- Internal communications
- Welfare initiatives
- Grievance Handling system
- Learning Management System
- Open Door Policy

### Key Concerns

- Remuneration career development
- Job security
- Workplace safety
- Work-life balance
- Diversity and Non discrimination

### Our Approach

- Fostering an inclusive work environment with continuous training
- Career progression
- Strong focus on employee well-being
- Fair employment practices
- Compliance with labour laws and industry regulations
- Employee wellness and mental wellbeing programmes

### KPI

- **80%** employee retention rate
- **5.42** training hours per employee
- **340** work place injuries
- **18%** Female workforce representation

# STAKEHOLDER ENGAGEMENT

| BUSINESS PARTNERS AND SUPPLIERS | REGULATOR | INVESTORS | COMMUNITIES |
|---|---|---|---|
| **Overview** | | | |
| Suppliers and business partners play a critical role in ensuring the continuity and efficiency of the Group's operations, supporting production, distribution, and service delivery. | Regulator plays a key role in ensuring that the Group operates within a compliant and well-governed framework. | Investors provide the financial capital required to support the Group's growth, expansion, and strategic initiatives. | The Group operates within and impacts the communities in which we operate, making community engagement an important aspect of sustainable business practices. |
| **Their contribution to Group's value creation** | | | |
| They contribute by ensuring timely supply of quality inputs, enabling operational efficiency, cost optimisation, and innovation across the Group's value chain. | Contribute by providing a stable regulatory environment that promotes fair competition, transparency, and long-term sustainability of business operations. | Investors contribute through capital investment, enabling business expansion, innovation, and long-term sustainability, while also reinforcing governance and performance discipline. | Communities contribute by providing a supportive operating environment, local workforce, and social license to operate, enabling long-term business sustainability. |
| **How we engage** | | | |
| » Supplier meetings<br>» Site visits<br>» Communication platforms<br>» Industry events<br>» Dedicated service teams<br>» Trade Fairs | » Regulatory filings<br>» Meetings<br>» Compliance reporting<br>» Industry collaboration | » AGMs,<br>» Financial reports<br>» Investor meetings<br>» Regulatory disclosures<br>» Websites Updates | » CSR initiatives<br>» Community programs<br>» Local engagement<br>» Corporate website |
| **Key Concerns** | | | |
| » Fair pricing,<br>» Timely payments<br>» Growth opportunities<br>» Long-term partnerships<br>» Transparent procurement and contracting process<br>» ESG requirements | » Compliance<br>» Timely filing of returns<br>» Governance<br>» Reporting accuracy<br>» Ethical conduct | » Financial performance<br>» Returns<br>» Transparency<br>» Governance<br>» Risk management<br>» Stable dividend policy<br>» ESG performance | » Employment,<br>» Environmental responsibility<br>» Ethical practices<br>» Community development<br>» Responsible business conduct |
| **Our Approach** | | | |
| » Maintaining transparent relationships<br>» Ensuring timely payments<br>» Promoting collaboration<br>» Capability development<br>» Adherence to agreed contract terms<br>» Maintain transparent and fair procurement practices<br>» Offering competitive and fair payment terms | » Ensuring full compliance with regulatory requirements while maintaining high governance standards<br>» Providing prompt response for regulatory queries and directives | » Maintaining transparent communication<br>» Strong governance frameworks<br>» Disciplined financial management<br>» Effective management of resources<br>» Sustainable value creation strategy | » Supporting community development through responsible business practices<br>» Local employment<br>» Targeted CSR initiatives. |
| **KPI** | | | |
| » **30 Days** Supplier payment cycle<br>» **80%** Supplier retention rate<br>» **30%** of long-term partnerships | » **Zero** Number of regulatory non-compliances | » **37%** Earnings growth<br>» **32%** Dividend payout ratio<br>» **11.33%** Return on equity | » **6.3 Mn** CSR investment<br>» **44** Number of community initiatives |

# DETERMINING OUR MATERIAL MATTERS

*GRI 3-1 3-2*

**Identifying and prioritising our material matters is central to Rocell's commitment to sustainable value creation. These matters represent the economic, environmental, social and governance issues with the greatest potential to influence our long-term performance and stakeholder decisions. By focusing on these areas, we are better positioned to respond to emerging risks and opportunities while aligning our operations with stakeholder expectations and strategic objectives.**

During the year under review, Rocell reassessed its material matters through a structured process that considered developments in our operating environment, evolving stakeholder priorities and Group's strategic direction. This assessment ensures that the issues identified remain relevant and continue to reflect the factors most critical to sustaining our competitive advantage and long-term resilience.

The assessment incorporated insights gathered through engagement with key stakeholder groups, including customers, employees, investors, suppliers, regulators and the communities we serve. Insights from these engagements were supported by an analysis of industry trends, regulatory developments, macro-economic conditions and sustainability challenges relevant to the sectors we operate in.

Each issue was evaluated based on two principal dimensions, its significance to stakeholders and its potential impact on Rocell's ability to create sustainable value. This evaluation considered both the likelihood of occurrence and the magnitude of its potential impact on our strategy, operations and reputation. The results enabled us to prioritise the matters requiring the greatest management focus and disclosure.

Through this process, Rocell continues to review and refine its understanding of material matters in response to changes in the operating landscape and stakeholder expectations, strengthening our ability to create long term value for all stakeholders

## ROCELL'S COMMITMENT TO SUSTAINABLE VALUE CREATION

**Validation and Integration**

The prioritised material matters were reviewed by senior management and incorporated into Rocell's strategic focus areas, risk management processes and sustainability disclosures.

**Assess and Evaluate Impacts**

The identified issues were assessed based on their potential impact on Rocell's strategy, operations, financial performance and reputation, as well as their significance to stakeholder decision-making.

**Prioritise Material Matters**

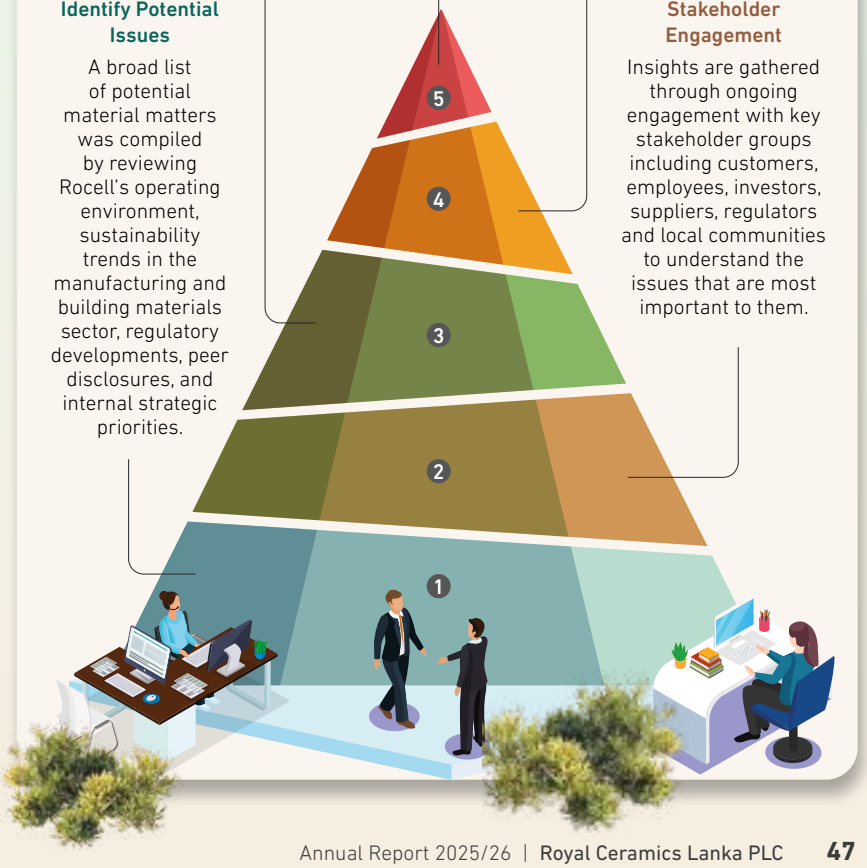
Issues were prioritised using a materiality matrix, evaluating their relative importance to stakeholders and their impact on Rocell's ability to create sustainable value.

**Identify Potential Issues**

A broad list of potential material matters was compiled by reviewing Rocell's operating environment, sustainability trends in the manufacturing and building materials sector, regulatory developments, peer disclosures, and internal strategic priorities.

**Stakeholder Engagement**

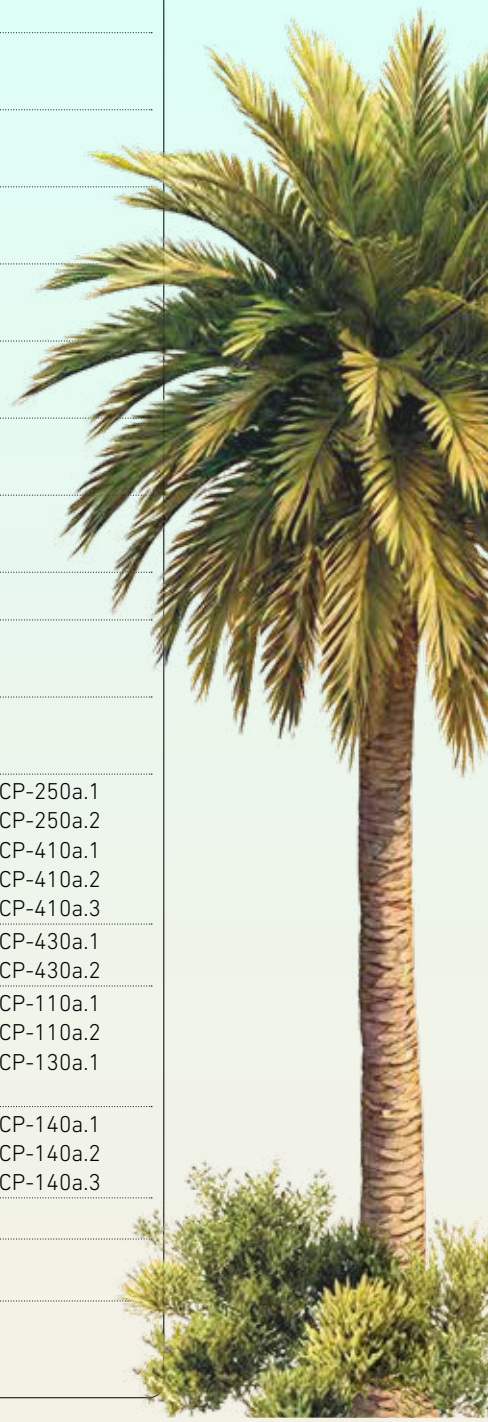
Insights are gathered through ongoing engagement with key stakeholder groups including customers, employees, investors, suppliers, regulators and local communities to understand the issues that are most important to them.



# DETERMINING OUR MATERIAL MATTERS

| | Material Topic | Reference | Impact to Stakeholders | Impact to Rocell | Corresponding GRI Topic |
|---|---|---|---|---|---|
| 1 | Financial performance, stability and managing liquidity | Financial Capital on page 88 | 5 | 9 | GRI 201 Economic Performance |
| 2 | Macro-economic conditions | Risk Management on page 55 and Operating environment on page 64 | 4 | 8 | GRI 201 Economic Performance |
| 3 | Customer satisfaction | Social and relationship capital on page 118 | 6 | 7 | GRI 416 Customer Health & Safety<br>GRI 417 Marketing & Labelling |
| 4 | Service and operational excellence | Intellectual Capital on page 140 | 6 | 5 | |
| 5 | Cost efficiency | Financial Capital on page 88 | 3 | 9 | GRI 302 Energy<br>GRI 301 Materials |
| 6 | Product portfolio | Intellectual Capital on page 140 | 6 | 7 | |
| 7 | Property and investment portfolio | Financial Capital on page 88<br>Manufactured Capital on page 108 | 2 | 8 | |
| 8 | Talent management | Human Capital on page 98 | 7 | 4 | GRI 404 Training & Education<br>GRI 401 Employment |
| 9 | Good Governance | Corporate Governance on page 172 | 8 | 5 | GRI 205 Anti-corruption |
| 10 | Brand visibility and reputation | Intellectual Capital on page 140 | 5 | 6 | GRI 417 Marketing & Labelling |
| 11 | Health and safety | Human Capital on page 98 | 8 | 5 | GRI 403 Occupational Health & Safety |
| 12 | Product responsibilities and sustainable business practices | Social and relationship capital on page 118 | 4 | 4 | GRI 416 Customer Health & Safety |
| 13 | Procurement practices | Social and relationship capital on page 118 | 4 | 7 | GRI 204 Procurement Practices |
| 14 | Carbon footprint (energy and emissions) | Natural Capital on page 128 | 5 | 6 | GRI 305 Emissions<br>GRI 302 Energy |
| 15 | Water | Natural Capital on page128 | 3 | 4 | GRI 303 Water |
| 16 | Material consumption | Natural Capital on page128 | 4 | 6 | GRI 301 Materials |
| 17 | Local communities | Social and relationship capital on page 118 | 8 | 3 | GRI 413 Local Communities |
| 18 | A regulated marketplace | Social and relationship capital on page 118 | 6 | 8 | GRI 206 Anti-competitive Behaviour |

| | Corresponding SDG Targets | SASB - Construction material | SASB Iron and steel producers | SASB Containers and packaging |
|---|---|---|---|---|
| | SDG 8 – Decent Work & Economic Growth | | | |
| | | | | |
| | SDG 12 – Responsible Consumption & Production | EM-CM-520a.1 | | |
| | | | | |
| | | | | |
| | | EM-CM-410a.1<br>EM-CM-410a.2 | | |
| | SDG 9 – Industry, Innovation & Infrastructure | | | |
| | SDG 8 – Decent Work & Economic Growth | | | |
| | SDG 16 – Peace, Justice & Strong Institutions | | | |
| | | | | |
| | SDG 3 – Good Health & Well-being | EM-CM-320a.1<br>EM-CM-320a.2 | EM-IS-320a.1 | |
| | SDG 12 – Responsible Consumption & Production | | | RT-CP-250a.1<br>RT-CP-250a.2<br>RT-CP-410a.1<br>RT-CP-410a.2<br>RT-CP-410a.3 |
| | | | EM-IS-430a.1 | RT-CP-430a.1<br>RT-CP-430a.2 |
| | SDG 7 – Affordable & Clean Energy | EM-CM-110a.1<br>EM-CM-110a.2<br>EM-CM-130a.1 | EM-IS-110a.1<br>EM-IS-110a.2<br>EM-IS-130a.1<br>EM-IS-130a.2 | RT-CP-110a.1<br>RT-CP-110a.2<br>RT-CP-130a.1 |
| | SDG 6 – Clean Water & Sanitation<br>SDG 15 – Life on Land | EM-CM-140a.1 | EM-IS-140a.1 | RT-CP-140a.1<br>RT-CP-140a.2<br>RT-CP-140a.3 |
| | | | | |
| | SDG 11 – Sustainable Cities & Communities | | | |
| | | EM-CM-520a.1 | | |



# DETERMINING OUR MATERIAL MATTERS

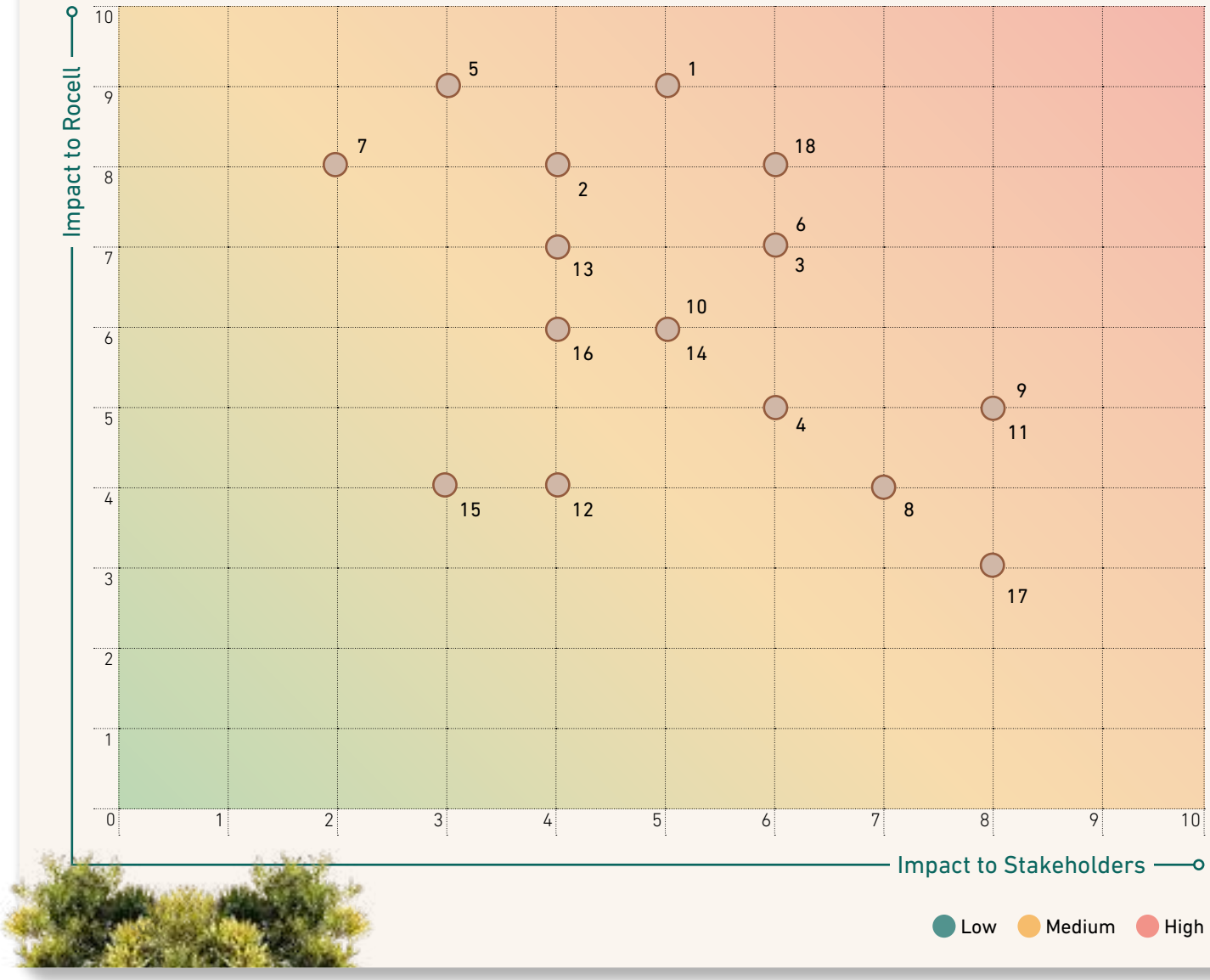
The materiality matrix illustrates the material matters identified through the latest assessment and their relative positioning based on the level of impact assessed. Each material topic presented in the Materiality Table is assigned a reference number to ensure consistency and ease of reference between the table and the matrix.

The matrix maps the identified material matters across two dimensions. The first reflects the impact on stakeholders, representing the extent to which each topic influences stakeholder interests, expectations and decision-making.

The second reflects the impact on Rocell's strategy and operations, indicating the degree to which each matter affects business performance, risk exposure, regulatory compliance and long-term value creation.

Together, the matrix provides a clear visual representation of the issues most significant to both Rocell and its stakeholders, enabling the Group to prioritise areas of focus for strategic decision-making, risk management and transparent reporting.

## MATERIALITY MATRIX



# OUR COMPETITIVE STRENGTHS

**Rocell's investment proposition is anchored in strong brand leadership, design innovation, and advanced manufacturing capabilities. Supported by a diversified and vertically integrated industrial portfolio, the Group operates across multiple sectors including Tiles and Associates Products and Sanitaryware, Aluminium Extrusion, and Flexible Packaging. This combination of premium positioning, operational strength, and extensive market reach enables Rocell to maintain a competitive advantage while adapting to evolving market conditions. Together, these strengths position the Group to capitalise on opportunities within Sri Lanka's construction and industrial sectors while delivering sustainable long-term value to shareholders.**

## ROCELL'S INVESTMENT PROPOSITION

**Premium Brand Leadership**
Trusted premium brands synonymous with quality and contemporary designs

**Design and product Innovation**
Continuous product innovation aligned with global design trends



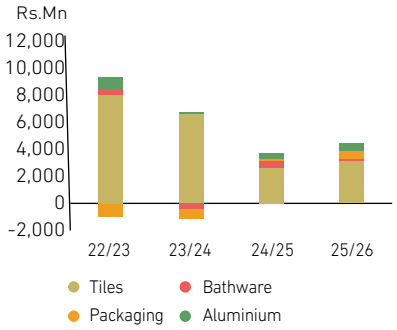
**Extensive Market Reach**
Extensive showroom and dealer networks across Sri Lanka

**Manufacturing Excellence**
Advanced facilities delivering quality, efficiency and scalable production

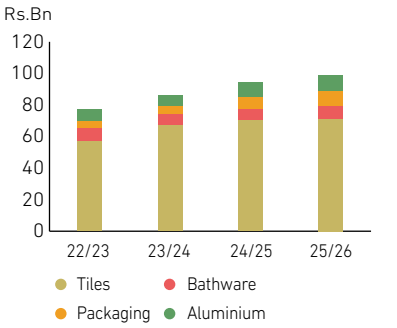
**Diversified Industrial Portfolio**
Vertically integrated businesses across tiles, sanitaryware, aluminium and packaging

**Positioned for Growth**
Positioned to capture opportunities in construction and housing growth

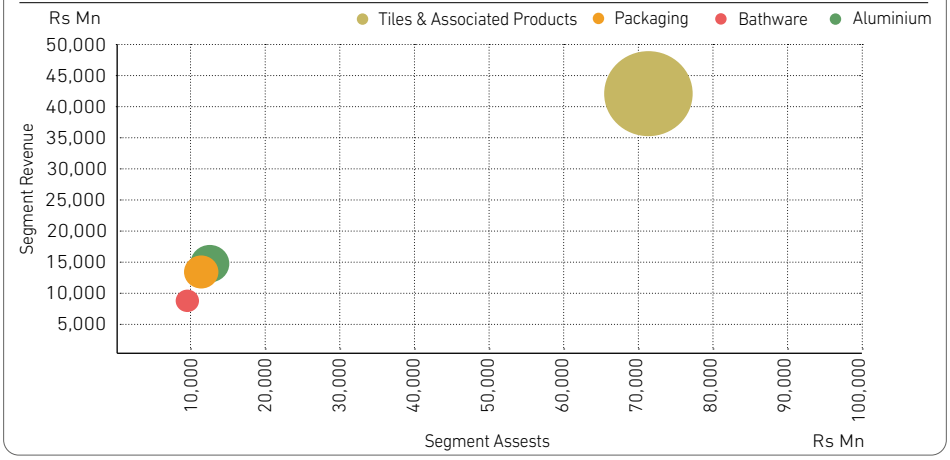
### Profitability



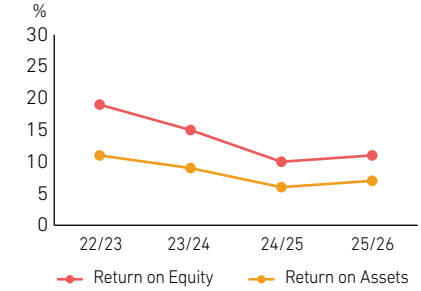

### Group Asset Base



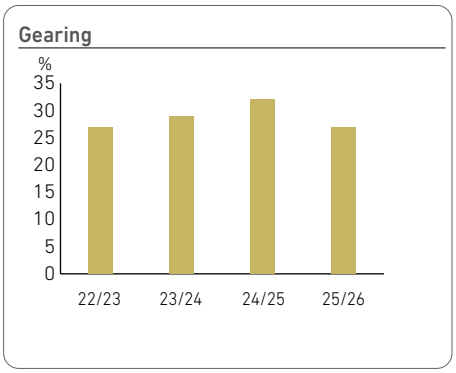

### Segment Profitability

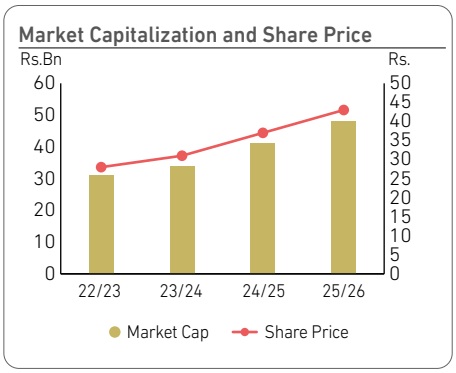


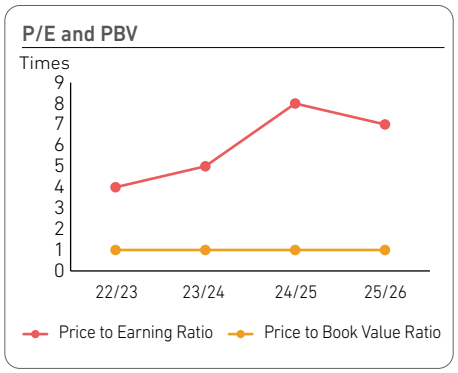

### Group ROE & ROA



# OUR COMPETITIVE STRENGTHS




## PREMIUM BRAND EXCELLENCE

The Group's portfolio of trusted brands includes Rocell, Rocell Bathware, Lanka Tiles, Swisstek Aluminium, Swisstek Ceylon and Unidil, each recognised for quality, reliability, and industry expertise within their respective sectors. Rocell, Rocell Bathware, Swisstek Ceylon and Lanka Tiles have established strong reputations in the tiles and bathware market, while Swisstek Aluminium and Unidil serve key industrial and export-oriented sectors. Together, these brands strengthen the Group's market presence while supporting long-term customer trust and brand loyalty.

## DESIGN AND PRODUCT INNOVATION

Product innovation plays a key role across the Group's businesses. Rocell, Rocell Bathware and Lanka Tiles focus on design-led innovation, introducing tile and bathware collections that reflect evolving architectural and interior design trends. Swisstek Aluminium develops precision-engineered aluminium extrusion solutions tailored for modern construction and architectural applications. Meanwhile, Unidil Packaging delivers innovative flexible packaging solutions that support a wide range of industries including tiles, FMCG, agriculture, and export-oriented sectors. Together, these capabilities enable the Group to remain competitive while meeting the diverse needs of its customers and industry partners.

### Tiles & Associated Items and Bathware sectors

- Introduction of 3D precision carving ink technology, enabling highly realistic textures and finishes that replicate natural materials with enhanced tactile quality
- Launch of "Outdoors by Rocell", a specialised range designed for indoor-outdoor living, featuring:
  - Advanced slip-resistant surfaces
  - Aesthetic versatility across modern and natural finishes
- Expansion of premium wall tile formats, including 90x30cm elongated tiles, enhancing modern design applications and visual continuity
- Introduction of designer bathware collections, including Avesa, developed in collaboration with internationally recognised designer Dr. Antonio Bullo, combining ergonomics with premium aesthetics
- Entry into lifestyle segments with the Outdoor Spa range, supporting wellness-oriented living environments



## DESIGN AND PRODUCT INNOVATION

### Aluminium

- Introduction of the award-winning Slimline Series, supporting modern architectural requirements with minimal aluminium framing and maximum glass visibility
- Development of Slimline Sliding Doors & Windows, enabling:
  - Larger glass panels (up to 14 ft height)
  - Concealed framing for seamless architectural finishes
- Launch of Slimline Glass Partition Systems, offering:
  - Improved sealing (rubber beading vs silicone)
  - Enhanced durability and cleaner aesthetics
  - Reduced visible aluminium sections
- Introduction of proprietary architectural systems including:
  - High-performance sliding and folding systems
  - Curtain wall and façade solutions
- Development of solar mounting and structural solutions, supporting renewable energy applications

### Packaging

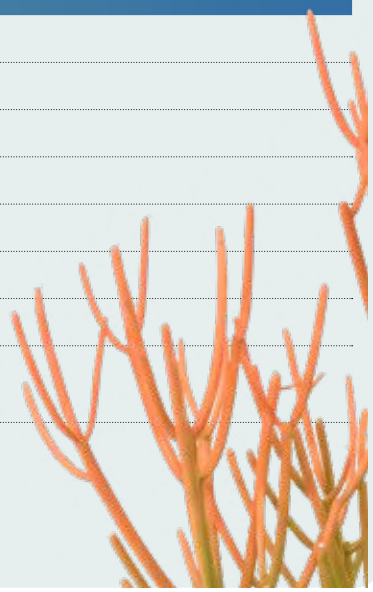
- Expansion of value-added packaging solutions, including:
  - Offset printed cartons
  - Customised industrial packaging solutions
- Development of lightweight and cost-efficient packaging designs, improving material utilisation and operational efficiency
- Introduction of sustainable packaging innovations
- Development of eco-friendly alternatives such as corrugated pallets



## MANUFACTURING EXCELLENCE

The Group operates modern manufacturing facilities across all businesses, supporting high product quality and efficient production. Investments in technology, process optimisation, and quality control systems strengthen operational capabilities across tile and bathware manufacturing, aluminium extrusion, and packaging production. These manufacturing strengths enable the Group to maintain consistent product standards while supporting scalable growth.

| Manufacturing Facility | | Capacity |
|---|---|---|
| Horana | Royal Ceramics Lanka PLC | 13,250 m2/day |
| Eheliyagoda | Royal Ceramics Lanka PLC | 5,830 m2/day |
| Panagoda | Rocell Bathware Limited | 35,000 pieces per month |
| Ranala | Lanka Tiles PLC | 17,950 m2/day |
| Meepe | Lanka Walltiles PLC | 13,500 m2/day |
| Ballummahara | Swisstek (Ceylon) PLC | 102,900 MT/per annum |
| Dompe | Swisstek Aluminium Limited | 750 MT Per month |
| Dekatana | UniDil Packaging Limited | Corrugated packaging – 2,800 MT per Month, Paper sacks - 500 MT per Month |



# OUR COMPETITIVE STRENGTHS

## EXTENSIVE MARKET REACH

The Group benefits from an extensive network of showrooms, dealers, and distribution partners across Sri Lanka. Rocell and Lanka Tiles maintain a strong retail presence, while Swisstek Aluminium and Unidil serve a wide range of construction, manufacturing, and export-oriented customers. This broad market reach enhances brand visibility and strengthens long-term relationships with customers and industry stakeholders.

**Rocell Tile & Bathware**

- 57 Own Showrooms
- 8 Factory Outlets
- 122 Dealers

**Lanka Tiles & Lanka Walltiles**

- 3 Own showrooms
- 56 Franchise showrooms
- 45 Direct dealers
- 26 Distributors
- 19 Factory Outlets

**Swisstek Aluminium**

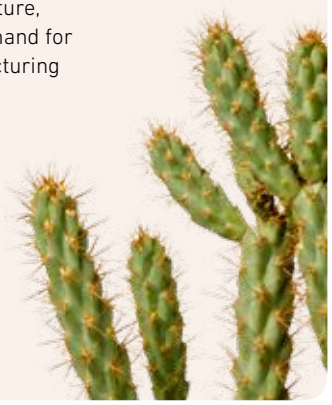
- 1 Own showrooms
- 10 Franchise showrooms
- 203 Dealers



## POSITIONED FOR SECTOR GROWTH

The Group is well positioned to benefit from the long-term growth potential of Sri Lanka's construction, infrastructure, and export-oriented industries. As economic conditions stabilise and development activity gradually expands, demand for tiles, aluminium solutions, and packaging products is expected to strengthen. The Group's strong brands, manufacturing capabilities, and market presence support its ability to capture these opportunities.

| | Growth Rate | | | | |
|---|---|---|---|---|---|
| | 2025Q1 | 2025Q2 | 2025Q3 | 2025Q4 | 2025 |
| Sri Lankan economy | 4.8% | 4.9% | 5.4% | 5.5% | 5% |
| Industry sector | 9.7% | 5.8% | 8.1% | 7.3% | 7.8% |
| Construction sector | 10.2% | 7.8% | 10.9% | 8% | 7.9% |



## DIVERSIFIED AND INTEGRATED INDUSTRIAL PORTFOLIO

The Group's diversified presence across construction materials, aluminium solutions, and flexible packaging provides exposure to multiple sectors of the economy. Vertical integration across certain manufacturing and supply chain activities enhances operational efficiency while creating synergies across the Group's businesses. This diversified structure strengthens resilience across economic cycles.

- Integrated Value Chain Synergies: Swisstek Aluminium, Swisstek Ceylon and Unidil support the Group's tiles and bathware businesses by supplying key construction components and packaging solutions, strengthening internal demand linkages and enhancing value creation across the Group's operations.
- Group Procurement and Logistics Efficiencies: Coordinated procurement and shared logistics across the Group drive cost efficiencies while improving supply chain resilience and operational agility.
- Strategic Capital Allocation: A group-level approach to capital planning enables disciplined investment decisions, optimised asset utilisation, and more efficient deployment of capital across the Group's businesses.



# MANAGING RISKS & OPPORTUNITIES

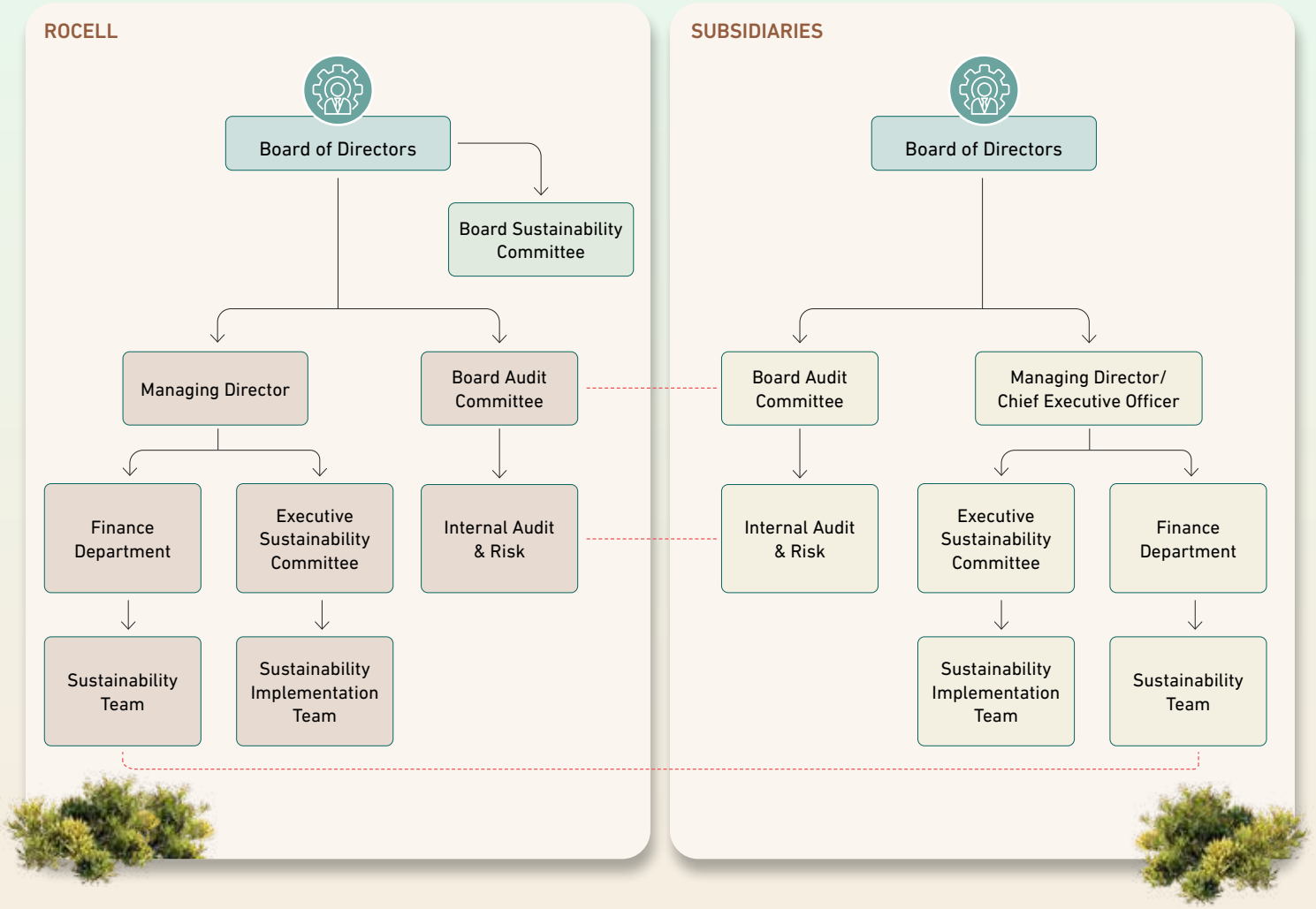
*GRI 201-2*

**Risk management is a key focus area for the Board and a regular item on the agenda for its monthly meetings. Heightened uncertainties have dramatically changed the global economic outlook, disrupting both global and local supply chains as countries implemented various measures to manage the global energy crisis. Accordingly, Rocell Group has increased its vigilance over risk management and building resilience across the Group.**

## RISK GOVERNANCE

The Board holds collective responsibility for risk management and fostering organisational resilience. Support is provided by the Audit Committee and the newly appointed Board Sustainability Committee. The Audit Committee maintains oversight of detailed risk reviews as specified in its Terms of Reference. Group subsidiaries are also required to report on risk matters to their respective Audit Committees and Boards, as well as to the Board of Royal Ceramics Lanka PLC, in accordance with the established risk governance structure. The Board Sustainability Committee of Rocell assists the Board with oversight of Sustainability related Risks and Opportunities and implementing a framework to manage sustainability related risks and opportunities. Board Audit committee of subsidiary companies are assigned with the oversight responsibility on the sustainability related matters.

The Managing Director and Senior Management are accountable for implementing effective risk management processes under the guidance of the relevant Boards, Audit Committees and Board Sustainability Committees. The Board promotes a culture of risk awareness across the organisation, emphasizing that each function should recognise the risks inherent to their activities and understand how their actions influence the acceptance, escalation, measurement, monitoring, or mitigation of those risks. Risk remains a central agenda item at Senior Management meetings, where sufficient time is allocated to assess the implications of emerging developments and to devise appropriate mitigation strategies.



# MANAGING RISKS & OPPORTUNITIES

## RISK LANDSCAPE

With activities encompassing manufacture of tiles and associated products, bathware, sanitaryware, aluminium, printing, packaging and mining. The Group has a geographically diverse value chains that can be impacted by a wide range of risks. Some of these are highly correlated and connected, resulting in compounding effects. Diversification across sectors supports resilience of the Group although there is a relatively high weightage to the construction sector. Prudent financial management has also supported resilience of the Group, enabling it to withstand economic tail winds that are inevitable. The year under review has seen an elevation of downside risks that has led to a downward revision of global growth forecasts.

## KEY DEVELOPMENTS IN 2026

### Geopolitical Conflicts

The geopolitical conflict in the Middle East has roiled global oil markets resulting in a sharp increase in the price of oil as well as a scarcity as ships are unable to pass through the Strait of Hormuz. IMF has revised its growth forecast to moderate from 3.3% forecast previously for 2026 to 3.1% in an optimistic scenario based on oil prices average $82 per barrel for 2026. An adverse scenario of oil prices averaging $100 forecasts a drop in global growth to 2,5% while prolonged conflict and higher oil prices will see growth dropping to 2%, near historical recessionary levels.

### 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.

### 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.



### A moderately positive outlook for Sri Lanka

Sri Lanka's economic growth is forecast to slow to 4.0% in 2026 and rise slightly to 4.2% in 2027, assuming an early resolution to the Middle East conflict. This comes after two years of 5.0% growth despite Cyclone Ditwah in 2025. Economic expansion will be constrained by higher energy costs, potential declines in remittances, and trade and tourism disruptions. Inflation is set to jump to 5.2% in 2026, mainly due to the ongoing conflict. Private consumption will continue to drive growth, but rising inflation will limit spending, and private investment will rebound slowly amid uncertainty.

### Construction Sector

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

### 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 but enhancing the quality of the raw material.

### Energy

Global energy markets remain volatile due to Middle East conflict and shipping constraints, leading to high oil and LNG prices and increased supply risk. For Sri Lanka, which relies on imported fuel, this results in higher electricity and transport costs, rising inflation, and additional pressure on foreign exchange. Unstable energy prices pose significant risks to domestic demand and energy-intensive industries through cost increases and possible supply disruptions.

### 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.

### Competition

Competition with cheap imports continues to be a threat as there are no anti-dumping laws or regulations and border tariffs are minimal. Additionally, major players in the sector have expanded capacity, further exacerbating competition.

### Availability of raw material

Ball clay, feldspar and silica 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 FRAMEWORK FOR RISK MANAGEMENT

Internal Audit & Risk Department is responsible for implementing the risk management framework of the Group and is aided by Internal Audit & Risk Departments of the subsidiaries in this regard. The Sustainability team is responsible for implementing the framework for managing sustainability related risks and opportunities which are then combined with the Group risks in determining key risks for the Group. Both Internal Audit & Risk and Sustainability team follow the process graphically set out below to manage risks.

### RISK MANAGEMENT PROCESS

**Risk Reporting**

Bi-monthly risk reports are circulated to Senior Management, the Audit Committee and the Board. The Audit Committee and Board considers the need for external reporting on sharp escalation of risks in line with the CSE Listing Rules.

**Risk Identification**

The Risk function reviews previous risks and compares them with the long list for materiality to ensure that all material matters are considered in identifying potential risks.

**Risk Measurement**

Key risk indicators are identified facilitating measurement of changes in threat levels. These could be internal or external, quantitative or qualitative factors.

**Risk Monitoring**

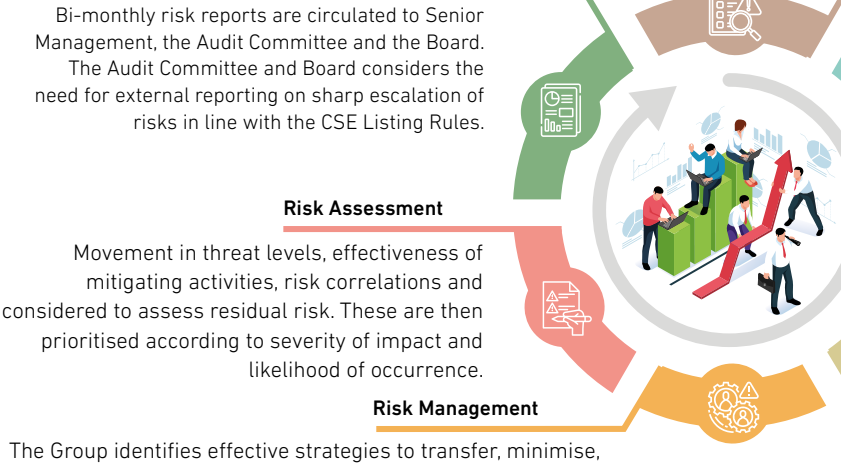
Movements in key risk indicators are reviewed at regular intervals or on occurrence of significant events to monitor changes in threat levels.

**Risk Assessment**

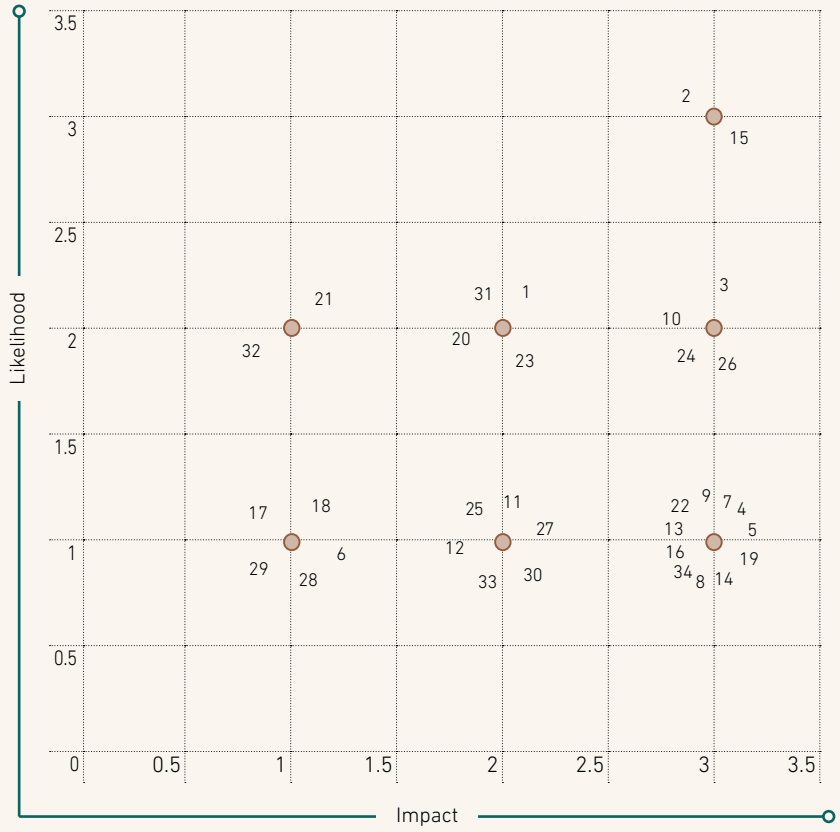
Movement in threat levels, effectiveness of mitigating activities, risk correlations and considered to assess residual risk. These are then prioritised according to severity of impact and likelihood of occurrence.

**Risk Management**

The Group identifies effective strategies to transfer, minimise, or otherwise manage key risks to facilitate optimal outcomes, carefully balancing potentially conflicting priorities.



### RISK HEAT MAP




| | Risk | Impact | Likelihood |
|---|---|---|---|
| 1 | Market stagnation risk | 2 | 2 |
| 2 | Diversification risk | 3 | 3 |
| 3 | Inventory management | 3 | 2 |
| 4 | Reputational risk | 3 | 1 |
| 5 | Business continuity | 3 | 1 |
| 6 | Taxation | 1 | 1 |
| 7 | Environmental regulation | 3 | 1 |
| 8 | Import restrictions | 3 | 1 |
| 9 | Strategic risk for the industry & company | 3 | 1 |
| 10 | Reliance on few suppliers | 3 | 2 |
| 11 | Lead time | 2 | 1 |
| 12 | Quality of raw materials | 2 | 1 |
| 13 | Resource depletion | 3 | 1 |
| 14 | Climate change on quality of raw materials | 3 | 1 |
| 15 | Lower capacity utilisation | 3 | 3 |
| 16 | Yield drop | 3 | 1 |
| 17 | Health & safety | 1 | 1 |
| 18 | Maintaining quality of finished goods | 1 | 1 |
| 19 | Extreme weather conditions | 3 | 1 |
| 20 | Inability to retain skilled employees | 2 | 2 |
| 21 | Employee productivity | 1 | 2 |
| 22 | Relations with trade unions | 3 | 1 |
| 23 | Interest rates | 2 | 2 |
| 24 | Foreign exchange rates | 3 | 2 |
| 25 | Raw material price risk | 2 | 1 |
| 26 | Energy price risk | 3 | 2 |
| 27 | Liquidity risk | 2 | 1 |
| 28 | Fraud risk | 1 | 1 |
| 29 | Credit risk | 1 | 1 |
| 30 | Data security | 2 | 1 |
| 31 | IT systems application controls | 2 | 2 |
| 32 | Evolution of technology | 1 | 2 |
| 33 | Cybersecurity | 2 | 1 |
| 34 | Removal of CESS | 3 | 1 |

# MANAGING RISKS & OPPORTUNITIES

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

| Risk Area/Risk Description | Short Term (1 year) | Medium to Long Term (2-5 years) | Mitigating Factors/Plans |
|---|---|---|---|
| **1. Lower Capacity Utilisation**<br>Capacity utilisation plays a critical role in the cost of production of our tiles.<br><br>High capacity utilisation facilitates improved cost absorption, improving margins while low capacity utilisation results in erosion of margins. |  |  | Capacity utilisation is aligned with sales forecasts and prevailing market demand to ensure optimal production planning.<br><br>Production levels are adjusted in line with demand fluctuations, with a focus on minimising cost impact (e.g., RBL operations). |
| **2. Diversification Risk**<br>The Company faces a concentration risk arising from its operations being primarily focused within Sri Lanka.<br><br>This geographic concentration is further influenced by relatively high domestic production costs, which may impact our competitiveness in broader markets and limit diversification opportunities |  |  | Seeking to pursue niche market opportunities in global markets, as it does not engage in direct price competition with major low-cost producers such as India and China.<br><br>Introduction of differentiated, unique, and competitively positioned products tailored for new and emerging markets.<br><br>Expand into new market segments by offering competitive pricing strategies designed to fully recover variable costs and partially recover fixed costs. |
| **3. Fuel and Gas Prices**<br>The continuous supply of gas for kiln operations is critical, as the kilns must be maintained at extremely high temperatures to support uninterrupted production. While supply conditions are generally stable under normal circumstances, past fuel crises and foreign exchange liquidity constraints have highlighted the vulnerability associated with this dependency. Global fuel supply disruptions may result in operational interruptions or temporary shutdowns, thereby impacting production continuity. Given the critical nature of this requirement, this risk remains a key component of the Company's risk management framework. |  |  | Implemented a range of mitigation measures, including the establishment of long-term supplier agreements, maintenance of buffer stocks where feasible, exploration of alternative energy sources, and development of comprehensive contingency plans to strengthen operational resilience and ensure business continuity |
| **4. IT System Application Controls**<br>Unauthorised access to, or exposure, alteration, or destruction of Company-owned information may result in system disruptions, potential downtime, data loss, and reduced productivity, thereby adversely impacting business operations and continuity. |  |  | Continuous monitoring of IT systems, implementation of appropriate controls, and regular testing to ensure their effectiveness.<br><br>Periodic upgrades and updates to systems and hardware to enhance security, reliability, and performance.<br><br>Regular training and awareness programmes to strengthen employees' understanding of IT security practices and reduce operational risks. |
| **5. Market Stagnation Risk**<br>The local market is experiencing limited growth and is considered largely saturated, with minimal expansion in overall market size. |  |  | Portfolio diversification strategies, including related diversification, to mitigate risk exposure; however, certain inherent risks remain unavoidable.<br><br>Expanding the portfolio geographically through the development and strengthening of export markets.<br><br>Sales and marketing strategies are being enhanced to increase market share and improve overall market penetration. |




| Risk Area/Risk Description | Short Term (1 year) | Medium to Long Term (2-5 years) | Mitigating Factors/Plans |
|---|---|---|---|
| **6. Removal of CESS**<br>Removal of CESS may enhance the price competitiveness of imports, thereby intensifying competitive pressure on domestic manufacturers and potentially leading to a significant erosion of market share |  |  | Pursue proactive and targeted marketing strategies to strengthen brand presence, enhance market penetration, and support sustained business growth.<br><br>Engage with industry associations and government policy makers to promote fair trade practices and address concerns related to dumping and unfair pricing in the market. |
| **7. Inventory management**<br>High levels of finished goods inventory result in increased holding costs, leading to elevated storage and financing expenses. |  |  | Implement targeted sales initiatives, including stock clearance strategies, to effectively reduce excess inventory levels.<br><br>Strengthen dealer networks and increase dealer-driven sales to improve overall market penetration and distribution efficiency.<br><br>Adjusted as necessary to prevent stock accumulation and ensure better alignment with market demand.<br><br>Introduced and apply principals where feasible to improve operational efficiency and reduce waste.<br><br>Improving the utilisation and optimisation of production capacity to enhance productivity and cost efficiency.<br><br>Implement a structured SNOP process to improve coordination between demand planning and supply chain operations, ensuring better decision-making and inventory control. |
| **8. Strategic Industry and Company Risk**<br>The absence of adequate protection for the local industry may result in the influx of low-cost and unregulated imported products into the domestic market. This could intensify price-based competition, exert downward pressure on market pricing, and adversely affect the Company's sales volumes, market share, and profitability. Sustained exposure to such competitive pressures may undermine the long-term growth and sustainability of both the Company and the broader local industry. |  |  | Strengthen its product portfolio by implementing targeted product differentiation strategies designed to effectively meet the distinct needs and preferences of various customer segments.<br><br>The introduction of differentiated brand offerings will enable the company to better cater to specific consumer groups. For example, the Seville range will be positioned to serve the price-conscious segment of the market, ensuring broader market coverage and improved accessibility.<br><br>An assertive and strategically focused marketing approach will be adopted to enhance brand visibility, accelerate market penetration, and drive sustained customer acquisition and retention across key segments. |

# MANAGING RISKS & OPPORTUNITIES

| Risk Area/Risk Description | Short Term (1 year) | Medium to Long Term (2-5 years) | Mitigating Factors/Plans |
|---|---|---|---|
| 9. **Dependence on a Limited Number of Suppliers**<br>The Company's reliance on a small number of key suppliers exposes it to potential operational risks. These include supply chain disruptions such as delays in deliveries, inconsistencies in product quality, and shortages in required quantities. In addition, this dependency may limit the Company's bargaining power, potentially resulting in less favourable pricing and procurement terms. |  |  | Implement product differentiation strategies to effectively meet the varying needs of distinct customer segments.<br><br>Introduction of Multiple Brands to Serve Different Market Segments<br><br>Develop and introduce differentiated brands to cater to specific market segments, including the Seville range, which targets the price-conscious segment of the market.<br><br>An assertive marketing strategy will be pursued to strengthen brand visibility, enhance market penetration, and support sustained business growth.<br><br>Engage in strategic government relations and lobbying efforts to advocate for supportive industry policies and ensure a more favourable operating environment |
| 10. **Inability to Retain Skilled Employees**<br>The Group faces the risk of being unable to retain skilled employees, which may adversely affect operational efficiency and overall workforce capability. This could lead to increased operational inefficiencies, higher incidence of errors and damages, and reduced productivity, ultimately impacting cost effectiveness and profitability. |  |  | Implementation of robust recruitment screening processes, continuous training and development programs, structured career guidance, and enhanced employee engagement initiatives, supported by competitive remuneration and benefits aligned with industry standards.<br><br>Strategic outsourcing of certain roles, including consultancy services and unskilled labour requirements, to ensure operational flexibility and cost efficiency.<br><br>Introduction of job rotation and internal transfer mechanisms to support employee development and promote work-life balance, while enhancing workforce versatility. |
| 11. **Interest Rates**<br>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 |  |  | The Group will focus on appropriately matching the maturity profiles of its assets and liabilities to effectively manage liquidity risk and ensure financial stability.<br><br>Continuously evaluate refinancing opportunities to optimise funding structures and secure more favourable financing terms when appropriate.<br><br>A balanced approach will be adopted in managing fixed and floating interest rate exposures to mitigate interest rate risk and enhance financial predictability.<br><br>Maintain gearing at an optimal level to ensure a prudent capital structure, supporting sustainable growth while managing financial risk effectively |



Low Moderate High

| Risk Area/Risk Description | Short Term (1 year) | Medium to Long Term (2-5 years) | Mitigating Factors/Plans |
|---|---|---|---|
| 12. Exchange Rate Fluctuations<br>Fluctuations in foreign exchange rates may adversely affect the Company's profitability and operational financial performance, particularly through increased volatility in costs, revenues, and foreign currency-denominated transactions. |  |  | The Group will utilise appropriate hedging mechanisms to mitigate exposure to financial risks arising from market volatility.<br><br>Maintain multi-currency accounts to facilitate efficient foreign currency transactions and reduce exchange rate risk.<br><br>Forward contracts will be employed as part of the Company's risk management strategy to hedge against adverse foreign exchange fluctuations and ensure greater financial predictability. |



# SELF-OBSERVANT

Through careful monitoring, assessment, and insight-driven adjustments, Rocell ensures operational excellence across every unit. Each improvement is informed, deliberate, and aligned to long-term objectives, and each process in action is meticulously observed to promote operational excellence.

*The sun and trees seen from beneath the water illustrate how even hidden structures provide guidance, light, and sustenance.*



## MANAGEMENT DISCUSSION AND ANALYSIS

# OPERATING ENVIRONMENT

**The Rocell Group operates within a dynamic environment shaped by global economic developments, domestic recovery, and evolving sector dynamics. During the year, improving macroeconomic conditions in Sri Lanka, together with shifting industry dynamics and global influences, created both opportunities and challenges across the Group's businesses.**

## GLOBAL ECONOMIC TRENDS AND TRADE DYNAMICS

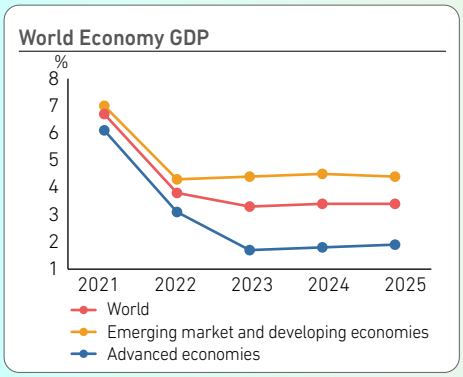
Global economic growth remained relatively resilient, with growth estimated at 3.3%, supported by easing inflation and stabilising financial conditions. However, ongoing geopolitical tensions, including conflicts in key regions, continue to elevate uncertainty and disrupt global markets. These tensions have contributed to volatility in energy and commodity prices, periodic supply chain disruptions, and shifts in trade flows.

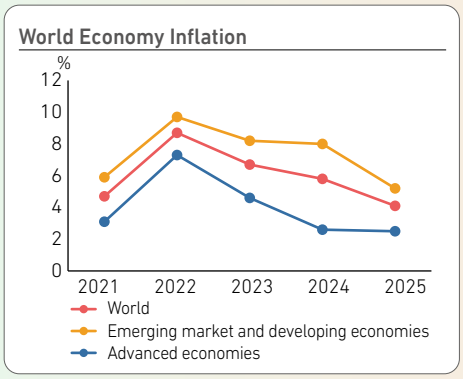
Global inflation continued to moderate during 2025, supported by easing energy prices, improved supply chain conditions, and the cumulative impact of earlier monetary tightening across major economies. While headline inflation declined across many regions, the pace of disinflation remained uneven. Goods price pressures generally stabilised, whereas services inflation remained relatively persistent in several economies, reflecting ongoing wage adjustments and resilient labour markets.

Despite the overall easing trend, inflation remained sensitive to external shocks. Ongoing geopolitical tensions, particularly in key energy producing and trade-sensitive regions, contributed to intermittent volatility in commodity and energy prices. These pressures limited the pace of disinflation and underscored the continued exposure of global inflation dynamics to geopolitical developments.

Global trade conditions in 2025 reflected a period of gradual stabilisation, with trade volumes remaining relatively resilient despite subdued global demand and tighter financial conditions. Supply chains continued to normalise following earlier disruptions, supporting improved availability of goods and easing some cost pressures across industries.

However, the global trade landscape continues to be shaped by evolving geopolitical tensions and structural shifts in trade relationships. Conflicts in key regions and disruptions to major trade routes have contributed to increased uncertainty, higher logistics costs, and periodic supply chain disruptions. At the same time, ongoing trends towards regionalisation and supply chain diversification are reshaping trade flows, with implications for sourcing strategies, cost structures, and export competitiveness across industrial sectors.

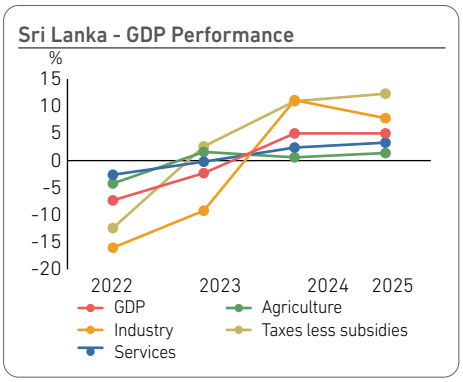


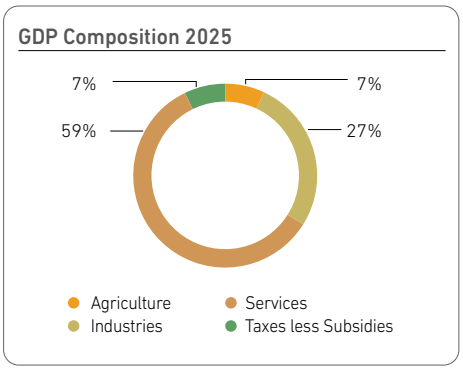



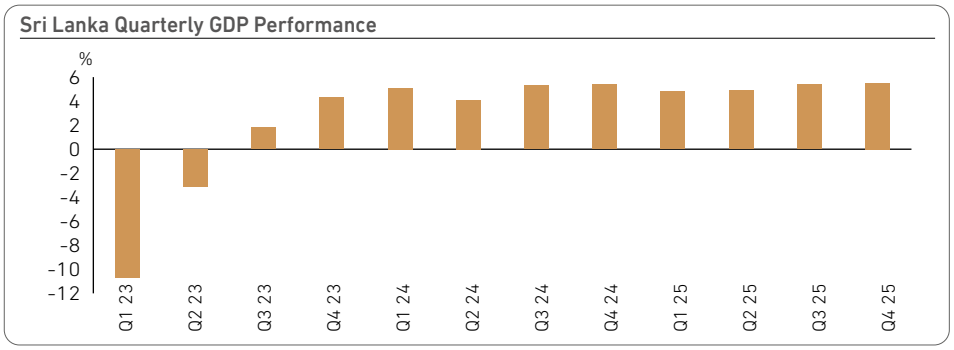

## ECONOMIC STABILISATION IN SRI LANKA

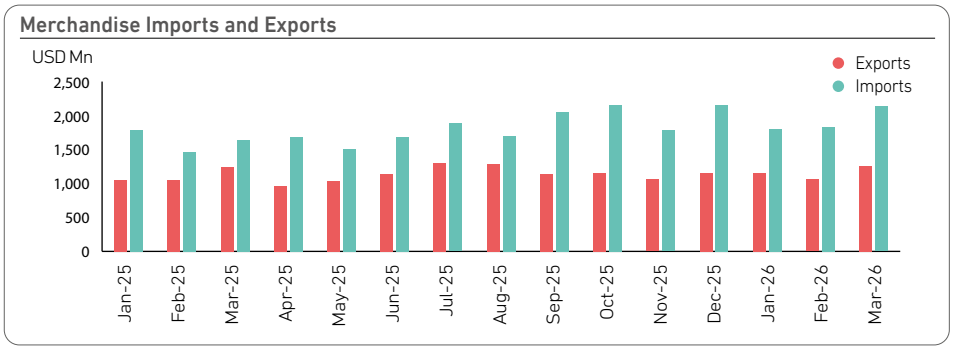
Sri Lanka's economy continued its recovery trajectory in 2025, recording an estimated growth of 5%, reflecting a sustained rebound from the stabilisation observed in 2024. This performance was supported by improved macroeconomic conditions, easing inflation, and renewed business confidence. The industrial sector, led by construction, demonstrated strong momentum following the resumption of previously stalled projects, while the services sector benefited from tourism and related activities. Meanwhile, the agricultural sector recorded moderate growth, supported by improvements in key crops and livestock production.

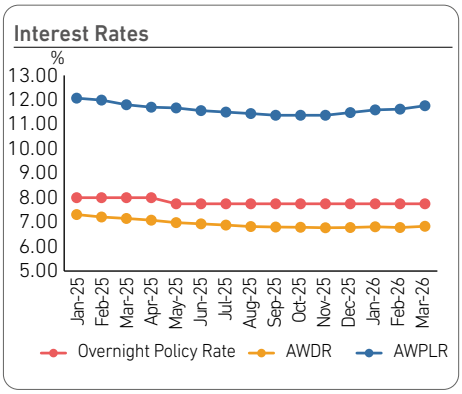
While global conditions remained relatively stable during the year, ongoing geopolitical tensions are expected to pose increased uncertainty in 2026, particularly through potential impacts on energy prices, trade flows, and global demand. Early indicators for the first quarter of 2026 suggest that domestic recovery momentum has been sustained, supported by continued activity in construction and services.

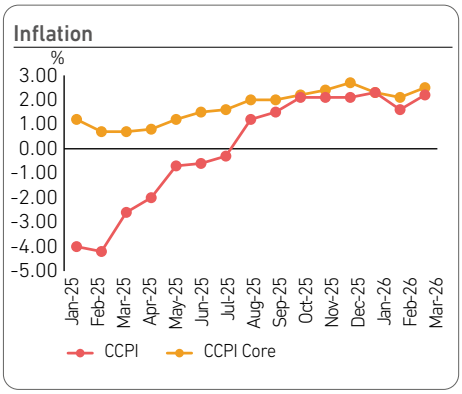


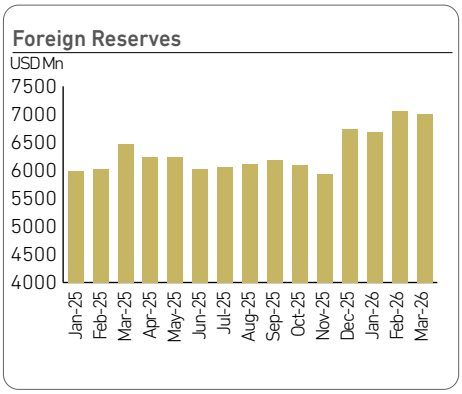



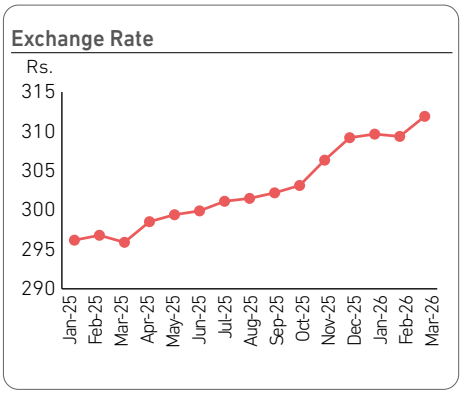



## MONETARY POLICY

Monetary policy remained accommodative during 2025, with the Central Bank maintaining a supportive stance to encourage credit growth and economic recovery. Lower policy rates and improved liquidity conditions contributed to a gradual increase in private sector credit, particularly towards construction and housing. This easing of monetary conditions supported investment activity and overall economic expansion. In early 2026, policy conditions remained broadly stable, with a continued focus on sustaining growth while maintaining macroeconomic stability.

## INFLATION

Inflationary pressures remained subdued during 2025, following the sharp disinflation observed in the previous year. Inflation stayed within low single-digit levels, supported by lower energy prices, improved supply conditions, and subdued domestic demand. However, inflation remained sensitive to external factors such as global commodity prices and exchange rate movements. In the first quarter of 2026, inflation remained relatively contained, although early signs of upward pressure were observed in certain segments.

## FOREIGN RESERVES AND EXCHANGE RATE

Sri Lanka's external position strengthened during 2025, supported by inflows from multilateral agencies, improved tourism earnings, and progress in debt restructuring. Gross official reserves increased, enhancing the country's ability to meet external obligations and support currency stability. However, the trade deficit remained a concern, with import growth outpacing exports. Reserve levels remained broadly stable in early 2026, supported by continued inflows and improved external sector confidence.

The Sri Lankan Rupee remained relatively stable during 2025, following the appreciation recorded in the previous year. Improved foreign currency inflows, stronger reserves, and enhanced market confidence contributed to reduced exchange rate volatility. Nevertheless, the currency remained sensitive to external developments, including global financial conditions and trade dynamics. In early 2026, the rupee experienced mild depreciation pressures, reflecting adjustments in external balances and global market conditions.

# OPERATING ENVIRONMENT

## OPERATING ENVIRONMENT: IMPACT ON THE GROUP

### RECOVERY IN CONSTRUCTION AND INDUSTRIAL ACTIVITY

The construction sector, a key driver of demand for the Group's products, recorded a strong rebound during the year, with growth of approximately 19%. This recovery was driven by the resumption of previously stalled projects, improved access to financing, and increased credit flows to housing and infrastructure development.

While the sector has shown clear signs of recovery, activity levels remain below pre-crisis highs. Nevertheless, the gradual normalisation of construction activity has supported demand across tiles, aluminium, and related building materials, contributing positively to the Group's operating performance.

### COMPETITIVE PRESSURES FROM IMPORTS

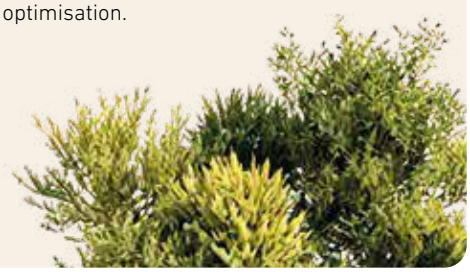
Despite improving demand conditions, domestic manufacturers continue to face heightened competition from imported products, particularly in the tiles and aluminium sectors. Lower-priced imports from regional markets have intensified pricing pressures, impacting margins and market share.

The removal of import restrictions, coupled with the absence of anti-dumping measures, has further increased competitive intensity. This environment requires local manufacturers to focus on differentiation through quality, design, and operational efficiency in order to sustain competitiveness.

### COST AND INPUT VOLATILITY

Cost pressures remain a key challenge across the Group's businesses, driven by fluctuations in energy prices, raw material costs, and foreign exchange movements. The Group is exposed to global commodity price volatility due to their reliance on imported inputs.

While easing inflation has provided some relief, cost structures continue to be influenced by external factors, requiring ongoing focus on efficiency improvements, cost management, and supply chain optimisation.



### CONSTRUCTION SECTOR

Sri Lanka's construction sector continued its recovery in 2025, following a sharp contraction in the preceding years. The rebound was supported by improving macroeconomic stability, easing inflation, and more accommodative monetary conditions, which collectively contributed to the gradual resumption of previously stalled projects. Increased availability of credit to the private sector, particularly for housing and infrastructure, further supported construction activity during the year.

Despite this recovery, activity levels remained below pre-crisis levels, with large-scale and high-rise developments progressing at a slower pace. As a result, the sector saw a shift in demand towards residential housing and medium-scale developments, which became key drivers of construction activity. This evolving landscape has created a more stable, albeit gradual, recovery path for construction-related industries. Early indicators in the first quarter of 2026 suggest that this momentum has been sustained, supported by continued project activity and improving investor confidence.

### TILE SECTOR

The domestic tile industry is dominated by a few key players, including Royal Ceramics Lanka PLC, Lanka Tiles PLC, Lanka Walltiles PLC and Macktiles Limited which collectively maintain a strong presence supported by established brands, extensive distribution networks, and high-quality product offerings. In recent years, the industry undertook significant capital investments to expand capacity and enhance manufacturing capabilities in anticipation of stronger demand.

However, the recovery in construction activity has been gradual, resulting in periods of underutilised capacity across the sector. A key challenge facing local manufacturers is the increasing penetration of imported tiles, which are estimated to account for over 50% of the domestic market. These imports, primarily from lower-cost manufacturing bases such as China and India, are often priced significantly below locally produced alternatives, intensifying pricing pressures and impacting margins.

Local manufacturers continue to face structural cost disadvantages, driven by relatively higher

labour costs, elevated energy prices, and other input-related expenses, which limit their ability to compete on price. The absence of anti-dumping measures has further exacerbated this imbalance, placing domestic producers at a competitive disadvantage despite their focus on quality, design, and brand differentiation.

## SANITARYWARE SECTOR

The sanitaryware segment continues to operate as a niche but important component of the construction value chain, closely linked to trends in residential and commercial development. Demand for sanitaryware products is largely driven by new housing construction, renovation activity, and consumer preferences for modern, design-oriented living spaces.

While the recovery in construction has supported gradual improvements in demand, the segment remains sensitive to changes in consumer spending and construction activity. Increasing competition from imported products and the availability of lower-priced products have placed pressure on domestic manufacturers. In response, local players continue to focus on product innovation, quality, and design differentiation to maintain their position in the premium segment of the market.

## ALUMINIUM SECTOR

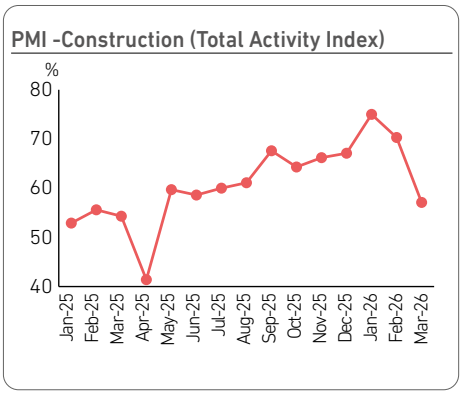
The aluminium extrusion industry plays a critical role in Sri Lanka's construction and manufacturing sectors, supplying products such as window frames, doors, curtain walls, and customised architectural profiles. The sector has experienced steady demand growth, supported by urbanisation trends and the increasing use of aluminium in modern construction due to its durability, flexibility, and aesthetic appeal.

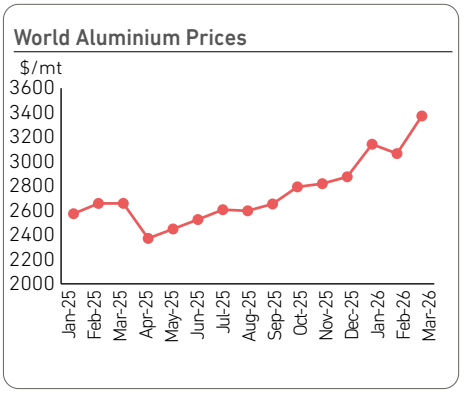
In recent years, the industry has invested in advanced manufacturing technologies and expanded its presence in export markets, including South Asia, the Middle East, and other regions. However, the sector remains exposed to challenges such as dependence on imported raw materials, fluctuations in global aluminium prices, and rising energy costs. The shift towards residential and mid-scale construction projects has supported demand for aluminium products, creating new opportunities despite the slower pace of large-scale developments.

## PACKAGING SECTOR

Sri Lanka's packaging industry continued to demonstrate resilience in 2025, supported by steady demand from key sectors such as tiles FMCG, agriculture, pharmaceuticals, and export-oriented industries. The flexible packaging segment benefited from sustained consumption patterns and the growth of value-added exports. Increasing emphasis on product quality, sustainability, and innovation has driven investments in advanced manufacturing technologies and eco-friendly packaging solutions.

However, the sector remains exposed to challenges including volatility in raw material prices, particularly for imported inputs, and competitive pressures from both local and international players. Fluctuations in exchange rates and global commodity prices continue to influence cost structures, requiring manufacturers to focus on operational efficiency and product differentiation to maintain competitiveness.



# BUSINESS LINE REVIEWS
## TILES & ASSOCIATED PRODUCTS



**The Tiles & Associated Products sector remains the Group's largest and most established business segment, encompassing wall tiles, floor tiles, porcelain tiles, mosaics, trims, and associated surface solutions manufactured under the Rocell, Lanka Tiles, and Lanka Walltiles brands. Complementing the portfolio are tiles adhesives and tile grouts manufactured by Swisstek Ceylon PLC enabling the Group to offer integrated surface and installation solutions The sector serves a broad customer base across residential, commercial, hospitality, and infrastructure segments, supported by an extensive distribution network and strong brand recognition within both domestic and export markets.**

During the year, the segment continued to strengthen our position through product innovation, operational excellence, and strategic investments in advanced manufacturing technologies. Increased focus was placed on premium and value-added product categories, including porcelain and large-format tiles, aligned with evolving architectural and consumer preferences.

**CONTRIBUTION TO THE GROUP**

**60%**
Revenue

**41%**
of Profit Before Tax

**69%**
of Total Assets

**64%**
of Total Liabilities

**69%**
of Total Employees

**90%**
of Total Emission

## STRATEGY PRIORITIES FOR THE YEAR



- **Enhancing Manufacturing Efficiency & Yield**

  Continued focus on improving production yield, reducing rejection rates, and strengthening process stability through TPM initiatives, automation, and operational optimisation projects across manufacturing facilities.

- **Optimising Product Mix & Strengthening Premium Positioning**

  Expanded focus on higher-margin and value-added products, including porcelain, large-format, and premium surface collections aligned with evolving market and architectural trends.

- **Driving Cost Optimisation & Energy Efficiency**

  Implemented multiple cost reduction and energy optimisation initiatives aimed at improving operational efficiency, reducing manufacturing costs, and mitigating the impact of energy price volatility.

- **Advancing Product Innovation & Manufacturing Technology**

  Strengthened product development capabilities through new surface technologies, digital printing enhancements, process innovation, and investments in advanced manufacturing systems and automation.

- **Strengthening Sustainability & Resource Efficiency**

  Continued investments in renewable energy, waste reduction, water recycling, and cleaner production technologies to improve environmental performance and support long-term sustainable manufacturing practices.

## OUR PRODUCTS

Floor/wall/Outdoor Tiles | Mosaics | Tiles Adhesive and Grout | Decorative pebbles | Swiss parkett

## OPPORTUNITIES AND RISKS IN THE TILES & ASSOCIATED PRODUCTS SECTOR

### Opportunities

- Growing demand for premium, porcelain, and large-format tiles driven by evolving architectural and interior design trends
- Recovery in the construction and real estate sectors supported by lower interest rates, infrastructure development and gradual improvement in consumer confidence
- Expansion opportunities within export markets through product differentiation, premium finishes, competitive pricing and value-added product offerings
- Expansion of digital manufacturing capabilities and advanced surface technologies supporting innovation and faster product development
- Opportunity to improve profitability through product mix optimisation, higher-margin premium products and operational efficiency improvements

### Risks

- Volatility in LPG and energy prices, raw material costs and foreign exchange rates
- Scarcity and inconsistency of key raw materials such as feldspar, kaolin and silica sand affecting product quality and manufacturing stability.
- Competitive pressure from imported low-cost products, regional manufacturers and aggressive market pricing.
- Fluctuations in construction sector demand impacting capacity utilisation, inventory levels and production planning
- Supply chain disruptions and logistics challenges affecting imported materials and spare parts availability

# BUSINESS LINE REVIEWS
## TILES & ASSOCIATED PRODUCTS

### PERFORMANCE OVERVIEW OF 2025/26

The Tiles & Associated Products sector demonstrated resilient operational performance during the year despite a challenging operating environment characterised by energy price volatility, raw material constraints, fluctuating market demand, and competitive pricing pressures. The sector remained focused on strengthening manufacturing efficiency, improving product quality, and enhancing product mix optimisation to support long-term profitability and operational resilience.

During the year, the segment continued to align production planning closely with prevailing market demand conditions, while prioritising margin enhancement and operational efficiency over volume growth. Strategic emphasis was placed on premium and value-added products, including porcelain and large-format tiles, supporting stronger market positioning and improved product differentiation.

We continued to strengthen our manufacturing capabilities through targeted capital investments and technology upgrades aimed at improving efficiency, process stability, and production flexibility. Key initiatives during the year included,

- Stabilisation of tile manufacturing operations
- Installation of new glazing lines, kilns, digital printing systems, and sorting technologies
- Implementation of robotic unloading systems,
- Ongoing installation of waste heat recovery project
- Automation and in-house engineering modifications to improve productivity and reduce downtime
- Continuous ball mill operations and process enhancements supporting improved production stability and efficiency

Total capital expenditure within the sector amounted to Rs.2,453 Mn, with investments primarily directed towards plant upgrades, technical improvements, energy-efficient initiatives, showroom construction and operational optimisation projects.

**Key Numbers**

| | 2025/26 | 2024/25 | Change % |
|---|---|---|---|
| Revenue (Rs.Mn) | 41,073 | 36,074 | 14 |
| Profit after tax (Rs.Mn) | 3,089 | 2,524 | 22 |
| Total Assets (Rs.Mn) | 71,142 | 69,613 | 2 |
| Total Liabilities (Rs.Mn) | 33,416 | 34,187 | (2) |
| Employees | 3,526 | 3,026 | 17 |
| Training hours | 37,185 | 39,497 | (6) |
| Manufacturing capacity (SQM/Per Day) | 50,530 | 49,000 | 3 |
| Capacity utilisation % | 76 | 93 | (19) |
| Capital investments (Mn) | 2,453 | 3,337 | (26) |
| Material consumption (MT) | 288,163 | 271,763 | 6 |
| Water consumption (Mn Liters) | 327 | 326 | 0 |
| Energy consumption (GJ'000) | 1,469 | 1,462 | 0 |

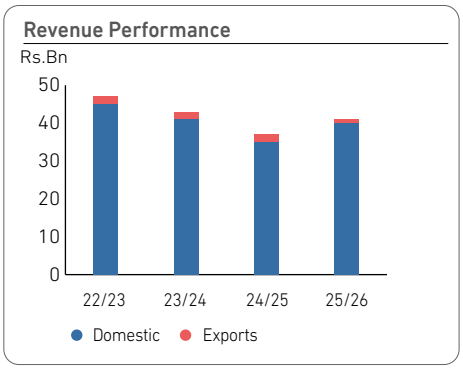
Cost savings and premium product development remained important focus areas during the year, supporting the sector's strategy of strengthening market diversification and improving product mix. The sector continued to expand our presence within export markets through differentiated and value-added offerings, including porcelain, large-format, and specialised surface solutions tailored to international customer preferences. Revenue growth was supported by advancements in aesthetic and design innovation, including high-definition digital printing technologies, premium surface finishes, and the development of technically enhanced products such as slip-resistant outdoor tiles with specialised performance ratings.

The sector also continued to strengthen our positioning within international markets through customised product development, premium collections, and compliance with internationally recognised quality and environmental standards, including CE Marking and Green Label certifications. Export demand from markets such as the USA and Australia remained an important contributor to production volumes, while the continued expansion of premium and differentiated product offerings provided a platform for future export growth and enhanced competitiveness within international markets.

#### OPERATIONAL ENHANCEMENTS DURING THE YEAR

Operational performance improved significantly across manufacturing operations through targeted process optimisation, TPM initiatives, and technology-driven improvements. Key operational achievements included,

- Yield improvement from 87.41% to 88.44% at Royal Ceramics Lanka PLC and 79.50% to 83.89% at Lanka Walltiles PLC
- Reduction in rejection rates through strengthened process controls and quality improvement initiatives
- Manufacturing cost reductions supported by energy optimisation and productivity enhancement projects
- Cost savings through operational excellence and efficiency initiatives at Royal Ceramics Lanka PLC Rs. 600 Mn, Bathware Limited Rs.116 Mn. Lanka Walltiles PLC Rs. 500 Mn




During the year, Lanka Walltiles PLC successfully completed the commissioning and stabilisation of the expanded floor tile manufacturing facility following delays experienced during the previous year. The expansion project had encountered challenges arising from changing market conditions and technical complexities associated with the transition from a double-fired to a single-fired manufacturing process. The commissioning and ramp-up phase also resulted in higher downtime, process instability, calibration challenges, and temporary production inefficiencies as the new systems were stabilised. To support the transition, foreign technical expertise was engaged to assist with process optimisation, operational troubleshooting, and workforce training. The facility progressively achieved improved stability, stronger manufacturing performance, and enhanced production capability during the year.

Operational challenges relating to raw material quality variability, supply chain disruptions, and energy cost pressures were managed through diversified sourcing strategies, enhanced production planning, process optimisation, and strengthened cross-functional coordination. Despite these constraints, the sector maintained operational stability and achieved measurable improvements in manufacturing efficiency and resource utilisation.

## PRODUCT DEVELOPMENT AND INNOVATION

Product development and innovation remained central to the Tiles sector's strategy during the year, supporting the Group's focus on premium positioning, market differentiation, and long-term value creation. The sector continued to strengthen our product portfolio through the introduction of new formats, advanced surface technologies, premium collections, and process innovations aligned with evolving architectural trends and changing customer preferences across both domestic and export markets.

During the year, the sector introduced a significant number of new products and design collections across multiple formats and applications

- Porcelain and fully vitrified tile ranges
- Large-format tile capabilities up to 1000x1000 mm
- Outdoor and high-performance collections with enhanced slip resistance and durability features
- Wooden plank tiles and decorative surface applications aligned with contemporary architectural and interior design trends

New collections introduced during the year reflected the Group's continued focus on design innovation, aesthetics, and premium finishes.

During the year, Royal Ceramics Lanka PLC expanded the portfolio through the introduction of premium and value-added collections including,





# BUSINESS LINE REVIEWS
## TILES & ASSOCIATED PRODUCTS

» Sugar finish collections
» Matt wood décor collections
» High PEI outdoor collections
» Stone matt surface ranges
» Advanced outdoor tile solutions with enhanced slip-resistant properties

In parallel, Lanka Walltiles PLC strengthened their premium product offering through the launch of several new collections including Lavica, Arke, Arena, Natura, Solea, Lucea, Serena, and Tierra, further enhancing the Group's design diversity and market positioning across multiple tile categories

Innovation efforts also focused on strengthening product aesthetics, technical performance, and manufacturing flexibility through advanced technologies and digitalisation initiatives. Key developments included:

» Installation of new digital printing systems enabling:
» High-definition graphics
» Enhanced surface textures
» Premium decorative effects
» Improved production speed and consistency
» Introduction of advanced surface technologies such as:
» Sugar finishes
» High CoF granule surfaces
» Crystal glaze applications
» High-performance outdoor finishes
» Development of customised and specialised product solutions for both domestic and export markets

The sector also strengthened our innovation ecosystem through collaborations with internationally recognised technology providers, glaze specialists, and design consultants from Portugal, Italy, and Spain. These partnerships supported,

» Design enhancement
» Glaze optimisation
» Raw material innovation
» Product quality improvements
» Process and manufacturing advancements

Further, process innovation remained a key focus area, with multiple initiatives aimed at improving productivity, reducing cycle times, enhancing yield, and lowering manufacturing costs. Investments in automation, kiln optimisation, continuous ball mill operations, energy-efficient technologies, and in-house engineering developments collectively strengthened operational efficiency and reinforced the sector's competitiveness within increasingly demanding local and international markets.

### SUSTAINABILITY

Sustainability and resource efficiency remained integral to the sector's operational strategy during the year, with continued focus on reducing environmental impact, improving resource utilisation, and strengthening cleaner production practices across manufacturing operations. The sector continued to invest in energy efficiency, renewable energy, waste reduction, and circular manufacturing initiatives to support long-term operational resilience and sustainable growth.

The segment continued to lead several key sustainability and operational efficiency initiatives during the year. Major focus areas included energy optimisation, process efficiency improvements, waste reduction, and resource recovery initiatives aimed at reducing manufacturing costs and environmental impact simultaneously.





Key initiatives implemented during the year included:

» Expansion of renewable energy utilisation, generating over 3.0 Mn kWh through solar power systems
» Ongoing implementation of waste heat recovery systems to improve thermal efficiency and reduce fuel consumption
» Installation of high-efficiency motors and Variable Frequency Drives (VFDs) to optimise electricity consumption
» Multiple energy optimisation projects across kilns, spray dryers, vertical dryers, and polishing operations

The sector also continued to strengthen circular manufacturing practices through:

» Reuse of green tile waste, fired waste, and polishing sludge within production processes
» Recycling of wastewater through treatment and reuse systems across manufacturing operations
» Utilisation of treated Sawase Treatment Plant water for production-related applications
» Recycling and segregation of cardboard, polythene, and other recyclable waste materials through authorised vendors
» Production of bricks and secondary products using recycled sludge waste

Further, the operational efficiency initiatives contributed to measurable improvements in environmental performance during the year

» Yield improved to 88.4% at Royal Ceramics Lanka PLC and 83.5% at Lanka Walltiles PLC
» Energy intensity at Lanka Walltiles PLC improved to 0.27 GJ/SQM
» Water Consumption reduce to 153 megaliters
» Water recycling levels increased through enhanced treatment and reuse systems

## FINANCIAL PERFORMANCE

» Total segment revenue increased by 14% YoY to Rs. 41.1 Bn, supported by improved market demand, higher production volumes, and increased contribution from premium and value-added product categories.
» Gross profit increased by 18% YoY to Rs. 16.3 Bn, while gross profit margin improved to 40% compared to 38% in the previous year. Margin improvement was supported by enhanced manufacturing efficiencies, yield improvements achieved through continuous operational optimisation initiatives. Improved product mix, with increased contribution from premium and value-added products, also contributed positively to profitability. In addition, energy costs remained comparatively lower than the previous year for a significant part of the period, supporting manufacturing cost efficiency. Comparatively, the previous year's gross profit margins had been impacted by elevated raw material costs and higher ordering and procurement expenses incurred during the financial crisis period, which placed considerable pressure on overall production costs.
» Distribution and administrative expenses increased during the year, reflecting the expansion of sales and distribution activities, continued investments in market development and brand positioning initiatives.
» Finance costs increased by 21% YoY, with a significant portion of the increase, approximately Rs. 913 Mn, related to debt servicing costs associated with the Lanka Walltiles expansion project and the commissioning of the expanded production facility during the year.
» Despite higher operating and financing costs, the sector recorded a 12% increase in profit before tax to Rs. 4.2 Bn, supported by stronger operational performance and margin improvements.

## OUTLOOK

The Tiles and Associated Products sector is expected to benefit from a gradual recovery in construction and real estate activity, supported by improving macroeconomic conditions, lower interest rates, and renewed infrastructure and housing development. Demand for premium, value-added, and design-led surface solutions is also expected to strengthen across both domestic and export markets.

The sector will continue to focus on:

» Expanding porcelain, large-format, and premium tile offerings
» Improving manufacturing efficiency, yield, and cost competitiveness
» Advancing automation, process optimisation, and digital manufacturing capabilities
» Strengthening export market presence through differentiated and value-added products
» Enhancing sustainability through renewable energy, waste heat recovery, water recycling, and resource optimisation initiatives

While challenges relating to energy prices, raw material availability, foreign exchange volatility, and competitive market conditions are expected to continue, the sector's strong brands, manufacturing capabilities, operational scale, and innovation-driven strategy are expected to support long-term growth and resilience.

# BUSINESS LINE REVIEWS
## SANITARYWARE



**Rocell Bathware Ltd continued to strengthen the position as one of Sri Lanka's leading premium sanitaryware manufacturers during the year, supported by our strong focus on design innovation, product quality, and operational excellence. The brand maintained its leadership position within the premium bathware segment, supported by a well-established national distribution network and growing export presence.**

Supported by advanced manufacturing capabilities, strong design expertise, and internationally benchmarked quality standards, we continue to strengthen our position through product innovation, operational excellence, and strategic partnerships. The business also benefits from collaborations with globally recognised brands and designers, enabling the development of differentiated, value-added bathware solutions aligned with evolving architectural and lifestyle trends.

.

**CONTRIBUTION TO THE GROUP**

**7%**
Revenue

**3%**
of Profit Before Tax

**8%**
of Total Assets

**8%**
of Total Liabilities

**5%**
of Total Employees

**1%**
of Total Emission

## STRATEGY PRIORITIES FOR THE YEAR

- **Enhancing Manufacturing Efficiency**

  Focused on improving operational performance through yield enhancement, defect reduction, TPM initiatives, and process optimisation to strengthen productivity and cost competitiveness.

- **Strengthening Product Innovation & Premium Positioning**

  Expanded designer-led and value-added bathware collections through new product introductions, advanced flushing technologies, and collaborations with internationally recognised designers.

- **Improving Cost & Margin Management**

  Implemented initiatives to reduce raw material, energy, and manufacturing costs while improving resource efficiency and protecting profitability amid a challenging operating environment.

- **Expanding Export & OEM Opportunities**

  Strengthened collaborations with international brands such as Kohler and Xylem while pursuing new export market opportunities, including expansion initiatives in the United Kingdom.

- **Advancing Sustainability & Resource Efficiency**

  Continued investments in energy-efficient technologies, renewable energy, waste reduction, and circular resource utilisation to enhance environmental performance and operational sustainability.





Water Closets



Wash Basins



Bidets



Faucets



Bath and Shower



Bathroom and Other Assessories

## OPPORTUNITIES AND RISKS IN THE SANITARYWARE SECTOR

### Opportunities

- Growth in premium housing and renovation markets supporting demand for high-quality and design-led bathware solutions
- Increasing customer preference for modern, water-efficient, and aesthetically differentiated sanitaryware products
- Expansion of export and OEM manufacturing opportunities through partnerships with internationally recognised brands
- Potential to strengthen market share through designer collections, innovative flushing technologies, value-added premium offerings
- Growing awareness and adoption of sustainable products, green building practices and water-efficient sanitaryware solutions

### Risks

- Volatility in raw material prices, energy costs and global freight and logistics costs
- Supply chain disruptions arising from global geopolitical conditions, adverse weather events and import-related constraints
- Intense competition from imported sanitaryware products and low-cost regional manufacturers
- Fluctuations in construction sector activity impacting domestic demand, particularly within residential and project-related segments
- Foreign exchange volatility affecting imported raw material costs and operational margins
- Labour shortages and retention challenges within skilled manufacturing functions

# BUSINESS LINE REVIEWS
## SANITARYWARE

### PERFORMANCE OVERVIEW OF 2025/26

The Sanitaryware sector demonstrated resilient operational performance during the year despite a challenging operating environment characterised by rising input costs, supply chain disruptions, and competitive market conditions. The business remained focused on strengthening manufacturing efficiency, enhancing product quality, and expanding export-oriented capabilities to support long-term growth and competitiveness.

During the year, the sector experienced softer market demand conditions, resulting in production levels being adjusted to align with prevailing market requirements and inventory management priorities. Despite moderated production volumes, the segment maintained operational stability and manufacturing efficiency through disciplined production planning, process optimisation initiatives, and effective resource management.

The segment achieved significant improvements in manufacturing performance, with cumulative product yield improving from 65% to 74%, supported by targeted process optimisation initiatives and quality improvement programmes. Green damage levels were significantly reduced from 19% to 10%, while firing defects declined further through continuous operational enhancements and TPM-driven initiatives.

Operational excellence remained a key focus area, supported by the implementation of multiple cost optimisation and process improvement projects across manufacturing operations. These initiatives contributed to approximately Rs. 115 Mn in cost savings, while improving productivity, process stability, and resource utilisation.

The sector also continued to strengthen our manufacturing capabilities through:

» Installation of advanced casting technologies, including ECM B4 high-pressure casting systems and ADM water closet casting machines

» Automation and optimisation of robotic glazing systems to improve consistency and reduce process variability

**Key Numbers**

| | 2025/26 | 2024/25 | Change % |
|---|---|---|---|
| Revenue (Rs.Mn) | 5,207 | 3,966 | 31 |
| Profit after tax (Rs.Mn) | 172 | (447) | 139 |
| Total Assets (Rs.Mn) | 7,981 | 7,340 | 9 |
| Total Liabilities (Rs.Mn) | 4,338 | 3,867 | 12 |
| Employees | 243 | 265 | (8) |
| Training hours | 423 | 341 | 24 |
| Manufacturing capacity (MT/Per Annum) | 376,000 | 376,000 | - |
| Capacity utilisation % | 46.4 | 67 | (31) |
| Capital investments (Mn) | 64 | 257 | (75) |
| Material consumption (MT) | 1,875 | 2,711 | (31) |
| Water consumption (Mn Liters) | 64 | 58 | 10 |
| Energy consumption (GJ'000) | 10 | 10 | - |

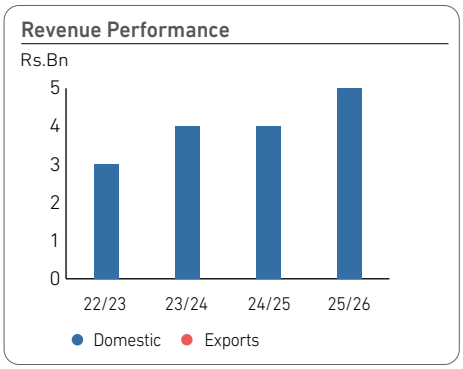
» Continued to follow of TPM, Kaizen, and lean manufacturing methodologies to enhance operational efficiency and reduce waste

» Collaboration with international technical consultants to improve yield, raw material optimisation, and process performance

Export-oriented manufacturing continued to play an increasingly important role within the sector, supported by strategic OEM partnerships with internationally recognised brands such as Kohler and Xylem. During the year, the sector further strengthened capabilities in customised product development and premium sanitaryware manufacturing to support international customer requirements and enhance export competitiveness. The business also initiated strategic efforts to expand our export presence within the United Kingdom market.

### PRODUCT DEVELOPMENT AND INNOVATION

Product development and innovation remained key strategic priorities for the Sanitaryware sector during the year, supporting the Group's premium positioning and commitment to innovation-led growth. The sector continued to enhance our product portfolio through the introduction of new collections, advanced sanitary technologies, and customised solutions aligned with evolving customer preferences, global design trends, and international quality standards.




,,During the year, the sector introduced 7 new bathware products across multiple product categories, strengthening brands portfolios. New product introductions included premium water closets, wash basins, and specialised OEM products.

The sector further strengthened our design-led positioning through the launch of premium designer collections, including:

» Avesa – designed in collaboration with internationally renowned designer Dr. Antonio Bullo

» Nao – developed together with Benadito Design Studio

These collections combined contemporary aesthetics, ergonomics, and functionality, reinforcing the Group's focus on differentiated and value- added bathware solutions.

Innovation efforts also focused on enhancing product functionality, manufacturing efficiency,

and user experience through the introduction of:

» Rimless water closet technologies

» Tornado flushing systems

» High-pressure casting wash basin products

» Advanced casting solutions designed to improve consistency, precision, and operational efficiency

In parallel, the business continued to invest in technical expertise, process innovation, and collaboration with international designers and consultants to enhance product differentiation and strengthen competitiveness within both domestic and export markets.

## SUSTAINABILITY

Sustainability and resource efficiency remained integral to the Sanitaryware sector's operational strategy during the year, with continued focus on reducing environmental impact, optimising resource utilisation, and strengthening cleaner production practices across manufacturing operations.

Key focus areas included energy efficiency, waste reduction, water conservation, and circular resource utilisation. The sector continued to expand our renewable energy initiatives through rooftop solar installations generating approximately 114,000 kWh per month, while also investing in energy-efficient technologies, including a new kiln project expected to significantly reduce energy consumption. Additional initiatives included LED lighting upgrades, compressed air optimisation, Variable Frequency Drives (VFDs), and kiln and dryer optimisation programmes.

Waste reduction and circularity initiatives remained a priority, with:

» Reuse of over 90% of green scrap and reclaim glaze materials

» Reuse of wastewater for gardening, cleaning, and flushing purposes

» Utilisation of waste plaster within the cement industry

» Reuse of filter cake waste materials within tile manufacturing operations

Operational efficiency improvements also contributed to enhanced environmental performance during the year:

» Energy intensity reduced by 23%

» Water Consumption reduced to 64 megaliters

These initiatives supported the sector's continued progress towards more sustainable and resource-efficient manufacturing operations.

## FINANCIAL PERFORMANCE

The Sanitaryware sector recorded improved financial performance during the period, supported by improved top line, stronger operational efficiencies, product mix improvements, and continued focus on cost optimisation initiatives.

» 31% Revenue growth recorded during the year, supported by exceptional performance in trading business.

» Gross profit improved significantly during the year, supported by enhanced manufacturing efficiencies, yield improvements, and reductions in process losses and defects achieved through continuous operational optimisation initiatives. Improved product mix and stronger operational control also contributed positively to margins. In addition, energy costs remained comparatively lower than the previous year for a significant part of the year, supporting manufacturing cost efficiency. Comparatively, the previous year's gross profit margins were significantly impacted by elevated raw material costs and higher ordering and procurement expenses incurred during the financial crisis period, which had placed considerable pressure on overall production costs.

» Distribution and administrative expenses increased during the year, primarily reflecting ongoing market development initiatives, the expansion of premium and designer product offerings, and continued investments in operational and technical capabilities aimed at strengthening manufacturing performance.

» The sector achieved a notable turnaround in profitability, recording a profit before tax of 316 Mn, compared to a loss recorded in the previous period.

## OUTLOOK

Looking ahead, the Sanitaryware sector will continue to focus on strengthening our premium market positioning through innovation, operational excellence, and export market expansion. The business is expected to benefit from growing demand for high-quality, design-led bathware solutions within both domestic and international markets.

Key priorities for the coming year include:

» Expansion of premium and designer product offerings

» Strengthening OEM manufacturing partnerships with international brands

» Expansion into new export markets, including the United Kingdom

» Continued improvement in manufacturing efficiency, product yield, and cost optimisation

» Further investments in automation, process optimisation, and advanced manufacturing technologies

The segment will also continue to strengthen our sustainability initiatives through energy-efficient technologies, renewable energy expansion, waste reduction, and resource optimisation programmes aimed at improving operational resilience and environmental performance.

While market conditions are expected to remain competitive, the sector's strong brand positioning, technical capabilities, innovation focus, and export-oriented strategy are expected to support long-term growth and competitiveness.

# BUSINESS LINE REVIEWS
## ALUMINIUM

*SASB: RT-CP-000.B*



**The Aluminium segment, operated under Swisstek Aluminium Limited, continued to demonstrate resilience during 2025/26, maintaining the dominant position in the domestic aluminium extrusion market with an estimated market share of 40%.**

**During the year, the segment further strengthened its positioning as a systems-driven aluminium solutions provider, transitioning beyond conventional product offerings to engineered architectural systems designed for performance, durability, and modern construction requirements. This strategic shift enabled Swisstek Aluminium to deepen our engagement with architects, developers, and fabricators, reinforcing our role as a preferred partner across residential, commercial, and high-rise construction segments.**

**CONTRIBUTION TO THE GROUP**

**18%**
Revenue

**8%**
of Profit Before Tax

**10%**
of Total Assets

**15%**
of Total Liabilities

**13%**
of Total Employees

**7%**
of Total Emission

## STRATEGY PRIORITIES FOR THE YEAR

- **Strengthen Market Leadership and Positioning**

  Reinforce leadership as a systems-driven aluminium solutions provider through quality, innovation, and brand differentiation.

- **Accelerate Product Innovation and Premiumisation**

  Expand value-added architectural systems, including slimline and proprietary solutions aligned with modern construction trends.

- **Enhance Manufacturing Capacity and Operational Efficiency**

  Invest in capacity expansion and process improvements to improve productivity, cost efficiency, and scalability.

- **Expand Market Reach and Customer Ecosystem**

  Deepen engagement with architects, developers, and fabricators while leveraging distribution networks and digital platforms.

- **Strengthen Resilience through Exports and Supply Chain Optimisation**

  Diversify export markets and supplier base to mitigate risks and support sustainable, long-term growth.



## OUR PRODUCTS

- Architectural Systems
- Aluminium Profiles & Hardware
- Solar & Structural Solutions
- Customised & Engineered Solutions
- Premium & Proprietary Systems

## OPPORTUNITIES AND RISKS IN THE ALUMINIUM SECTOR

### Opportunities

- **Recovery in Construction Sector**

  The gradual rebound in residential and mid-scale construction activity is expected to support sustained demand for aluminium products, particularly in doors, windows, and façade applications.

- **Shift towards Modern Architectural Solutions**

  Increasing preference for larger glass surfaces, minimal framing, and contemporary aesthetics is driving demand for advanced aluminium systems, including slimline and high-performance solutions.

- **Premiumisation and Value-Added Products**

  The growing adoption of engineered aluminium systems enables Swisstek Aluminium to move towards higher-margin, value-added offerings, strengthening profitability and market positioning.

### Risks

- **Volatility in Raw Material Prices**

  Fluctuations in global aluminium prices and reliance on imported raw materials expose the business to cost pressures and margin volatility.

- **Competitive Pressure from Low-Cost Alternatives**

  The presence of lower-cost imported and substitute products may influence pricing dynamics and market share.

- **Supply Chain Disruptions**

  Global geopolitical developments and logistics challenges may impact raw material availability, lead times, and procurement costs.

# BUSINESS LINE REVIEWS
## ALUMINIUM

### PERFORMANCE OVERVIEW OF 2025/26

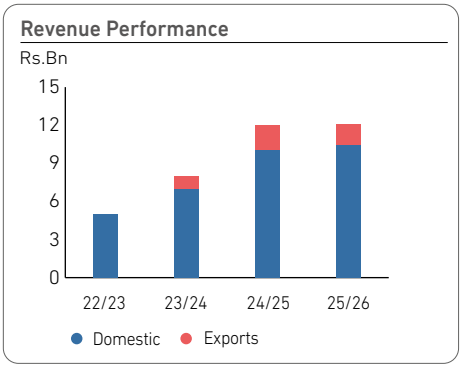
*SASB EM-IS-430a.1, EM-IS-000.A*

Swisstek Aluminium delivered a resilient performance during 2025, maintaining our leadership position in the domestic aluminium extrusion market with an estimated market share of 40%. This performance reflects the business's continued transition towards a value-added, systems-driven solutions provider, supported by strong brand positioning, product innovation, and ecosystem expansion.

The domestic market remained the primary contributor, accounting for 86% of total revenue, with the business recording 4% growth in volume and 6% growth in revenue during the year. Growth was primarily driven by the architectural segment, which benefited from increasing adoption of aluminium doors, windows, and façade systems in residential and mid-scale construction projects.

Product innovation continued to play a significant role in performance, with the introduction of advanced architectural systems, including slimline solutions and proprietary aluminium systems. These offerings enabled the Company to cater to evolving design preferences, particularly the shift towards larger glass formats and minimal framing, while supporting margin enhancement through premiumisation.

Operationally, the business maintained strong capacity utilisation levels of approximately 85%, supported by ongoing investments in manufacturing capabilities and process improvements. These initiatives contributed to improvements in productivity, quality, and cost management, while strengthening our ability to respond to market demand.




**Key Numbers**

| | 2025/26 | 2024/25 | Change % |
|---|---|---|---|
| Revenue (Rs.Mn) | 12,195 | 11,945 | 2 |
| Profit after tax (Rs.Mn) | 636 | 513 | 24 |
| Total Assets (Rs.Mn) | 10,075 | 9,373 | 7 |
| Total Liabilities (Rs.Mn) | 7,733 | 7,651 | 1 |
| Employees | 590 | 607 | (3) |
| Training hours | 4,576 | 558 | 720 |
| Manufacturing capacity (MT/Per Month) | 750 | 700 | 7 |
| Capacity utilisation % | 85 | 80 | 6 |
| Capital investments (Mn) | 265 | 169 | 57 |
| Material consumption (MT) | 11,085 | 9,233 | 20 |
| Water consumption (Mn Liters) | 0.05 | 0.05 | (2) |
| Energy consumption (GJ'000) | 121 | 93 | 30 |

Export performance reflected a strategic shift towards higher value-added products, with improved realisations partially offsetting a decline in export volumes. The business also continued to expand our international footprint, particularly through our presence in India, positioning ourselves for long-term regional growth.

Our Indian operation, Lanka Swisstek continued to build momentum during the year, with increasing project-based orders and stronger engagement within the Bangalore construction market. While still in a development phase, the operation provides strategic access to a high-growth market and supports the Group's regional expansion ambitions, with the integrated fabrication and experience centre enabling the delivery of customised aluminium solutions.

Despite these positive developments, performance during the year was influenced by external pressures, including volatility in global aluminium prices, exchange rate fluctuations, and supply chain disruptions, which impacted input costs and procurement timelines. Additionally, the solar segment experienced a decline in demand due to regulatory changes and grid-related constraints, moderating overall segment performance.

### FINANCIAL PERFORMANCE

The Aluminium segment recorded steady revenue growth during the period, supported by a gradual recovery in the construction sector and increased demand for value-added architectural systems. Despite higher input and energy costs, the segment demonstrated strong margin resilience and improved profitability, driven by product mix optimisation and operational efficiencies.

- Revenue growth recorded, with domestic sales increasing by 6% YoY in value and 4% YoY in volume, supported by recovery in residential and project-based construction activity
- The domestic market remained the primary contributor, accounting for approximately 86% of total sales, reflecting strong market penetration and an extensive distribution network.
- Export performance reflected a strategic shift towards value-added products, with higher average selling prices partially offsetting a decline in export volume.
- Gross margins remained resilient, despite,
  - Increase in aluminium billet prices linked to global LME volatility
  - Exchange rate depreciation impacting imported raw material costs
  - Higher energy and logistics expenses
- The strengthening of the US dollar supported export profitability, improving local currency realisation and providing a partial buffer against rising global aluminium prices
- Operating profit improved, supported by the growth in higher-margin architectural

and engineered aluminium systems (34% growth in the architectural segment), Improved pricing discipline and premium product positioning combined with the ongoing operational efficiencies and process improvements.

» Overall profitability strengthened, demonstrating the segment's ability to effectively pass through cost increases, optimise product mix towards higher-value offerings while maintaining cost discipline amid a volatile operating environment

## INNOVATION AND TECHNOLOGY

Innovation and technology remained central to the segment's value creation strategy during 2025/26, supporting product differentiation and operational efficiency. We continued to expand our portfolio of engineered aluminium systems, including the introduction of advanced slimline and proprietary architectural solutions aligned with evolving design trends. In parallel, investments in digital capabilities and system enhancements, including ERP upgrades and improved data analytics, strengthened operational visibility and decision-making. Process innovations and product design improvements also enhanced fabrication efficiency and customer application, enabling the business to deliver higher-value, customised solutions while reinforcing our competitive positioning.

## SUSTAINABILITY

Sustainability remained a key focus within Swisstek Aluminium during 2025/26, with continued efforts to enhance energy efficiency, optimise resource utilisation, and reduce environmental impact. Key initiatives included improvements to anodising and production processes, installation of energy-efficient equipment and LED lighting, and the adoption of fuel-saving technologies such as multi-billet preheaters and advanced oven systems. These measures contributed to measurable reductions in electricity consumption and emissions, including a 8% reduction in energy usage within anodising operations. In addition, the utilisation of solar energy, improved water management practices, and material optimisation initiatives supported more efficient and environmentally responsible manufacturing, while maintaining compliance with applicable environmental standards.

## OUTLOOK

The Aluminium segment is expected to benefit from the continued recovery in Sri Lanka's construction sector, particularly in residential and mid-scale developments, alongside increasing adoption of aluminium in modern architectural applications. The growing preference for durable, low-maintenance materials and contemporary design solutions is expected to support sustained demand for engineered aluminium systems. In addition, the Group's ongoing focus on product innovation, premiumisation, and capacity expansion is expected to enhance competitiveness and support future growth.

However, rising inflationary pressures may impact construction activity by increasing material and financing costs, while ongoing geopolitical tensions could contribute to volatility in global commodity prices, supply chain disruptions, and shipping costs. The business will also continue to navigate exchange rate movements and competitive dynamics within the market. The India operation is expected to contribute progressively as market presence strengthens, while export markets present opportunities for further diversification. Emerging trends in energy efficiency and hybrid solar solutions may also provide new avenues for growth. Overall, the segment remains well positioned to deliver sustainable growth, supported by our strong market position, product capabilities, and strategic focus on value-added solutions.





# BUSINESS LINE REVIEWS
## PACKAGING

*SASB: RT-CP-000.B*




**The Packaging segment, operated under the Unidil Group, continued to strengthen its position as a leading provider of corrugated and paper-based packaging solutions in Sri Lanka, maintaining a market share of 18% in corrugated cartons and 33% in paper sacks. During the year, the segment reinforced its role as a diversified packaging partner, serving a broad range of industries including Tiles, FMCG, tea, apparel, rubber, and export-oriented sectors.**

The Group continued to evolve beyond conventional packaging supply, focusing on delivering customised, value-added solutions aligned with customer requirements and global logistics standards. This strategic direction, supported by investments in product capabilities and customer engagement, enabled Unidil to enhance our positioning as a reliable, quality-driven packaging partner. In parallel, the Group advanced our international expansion strategy with the establishment of Unidil Packaging Kenya Ltd, marking a significant step towards building a regional presence in high-growth African markets.

**CONTRIBUTION TO THE GROUP**

**14%**
Revenue

**8%**
of Profit Before Tax

**9%**
of Total Assets

**11%**
of Total Liabilities

**12%**
of Total Employees

**1%**
of Total Emission

## STRATEGY PRIORITIES FOR THE YEAR

- **Strengthen Market Position and Customer Diversification**

  Expand customer base across key industries, particularly export-oriented sectors, while maintaining a balanced portfolio to enhance resilience and reduce concentration risk.

- **Enhance Product Offering and Value-Added Solutions**

  Broaden the product portfolio through customised and value-added packaging solutions, including the introduction of offset printing capabilities to cater to evolving customer needs.

- **Improve Cost Efficiency and Supply Chain Resilience**

  Optimise procurement through increased local sourcing, supplier diversification, and process improvements to mitigate supply chain disruptions and manage cost pressures.

- **Expand International Presence**

  Advance entry into new export markets and establish operations in East Africa, positioning the business for long-term growth and reduced dependency on domestic demand.

- **Strengthen Sustainability and Circular Packaging Solutions**

  Promote the use of recyclable materials, increase recycled content, and integrate sustainability into product design and operations to support environmental responsibility and customer expectations.



## OUR PRODUCTS

- Corrugated Cartons
- Paper Sacks (Multiwall and Industrial)
- Offset Printed and Value-Added Cartons
- Industrial and Export Packaging Solutions
- Customised Packaging

## OPPORTUNITIES AND RISKS IN THE PACKAGING SECTOR

### Opportunities

- **Recovery in Export-Oriented Industries**
  Growth in apparel, tea, and rubber exports is expected to drive demand for industrial packaging solutions.
- **Growth in FMCG and E-commerce Segments**
  Increasing demand for consumer goods and logistics-driven sectors supports sustained packaging demand.
- **Expansion into International Markets**
  Entry into African and other export markets presents opportunities for revenue diversification and growth.
- **Shift towards Sustainable Packaging**
  Growing preference for recyclable and eco-friendly packaging solutions enhances demand for paper-based products.
- **Product Diversification and Value Addition**
  Increasing demand for customised and high-quality packaging supports margin expansion.

### Risks

- **Raw Material Price Volatility**
  Fluctuations in global paper and input costs, coupled with exchange rate movements, may impact margins.
- **Energy Cost Pressures**
  Rising electricity and fuel costs continue to increase manufacturing and distribution expenses.
- **Supply Chain Disruptions**
  Import restrictions, long lead times, and logistics challenges may affect raw material availability.
- **Labour Constraints**
  Skilled labour shortages and emigration trends may impact productivity and operational efficiency.
- **Competitive Pricing Environment**
  Intense competition from both large and small-scale players may exert pressure on pricing and market share.

# BUSINESS LINE REVIEWS
## PACKAGING

### PERFORMANCE OVERVIEW OF 2025/26

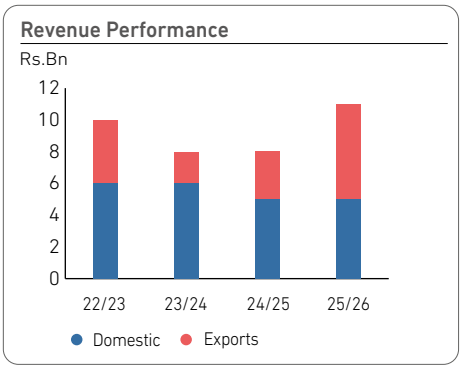
The Packaging segment delivered a stable performance during the year, supported by steady demand across key customer industries and improved export market activity. The Group recorded 10% volume growth and 7% revenue growth in the domestic market, driven primarily by the FMCG sector and sustained demand from export-oriented industries. Export revenue also increased by 10%, reflecting stronger engagement with international customers and entry into new markets.

Unidil maintained a well-diversified customer portfolio, enabling the segment to mitigate sector-specific risks and sustain operational stability. The recovery in export industries contributed positively to packaging demand, particularly for corrugated cartons used in shipping and logistics.

Operational performance during the year was influenced by external pressures, including rising energy costs, exchange rate volatility, and supply chain disruptions, which impacted input costs and procurement timelines. In response, Unidil implemented cost optimisation initiatives, including increased local sourcing of raw materials, rising from 45% to 55%, and supplier diversification to improve supply chain resilience.

The segment also continued to focus on operational efficiency, implementing process improvements and resource optimisation initiatives to manage cost pressures while maintaining product quality and service levels.

Progress on international expansion continued, with the establishment of Unidil Packaging Kenya Ltd. While operations are yet to commence due to delays in securing a suitable site, the project remains a key strategic initiative, providing access to high growth markets in East Africa and supporting long-term geographic diversification.




**Key Numbers**

| | 2025/26 | 2024/25 | Change % |
|---|---|---|---|
| Revenue (Rs.Mn) | 10,169 | 8,697 | 17 |
| Profit after tax (Rs.Mn) | 572 | 745 | (23) |
| Total Assets (Rs.Mn) | 9,539 | 8,274 | 15 |
| Total Liabilities (Rs.Mn) | 5,885 | 5,210 | 13 |
| Employees | 714 | 663 | 8 |
| Training hours | 1,658 | 1,832 | (9) |
| Manufacturing capacity (MT/Per Month) | 39,600 | 39,600 | - |
| Capacity utilisation % | 87 | 93 | (6) |
| Capital investments (Mn) | 1,043 | 403 | 159 |
| Material consumption (MT) | 32,291 | 30,496 | 6 |
| Water consumption (Mn Liters) | 24 | 17 | 41 |
| Energy consumption (GJ'000) | 53 | 68 | (22) |

### FINANCIAL PERFORMANCE

The Packaging segment recorded strong revenue growth during the period, driven by increased demand across key customer segments. However, profitability was impacted by elevated input and operating costs, reflecting ongoing expansion initiatives and cost pressures within the operating environment.

- Strong revenue growth recorded, with total segment revenue increasing by 17% YoY, supported by improved demand across key sectors.
- Revenue from domestic sales grew by 5% YoY, driven by 7% volume growth, partially offset by a 2% decline in prices
- Export revenue reached 5.5 Bn, recording 10% growth, reflecting increased penetration in international markets.
- Gross profit increased modestly by 6%, reflecting margin pressure despite higher revenue growth.
- Cost of sales increased significantly, driven by higher raw material costs (paper-based inputs). Increased energy costs and supply chain and logistics pressures.
- Operating profit declined by 14% due to increased administrative and distribution expenses stemming from ongoing investments in business expansion and capability enhancement
- Profit before tax declined by 23% YoY, highlighting the impact of cost pressures on overall profitability.

### INNOVATION AND TECHNOLOGY

Innovation remained a key enabler of value creation within the Packaging segment during the year, supporting product differentiation and operational efficiency. Unidil continued to enhance Group's product capabilities through the introduction of value-added solutions, including investments in offset printing technology to cater to evolving customer requirements in FMCG and export markets.

In parallel, process improvements and optimisation initiatives were implemented to enhance production efficiency, reduce waste, and improve yield. These initiatives, supported by data-driven decision-making and continuous improvement practices, strengthened operational performance while enabling the delivery of customised, high-quality packaging solutions.

### SUSTAINABILITY

Sustainability remains central to the Packaging segment's strategy, with a strong focus on circular economy principles and environmentally responsible practices. The Group primarily utilises plant-based raw materials, with a growing emphasis





on increasing the use of recycled fibre and reducing reliance on virgin materials.

During the year, recycled material usage increased, contributing to improved resource efficiency and reduced environmental impact. The segment also achieved carbon footprint verification, reinforcing Unidil's commitment to climate responsibility and transparency.

Waste management practices are aligned with the 3R principles (Reduce, Reuse, Recycle), with both hazardous and non-hazardous waste managed through authorised channels in compliance with regulatory requirements. In addition, initiatives such as lightweight packaging design and product optimisation contributed to reduced material usage and improved sustainability outcomes.

The business also promotes circular packaging solutions through its Eco Pack Solutions operation, which collects and recycles paper waste from customers, supporting a closed-loop system and enhancing sustainability across the value chain.

## OUTLOOK

The Packaging segment is expected to benefit from the continued recovery in export-oriented industries and steady demand across FMCG and industrial sectors. Expansion into new international markets, particularly in Africa, is expected to provide additional growth opportunities and support revenue diversification.

Investments in value-added product capabilities, including offset printing and customised packaging solutions, are expected to enhance competitiveness and support margin improvement. The planned establishment of operations in Kenya will further strengthen the Unidil's regional presence and position the business for long-term growth.

However, rising inflationary pressures may impact demand across certain sectors, while ongoing geopolitical tensions could contribute to volatility in raw material prices, shipping costs, and supply chain stability. Labour market constraints and competitive pricing dynamics are also expected to remain key challenges.

Overall, the Packaging segment remains well positioned to deliver sustainable growth, supported by its strong market presence, diversified customer base, and strategic focus on innovation, cost efficiency, and sustainability.

# STRATEGIC PILLARS AND CAPITALS

## DELIVERING SUSTAINABLE VALUE ACROSS THE CAPITALS

The Group's strategic priorities are closely interconnected with the six capitals that underpin long-term value creation. Through an integrated business model, strategic initiatives implemented across the Group contribute not only to financial performance, but also to the strengthening of operational capabilities, stakeholder relationships, innovation capacity, environmental stewardship, and workforce development. The following table illustrates how each strategic pillar creates, enhances, and preserves value across the Group's capitals while supporting sustainable and resilient business growth.



| Strategic Pillar | Financial Capital | Human Capital | Social & Relationship Capital |
|---|---|---|---|
| Operational Excellence | Cost optimisation initiatives, improved margins, and operational savings supported profitability and cash generation | TPM, lean manufacturing, and technical capability development improved workforce productivity | Improved product quality and operational reliability strengthened customer confidence and supplier coordination |
| Business Growth | Revenue growth driven by premium products, exports, and market expansion initiatives | Workforce expansion and technical upskilling supported operational growth | Expanded distribution networks, export partnerships, and stronger customer engagement supported market penetration |
| Customer Centricity | Premium product offerings and stronger brand positioning supported revenue quality | Employee training improved customer engagement and service delivery | Enhanced showroom experiences, customised solutions, and OEM partnerships strengthened stakeholder relationships |
| Competent Team | Performance incentives and operational efficiency initiatives supported productivity improvements | Technical training, foreign expert collaboration, and leadership development strengthened workforce capability | Stronger internal collaboration and stakeholder engagement improved operational coordination |
| Innovation & Technology | Investments in automation, digitalisation, and manufacturing technology supported long-term value creation | Workforce capability enhancement supported adoption of new technologies | Improved product innovation strengthened customer value proposition and export competitiveness |
| Financial Stability | Margin improvement, profitability growth, disciplined cost management, and controlled working capital strengthened financial resilience | Productivity improvements supported operational efficiency and cost management | Strong customer loyalty and supplier relationships supported business continuity |
| Sustainable Mindset | Long-term sustainability investments supported operational resilience and future value creation | Sustainability awareness and employee participation strengthened responsible operational practices | Community engagement, supplier sustainability practices, and customer trust strengthened stakeholder value |



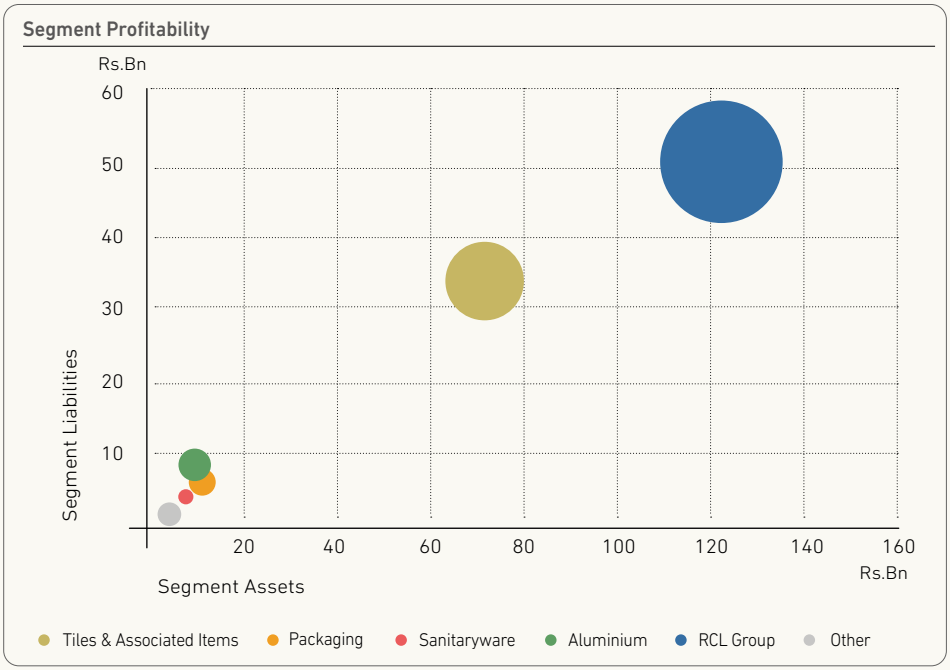
| | Manufactured Capital | Intellectual Capital | Natural Capital |
|---|---|---|---|
| | Yield improvements, reduced rejection rates, automation, and process optimisation enhanced manufacturing efficiency | Process innovation, digital monitoring systems, and technical know-how improved operational control | Reduced energy intensity, lower water consumption, and waste reduction initiatives improved resource efficiency |
| | Capacity expansion projects and plant upgrades strengthened production capability | Product development and premium product innovation supported market differentiation | Sustainable manufacturing practices strengthened long-term operational resilience |
| | Advanced manufacturing capabilities supported consistent product quality and product availability | Designer collaborations, product innovation, and digital printing technologies enhanced product aesthetics and functionality | Sustainable and environmentally certified products responded to evolving customer expectations |
| | Skilled operational teams supported plant commissioning and manufacturing stability | Knowledge-sharing and technical expertise enhanced process and product innovation | Employee awareness and operational discipline supported environmental compliance and sustainability initiatives |
| | Installation of advanced kilns, digital printing systems, and automation improved manufacturing capability | ERP systems, digital monitoring, product innovation, and process optimisation strengthened intellectual capital | Energy-efficient technologies, solar power, and waste heat recovery initiatives supported sustainable innovation |
| | Efficient capacity utilisation and process optimisation improved operational stability | Data-driven decision-making and operational planning strengthened performance management | Reduced energy and resource intensity supported long-term cost competitiveness |
| | Cleaner production technologies and renewable energy investments supported sustainable manufacturing | Sustainable product development and process innovation supported responsible growth | Renewable energy, water recycling, waste reduction, emissions management, and environmental compliance initiatives strengthened environmental stewardship |



# FINANCIAL CAPITAL

*GRI 3-3*

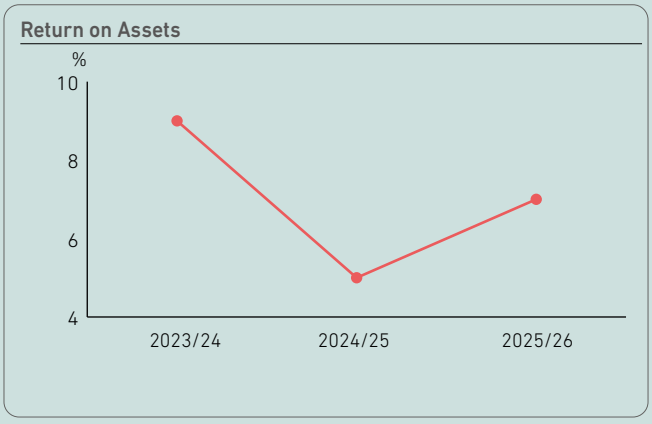
**The Royal Ceramics Group delivered strong earnings growth of 37% to record Profit After Tax of Rs.8.27 Bn for the year ended 31st March 2026 supported by positive contributions from all sectors. Product innovation was key to driving top line growth while process innovation was key to improving margins. Agility was key to driving growth as we responded to consumer trends to ensure we had the right product at the right place and the right time. Equity increased by 12.3% to Rs. 73.04 Bn driven by improved profitability, strengthening the Group's financial stability.**

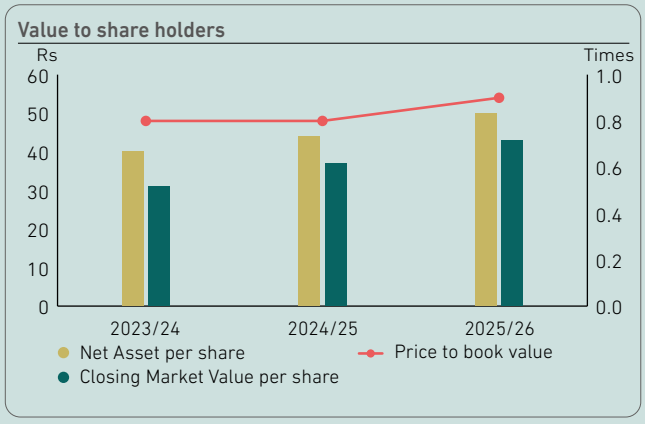



| | Tiles & Associated Items | | Sanitaryware | | Packaging | | Aluminium | | Other | | Group | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Rs. Mn | Change % | Rs. Mn | Change % | Rs. Mn | Change % | Rs. Mn | Change % | Rs. Mn | Change % | Rs. Mn | Change % |
| Turnover | 41,073 | 14 | 5,207 | 31 | 10,169 | 17 | 12,195 | 2 | 234 | 2 | 68,096 | 14 |
| EBITDA | 8,040 | 15 | 805 | 1125 | 1,258 | -6 | 1,433 | 6 | 498 | 13 | 15,707 | 22 |
| PAT | 3,089 | 22 | 172 | 139 | 572 | -23 | 636 | 24 | 426 | 17 | 8,454 | 40 |
| Total Assets | 71,142 | 2 | 7,981 | 9 | 9,539 | 15 | 10,075 | 7 | 3,818 | 6 | 121,367 | 7 |
| Total Liabilities | 33,416 | -2 | 4,338 | 12 | 5,885 | 13 | 7,733 | 1 | 803 | 15 | 48,328 | 0 |
| ROA % | 4% | 1 | 2% | 8 | 6% | -3 | 6% | 1 | 11% | 1 | 7% | 2 |
| ROE % | 8% | 1 | 5% | 18 | 16% | -9 | 27% | -3 | 14% | 2 | 12% | 2 |

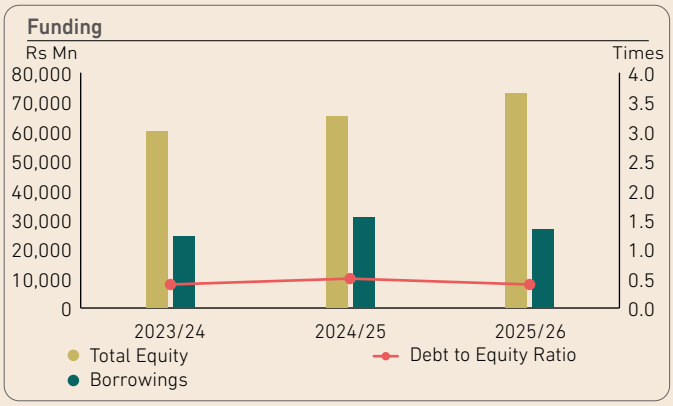
## HIGHLIGHTS 2025/26

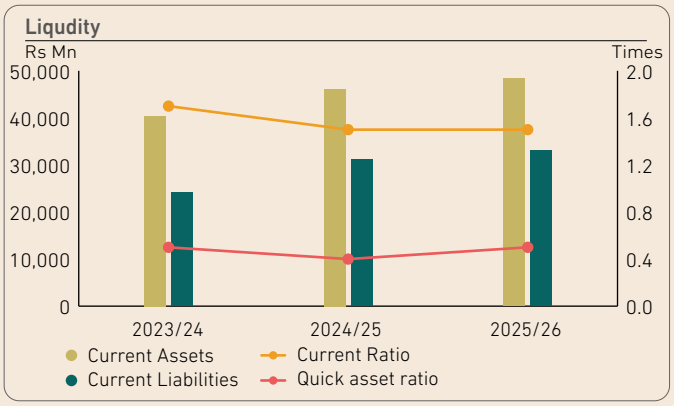
FINANCIAL STABILITY



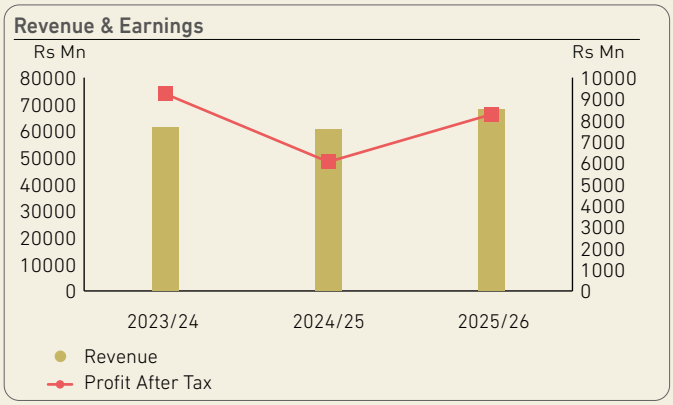



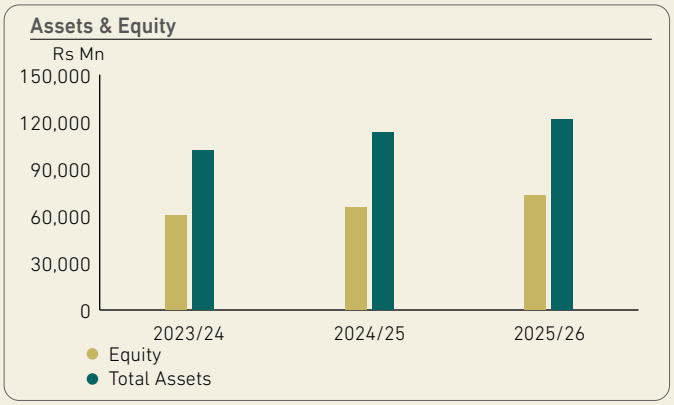
RESILIENCE




GROWTH




## INCOME STATEMENT

All sectors contributed positively to Group revenue growth of 14% which amounted to Rs.68.1 Bn. Growth was largely volume driven as prices remained stable during the year. Increased construction activity supported by stable economic growth and low inflation provided a supportive landscape. Tiles remains the dominant sector accounting for 60% of revenue and recorded healthy growth of 14% despite the threat posed by imports of low quality products into the market. Sanitaryware delivered strong top line growth of 31% supported by its product portfolio expansion. Packaging recorded an encouraging revenue growth of 17% supported by overseas expansion and growth of export and FMCG volumes. The Aluminium sector revenue growth was 2% as increased value added products and recovery of the construction sector was offset by intense competition from low cost alternatives.

GROUP REVENUE

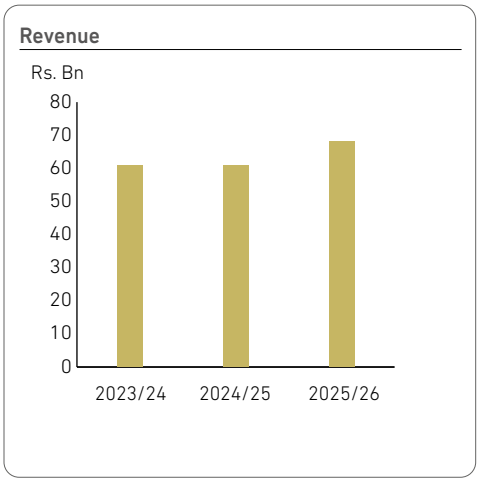
Rs.68.10Bn ↑ 14%

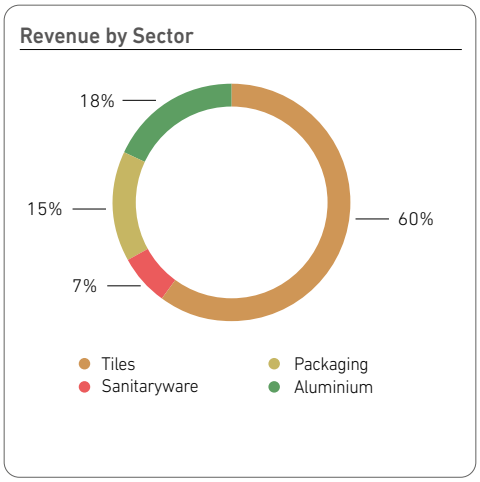
COMPANY REVENUE

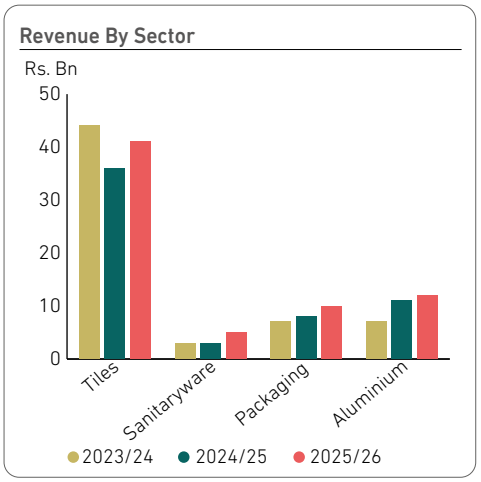
Rs.18.58Bn ↑ 21%

| Tiles & Associated Items | Sanitaryware | Packaging | Aluminium |
|---|---|---|---|
| Revenue Rs.41,073 Mn | Revenue Rs.5,207 Mn | Revenue Rs.10,169 Mn | Revenue Rs.12,195 Mn |
| 2024/25 – Rs.36,074 Mn | 2024/25 – Rs.3,966 Mn | 2024/25 – Rs.8,697 Mn | 2024/25 – Rs.11,945 Mn |

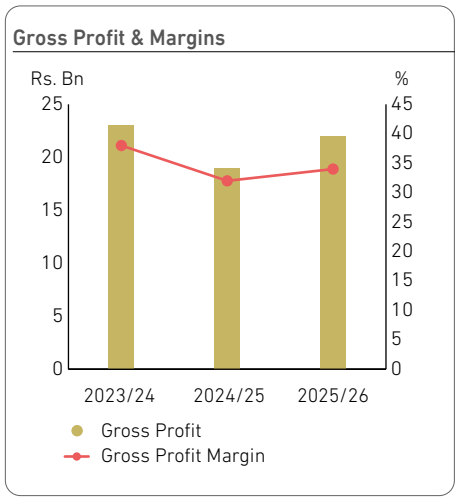
# FINANCIAL CAPITAL




Group gross profits increased to Rs.22.92 Bn supported by Tiles, Sanitaryware, Aluminium and Packaging sectors. The Tiles sector accounted for 71% of the Group gross profit with Aluminium, Packaging and Sanitaryware accounting for 12%, 9% and 8% respectively. Gross profit margins improved across all sectors except the Packaging sector, driven by optimising capacity utilisation, process innovation, working capital and disciplined cost management. Exchange rate fluctuations and volatility in prices of raw materials proved to be strong headwinds exerting pressure on productions input costs towards the latter part of the year. The product mix within each sector also played a roles in effective management of gross margins.



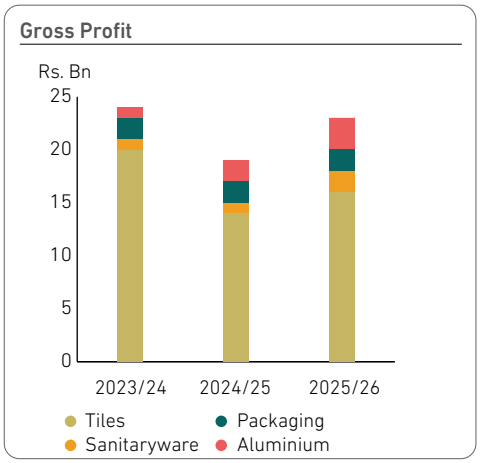

GROSS PROFIT – GROUP

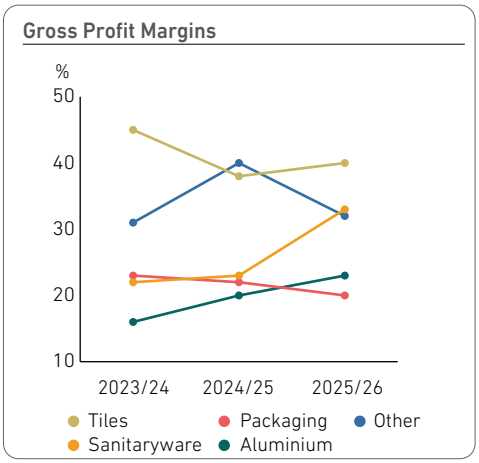
Rs. 22.92 Bn ↑ 20%

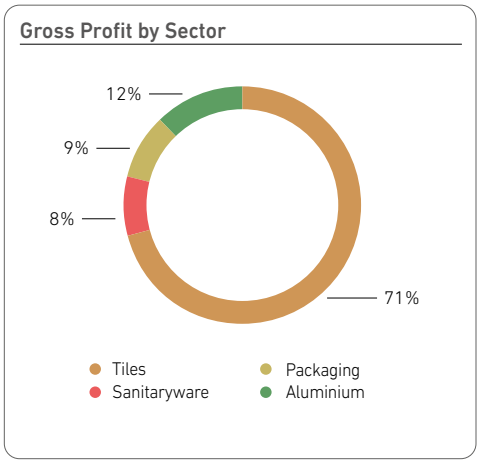
GROSS PROFIT - COMPANY

Rs. 8.79 Bn ↑ 16%

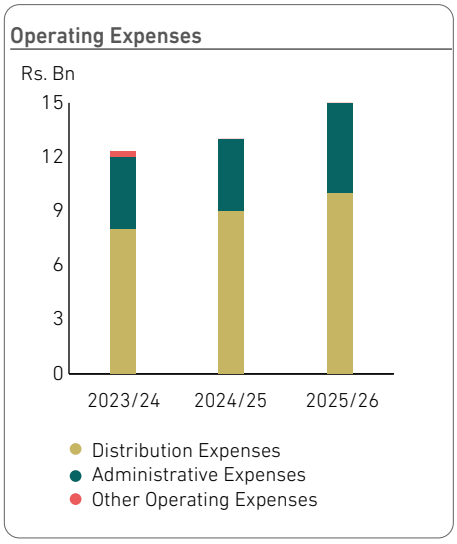
| Tiles & Associated Items | Sanitaryware | Packaging | Aluminium |
|---|---|---|---|
| Gross Profit | Gross Profit | Gross Profit | Gross Profit |
| Rs.16,330 Mn | Rs.1,716 Mn | Rs.2,033 Mn | Rs.2,769 Mn |
| 2024/25 – Rs.13,850 Mn | 2024/25 – Rs.903 Mn | 2024/25 – Rs.1,920 Mn | 2024/25 – Rs.2,402 Mn |
| Gross Profit Margin | Gross Profit Margin | Gross Profit Margin | Gross Profit Margin |
| 40% | 33% | 20% | 23% |
| 2024/25 – 38% | 2024/25 – 23% | 2024/25 – 22% | 2024/25 – 20% |




Operating expenses increased by 19% to Rs.14.86 Bn and by 17%to Rs.5.77 Bn for the Group and Company respectively. Significant cost efficiencies in the Sanitaryware sector, together with higher Group revenue, improved the overall cost to income ratio from 88% in 2024/25 to 87% in 2025/26 due to increase in revenue of the Group. The Aluminium sector maintained its 90% cost income efficiency while Packaging sector saw the cost income ratio increasing as set out in the table below. The Tiles sector saw operating expenses increase by 19% due to increase in distribution expenses. The Tiles sector accounted for 73% of total operating expenses and is key to driving efficiencies in the Group.




OPERATING EXPENSES – GROUP

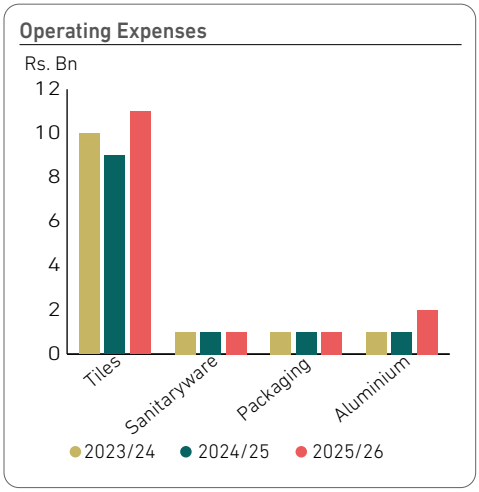
Rs. 14.86 Bn ↑ 19%

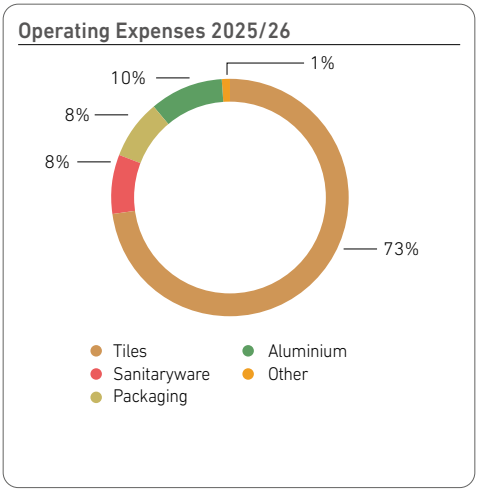
OPERATING EXPENSES - COMPANY

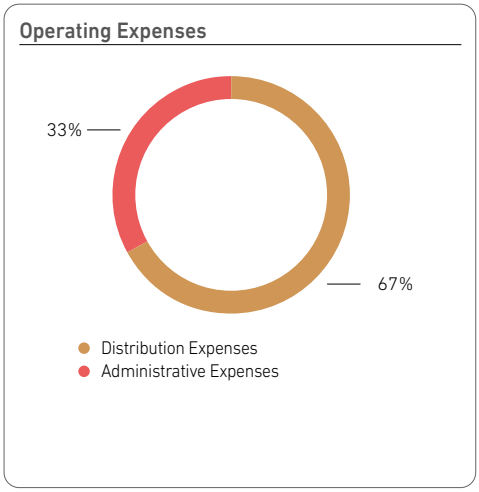
Rs. 5.77 Bn ↑ 17%

| Tiles & Associated Items | Sanitaryware | Packaging | Aluminium |
|---|---|---|---|
| Operating Expenses | Operating Expenses | Operating Expenses | Operating Expenses |
| Rs.11,182 Mn | Rs.1,194 Mn | Rs.1,224 Mn | Rs.1,601 Mn |
| 2024/25 – Rs.9,422 Mn | 2024/25 – Rs.1,145 Mn | 2024/25 – Rs.982 Mn | 2024/25 – Rs.1,270 Mn |
| Cost to Income | Cost to Income | Cost to Income | Cost to Income |
| 86% | 89% | 89% | 90% |
| 2024/25 – 87% | 2024/25 – 106% | 2024/25 – 85% | 2024/25 – 90% |

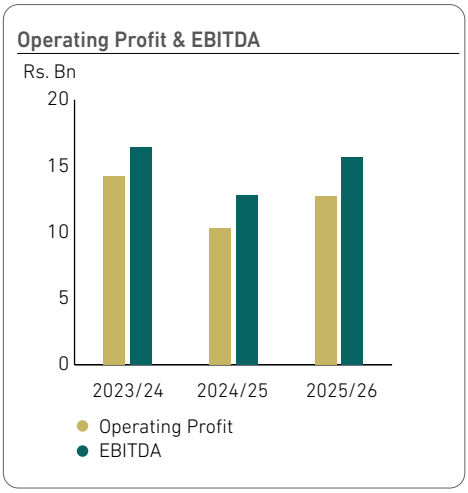
# FINANCIAL CAPITAL




Operating profit increases for both the Group and the Company were supported by strong revenue growth, improved gross profit margins in the Tiles, Sanitaryware and Aluminium sectors and curtailing operating expenses. Tiles, Sanitaryware and Aluminium sectors recorded positive growth in operating profits and EBITDA with the Sanitaryware sector recording significant growth compared to an operating loss in the previous year. The Packaging sector recorded 37% growth in Administration Expenses as the current year performance reflects a full year expenditure contribution from Kenya operations compared to 3 months contribution in the previous year following the acquisition.




OPERATING PROFIT – GROUP

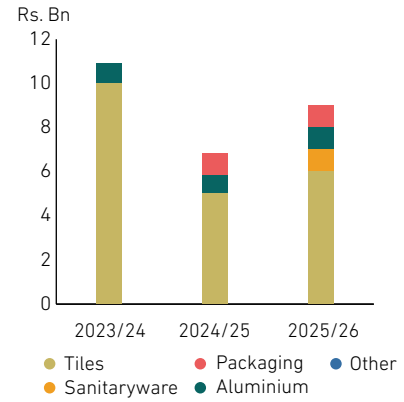
Rs. 12.75 Bn ↑ 23%

OPERATING PROFIT - COMPANY

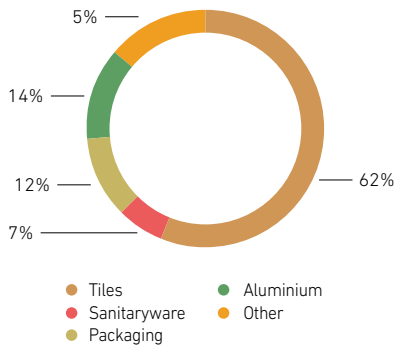
Rs. 4.51 Bn ↑ 8%

| Tiles & Associated Items | Sanitaryware | Packaging | Aluminium |
|---|---|---|---|
| Operating Profit | Operating Profit | Operating Profit | Operating Profit |
| Rs. 5,658 Mn | Rs. 591Mn | Rs. 1,100 Mn | Rs. 1,284 Mn |
| 2024/25 – Rs.4,882 Mn | 2024/25 – Rs.240 Mn | 2024/25 – Rs.1,217 Mn | 2024/25 – Rs.1,233 Mn |
| EBITDA | EBITDA | EBITDA | EBITDA |
| Rs. 8,040 Mn | Rs. 805 Mn | Rs. 1,258 Mn | Rs. 1,433 Mn |
| 2024/25 – Rs. 6,972 Mn | 2024/25 – Rs. (79) Mn | 2024/25 – Rs.1,335 Mn | 2024/25 – Rs. 1,347 Mn |

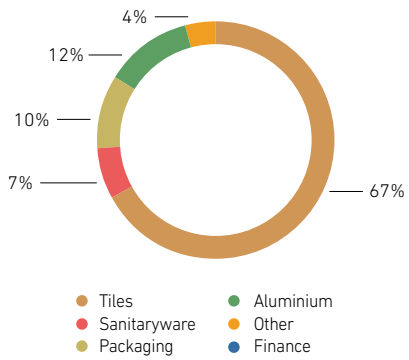
### Operating Profit (EBIT)




### Operating Profit

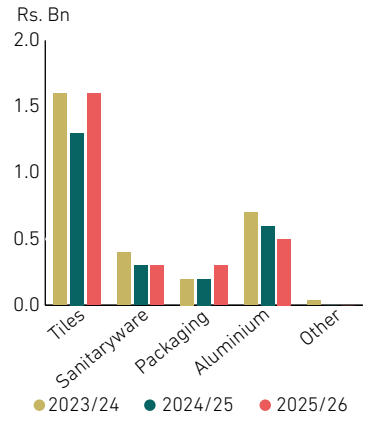



### EBITDA




Finance costs increased by 17% to Rs. 2.64 Bn during the year for the Group with the Company accounting for decrease of 20%. The increase in finance costs corresponds to the increase in the Tile sector accounts for 58% of the total finance cost. The Aluminium, Packaging and Sanitaryware sectors accounted for 18%,12% and 12% respectively. Notably the Aluminuium sector has reduced its finance cost consistently over the past three years, as borrowings decreased.

### Finance Cost




FINANCE COST – GROUP

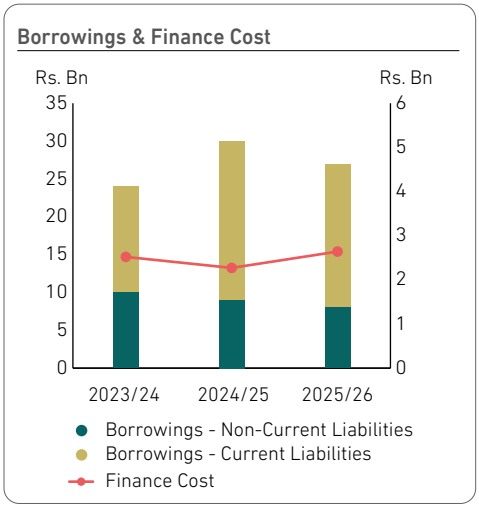
Rs. 2.64 Bn ↑ 17%

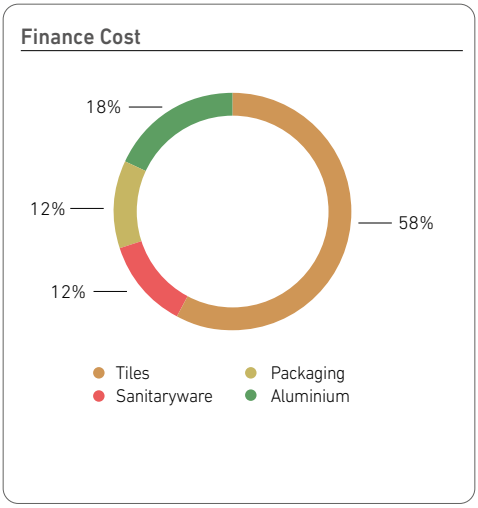
FINANCE COST - COMPANY

Rs. 0.51 Bn ↓ 20%

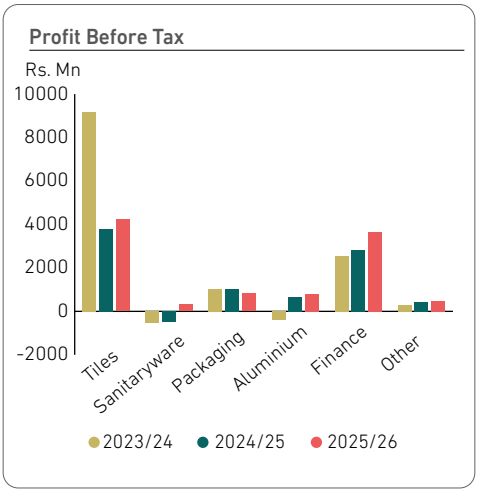
| Tiles & Associated Items | Sanitaryware | Packaging | Aluminium |
|---|---|---|---|
| Finance Cost | Finance Cost | Finance Cost | Finance Cost |
| Rs. 1,567 Mn | Rs. 308 Mn | Rs. 329 Mn | Rs. 474 Mn |
| 2024/25 – Rs.1,297 Mn | 2024/25 – Rs. 261 Mn | 2024/25 – Rs.192 Mn | 2024/25 – Rs.565 Mn |

# FINANCIAL CAPITAL




Group pre-tax profits increased by 25% to Rs.10.3 Bn driven by strong revenue growth and innovation which supported margin improvements. The share of profits from LB Finance, an equity accounted investee, continued its steady upward trend, contributing Rs.3.64 Bn recording an increase of 29% over the previous year. All sectors except Packaging recorded positive growth compared to previous year in profit before tax as demonstrated in the graph set out alongside. Notably, the Sanitaryware sector recorded a profit overcoming its challenges with innovation and targeted growth.




PROFIT BEFORE TAX (PBT) – GROUP

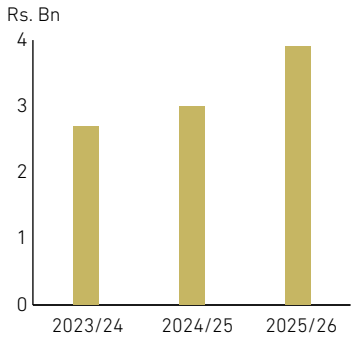
Rs. 10.30 Bn ↑ 25%

PROFIT BEFORE TAX (PBT) - COMPANY

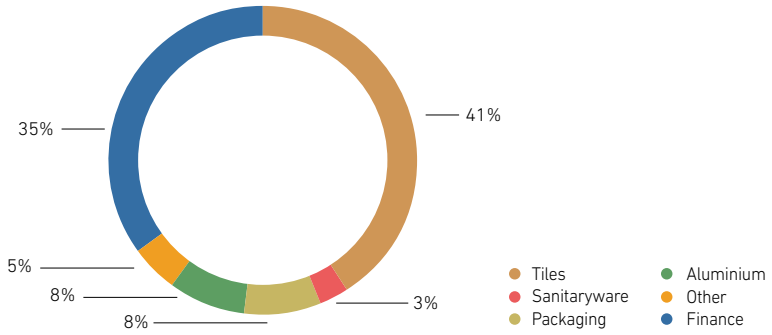
Rs. 4.08 Bn ↑ 13%

| Tiles & Associated Items | Sanitaryware | Packaging | Aluminium |
|---|---|---|---|
| Profit Before Tax | Profit Before Tax | Profit Before Tax | Profit Before Tax |
| Rs. 4,227 Mn | Rs. 316 Mn | Rs. 822 Mn | Rs. 810 Mn |
| 2024/25-Rs.3,777 Mn | 2024/25-Rs. (468) Mn | 2024/25-Rs.1,025 Mn | 2024/25-Rs.669 Mn |

### Share of Associate Company Profits



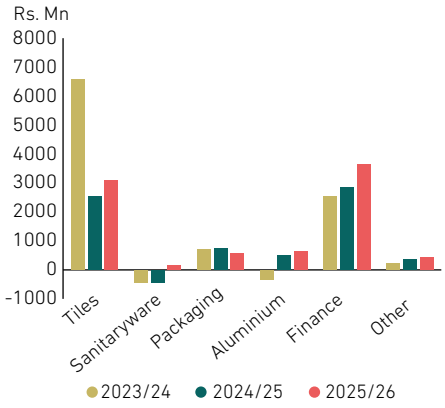

### Profit Before Tax




The Rocell Group recorded Rs.8.27 Bn as Profit After Tax which is attributable to strong revenue growth and a positive contribution from all sectors as Sanitaryware overcame its challenges to record a modest profit. Taxation decreased by 0.3% to 1.85 Bn as the Group claimed capital allowances, reducing the effective tax rate from 22% to 18%. Return on Equity for the Group improved from 9.30% to 11.33% as a results.

Group follows established taxation practices in compliance with all applicable tax laws and statutory requirements in Sri Lanka.

### Profit After Tax




PROFIT AFTER TAX (PAT) – GROUP

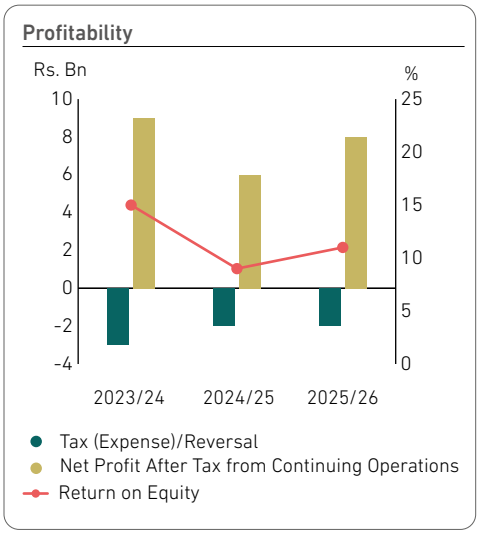
Rs. 8.27 Bn ↑ 37%

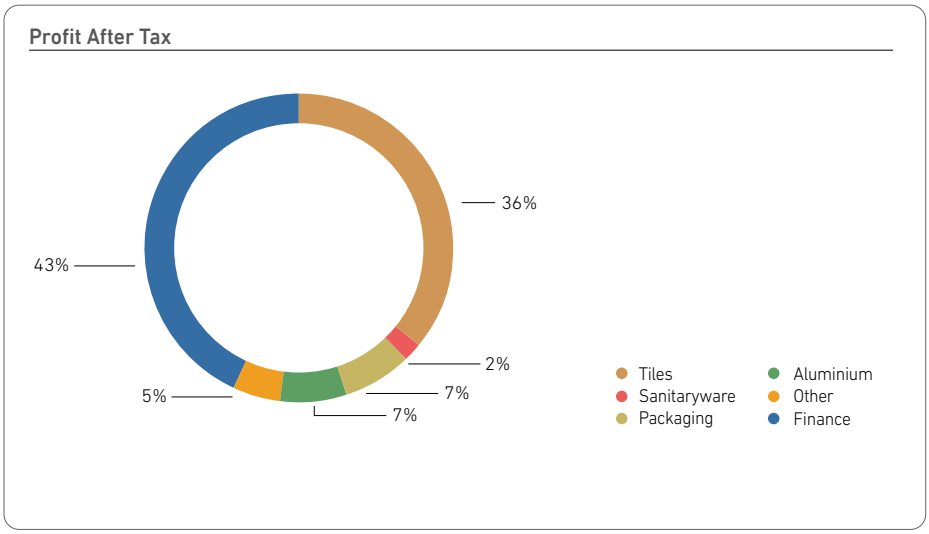
PROFIT AFTER TAX (PAT) - COMPANY

Rs. 3.11 Bn ↑ 11%

| Tiles & Associated Items | Sanitaryware | Packaging | Aluminium |
|---|---|---|---|
| Profit After Tax | Profit After Tax | Profit After Tax | Profit After Tax |
| Rs. 3,089 Mn | Rs. 172 Mn | Rs. 572 Mn | Rs. 636 Mn |
| 2024/25-Rs.2,524 Mn | 2024/25-Rs. (447) Mn | 2024/25-Rs.745 Mn | 2024/25-Rs.513 Mn |

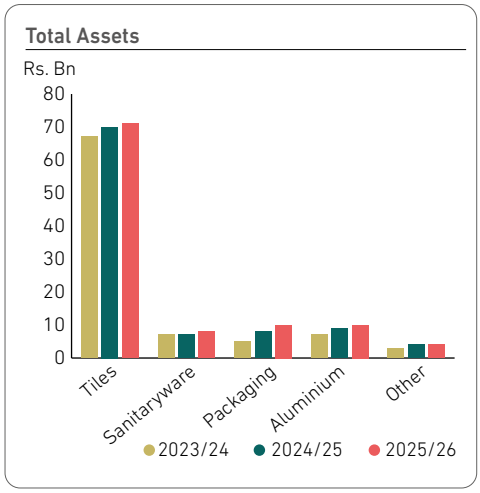
# FINANCIAL CAPITAL




## GROWTH, LIQUIDITY & STABILITY

Total Assets of the Group increased from Rs.113.37 Bn in 2025 to Rs.121.37 Bn in 2026 reflecting the growth across all sectors. The Tiles sector accounts for 59% of total assets reflecting its dominance within the group. Property, Plant and Equipment accounts for 38% equivalent to Rs.45.9 Bn of total assets while inventories accounts for 27% of total assets which amounts to Rs.33.1 Bn. Capital expenditure during the year amounted to Rs.3.85 Bn of which Rs.2.5 Bn was incurred in the Tiles sector while Rs.1.0 Bn stemmed from investments in the Packaging sector. Investments in Associates increased by 25% to Rs. 21.75 Bn due to the increase in earnings from Associate companies and revaluation gain on investment properties accounted on fair value model during the year. Accordingly, Non-current assets account for 60% of total assets reflecting the significant long term asset base of the sectors. Current assets account for the balance 40% of which inventories is the largest component.

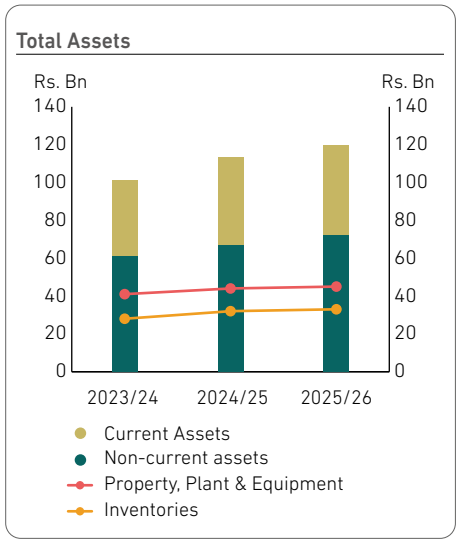


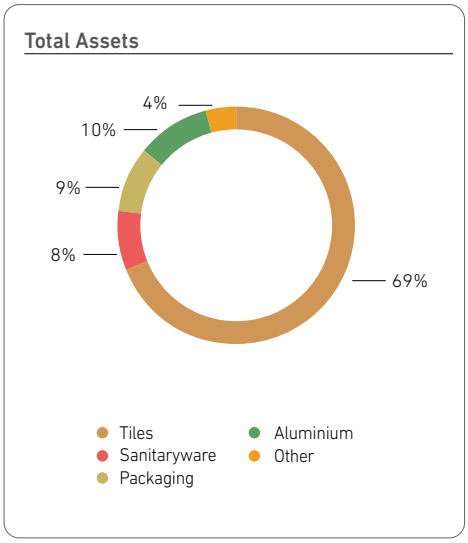

TOTAL ASSETS – GROUP

Rs. 121.37 Bn ↑ 7%

TOTAL ASSETS - COMPANY

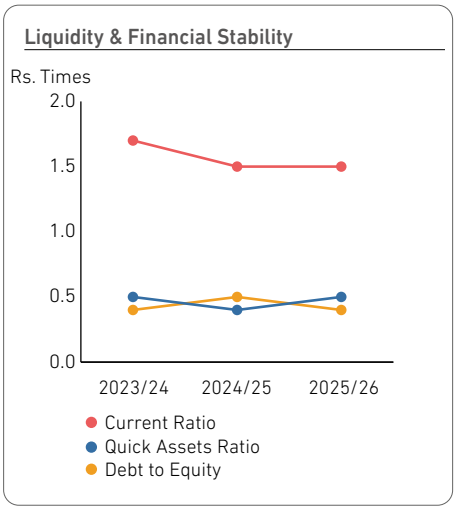
Rs. 37.15 Bn ↑ 3%



Equity accounted for 60% of total funding, increasing from Rs.65.0 Bn to Rs.73.0 Bn supported by steady growth in earnings. Total interest bearing borrowings declined from Rs.30.7 Bn in 2025 to Rs.26.6 Bn in 2026 accounting for 40% of funding at the close of the year compared to 50% in the previous year as the Group focused on reducing interest bearing liabilities.

The Group's current ratio and quick assets ratio remain the same as in the previous year at 1.5 (Times) while the quick asset ratio 0.5, (Times) more or less in line with the previous year. Debt to equity stands at 0.4 (Times), a marginal improvement on the 0.5 (Times) related to the previous year. These reflect efficient management of funding while ensuring sufficient liquidity.




EQUITY – GROUP

Rs. 73.04 Bn ↑ 12%

EQUITY - COMPANY

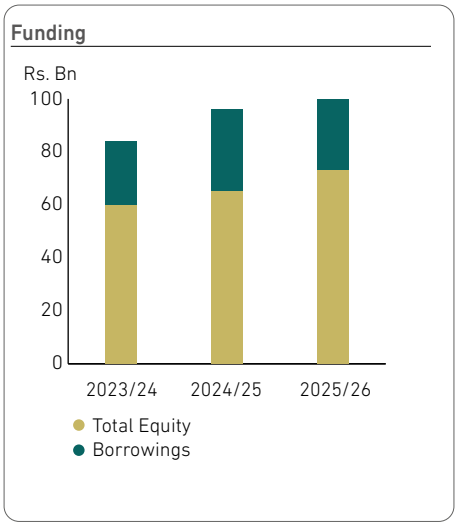
Rs. 25.09 Bn ↑ 6%

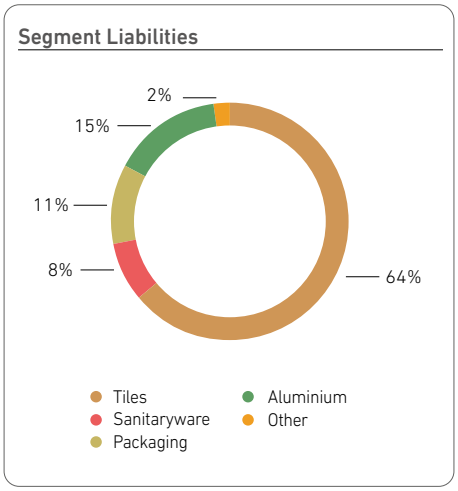
TOTAL LIABILITIES – GROUP

Rs. 48.33 Bn ↑ 0%

TOTAL LIABILITIES - COMPANY

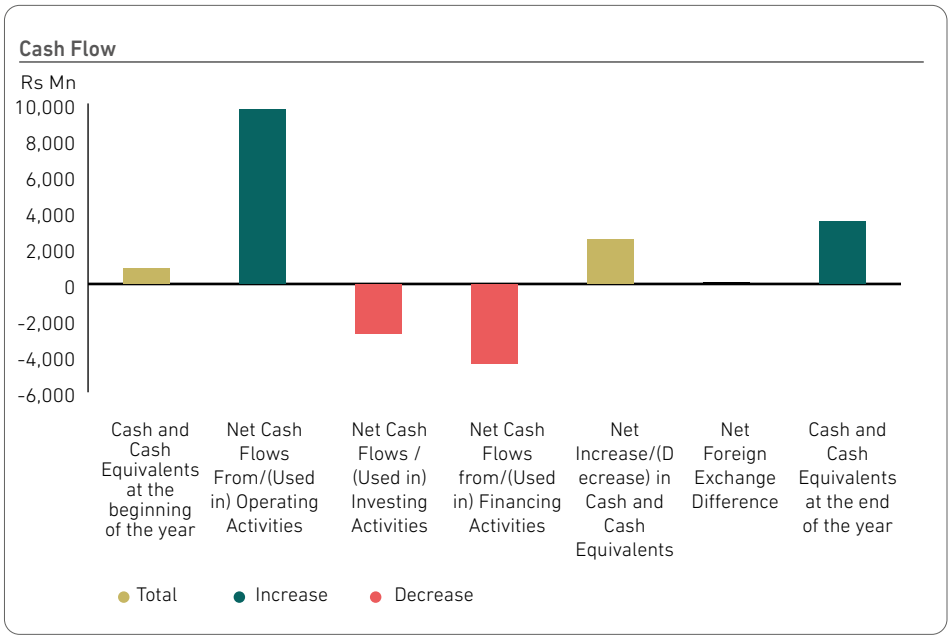
Rs. 12.05 Bn ↓ 2%




## CASH FLOWS

Cash and cash equivalent increased by Rs.2.58 Bn as the Group generated Net cash flows from operating activities amounted to Rs.9.64 Bn. The Group incurred capital expenditure of Rs.3.85 Bn which was offset with interest and dividends received and other investing activities resulting in a net outflow if Rs.2.74 Bn in Investing activities. Cashflows were used to repay borrowings and lease liabilities amounting to net out flow of Rs. 2.37Bn and pay dividends of Rs. 2.03 Bn resulting in Net cash outflows for financing activities. Accordingly, the net increase in cash and cash equivalents amounted to Rs.2.49 Bn. Together with the Foreign exchange difference of Rs.93 Mn and cash balances of Rs.856 Mn at the beginning of the year, this provides a healthy cash and cash equivalents position at the close of the year of Rs.3.44 Bn. This is graphically captured below.



# HUMAN CAPITAL

*GRI 3-3*



**Human capital remains a cornerstone of value creation across the Rocell Group, underpinning operational excellence, innovation, and sustained growth across its Tiles and Associated Products, Sanitaryware, Aluminium, and Packaging businesses. The Group's diverse workforce supports the delivery of high-quality products and solutions, enabling the effective execution of Group's strategic priorities.**

**During the year, the Group continued to invest in building a skilled and agile workforce, with a focus on capability development, employee engagement, and performance management. Emphasis was also placed on fostering a culture of collaboration, continuous improvement, and accountability, while strengthening leadership and maintaining high standards of workplace safety and employee well-being, supporting resilience and long-term value creation.**

| No. of Employees | Value distributed to employees | Investment in Training | New Recruits | Training Hours per employee |
|---|---|---|---|---|
| **4,659** | **8,055 Mn** | **18 Mn** | **1,079** | **5.42** |

### HR Vision

Our strategic aspirations are to create an HR where people thrive, partnerships prevail, and performance excels.

### HR Mission

Rocell Group Human Resource provides leading HR services that attract, sustain, and inspire excellence in people.

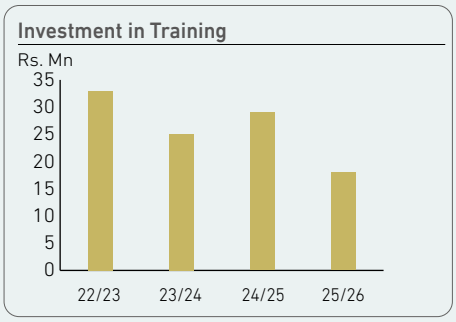
### HR Commitment

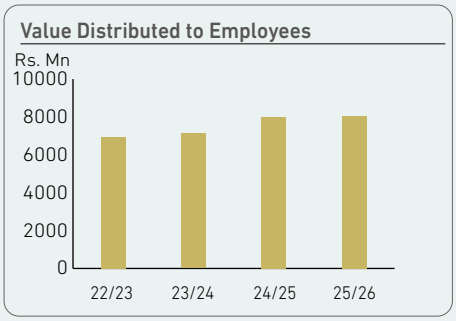
The Human Resource will help sustain excellence, foster active engagement, and build collaborative learning associates to champion the mission and values of the Rocell Group.

### HR Values

Teamwork & Inclusion, Respect to individuals, Improvement & Innovation, Honesty Integrity & Trust, Employee Development & Wellness.







## MANAGING OUR PEOPLE

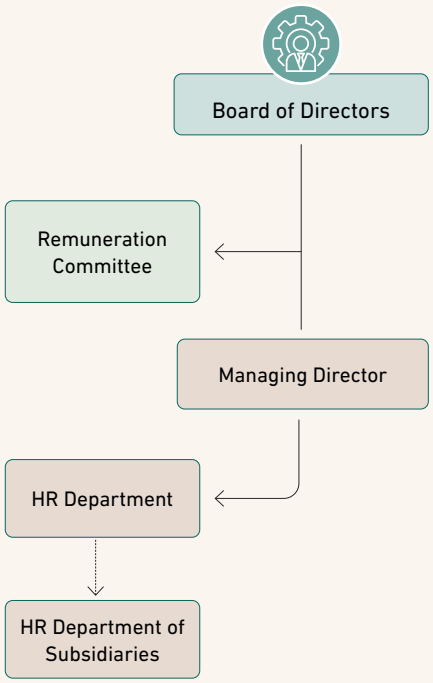
Human capital management at the Rocell Group is guided by a clear vision of fostering a high-performing and engaging workplace built on strong collaboration and shared values. The Group is committed to delivering effective HR practices that attract, develop, and retain talent, while promoting a culture of excellence, continuous learning, and employee engagement across all business segments.

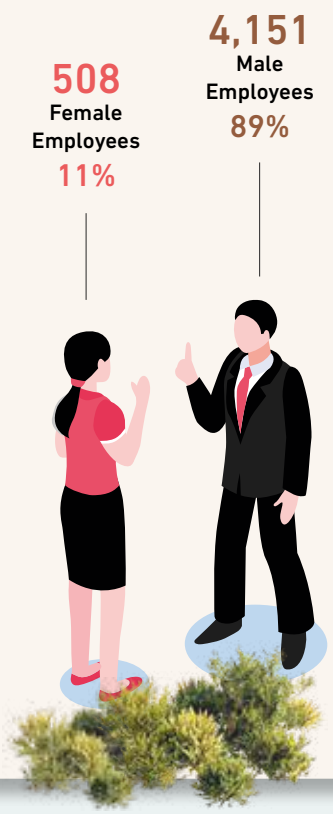
Governance of human capital is overseen by the Remuneration Committee, appointed by the Board, which provides strategic direction on HR and remuneration matters. A centralised HR function ensures Group-wide alignment, supported by dedicated HR teams within each subsidiary to address sector-specific requirements. Regular coordination among HR teams across the Group further strengthens consistency, collaboration, and effective workforce management.

The Group maintains a comprehensive framework of HR policies and procedures aligned with Sri Lankan labour laws and industry best practices, ensuring fairness, consistency, and inclusivity across the organisation. Rocell is currently in the process of reviewing and updating these policies to ensure continued relevance and alignment with evolving regulatory requirements and organisational needs. This approach supports the creation of a supportive and progressive work environment that enables employees to perform at their best.

### GOVERNANCE STRUCTURE

*GRI 2-7*



# HUMAN CAPITAL

## HR POLICIES IN PLACE

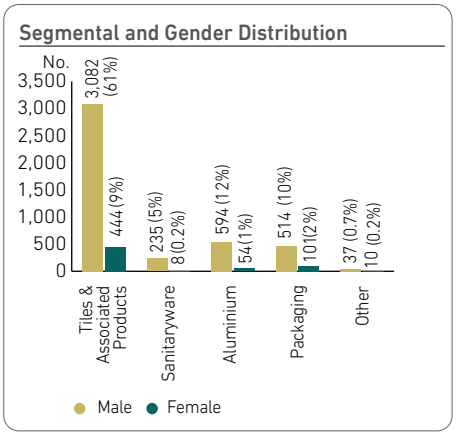
- Attendance & Leave Policy
- Recruitment Policy
- Employee Training & Development Policy
- Orientation & Induction Policy
- Occupational Safety & Health Policy
- Exit Policy
- Performance Management Policy
- Employee Disciplinary Procedure Policy
- Maintenance of HR Records Policy
- Superannuation Policy
- Transfers, Secondment & Job Rotation Policy
- Types of Employment Policy
- Providing Opportunities for Internship &Training Policy
- Grievance Handling Policy
- Policy on Internal Code of Business Conduct (New)
- Policy on Anti-Bribery and Corruption (New)
- Policy on Board Committees
- Policy on Control and Management of Company Assets and Shareholder Investments
- Policy on Corporate Disclosures
- Policy on Corporate Governance, Nominations and Re-election
- Policy on Environmental, Social and Governance Sustainability
- Policy on matters relating to the Board of Directors
- Policy on relations with shareholders and investors
- Policy on Remuneration
- Policy on Risk Management and Internal Controls
- Policy on Whistleblowing

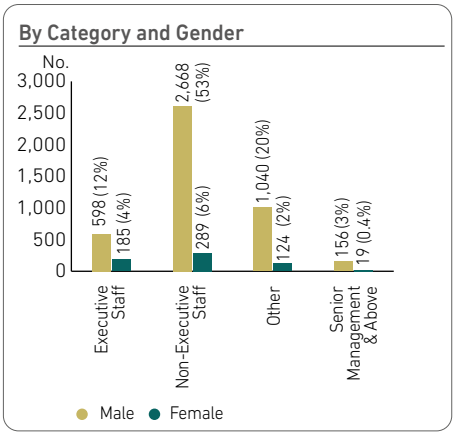
During the year under review, the Group continued to focus on strengthening employee retention through enhanced engagement, structured succession planning, and targeted development initiatives. Emphasis was also placed on motivating employees and recognising their contributions through well-defined reward and recognition programs, reinforcing a performance-driven and inclusive workplace culture.

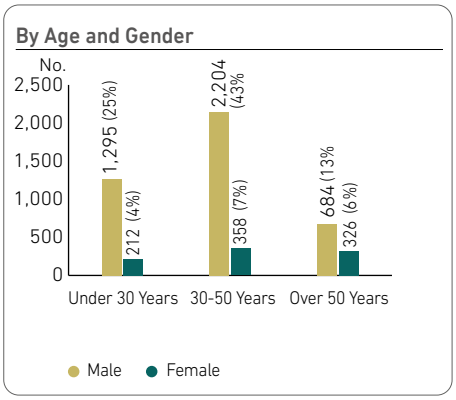
## TEAM PROFILE

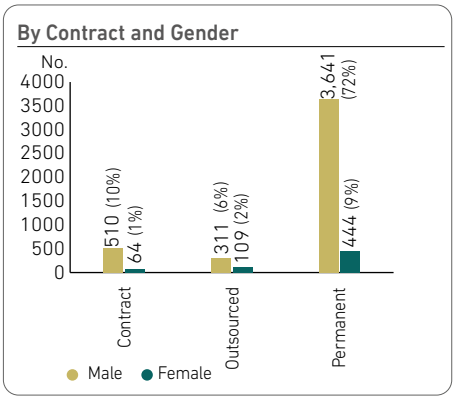
*GRI: 2-7, 2-8, 405-1, SASB RT-CP-000.C*

Our team comprised 4,659 employees and 420 outsourced staff at the close of the financial year, reflecting a diverse mix of skills, experience, gender, and age, as set out below. In addition, the Group maintained workforce flexibility by engaging an average of approximately 8% casual and manpower employees, increasing to around 10% during peak seasonal periods such as April and December and do not employ part time Employees.








## STAFF ATTRITION

*GRI 401-1*

Managing employee attrition remains a key priority for the Group, given its implications for operational continuity, workforce stability, and the retention of institutional knowledge. During the year, the Group recorded a retention rate of 80%, with 979 employees resigning while 1,079 employees joining our workforce during the period. Employee turnover was primarily observed within operational and junior workforce categories, reflecting broader labour market dynamics, including increased mobility and evolving workforce expectations.

The Group continues to address attrition through targeted initiatives focused on strengthening employee engagement, enhancing workplace experience, and fostering a supportive organisational culture. Structured engagement platforms, welfare initiatives, and open communication channels, including formal grievance mechanisms and trade union dialogue, enable the Group to proactively address employee concerns and maintain positive industrial relations, with no significant disputes reported during the year.

## RECRUITMENT AND INDUCTION

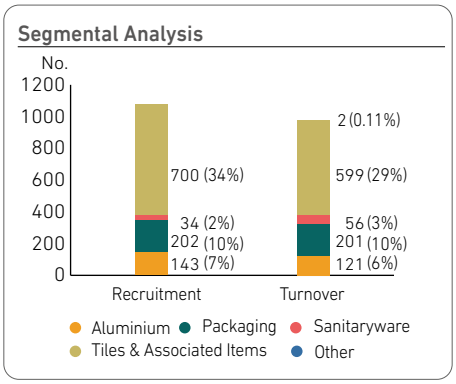
Recruitment and induction processes also play a key role in supporting retention by ensuring the selection of candidates aligned with the Group's values and long-term objectives. A structured, merit-based recruitment framework enables the attraction of suitable talent, while comprehensive induction and onboarding programmes facilitate smooth integration into the organisation. These processes help set clear expectations, strengthen engagement from the outset, and reduce early-stage attrition.

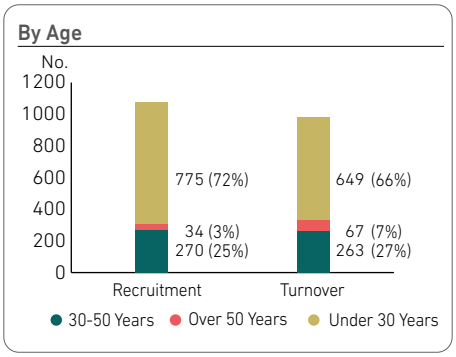
## PERFORMANCE CULTURE

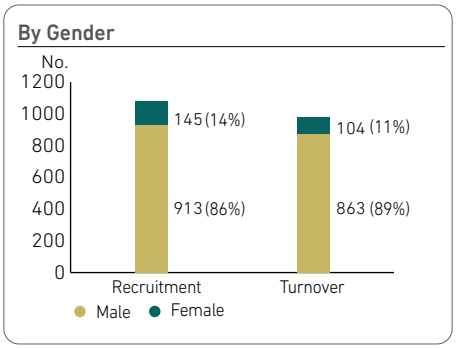
*GRI: 404-3*

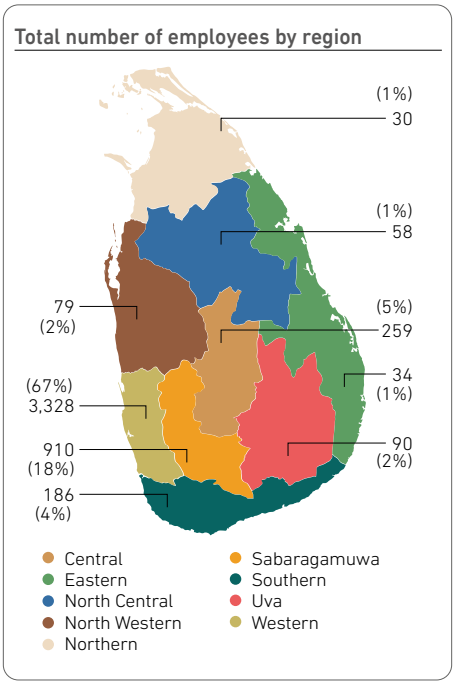
The Rocell fosters a performance-driven culture centred on accountability and alignment with organisational objectives. This culture is embedded across all business segments, enabling employees to contribute effectively towards the Group's strategic priorities while maintaining high standards of performance and professionalism.

Profile of new recruits and exits are graphically presented below.

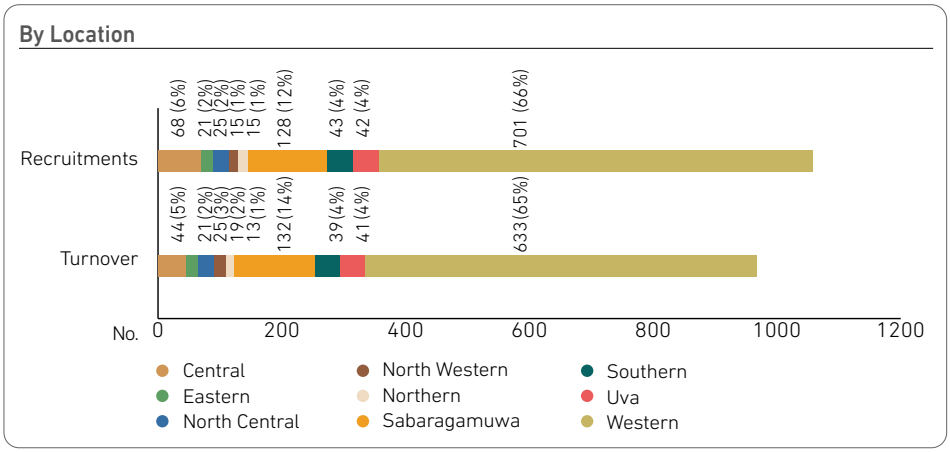



A structured performance appraisal framework is in place to evaluate employee performance on a regular basis, ensuring that individual goals are aligned with broader organisational objectives. The appraisal process incorporates clearly defined performance criteria, enabling objective assessment and supporting informed decision-making in areas such as career progression, rewards, and development planning. During the year, performance appraisals were conducted across all employee categories, ensuring consistency and transparency in performance evaluation.



# HUMAN CAPITAL

## EMPLOYEE VALUE AND REWARDS FRAMEWORK

*GRI: 401-2, 405-2*

The Group adopts a comprehensive and competitive rewards framework designed to attract, retain, and motivate talent across its diverse business segments. The Group's approach to employee rewards is aligned with industry benchmarks and is structured to recognise individual and organisational performance, while supporting long-term employee well-being.

Employee remuneration comprises both fixed and variable components, linked to job roles, responsibilities, and performance outcomes. This ensures fairness, consistency, and alignment with the Group's performance-driven culture. In addition to base remuneration, employees are eligible for performance-based incentives, bonuses, and salary increments, reinforcing a culture of meritocracy and accountability.

As shown alongside the Group also offers a range of benefits aimed at enhancing employee well-being and supporting their financial and personal needs. In addition, employees are provided with access to various non-monetary benefits such as staff discounts, recognition programmes, and initiatives that support employee and family well-being.

Further, the Group maintains structured schemes to recognise long service, individual performance, and team achievements, fostering a culture of appreciation and motivation. Ratio of basic salary and remuneration of women to men is 1:1.

## COMPETENCY DEVELOPMENT

*GRI: 404-2*

The Group remains committed to continuously enhancing employee competencies to support operational excellence, innovation, and long-term growth. Competency development is guided by a structured approach that aligns individual capabilities with organisational requirements, ensuring that employees are equipped with the necessary skills to perform effectively in a dynamic business environment.

### EMPLOYEE COMPENSATION AND BENEFITS

**Fixed Component**

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

**Variable component**

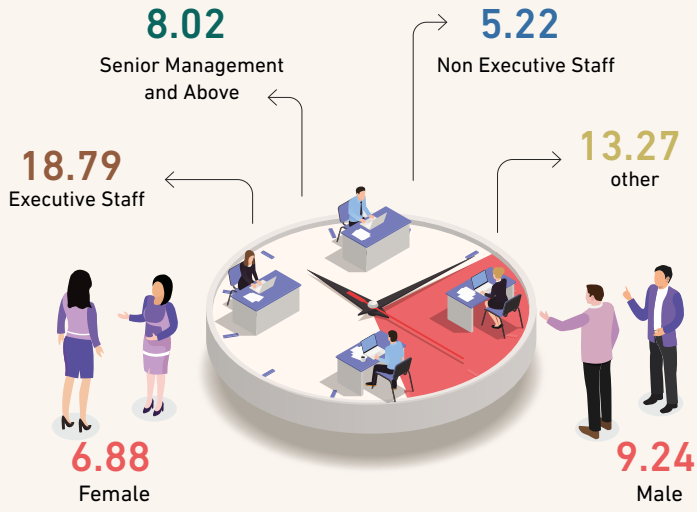
- Reimbursement of medical costs
- Foreign trips for top performing employees
- Health insurance
- Subsided meals
- Staff above assistant manager level are provided residential facilities at the tile factories
- Funeral fund
- Annual medical checkups for factory staff

Training and development needs are systematically identified through formal processes, including performance discussions and organisational requirements, enabling the design of targeted learning interventions across all employee categories. During the year, the Group delivered a range of programmes covering technical, functional, and leadership development, aimed at strengthening both operational capabilities and managerial effectiveness.

*GRI 404-1*

| | 25/26 | 24/25 |
|---|---|---|
| Total investment in training – Rs.Mn | 18 | 29 |
| Total No. of training hours | 43,843 | 47,228 |
| No. of employees received training | 8,085 | 7,976 |
| Average hours of training per employee | 5.42 | 5.92 |

AVERAGE TRAINING HOURS PER EMPLOYEE BY CATEGORY AND GENDER




In addition, digital learning platforms such as the Rocell Learning Management System (LMS) continued to support continuous learning, providing employees with access to structured training content and enabling flexible, self-paced development. These initiatives are complemented by specialised programmes, including technical certifications, Total Productive Maintenance (TPM) training, and leadership development initiatives, which contribute to building a strong internal talent pipeline.

Listed below is a list of training programmes carried out across the Group during the year.
*GRI 404-2*

**Induction and Orientation**
- » Corporate induction programmes for all new recruits across Group companies
- » Role-specific onboarding and departmental training
- » Buddy programmes and post-induction evaluations to support integration
- » Safety induction programmes for operational employees

**Technical and Operational Training**
- » Manufacturing & Engineering
- » Diploma in Ceramic Technology
- » Total Productive Maintenance (TPM) programmes
- » Boiler maintenance and machinery-related training
- » Quality & Standards
- » ISO 9001, ISO 14001, ISO 22000, HACCP, FSC, FSSC certifications
- » Quality circle training and TQM programmes

**Operational Skills**
- » Forklift competency training
- » Warehouse management
- » Process and production optimisation training

**Health, Safety and Compliance Training**
- » Firefighting and emergency response training
- » First aid and workplace safety programmes
- » PPE and chemical handling training
- » Electrical and industrial safety awareness
- » Hazard identification and risk assessment training

**Functional and Systems Training**
- » ERP and digital systems training (SAP modules, HRIS, BI dashboards)
- » Microsoft 365 and digital tools training
- » Finance, process, and operational systems training
- » Customer complaint management systems

**Sales, Product and Customer-Focused Training**
- » Product knowledge and application training (tiles, bathware, aluminium, packaging)
- » Master sales and negotiation programmes
- » Service excellence and customer engagement training
- » Design consultation and showroom experience training
- » Contractor, dealer, and distributor training programmes
- » External awareness programmes with institutions (e.g., architects, designers, technical institutes)

**Leadership and Management Development**
- » Leadership development programmes in collaboration with academic institutions
- » Supervisory development certification courses
- » Second-line leadership and succession planning programmes
- » HR capability development for line managers

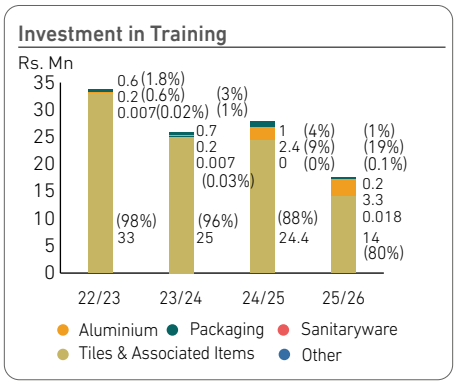
**Digital Learning and Continuous Development**
- » Learning Management Systems (LMS) across Group companies
- » Self-paced digital learning modules
- » Internal knowledge-sharing platforms and training faculty programmes
- » Continuous professional development initiatives

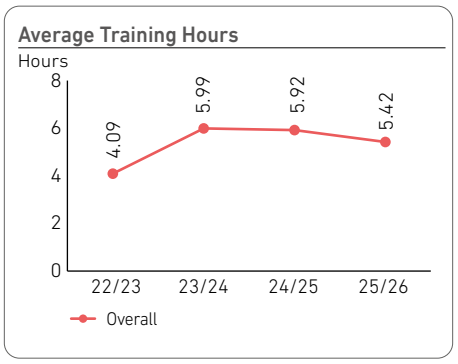
**Behavioural and Workplace Skills Development**
- » Problem-solving and continuous improvement workshops
- » Mindfulness and work-life balance programmes
- » Communication and interpersonal skills training
- » Kaizen and innovation-related initiatives
- » Sustainability related training

## MINIMUM NOTICE PERIODS REGARDING OPERATIONAL CHANGES

*GRI: 402-1*

Employees are provided a minimum notice period of 3 months with regard to any operational changes to existing terms and conditions of employment.






*Fire Safety Training*



*First Aid Training*

# HUMAN CAPITAL

## INDUSTRIAL RELATIONS

*GRI: 2-30*

The Group is committed to maintaining a stable and collaborative industrial relations environment, recognising the rights of employees to freedom of association and collective bargaining in line with applicable labour regulations. A significant portion of the operational workforce is represented by labour unions, with approximately 94.95% of employees covered by union representation and collective agreements across relevant entities, supporting structured engagement between employees and management.

The Group facilitates regular dialogue through established platforms such as joint consultative committees, union meetings, and departmental forums, enabling transparent communication and the timely resolution of workplace concerns. These mechanisms ensure that employee representation is respected and that feedback is incorporated into decision-making processes.

Supported by well-defined grievance handling procedures and open communication channels, the Group fosters a culture of mutual respect and trust across all operations. During the year, no significant industrial disputes were reported, reflecting the effectiveness of the Group's approach to managing industrial relations.

## HEALTH AND SAFETY

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

Rocell is committed to ensuring a safe and healthy working environment across all Group's operations, recognising occupational health and safety as a fundamental responsibility and a key driver of operational excellence. Given the nature of the Group's manufacturing and industrial operations, maintaining high standards of health and safety is of critical importance. The Group adopts a structured and proactive approach to managing workplace risks, supported by robust systems, employee participation, and continuous improvement initiatives. This framework enables the Group to safeguard employee well-being, ensure regulatory compliance, and maintain high standards of safety performance across all business segments.

| Factory | % of employees in trade unions | Collective Agreement |
|---|---|---|
| Royal Ceramics Lanka PLC - Horana | 98 | In Place Valid till November 2028 |
| Royal Ceramics Lanka PLC - Eheliyagoda | 98 | In Place Valid till January 2027 |
| Rocell Bathware Limited | 87 | In Place Valid till February 2028 |



*Safety Awareness Programme*



*7QC Tool Training Programme*

### Governance and Systems

- OHS frameworks aligned with regulatory requirements and international standards (including ISO 45001 initiatives)
- Structured safety policies and procedures across all operations
- Regular audits, inspections, and internal reviews to ensure compliance

### Training and Awareness

- Mandatory safety induction for all employees
- Periodic refresher programmes to reinforce safety practices
- Health & Safety training conducted during the year
  - Firefighting and emergency response training
  - First aid and workplace safety
  - PPE and chemical handling training
  - Electrical and industrial safety awareness
  - Hazard identification and risk assessment training

### Risk Identification and Control

- Hazard Identification and Risk Assessments (HIRA) across all sites
- Permit-to-work systems for high-risk activities
- Implementation of engineering and administrative controls
- Provision and enforcement of Personal Protective Equipment (PPE)

### Health and Well-being

- Periodic medical examinations and annual health camps for factory staff
- On-site medical support and access to healthcare services
- Monitoring of employees in high-risk roles
- Preventive health and wellness initiatives

### Employee Participation

- Active safety committees and cross-functional safety teams
- Toolbox talks and departmental safety meetings
- Open reporting of near misses and unsafe conditions
- Strong focus on building a safety-first culture

### Safety Performance

- Zero work-related fatalities reported during the year
- Low number of recordable injuries, primarily minor in nature
- All incidents investigated with corrective actions implemented
- Continuous focus on improving safety performance

**100% OF THE GROUP'S EMPLOYEES ARE COVERED UNDER THE OHS MANAGEMENT SYSTEM.**

*GRI 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10*

*SASB EM-IS-320a.1*

| | 2025/26 | 2024/25 |
|---|---|---|
| Fatalities as a result of work-related injury | 0 | 0 |
| work-related injuries | 340 | 301 |
| work-related diseases and ill heath | 0 | 0 |
| Total no of lost days due to Occupational Injuries | 732 | 549 |

## EMPLOYEE ENGAGEMENT

The Group fosters a culture of engagement and inclusivity through a range of initiatives designed to enhance employee well-being, collaboration, and organisational belonging. During the year, engagement activities were conducted across all business segments, promoting teamwork, recognition, and a positive workplace environment.

**TOTAL RECORDABLE INCIDENT RATE (TRIR) - 3%**



*Women's Day Celebration - Head office*



*Annual Pirith Ceremony - Head Office*



*Staff Annual Trip – Horana*



*Awrudu Celebration - Head Office*




*Annual Get-together - Eheliyagoda Factory*



*Dinner Dance*



*Volley Ball Tournament - Eheliyagoda Factory*



*Annual Factory Day - Horana Factory*



*Factory Cleaning Day - Eheliyagoda Factory*

# HUMAN CAPITAL



*Annual Trip – Eheliyagoda Factory*



*Awrudu Celebration – Eheliyagoda Factory*



*Eheliyagoda Factory*



*Carrom Tournament - Swisstek Aluminuium*



*Cricket Tournament -Swisstek Aluminuium*



*Traditional Breakfast – Lanka Tiles*

## DIVERSITY AND INCLUSION

*GRI 401-3, 405-1 to 2, 2-25*

### Equal Opportunity

The Group promotes equal opportunity across all employment practices, ensuring recruitment, development, and career progression are based on merit, qualifications, and performance.

### Employee Support

Supportive practices such as maternity leave, return-to-work support, and employee welfare initiatives enable employees to balance professional and personal responsibilities.

### Non-Discrimination

Policies are in place to prevent discrimination and ensure fair treatment for all employees, supported by structured grievance handling and whistleblowing mechanisms.



### Inclusive Workplace Culture

A respectful and inclusive work environment is fostered through policies on workplace conduct, anti-harassment, and employee well-being, promoting dignity and mutual respect.

### Gender Diversity

The Group supports gender diversity across its workforce, with representation at operational, administrative, and management levels, while continuing efforts to enhance female participation.

### Pay Equity

Remuneration structures are aligned to job roles and responsibilities, ensuring fair and equitable pay practices without gender bias.

Rocell is committed to fostering a diverse, equitable, and inclusive workplace that respects individual differences and promotes equal opportunity across all business segments. Diversity and inclusion are embedded within the Group's human capital strategy, enabling the creation of a workplace culture that values varied perspectives, supports innovation, and enhances organisational performance.

The Group maintains policies and practices that promote non-discrimination, equal opportunity, and fair treatment in all aspects of employment, including recruitment, training, development, and remuneration. Employment decisions are based on merit, qualifications, and performance, ensuring that all employees are provided with equal access to opportunities regardless of gender or other personal characteristics. We maintain a 1:1 ratio of basic salary between women and men at Rocell.

**THE GROUP PROMOTES EQUAL OPPORTUNITY ACROSS ALL EMPLOYMENT PRACTICES**

***Return to work after maternal leave***

*GRI 401-3*

| | 2025/26 | 2024/25 |
|---|---|---|
| Employees entitled to Parental leave | 734 | 539 |
| Employees on Parental leave | 58 | 51 |
| Employees who returned after parental leave | 41 | 49 |
| Employees still in employment 12 months after returning from parental leave | 17 | 27 |

## OUTLOOK

The Group recognises that our people are fundamental to sustaining growth, innovation, and operational excellence. As the business continues to evolve, emphasis will be placed on creating an engaging and empowering work environment where employees are supported to realise their full potential. Ongoing investments in learning, leadership development, and capability building will strengthen the technical, functional, and managerial skills required to meet future business needs. The Group will also continue to foster a high-performance culture built on collaboration, accountability, and continuous improvement, while strengthening succession planning and talent development practices. By nurturing a diverse, inclusive, and future-ready workforce, the Group aims to enhance organisational resilience, drive innovation, and further reinforce our reputation as an employer of choice within the industry.

# MANUFACTURED CAPITAL



**Manufactured Capital is central to our value creation process and includes Property, Plant & Equipment, Right of Use Assets, and Inventory across all sectors. Sustained investment in these assets over the years has given the Group a strong competitive advantage, helping us deliver future-ready products and drive change across each sector. Together, they represent 63% of the Group's total assets, underscoring their significance. This section outlines how we manage this capital to optimise returns while balancing sustainability considerations.**

Property, Plant & Equipment

Rs. **33.73** Bn

↑ 2.2%

Inventories

Rs. **33.10** Bn

↑ 0.5%

Right of Use Assets

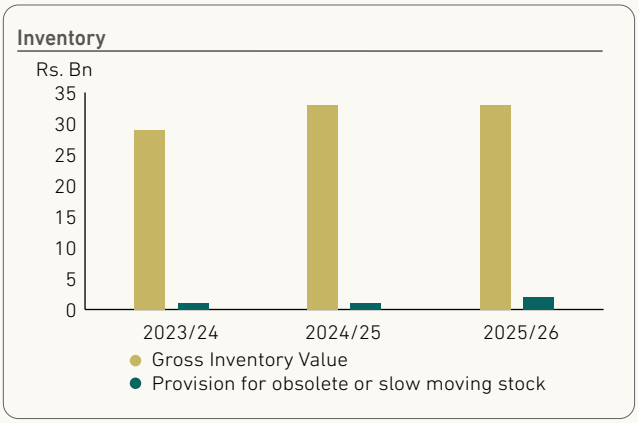
Rs. **1.48** Bn

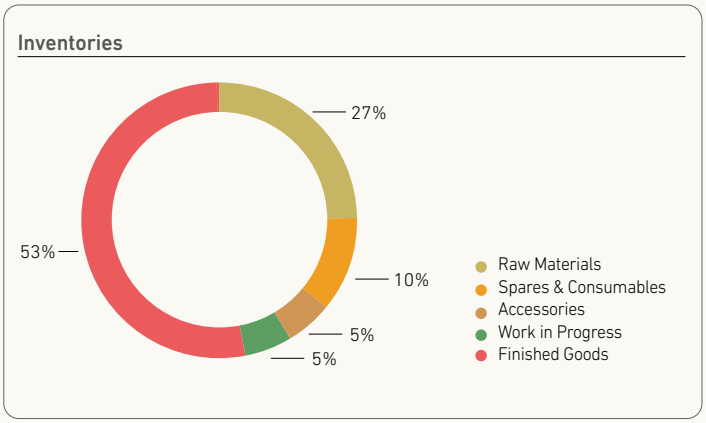
↑ 13.2%

Investments in Capital Expenditure

Rs. **3.85** Bn

↓ 8.2%






## MANAGING MANUFACTURED CAPITAL – GOVERNANCE & STRATEGY

*GRI 3-3*

The Group's business model depends on aligning manufactured capital with strategy. This includes capital expenditure to strengthen manufacturing capability, efficient storage and transport of inventory, the right inventory mix at each location, and an effective network of distribution and customer touchpoints. Maximising returns on these investments requires careful planning, close monitoring, regular maintenance and coordinated management.

The Board approves the annual capital expenditure budget which is prepared with inputs from the heads of manufacturing facilities, marketing and finance with careful deliberation of needs and alternative solutions. Inventories are managed in a similar manner to ensure that production volumes are aligned to marketing plans. Right-of-use assets are a small proportion of manufactured capital and is incurred based on business needs which follow established processes. The Board Audit Committee oversees financial performance and plays an important role in promoting effective inventory management. Investments in software, recognised as part of the Group's Intellectual Capital, also strengthen inventory management and logistics.

**THE GROUP CONTINUOUSLY STRENGTHENS ITS MANUFACTURED CAPITAL THROUGH STRATEGIC INVESTMENTS, EFFICIENT INVENTORY AND DISTRIBUTION MANAGEMENT, AND TECHNOLOGY-DRIVEN LOGISTICS THAT IMPROVE OPERATIONAL EFFICIENCY, MARKET RESPONSIVENESS, AND LONG-TERM VALUE CREATION**

# MANUFACTURED CAPITAL

This report looks at Manufactured Capital according to its functionality as set out below:

1 Manufacturing Capabilities

2 Warehousing & Customer Touchpoints

3 Inventory

## OUR MANUFACTURING CAPABILITIES

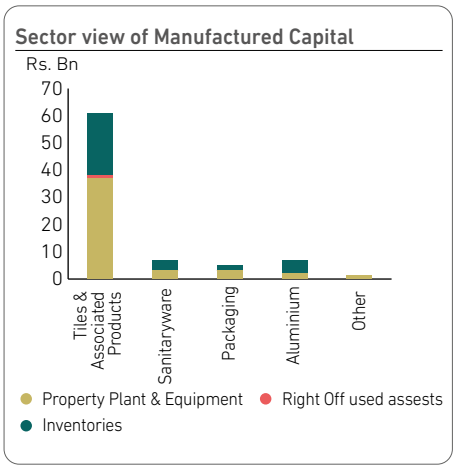
Manufacturing facilities of the Group are set out below.

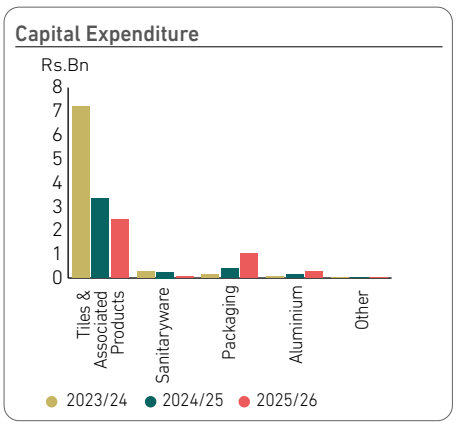
| TILES & ASSOCIATED PRODUCTS | SANITARYWARE | PACKAGING | ALUMINIUM |
|---|---|---|---|
| » **Horana** - Royal Ceramics Lanka PLC<br>» **Eheliyagoa** - Royal Ceramics Lanka PLC<br>» **Ranala** - Lanka Tiles PLC<br>» **Meepe** - Lanka Walltiles PLC<br>» **Balummahara** - Swisstek Ceylon PLC | » **Panagoda** - Rocell Bathware Ltd. | » **Dekatana** - Uni Dil Packaging | » **Dompe** - Swisstek Aluminium Ltd. |

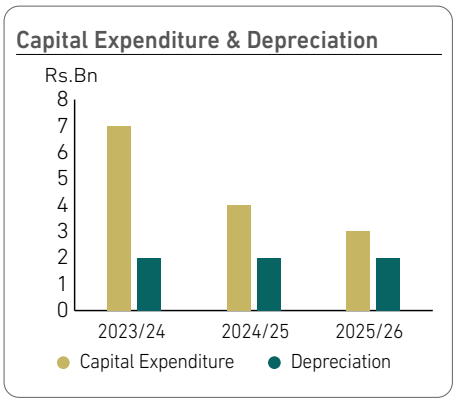


During 2025/26, the Group invested Rs. 3.85 Bn in capital expenditure to strengthen manufacturing capability across its core sectors, with the largest share of Rs.2.45 Bn directed to Tiles, followed by Rs.1.04 Bn to Packaging, Rs.265 mn to Aluminium and Rs. 64 Mn to Sanitaryware. In Tiles, investments focused on expanding and stabilising operations through new glazing lines, kilns, digital printing systems, sorting technologies, robotic unloading systems, waste heat recovery projects and other automation and process optimisation initiatives. Sanitaryware investments were targeted at upgrading production capability through high-pressure casting systems, water closet casting machines, robotic glazing optimisation and sustainability-linked improvements such as rooftop solar, kiln upgrades, LED lighting and energy-efficiency programmes. In Packaging, capital was channelled into offset printing technology, value-added and customised packaging solutions, operational efficiency enhancements and circularity initiatives, while also supporting international expansion through Unidil Packaging Kenya Ltd. In Aluminium, investments centred on improving manufacturing capability, expanding engineered aluminium systems, upgrading ERP and data analytics, and advancing sustainability through energy-efficient equipment, LED lighting, multi-billet preheaters, advanced oven systems, solar energy and improved water management. Collectively, these investments reflect the Group's continued focus on capability enhancement, productivity improvement and resource-efficient growth.

## TECHNOLOGY INVESTMENTS ENHANCE INVENTORY AND LOGISTICS EFFICIENCY



## TILES AND ASSOCIATED PRODUCTS SECTOR

The Tiles and Associated products sector comprises four tile manufacturing factories and a factory that manufactures associated materials such as grout and mortar. The collective installed manufacturing capacity is 50,530 m2 per day with a range encompassing mosaic tiles to large format tiles.

### ROYAL CERAMICS LANKA PLC





#### HORANA

The plant produces high-quality vitrified ceramic and glazed porcelain tiles, recognised for their durability, aesthetic appeal and precision. Recent upgrades have further strengthened its capabilities, enabling the efficient production of larger-format tiles to meet rising market demand and changing design preferences. Located in the Kalutara district of the Western Province, this factory provides employment for 406 people.

- Capacity: 13,250 m2/day
- Capacity utilisation during the year: 62%
- Capex during the year: Rs. 73 Mn
- Enhancements during the year
  - Technical Upgrade for the box loading machine

Certifications

#### EHELIYAGODA

The company produces high-performance homogeneous full-body porcelain and glazed porcelain tiles, designed for strength, durability and visual appeal. These qualities make them well suited for both residential and commercial applications. Located in the Sabaragamuwa Province, the factory provides employment for 417 people.

- Capacity: 5,830 m2/day
- Capacity utilisation during the year: 98 %
- Capex during the year: Rs. 248 Mn
- Enhancements during the year
  - Digital System Machine Installation
  - Weighing Scale Upgrade for Continuous Loading
  - On going Heat Recovery System (HRS) Installation

Certifications

### LANKA TILES PLC



#### RANALA

This factory has the capability to manufacture glazed and vitrified wall and floor tiles in large format as well as intricate mosaic tiles. With a net book value of Rs.6.55 Bn, this factory accounts for 19% of the Group's investments in property, plant and equipment. Located in the Colombo District, this factory provides employment for 898 people.

- Capacity: 17,950 m2/day
- Capacity utilisation during the year: 73%
- Capex during the year: Rs. 438 Mn

Certifications

# MANUFACTURED CAPITAL

## LANKA WALLTILES PLC



### MEEPE

The plant manufactures wall and floor tiles in a broad range of colours, textures and sizes, including mosaic tiles, decorative trim tiles, artistically finished tiles and handmade products produced using double-firing technology. With a net book value of Rs.9.89 Bn, this factory accounts for 28% of the Group's property, plant and equipment.

- Capacity: 13,500 m2/day
- Capacity utilisation during the year: 70%
- Capex during the year: Rs. 535 Mn
- Enhancements during the year
  - Installed and commissioned a new spray dryer, pressing machine, and glazing line to enhance production efficiency and quality.
  - Converted two kilns to a single-firing system to improve energy efficiency and optimise manufacturing operations.

Certifications

## SWISSTEK (CEYLON) PLC



### BALLUMMAHARA

This factory specialises in manufacture of tile grout, tile adhesive (mortar), tile sealant, skim coat, quick flow, tile cleaner and decorative pebbles which complements the tile portfolio. The factory has a net book value of Rs.1.05 Bn which amounts to 3% of the Group's property, plant and equipment.

- Capacity: 102,900 MT/per annum
- Capacity utilisation during the year: 72%
- Capex during the year: Rs. 128 Mn

Certifications

## ROCELL BATHWARE LIMITED



### PANAGODA

Sri Lanka's first state-of-the-art sanitaryware manufacturing plant began operations in 2009. It produces high-quality sanitaryware using vitreous china and fine fire clay, delivering durable and aesthetically refined range of products, designed by internationally renowned professionals. The factory is also a leader in manufacturing sanitaryware for cabin cruisers, serving a specialised niche market, and produces sanitaryware for international brands such as Kohler and Xylem for export markets. The facility provides direct employment for 243 people.

- Capacity: 35,000 pieces per month
- Capacity utilisation during the year: 42%
- Capex during the year: Rs. 64 Mn

Certifications

## SWISSTEK ALUMINIUM LIMITED



### DOMPE

The Swisstek Aluminium plant produces high-quality aluminium profiles for a wide range of architectural and structural applications. These profiles combine strength, durability and aesthetic appeal, making them suitable for both residential and commercial construction. The facility uses advanced technology, automation and rigorous quality controls to deliver superior aluminium extrusions.

- Capacity: 750 MT per month
- Capacity utilisation during the year: 85%
- Capex during the year: Rs. 265 Mn

**Certifications**

## UNIDIL PACKAGING LIMITED



### DEKATANA

UNIDIL is Sri Lanka's leading corrugated carton manufacturer, supported by continuous investment advanced Japanese and German technology. The company produces high quality corrugated packaging and paper sack for diverse industries including tea,rubber,ceramic,garment,food,beverage and FMCG.

- Capacity:
  - Corrugated packaging 2,800 MT per Month paper sacks 500 MT per annum
- Capacity utilisation during the year: paper sacks 73% corrugated packaging: 78%
- Capex during the year: Rs. 1.04 Bn
- Enhancements during the year
  - Upgraded the China 4 printing machine from 3-colour to 5-colour capability
  - Installed commissioned a new digital printer machine

**Certifications**

# MANUFACTURED CAPITAL

## A GROWING NETWORK

During the year, our network of customer touchpoints expanded by adding 3 more showrooms by Rocell and Lanka Tiles. Rocell relocated to a state-of- Art concept store in Kandy which spans 4,730 square feet and offers customers an immersive and inspiring showroom experience. Designed to help homeowners, architects, and designers visualise complete living spaces, the Kandy showroom brings Rocell's signature blend of innovation, quality, and contemporary design to the heart of the Central Province. The company also expanded its reach with the opening of two new factory outlets in Pilimathalawa and Eheliyagoda.

Lanka Tiles network within the country was enhanced with a new showroom opened in Palwatte increasing our presence in this two bustling suburb of Colombo, showcasing both Lanka Tiles and Lanka Walltiles products as with other showrooms .

Swisstek Aluminium opened its new Design Studio at 118A, Nawala Road, Narahenpita, Colombo 05, further strengthening its position of the leading aluminium solutions provider in Sri Lanka. Designed as an experiential space, the studio brings together Swisstek Aluminium systems in one setting, including Sri Lanka's first true slimline sliding systems, alongside a comprehensive range of aluminium doors, windows, and partitions in certified powder-coated and wood-grain finishes.

### OVERSEAS

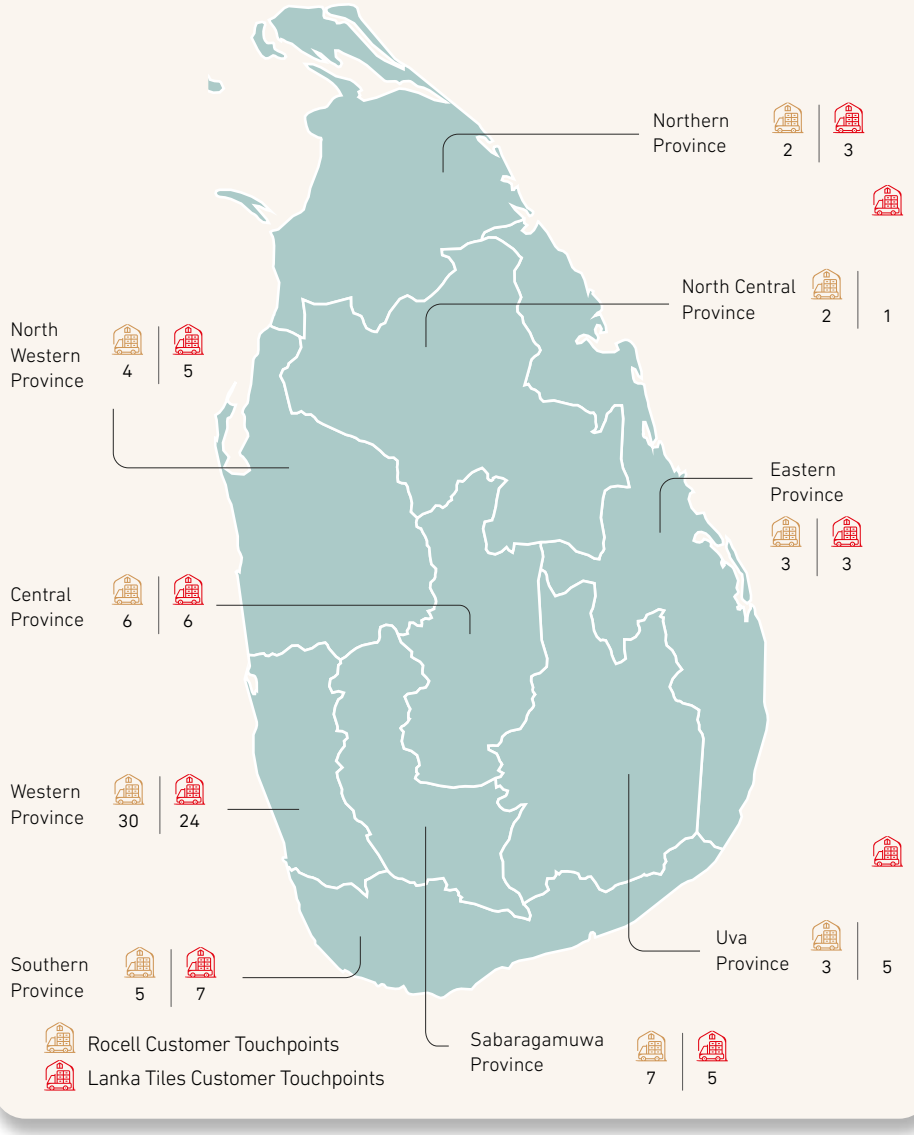
- Maldives branch opened by Lanka Tiles in previous year is fully operational.
- Kenya subsidiary of Unidil acquired in 2025 is fully operational.



### LOCAL

- Rocell moved into Pilimathalawa and Eheliyagoda adding two more factory outlets to its network
- Lanka Tiles moves into Pelawatta
- Swisstek opens a new concept center at Nawala
- Rocell Kandy showroom was relocated to a more strategic location and upgraded into a concept center.

### CUSTOMER TOUCHPOINTS



| SHOWROOM | ADDRESS | TELEPHONE |
|---|---|---|
| **ROYAL CERAMICS LANKA PLC** | | |
| Ambalangoda | Sanga Raja Maha Viharaya, 754 Galle Rd, Ambalangoda | 091-4944731/091-2253263 |
| Ambalanthota | 76 A Tangalle Road, Ambalantota | 047-4932446, 047-4379092 |
| Anuradhapura | 512 B, Maithreepala Senanayaka Mawatha,Anuradhapura | 025-4581221/ 025-4580294 |
| Athurugiriya | 39, Godagama Road, Athurugiriya. | 011-4443641/2 |
| Badulla | 70, Bank Road, Badulla. | 055-4499780 /782 |
| Balangoda | 52, Barnes Ratwatta Mawatha,Balangoda. | 045-4927365 |
| Bandarawela | 254 Bandarawela By Pass Rd, Bandarawela | 057-4496014 / 057-4436038 |
| Batticaloa | 124 Bazaar St, Batticaloa | 065-4929450 |
| Beruwala | 278, Galle Road, Massala, Beruwala | 034-4288371/2 |
| Chilaw | 114 Chilaw - Colombo Main Rd, Chilaw | 032-4934126 |
| Colpetty | 440, R.A. de Mel Mawatha, Colombo 03 | 011-4209204/5/6 |
| Dambulla | 679 Dambulla - Bakamuna - Kalugahawela Road, Dambulla | 066-4935041/2 |
| Dehiwala Concept Center | 106 Colombo - Galle Main Rd, Dehiwala-Mount Lavinia | 011-7024729/30 / 28 |
| Design Hub | 100 Narahenpita - Nawala Rd | 011-4691705/06 /07 /08 |
| Eheliyagoda | 185B, Ratnapura Road, Eheliyagoda | 036-4922946/ 036-2259553/ 034-4283403 |
| Galle | W .D.S.Abeygunawardena Mawatha, 77 Old Matara Rd, Galle | 091-4380033 / 091-4385120 |
| Gampaha | 174/A/2, Colombo Road, Gampaha | 0334 670 937/0334670755 |
| Gampola | 7,T.B.Panabokke Mawatha, Illawatura Rd, Gampola | 081-4951436 / 081-4945257 |
| Horana | 173, Panadura Road, Horana. | 034-4283403 / 034-4285033 / 034-4942797 |
| Ja-Ela | Ja Ela Concept Center, 203, Colombo Road, Ja-Ela | 011-4334173 / 011-4504480 |
| Jaffna | 218, Stanley Road, Jaffna | 021-4927003/4 |
| Kadawatha | No.336 Kandy Rd, Kadawatha | 011-4322994 |
| Kaduwela | 384/B, Malabe Road,Kaduwela | 011-4948182 / 0114541423 |
| Kandy Concept Center | 483/B William Gopallawa Mawatha, Kandy | 081-4472604 |
| Kalutara North | 443, Galle Road,Kalutara North, Kalutara | 034-4280469/034-2480152 |
| Kalutara South | 574, Galle Road,Kalutara South, Kalutara | 034-4280933/4 |
| Kalmunai | 125, Main Street, Kalmunai | 067-4501197 / 0776372645 |
| Katugastota | 279, Katugastota Road, Kandy. | 081-4481759/60 |
| Kegalle | 504/1, Kandy Road, Meepitiya, Kegalle | 035-2230980 / 035- 4925290 / 035-4925292 |
| Kiribathgoda | 218,Kandy Road, Kiribathgoda. | 011-4817231 / 011- 4817230 |
| Kottawa | 472/1, High Level Road, Makumbura,Kottawa | 011-4308413/011-4304170 |
| Kuliyapitiya | 181, Hettipola Road, Kuliyapitiya. | 037-4930870, 037-4696134 |
| Kundasale | 120,Digana Road,Kundasale | 081-4501044 |
| Kurunegala | 176 Colombo Road, Kurunegala | 037-4690467 |
| Maharagama | Elhena Rd, Maharagama | 011-4319514 011- 4319646 |
| Malabe | 1st Ln, Malabe | 011-4411775 / 011- 4411866 |
| Matale | 160, Kings Street,Matale | 066-4460928 / 066- 2224270 |
| Matara | 139, Gunawardena Mawatha,Kotuwegoda, Matara. | 041-4933629 / 041 - 4641007 |
| Minuwangoda | 173, Colombo Road, Minuwangoda. | 011-4969060 / 1 |
| Monaragala | Kandaland Wellawaya Road,Monaragala | 055-4936169 / 055- 4936170 |

# MANUFACTURED CAPITAL

| SHOWROOM | ADDRESS | TELEPHONE |
|---|---|---|
| Moratuwa | 438 A2, Moratuwa | 011-4210726 / 011 - 4210827 |
| Mulgampola | 562, Peradeniya Road,Mulgampola, Kandy. | 081-4471581 / 2 |
| Nawala 101 | 101 Nawala Rd, Sri Jayawardenepura Kotte | 011-4311311 |
| Nawala 98 | 98, Nawala Road, Nugegoda. | 011-4405160 / 011-4410088 |
| Nawala Concept Center | 30, Narahenpita Road, Nawala. | 011-4651000 |
| Negombo | 206, Chilaw Road, Negombo. | 031-4922192 / 031-4874575 |
| Nittambuwa | 52, Kandy Road, Nittambuwa. | 033-4929681 / 033 - 4928843 |
| Panadura | 504, Galle Road, Panadura. | 038-4281898 /9 |
| Pelmadulla | 232. Rathnapura Road,Pelmadulla | 045-4935060, 045-4935065 |
| Piliyandala | 114 Colombo - Horana Rd, Piliyandala | 011-4210675 / 011-4215604 |
| Polonnaruwa | 13 Hospital Junction, Polonnaruwa | 027-7634402 |
| Ratnapura | 225, Colombo Road,Ratnapura. | 045-4360318 / 045- 4360297 |
| Seeduwa | 587 Migamuwa Rd, Seeduwa | 011-4831987 / 011- 4831988 |
| Trincomalee | 2 Kandy Rd, Trincomalee | 026-2225008 / 026-4925585 / 586 |
| Vavuniya | Kandy Rd 1st Ln, Vavuniya | 024-4928331/2 |
| Wattala Concept Center | 279 Negombo Rd, Wattala | 011-4818563 / 69 |
| Wennappuwa | 338,Chilaw Road, Wennappuwa | 031-4874656/57 |
| Kesbewa HBD | 192/1, Horana Road, Kesbewa | 011-2602590 |
| Mawanella HBD | 89, New Kandy Road, Mawanella | 035-7682175 |
| Warakapola HBD | No. 307, Kandy Rd, Dumaladeniya, Warakapola | 035-2269150 |
| Mathugama HBD | NO. 135, Agalawatta Road, Mathugama | 034-2295775 |
| Divulapitiya HBD | No. 69, Colombo Road, Dula | 031-7634004/3 |
| **LANKA TILE PLC** | | |
| Nawala | 215, Nawala Road, Narahenpita | 011-4526700 |
| Nugegoda | 37, Nawala Road, Nugegoda | 011-4526700 |
| Pelawatte | No. 986, Pannipitiya Road, Thalangama South, Battaramulla | 011-4526700 |
| **SWISSTEK ALUMINIUM LTD** | | |
| Nawala Concept Center | No 118/A, , Nawala Road, Narahenpita | 011-7807000 |





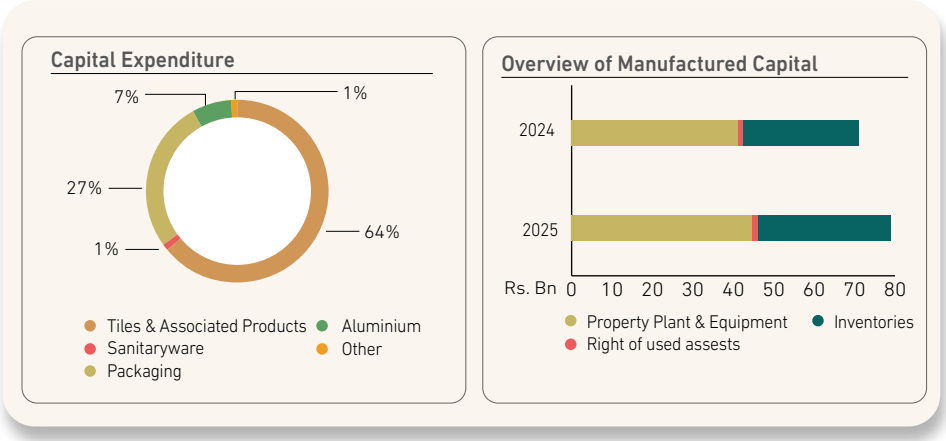



## INVENTORY

Inventory accounts is the second largest item of value in both the Company's Balance Sheet and the Group Balance Sheet reflecting the strategic value of this component of manufactured capital. The value as at 31st March 2026 amounted to Rs. 33.1 Bn, with little change from the Rs.32.9 Bn recorded in 2025/26. Production is carefully managed to optimise capacity utilisation, overhead absorption and inventory levels, avoiding stock piling.

## OUTLOOK

The Tiles sector has adequate capacity in the medium term and therefore energies and resources will be directed towards expansion of customer touchpoints, both in the country and overseas. The upward trend of the construction sector supports an uptick In demand, particularly in institutional sales for condominiums will support tiles, sanitaryware and aluminium sectors. A proven track record of disciplined financial management, consistent investment in new technology and product innovation supports our growth. We are committed to upholding our value proposition to customers, ensuring that they have high quality materials to enhance the aesthetics of their homes and businesses while ensuring functionality.






*Palletizer Machine - Horana Factory*



*Polishing Machine - Horana Factory*

# SOCIAL AND RELATIONSHIP CAPITAL

*GRI 3-3*



**Social and relationship capital represents the Rocell's ability to build and sustain strong relationships with our stakeholders, including customers, suppliers, communities, regulators, and business partners. These relationships are fundamental to the Group's long-term success, enabling trust, collaboration, and shared value creation across our operations.**

**Operating across multiple sectors, the Group places strong emphasis on responsible business practices, stakeholder engagement, and community development. Through consistent interaction, transparent communication, and ethical conduct, the Group seeks to strengthen stakeholder confidence while contributing positively to the communities in which we operate. This approach supports the Group's resilience and reinforces our commitment to sustainable and inclusive growth.**

**424**
New Products launched during the year

**3**
New showrooms

Supplier base of
**3,532**

**Rs. 38,418 Mn**
Paid to Local Suppliers

**6.3 Mn**
CSR spend

*GRI 2-6, SASB EM-CM-000.A, RT-CP-000.A*

## VALUE DELIVERED

### Customers

- 11,779,179 SQM of tiles
- 141,117 pieces of bathware
- 210,236 pieces of accessories
- 27,513 MT corrugated boxes
- 4,368 MT of paper sacks
- 72,241 MT of skim coat and Motar
- 7,167 MT of aluminium products
- 36,694 MT Feldspar

### Suppliers

- Rs. 38,418 Mn paid to local suppliers
- Rs. 18,551 Mn paid to foreign suppliers
- Timely payments
- Collaborations for industry growth

### Regulator

- 14,090 Mn paid as Direct and Indirect taxes
- Export revenue of Rs. 7,251 Mn

### Community

- Direct and indirect employment opportunities
- CSR spend of Rs. 6 Mn



## CUSTOMERS

Customers are central to the Rocell's business model, shaping product innovation, service delivery, and market positioning across our Tiles and Associated Products, Sanitaryware, Aluminium, and Packaging Businesses. The Group is committed to delivering consistent quality, reliable solutions, and a superior customer experience, supported by strong engagement, technical expertise, and responsive service frameworks. This focus enables the Group to differentiate itself in an increasingly competitive and price-sensitive market environment.

By maintaining close and continuous engagement with a diverse customer base, including retail consumers, developers, architects, contractors, distributors, and industrial clients, the Group is able to anticipate evolving market needs and respond with value-driven, design-led solutions. Our integrated approach, supported by an extensive distribution network and strong brand portfolio, ensures accessibility, consistency, and service excellence across all customer touchpoints.

This customer-centric approach not only strengthens brand equity and trust but also fosters long-term relationships and customer loyalty. In turn, it supports sustained revenue growth, enhances market leadership, and contributes to the creation of long-term value for all stakeholders.

### CUSTOMER TOUCHPOINTS

**Packaging**

- B2B Customers



**Tiles and Sanitaryware**

- Own Showrooms
- Franchise Showrooms
- Factory Outlets
- Dealers
- Hybrid Showrooms
- Tiler Club
- Call Centres
- Distributors
- Design Conclave
- Apps
- E-Commerce platform
- Website
- Exhibitions
- Print , digital and social media

**Aluminium**

- Own Showroom
- Dealers
- Franchise Showrooms
- Consignment Agents
- Aluminium Fabricators
- Print ,digital and social media
- Websites
- Exhibitions

# SOCIAL AND RELATIONSHIP CAPITAL

**Rocell's Customer Strategy**

The Group's customer strategy is centred on reinforcing our position as a premium, design-led solutions provider while navigating an increasingly price-sensitive market environment. Rather than competing on price, Rocell continues to differentiate through value creation, focusing on product innovation, design excellence, and superior customer experience.

A key strategic priority during the year was the progressive elevation of the product portfolio across all segments, enabling the Group to move up the value chain and capture higher-margin opportunities. This approach is supported by continuous investment in brand building, showroom experience, and global design collaborations, positioning Rocell as a trusted design authority within the construction and interior solutions space.

By aligning innovation, branding, and customer engagement, the Group strengthens its ability to attract discerning customers, maintain pricing discipline, and sustain long-term competitive advantage.

**ROCELL FOCUSES ON PREMIUM QUALITY, INNOVATION, AND DESIGN EXCELLENCE TO CREATE SUPERIOR CUSTOMER VALUE AND MAINTAIN A STRONG COMPETITIVE ADVANTAGE**

| 1 Premium Positioning | 2 Product & design Leadership | 3 Value Chain Elevation | 4 Experience & Accessibility | 5 Customer Engagement & Trust |
|---|---|---|---|---|
| Maintaining a strong premium brand identity by focusing on value over price, reinforcing Rocell as a design-led market leader | Driving product innovation through advanced formats, global design collaborations, and a continuously evolving value added product portfolio | Progressively enhancing the product mix towards higher-margin, premium offerings to strengthen profitability and competitive pricing | Delivering superior customer experience through immersive showrooms, concept certers and extensive distribution network | Building long term relationships through consistent quality, transparent communication, and responsive service across all customer touchpoints |

**CUSTOMER VALUE PROPOSITION**



## Product Quality, Safety and Compliance

*GRI: 416-1, 416-2, 418-1, SASB RT-CP-250a.2*

Rocell is committed to maintaining the highest standards of product quality, safety, and regulatory compliance across all operations. Through robust quality assurance systems, continuous process improvements, and adherence to internationally recognised standards, the Group ensures the delivery of reliable, safe, and high-performing products to our customers. Further, there were no any incidents or substantiated complaints concerning health and safety impacts of products and services, breaches of customer privacy or losses of customer data reported during the year.



### Tiles & Associated Products

- Compliance with ISO 9001, ISO 14001, CE marking, SLS standards, and Green Label certification
- Continuous improvement in manufacturing yield and reduction in defects
- Enhanced process control and quality monitoring systems



### Sanitaryware

- Rigorous testing including load, leak, and functional performance testing
- Compliance with international quality and safety standards
- Focus on durability, hygiene, and user safety



### Aluminium

- Certified manufacturing processes including ISO, QUALICOAT, and SLS standards
- Long-term product durability supported by warranties (up to 30 years)
- Continuous quality and performance improvements



### Packaging

- Strong quality control systems ensuring product integrity and protection during transport
- Compliance with customer and export packaging standards
- Continuous improvement initiatives driven by quality circles and process optimisation

Health and safety impact assessments were conducted for 100% of the Group's significant product categories

## Customer Experience

Rocell places strong emphasis on delivering a seamless and differentiated customer experience across all touchpoints. Through an integrated network of showrooms, distribution channels, and digital platforms, the Group ensures accessibility, engagement, and service excellence, enabling customers to make informed decisions and build lasting relationships with the brand.



### Tiles & Sanitaryware

- Expansion and upgradation of showroom network including a state-of-the-art concept centre in Kandy
- Premium retail environments offering immersive product experiences
- Strengthened distribution and factory outlet network for improved accessibility



### Aluminium

- Establishment of design studios and reality centres for experiential engagement
- Digital platform (Alupenters.lk) connecting customers with certified fabricators
- Strong engagement with architects, developers, and project customers



### Packaging

- Strong customer servicing model with timely delivery, responsiveness, and customised solutions
- Diversified customer base across industries reducing dependency risks
- Focus on long-term partnerships and consistent service delivery

# SOCIAL AND RELATIONSHIP CAPITAL

## Marketing, Branding and Product Labelling

The Group's marketing and branding strategy is focused on reinforcing our premium positioning while ensuring transparency and consistency in customer communication. Through targeted brand initiatives, strategic partnerships, and structured product labelling practices, the Group enhances customer awareness, builds trust, and ensures compliance with regulatory and market requirements.

### Tiles and Associated products & Sanitaryware

- Strong brand positioning under the philosophy "Creating Beautiful Living Spaces"
- Partnerships with global brands such as AXOR and Hansgrohe
- Expansion of product portfolios to enhance design leadership

### Aluminium

- Targeted campaigns highlighting durability, low maintenance, and long-term value
- Engagement programmes with architects, fabricators, and industry professionals
- Growth in digital and e-commerce platforms supporting customer reach

### Packaging

- Customer-centric approach with customised packaging solutions and industry-specific designs
- Strengthened brand positioning through quality certifications and sustainability credentials
- Expansion into international markets enhancing brand presence

### Product Labelling and Transparency

*GRI 417-1, 417-2, 417-3*

The Group maintains a structured approach to product labelling and transparency, ensuring alignment with internationally recognised standards and certifications, including ISO, SLS, CE, and Green Label requirements. Products are supported by clear specifications, material disclosures, and compliance information, enabling customers to make informed decisions. In addition, enhanced traceability is ensured through structured identification and labelling systems, while practices are continuously aligned with export market requirements and applicable regulatory standards, reinforcing transparency and customer trust. Further, there were no complaints arise from incidents of non-compliance concerning product and service information and labelling or Incidents of non-compliance concerning marketing communications reported during the year.

## Product Offerings and Innovation

The Group adopts a structured approach to product development, driven by continuous innovation, design excellence, and responsiveness to evolving customer and architectural trends. By enhancing our product portfolio across all business segments, the Group focuses on delivering differentiated, value-added solutions that strengthen market competitiveness and support long-term growth.

### Tiles & Associated Products

- Introduction of 358 new SKUs across 130 design series, including large-format and porcelain tiles
- Expansion into premium formats and enhanced surface finishes
- Shift towards higher-margin, value-added product mix driven by market demand

### Sanitaryware

- Launch of designer collections, Avesa and Nao in collaboration with international designers
- Introduction of 7 new products, enhancing aesthetic appeal and functional performance
- Focus on premiumisation and modern bathroom concepts

### Aluminium

- Introduction of Slimline architectural systems enabling minimal frame and maximum glass designs
- Expansion into high-performance façade, partition, and solar mounting systems
- Development of customised solutions aligned with modern construction needs

### Packaging

- Expansion of value-added and customised packaging solutions across FMCG, tea, apparel, and export sectors
- Introduction of lightweight and cost-efficient designs to improve customer value
- Strategic move towards becoming a "one-stop packaging solutions provider"

## Sustainability & Responsible Products

Sustainability considerations are increasingly embedded within the Group's product development and manufacturing processes. By focusing on resource efficiency, environmentally responsible materials, and sustainable production practices, the Group aims to minimise our environmental impact while delivering products that support long-term value for customers and stakeholders.



### Tiles & Associated Products

- Reduction in energy intensity and water consumption
- Increased recycling and reuse of process waste
- Solar energy utilisation and ongoing efficiency improvements



### Sanitaryware

- Adoption of sustainable manufacturing practices and resource optimisation
- Focus on environmentally responsible product design



### Aluminium

- Energy efficiency initiatives including reduced electricity and LPG consumption
- Development of durable, low-maintenance products supporting lifecycle sustainability
- Certifications including Green Label and environmental compliance standards



### Packaging

- Increased use of recycled materials and eco-friendly packaging solutions
- Carbon footprint reduction initiatives and verified emissions reporting
- Circular economy approach promoting reuse and recycling of packaging materials

## SUPPLIERS

*GRI: 204-1, 2-6*

Suppliers play a critical role in supporting the Rocell's operations, ensuring the consistent availability of raw materials, components, and services across tiles, sanitaryware, aluminium, and packaging businesses. The Group adopts a strategic approach to supplier management, focusing on building long-term partnerships that enhance supply continuity, operational efficiency, and overall value creation.

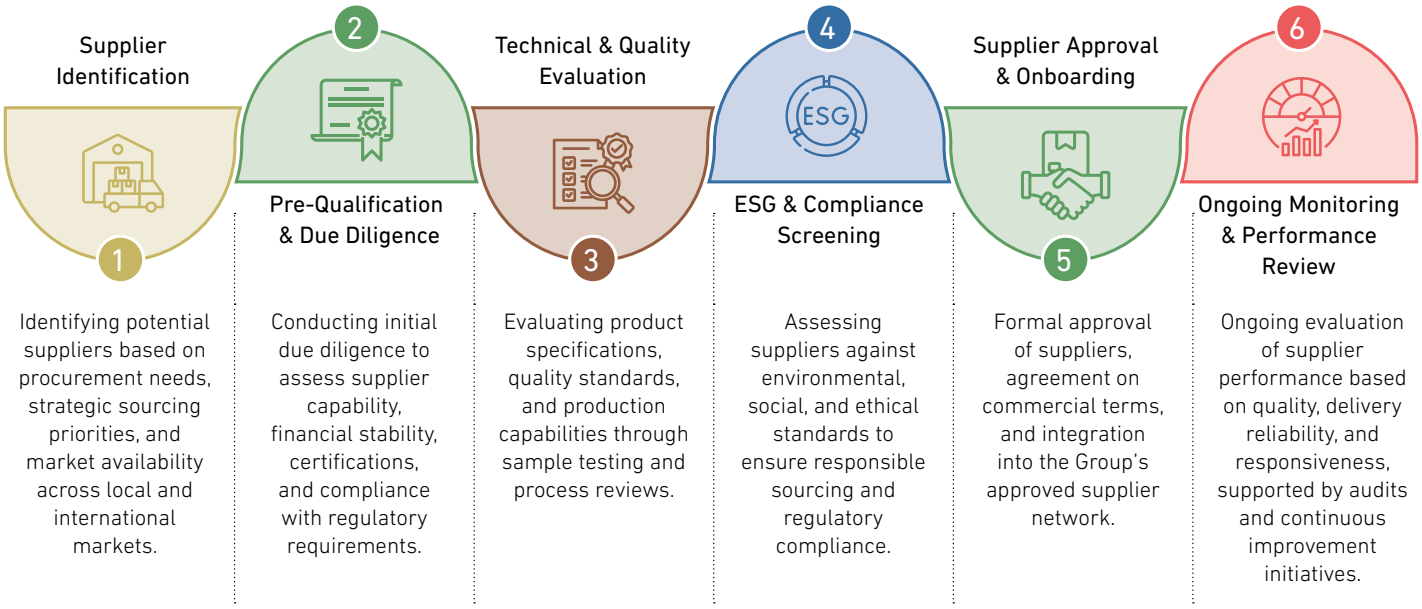
With a diversified supplier base comprising 3.189 local and 343 international suppliers, the Group maintains strong sourcing flexibility while supporting local industries and ensuring access to specialised global inputs. During the year, new suppliers were evaluated to strengthen supply resilience, while underperforming suppliers were phased out to maintain quality and reliability standards. Out of the total payments made to suppliers during the year, 67% were made to local suppliers

| | Tiles & Associated Products | Sanitaryware | Aluminium | Packaging | Other | Group |
|---|---|---|---|---|---|---|
| No.of local suppliers | 2,185 | 176 | 193 | 605 | 30 | 3,189 |
| No. of foreign suppliers | 163 | 51 | 85 | 44 | - | 343 |
| Payments made to local suppliers (Rs.Mn) | 28,841 | 3,039 | 1,785 | 4,693 | 60 | 38,418 |
| Payments made to foreign suppliers (Rs.Mn) | 7,066 | 2,019 | 5,495 | 3,971 | - | 18,551 |

# SOCIAL AND RELATIONSHIP CAPITAL

### Supplier Screening & Selection Process

The Group follows a structured and risk-based approach to supplier screening and selection, ensuring that all suppliers meet defined standards in quality, reliability, compliance, and sustainability. The process is designed to support operational continuity while fostering long-term, responsible partnerships across the supply chain.




### Strategic Sourcing & Partnerships

The Group adopts a structured sourcing approach focused on building long-term supplier relationships that enhance cost efficiency, quality consistency, and supply reliability across all business segments.

- Company wise centralised procurement initiatives (e.g., LPG) to achieve cost efficiencies
- Long-term partnerships with established suppliers ensuring consistent quality
- Bulk purchasing strategies to improve pricing and supply stability
- Ongoing evaluation of sourcing strategies to enhance value

### Supply Chain Resilience & Continuity

Ensuring uninterrupted operations remains a key priority, supported by proactive planning, strong supplier coordination, and risk mitigation strategies across the supply chain.

- No material supply disruptions reported during the year
- Proactive management of global freight volatility and extended lead times
- Close coordination with suppliers to maintain production continuity
- Maintenance of safety stock for critical raw materials

### Supplier Performance & Governance

The Group maintains a structured framework to monitor and evaluate supplier performance, ensuring alignment with quality, delivery, and operational requirements.

- Continuous monitoring based on delivery reliability, quality, and responsiveness
- Regular supplier evaluations and performance reviews
- Supplier audits conducted for critical suppliers
- Compliance screening covering quality, regulatory, and operational criteria

### Supplier Diversification & Risk Management





The Group continues to strengthen supply chain resilience by expanding the supplier base and reducing dependency on single-source procurement.

- Diversification of suppliers across India and South East Asia
- Development of alternative sourcing options for key materials
- Reduction of dependency risks through multi-supplier strategies
- Strengthening supply security for critical raw materials

### Sustainable & Ethical Sourcing

Sustainability and ethical practices are embedded within procurement processes, supporting responsible sourcing and long-term supply chain integrity.

- Procurement guided by ethical sourcing principles and governance standards
- No significant ESG-related breaches reported during the year
- Collaboration with suppliers to reduce waste and optimise material usage
- Ongoing focus on improving sustainability across the supply chain

### Inventory & Supply Chain Optimisation

The Group adopts a disciplined approach to inventory and supply chain management to support operational efficiency and responsiveness to market demand.

- Strategic inventory planning aligned with lead time variations
- Maintenance of safety stock levels for key materials
- Improved coordination between sales, production, and supply chain teams
- Optimisation of existing warehousing and storage capacity

## STRATEGIC PARTNERSHIPS AND INDUSTRY COLLABORATIONS

*GRI 2-28*

Rocell actively cultivates strategic partnerships and industry collaborations to strengthen our competitive positioning, enhance innovation capabilities, and expand Group's presence across local and international markets. Operating across multiple segments, the Group leverages these partnerships to access global expertise, improve technical capabilities, and deliver integrated solutions to customers.

These collaborations extend beyond commercial relationships, enabling knowledge sharing, product development, and industry advancement. By working closely with global brands, architects, developers, fabricators, and institutional partners, the Group continues to reinforce our position as a design-led, solutions-driven organisation within the construction and industrial ecosystem.

### Global Brand and Technology Partnerships

The Group collaborates with internationally recognised brands and technical partners to enhance product innovation, design capability, and quality standards across our portfolio.



**Tiles & Sanitaryware**

- Partnerships with global brands such as AXOR and Hansgrohe
- Collaboration with international designers to develop premium collections
- Adoption of global design trends and advanced product technologies



**Aluminium**

- Collaboration with international partners for hardware and accessory development
- Adoption of global architectural systems and façade technologies
- Development of proprietary systems aligned with modern construction needs



**Packaging**

- Engagement with international customers and partners across export markets
- Collaboration to meet global packaging standards and customer specifications
- Expansion into international markets including Africa and Europe

### Industry Engagement and Professional Collaboration

The Group actively engages with industry stakeholders to strengthen relationships, promote product awareness, and support industry development.



**Tiles & Sanitaryware**

- Ongoing collaboration with architects, interior designers, and developers
- Product awareness and engagement programmes to support specification and design adoption



**Aluminium**

- Conducted training programmes for fabricators, architects, and vocational institutions
- Participation in industry exhibitions such as Construct Exhibition and Architect Exhibition
- Strengthened engagement with developers and project stakeholders



**Packaging**

- Close engagement with key industry sectors including FMCG, tea, apparel, and exports
- Development of tailored solutions aligned with industry-specific requirements

# SOCIAL AND RELATIONSHIP CAPITAL

### Knowledge Sharing & Capability Development

*GRI 2- 28*

The Group contributes to industry knowledge and capability development through structured engagement and training initiatives.

» Technical training programmes for fabricators, architects, and industry professionals

» Collaboration with vocational training institutions to build industry skills

» Knowledge-sharing platforms supporting innovation and best practices

» Internal and external capability-building initiatives across business segments

The Group maintains active collaborations with leading professional and industry bodies, enabling us to contribute to the advancement of industry standards, promote sustainable practices, and foster innovation. Through these partnerships, the Group plays a proactive role in shaping industry development while creating platforms for knowledge sharing and professional engagement. This involvement also provides employees with opportunities to exchange expertise and stay aligned with evolving industry trends, reflecting the Group's commitment to continuous improvement and long-term sectoral growth.

The Group engages with several key institutions, including:

» The Institute of Chartered Accountants of Sri Lanka

» The Ceylon Chamber of Commerce

» The International 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)

## COMMUNITY

*GRI: 203-1, 203-2, 413-1*

We are committed to contributing positively to the communities in which the Group operates, recognising our role in supporting social development, economic progress, and environmental stewardship. Operating across multiple locations, the Group seeks to create shared value through responsible business practices, community engagement, and targeted social investment initiatives.

The Group's approach focuses on building long-term relationships with local communities while supporting initiatives that enhance livelihoods, promote well-being, and contribute to sustainable development.

### Community Development & Social Investment

The Group undertakes initiatives aimed at improving the quality of life within local communities, with a focus on long-term impact and inclusive growth.

» Community development programmes across operational locations

» Support for local infrastructure, education, and social initiatives

» Partnerships with local stakeholders and organisations

***Key Projects carried out during the year***

» Conducted Pirith chanting and alms giving programmes at Horana and Eheliyagoda facilities, fostering community engagement and cultural harmony

» Provided tile donations for community infrastructure development, including religious and social institutions

» Supported community events such as the Sri Pada Perahera, contributing to local engagement and social cohesion

» Celebrated World Children's Day, benefiting 190 school children through donations and engagement initiatives

» Extended financial relief to employees affected by Cyclone Ditwah, supporting recovery and rebuilding efforts

### Education & Skills Development

The Group contributes to the development within communities by supporting education and skills-building initiatives.

» Educational sponsorships, donations, or scholarship programmes

» Vocational training and technical skill development initiatives

» Industry knowledge-sharing programmes and awareness sessions

***Key Projects carried out during the year***

» Sponsored and conducted a rugby training camp for students across five schools, promoting youth development and sports engagement

» Provided financial assistance to 80 students (LKR 20,000 each) to support their education

» Conducted the Rocell Randaru programme, recognising academic achievements of employees' children

» Distributed school stationery and books to students across multiple communities, including flood-affected areas

» Facilitated factory visits for school and university students, enhancing practical exposure and industry awareness

### Livelihood Support & Economic Contribution

Through our operations and engagement initiatives, the Group supports local economic development and livelihood creation.

» Employment generation across regions of operation

» Support for local suppliers and small businesses

» Engagement with industry participants and informal sectors (e.g., fabricators)

***Key Projects carried out during the year***

» Distributed dry ration packs to flood-affected families across multiple regions, supporting basic livelihood needs during recovery

» Conducted Cyclone Ditwah relief programmes, providing essential food supplies to displaced families

» Supported low-income households through seasonal donation programmes, including Sinhala and Tamil New Year initiatives

» Extended community support through coordinated employee-driven donation programmes

**Health, Safety & Well-being of the community**

The Group supports initiatives that promote health, safety, and well-being within surrounding communities.

» Health camps, awareness programmes, or medical support initiatives

» Safety awareness campaigns relevant to local communities

» Support during emergencies or natural disasters

***Key Projects carried out during the year***

» Conducted a blood donation campaign with participation from employees and the public, with 120 donors contributing

» Organised a donation programme for pregnant mothers, providing essential items for newborn care in collaboration with the MOH Office

» Donated medical supplies to support healthcare institutions and emergency response efforts

» Improved healthcare infrastructure through initiatives such as hospital ward refurbishment

» Provided medical assistance and essential supplies to flood-affected communities

**Environmental Stewardship & Community Impact**

The Group engages in initiatives that support environmental sustainability within communities.

» Tree planting, waste management, and environmental awareness programmes

» Community-based sustainability initiatives linked to operations

» Promotion of resource conservation and responsible practices

***Key Projects carried out during the year***

» Conducted tree planting programmes in collaboration with local authorities, contributing over 140 plants and raising environmental awareness among students

» Participated in community Shramadana campaigns, promoting environmental cleanliness and collective responsibility

» Engaged local communities in environmental awareness and sustainability focused activities

## OUTLOOK

Strong and enduring relationships remain fundamental to the Group's ability to create sustainable value. As the business continues to evolve, focus will be placed on deepening engagement with customers, suppliers, communities, and other key stakeholders through greater collaboration, transparency, and shared value creation. The Group will continue to enhance customer experience through service excellence, innovation, and digital engagement, while strengthening responsible sourcing practices and strategic supplier partnerships. Community development initiatives will also remain an important priority, supporting the social and economic well-being of communities connected to our operations. By fostering trust-based relationships and delivering consistent value across the value chain, the Group aims to further strengthen our brand reputation, expand our market presence, and reinforce Group's position as a trusted partner in the industries we operate in.

# NATURAL CAPITAL

*SASB EM-CM-160a.1*



**Natural capital represents the Rocell's use of environmental resources and our responsibility to minimise the ecological impact of operations across Tiles and Associated Products, Sanitaryware, Aluminium, and Packaging businesses. Given the resource-intensive nature of manufacturing processes, the Group places strong emphasis on the efficient use of energy, water, and raw materials, while reducing emissions and waste.**

**The Group adopts a structured approach to environmental management, supported by certified systems, continuous monitoring, and targeted initiatives aimed at improving resource efficiency and environmental performance. Through investments in sustainable technologies, process optimisation, and responsible sourcing, the Group seeks to balance operational growth with environmental stewardship.**

| Total Energy consumption | Material Consumption | Recycled Material Used | Total Water Consumption |
|---|---|---|---|
| **1,657,172 GJ** | **369,777 MT** | **19,623 MT** | **422 megaliters** |

## HIGHLIGHTS

### Resource Efficiency

- Yield improvements and rejection reduction initiatives
- Optimised material utilisation across manufacturing processes
- Strong internal reuse of process waste

### Energy & Emissions

- Reduction in energy intensity across operations
- Kiln and drying optimisation initiatives
- Waste heat recovery and solar energy initiatives

### Water Stewardship

- Significant reduction in water intensity
- Increased water recycling across operations
- Wastewater treatment and reuse systems in place

### Circularity & Waste

- Extensive reuse of tile and sanitaryware waste
- Recycling of packaging materials through authorised vendors
- Conversion of sludge and process waste into usable inputs



### MANAGEMENT APPROACH

The Rocell Group adopts a structured and integrated approach to managing natural capital, recognising the importance of environmental stewardship in sustaining long-term business performance. Given the resource-intensive nature of our manufacturing operations across all business segments, the Group places strong emphasis on the responsible use of natural resources, minimisation of environmental impact, and continuous improvement in environmental performance.

Environmental management is guided by established policies, regulatory compliance requirements, and internationally recognised standards, including ISO 14001, with oversight embedded within operational and management processes. The Group continuously monitors key environmental parameters such as material consumption, energy use, water utilisation, emissions, and waste generation, enabling data-driven decision-making and performance improvements.

A key focus area is enhancing resource efficiency through process optimisation, yield improvement, and the adoption of cleaner technologies. Initiatives such as energy-efficient machinery, renewable energy integration, water recycling systems, and waste reuse practices are implemented across operations to reduce resource intensity and environmental footprint.

The Group also adopts a proactive approach to managing environmental risks, including raw material scarcity, energy cost volatility, and evolving regulatory requirements. These risks are mitigated through supplier diversification, process innovation, and continuous monitoring of environmental performance indicators.

Through this structured approach, the Group seeks to balance operational efficiency with environmental responsibility, ensuring compliance with applicable regulations while contributing to sustainable development and long-term value creation.

**ENVIRONMENTAL MANAGEMENT IS GUIDED BY ESTABLISHED POLICIES, REGULATORY COMPLIANCE REQUIREMENTS, AND INTERNATIONALLY RECOGNISED STANDARDS, INCLUDING ISO 14001, WITH OVERSIGHT EMBEDDED WITHIN OPERATIONAL AND MANAGEMENT PROCESSES.**

# NATURAL CAPITAL

### Group's Monetised Natural Capital

The Group maintains a substantial land portfolio comprising mining lands and other freehold properties that support our manufacturing, showroom, and warehousing operations. Notably, the Group owns over 168 acres of mining land, which is integral to the sustainability of our core operations. This land base enables the Group to meet a portion of Group's in-house clay requirements, ensuring supply stability and reducing reliance on external sources. By securing access to these critical resources, the Group enhances supply chain reliability, supports operational continuity, and strengthens our resilience against potential disruptions.

## MATERIAL MANAGEMENT

*GRI: 301-1*

Materials represent a key component of Group's natural capital, given the resource-intensive nature of our manufacturing operations across tiles, sanitaryware, aluminium, and packaging. The Group relies on a combination of locally sourced and imported raw materials, including ball clay, feldspar, silica sand, chemicals, aluminium billets, coatings, and paper-based inputs, to support production processes.

The Group adopts a structured approach to material management, focusing on efficient utilisation, responsible sourcing, and waste minimisation. Continuous efforts are made to optimise raw material consumption, improve yield, and incorporate recycled inputs into production, thereby reducing environmental impact while maintaining product quality and performance.

***Non-renewable Material Usage by sector (MT)***

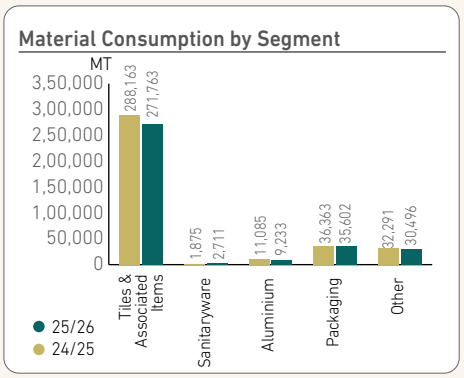
| Sector | 2025/26 | 2024/25 | % |
|---|---|---|---|
| Tiles & Associated Products | 288,163 | 271,763 | 6% |
| Sanitaryware | 1,875 | 2,711 | -31% |
| Aluminium | 11,085 | 9,233 | 20% |
| Packaging | 119 | 107 | 11% |
| Other | 36,363 | 35,602 | 2% |

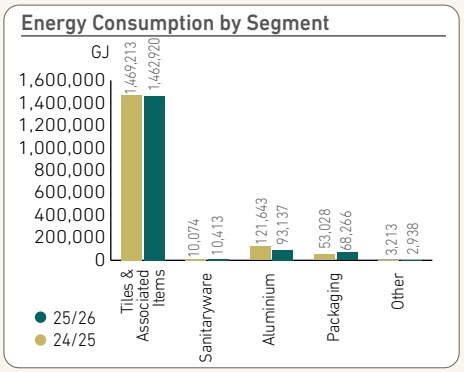
*Non-renewable material usage for 2024/25 has been restated to reflect a change in the group material categorisation methodology*

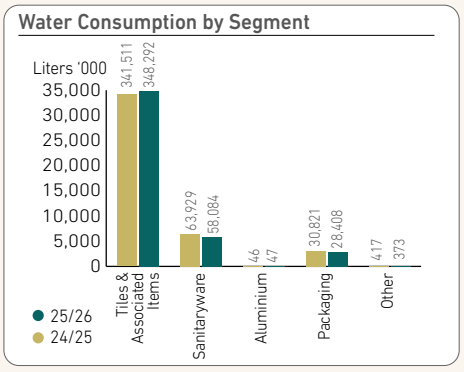


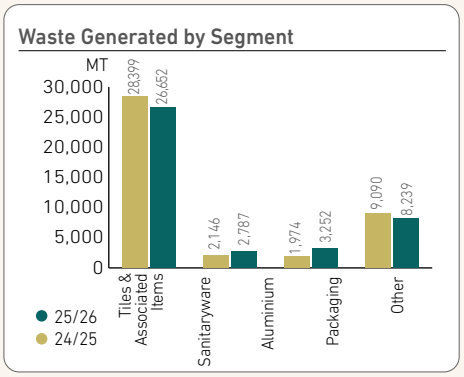
*Tree planting at Bathware Factory*

## SEGMENTAL ANALYSIS OF NATURAL CAPITAL





Material Sourcing and Consumption



Resource Efficiency & Yield Optimisation



Recycling & Circular Material Use



Material Innovation & Substitution

***Material Sourcing and Consumption***

The Group sources a diverse range of raw materials through a combination of local and international suppliers to ensure quality, consistency, and supply continuity.

» Use of key materials such as ball clay, feldspar, silica sand, glaze chemicals, aluminium billets, and paper-based inputs

» Combination of local sourcing and imported materials, particularly for specialised inputs

» Supplier diversification strategies to ensure material availability and reduce dependency risks

» Continuous monitoring of material consumption to improve efficiency

***Resource Efficiency & Yield Optimisation***

The Group places strong emphasis on improving material efficiency through process optimisation and yield enhancement initiatives.

» Yield improvements achieved across manufacturing operations

» Reduction in rejection rates and process losses through quality improvement initiatives

» Optimisation of body and glaze formulations to enhance material utilisation

» Alignment of production processes to minimise raw material wastage

***Recycling & Circular Material Use***

*GRI: 301-2*

The Group actively promotes circular economy practices by reusing and recycling materials within our operations.

» Reuse of green tile waste, squiring waste, and polishing waste in production processes

» Recycling of bathware waste and scrap materials into body preparation

» Reuse of treated wastewater sludge in manufacturing inputs

» Use of recycled paper materials within packaging operations

***Material Innovation & Substitution***

The Group continues to explore opportunities to enhance material efficiency through innovation and substitution.

» Development of alternative raw material formulations to improve cost and sustainability

» Use of low-cost and substitute materials while maintaining product quality

» Continuous R&D to improve durability, performance, and resource efficiency

» Integration of recycled and secondary materials into production processes

## ENERGY MANAGEMENT

Energy is a critical component of the Group's operations, particularly within the manufacturing processes across all business segments. Given the energy-intensive nature of kiln firing, extrusion, and processing activities, the Group places strong emphasis on optimising energy consumption, improving efficiency, and reducing reliance on non-renewable energy sources.

The Group adopts a proactive approach to energy management through continuous monitoring, process optimisation, and investments in energy-efficient technologies. These efforts are aimed at reducing energy intensity, managing cost pressures arising from energy price volatility, and minimising environmental impact.

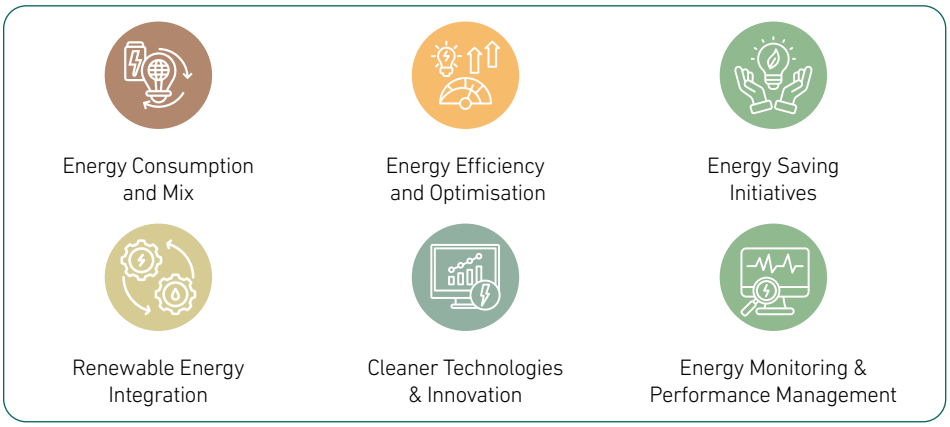
**OVER 90% REUSE OF BODY AND GLAZE SCRAP MATERIALS IN SANITARYWARE OPERATIONS**

***Material Consumption by Type (MT)***

| Material Type | 2025/26 | 2024/25 |
|---|---|---|
| **Non - Renewable** | | |
| Ball Clay | 82,920 | 80,448 |
| Billet | 10,303 | 8,413 |
| Chemicals | 2,880 | 2,554 |
| Dolomite | 5,186 | 4,940 |
| Feldspar A | 86,678 | 82,358 |
| Feldspar Potassium | 71,200 | 68,599 |
| Frit | 2,961 | 2,764 |
| Grey Cement | 27,751 | 20,031 |
| Ink | 147 | 130 |
| Kaolin | 22,714 | 20,753 |
| Powder | 149 | 105 |
| Silica Sand Dark | 23,534 | 27,359 |
| White Cement | 1,182 | 962 |
| **Renewable** | | |
| Cornstarch | 575 | 866 |
| Paper | 31,597 | 29,523 |
| Total | 369,777 | 349,805 |

*Material consumption for 2024/25 has been restated to reflect a change in the group material categorisation methodology*

# NATURAL CAPITAL




***Energy Intensity by Sector***

*GRI: 302-3*

| Sector | | 25/26 | 24/25 | % |
|---|---|---|---|---|
| Tiles & Associated Products | GJ/SQM | 0.12 | 0.13 | -7% |
| Sanitaryware | GJ/PCs | 0.07 | 0.09 | -23% |
| Aluminium | GJ/MT | 17.40 | 13.80 | 26% |
| Packaging | GJ/MT | 1.67 | 2.31 | -28% |
| Other | GJ/MT | 0.09 | 0.09 | -5% |

***Energy Consumption by Type (GJ)***

*GRI: GRI: 302-1, 302-4 SASB EM-CM-130a.1,EM-IS-130a.1,EM-IS-130a.2,RT-CP-130a.1*

| Energy Source | 2025/26 | 2024/25 |
|---|---|---|
| **Non Renewable** | | |
| LPG | 1,236,691 | 1,236,473 |
| Diesel | 25,305 | 26,545 |
| Petrol | 8 | 4 |
| Furnace Oil | 16,801 | 18,291 |
| Kerosene | 16,019 | 14,237 |
| Purchased Electricity (From CEB) | 307,159 | 274,993 |
| **Renewable** | | |
| Solar Power | 11,812 | 13,239 |
| Firewood/Bio Mass | 43,376 | 53,892 |
| **Total Energy consumption** | 1,657,172 | 1,637,675 |

Energy consumption for 2024/25 has been restated to reflect an updating of conversion factors to GJ



*Tree palntation at Horana Factory.*

***Energy Consumption and Mix***

The Group utilises a combination of energy sources across operations, including thermal and electrical energy, to support manufacturing and ancillary processes.

- Primary energy sources include LPG, electricity, kerosene, and other fuels
- High energy usage in kiln firing, drying, and extrusion processes
- Continuous monitoring of energy consumption across plants
- Alignment of energy usage with production planning and operational demand

***Energy Efficiency and Optimisation***

Improving energy efficiency remains a key priority, supported by targeted process improvements and operational controls.

- Optimisation of kiln parameters and firing cycles to reduce fuel consumption
- Improvements in drying processes and thermal efficiency
- Reduction in energy intensity across manufacturing operations

**ENERGY OPTIMISATION**

- Optimisation in LPG consumption in kilns and dryers
- Energy optimisation across spray dryer and vertical dryers
- Reduction in electricity consumption in polishing plant

***Energy Saving Initiatives***

The Group implements targeted energy-saving initiatives across all manufacturing operations, focusing on process optimisation and improved operational efficiency in energy-intensive areas. These initiatives are designed to reduce overall energy consumption while maintaining production performance and product quality.

- Implementation of multiple energy reduction projects across key processes, including kilns, dryers, and spray dryers

» Reduction of electricity and fuel consumption through process optimisation and equipment-level improvements

» Optimisation of kiln parameters and drying processes to enhance thermal efficiency and reduce energy losses

» Continuous improvement initiatives aimed at minimising energy wastage across production lines

» From the total energy consumed 3% sourced from renewable energy, 75% from LPG and 19% sourced from grid electricity

***Renewable Energy Integration***

The Group has initiated the use of renewable energy across selected operations, primarily through solar power installations supporting manufacturing and ancillary processes. These initiatives contribute to reducing reliance on conventional energy sources while supporting cost efficiency and environmental performance.

» Ongoing efforts to expand renewable energy applications where operationally feasible

» Evaluation of opportunities to enhance renewable energy contribution over the long term

***Cleaner Technologies & Innovation***

Investments in cleaner technologies support long-term energy efficiency and environmental performance.

» Evaluation and implementation of waste heat recovery systems

» Installation of energy-efficient machinery and equipment

» Continuous upgrades to improve thermal efficiency and reduce emissions

***Energy Monitoring & Performance Management***

During the year the energy consumption has been increased due to increase of production volumes while the group was able to reduce energy intensity of the sectors considerably.

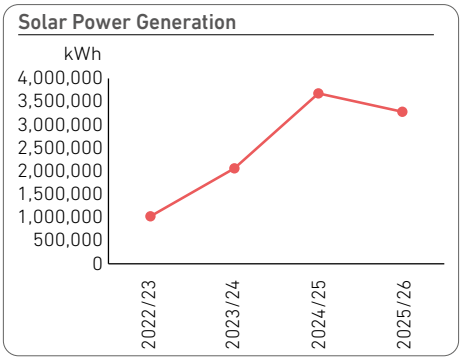
The Group maintains structured monitoring and performance management practices to track energy usage and support continuous improvement across operations. Energy consumption is closely monitored at process level, enabling the identification of optimisation opportunities and supporting more efficient resource utilisation.

» Continuous monitoring of energy consumption across key production processes, including kilns and drying operations

» Use of performance indicators such as energy intensity per unit of output to track efficiency improvements

» Data-driven optimisation of processes, including kiln parameter adjustments and production monitoring enhancements

» Implementation of targeted energy reduction initiatives based on performance insights and operational data




**DURING THE YEAR WASTE HEAT RECOVERY SYSTEM WAS IMPLEMENTED AT HORANA PLANT TO IMPROVE ENERGY UTILISATION**



*Solar Pannel installed at Swisstek Aluminium Factory roof.*



# NATURAL CAPITAL

## WATER MANAGEMENT

*GRI: 303-1*

Water is a critical resource in the Group's manufacturing processes, particularly across tiles and sanitaryware operations where it is used extensively in production, finishing, and cleaning activities. The Group recognises the importance of responsible water management and is committed to minimising water consumption, enhancing recycling, and reducing environmental impact.

A structured approach is adopted to optimise water usage through process improvements, recycling systems, and continuous monitoring, enabling the Group to improve efficiency while maintaining operational performance. The Group's water consumption is equivalent to its total water withdrawal.




***Water consumption By Sector (megaliters)***

*GRI: 303-5, SASB EM-CM-140a.1,EM-IS-140a.1,RT-CP-140a.1*

| Sector | 2025/26 | 2024/25 |
|---|---|---|
| Aluminium | 0.046 | 0.047 |
| Other | 0.417 | 0.373 |
| Packaging | 31 | 28 |
| Sanitaryware | 64 | 58 |
| Tiles & Associated Items | 327 | 326 |
| **Total Water consumption** | **422** | **412** |

*Water consumption for 2024/25 has been restated to reflect a change in the group water source categorisation methodology*

### Water Consumption & Efficiency

The Group continuously monitors and optimises water usage across manufacturing processes, with a focus on reducing water intensity.

» Water usage aligned with production planning and operational requirements

» Ongoing process optimisation to minimise water consumption per unit of output

***Water withdrawal by source (megaliters)*** *GRI 303-3*

| Type | 2025/26 | 2024/25 | % |
|---|---|---|---|
| Ground Water | 266 | 282 | -6% |
| Municipal Water Supply | 55 | 49 | 13% |
| Surface Water - River, Lakes, Wetlands | 101 | 81 | 25% |
| Third Party Supply | 0.35 | 0.42 | -16% |
| **Total Water withdrawal** | 422 | 412 | 2.4% |

*2.4Water withdrawal for 2024/25 has been restated to reflect a change in the group water source categorisation methodology*

**WASTE HEAT RECOVERY SYSTEM UNDER IMPLEMENTATION AT EHELIYAGODA PLANT**



### *Water Recycling & Reuse*

*GRI: 303-2, 303-4, 303-5*

The Group actively promotes water recycling within all operations to reduce reliance on freshwater resources.

- Recycling systems implemented in production processes, including polishing operations
- Reuse of treated water within manufacturing activities

### *Wastewater Treatment & Reuse*

Wastewater generated from operations is treated and reused to support operational efficiency and environmental compliance.

- Use of filter press systems and wastewater treatment processes
- Operation of sewage treatment plants (STP) within facilities
- Treated wastewater reused for operational processes such as ball mill loading

### *Process Improvements & Water Optimisation*

Water efficiency is enhanced through targeted process improvements and operational controls.

- Process optimisation initiatives contributing to reduced water consumption
- Improved production practices to minimise process-related water losses
- Integration of water efficiency into overall manufacturing optimisation efforts

### *Water Stewardship & Conservation*

*SASB RT-CP-140a.2*

The Group supports responsible water management through conservation initiatives and sustainable practices.

- Implementation of rainwater harvesting and conservation practices
- Responsible water use aligned with environmental compliance requirements
- Continuous focus on improving sustainable water management practices

***Water discharge by Destination (megaliter)***

*GRI 303 - 4*

| Type | 2025/26 | 2024/25 | % |
|---|---|---|---|
| Municipality sewerage, drainage lines | 5 | 8 | -43% |
| Other | 6 | 24 | -75% |
| Recycled through Effluent treatment | 305 | 75 | 308% |
| To ground through soakage pits | 28 | 23 | 23% |
| To rivers, lakes, wetlands | 41 | 47 | -14% |
| **Total Water Discharge** | 384 | 177 | 117% |

*Water discharge for 2024/25 has been restated to reflect a change in the data collection source*

## WASTE MANAGEMENT

*GRI: 306 -1, 306 -2*

Waste generation is an inherent aspect of the Group's manufacturing processes, particularly across tiles and sanitaryware operations. The Group adopts a structured approach to waste management, focusing on minimisation, reuse, recycling, and responsible disposal. By integrating circular practices into our operations, the Group seeks to reduce environmental impact while improving resource efficiency and cost optimisation.




### Waste Reduction & Process Efficiency

The Group prioritises waste minimisation through process optimisation and improved operational controls.

- Reduction in rejection rates and process losses through quality improvement initiatives
- Yield improvement initiatives contributing to lower material waste generation
- Continuous process optimisation to minimise defects and rework

### Waste Reuse & Circularity

A significant portion of process waste is reused within operations, supporting circular material flows and reducing disposal requirements.

- Reuse of green tile waste, polishing waste, and process scrap in production
- Reuse of sanitaryware body and glaze scrap materials
- Internal reuse of process waste across tile manufacturing processes

# NATURAL CAPITAL

***Waste Treatment & by-product Utilisation***

Waste materials are treated and repurposed where possible to reduce environmental impact.

» Use of sludge waste in alternative applications such as brick production

» Treatment of wastewater sludge through filter press systems

» Conversion of waste materials into usable inputs within production processes

***Recycling & External Recovery***

The Group ensures that recyclable materials are segregated and directed to authorised recycling channels.

» Recycling of materials such as cardboard, polythene, and paper-based waste

» Sale of recyclable waste to authorised vendors

» Use of recycled paper inputs within packaging operations

***Responsible Waste Management***

*SASB EM-CM-150a.1,EM-IS-150a.1,RT-CP-150a.1*

The Group maintains responsible waste handling practices to ensure compliance with environmental standards.

» Segregation of waste at source to improve recycling and reuse efficiency

» Safe handling and disposal of non-recyclable waste

» Compliance with environmental regulations and standards

## OVER 90% OF BODY AND GLAZE SCRAP REUSED IN SANITARYWARE OPERATIONS







***Waste generated by method of disposal (MT)***

*GRI:306-2, 306-3,306-4, 306-5 SASB EM-CM-150a.1,EM-IS-150a.1,RT-CP-150a.1*

| Disposal method | 2025/26 | 2024/25 |
|---|---|---|
| **Hazardous** | | |
| Incineration | 59 | 58 |
| **Non-Hazardous** | | |
| Land-fill | 16,712 | 16,757 |
| On-site storage | 9,090 | 8,689 |
| Recycling | 6,071 | 8,377 |
| Reuse | 9,677 | 7,049 |
| Grand Total | 41,609 | 40,930 |
| | | |
| % of Hazardous Waste | 0.142% | 0.142% |
| % of recycled Waste | 15% | 20% |
| % of reused Waste | 23% | 17% |

*Waste generation for 2024/25 has been restated to reflect a change in the data collection source*

### HAZARDOUS WASTE

» Sent to cement manufacturing factories.

» Volume generated during the year was 59 MT

### WASTE REUSE

» Reused in manufacturing or sold.

» Amount reused during the year was 9,677 MT.

### RECYCLED WASTE

» Used for animal feed after segregation.

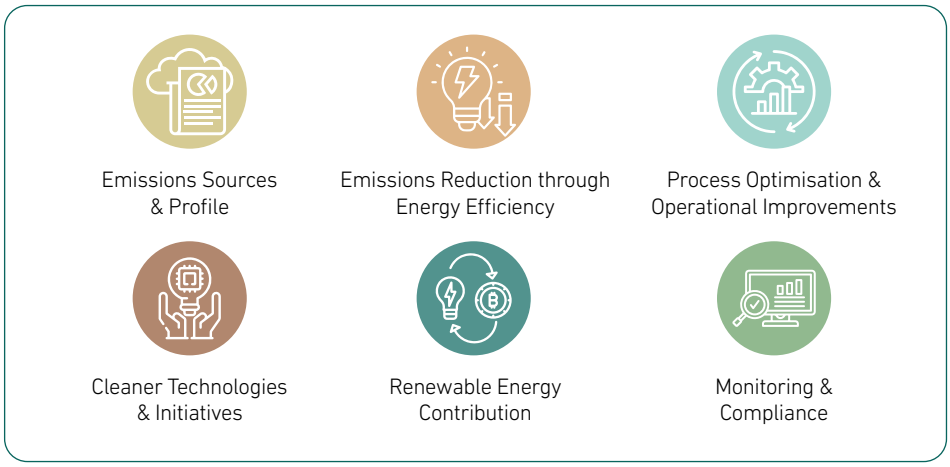
» Amount disposed during the year was 6,071 MT.

## EMISSION MANAGEMENT

*GRI: 305, SASB EM-CM-110a.2, EM-IS-110a.2, RT-CP-110a.2*

The Group recognises that our manufacturing operations, particularly kiln firing, drying processes, and fuel consumption, contribute to greenhouse gas (GHG) emissions. As part of our commitment to environmental responsibility, the Group focuses on reducing emissions intensity through energy efficiency, process optimisation, and the adoption of cleaner technologies.

Given the close link between energy consumption and emissions, the Group's approach to emissions management is primarily driven through initiatives aimed at improving energy efficiency and reducing reliance on high-emission energy sources.




### Emissions Sources & Profile

*GRI: 305-1, 305-2, 305-4,305-5, SASB EM-CM-110a.1,EM-IS-110a.1,RT-CP-110a.1*

The Group's emissions are primarily generated from fuel and electricity consumption across our manufacturing operations.

- Emissions arising from LPG, kerosene, and electricity usage in production processes
- High emission intensity linked to kiln firing, drying, and extrusion operations
- Indirect emissions associated with purchased electricity

### Emissions Reduction through Energy Efficiency

The Group focuses on reducing emissions intensity by improving energy efficiency across operations.

- Optimisation of kiln parameters and production processes to reduce fuel consumption
- Reduction in energy intensity contributing to lower emissions per unit of output
- Continuous process improvements to enhance thermal efficiency
- 0% of the gross Scope 1 emissions are covered under emissions- limiting regulations

| Emissions | 2025/26 | 2024/25 | % |
|---|---|---|---|
| Gross direct (Scope 1) GHG emissions tCO2e | 82,476 | 82,525 | -0.06% |
| Energy indirect (Scope 2) GHG emissions tCO2e | 41,673 | 41,416 | 0.62% |
| Emission intensity (Scope 1 & 2) per revenue Rs Mn | 1.80 | 2.04 | -12% |

*Refer to Transitional Reliefs in SLFRS S1, S2 disclosure report.*

### Process Optimisation & Operational Improvements

Process-level interventions play a key role in reducing emissions across manufacturing operations.

- Improvements in kiln cycles and drying processes to reduce energy usage
- Enhanced production monitoring and process control
- Reduction in process losses and inefficiencies contributing to lower emissions

### Cleaner Technologies & Initiatives

The Group continues to invest in technologies that support improved energy utilisation and lower emissions.

- Implementation of waste heat recovery systems to improve thermal efficiency
- Introduction of energy-efficient machinery and equipment
- Evaluation of further technologies to reduce emissions intensity

### Renewable Energy Contribution

Renewable energy initiatives contribute to reducing the Group's overall emissions footprint.

- Use of solar energy in selected operations
- Ongoing efforts to expand renewable energy applications
- Reduction in dependence on conventional energy sources over time

### Monitoring & Compliance

The Group maintains monitoring practices to track emissions-related performance and ensure regulatory compliance.

- Monitoring of energy consumption as a proxy for emissions performance
- Annual environmental and emissions testing to ensure compliance with regulations
- Continuous evaluation of environmental performance indicators

# NATURAL CAPITAL

**Emission Target Setting and Roadmap Development**

With the adoption of SLFRS S1 and SLFRS S2 across the Group, a long-term emissions target of achieving carbon neutrality by 2050 has been formally established, providing strategic direction for the Group's decarbonisation journey.

During the year under review, the Group initiated efforts to enhance the accuracy, consistency, and reliability of its carbon footprint assessment. As a first step, the focus was placed on Scope 1 and Scope 2 emissions, laying the foundation for establishing a robust baseline to support future target setting and performance monitoring.

Building on this, the Group plans to progressively implement a structured target-setting framework, including plant-level, company-level, and Group-level emission targets. This phased approach will enable the effective management of short- and medium-term emission reduction goals aligned with the carbon neutrality overarching ambition.

In parallel, recognising the growing importance of value chain emissions, the Group intends to undertake a dedicated initiative in the coming year to strengthen Scope 3 data collection. This will involve expanding data sources and improving data reliability, thereby supporting more comprehensive emissions reporting and informing future reduction strategies.





*New ball mill - Horana Factory*

*RT-CP-140a.3*

## ENVIRONMENTAL COMPLIANCE & ASSURANCE

**The Group maintains a strong commitment to environmental compliance, ensuring that all operations are conducted in accordance with applicable laws, regulations, and industry standards. Compliance is embedded within operational processes across all manufacturing locations, supported by regular monitoring, internal controls, and external certifications.**

### Regulatory Compliance

- Adherence to all applicable environmental laws and regulations
- Compliance with requirements set by Central Environmental Authority (CEA) and relevant regulatory bodies
- Maintenance of required environmental licenses and permits across all operations

### Certifications & Standards

- Alignment with internationally recognised standards such as ISO 14001 (Environmental Management Systems)
- Compliance with product-related environmental certifications
- Continuous improvement of environmental management systems

### Compliance Performance

- Zero significant environmental fines or penalties during the year
- Timely submission of all regulatory reports
- Strong compliance track record across operations

### Environmental Monitoring & Testing

- Regular monitoring of air emissions, effluents, and workplace environmental conditions
- Periodic testing conducted through internal and external assessments
- Corrective actions implemented where required

### Governance & Oversight

- Environmental performance monitored at operational and management levels
- Integration of environmental compliance into risk management and internal audit processes
- Oversight supported through structured reporting and review mechanisms



## OUTLOOK

As environmental expectations continue to evolve, the Group remains committed to strengthening the resilience and sustainability of our operations through responsible resource management and continuous environmental improvement. Priority will be placed on enhancing energy, water, and material efficiency, reducing waste generation, and increasing resource recovery across the value chain. The Group will continue to explore opportunities to expand renewable energy adoption, implement cleaner technologies, and embed circular economy principles within our manufacturing processes. Through these efforts, the Group aims to progressively reduce the environmental footprint while supporting long-term operational sustainability, climate resilience, and responsible stewardship of natural resources.

Given below is a list of environmental compliance related certifications we complied with in 2025/26.

| Certification | Tiles & Associated Products | Sanitaryware | Aluminium | Packaging |
|---|---|---|---|---|
| ISO 9001 : 2015 | ✓ | ✓ | ✓ | ✓ |
| ISO 14001 : 2015 | ✓ | ✓ | ✓ | ✓ |
| ISO 45001 : 2018 | ✓ | | | |
| SLS 1181:2019 | ✓ | | | |
| SLS 1410:2011 | | | ✓ | |
| CE Product Certificate | ✓ | | | |
| Green Labelled Certificate | ✓ | ✓ | ✓ | |
| Qualicoate Certificate | | | ✓ | |
| Water Mark Certificate | | ✓ | | |
| WRAP | | | | ✓ |
| ISO 14064-1 | | | | ✓ |
| FSSC 22000 | | | | ✓ |
| Jotun approved applicator certificate | | | ✓ | |



*New Kiln Machine - Horana Factory*

# INTELLECTUAL CAPITAL



**Intellectual capital represents the knowledge-based assets that enable the Rocell to drive innovation, enhance product development, and maintain our competitive advantage across all business segments. These assets include technical expertise, product design capabilities, proprietary processes, digital systems, and organisational know-how developed over years of operational excellence.**

The Group places strong emphasis on leveraging innovation, technology, and continuous improvement to enhance product quality, optimise processes, and respond to evolving market trends. This includes the development of new product formats, adoption of advanced manufacturing technologies, and integration of digital systems to support decision-making and operational efficiency.

By strengthening our intellectual capital, the Group is able to deliver differentiated, value-added solutions, improve productivity, and support long-term sustainable growth, while reinforcing our position as a leading player within the construction and industrial sectors.

**97%**
Customer satisfaction score

Introduced **424**
New designs & products

**3** Showroom expansions

**Rs 53 Mn**
Investment in R&D

## HIGHLIGHTS

### Innovation

- Continuous development of new product ranges across Tiles and Associated products, Sanitaryware, Aluminium, and Packaging segments
- Collaboration with international designers and technical partners to strengthen product differentiation
- Rs. 275 Mn was invested in advanced offset printing technology to enhance product innovation and deliver value-added solutions in the packaging sector.

### Technology

- Rs. 22 Mn invested in IT infrastructure and digital transformation initiatives
- Implementation of Oracle Process Manufacture (OPM) at Rocell Bathware Ltd.
- Deployment of digital platforms supporting production planning and operational control

### Process Excellence

- Achieved 84% manufacturing yield at Lanka Walltiles plant, reflecting strong process optimisation
- Reduction in rejection rates and improved operational efficiency across manufacturing operations
- Energy intensity reduced to 24.06 GJ/Rs Mn through process improvements

### Knowledge

- Delivered over 43,843 training hours across the Group
- Strengthened organisational capability through continuous learning and knowledge sharing
- Promotion of cross-functional collaboration and employee-driven innovation



Intellectual capital represents the knowledge-based assets that enable Rocell to drive innovation, enhance product development, and maintain our competitive advantage across the Tiles and Associated Products, Sanitaryware, Aluminium, and Packaging businesses. These assets include technical expertise, product design capabilities, proprietary processes, digital systems, and organisational know-how developed over years of operational excellence.

The Group continues to strengthen our intellectual capital through innovation, technology adoption, and process improvements, enabling the delivery of differentiated, value-added solutions while enhancing operational efficiency and responsiveness to market demands.

Rocell
Eternal Elegance

LANKATILES
Fine Living Redefined

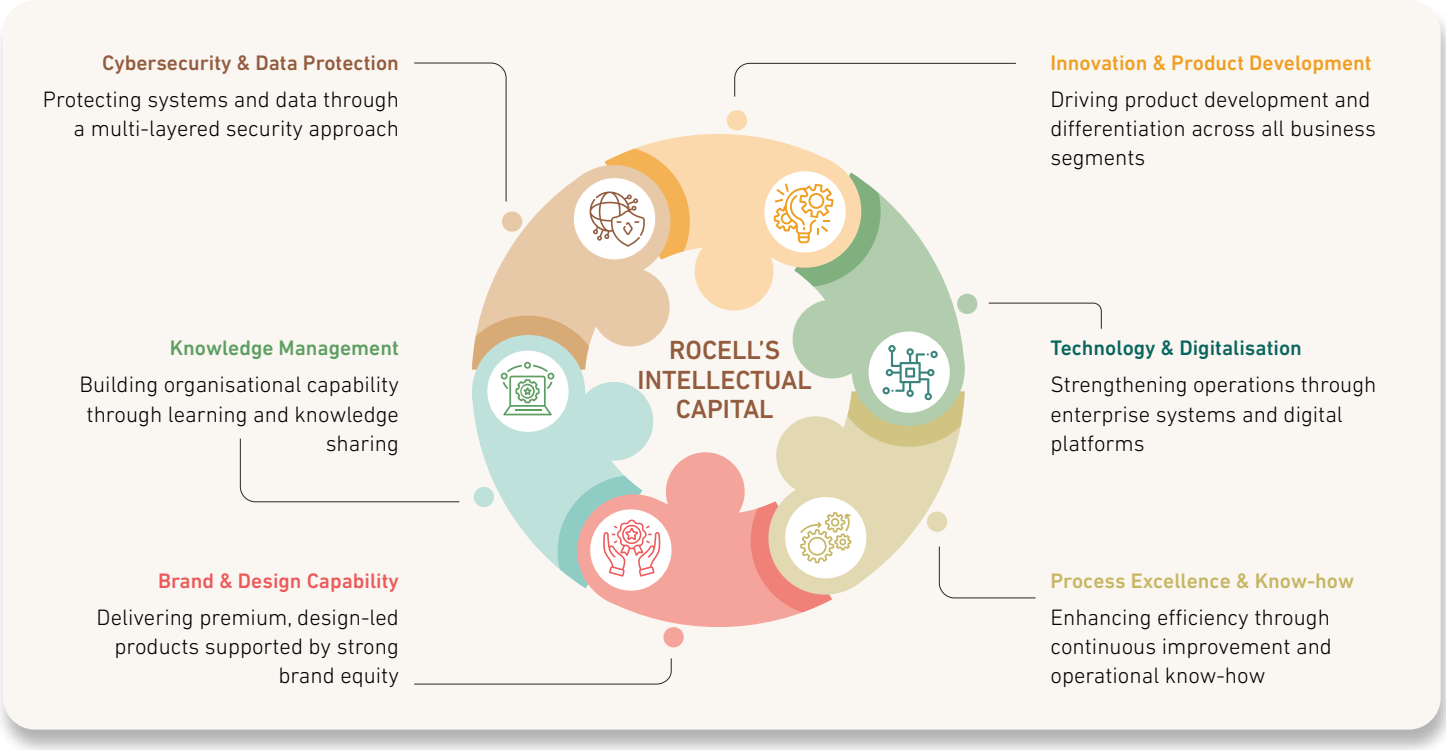
ROCELL
BATHWARE

UNIDIL
THE LEADER IN PACKAGING

SWISSTEK
SWISSTEK (CEYLON) PLC

SWISSTEK
ALUMINIUM
FOR THE PERFECT FINISH

# INTELLECTUAL CAPITAL




## INNOVATION & PRODUCT DEVELOPMENT

Innovation across the Group is driven by continuous product development, design enhancement, and the introduction of value-added solutions tailored to evolving customer needs and market trends. The Group leverages our technical expertise, market insights, and design capabilities to develop differentiated products that enhance functionality, aesthetics, and performance across all business segments.

### Tiles & Associated Products and Sanitaryware

- Ongoing introduction of new product ranges, formats, and finishes aligned with global architectural and interior design trends
- Continuous enhancement of product quality, durability, and surface technologies to meet evolving customer expectations
- Collaboration with international designers and technical partners to elevate product aesthetics and innovation

### Aluminium

- Development of engineered aluminium systems, including slimline profiles and proprietary architectural solutions
- Expansion of value-added offerings such as customised façade systems and specialised applications supporting modern construction requirements
- Continuous refinement of product performance to meet structural, safety, and design standards

### Packaging

- Expansion of customised packaging solutions catering to diverse industries including FMCG, tea, and export sectors
- Development of value-added products to enhance functionality, branding, and customer-specific requirements
- Investment in advanced printing and finishing capabilities, including Rs. 275 Mn in offset printing technology, to support product differentiation and premium offerings.

## TECHNOLOGY & DIGITALISATION

The Group continues to strengthen our digital capabilities through the adoption of modern technologies and enterprise systems, enabling enhanced operational efficiency, improved decision-making, and greater integration across our business segments. Digitalisation plays a critical role in supporting production, supply chain management, and customer engagement, while enabling data-driven insights across operations.

- Implementation and continuous enhancement of enterprise resource planning (ERP) systems, including Oracle EBS and SAP HANA, to streamline operations and improve visibility across the value chain
- Deployment of advanced manufacturing and supply chain planning systems, supporting better coordination, inventory management, and demand forecasting
- Use of data-driven monitoring systems to track production performance, resource utilisation, and operational efficiency across manufacturing facilities
- Automation of selected processes to improve consistency, reduce manual intervention, and enhance productivity
- Ongoing upgrades to customer relationship management (CRM) systems to strengthen customer engagement and service delivery.
- Digital platforms integrated across manufacturing operations to support real-time production monitoring, performance tracking, and operational control.

## PROCESS EXCELLENCE & KNOW-HOW

The Group leverages deep technical expertise and a culture of continuous improvement to enhance productivity, optimise resource utilisation, and maintain high standards of quality across all operations. Process excellence is embedded within manufacturing and operational practices, supported by data-driven monitoring, standardisation, and ongoing optimisation initiatives.

- Continuous process optimisation across manufacturing operations to improve efficiency, consistency, and output quality
- Implementation of oracle advance supply chain planning system in royal ceramics manufactured plants
- Strengthed the security of the data center
- Focus on yield improvement and reduction of process losses, supported by enhanced quality control and operational discipline
- Integration of energy and water efficiency initiatives into core production processes to reduce resource intensity
- Implementation of cost optimisation initiatives across business segments to improve operational performance and resilience
- Alignment of production processes with best practices to minimise waste, improve throughput, and enhance overall productivity.

## TILES SEGMENT

- Optimized pallet capacity utilization by improving no of tiles per pallet
- Rejection rates reduced to 16.5%, reflecting enhanced process control and quality management

## PACKAGING SEGMENT

- Local sourcing of raw materials increased from 45% to 55%, strengthening supply chain efficiency and reducing dependency on imports
- Implementation of multiple cost optimisation initiatives generating recurring operational savings

## ENERGY EFFICIENCY IMPROVEMENTS

- Energy intensity reduced to 24.06 GJ/Rs Mn, driven by process optimisation and improved operational control.

## CYBERSECURITY & DATA PROTECTION

The Group adopts a structured and proactive approach to cybersecurity and data protection, recognising the critical importance of safeguarding business operations, digital infrastructure, and sensitive stakeholder



*New Robotic Unloading Machine - Horana Factory*



# INTELLECTUAL CAPITAL

information. As digital integration increases across the Group, robust security frameworks are implemented to protect systems against evolving cyber threats while ensuring compliance with regulatory requirements.

» Operation of a secure, centrally managed data infrastructure, with controlled access and network segmentation to minimise exposure to external threats

» Implementation of a multi-layered cybersecurity architecture, including enterprise-grade firewalls, endpoint protection systems, and email security filtering to safeguard systems and communications

» Deployment of advanced endpoint protection solutions across servers and user devices to monitor, detect, and respond to potential threats

» Regular vulnerability assessments and penetration testing conducted in collaboration with specialised external cybersecurity partners to identify and mitigate system vulnerabilities

» Strengthening of access controls through two-factor authentication (2FA) and role-based access management for critical systems and administrative users

» Encryption of sensitive data within enterprise systems to protect customer, supplier, and employee information, supporting compliance with data protection requirements

» Implementation of secure backup and disaster recovery mechanisms, including off-site data storage and system redundancy, to ensure business continuity

» Annual cybersecurity assessments and independent validation exercises conducted with external specialists to enhance system resilience and address emerging threats.

### KNOWLEDGE MANAGEMENT & CAPABILITY BUILDING

The Group fosters a culture of continuous learning, knowledge sharing, and capability development to strengthen organisational expertise and support long-term value creation. Knowledge management practices are embedded across operations, enabling the effective transfer of technical know-how, enhancement of employee capabilities, and continuous improvement in business processes.

» Development and retention of specialised technical expertise across manufacturing, engineering, and operational functions

» Structured knowledge transfer through cross-functional collaboration, mentoring, and on-the-job learning

**THE GROUP'S STRONG BRAND PORTFOLIO AND DESIGN CAPABILITIES PLAY A CENTRAL ROLE IN DIFFERENTIATING OUR PRODUCTS AND REINFORCING ROCELL'S PREMIUM MARKET POSITIONING ACROSS ALL BUSINESS SEGMENTS.**






» Integration of training and development initiatives to build both technical and managerial competencies across the workforce

» Sharing of best practices across business segments to improve operational consistency and efficiency

» Encouragement of employee-driven innovation and problem-solving to support continuous improvement

» Over 43,843 training hours conducted across the Group, supporting skill development and capability enhancement

## BRAND & DESIGN CAPABILITY

The Group's strong brand portfolio and design capabilities play a central role in differentiating our products and reinforcing Rocell's premium market positioning across all business segments. By combining aesthetic innovation with functional performance, the Group delivers products that meet evolving customer preferences while maintaining consistent quality and reliability.

The Group's flagship brands, Rocell and Lanka Tiles, continue to demonstrate strong brand equity and market leadership, collectively commanding approximately 40% of the local wall and floor tile market. In addition, Rocell Bathware fulfils approximately 17% of domestic bathware demand, reflecting the strength, reliability, and premium positioning of the Group's sanitaryware offerings.

» Design-led product development aligned with global architectural, interior, and lifestyle trends across tiles and bathware

» Continuous enhancement of product aesthetics, finishes, and formats to meet evolving customer expectations

» Strong brand portfolio recognised for quality, innovation, and aesthetic refinement across domestic and international markets

» Investment in showrooms and concept centres to provide immersive customer experiences and showcase product applications

» Targeted marketing and promotional strategies supporting brand visibility and customer engagement

» Collaboration with designers, architects, and industry professionals to strengthen product relevance and market appeal.

» Expansion of experience centres and showroom networks to enhance customer engagement and reinforce premium brand positioning

The Group has also strengthened our presence in international markets, with all business segments expanding into multiple export destinations. This growing global footprint enhances brand credibility and reinforces the Group's position as a leading regional player in premium surfaces and bathware solutions.

## CERTIFICATIONS

The Group maintains a comprehensive portfolio of certifications across product quality, environmental management, health and safety, and sustainability, reflecting our commitment to operating in line with internationally recognised standards and best practices. These certifications are integral to ensuring that manufacturing processes, products, and management systems consistently meet stringent regulatory and industry requirements.

By aligning with globally accepted standards such as ISO and other sector-specific certifications, the Group is able to benchmark our performance against international best practices, driving continuous improvement across operations. These frameworks support the enhancement of product quality, operational efficiency, environmental performance, and workplace safety, while also strengthening internal governance and risk management processes. Collectively, these certifications reinforce the credibility and reliability of the Group's brands, enhancing customer confidence in the quality, safety, and sustainability of our products and manufacturing processes.







# INTELLECTUAL CAPITAL

## OUTLOOK

The Group's future success will be increasingly driven by our ability to innovate, adapt, and leverage knowledge as a source of competitive advantage. As such, continued emphasis will be placed on strengthening digital capabilities, fostering a culture of innovation, and enhancing the systems, processes, and expertise that support value creation across the business. Investments in digital platforms, automation, integrated information systems, and data analytics will support improved decision-making and operational excellence, while ongoing product development, design innovation, and technical expertise will enable the Group to respond effectively to evolving customer needs and market trends. The Group will also continue to strengthen cybersecurity and data protection frameworks while building on the strength of our brands, design capabilities, and proprietary know-how. Through continuous innovation and knowledge-led growth, the Group aims to reinforce our market leadership, enhance brand equity, and sustain long-term competitive advantage across our diverse business sectors.

| Certification | Royal Ceramics Lanka PLC | Rocell Bathware Ltd. | Lanka Tiles PLC | Lanka Walltiles PLC | Swisstek Aluminium | Unidil Packaging |
|---|---|---|---|---|---|---|
| ISO 14001:2015 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| ISO 9001:2015 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| SLS 1181:2019 | ✓ | | ✓ | ✓ | | |
| ISO 45001 : 2018 | ✓ | | | ✓ | | |
| ISO 50001 : 2018 | | | | | ✓ | |
| CE Marking | ✓ | | ✓ | ✓ | | |
| Green SL Labelling System | ✓ | ✓ | ✓ | ✓ | ✓ | |
| Watermark Certification | | ✓ | | | | |
| WELS | | ✓ | | | | |
| SLS 1410 | | | | | ✓ | |
| WRAP | | | | | | ✓ |
| SMETA | | | | | | ✓ |
| Qualicoat Certification | | | | | ✓ | |
| FSC 22000 | | | | | | ✓ |
| Great Place to Work | | | | | | ✓ |
| Jotun approved applicator certificate | | | | | ✓ | |
| AkzoNobel approved applicator certificate | | | | | ✓ | |
| BIS certification | | | | | ✓ | |
| Schedule Waste management License | | | | | ✓ | |
| ISO 14064-1 | | | | | | ✓ |
| IPPC | | | | | ✓ | |
| SLS 1474 | | | | | | ✓ |
| SLS 1492 | | | | | | ✓ |
| ISO 14067 | | | | | | ✓ |

# SELF-NURTURING

Rocell's commitment to sustainability extends to every layer of the organisation. Thoughtful resource management and care for operational ecosystems across the board guarantee that value grows steadily while future potential is safeguarded and nurtured to facilitate growth.

*Plants and flowers thriving in the oasis are natural examples of stewardship, growth, and the resilience of carefully nurtured systems.*



## STEWARDSHIP

# INDEPENDENT ASSURANCE REPORTS

Shape the future with confidence

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## INDEPENDENT PRACTITIONER'S ASSURANCE REPORT TO THE BOARD OF DIRECTORS OF ROYAL CERAMICS LANKA PLC ON THE SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES PRESENTED IN THE INTEGRATED ANNUAL REPORT 2025/26

### 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 SLFRS Sustainability-related Financial Disclosures (the "Subject Matter") contained in Royal Ceramics Lanka PLC's (the "Entity's") Integrated Annual Report for the year ended 31 March 2026 (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 Sri Lanka Sustainability Disclosure Standards, SLFRS S1 – General Requirements for Disclosure of Sustainability related Financial Information and SLFRS S2 – Climate-related Disclosures ("Criteria").

Such Criteria were specifically designed for the disclosure of material information on climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity; 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 15 May 2026. 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.

### 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

Partners: D K Hulangamuwa FCA FCMA LLB (London), 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, N N Subaimar 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 Yasanthan ACA ACMA, W D P L Perera ACA, M U M Mansoor ACA

Principals: T P M Ruberu FCMA FCCA MBA, G B Goudian ACMA, D L B Karunathilaka ACMA, W S J De Silva BSc (Hons) - MIS Msc - IT, V Shakthivel B.Com (Sp)

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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:

- Conducted interviews with selected key management personnel and relevant staff to understand the business, value chain and sustainability reporting process of the Company.
- Undertook analytical procedures of the data and made inquiries of management to obtain explanations for any significant differences we identified.
- Performed procedures to understand the Company's disclosures in relation to the Conceptual Foundation of SLFRS S1, including fair presentation, materiality, reporting entity, and connected information
- Conducted procedures to understand the governance processes, controls and procedures employed by the Company to monitor, manage and oversee climate-related risks and opportunities, supported by relevant evidence.
- Perused the minutes of the Board of Directors and Board Sustainability Committee meetings from the financial year to ensure alignment with the content of governance related disclosures.
- Conducted procedures to comprehend the Company's strategy for managing identified climate-related risks and opportunities, supported by relevant evidence and calculations.
- Performed analytical procedures to obtain explanations and supporting evidence regarding the Company's processes for identifying, assessing, prioritising, and monitoring climate-related risks and opportunities, including their integration into the overall risk management framework.
- Conducted analytical procedures to gather explanations and supporting evidence to evaluate the Company's performance in relation to its identified climate-related risks and opportunities, including progress towards any targets the Company has set during the assurance engagement.
- Performed procedures to assess the Company's disclosures and compliance with the General Requirements of SLFRS S1.
- Conducted procedures to evaluate the disclosures regarding judgments and uncertainties in the process of preparing the Company's sustainability-related financial disclosures.
- We also performed such other procedures as we considered necessary in the circumstances.

## EMPHASIS OF MATTER

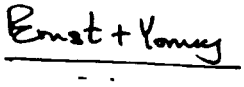
There are inherent limitations in the identification, measurement and disclosure of underlying Subject Matter against the applicable Criteria due to forward looking information, uncertainties and management judgements. For clarity, our engagement does not extend to providing assurance on the accuracy or achievability of these forward-looking information, uncertainties and management judgements.

## CONCLUSION

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to SLFRS Sustainability-related Financial Disclosures for the year ended 31 March 2026, in order for it to be in accordance with the Criteria.

## RESTRICTED USE

This report is intended solely for the information and use of Royal Ceramics Lanka PLC for the purpose of providing an assurance conclusion on the Subject Matter based on the Criteria and is not intended to be and should not be used by anyone other than those specified parties.



Chartered Accountants

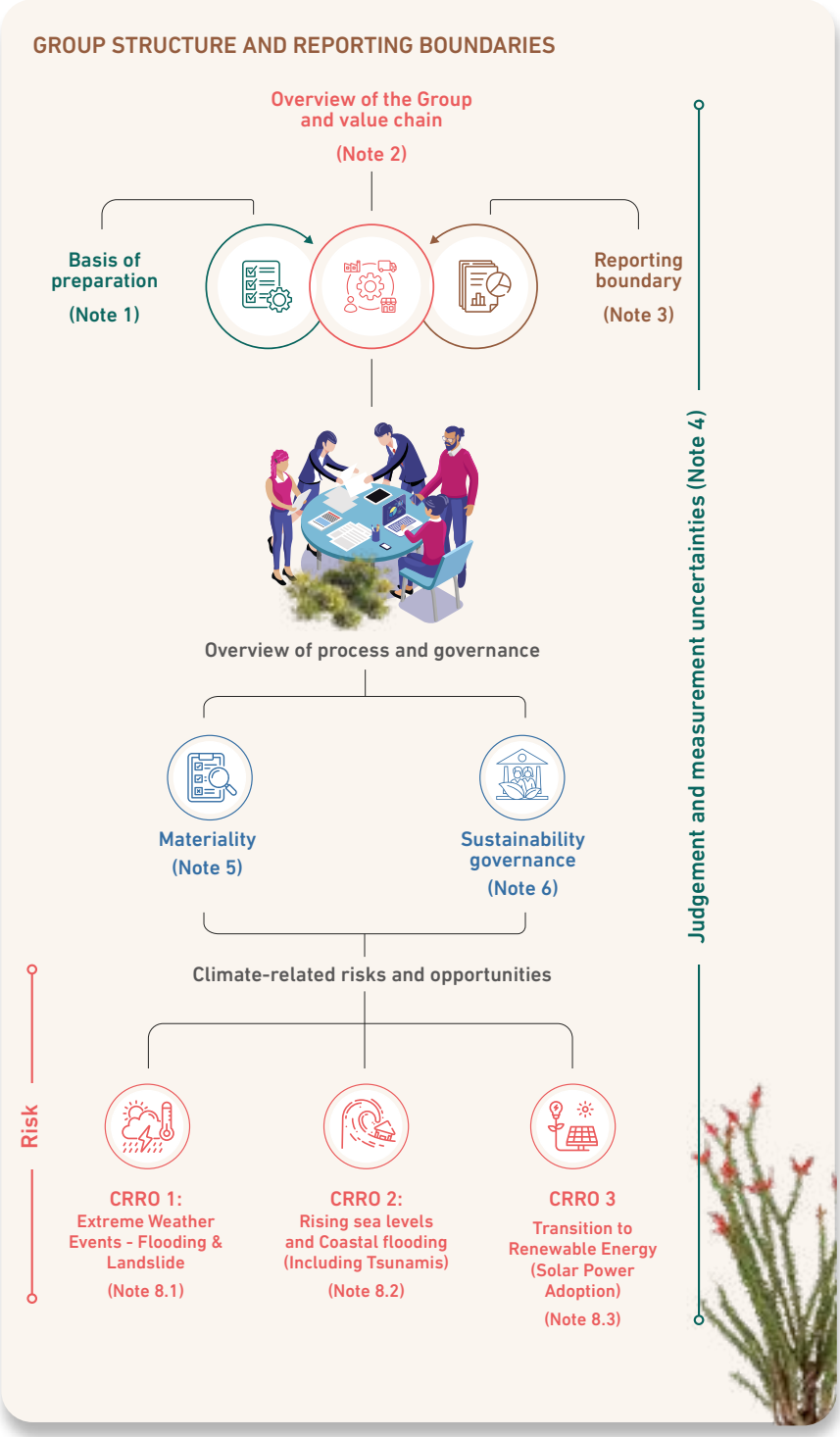
29 May 2026

Colombo

# SLFRS SUSTAINABILITY RELATED FINANCIAL DISCLOSURES REPORT

**During the financial year 2025/26, Royal Ceramics Lanka PLC adopted the SLFRS S1 and SLFRS S2 disclosure standards, reinforcing the Group's commitment to transparent, consistent, and decision-useful sustainability and climate-related reporting. This initiative was undertaken with the guidance and strategic oversight of the Board Sustainability Committee, which played a key role in steering the Group's sustainability agenda and governance framework. As part of its first year of reporting under these standards, the Group adopted a "Climate-First" approach, prioritising the identification, assessment, and disclosure of climate-related risks, opportunities, impacts, and performance across its operations and value chain.**

The table below provides an overview of the Group's climate-related risks and opportunities and provides a reference to where the detailed disclosures are included within SLFRS S1 and S2 disclosures.



## 1. BASIS OF PREPARATION

### 1.1 Compliance with SLFRS Sustainability Disclosure Standards

*SLFRS S1.72*

The following disclosures of Royal Ceramics Lanka PLC and its subsidiaries (the 'Group') has been prepared in accordance with the SLFRS S1 and S2 standards localised to reflect ISSB standards by the Institute of Chartered Accountants of Sri Lanka. Transitional reliefs applied under the localised SLFRS Sustainability Disclosure Standards has been included in this report.

- ***SLFRS S1*** 'General Requirements for Disclosure of Sustainability-related Financial Information'
- ***SLFRS S2*** 'Climate-related Disclosures'.

*SLFRS S1.55(a)*

Disclosure topics in the Sustainability Accounting Standards Board (SASB) standards have been referred to and considered when preparing this report. Refer to Note 5 for further information on how topics have been considered in the materiality process.

- Construction Materials Sustainability Accounting Standard
- Iron & Steel Producers Sustainability Accounting Standard
- Containers & Packaging Sustainability Accounting Standard

*Other sources consulted*

- Sri Lanka's Nationally Determined Contributions (NDC) 3.0 (2026–2035), submitted on 22 September 2025
- Sri Lanka Climate Risks and Impacts: A Research Compendium (December 2024), authored by Medhini Igoor
- Climate Risk Country Profile: Sri Lanka (2020), published by the World Bank Group and the Asian Development Bank (ADB)
- National Disaster Management Plan 2023–2030, Government of Sri Lanka

### 1.2 Connectivity with financial statements (reporting period, reporting entity, and presentation currency)

*SLFRS S1.22*

The SLFRS S1 and S2 disclosures have been prepared for the Group and should be read in conjunction with the Group's consolidated financial statements which are prepared in accordance with the Sri Lanka Financial Reporting Standards (SLFRS). This report covers the financial year ended 31 March 2026 and is aligned with the reporting period of the related consolidated financial statements.

*SLFRS S1.64, S1.30(c), S2.10(d)*

The Group defines time horizons based on when the climate-related risks and opportunities could reasonably be expected to occur. As of the end of the reporting period the following time- horizons were identified which align with the timelines used for strategic decision-making:

*SLFRS S1.31*

| Time horizon | Definition | Remarks |
|---|---|---|
| Short term | 1 year | The impacts of the identified risks and opportunities are expected to affect the business in next financial year. |
| Medium term | 2 to 5 Years | The impacts of the identified risks and opportunities are expected to affect the business from the second to the fifth financial year. |
| Long term | More than 5 Years | The impacts of the identified risks and opportunities are expected to affect the business from the sixth financial year onwards. |

*SLFRS S1.20, S1.B38*

The financial and non-financial information boundaries are aligned for Royal Ceramics PLC and its subsidiaries.

In preparing these sustainability-related financial disclosures, the Group has assessed the climate-related risks and opportunities across the operations and value chain of the parent company and its subsidiaries. Refer to Note 2.2 for information on the value chain.

*SLFRS S1.24*

The presentation currency of the sustainability-related financial disclosures is Sri Lankan Rupees (LKR), which aligns to the presentation currency used in the consolidated financial statements. Unless specified otherwise, all amounts are rounded to the nearest million.

# SLFRS SUSTAINABILITY RELATED FINANCIAL DISCLOSURES REPORT

### 1.3 Transition Reliefs

| Description | Transition relief under the IFRS Sustainability Disclosure Standards | Transition relief applied in this report? |
|---|---|---|
| **A** Relief from disclosing comparative information | Entities are not required to provide the disclosures specified in SLFRS S1 for any period before the date of initial application. Accordingly, applicable entities are not required to disclose comparative information in the first annual reporting period in which it applies SLFRS S1.<br>***[SLFRS S1 Appendix E3]*** | Yes |
| **C** Relief from reporting information about sustainability- related risks and opportunities beyond climate-related risks and opportunities | In the first annual reporting period in which an entity applies SLFRS S1, the entity is permitted to disclose information on only climate-related risks and opportunities<br>***[SLFRS S1 Appendix E6]*** | Yes |
| **D** Measurement method other than the GHG Protocol can be used to measure Scope 1, Scope 2 and Scope 3 GHG emissions | In the first annual reporting period in which an entity applies SLFRS S2, if, in the annual reporting period immediately preceding the date of initial application of SLFRS S2, the entity used a method for measuring its GHG emissions other than the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004), the entity is permitted to continue using that other method. | Yes |
| **E** Relief from disclosing Scope 3 GHG emissions | In the first two annual reporting periods in which an entity applies SLFRS S2, the entity is not required to disclose its Scope 3 GHG emissions.<br>***[SLFRS S2 Appendix C4(b)]*** | Yes |
| **F** Relief on disclosing climate-related scenario analysis | In the first two annual reporting periods in which an entity applies SLFRS S2, the entity is not required to disclose information on conducting a climate-related scenario analysis.<br>***[SLFRS S2 Para 22]*** | Yes |
| **G** Relief on disclosing anticipated financial effects | In the first two annual reporting periods in which an entity applies SLFRS S2, the entity is not required to disclose qualitative information anticipated financial effects.<br>***[SLFRS S2 Para 15(b)]*** | Yes |

## 2. OVERVIEW OF THE GROUP AND VALUE CHAIN

### 2.1 Overview of the Group

*SLFRS S1.32*

#### Key Business Activities

Royal Ceramics Lanka PLC operates a diversified and vertically integrated business model spanning manufacturing, distribution, mining, packaging, and strategic investments.

#### Tiles and Associated Products

The Group's primary revenue-generating segment is tiles and associated products, contributing approximately 61% of total revenue. Operations include the manufacture and distribution of ceramic and porcelain tiles, mosaic tiles, and large-format tiles under the Rocell and LANKA TILES brands. The segment also includes tile grout and mortar production through Swisstek (Ceylon) PLC, supported by an extensive island-wide distribution network.

#### Sanitaryware (Bathware)

The Group is a leading bathware manufacturer in Sri Lanka, producing high-quality sanitaryware using advanced manufacturing technology and internationally inspired designs.

#### Aluminium Extrusions

Operating under the Swisstek brand, this segment manufactures aluminium extrusion solutions for the construction industry, including windows, doors, curtain walls, and other engineered products.

#### Packaging Solutions

Through the Uni Dil Group, the Group manufactures corrugated cartons and paper sacks serving industries such as FMCG, agriculture, and tea.

#### Mining and Raw Materials

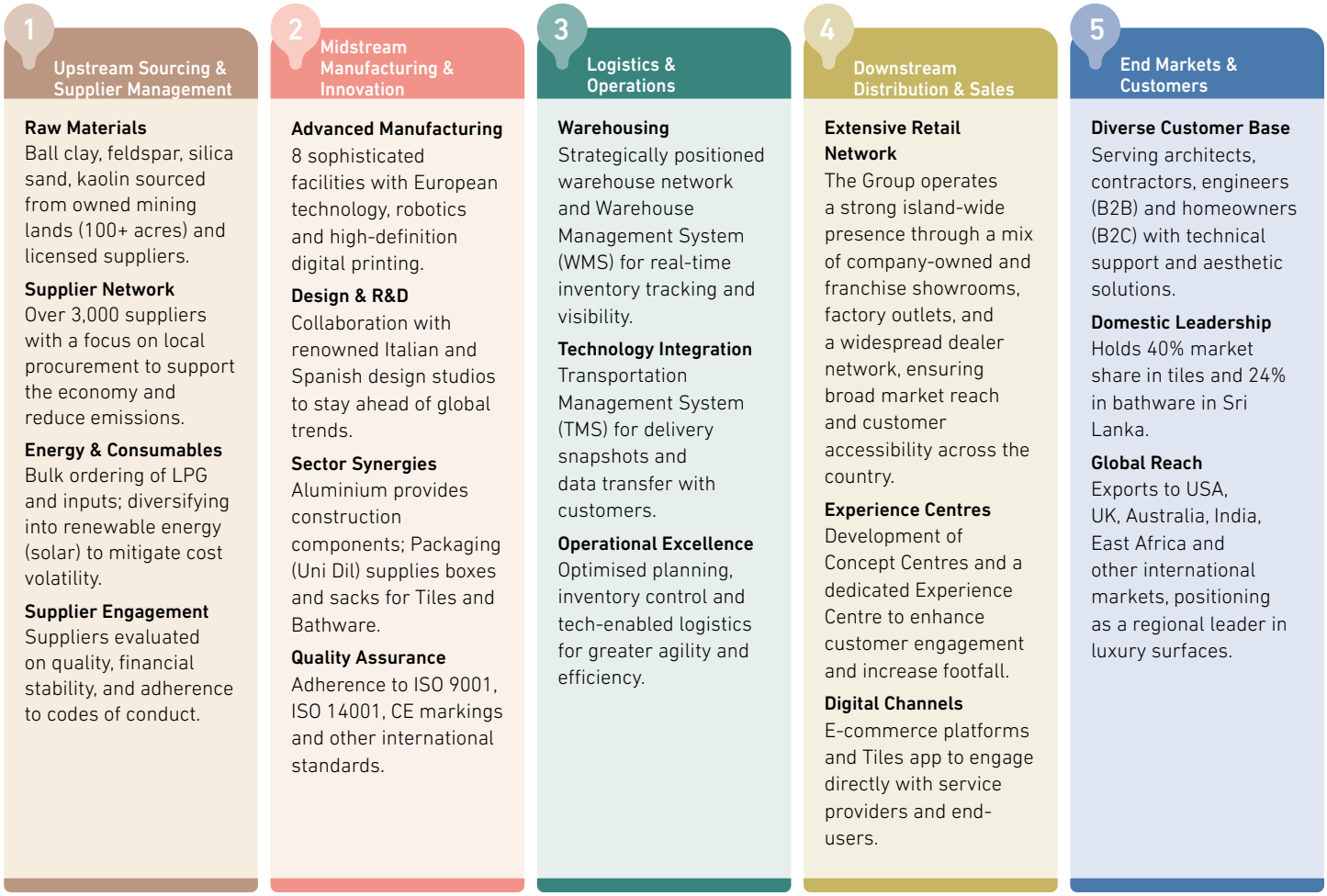
The Group undertakes mining and extraction of key raw materials including ball clay, feldspar, and silica sand, supporting both internal manufacturing operations and the wider ceramic industry in Sri Lanka.

Non-financial information of equity-accounted investees is not included in these disclosures due to lack of control and data availability.

For further information on the Group's key business activities and segment performance, please refer to the Business Line Review section of the annual report of Royal Ceramics Lanka PLC for the year ended 31 March 2026.

## 2.2 Value chain

The Royal Ceramics Lanka PLC Group operates an integrated and strategically aligned value chain that extends from upstream raw material sourcing through to downstream distribution and end-market engagement. The Group's vertically integrated structure enables significant internal synergies across its manufacturing, packaging, and construction-related business segments.




### Upstream: Sourcing and Supplier Management

The upstream segment of the Group's value chain is anchored in a broad and diversified supplier network comprising over 3,613 suppliers. The Group places strong emphasis on local procurement to support domestic economic development while simultaneously reducing transportation-related emissions and associated environmental impacts. Key raw materials include ball clay, feldspar, silica sand, and kaolin, which are sourced from both internally owned mining operations spanning over 168 acres and externally licensed suppliers.

In addition to raw materials, the Group manages critical production inputs such as LPG through structured bulk procurement arrangements and imports aluminium billets and related inputs through its Uni Dil operations to support the aluminium extrusion business. The Group is also progressively transitioning towards renewable energy sources, particularly solar power, to reduce exposure to energy price volatility and enhance environmental performance. Supplier engagement is guided by stringent evaluation criteria encompassing quality standards, financial stability, and adherence to environmental, social, and governance (ESG) principles, including compliance with established supplier codes of conduct.

### Midstream: Manufacturing and Innovation

The midstream segment forms the operational core of the Group's value chain and comprises eight advanced manufacturing facilities equipped with state-of-the-art European technology, including robotics and high-definition digital printing systems. These facilities enable high-precision production of tiles, sanitaryware, aluminium products, and packaging materials, ensuring consistency, scalability, and global competitiveness.

# SLFRS SUSTAINABILITY RELATED FINANCIAL DISCLOSURES REPORT

Innovation and design excellence are central to the Group's manufacturing philosophy. The Group collaborates with internationally recognised Italian and Spanish design studios to ensure that its product portfolio remains aligned with global aesthetic trends and evolving customer preferences. Internal value chain synergies further strengthen operational efficiency, with cross-sector integration between business units. For instance, the Aluminium segment provides essential construction components, while the Packaging segment (Uni Dil) supplies cartons and sacks that support the Tiles and Bathware businesses.

Manufacturing processes are governed by internationally recognised quality and environmental management systems, including ISO 9001, ISO 14001, and CE certification standards, ensuring compliance with global benchmarks and reinforcing the Group's reputation for quality and reliability in high-end markets.

### Logistics and Operations

The Group has progressively transformed its logistics and operational infrastructure through the integration of digital technologies to enhance efficiency, responsiveness, and inventory control. A robust warehousing strategy underpins this transformation, supported by the addition of five new warehouses and the implementation of a Warehouse Management System (WMS) that enables real-time inventory tracking and improved stock visibility.

Operational logistics are further strengthened through a Transportation Management System (TMS), which facilitates end-to-end delivery tracking and real-time data exchange with customers. This integrated digital ecosystem enhances delivery accuracy, reduces lead times, and improves overall supply chain transparency and resilience.

### Downstream: Distribution and Sales

The downstream segment of the value chain is characterised by a strong multi-channel distribution network and an extensive retail presence, representing the largest footprint in the Sri Lankan industry. The Group operates 74 showrooms, 30 factory outlets catering to cost-sensitive segments, and 131 authorised dealers, ensuring widespread market accessibility across the country.

In addition to traditional retail formats, the Group has developed immersive customer engagement platforms through Concept Centres and specialised Experience Centres, including dedicated spaces for premium brands such as Hansgrohe and AXOR. These centres enable customers to directly experience product innovation, design aesthetics, and functional applications. The Group has also expanded its digital presence through e-commerce platforms and mobile applications, including the Tilers app, which connects service providers and end-users, thereby enhancing accessibility and customer engagement across digital channels.

### End Markets and Customers

The final stage of the value chain comprises a diverse and evolving customer base spanning both domestic and international markets. The Group serves a broad spectrum of stakeholders, including architects, contractors, engineers, and homeowners, thereby addressing both business-to-business (B2B) and business-to-consumer (B2C) segments. Technical support and customised solutions are provided to professional stakeholders, while retail branding and experiential marketing strategies cater to residential consumers.

## 3 REPORTING BOUNDARY

### 3.1 Reporting boundary (excluding GHG emissions)

Reporting Entity

*SLFRS S1.20, S1.B38*

The entities, assets and operations (referred to as the 'reporting entity') included in the Group's SLFRS S1 and S2 disclosures have been determined to reflect the full scope of the Group's activities that could reasonably be expected to give rise to material climate-related risks and opportunities, including those arising across its value chain.

The reporting entity comprises Royal Ceramics Lanka PLC and its subsidiaries, collectively referred to as the Group. The organisational boundary adopted for the purposes of this report is informed by, but not identical to, the financial reporting boundary. Company have considered the parent company and all subsidiaries for the identification of the climate-related risks and opportunities. .

The reporting boundary will be reviewed periodically to ensure continued alignment with the Group's evolving organisational structure, operational footprint, and the emergence of new sustainability-related risks and opportunities, as well as any updates to applicable reporting standards and regulatory expectations.

### 3.2 Reporting Boundary for GHG emissions

*SLFRS S2.29 (a)(iii)(1), B26(a), B27*

The Group uses the ISO 14064 standard to measure its GHG emissions. The Group has opted to use the transitional relief available for not disclosing scope 3 emissions in the first two years of adoption of the SLFRS S2 standards.

The Group's reporting boundary for GHG emissions includes its organisational boundary and operational boundary.

(a) Organisational Boundary

*SLFRS S2.29 (a)(iii)(2), SLFRS S2.B27*

The Group applies the financial control approach to establish its organisational boundary for the reporting of GHG emissions.

(b) Operational boundary

Direct GHG emissions from sources that are owned or controlled by businesses and operations within the Group's organisational boundary are reported as Scope 1 GHG emissions of the Group. GHG emissions from the generation of purchased electricity consumed by these businesses and operations are reported as Scope 2 GHG emissions of the Group.

## 4. JUDGEMENTS AND MEASUREMENT UNCERTAINTIES

*SLFRS S1.79*

In the process of preparing these disclosures, management has exercised judgement in a number of areas, including the process of identifying climate-related risks and opportunities and identifying material information to report. Additionally, the preparation of this report requires the use

of estimates for certain amounts which cannot be measured directly. Estimates have been made where the sustainability information relates to an entity in the value chain and needs to be estimated, is related to forward-looking information, or involves data limitations.

This section outlines the most critical judgements made by management in preparing the SLFRS S1 and S2 disclosures as well as the amounts that are subject to a high degree of measurement uncertainty. The detail of the judgement made, or the source of estimation uncertainty, is included in the disclosure note referenced.

### 4.1 Significant Judgements

*SLFRS S1.74, S1.75*

| | Description | Note reference |
|---|---|---|
| Materiality process | Management applied significant judgement to identify the sustainability-related risks and opportunities that could reasonably be expected to affect the Group's prospects, as well as the material information related to those risks and opportunities. The process followed by the Group in making the assessment of what information could reasonably impact the Group's financial prospects and influence decisions of primary users is set out in Note 5 of this report. | Note 5 |
| Organisational boundary for GHG emissions | The Group has applied the financial control approach to determine its organisational boundary for reporting GHG emissions. The financial control approach requires the Group to identify the operations over which the Group has authority to govern financial and operating policies to obtain economic benefits.<br>Both the determination of organisational boundary consolidation approach and the identification of operations over which the Group has financial control are areas of significant judgement. | Note 3.2 |

### 4.2 Measurement uncertainty

The following amounts have a high degree of measurement uncertainty:

*SLFRS S1.78, S1.79, S1.81*

| | Description | Note reference |
|---|---|---|
| GHG-related metrics | The related disclosed metrics are subject to inherent high uncertainties arising from reliance on activity data and emission factors obtained from third parties. Where activity data and emission factors cannot be obtained on a timely basis, or are incomplete, estimation is used. | Note 10 |
| Climate physical risk – extreme weather events | There is significant uncertainty regarding how climate change, including the effect of the increase/decrease in GHG emissions, will affect the frequency and intensity of the future extreme weather events in the region where the Group operates.<br>These uncertainties arise from the variability in climate projections and the potential unexpected changes in weather behaviour due to shifting weather patterns and evolving climate conditions as well as the corresponding impacts to the Group's operations. Hence, the measurement of anticipated financial effects due to extreme weather events, in the short, medium and long term, is subject to significant measurement uncertainty. | Note 8 |

## 5. MATERIALITY

### Materiality process

*SLFRS S1.44(a)(vi), 44(b), S1.B13-B28*

This year marks the first year Royal Ceramics Lanka PLC prepared SLFRS S1 and S2 disclosures in accordance with SLFRS Sustainability Disclosure Standards. Consequently, a robust and detailed materiality process was performed to identify climate-related risks and opportunities that could reasonably be expected to affect the Group's prospects.

The materiality process was performed by the management, with input from other management personnel in the Group as well as external advisors.

A two-step materiality process was conducted:

***Step 1:*** identify Climate-related risks and opportunities that could be reasonably expected to affect the Group's prospects over the short, medium, and long term.

***Step 2:*** identify material information – determination of the disclosures which are needed in relation to the Climate-related risks and opportunities identified.

The purpose of this process was to identify information on Climate-related risks and opportunities that could reasonably be expected to affect the Group's prospects, as well as influence decisions made by primary users of general-purpose financial reports. Management specifically focused on existing and potential investors (shareholders or holders of preferred shares), lenders (refer to the Group's 31 March 2026 financial statements to identify trade creditors and lenders) and other creditors in general.

# SLFRS SUSTAINABILITY RELATED FINANCIAL DISCLOSURES REPORT

The Group finalised its identification of Climate- related risks and opportunities at the end of the 2025/26 reporting period. Any events or changes that occurred during the period (for example, acquisitions of subsidiaries during the period, refer to Note 3.1) were considered as part of the materiality determination process.

**Step 1: Identification of climate-related risks and opportunities**

The Group followed a systematic approach and referred to several different sources to identify the climate-related risks and opportunities of the Group. The Group considered its own activities, and its upstream and downstream value chain (refer to Note 2.2) in the assessment. The process is summarised below:

| | Description |
|---|---|
| *SLFRS S1.B2-B5*<br>**1.1 Understand the Group's operations, resources and relationships** | Understanding the context in which the Group operates was the first step of the process. The Group considered its business activities, including the products and services provided, together with the legal, regulatory, and operational environment in which it operates. The Group also considered the resources it depends on and the relationships maintained across its value chain.<br><br>A high-level overview of the context considered as part of this assessment is summarised below:<br><br>**1. Key locations:**<br>The Royal Ceramics Lanka PLC Group operates through an extensive network of manufacturing facilities, warehouses, distribution channels, and retail showrooms across Sri Lanka. Its operations are strategically positioned to support nationwide production, distribution, and customer accessibility within the ceramics, tiles, sanitaryware, packaging, and aluminium sectors.<br><br>**2. Regulations:**<br>The Group operates in a highly competitive and regulated environment. The lifting of import restrictions on tiles resulted in increased foreign competition, particularly from lower-priced imports. In addition, due to the nature of the industry and stakeholder expectations, the Group is required to comply with various local regulatory requirements relating to manufacturing operations, environmental management, occupational health and safety, product quality, and sustainability-related obligations.<br><br>**3. Key resources:**<br>The Group depends on several key resources, including its manufacturing infrastructure, technological capabilities, raw material supply chains, skilled workforce, distribution network, and long-standing customer and supplier relationships that support operational continuity and value creation.<br><br>Please refer to the Business Line Review section of the Annual Report for more detailed information regarding the key activities and operational segments of the Group. |
| *SLFRS S1.44(a)(i), S2.25(a)(i)*<br>**1.2 Identify risks and opportunities** | The primary source to identify the Group's risks and opportunities was the understanding of the Group's operations and its value chain (described in Note 2.2 above). The Group considered whether it's critical resource inputs, relationships and interdependencies with the value chain are subject to sustainability-related risks or whether they create opportunities that would affect the Group's ability to generate cash flows.<br><br>*SLFRS S1.59, S1.58*<br>The Group also considered other internal and external sources of information to identify whether there were any additional risks and opportunities.<br><br>The sources consulted included the following, but not limited to:<br>» Sri Lanka's Nationally Determined Contributions (NDC) 3.0 (2026–2035), submitted on 22 September 2025<br>» Sri Lanka Climate Risks and Impacts: A Research Compendium (December 2024), authored by Medhini Igoor<br>» Climate Risk Country Profile: Sri Lanka (2020), published by the World Bank Group and the Asian Development Bank (ADB)<br>» National Disaster Management Plan 2023–2030, Government of Sri Lanka<br><br>Where needed, the Group also consulted with an independent sustainability advisor and third-party experts as part of this process. |

| | Description |
|---|---|
| *SLFRS S1.B22, B23*<br>**1.3 Assess whether the risks and opportunities could reasonably be expected to affect the Group's prospects** | Only those climate-related risks and opportunities that could reasonably be expected to affect the Group's cash flows, access to finance or cost of capital (that is expected to affect the Group's prospects) are disclosed in the Group's S1 and S2 disclosures. In making this assessment, the Group considered a combination of:<br>» the likelihood of the event occurring, and<br>» the magnitude of the impact on the Group's financial prospects if the event did occur.<br><br>*SLFRS S1.44(a)(iii)*<br>For risks and opportunities that relate to uncertain future events, the Group considered a range of possible outcomes and assigned a likelihood to that range. Where there had been past incidents of an event, a higher likelihood was assigned to a similar event occurring in the future.<br><br>*SLFRS S2.25(a)(iii)*<br>Risks are categorised into three tiers as High, Moderate, and Low, based on the combined assessment of probability and severity. Risks classified under the High and Moderate categories are deemed material, as they have the potential to significantly influence the Group's financial performance, strategic objectives, or long-term value creation. Conversely, risks classified under the Low category are considered immaterial for disclosure purposes.<br><br>Probability Assessment<br>*SLFRS S1.B28*<br>The probability of each identified risk is assessed using a three-tier scoring system, supported by both historical evidence and forward-looking considerations. This assessment reflects the likelihood of a risk event occurring within the Group's operational and external environment. |

| Probability Range | Practical Definition | Score |
|---|---|---|
| 67% – 100% | Has already occurred internally or is expected to occur in most circumstances; supported by strong historical trends, regulatory or contractual certainty, or clear drivers indicating occurrence. | 3 |
| 34% – 66% | Has occurred previously or could occur under certain conditions; early indicators may exist, but timing and likelihood depend on internal or external factors. | 2 |
| 0% – 33% | Has not occurred historically and would arise only under unusual or exceptional circumstances. | 1 |

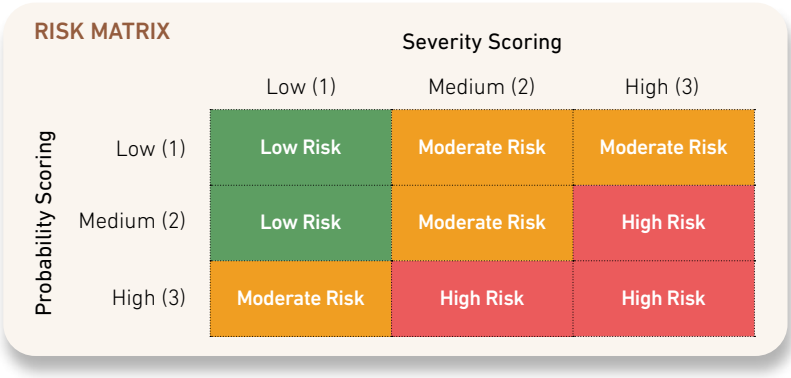
| | Description |
|---|---|

**Severity Assessment**

The severity of each risk is evaluated based on its potential financial impact on the Group, using net profit as the primary benchmark. The thresholds are derived from the average net profit of the past two financial years to ensure consistency and comparability.

| Severity Level | Financial Impact Criteria | Group Materiality Threshold (LKR Mn) | Score |
|---|---|---|---|
| High | More than 5% of the average net profit (past two financial years) | > 382 | 3 |
| Medium | Between 1% and 5% of the average net profit (past two financial years) | 76 – 382 | 2 |
| Low | Less than 1% of the average net profit (past two financial years) | < 76 | 1 |

The results of the assessment were plotted on a matrix to identify those risks and opportunities that could reasonably be expected to affect the Group's prospects.




| | |
|---|---|
| **1.4 Final consolidation and approval of risks and opportunities for the Group** | The determination of climate-related risks and opportunities requires judgement. In line with the established ESG governance framework, climate-related risks and opportunities identified across the Group's upstream and downstream operations are reviewed and consolidated under the oversight of the Board. |

**Step 2: Identification of material information**

*SLFRS S1.B28*

After identifying climate-related risks and opportunities, the second step is to determine the material information that should be disclosed in relation to each risk or opportunity. The Group considered whether information is material within the context of the Group's overall sustainability reporting and assessed both qualitative and quantitative aspects. Quantitatively, the Group evaluated whether identified climate-related risks could potentially impact more than 1% of the Group's net profit. Qualitatively, the assessment considered exposure to evolving climate-related regulations, local climate trends, expert research publications, and national commitments such as NDC 3.0. The judgements used to identify of material information for the sustainability-related risks and opportunities will be reviewed at each reporting date.

## 6. SUSTAINABILITY GOVERNANCE

The Board of Directors of Royal Ceramics Lanka PLC has oversight of the approach to sustainability issues, and it is supported by the Board Sustainability Committee and Executive Sustainability Committee. An overview of the Group's sustainability governance structure is set out below:




The responsibilities and activities of the Board of Directors and each of the committees are set out below.

### 6.1 Board Oversight

*SLFRS S1.27(a)(i), S2.6(a)(i)*

**Responsibility**

The Board Sustainability Committee is mandated with providing strategic oversight, direction, and guidance on the Group's sustainability agenda. In fulfilling this role, the Board Sustainability Committee ensures that environmental, social, and governance (ESG) considerations are appropriately integrated into the Group's strategic decision-making processes and are aligned with the nature of its diversified operations, which span tiles and associated products, sanitaryware, aluminium, mining, and corrugated packaging sectors.

The Committee is responsible for ensuring that sustainability is effectively embedded within the Group's core business strategy and long-term planning processes. This includes overseeing the development, implementation, and continuous improvement of policies and practices that promote environmental stewardship, social responsibility, and strong ethical governance across all levels of the organisation. In addition, the Committee plays a key role in monitoring sustainability-related risks and opportunities (SRROs) across the Group's operations, subsidiaries, and supply chains, ensuring that emerging issues are identified, assessed, and appropriately managed in a timely manner.

At the subsidiary level, each material subsidiary within the Group has established its own governance structures and oversight mechanisms to support the effective execution of the Group's sustainability objectives. These governance bodies operate in alignment with the Group's overarching sustainability framework, ensuring consistency in approach while enabling appropriate responsiveness to sector-specific and operational contexts. Collectively, this governance architecture supports the efficient integration of sustainability considerations across the Group and strengthens accountability in delivering its sustainability commitments.

*SLFRS S1.27(a)(ii), S2.6(a)(ii)*

**Skills and Competencies**

The Board of Directors including Board sustainability committee members participated in dedicated sustainability-focused training sessions to enhance its understanding of SLFRS S1 and S2 standards.

Furthermore, the Executive Sustainability Committee and the implementation teams have undergone comprehensive training on SLFRS S1 and S2 to strengthen their capacity in identifying, assessing, and managing sustainability- and climate-related risks and opportunities, as well as integrating these considerations into strategy and operations.

Overall, the governance bodies of the Company possess sufficient knowledge and understanding of SLFRS S1 and S2 to effectively oversee and guide the management of sustainability- and climate-related risks and opportunities. The Board's skills and competencies were assessed through a skill gap assessment. The Group has also put in place plans for ongoing capacity-building initiatives across all entities to further strengthen internal competencies and support the effective integration of the Group's sustainability strategy into business operations.

**Key Activities of the Board Sustainability Committee during the year**

During the year, the Board Sustainability Committee undertook the following key activities:

- Established the Executive Sustainability Committee;
- Approved the Terms of Reference for the Executive Sustainability Committee;
- Approved the time horizons and materiality thresholds applicable at both Company and Group levels; and
- Reviewed and approved climate-related risks and opportunities, together with the corresponding mitigation strategies.

**Information Flow and Integration into Strategy**

*(Inform, Address, Monitor)*

*SLFRS S1.27(a)(iv), S2.6(a)(iv)*

The Board Sustainability Committee monitors the implementation of SLFRS S1 and SLFRS S2, with progress against action plans presented on a bi-annually basis. The Committee reviews and approves strategies and disclosures relating to material climate-related risks and opportunities (CRROs) and other sustainability matters and escalates significant policies to the Board and relevant committees.

The Board receives updates and recommendations from the Board Sustainability Committee (BSC) and retains ultimate oversight of sustainability-related and climate-related risks and opportunities, ensuring alignment with the Group's strategy, governance framework, and financial planning. The BSC ensures that such risks and opportunities are integrated into business strategy and decision-making processes and makes recommendations to the Board on overall sustainability performance.

### 6.2 Management's Role in Governance

*SLFRS S1.27(b)(i), S2.6(b)(i)*

The Board Sustainability Committee has delegated operational responsibility for sustainability-related matters to the Executive Sustainability Committee, established on 12 January 2026. The ESC comprises 11 senior management members, including the Managing Director (Chair), Director Finance,

Head of Finance, Director Manufacturing, Heads of the three factory complexes, Head of Supply Chain, Head of Human Resources, Head of Internal Audit and Risk, and Senior Head of Sales.

*SLFRS S1.27(b)(ii), S2.6(b)(ii)*

The Executive Sustainability Committee (ESC) is responsible for the operational management of sustainability- and climate-related risks and opportunities. Its responsibilities include identifying, assessing, and monitoring such risks, implementing mitigation measures, integrating sustainability considerations into business processes, and supporting the BSC through analysis, reporting, and recommendations. The ESC also supports the development and implementation of ESG strategy, monitors environmental and social performance, facilitates target setting and performance tracking, and coordinates sustainability reporting, assurance, and stakeholder engagement.

*SLFRS S1.27(a)(v), S2.6(a)(v)*

Day-to-day activities relating to the identification, assessment, and management of CRROs are undertaken by the Sustainability Implementation Team. The team is responsible for data collection, risk analysis, implementation of mitigation and opportunity strategies, and preparation of reports for the Executive Sustainability Committee.

The ESC reviews the output of the Implementation Team, evaluates the materiality and impact of identified risks and opportunities, and determines appropriate actions and monitoring mechanisms. Material matters are escalated to the Board Sustainability Committee. Progress on action plans is monitored by the ESC, with reporting lines extending to the Board through established governance processes, including those described under information, oversight, and monitoring mechanisms.

### Policies and Procedures

The Company has established a sustainability and ESG governance framework comprising the Company ESG Policy, the Terms of Reference of the Board Sustainability Committee, and the Terms of Reference of the Executive Sustainability Committee. Plans are in place to further enhance ESG policies and support capacity building across sustainability implementation teams within the Group.

*SLFRS S1.27(a)(v), S2.6(a)(v), S2.29(g)*

The Group has a dedicated Board Remuneration Committee which is responsible for the development and implementation of the remuneration policy for the Board, its committees and management. Achieving the Group's sustainability-related targets will require a collective effort across all entities, operations, and individuals. In this regard, the with a view to aligning incentives with its long-term sustainability objectives.

## 7 RISK MANAGEMENT

*SLFRS S1.44(b), S2.25(b)*

The Company's risk management process consists of several key steps collectively referred to as the Risk Management Framework, which includes risk identification, risk assessment, risk measurement, risk management, risk monitoring, and risk reporting. Both the Internal Audit & Risk Department and the Sustainability Department follow this framework to identify and manage overall Group risks within their respective areas of expertise.

The Internal Audit & Risk Department of Royal Ceramics Lanka PLC is responsible for implementing the Group's risk management framework (Enterprise risk management system) and is supported by the Internal Audit & Risk Departments of the subsidiaries in this regard. The Sustainability Department is responsible for implementing the framework for managing sustainability-related risks and opportunities, which are consolidated at Group level to determine key sustainability-related risks and opportunities. Based on materiality, these risks and opportunities are escalated to the Enterprise Risk Management System through the Internal Audit & Risk Department.

For risk identification and measurement (assessment), the Group considers multiple inputs and parameters, including information from Nationally Determined Contributions (NDC 3.0), historical internal data on climate-related impacts, Risk Index for Sri Lanka – Published by National Disaster Centre, industry benchmarks and regulatory guidance, as well as expert judgment from functional heads and the Sustainability team.

Internal parameters include energy consumption trends, fuel usage, water consumption, raw material dependency, production disruptions, logistics and transportation impacts, historical maintenance records, operational downtime, insurance incidents, occupational health and safety observations, and previous climate-related incidents experienced across manufacturing and operational locations.

Climate-related risks and opportunities are assessed across the Group's key operations, products, and activities including manufacturing facilities, warehousing operations, distribution and logistics activities, raw material sourcing, showroom and retail operations, energy-intensive production processes and water consumption activities.

In making this assessment, the Group considered a combination of:

- the likelihood of the event occurring, and
- the magnitude of the impact on the Group's financial prospects if the event did occur.

The methodology applied for probability assessment, severity assessment, and risk prioritisation through the risk matrix is detailed in the Materiality section (Note 5) of this report.

Under the Group's PESTEL-based risk classification approach, climate-related matters are categorised under the 'Environmental' pillar. At Enterprise risk management level also, CRROs are prioritised based on their potential financial, operational, regulatory, reputational, and strategic impact on the Group, together with the likelihood of occurrence over the short-, medium-, and long-term horizons. Risks assessed as having material business impacts, including those that may significantly affect operations, supply chains, asset resilience, resource availability, or stakeholder confidence, are escalated to the Enterprise Risk Management System for integrated oversight alongside other enterprise-level risks.

The Sustainability implementation team, including the Sustainability Department, continuously monitors identified

sustainability- and climate-related risks across all functions and operational locations, with the support and guidance of the respective Department Heads. Any significant changes in identified risks that may result in an increase in the risk rating or risk category are formally assessed and communicated to the Executive Sustainability Committee to support the operational management of sustainability- and climate-related risks and opportunities. Depending on the nature and urgency of the matter, such changes are escalated immediately through established management communication channels or addressed during the periodic risk assessment and review cycle.

The Executive Sustainability Committee escalates the material sustainability- and climate-related risks and opportunities to the Board Sustainability Committee through the Sustainability Department.

The Board Sustainability Committee monitors the progress of the action items at each Board Sustainability Committee meeting against the meeting minutes of the previous committee meeting and the established sustainability road map of the company.

Upon receiving approvals from the Board Sustainability Committee, the material sustainability and climate related risks and opportunities are escalated to the Enterprise Risk management system through Internal audit department ensuring continues monitoring.

| Sustainability Implementation team | Executive Sustainability Committee | Board Sustainability Committee | Enterprise Risk Management System |
|---|---|---|---|
| » The Sustainability implementation team, including the Sustainability Department, continuously monitors identified sustainability- and climate-related risks across all functions and operational locations<br>» Department Heads Provide support and guidance<br>» Significant changes in risk rating/category are formally assessed.<br>» Escalation based on urgency (immediate or quarterly). | » Responsible for operational management of sustainability and climate related risks and opportunities.<br>» Reassess and monitor risk<br>» Ensure implementation of mitigation measures<br>» Coordinates integration of sustainability considerations into business process and decision-making. | » Receives and reviews material sustainability an and climate related risks and opportunities from the Executive Sustainability Committee via sustainability department<br>» Monitors progress of action of action items at each committee meeting against previous minutes and the company's sustainability roadmap. | » Upon approval by the Board Sustainability Committee, Material sustainability –and climate-related risks are escalated via Internal Audit Department.<br>» Integrated into the Enterprise Risk Management system for continues monitoring and oversight |

## 8. CLIMATE-RELATED RISKS AND OPPORTUNITIES

### 8.1 Extreme Weather Events - Inland Flooding & Landslide

a. Description

Sri Lanka's tropical monsoonal climate, influenced by multiple rainfall systems and large-scale climate oscillations, results in highly variable and increasingly intense precipitation patterns. Heavy rainfall in the Central Highlands, strong intraseasonal variability, and exposure to cyclonic activity during inter-monsoon periods heighten the country's vulnerability to both riverine and flash flooding, particularly in low-lying and coastal regions.

In recent years, Sri Lanka has experienced several large-scale flood events, including in 2016, 2017, 2020, and 2025/26. These events reflect a growing trend of increased frequency, geographic spread, and severity, consistent with evolving climate change patterns.

*SLFRS S2.10(a)(b), SLFRS S2.13(b)*

For Royal Ceramics Lanka PLC, such extreme weather events, including intense rainfall, storms, and flooding, pose significant physical risks across the Group's value chain. These risks have the potential to affect asset integrity and disrupt operational continuity across manufacturing and processing facilities. Flood-related impacts may also interrupt upstream supply chains through delays in the sourcing and transportation of raw materials, while affecting workforce availability and productivity due to safety concerns and restricted mobility. In addition, disruptions to transport infrastructure and logistics networks may constrain downstream distribution, limiting market access and the timely delivery of products.

*SLFRS S2.10(c)*

Accordingly, flood risk represents a material climate-related acute physical risk with implications for operational resilience, supply chain stability, and overall business continuity.

| Risk Type | Time Horizon |
|---|---|
|  |  |
| Climate related physical risk | Short Term, Medium Term, Long Term |

*Refer to section 1.2 for the definition of time horizon*

b. Current effects on business model and value chain

*SLFRS S1.33, S2.14(a) (i)(ii)(iii)(v)*

During the year, the Group experienced operational disruptions arising from the extreme weather event, Cyclone Ditwah in December 2025, which impacted several entities across the value chain. However, the resulting financial impact on the Group was assessed to be immaterial.

1. Asset Integrity and Operational Continuity

1.1 Manufacturing Facilities

Royal Ceramics Lanka PLC operates three wholly owned manufacturing facilities located in Eheliyagoda (Ratnapura District), Horana (Kalutara District), and Homagama (Colombo District). Based on Sri Lanka's Nationally Determined Contributions (NDC) 3.0, the Ratnapura District is classified as highly vulnerable to climate change. Despite this, the manufacturing facilities of the Group and its subsidiary companies are situated in geographically suitable environments with no direct exposure to flooding risk. During the event, all manufacturing plants remained operational without interruption, demonstrating operational resilience.

1.2 Showroom Network

During Cyclone Ditwah, three showrooms of Royal Ceramics Lanka PLC (Gampaha, Chilaw, and Palmadulla) were affected, requiring an average of three business days to resume normal operations. Additionally, six showrooms, three factory outlets, and one distributor point of Lanka Tiles PLC were impacted, resulting in stock damage losses and requiring an average recovery period of four business days.

c. Anticipated effects on business model and value chain

1. Asset Integrity and Operational Continuity

1.1 Showroom Network

The Group's showroom and warehouse network is more exposed to climate-related risks. A district-level climate vulnerability assessment, based on NDC 3.0 and national climate vulnerability mapping, indicates that 28% of Royal Ceramics Lanka PLC showrooms are located in high-vulnerability regions and 21% in moderately vulnerable regions. For Lanka Tiles PLC and Lanka Walltile PLC, 35% of showrooms are in high-vulnerability regions and 30% in moderately vulnerable regions.

While a portion of the network operates in higher-risk regions, a significant share remains in comparatively resilient locations. This distribution supports operational continuity while highlighting the importance of targeted risk mitigation, business continuity planning, and location-specific adaptation strategies.

2. Upstream Supply Chain

The Group's upstream supply chain is exposed to climate-related risks, particularly in the sourcing of key raw materials. Ball clay deposits near Dediyawala in the Kalutara District are susceptible to flooding and waterlogging due to high monsoonal rainfall, while feldspar is sourced from the Matale District, which is also classified as highly vulnerable to climate change. Government-imposed restrictions on mining activities, combined with extreme weather events, may lead to temporary disruptions in sourcing.

Although a six-month stock buffer for critical raw materials mitigates short-term supply risks, increased frequency of extreme weather events may affect material availability and quality. Floods and landslides could necessitate additional processing, resulting in higher operational costs. Dependence on continuous supply and limited substitutability of certain materials may further contribute to potential production delays and cost pressures.

In addition, packing materials are procured based on production schedules with limited buffer stocks. Suppliers located near the Kelani River basin are vulnerable to flooding, posing a risk to the continuity of inbound logistics.

3. Human Capital (Workforce Availability)

3.1 Manufacturing Facilities

Workforce unavailability during extreme weather events presents a low but recurring risk to manufacturing operations. However, the highly machine-intensive nature of tile and bathware production reduces reliance on manual labour. Furthermore, the availability of on-site accommodation for employees in critical roles mitigates the impact of travel disruptions, supporting continuity of operations during adverse weather conditions.

3.2 Showroom and Warehouse Network

The showroom and warehouse workforce is largely sourced from local communities. During extreme weather events, some level of workforce absenteeism is unavoidable, leading to moderate short-term disruptions. However, the geographically diversified network of showrooms and warehouses, together with the maintenance of adequate stock levels, enables the Group to continue meeting customer requirements without significant impact on overall customer satisfaction.

4. Head Office Support Services

During disaster situations, head office functions are capable of operating remotely, enabling continued support to business operations. Ongoing enhancements to technological capabilities are required to ensure seamless collaboration and access to information during such periods.

5. Downstream Distribution and Market Access

Climate-related impacts are most evident in outbound logistics, where disruptions to transport infrastructure, including blocked access roads, can result in delivery delays and increased logistics costs. During the reporting period, overall business productivity declined due to such constraints. While these impacts are generally temporary, prolonged disruptions may affect revenue realisation, particularly for time-sensitive customer projects.

The impacts of Cyclone Ditwah highlight the Group's exposure to climate-related physical risks, particularly within its retail, distribution, and supply chain functions. At the same time, the continued operation of manufacturing facilities, the use of remote working arrangements, and the geographic diversification of assets demonstrate the inherent resilience of the Group's business model and value chain.

d. Plans to respond in Strategy, Risk Management, Transition Plans and Climate-related Targets

*SLFRS S1.33, S2.14(a) (i)(ii)(iii)(v)*

The Group has established a structured approach to mitigate climate-related physical risks across its value chain, focusing on asset resilience, supply chain stability, workforce continuity, and distribution efficiency. These strategies are supported by defined transition and adaptation plans aligned with varying time horizons.

1. Asset Integrity and Operational Continuity

*Risk Concentration: Medium*

The Group prioritises strengthening the resilience of its physical assets and operational processes through targeted interventions. Site-level climate vulnerability assessments are conducted for manufacturing facilities, showrooms, and warehouses to identify exposure to flooding, storms, and intense rainfall. Based on these assessments, capital investments are directed towards climate-resilient infrastructure, including flood barriers, enhanced drainage systems, reinforced roofing, elevated electrical systems, and the use of storm-resistant materials.

Climate resilience considerations are integrated into capital expenditure approval processes to ensure that all new assets and major refurbishments are designed in line with projected climate conditions. In parallel, business continuity and disaster recovery frameworks are strengthened through the establishment of clear protocols for shutdown, restart, and asset protection.

*Strategic Response & Mitigation*

In short term (1 year) the Group plans to implement critical flood mitigation measures at high-risk locations and in medium term (2-5 years), the group plans to retrofit existing facilities and embed resilience standards into all new developments. Asset locations and related mitigation strategies will also be periodically reassessed to ensure continued effectiveness.

*Resourcing activities*

*SLFRS S2.14(b)*

The Group has allocated a dedicated budget of LKR 40 million to support climate risk management initiatives, including targeted investments in technology and infrastructure development to enhance resilience.

In addition, the Group adopts risk transfer mechanisms through the procurement of appropriate insurance coverage against extreme weather events, thereby mitigating potential financial impacts associated with such occurrences.

*SLFRS S2.14(c)*

After intensive training for the Executive Sustainability Committees and implementation teams across the Group, this is the first time the Group has formally established plans and actions to mitigate the impacts of risks arising from extreme weather events. Therefore, these plans are currently in the process of implementation.

2. Upstream Supply Chain – Raw Materials and Packaging

*Risk Concentration: Medium*

To enhance supply chain resilience, the Group is focused on diversifying its supplier base for key raw materials and packaging inputs, reducing reliance on climate-vulnerable regions.

The Group also engages with key suppliers to strengthen their climate resilience and business continuity preparedness, including addressing operational challenges and sustainability considerations in sourcing practices.

*Strategic Response & Mitigation*

In the short term, the Group is mapping climate exposure across Tier-1 suppliers. Over the medium term (2–5 years), sourcing portfolios will be rebalanced and supplier contracts renegotiated. Over the long term (beyond 5 years), the Group will explore material substitutions, where feasible, to structurally reduce climate dependency.

In addition, the Group is expanding and diversifying its supplier portfolio across multiple geographic locations and fostering collaborative partnerships with suppliers to address operational barriers, particularly in areas such as sustainable mining.

3. Workforce Availability and Productivity

*Risk Concentration: Low*

The Group adopts a proactive approach to workforce resilience by implementing cross-skilling initiatives to maintain operational continuity during extreme weather events. Selective automation and digitisation are being introduced in high-risk operational areas to reduce dependence on physical labour. Where necessary, transport and accommodation support is provided to essential staff during periods of disruption.

*Strategic Response & Mitigation*

Over the medium term (2–5 years), the Group aims to transition towards resilience-oriented workforce planning supported by training and technology investments. In the long term (beyond 5 years), productivity improvements through automation are expected to offset climate-related labour variability. Additionally, the expansion of digital sales channels and remote customer engagement mechanisms will support continuity in customer access during disruptions to physical showroom operations.

Human capital development initiatives further support these efforts through training programmes focused on climate risk management, disaster recovery, cross-skilling, and customer engagement during extreme weather events.

4. Downstream Distribution and Market Access

*Risk Concentration: Low*

The Group seeks to enhance the resilience of its distribution network by optimising warehouse locations to improve responsiveness and reduce vulnerability to climate-related disruptions.

*Strategic Response & Mitigation*

Over the medium term (2–5 years), distribution networks will be redesigned using climate risk overlays to better align logistics infrastructure with risk exposure. Over the long term (beyond 5 years), climate resilience considerations will be fully integrated into logistics and distribution strategies.

*Financial Investment and Risk Transfer*

The Group has allocated a budget of LKR 40 million towards climate risk management initiatives, including investments in technology and infrastructure development. In addition, insurance mechanisms are utilised to transfer a portion of the financial risks associated with extreme weather events, providing protection against potential losses.

*Research and Development*

The Group continues to invest in research and development initiatives aimed at identifying substitutes for vital and rare minerals, supporting long-term resilience and reducing dependency on climate-sensitive raw materials.

e. Financial Effects

*Current financial effects*

*SLFRS S2.16(a)*

The current financial effects on extreme weather events to the Group's financial position, financial performance, and cash flows are primarily driven by actual damages caused by Ditwah Cyclone in Sri Lanka in December 2025, However, the resulting financial impact on the Group was assessed to be immaterial. No significant adjustments to the carrying values of assets and liabilities have been identified for the next financial year.

f. Processes, controls and policies to manage climate-related risks and opportunities

*SLFRS S2.25(a), (ii),(b)*

The process of identifying, assessing, prioritising, and monitoring climate-related risks and opportunities forms part of the general process described in Note 7 and 5.

The Group applies a structured approach to identify and assess climate-related risks, utilising various inputs and parameters.

In addition to managing risks, the Group identifies and assesses climate-related opportunities using similar processes. This analysis informs an understanding of potential benefits, such as market opportunities for enhanced breed of seedlings and operational efficiencies across the Group. These processes are integrated into the overall risk management framework, ensuring that climate considerations align with broader strategic decision-making.

## 8.2 Rising sea levels and Coastal Flooding Including tsunamis

a. Description

*SLFRS S2.10(a)(b), S2.10(c)*

Climate change projections indicate a progressive increase in coastal flooding risk in Sri Lanka, with estimates suggesting that by 2050, between 40 to 90 square kilometres of low-lying land along the southwest coast could be affected. This represents a chronic physical risk, characterised by gradual, long-term changes in climate conditions that may lead to persistent inundation, coastal erosion, and increased exposure to flooding over time.

*SLFRS S2.13(b)*

Royal Ceramics Lanka PLC has a portion of its showroom network located within coastal and near-coastal regions. Several showrooms, including Ambalangoda, Galle (including Galle RSD), Matara, Wennappuwa, Chilaw, Batticaloa (lagoon), Kalmunai, and Dehiwela, are situated approximately 500 meters from the coastline, often within established coastal towns. In addition, other locations within the coastal belt—such as Negombo, Seeduwa (lagoon), Panadura, Moratuwa, Colpetty, and Kalutara (North and South)—are located approximately 1.5 kilometres inland.

This geographic positioning exposes parts of the Group's retail network to the long-term impacts of sea level rise and coastal flooding. Potential implications include gradual asset exposure, increased maintenance requirements, and disruption to operations and accessibility over time.

| Risk Type | Time Horizon |
|---|---|
|  |  |
| Climate related physical risk | Short Term, Medium Term, Long Term |

*Refer to section 1.2 for the definition of time horizon*

b. Effects on Business model and value chain

*SLFRS S2.13(a) (b)*

*Current effects*

As at the reporting date, the Group has not experienced any current material effects on its business model or value chain arising from coastal flooding risk.

*Anticipated effects*

The anticipated effects from coastal flooding risk presents moderate but meaningful implications for the business model of Royal Ceramics Lanka PLC, particularly in relation to its retail and distribution network. Showrooms located in close proximity to the coastline, especially those within approximately 500 meters, may be exposed to potential physical damage to assets, operational disruptions, and increased maintenance and insurance costs over time.

Showrooms situated further inland, at approximately 1.5 kilometres from the coastline, may also be subject to indirect impacts. These include potential access disruptions, supply chain delays, and reduced customer footfall during periods of extreme weather, which could affect revenue generation.

Over the longer term, such risks may necessitate strategic responses, including the relocation of high-risk showroom locations, investments in climate-resilient infrastructure, and the strengthening of digital sales channels to mitigate reliance on physical outlets. In addition, disruptions to transportation networks in coastal regions may affect logistics and inventory management, with implications for the efficiency and continuity of the broader value chain.

c. Plans to respond in Strategy, Risk Management, Transition Plans and Climate-related Targets

*SLFRS S1.33 SLFRS S2.14(a),(i)(ii)(iii)(v)*

*Risk Concentration: Medium*

Company will implement climate focused evaluations specially in develop in new infrastructure development projects of its retail network and broader value chain. These actions are designed to support both

immediate risk reduction and long-term strategic adaptation.

*Strategic Response & Mitigation*

In the short term (1 year), the Company is embedding climate resilience considerations into all new development projects, particularly for showroom and retail infrastructure. This includes integrating resilience standards at the design and planning stage to ensure that new assets are developed with due consideration of coastal exposure, potential flooding pathways, and extreme weather vulnerability.

This approach ensures that climate risk is not treated as an external factor, but as a core input in project design and approval processes, thereby reducing future exposure of newly developed assets.

Over the medium to long term, the Company will undertake periodic reassessments of the geographic positioning and climate exposure of its existing asset base, particularly within coastal and near-coastal regions. This includes reviewing showroom locations, evaluating their continued suitability under evolving climate scenarios, and updating mitigation strategies accordingly.

Where required, the Company will revisit its broader network strategy to ensure alignment with long-term climate resilience objectives. This adaptive approach supports the ongoing refinement of risk mitigation actions, including potential relocation decisions, infrastructure upgrades, and operational adjustments in higher-risk areas.

*Financial Investment Considerations*

*SLFRS S2.14(b)*

For new showroom and infrastructure developments, capital allocation processes incorporate climate resilience as a key evaluation criterion. This ensures that investment decisions account for long-term exposure to coastal flooding risk, alongside commercial and operational considerations. As a result, funding decisions for new projects reflect the need to balance business expansion with climate-adaptive infrastructure requirements.

The Company maintains insurance coverage that provides protection against potential financial losses arising from extreme weather events. This insurance coverage forms part of the Company's broader risk transfer strategy, enabling partial mitigation of financial exposure associated with acute climate-related hazards.

d. Financial Effects

*SLFRS S2.16(a)*

*Current financial effects*

For the current reporting period, the Group has not identified any material financial impact on the profit or loss statement, balance sheet, or cash flows arising from the assessed risk. Accordingly, no adjustments have been recorded in the financial statements in relation to this matter for the current year.

*SLFRS S2.16(c)(d)*

Based on the assessments performed, the Group has not identified any significant risk of material adjustments to the carrying values of assets or liabilities in the next financial year arising from this risk. At present, there is no indication that the risk will result in financial statement impacts requiring remeasurement or impairment adjustments in the foreseeable reporting period company will be utilising transitional relief , therefore anticipated financial impacts are not disclosed in the report. No significant adjustments to the carrying values of assets and liabilities have been identified for the next financial year.

e. Processes, controls and policies to manage climate-related risks and opportunities

The process of identifying, assessing, prioritising, and monitoring climate-related risks and opportunities forms part of the general process described in Note 7 and 5.

The Group applies a structured approach to identify and assess climate-related risks, utilising various inputs and parameters.

In addition to managing risks, the Group identifies and assesses climate-related opportunities using similar processes. This analysis informs an understanding of potential benefits, such as market opportunities for enhanced breed of seedlings and operational efficiencies across the Group. These processes are integrated into the overall risk management framework, ensuring that climate considerations align with broader strategic decision-making.

### 8.3. Climate related opportunities

a. Description

The Group has identified the expansion of rooftop solar photovoltaic (PV) systems as a key climate-related opportunity across its operations. While most manufacturing facilities within the Group already have installed solar systems, the current focus is on expanding renewable energy adoption across the showroom network, warehouses, and other operational facilities with suitable roof space, subject to technical feasibility assessments.

A structured assessment was conducted through brainstorming sessions, financial analyses and expert consultations. Through this process, the Group continuously evaluated emerging climate-related trends, market developments, regulatory changes, technological advancements and stakeholder expectations to identify potential opportunities across operations and the value chain.

Identified opportunities are assessed based on their potential financial, operational, environmental and strategic impacts over the short, medium and long term. Opportunities are then prioritised considering factors such as business relevance, feasibility, potential value creation and alignment with the Group's strategic objectives. After considering the sensitivity of the information, the group has decided to disclose transition to renewable energy (Solar Power Adoption) as climate related opportunity.

Progress and effectiveness of related initiative will regularly monitor through internal governance mechanisms (Board Sustainability committee and group suitability agenda) and management review (executive sustainability committee) processes to ensure timely implementation and continuous improvement.

**Time Horizon**



**Medium Term, Long Term**

*Refer to section 1.2 for the definition of time horizon*

b. Current and Anticipated Effects on Business model and value chain

*Current effects*

With current level of implementation of solar systems of the company, the company is experiencing a reduction in its energy bills affecting its operational cost.

*Anticipated effects*

The adoption of rooftop solar energy is expected to strengthen the resilience and sustainability of the Group's business model by reducing reliance on externally supplied grid electricity. As manufacturing operations are energy intensive, the increased use of renewable energy is anticipated to improve energy security and reduce exposure to disruptions or volatility in conventional energy supply and pricing.

Across the value chain, the initiative may contribute to lowering the carbon footprint of the Group's manufacturing and operational activities, particularly Scope 2 GHG emissions arising from purchased electricity. The transition toward renewable energy may also support the Group in meeting evolving stakeholder expectations, including those of customers, investors, regulators, and business partners who increasingly prioritise environmentally responsible operations and low-carbon products.

Additionally, the initiative may encourage broader sustainability integration within operational processes, facility management practices, and procurement decisions related to energy infrastructure and equipment.

c. Effect on strategy and decision making

The identified opportunity has strengthened the Group's strategic focus on renewable energy adoption and climate-related risk mitigation. Out of the Group's 8 main manufacturing facilities, 4 are already equipped with rooftop solar systems, representing 50% of total manufacturing facilities. The Group plans to further expand installations across remaining suitable sites, including showrooms, warehouses, and other operational facilities with available roof space.

This initiative is expected to influence future capital allocation decisions, with increased prioritisation of renewable energy investments alongside energy efficiency and low-carbon technologies. Implementation decisions will continue to be guided by technical feasibility, return on investment, roof availability, energy demand, and regulatory considerations.

Overall, the opportunity supports the Group's decarbonisation strategy, strengthens energy resilience, and aligns with evolving climate-related disclosure and stakeholder expectations.

d. Financial Effects

*Current financial effects*

There is no material financial effects to the current year. No significant adjustments to the carrying values of assets and liabilities have been identified for the next financial year.

*Financial Investment Considerations*

For new showroom and infrastructure developments, the Group's capital allocation process explicitly incorporates solar installation as a key investment area. Accordingly, the Group has allocated LKR 18 Mn for the installation of solar systems in newly developed showrooms during the next financial year.

In addition, the initiative may improve the Group's long-term operational resilience and enhance its ability to respond to evolving market and regulatory expectations relating to climate change and sustainable business practices.

## 9 EVENTS AFTER THE REPORTING PERIOD

*SLFRS S1.68*

No transactions, other events or conditions occurring after the end of the reporting period and before the date of authorisation of issue of this report have taken place that need to be disclosed within the disclosures.

## 10. METRICS AND TARGETS

**a. Metric (GHG emissions)**

The table below summarises the Group's total GHG emissions for the year 2025/26.

| Description | Greenhouse gas emissions (metric tones CO2e) 2025/26 | | |
|---|---|---|---|
| | Scope 1 | Scope 2 | Total |
| Consolidated accounting group | 82,476 tCO2e | 41,673 tCO2e | 124,149 tCO2e |
| Total (Financial control approach) | 82,476 tCO2e | 41,673 tCO2e | 124,149 tCO2e |

The Group did not purchase any renewable energy certificates (RECs) during the year, nor plans to utilise RECs as part of its strategy to reduce market-based Scope 2 emissions.

### Methodology, inputs and assumptions

*SLFRS S2.29(a)(iii)(1)(2), B55-B56*

*SLFRS S2.B26 (c), B29*

The Group calculates its Scope 2 GHG emissions under the location-based method. A location-based method reflects the average emissions intensity of grids on which energy consumption occurs (using mostly grid-average emission factor data). Group will be using the transitional relief and will not be reporting according to GHG protocol

### Activity data and emission factors

The methodologies, input and assumptions used in measuring the Group's material GHG emissions are as summarised below:

| Scope | Data source | Emission Factor source | Source of GWP Values |
|---|---|---|---|
| Scope 1 | Fuel and LPG consumption records Company Owned Vehicles | IPCC - 2026 | IPCC – SYR AR6 |
| Scope 2 | Electricity Bills | Energy Balance Report by Sustainable Energy Authority Sri Lanka - 2022 | IPCC – SYR AR6 |

### Global warming potential (GWP) values

*SLFRS S2.B20- B22*

The Group applies the GWP values based on a 100-year time horison from the most recent (6th) Assessment Report (AR6) of the IPCC to convert the constituent gases into CO2 equivalent values, which represents the latest published GWP values by IPCC.

### b. Climate-related Physical Risks

Sri Lanka's Nationally Determined Contributions (NDC) 3.0 identifies the Ratnapura District, in which the Group's Ehaliyagoda factory is situated, as an area highly vulnerable to climate change impacts.

Based on Sri Lanka's NDC 3.0 spatial climate vulnerability assessment, the showroom network was evaluated for climate risk exposure on a district-wise basis. The analysis indicates that: 28% of showrooms are located in high-vulnerability regions and no showrooms are located in very high-vulnerability regions

### c. Climate-related Transition Risks

The Company did not identify any material climate-related transition risks during the year under review. Company will continue to assess climate related transitional risks in coming years.

### d. Climate-related Opportunities

Out of the Group's 8 main manufacturing facilities, 4 are already equipped with rooftop solar systems, representing 50% of total manufacturing facilities.

### e. Capital Expenditure

The Group has allocated a dedicated budget of LKR 40 million to support climate risk management initiatives, including targeted investments in technology and infrastructure development to enhance resilience.

### f. Internal Carbon Pricing

The Group currently does not use an internal carbon price as a strategic tool to manage climate-related transition risks, guide strategic planning, support investment decision-making and contribute to the Group's emission reduction targets

### g. Remuneration

The incorporation of climate-related considerations into executive remuneration has not been practiced by the Company to date. However, the Company intends to progressively integrate climate-related performance indicators into executive remuneration frameworks in the coming years, in line with its evolving sustainability and climate governance practices.

# SLFRS SUSTAINABILITY RELATED FINANCIAL DISCLOSURES REPORT

## 1. CONSTRUCTION MATERIALS SUSTAINABILITY ACCOUNTING STANDARD (VERSION: 2023-12)

### 1.1 SUSTAINABILITY DISCLOSURE TOPICS & METRICS

**Table 1. Sustainability Disclosure Topics & Metrics**

| Topic | Metric | Category | Unit of Measure | Code | Reference |
|---|---|---|---|---|---|
| Greenhouse Gas Emissions | Gross global Scope 1 emissions, percentage covered under emissions- limiting regulations | Quantitative | Metric tonnes (t) $CO_2$-e, Percentage (%) | EM-CM-110a.1 | 137 |
| | 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 | 137-138 |
| Air Quality | Air emissions of the following pollutants:<br>(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 | Company does not currently measure this data. |
| 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 | 132 |
| Water Management | 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 | 134-135 |
| Waste Management | Amount of waste generated, percentage hazardous and percentage recycled | Quantitative | Metric tonnes (t), Percentage (%) | EM-CM-150a.1 | 136 |
| Biodiversity Impacts | Description of environmental management policies and practices for active sites | Discussion and Analysis | n/a | EM-CM-160a.1 | 128 |
| | Terrestrial land area disturbed, percentage of impacted area restored | Quantitative | Hectares (ha), Percentage (%) | EM-CM-160a.2 | Company does not currently measure this data |
| Workforce Health & Safety | 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 | 104-105 |
| | Number of reported cases of silicosis 1 | Quantitative | Number | EM-CM-320a.2 | No such incidents reported during FY 25/26 |
| 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 | Company does not currently measure this data. |
| | 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 | Company does not currently measure this data. |
| 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 | There is no any monetary losses as a result of legal proceedings associated with cartel activities, price fixing, and antitrust activities. |

*1 Note to EM-CM-320a.2 – The disclosure shall include a discussion of efforts to minimise workers' exposure to crystalline silica.*

**Table 2. Activity Metrics**

| Activity Metric | Category | Unit of Measure | Code | Reference |
|---|---|---|---|---|
| Production by major product line3 | Quantitative | Metric tonnes (t) | EM-CM-000.A | 114 |

## 2 IRON & STEEL PRODUCERS SUSTAINABILITY ACCOUNTING STANDARD (VERSION: 2023-12)

### 2.1 SUSTAINABILITY DISCLOSURE TOPICS & METRICS

**Table 1. Sustainability Disclosure Topics & Metrics**

| Topic | Metric | Category | Unit of Measure | Code | 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 | 137 |
| | 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 | 137-138 |
| Air Quality | Air emissions of the following pollutants: (1) CO, (2) NOx (excluding N2O), (3) SOx, (4) particulate matter (PM10), (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 | Company does not currently measure this data. |
| Energy Management | (1) Total energy consumed, (2) percentage grid electricity and (3) percentage renewable | Quantitative | Gigajoules (GJ), Percentage (%) | EM-IS-130a.1 | 132 |
| | (1) Total fuel consumed, (2) percentage coal, (3) percentage natural gas and (4) percentage renewable | Quantitative | Gigajoules (GJ), Percentage (%) | EM-IS-130a.2 | 132 |
| 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 | 134-135 |
| Waste Management | (1) Amount of waste generated, (2) percentage hazardous, (3) percentage recycled | Quantitative | Metric tonnes (t), Percentage (%) | EM-IS-150a.1 | 136 |
| 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 | 104-105 |
| 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 | 80-81 |

**Table 2. Activity Metrics**

| Activity Metric | Category | Unit of Measure | Code | 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 | 80<br>100% of the production is from electric arc furnace processes |
| Total iron ore production1 | Quantitative | Metric tonnes (t) | EM-IS-000.B | Company is not involved in production of iron ore. |
| Total coking coal production2 | Quantitative | Metric tonnes (t) | EM-IS-000.C | Company is not involved in production of coking coal. |

# SLFRS SUSTAINABILITY RELATED FINANCIAL DISCLOSURES REPORT

## 3 CONTAINERS & PACKAGING SUSTAINABILITY ACCOUNTING STANDARD (VERSION: 2023-12)

### 3.1 SUSTAINABILITY DISCLOSURE TOPICS & METRICS

**Table 1. Sustainability Disclosure Topics & Metrics**

| Topic | Metric | Category | Unit Of Measure | Code | 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 | 137 |
| | 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 | 137-138 |
| Air Quality | Air emissions of the following pollutants: (1) NOx (excluding N2O), (2) SOx, (3) volatile organic compounds (VOCs), and (4) particulate matter (PM) | Quantitative | Metric tonnes (t) | RT-CP-120a.1 | Company does not currently measure this data. |
| 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 | 132 |
| 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 | 134-135 |
| | Description of water management risks and discussion of strategies and practices to mitigate those risks | Discussion and Analysis | n/a | RT-CP-140a.2 | 135 |
| | Number of incidents of non-compliance associated with water quality permits, standards and regulations | Quantitative | Number | RT-CP-140a.3 | 138 |
| Waste Management | Amount of hazardous waste generated, percentage recycled | Quantitative | Metric tonnes (t), Percentage (%) | RT-CP-150a.1 | 136 |
| Product Safety | (1) Number of recalls issued, (2) total units recalled 1 | Quantitative | Number | RT-CP-250a.1 | No such incidents reported during FY 25/26 |
| | Discussion of process to identify and manage emerging materials and chemicals of concern | Discussion and Analysis | n/a | RT-CP-250a.2 | 122 |
| 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 | Company does not currently measure this data. |
| | Revenue from products that are reusable, recyclable, or compostable | Quantitative | Presentation currency | RT-CP-410a.2 | Company does not currently measure this data. |
| | Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle | Discussion and Analysis | n/a | RT-CP-410a.3 | Company does not currently measure this data. |

| Topic | Metric | Category | Unit Of Measure | Code | Reference |
|---|---|---|---|---|---|
| Supply Chain Management | Total wood fibre procured; percentage from certified sources | Quantitative | Metric tonnes (t), Percentage (%) | RT-CP-430a.1 | Company does not currently measure this data. |
| | Total aluminium purchased; percentage from certified sources | Quantitative | Metric tonnes (t), Percentage (%) | RT-CP-430a.2 | Company does not currently measure this data. |

*1 Note to RT-CP-250a.1 – The entity shall discuss notable recalls, such as those that affected a significant number of products, a significant number of units of a given product, or those related to serious injuries or fatalities.*

**Table 2. Activity Metrics**

| Activity Metric | Category | Unit of Measure | Code | Reference |
|---|---|---|---|---|
| Amount of production, by substrate2 | Quantitative | Metric tonnes (t) | RT-CP-000.A | 118 |
| Percentage of production as: (1) paper/ wood, (2) glass, (3) metal, and (4) plastic | Quantitative | Percentage (%) by revenue | RT-CP-000.B | 78, 82,<br>14% of the revenue of the group is from paper production and 18% from Aluminium production.<br>Company do not produce wood, glass or plastic products. |
| Number of employees | Quantitative | Number | RT-CP-000.C | 100 |

# CORPORATE GOVERNANCE

*GRI 2-9, 2-17, 405-1*

**As a group of companies, the Board relies on sound corporate governance structures, policy frameworks and internal controls and financial and non-financial reporting systems to drive strategy, guide day to day operations, manage risks and safeguard assets of the Group across seven functional companies and 89 locations. Decades of consistent improvements to these governance mechanisms has supported the evolution of a mature system of governance that supported value creation for our stakeholders while balancing their interests.**

## A SOUND GOVERNANCE PROCESS

### Composition & Balance

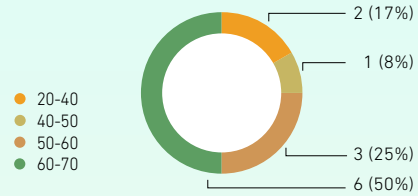
3 Executive Directors

5 Non-Independent Non-Executive Directors

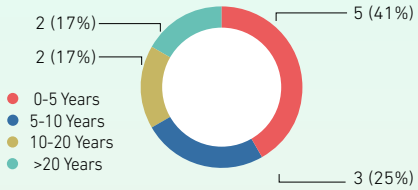
4 Independent Non-Executive Directors

Male - 11 (92%) Female - 1 (8%)

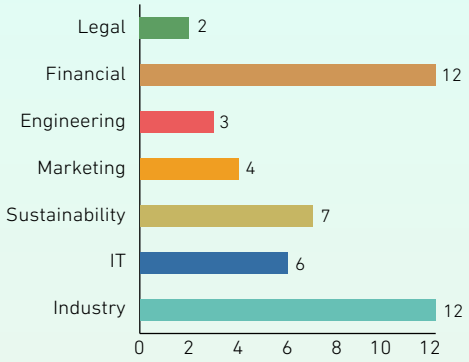
### Age Diversity




### Tenure on Board




### Skills & Experience




## 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
- Benchmarking to best practice

Inputs

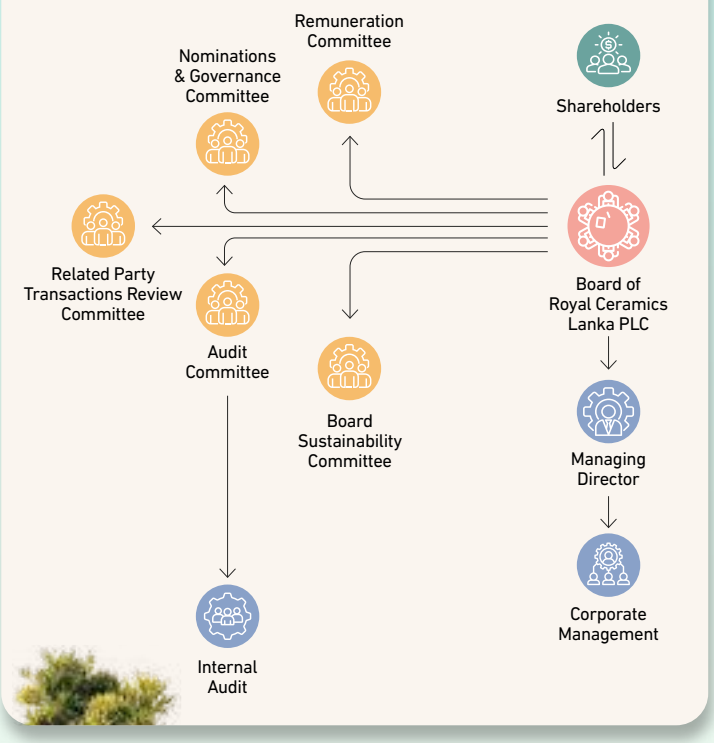
Stakeholder Feedback

Voluntary Frameworks

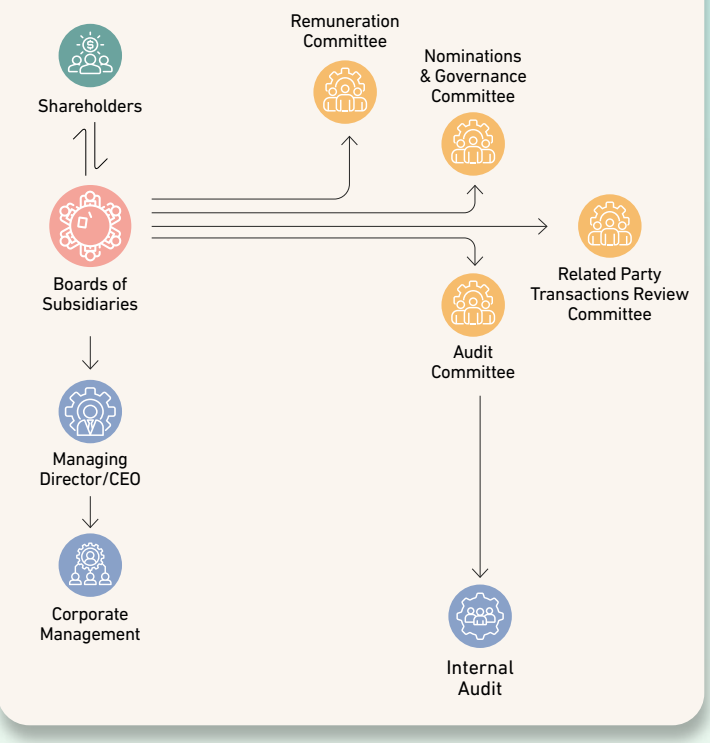
**Primary Board Mechanisms**



## GOVERNANCE STRUCTURE OF ROYAL CERAMICS LANKA PLC




## OVERSIGHT OF SUBSIDIARIES




Regulatory frameworks

Director Induction & Learning

**Outputs**

- Outputs
- Progress towards strategic goals
- Informed decision making
- Effective mitigation of risks
- Identifying opportunities for growth
- Compliance
- Minimising negative impacts

**Outcomes**

- Sustainable value to stakeholders
- Enhanced resources
- Management of impacts to people and planet
- Progress on sustainability goals



# CORPORATE GOVERNANCE

## A STRONG POLICY FRAMEWORK

*GRI 2 -23, 2-24, 2-26, 205-1, 205-2*

A comprehensive suite of policies underpin management of day to day operations in line with the legal framework, principles of good corporate governance, our own corporate values, international standards and benchmarking to international best practice.

### 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 Board Committees

Areas covered include:

1. Board Committees
   - » The Nominations & Governance Committee
   - » The Remuneration Committee
   - » The Audit Committee
   - » The Related Party Transactions Review Committee
   - » The Board Sustainability Committee
2. Proceedings of Meetings

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

Areas covered include:

1. Protection and proper use of company assets
2. IT Equipment and Information Systems
3. Reserves & Investments
4. Review & Monitoring

### Policy on Anti Bribery & Corruption

Areas covered include

1. Compliance with laws and regulations
2. Related policies
3. Bribery & Corruption
4. Gifts & Hospitality
5. Facilitation Payments
6. Nepotism
7. Donations & Sponsorships
8. Corporate Social Responsibility
9. Conflict of Interest
10. Dealing with third parties
11. Reporting & Whistleblowing
12. Responsibilities of Stakeholders
13. Consequences of Non-Compliance
14. Record keeping and internal accounting control provisions
15. Training and communication

### 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 of Corporate Disclosures

Areas covered include:

1. Disclosure of Material Information
2. Corporate Communications Review & Monitoring

### 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



**Our Policy Framework**

### Policy on Environmental, Social and Governance Sustainability

Areas covered include:

1. Environmental Factors
2. Social & Governance Factors
3. Disclosures

### 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. Reviewing

### Policy on Matters Relating to the Board of Directors

Areas covered include:

1. The Board
   - » Meetings of the Board
   - » The Chairperson
   - » Executive Directors
   - » The Company Secretary
   - » Conflicts of Interest
   - » Appraisal of the Board
2. Board sustainability committee

### Whistle Blowing Policy

Rocell has a Whistleblowing Policy enabling employees to

a. Alert the deputy Chairman if it does not concern members of the Board.
b. If members of the Board are concerned, the contact person is the Chair of the Board Audit Committee.
c. Upon receipt, the principal contact shall present it to an Investigations Committee (IC) which will normally comprise the MD, Chief Internal Auditor, the Director Finance and Head of Human Resources unless otherwise determined by the principal contact.
d. The IC will acknowledge receipt of the communication if identity is known, 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.
e. The Investigator should make a Final Investigations Report to the IC
f. IC shall determine the course of action to be taken which may include disciplinary action and termination.
g. 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.
h. Identify of the Whistleblower is protected during the entire process and may complain about any retaliation to the BAC Chair.

### Policy on Relations with Shareholders

Areas covered include:

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



# CORPORATE GOVERNANCE

## MAKE UP OF THE BOARD

*GRI 2-9, 2-11*

The Board consists of 12 Directors (see profiles on pages 30-32), including 9 Non-Executive Directors, 4 of whom are independent as defined by Corporate Governance Section 9 of Listing Rule. The Chairman and three other directors also serve on the Board of Vallibel One PLC. The Board's mix of executive and non-executive members provides diverse skills and expertise for effective decision-making.

| Name | Shareholding | Role | NGC | AC | RC | RPTRC | BSC | No of appointments at Public Listed entities | No of Appointments at other entities |
|---|---|---|---|---|---|---|---|---|---|
| Mr. Dhammika Perera | 2,007,720 | Chairman | | | | | | 5 | 2 |
| Mr. S H Amarasekara | | Co - Chairman | Member | | Member | | | 7 | 10 |
| Mr. A M Weerasinghe | 331,763 | Deputy Chairman | | | | | | 8 | 10 |
| Mr. M Y A Perera | 2,200 | Managing Director | | | | | | 3 | 6 |
| Mr. T G Thoradeniya | 2,506,800 | Director - Marketing and Business Development | | | | | | 2 | 9 |
| Mr. G A R D Prasanna | 50,000 | Director | | | | | | 3 | 15 |
| Mr. N J Weerakoon | | Director | | Member | | Member | Chairman | 1 | 9 |
| Mr. S M Liyanage | | Director | | | | | | 2 | 6 |
| Mr. S R Jayaweera | | Director | Member | Member | | Member | Member | 3 | 2 |
| Mr. J R Gunaratne | | Director | Chairman | | Chairman | | | 4 | 6 |
| Ms.K A D B Perera | | Director | | | | | Member | 10 | 7 |
| Mr. H M A Jayesinghe | | Director | | Chairman | Member | Chairman | | 10 | 5 |

Chairman Member

*NGC – Nominations & Governance Committee AC – Audit Committee RC – Remuneration Committee*
*RPTRC – Related Party Transaction Review Committee BSC- Board Sustainability Committee*

## APPOINTMENTS & EXITS

*GRI 2-10*

The Nominations & Governance Committee identifies candidates aligned with business, independence, and diversity needs. The Board proposes appointments to shareholders at the Annual General Meeting through separate resolutions and promptly reports them to the Colombo Stock Exchange, including relevant director information.

Directors may be appointed during the year to fill vacancies, holding office until the next Annual General Meeting, where shareholders decide on re-election. One-third of directors retire by rotation at each AGM and are usually eligible for re-election, with a resolution for each. Executive directors serve under their employment contracts and are not subject to rotation.

### Determining Independence of Non-Executive Directors

The Board assesses director independence annually based on Non-Executive Directors' declarations, as required by Listing Rule No.9. Mr. N J Weerakoon, Mr. J.R. Gunaratne, Mr. Manil Jayasinghe, and Mr. Sanjeewa Jayaweera are confirmed to meet the Section 9.18.4 independence criteria according to their submitted declarations.

### Role of the Chairman and CEO

*GRI 2-11, 2-12, 2-24*

The Chairman and Chief Executive Officer hold distinct positions, providing balance and oversight within the Board. Rocell also has a Co Chairman and a Deputy Chairman reinforcing the recognition for balance. The Chairman is tasked with managing Board operations, which include scheduling meetings, setting agendas, presiding over proceedings, ensuring Board members have access to necessary information for informed decisions, and promoting active engagement among members. The Managing Director or Chief Executive Officer is responsible for implementing strategic initiatives in alignment with the established policy framework and maintaining compliance with regulatory standards.

### Role of the Company Secretary

PW Corporate Secretarial (Pvt) Ltd provides company secretarial services, which include scheduling meetings, circulating board papers, maintaining minutes, and filing necessary returns. 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. 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.

*GRI 2-10*

| Committee | Composition | Mandate |
|---|---|---|
| **Nomination & Governance Committee**<br>*Refer page 207 for Nomination & Governance Committee Report* | Mr. Jithendra Gunaratne - INED<br>Mr. Harsha Amarasekera - NED<br>Mr. Sanjeewa Jayaweera - INED | 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;<br>2. Formulation of policies that sets out the framework for governance of the Company including corporate governance policies and compliance manuals;<br>3. Determining the number of Directors to be appointed to the Board subject to the minimum number as stipulated by the Listing Rules;<br>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;<br>5. Making recommendations to the Board on the maximum number of Directorships that could be held by a Director of the Company ; and<br>6. Overseeing and evaluating the compliance by the Company with the governance framework. |
| **Audit Committee**<br>*Refer page 201 for Audit Committee Report* | Mr. Manil Jayesinghe - INED<br>Mr. Sanjeewa Jayaweera - INED<br>Mr. Nivran Weerakoon - INED | Monitor and supervise management's financial reporting process in ensuring:<br>1. The integrity of financial statements in accordance with Sri Lanka Financial Reporting Standards.<br>2. The compliance with legal and regulatory requirements of Companies Act and other relevant financial reporting related regulations and requirements.<br>3. The External Auditor's independence and performance.<br>4. Review of the adequacy and effectiveness of the company's Internal Control and Risk Management systems, over the financial reporting process. |
| **Remuneration Committee**<br>*Refer page 203 for Remuneration Committee Report* | Mr. Jithendra Gunaratne - INED<br>Mr. Harsha Amarasekera - NED<br>Mr. Manil Jayesinghe -INED | 1. 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.<br>2. Recommend the remuneration payable to the Executive Directors and senior management. |
| **Related Party Transaction Review Committee**<br>*Refer page 205 for Related Party Transactions Review Committee Report* | Mr. Manil Jayesinghe - INED<br>Mr. Sanjeewa Jayaweera - INED<br>Mr. Nivran Weerakoon - INED | To ensure on behalf of the Board, that all Related Party Transactions of Royal Ceramic PLC and its subsidiaries are consistent with the Code of Best Practice on Related Party Transactions issued by the SEC.<br>1. Ensure that the Company complies with the rules set out in the Code<br>2. Subject to the exceptions given under Rule 27 of the Code, review, in advance all proposed related party transactions<br>3. Perform other activities related to the Charter as requested by the Board.<br>4. Have meetings every fiscal quarter and report to the Board on the Committee's activities<br>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.<br>6. 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. |

# CORPORATE GOVERNANCE

| Committee | Composition | Mandate |
|---|---|---|
| **Board Sustainability Committee**<br>*Refer page 210 for the Sustainability Committee Report* | Mr. Nivran Weerakoon - INED<br>Ms. Brindhini Perera - NED<br>Mr. Sanjeewa Jayaweera - INED | 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:<br>» Strategic Oversight<br>» Environmental Stewardship<br>» Social Responsibility<br>» Ethical Governance and Supply Chain Oversight<br>» Performance Monitoring and Reporting |

## GOVERNANCE FRAMEWORK

*GRI 2-27*

The governance framework of the Group is given below:

### REGULATORY

- 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 Revue and other relevant acts
- Securities and Exchange Commission of Sri Lanka Act no 19 of 2021

### VOLUNTARY STANDARDS, CODES & FRAMEWORKS

- Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants 2023
- Integrated Reporting Framework
- Global Reporting Initiative Standards
- Quality standard certifications obtained by companies
- SASB Standards

### INTERNAL DOCUMENTS

- Articles of Association
- Board Charter
- Policy framework
- Committee Terms of Reference

## 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 contracts are disclosed on page 294. 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 who approve the transactions and ensure appropriate disclosures in line with regulatory requirements. Related party transactions are disclosed in Note 33 to the financial statements on page 294.

## 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 circulated within two weeks.

Attendance of the directors at meetings is given below.

| Directors | Date of Appointment | Board Meeting | Nomination & Governance Committee | Audit Committee | Remuneration Committee | Related Party Transaction Review Committee | Board Sustainability Committee |
|---|---|---|---|---|---|---|---|
| Mr. Dhammika Perera | 10th October 2024 | 6/12 | | | | | |
| Mr. S H Amarasekara | 18th September 2014 | 10/12 | 1/1 | | 2/2 | | |
| Mr. A M Weerasinghe | 27th August 1990 | 11/12 | | | | | |
| Mr. M Y A Perera | 14th March 2017 | 12/12 | | | | | |
| Mr. T G Thoradeniya | 1st April 2003 | 11/12 | | | | | |
| Mr. G A R D Prasanna | 29th May 2009 | 12/12 | | | | | |
| Mr. N J Weerakoon | 17th May 2019 | 12/12 | | 7/7 | | 4/4 | 1/1 |
| Mr. S M Liyanage | 21st February 2020 | 10/12 | | | | | |
| Mr. S R Jayaweera | 28th April 2021 | 12/12 | 1/1 | 7/7 | | 4/4 | 1/1 |
| Mr. J R Gunaratne | 28th April 2021 | 11/12 | 1/1 | | 2/2 | | |
| Ms.D B Perera | 19th October 2022 | 7/12 | | | | | - |
| Mr. H M A Jayesinghe | 1st January 2025 | 12/12 | | 7/7 | 2/2 | 4/4 | |
| Total No of Meetings | | 12 | 1 | 7 | 2 | 4 | 1 |

## INDUCTION & TRAINING FOR DIRECTORS

Newly appointed directors are formally inducted to enable effective contribution at Board meetings. The Chairman and the MD/CEO arrange meetings with themselves and Key Management Personnel to provide an overview. In addition, they are also taken on a tour of some of our manufacturing facilities. However, no new directors were appointed during the current year and no inductions were done as a result.

Directors are expected to apprise themselves of developments in their areas of specialty and undertake learning activities necessary for the effective discharge of their duties. These requirements are coordinated through the Company Secretaries. Additionally, the directors were briefed on the mandatory sustainability reporting requirements during the year.

## EVALUATIONS

*GRI 2-18*

### Appraisal of MD/CEO

The performance of the MD/CEO is reviewed annually by the Chairman with input from the Remuneration Committee 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 Code of Best Practice and the results were tabled at the Board meeting held in May 2026. 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 the performance of the Group. Please refer page 203 for the Report of the Remuneration Committee and Terms of Reference. NED remuneration comprise a fee for being a Director of the Board and additional fee for being a member of a committee.

## ACCOUNTABILITY & AUDIT

The Board approved the quarterly reports prior 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 193 to 199 (including the declaration that the company is a going concern)
- The Statement of Directors' Responsibility on page 200
- Report of the Auditors on page 213

### External Auditor

The External Auditor is appointed by the shareholders at the Annual General Meeting. The AC 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 determines whether there would be potential impairment of independence and objectivity of the External Auditor in carrying out his duties and responsibilities.

# CORPORATE GOVERNANCE

## OVERSIGHT OF SUBSIDIARIES

» Co - Chairman and some of the other directors sit on the Boards of subsidiaries and feedback to the main Board on matters of concern.

» Subsidiaries have their own audit committees and significant issues are escalated to the parent company by way of declarations.

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

» The Board Sustainability Committee of Rocell reviews the Company and consolidated sustainability information to identify SRROs and CRROs.

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.

## 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 ask questions, comment or make suggestions to the Board through the Company Secretaries and 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 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.

## IT GOVERNANCE

IT governance is driven by the Board with assistance from the IT department which oversees the effective functioning of the Group's IT infrastructure and the safeguarding of its information assets. The IT Department is organised in to two key functions, Infrastructure and Applications with cybersecurity captured within the Infrastructure function. They are supported by the IT functions of major subsidiaries who collaborate and share knowledge regularly. The IT Policy prepared by the IT Department has been approved by management and the MD. Its scope was expanded in 2025 to include cybersecurity and data protection. The Department is supported by three foreign in-house consultants.

It is noteworthy that the Rocell Group has a fully secured data house which is a closed network as it is not on the cloud and the IT infrastructure is managed in-house. The Group has multiple core systems including SAP, Hana and Oracle. Tech Cert reviews cyberthreats annually and they conduct vulnerability and penetration tests at least twice a year. Additional CICRA also provides additional expertise to assess effectiveness of security. The Group has in place multi layers of firewalls. Physical controls are also strictly enforced. Rocell operate a couch strike end point system. Basic controls such as email spamware filters and encryption of personal data are in operation which reduce data security risks. DS site with Dialog.

Rocell invested Rs.22 Mn during the year for process automation systems, upgrade of CRM, new HRIS as well as the Oracle Process Manufacturing & Advanced Supply Chain Planning System which was implemented for Bathware.

## COMMUNICATION OF CRITICAL CONCERNS TO THE HIGHEST GOVERNANCE BODY

*GRI 2-16*

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

## OVERSIGHT OF SUSTAINABILITY

*GRI 2-14, 2-13*

The Board of Directors has overall oversight responsibility for sustainability-related and climate-related risks and opportunities in accordance with SLFRS S1 and SLFRS S2. The Board appointed a Board Sustainability Committee to oversee sustainability-related and climate-related matters on behalf of the Board.




**Rocell Group has worked with consultants to strengthen the processes for identifying, measuring, monitoring, assessing and managing sustainability related risks and opportunities. The robust structure put in place supports the implementation and continuity of these processes, facilitating early preparation to counter growing chronic risks, building resilience against acute physical risks and seizing opportunities to drive a transition to cleaner renewable energy.**

### Responsibility

The Board Sustainability Committee is responsible for providing strategic oversight, direction, and guidance on the Group's sustainability agenda.

The Committee is responsible for:

- Integrating sustainability into the Group's core business and strategic planning.
- Overseeing the implementation of policies and practices that promote environmental responsibility, social impact, and ethical governance.
- Monitoring sustainability-related risks and opportunities (SRROs) across the Group's operations and supply chains.

### Skills & Competencies

The Board of Directors has participated in a dedicated sustainability-related training session to enhance understanding of SLFRS S1 and S2. In addition, the Executive Sustainability Committee and the implementation team have undergone intensive training on SLFRS S1 and S2 to ensure effective identification, assessment, and management of sustainability- and climate-related risks and opportunities, and to support integration into the Company's strategy and operations.

Overall, all members of the Company's governance bodies possess adequate knowledge and understanding of SLFRS S1 and S2 to effectively oversee and guide the management of sustainability- and climate-related risks and opportunities. Further plans in places for capacity building programs across the group to support internal staff adopt in to strategic changes that Group suitability agenda would make within the group.

### Inform

The Board Sustainability Committee plays a central role in monitoring the implementation of SLFRS S1 and S2, with progress on the action plan presented quarterly. The Board Sustainability Committee approves strategies, and disclosures related to material CRROs and other sustainability matters, while escalating major policies to the board and other relevant committees ensuring accountability and transparency. The Board Sustainability Committee ensures that CRROs are properly integrated into business strategy and decision-making and makes recommendations to the Board on material CRROs and overall sustainability performance.

The Board of Directors receives updates and recommendations from the Board Sustainability Committee and exercises ultimate oversight on CRROs, ensuring alignment with the Company's strategy, governance, and financial planning.

### Address

The Board Sustainability Committee (BSC) provides strategic oversight of CRROs on behalf of the Board. It reviews CRROs escalated by the Executive Sustainability Committee (ESC), validating risk classifications, mitigation measures, and opportunity capture strategies. Further, identified material CRROs and SRROs are escalated to be included in the Enterprise Risk Management System which is under the governance of Audit Committee.

During the year, Board Sustainability Committee,

- Established the Executive Sustainability Committee
- Approved the Terms of Reference for the Executive Sustainability Committee
- Approved the time horizons and materiality thresholds for both the company and Group
- Reviewed and approved the Climate Related Risk and opportunities along with mitigation strategies

### Monitor

The Board Sustainability Committee monitors the progress of the action items at each Board Sustainability Committee (BSC) meeting against the meeting minutes of the previous committee meeting and the established sustainability road map of the company.

# CORPORATE GOVERNANCE

## Management Role

The Executive Sustainability Committee (ESC) which was established on 12th January 2026 is key to the effective operation of the Group's sustainability journey.

Executive Sustainability Committee (ESC) consists of 11 Senior Management Members with managing director chairing the committee as set out alongside.

The ESC is responsible for the operational management of sustainability- and climate-related risks and opportunities along with other sustainability matters. The Committee identifies, assesses, and monitors sustainability-related risks, ensures implementation of mitigation measures, and coordinates the integration of sustainability considerations into business processes and decision-making. It supports the Board Sustainability Committee by providing detailed analysis, progress updates, and recommendations, and ensures that material risks and opportunities are escalated to the Board for oversight and strategic action.

- Composition of the ESC
- Director Finance
- Head of Finance
- Director Manufacturing
- Heads of the 3 Factory complexes
- Head of Supply Chain
- Head of Human Resources
- Head of Internal Audit and Risk
- Senior Head of Sales

Key responsibilities of the established ESC

- *ESG Strategy, Governance & Alignment* - Support the development and implementation of the Group's ESG and sustainability strategy, ensuring it is aligned with long-term business goals and integrated into operational processes, departmental activities, and the company culture. Assist in operationalising ESG frameworks, policies, and performance targets.
- *Management of Sustainability-Related Risks & Opportunities (SRROs)* - Identify, assess, and escalate ESG and sustainability-related risks and opportunities within operations. Integrate these considerations into the Group's risk management processes and ensure that relevant skills and competencies are available within the management teams to address them effectively.
- *Environmental & Social Performance Oversight* - Monitor operational performance across key environmental metrics (emissions, energy, waste, water) and social impact areas such as workplace health and safety, labour practices, and community engagement. Promote ethical business conduct, responsible supply chain practices, and good governance at the management level.
- *Target Setting, Monitoring & Performance Evaluation* - Assist in establishing operational sustainability and ESG targets, track progress at the departmental and project level, and ensure that relevant ESG performance metrics are incorporated into management reporting and performance evaluations.
- *Reporting, Assurance & Stakeholder Engagement* - Coordinate the preparation of sustainability and ESG reports, disclosures, and internal dashboards. Support data collection and assurance processes and engage with key internal and external stakeholders to facilitate transparency, accountability, and continuous improvement in ESG performance.

## Delegation

The Sustainability Implementation Team is responsible for the day-to-day identification, assessment, and management of climate- and sustainability-related risks and opportunities (CRROs). The team collects relevant data, conducts risk analyses, and implements mitigation measures or opportunity strategies as appropriate. It also prepares regular reports and updates on CRROs for review by the Executive Sustainability Committee (ESC). The ESC reviews the CRROs identified by the Implementation Team, evaluates their materiality, likelihood, and potential impact, and determines the necessary actions, mitigation plans, and monitoring approaches. Material CRROs are escalated to the Board Sustainability Committee, while the Executive Sustainability Committee (ESC) monitors progress on action plans and ensures that sustainability considerations are effectively integrated into the Company's operational and financial planning. Implementations of this team gets report back up to board level following the same process covered under the sections "Inform, address and monitor" of this report.

## Policies and procedures

The Company has established a framework for sustainability and ESG governance, which includes the Company ESG Policy, the Terms of Reference for the Board Sustainability Committee, and the Terms of Reference for the Executive Sustainability Committee. Further plans are in place to advance the existing ESG policies along with necessary capacity building for the sustainability implementation teams across the group.



Given below is the status of compliance with the CSE Listing Rules – section 7-10 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 & CSE Listing | 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 | ✓ |
| A1.2 | Role of the Board | » Focus in on developing strategies for business development and to provide guidance to the management.<br>» Sets the budget for the financial year and reviews progress at the monthly meetings.<br>» Approving of major capital expenditure<br>» Ensures that effective internal control and risk management framework is in place | ✓ |
| A. 1.3 | Compliance with laws and access to independent professional advice | The Board seeks independent professional advice when deemed necessary, particularly before making any decisions which could have a significant impact on the Company.<br>Further the Board is always mindful of the new laws/regulations which are implemented and ensures compliance with same. | ✓ |
| A 1.4 | Access to advice from the Company Secretary<br>Indemnifying the Board, Directors and key management personnel | 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 | ✓ |
| 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.<br>All Directors have considerable experience in the industry. Relevant local and foreign training opportunities are made available. | ✓ |
| A. 2.0 | Segregation of Roles of Chairman & CEO | Roles of Chairman and Chief Executive officer 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/ A5.2/A.5.3 & A.5.5 | Presence of Non-Executive Directors<br>Independence of Non-Executive Directors | Please refer an Effective Board in page 193 | ✓ |
| A.5.4 | Annual Declaration of Independence by the Non-Executive Directors | Annual declarations citing their independence is obtained by the secretary annually. | ✓ |

# CORPORATE GOVERNANCE

| Reference to ICASL Code & CSE Listing | Corporate Governance Principle | How we Comply | Compliance Status |
|---|---|---|---|
| A.5.6 | Alternate Director to a Non-Executive Director | No Alternate Directorships | ✓ |
| A.5.7/5.8 | Senior Independent Director | Not applicable | ✓ |
| 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 even in the case of 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 at least 1 week before the meeting | ✓ |
| A.6.2 | Board papers to be provided 7 days prior to Board Meeting | Board papers are provided one week prior to the Board meeting. | ✓ |
| **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 appointment. The disclosure includes a brief profile of the Director and whether the Director is an Independent/Non-Executive/Executive Director. | ✓ |
| **A.8** | **Re-election** | | |
| A.8.1 /A.8.2 | Re-election | One third of non-executive directors will retire and offer themselves for re-election at each AGM.<br>Newly appointed 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 May 2026 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 pages 30 to 32 | ✓ |
| **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.<br>Achievement of the budget is a key factor that is considered. | ✓ |
| **B. Directors' Remuneration** | | | |
| **B.1** | **Remuneration Procedure** | | |
| B.1.1 | Set up a Remuneration Committee with agreed terms of reference | Refer Directors' Remuneration on page 296<br>The Report of the Remuneration Committee on page 203 gives the composition of the Committee and a description of its activities during the year. | ✓ |

| Reference to ICASL Code & CSE Listing | Corporate Governance Principle | How we Comply | Compliance Status |
|---|---|---|---|
| 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 203 | ✓ |
| B.1.4 | Determination of the remuneration of the Non-Executive Directors | Remuneration of the Non-Executive Directors is decided by the Remuneration Committee in consultation with the Chairman | ✓ |
| 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 | | NA |
| B.2.7 | Designing schemes of performance-based remuneration | Refer the Report of the Remuneration Committee on page 203 | ✓ |
| 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 | Report of the Remuneration Committee on page 203<br>Notes 33.2.1 and 33.2.2 in the financial statements on page 296 | ✓ |
| **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, the Agenda for the Annual General Meeting and the Annual Report are circulated to shareholders prior to 15 working days as required by the Articles of Association and the Code. | ✓ |
| 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** | | |

| Reference to ICASL Code & CSE Listing | Corporate Governance Principle | How we Comply | Compliance Status |
|---|---|---|---|
| C.2.1 to C.2.7 | Communications with Shareholders | The AGM and EGM (if any) are used as the method for communicating with the shareholders.<br>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.<br>The Company Secretaries/Registrars are the main contact people for the shareholders.<br>All major concerns of the shareholders are brought to the notice of the Board at the AGM and at Board/Subcommittee meetings.<br>All queries of shareholders are answered at the AGM and all shareholders are given the opportunity to express their views/ concerns. | ✓ |
| **C.3** | **Major & Material Transactions** | | |
| C.3.1 & C.3.2 | Disclosure of Major Transactions | There were no matters which were identified as Major Transactions during the year as such no disclosure has been made in this regard.<br>In the event there are Major Transactions, relevant disclosures and relevant shareholder approvals are obtained. | ✓ |
| **D. Accountability & Audit** | | | |
| D.1.1 | Annual Report | Refer Accountability & Audit on page 213 | ✓ |
| D.1.2 | Interim and price sensitive reports to public and regulators | In preparing annual and quarterly Financial Statements, the Company complies with the requirements of the;<br>» Companies Act No. 07 of 2007,<br>» Sri Lanka Accounting Standards and<br>» Listing Rules of the Colombo Stock Exchange.<br>The annual and interim Financial Statements were published within the time periods prescribed by the Listing Rules of the Colombo Stock Exchange. | ✓ |
| D.1.3 | CEO/CFO Declaration | The Financial Statements contains a declaration by the Chairman, Managing Director and the Director Finance. | ✓ |
| D.1.4 | Directors' Report declarations | Refer Annual Report of the Board of Directors on page 193. | ✓ |
| D.1.5 | Statements on responsibilities for preparation of financial statements and internal control | Refer the following:<br>» Statement of Board responsibility for preparation of financial statements – page 200<br>» Statement from Auditors on their reporting responsibilities – page 213<br>» Statement on Internal Control page 200 | ✓ |
| D.1.6 | Management discussion & analysis | Refer annual report pages from 64 to 146 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. | ✓ |
| D.1.8 | Related Party transactions | Refer the following disclosures on Related Party Transactions:<br>» Relates party transactions Review Committee Report on page 205<br>» Annual Report of the Board of Directors on page 193<br>» Note 33 to the financial statements | ✓ |

| Reference to ICASL Code & CSE Listing | Corporate Governance Principle | How we Comply | Compliance Status |
|---|---|---|---|
| **D.2** | **Risk Management & Internal Control** | | |
| D.2.1 | Monitor, review and report on financial, operational and compliance risk and internal control systems | The following reports provide details on compliance with these requirements:<br>» Risk Report on pages 55 to 61<br>» Risk & Internal Control on page 55 to 61<br>» Directors' Statement on Internal Controls on page 200<br>» Audit Committee Report on page 201 | ✓ |
| D.2.2 | Confirm assessment of the principal risks of the company | | ✓ |
| D.2.3 | Internal Audit | | ✓ |
| 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 three independent non-executive directors. Refer Audit Committee report on page 201. | ✓ |
| 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 201. | ✓ |
| D.3.3 | Disclosures | The Audit Committee Report with required disclosures are given on page 201. | ✓ |
| **D.5** | **Related Party Transactions Review Committee** | | |
| D.5.1/D.5.2/ D.5.3 9.3.2 | Related Party Transactions Review Committee | Please refer<br>» Related Party Transactions on page 205<br>» Report of the Related Party Transactions Review Committee on page 205 | ✓ |
| **D.6** | **Code of Business Conduct & Ethics** | | |
| D.6.1 | Board declaration for compliance with Code | A Code of Ethics is in place for all directors and employees as summarised on pages 172 to 192. | ✓ |
| D.6.2 | Price sensitive information | Material and price sensitive information is promptly disclosed to the CSE by the Company Secretaries. | ✓ |
| D.6.3 | Monitor Share purchase by Directors/ KMPs | Refer the Related Party Transactions Committee Report on page 205. | ✓ |
| D.6.7 | Chairman's statement | Refer the Chairman's Message on Corporate Governance on page 20 and The Board of Directors' Statement on Internal Controls on pages 193 to 200. | ✓ |
| **D.7** | **Corporate Governance disclosures** | **The Corporate Governance Report on pages 172 and 192 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** | | | |
| F1 | 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. | ✓ |

| Reference to ICASL Code & CSE Listing | Corporate Governance Principle | How we Comply | Compliance Status |
|---|---|---|---|
| F.2. | Encouraging shareholder participation | Please refer Shareholder Relations on pages 317 to 318 | ✓ |
| **G. Internet of things and cybersecurity** | | | |
| G.1 | Identify connectivity and related cyber risks | Please refer Internet of Things & Cybersecurity on page 143 | ✓ |
| G.2 | Appoint a CISO and allocate budget to implement a cybersecurity policy | | ✓ |
| 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 | Rocell obtains bi-annual threat assessments from Tech Cert and annual assessments from CICRA. | ✓ |
| G.5 | Disclosures in Annual Report | Please see segment on IT Governance on page 180. | ✓ |
| **H. Environment, Society & Governance** | | | |
| H | Environment, society and governance | Please refer S1 and S2 reporting from page 150 | ✓ |
| 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 150. The relevant SASBs for each industry was within the Group was considered in determining the course 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. | » The Company has in place a system to capture its non-financial information from all locations of its operations.<br>» Internal controls are in place to ensure the accuracy and materiality of the data.<br>» 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.<br>» ESG related information is presented to the Board at its quarterly meetings while they are reviewed monthly by Corporate Management. | ✓ |
| **I. Special Considerations 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. | Policies have been reviewed and revised prior to publishing their details on the Company's website. | ✓ |
| I.2 | Listed entities shall establish and maintain a formal policy governing matters relating to the board of directors. | | |

## SECTION 9 – CORPORATE GOVERNANCE

| Rule Ref | Disclosure Requirement | How we Comply | Compliance Status |
|---|---|---|---|
| 9.1.3 | Statement confirming the extent of compliance with the Corporate Governance Rules | Please refer page 196 | ✓ |
| 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 company website under Rocell Investor Relations section | ✓ |
| 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<br>(b) The contact person for such communication<br>(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 company website under Rocell Investor Relations section | ✓ |
| 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. | Complied | ✓ |
| 9.6.3 | Report of SID demonstrating the effectiveness of duties | 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<br>(b) Any non-compliance/s and remedial action taken | Please refer Report of the Board of Directors on page 196. | ✓ |
| 9.8.5 | Names of Directors determined to be 'independent' | Mr.Manil Jayesinghe<br>Mr.Nivran Weerakoon<br>Mr.Sanjeewa Jayaweera<br>Mr.Jithendra Gunaratne | ✓ |
| 9.10.4 | Directors details<br>» name, qualifications and brief profile<br>» nature of his/her expertise in relevant functional areas<br>» whether either the Director or Close Family Members has any material business relationships with other Directors<br>» whether Executive, Non-Executive and/or independent Director<br>» 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)<br>» number of Board meetings attended<br>» names of Board Committees in which the Director serves as Chairperson or a member<br>» Attendance of board committee meetings<br>» TOR and powers of SID | Details are stated in profiles set out on pages 30 to 32<br>Attendance is given on page 179<br>TOR and Powers of SID are not applicable. | ✓ |

| Rule Ref | Disclosure Requirement | How we Comply | Compliance Status |
|---|---|---|---|
| 9.11.6 | » Nominations and Governance Committee Report<br>» Signed by Chairperson<br>» Names of chairperson and members with nature of directorship<br>» Date of appointment to the committee<br>» Availability of documented policy and processes when nominating Directors<br>» Requirement of re-election at regular intervals at least once in 3 years<br>» Board diversity<br>» Effective implementation of policies and processes relating to appointment and reappointment of Directors | The report is set out on page 207 | ✓ |
| | » Details of directors re-appointed<br>» Board Committees served Date of first appointment Date of last re-appointment<br>» Directorships or Chairpersonships and other principal commitments, present and held over the preceding three years<br>» Any relationships – close family member, more 10% shareholding<br>» Performance of periodic evaluation of board<br>» Process adopted to inform independent directors of major issues.<br>» Induction / orientation programs for new directors on corporate governance, Listing Rules, securities market regulations or negative statement<br>» Annual update for all directors on corporate governance, Listing Rules, securities market regulations or negative statement<br>» Compliance with independence criteria<br>» Statement on compliance with corporate governance rules, if non-compliant reasons and remedial actions | The report is set out on page 207 | ✓ |
| 9.12.8 | Remuneration Committee Report<br>» Names of chairperson and members with nature of directorship<br>» Remuneration Policy<br>» The aggregate remuneration of the Executive and Non-Executive Directors. | This report is set out on page 203 | ✓ |
| 9.13.5 | Audit Committee Report<br>» Names of chairperson and members with nature of directorship<br>» Status of risk management and internal control – company and group<br>» Statement on CEO and CFO assurance on operations and finances<br>» Opinion on compliance with financial reporting requirements, information requirements Listing Rules, Companies Act, SEC Act and any other requirements.<br>» Availability of formal Audit Charter<br>» Internal audit assurance and summary of the work internal audit<br>» Details demonstrating effective discharge of functions and duties<br>» Statement on external auditors' assurance on their independence<br>» Confirmation on determining auditor's independence | This report is set out on page 201 | ✓ |

| Rule Ref | Disclosure Requirement | How we Comply | Compliance Status |
|---|---|---|---|
| 9.14.8 (1) | Related Party Disclosures<br>Non-recurrent RPT exceeding 10% of the Equity or 5% of the Total Assets, whichever is lower (in the specified format)<br>» Name of the RP Relationship<br>» Value of RPT<br>» Value as % of equity and total assets<br>» Terms and Conditions<br>» Rationale | There were no non recurrent RPT exceeding the threshold | ✓ |
| 9.14.8 (2) | Recurrent RPT exceeding 10% of the gross revenue/income (in the specified format)<br>» Name of the RP Relationship<br>» Nature of RPT<br>» Value of aggregate RPT<br>» Value as % of gross income<br>» Terms and Conditions | There were no recurrent RPT exceeding the threshold | ✓ |
| 9.14.8 (3) | Related Party Transactions Review Committee Report<br>» Names of the Directors comprising the Committee<br>» Statement that committee has reviewed RPTs and communicated comments/observations to the Board<br>» Policies and procedures adopted by the Committee | Please refer the Related Party Transactions Review Committee report on page 205 | ✓ |
| 9.14.8 (4) | Affirmative declaration by the Board of Directors on compliance with RPT Rules or negative statement to that effect. | Please refer the Related Party Transactions Review Committee Report on page 205 | ✓ |
| 9.16 | Additional disclosures by Board of Directors Declaration on following<br>» All material interests in contracts and have refrained from voting on matters in which they were materially interested<br>» 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;<br>» Made themselves aware of applicable laws, rules and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions;<br>» 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 Annual Report of the Board of Directors on page 193 | ✓ |

## SECTION 7 – CONTINUING LISTING REQUIREMENTS

| Rule Ref | Disclosure Requirement | How we Comply | Compliance Status |
|---|---|---|---|
| 7.6 (i) | Name of the persons who were Directors of the Company | Please refer page 28 | ✓ |
| 7.6 (ii) | Principal activities of the Entity and subsidiaries including any changes | Please refer note 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 318 | ✓ |
| 7.6 (iv) (a) | Public holding details for LKR denominated Shares<br>» Float adjusted market capitalisation,<br>» Public holding percentage (%),<br>» Number of public shareholders<br>» Option under which minimum public holding requirements were met<br>The public holding percentage (%) in respect of non-voting ordinary Shares (where applicable). | Please refer page 317 | ✓ |
| 7.6 (iv) (b) | Public holding details if Foreign Currency denominated Shares are listed | N/A | |
| 7.6 (v) | Each Director's and Chief Executive Officer's shareholding in each class of shares LKR and Foreign Currency denominated (as applicable). | Please refer page 194 | ✓ |
| 7.6 (vi) | Material foreseeable risk factors of the Entity | Please refer page 55 | ✓ |
| 7.6 (vii) | Details of material issues pertaining to employees and industrial relations of the Entity. | Please refer page 193 | ✓ |
| 7.6 (viii) | Extents, locations, valuations and the number of buildings of the Entity's land holdings and investment properties. | Please refer pages 244 to 249 | ✓ |
| 7.6 (ix) | Number of shares representing the Entity's stated capital. | Please refer page 264 | ✓ |
| 7.6 (x) | Distribution schedule - Number of holders and % for each class as per the format in the rules. | Please refer page 317 | ✓ |
| 7.6 (xi) | Ratios and market price information on Equity and Debt | Please refer page 314 | ✓ |
| 7.6 (xii) | Significant changes of entity and subsidiaries' fixed assets including substantial difference between market value and book value of lands. | Please refer page 240 | ✓ |
| 7.6 (xiii) | Details of funds raised via IPO and further issues | N/A | |
| 7.6 (xiv) | Details of Employee Share Option Schemes (ESOS) | N/A | |
| 7.6 (xv) | Disclosure pertaining to Corporate Governance practises in terms of Section 9 of the Listing Rule | Please refer page 172 | ✓ |
| 7.6 (xvi) | Details of Related Party Transactions exceeding 10% of the Equity or 5% of the total assets of the Entity as per the Audited Financial Statements whichever is lower with specified details | There were no RPT exceeding the threshold | ✓ |
| 7.6 (xvii) | If Foreign Currency Denominated Securities are listed | N/A | |
| 7.6 (xviii) | If Sustainable Bonds are listed | N/A | |
| 7.6 (xix) | If Perpetual Debt Securities are listed | N/A | |

# 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 2026, 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.07 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, sanitary ware, 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 224.

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 20 to 146 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 216 to 312.

## AUDITORS' REPORT

The Report of the Independent Auditors on the Financial Statements of the Company and its subsidiaries is given on pages 213 to 215.

## ACCOUNTING POLICIES

The Accounting Policies adopted in the preparation of the Financial Statements are given on pages 224 to 238 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 200.

## 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 30 to 32.

### 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 Jayesinghe

## RECOMMENDATION FOR RE-ELECTION OF DIRECTORS WHO RETIRE BY ROTATION

Ms. K A D B Perera 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.

Mr. H S Amarasekara 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.

Mr. N J Weerakoon 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

As no directors were appointed to the Board since the last Annual General Meeting, this requirement is not applicable for the year under review.

## CHANGES IN THE DIRECTORATE

The composition of the Directorate remained unchanged throughout the year under review, and there were no new appointments, redesignations, or resignations.

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

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

## 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 pages 296.

## 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 13,858,708/- is payable by the Company to the Auditors for the year under review comprising Rs 3,893,958/- as audit fees and Rs 9,964,750/- as non audit services.

The Auditors have expressed their willingness to continue in office. The Audit Committee at a meeting held on 27th May 2026 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 282.

## STATED CAPITAL

The Stated Capital of the Company as at 31st March 2026 was 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, 2026 and 2025 are as follows:

| | Shareholding as at 31.03.2026 | Shareholding as at 31.03.2025 |
|---|---|---|
| Mr. Dhammika Perera | 2,007,720 | 2,007,720 |
| 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 | 2,506,800 | 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 Jayesinghe | - | - |

## SHAREHOLDERS

There were 21,556 shareholders registered as at 31st March 2026 (21,119 shareholders as at 31st March 2025).

## 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 317 to 318 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 2026, 1,863 persons were in employment (1,839 persons as at 31st March 2025).

## RESERVES

The Reserves of the Company with the movements during the year are given in Note 14 to the Financial Statements on pages 265 to 266.

## LAND HOLDINGS

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

Details and movements of Property, Plant and Equipment are given on the Note 3 to Financial Statements on page 239 to 251.

| Location | No of Buildings | Extent (Perches) | As at 31.03.2026 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 |
| Eheliyagoda | 0 | 15 | 6,413,000 |
| Meegoda | 3 | 471 | 226,227,250 |
| Nawala 101 | 1 | 25 | 273,900,000 |
| 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 | 346,512,000 |
| Nawala 98 | 1 | 19 | 200,200,000 |
| Ratnapura | 3 | 32 | 227,902,792 |
| Batticaloa | 2 | 20 | 289,000,000 |
| | 74 | 11,427 | 4,599,419,542 |

## INVESTMENTS

Details of the Company's quoted and unquoted investments as at 31st March 2026 are given in Notes 05 and 12 to the Financial Statements on pages 254 and 264.

## DONATIONS

The Company has paid monetary donations of Rs 75,000/- during the year under review.

## DIVIDENDS

The Company paid an Interim Dividend of Re.1.00 per share for the year under review on 6th April 2026.

The Directors have proposed the payment of a Final Dividend of Rs.1.00 per share for the year under review subject to the approval of the shareholders at the Annual General Meeting to be held on 30th June 2026.

## 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 55 to 61.

## 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 290 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 291 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.

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

## CORPORATE GOVERNANCE

The Board of Directors confirm that the Company is compliant with Corporate Governance Rules set out in 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 172 to 192 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 Director 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 Jayesinghe 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 180 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.

## 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 30 to 32.

(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 179.

## 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 Board Sustainability 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 Jayesinghe | 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 Jayesinghe | | Independent Non-Executive Director |
| **Related Party Transactions Review Committee** | | |
| Mr H M A Jayesinghe | 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 |
| **Board Sustainability 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 2026.

## CORPORATE SOCIAL RESPONSIBILITY

The Company continued its Corporate Social Responsibility Programmes, details of which are set out on pages 126 to 127 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 the Annual General Meeting relates to proposed amendments to the Articles of Association of the Company, as recommended by the Board of Directors, to be adopted by way of a Special Resolution.

The salient amendment proposed is as follows:

### Joint Shareholding

In compliance with the requirements of Section 6, it is proposed to introduce a provision in the Articles of Association to restrict the number of joint shareholders. Accordingly, a new provision will be included to specify that the Company shall not register more than three (3) persons (including the principal holder) as joint holders of any shares.

## 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 Sixth (36th) Annual General Meeting appears on page 330.

## 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*

29 May 2026

# 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 SUBSIDIARIES OF ROYAL CERAMICS LANKA PLC

**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 (Private) Limited**

- 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. D J Silva

**Rocell Properties Limited**

- Mr. A M Weerasinghe
- Mr. T G Thoradeniya

**Lanka Ceramic PLC**

- Mr. A M Weerasinghe
- Ms. A M L Page
- Mr. S M Liyanage
- Ms. K D Weerasinghe
- Mr. L P B Talwatte – appointed w.e.f 01.04.2025
- Mr. H M A Jayesinghe – appointed w.e.f. 20.12.2025
- Mr. J D N Kakulawala - resigned w.e.f. 08.12.2025
- Mr. T G Thoradeniya - resigned w.e.f. 31.12.2025

**Lanka Walltiles PLC**

- Mr. A M Weerasinghe
- Dr. S Selliah
- Mr. S R Jayaweera
- 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. H Somashantha
- Mr. L P B Talwatte – appointed w.e.f. 01.04.2025
- Mr. H M A Jayesinghe – appointed w.e.f. 24.12.2025
- Mr. S H Amarasekera – appointed w.e.f. 31.07.2025
- Mr. J D N Kekulawala – resigned w.e.f. 08.12.2025

**Lanka Tiles PLC**

- Mr. A M Weerasinghe
- Mr. K A D D Perera
- 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. 30.04.2025
- Mr. S H Amarasekera – appointed w.e.f. 13.10.2025

**Swisstek (Ceylon) PLC**

- Mr. S H Amarasekera
- Mr. A M Weerasinghe
- Mr. J K A Sirinatha
- Dr. S. Selliah
- Mr. K D G Gunaratne
- Mr. C M U Weerawardena
- Mr. L A D N Perera
- 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. I G I M Illukkumbura – appointed w.e.f. 31.07.2025

**Swisstek Aluminium Limited**

- Mr. S H Amarasekera
- Mr. A M Weerasinghe
- Mr. T G Thoradeniya
- Mr. S M Liyanage
- Mr. L A D N Perera
- Mr. C M U Weerawardena
- Mr. I G I M Illukkumbura – appointed w.e.f. 29.01.2026

**Vallibel Plantation Management Limited**

- Mr. A M Weerasinghe
- Mr. T G Thoradeniya
- Mr. L P B Talwatte – appointed w.e.f 01.04.2025

**Uni Dil Packaging Limited**

- Mr. T G Thoradeniya
- Mr. Haresh Somashantha
- Mr. N T Bogahalande
- Mr. C M U Weerawardena
- Mr. S M liayanage
- Mr. L P B Talwatte – appointed w.e.f 01.04.2025

**Uni Dil Packaging Solutions Limited**

- Mr. K D H Perera
- Mr. C M 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

**C P Holding (Pvt) Ltd**

» Mr. A M Weerasinghe
» Mr. L P B Talwatte
– appointed 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

**L W L Development (Pvt) Ltd**

» Mr. K D A Perera
» Mr. L P B Talwatte
– appointed 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

**Swisstek Development Ltd**

» Mr. K D A Perera
» Mr. A M Weerasinghe

**Lanka Swisstek (Pvt) Ltd India**

» Mr. A M Weerasinghe
» Mr. Fatheraj Singhvi
» Mr.Praven Kumar Singhvi

**L W Plantation Investments Ltd.**

» Mr. A M Weerasinghe
» Mr. L P B Talwatte
– appointed 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

**L C Development (Pvt) Ltd.**

» Mr. A M Weerasinghe
» Mr. L P B Talwatte
– appointed w.e.f 01.04.2025

**Swisstek Investments (Pvt) Ltd**

» Mr. A M Weerasinghe

**Lanka Tiles USA Inc.**

» Mr. A M Weerasinghe
» Mr. L P B Talwatte
– appointed w.e.f 01.04.2025

**Uni Dil Packaging Kenya Ltd**

» Mr. Sameera Liyanage
» Mr. Haresh Somashantha

**Perfect Packaging Limited**

» Mr. Sameera Liyanage
» Mr. Haresh Somashantha

**Ecopack Solutions Lanka Limited**

» Mr. Sameera Liyanage
» Mr. Haresh Somashantha

# STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING

The Board of Directors is responsible for the preparation and presentation of the Financial Statements of the Company in accordance with the provisions of the Companies Act No. 07 of 2007 of Sri Lanka and Sri Lanka Accounting Standards (SLFRS/LKAS), so as to give a true and fair view of the financial position of the Company as at the reporting date and of its financial performance and cash flows for the period then ended.

In preparing these financial statements, the Directors are required to ensure that:

- Appropriate accounting policies have been selected and applied consistently
- Reasonable and prudent judgments and estimates have been made.
- All applicable Sri Lanka Accounting Standards have been followed and any material departures have been disclosed and explained.
- The financial statements have been prepared on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

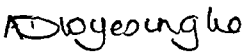
The Directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy the financial position of the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act No. 07 of 2007.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Board of Directors confirms that the Company has complied with the above requirements in preparing the financial statements for the year ended 31st March 2026.

By order of the Board

Royal Ceramics Lanka PLC



P W Corporate Secretarial (Pvt) Ltd
*Secretaries*

29 May 2026

# REPORT OF THE AUDIT COMMITTEE

## COMPOSITION OF THE COMMITTEE

The Audit Committee comprises three Independent Non-Executive Directors, in conformity with Rule 9.13.3 of the Listing Rules.

The Composition of the committee as at March 31, 2026, and as of the date of this Report is as follows:

| Members | Date of appointment to the Committee | Nature of Directorship |
|---|---|---|
| Mr. Manil Jayesinghe – Chairman | 01.01.2025 | Independent Non-Executive Director |
| Mr. N J Weerakoon | 27.05.2019 | Independent Non-Executive Director |
| Mr. S R Jayaweera | 03.05.2021 | Independent Non-Executive Director |

Brief profile of each member appears on pages 30 to 32 of this Report.

The Company Secretaries, P W Corporate Secretarial (Pvt) Ltd serves as the Secretaries to the Committee.

Regular invitees include the Managing Director, Director – Finance, Head of Finance, and the Head of Internal Audit & Risk. In addition, members of Corporate Management are invited, as required, to participate in discussions relating to areas under their respective purview.

## MEETINGS AND ATTENDANCE

The Audit Committee met seven times during the year and the attendance of Committee members at these meetings is given below.

| Members | Attendance |
|---|---|
| Mr. Manil Jayesinghe – Chairman | 7/7 |
| Mr. N J Weerakoon | 7/7 |
| Mr. S R Jayaweera | 7/7 |

## ROLE OF THE AUDIT COMMITTEE

The Audit Committee has a written Terms of Reference, which clearly defines the oversight role and responsibilities of the Audit Committee in terms of financial reporting as summarised below:

1. Reviewing the quarterly and annual financial statements, with a focus on integrity, transparency, timeliness, accuracy and compliance with accounting standards, laws and regulations, prior to submission to the Board of Directors for approval.
2. Reviewing the adequacy and effectiveness of internal and external audit arrangements.
3. Recommending the appointment, re-appointment and removal of the External Auditors including their remuneration and terms of engagement by assessing their expertise, resources and independence.
4. Evaluating the adequacy, efficiency, and effectiveness of the Company's Risk Management systems and Internal Controls, including information systems controls and governance processes to identify mitigate and manage risks.

As per the Audit Committee Charter, the scope is as follows.

The Audit Committee of Royal Ceramics Lanka PLC Including the audit committees of its subsidiary companies assists the Board of Directors in fulfilling its oversight responsibilities to shareholders and other stakeholders in relation to;

1. The integrity of financial statements
2. Ensuring that a robust financial reporting system is in place to provide accurate, appropriate, and timely information.
3. Ensuring that financial statements are prepared in accordance with Sri Lankan Accounting Standards.
4. Ensuring that the company (Royal Ceramics Lanka PLC) complies with legal & regulatory requirements of the Companies' Act and other relevant financial reporting-related regulations and ethical requirements.
5. Evaluating the external auditor's independence and performance and recommending to the Board the re-appointment or change of external auditors and their remuneration and terms of engagement.
6. Ensuring that the performance of the internal audit function is satisfactory.
7. Ensuring that Internal controls and risk management processes are effective and adequate.

## 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 compliance with Sri Lanka Financial Reporting Standards and the Companies Act No. 07 of 2007. Matters of significance in the prevailing 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 reviewed financial statements and notes for the year ended 31st March 2026

» 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 within the Company and advised the Management on actions to

# REPORT OF THE AUDIT COMMITTEE

be taken in areas where weaknesses were observed.

In addition, the Committee reviewed reports on losses resulting from frauds and operational failures and scrutinized the effectiveness of the Company's internal control system and the processes adopted for identification, evaluation, and management of 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 detailed Risk register were established and reviewed during the financial year. The key risks, action owners and the mitigation strategies were reviewed and updated where necessary

## 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.

The Committee reviewed the Management Letter issued by the External Auditor in respect of the audit for the financial year 2024/25, together with Management's responses and the corresponding recommendations. The Committee ensured that appropriate and timely follow-up actions were undertaken to address the matters raised.

In addition, the Committee reviewed the Interim Issues Memorandum relating to the financial year 2025/26 audit, along with Management's comments, with a view to identifying audit matters for the current year and ensuring that these are proactively addressed prior to year-end.

Non-Audit Services provided by the External Auditor were also reviewed and the Committee was of the view that such services did not impair their independence and were not within the category of services identified as restricted under the guidelines for listed Companies on Audit and Audit Committees issued by the Securities and Exchange Commission of Sri Lanka. The letter of Representation issued to the External Auditors was reviewed by the committee.

The re-appointment of the External Auditor, M/s Ernst & Young has been recommended to the Board of Directors and the Committee has also fixed the Auditor's remuneration, subject to approval by the shareholders at the Annual General Meeting.

## INTERNAL AUDIT

During the year, the Audit Committee reviewed the performance of the Internal Audit function. Internal Audit reviews covered controls at the Head-office, Showrooms, Warehouses and Factories with a particular focus on inventory and receivables.

The Internal Audit Plan was 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 management for compliance with requirements of regulatory bodies and ensured adherence to Corporate Governance disclosure requirements, as set out on page 186.

## OTHER MATTERS

- As the Environmental, Social and Governance (ESG) reporting requirements have become mandatory under CSE guidelines, the committee reviewed the action plan developed by the management aligned with these requirements to ensure full compliance by 31 March 2026.
- Obtained and reviewed assurances received from the Managing Director and Director – Finance confirming that financial records have been properly maintained and that the Financial Statements for the year ended 31st March 2026 comply with the applicable accounting standards and present a true and fair view of the Company's financial position and performance, and that risk management and internal control systems were operating effectively.
- Reviewed the progress of the implementation of the control improvements proposed in the Ernst & Young Application Controls and IT General Controls review.
- Implemented operational compliance checklist to be submitted by the management for ensuring compliance with relevant statutory required within the scope on HR, finance, factory, premises etc, for quarterly review.
- Reviewed the Rocell and its' subsidiary Audit Committees' Terms of References to confirm the adequacy of authority over Finance and audit related matters.
- Evaluated resource to further strengthen the resources in the Internal Audit function.



Manil Jayesinghe
*Chairman*
*Audit Committee*

29 May 2026

# REPORT OF THE REMUNERATION COMMITTEE

*GRI 2-19, 2-20*

The Remuneration Committee of the Company was established by the Board of Directors in compliance with Section 9 of the Listing Rules of the Colombo Stock Exchange (CSE), with the primary responsibility of making recommendations to the Board on the remuneration policy and remuneration of Executive Directors, Senior Management and Non-executive Directors of the Company.

## COMPOSITION OF THE COMMITTEE

The Committee comprises two Independent Non-Executive Directors and one Non-Executive Director, in conformity with Rule 9.12.6 of the Listing Rules, with an Independent Non-Executive Director serving as the Chairman of the Committee.

The composition of the Committee as at 31st March 2026, and as at the date of this Report, is as follows:

| Members | Date of Appointment to The Committee | Nature of Directorship |
|---|---|---|
| Mr. J R Gunaratne (Chairman) | 01.01.2025 | Independent - Non-Executive Director |
| Mr. H S Amarasekera | 26.10.2015 | Non-Executive Director |
| Mr. H M A Jayesinghe | 01.01.2025 | Independent - Non-Executive Director |

Brief profile of each member appears on pages 30 to 32 of this Report.

The Company Secretaries, P W Corporate Secretarial (Pvt) Ltd function as the Secretaries to the Committee.

## MEETINGS AND ATTENDANCE

The Remuneration Committee met two (2) times during the financial year ended 31 March 2026. The Attendance of each member at meetings is set out below:

| Members | Attendance |
|---|---|
| Mr. J. R. Gunaratne (Chairman) | 2/2 |
| Mr. H. S. Amarasekera | 2/2 |
| Mr. H. M. A. Jayesinghe | 2/2 |

In addition to the formal meetings, where appropriate, the Committee made recommendations to the Board through circular resolutions, in accordance with the approved Terms of Reference of the Committee.

## TERMS OF REFERENCE

The Remuneration Committee operates under a well-defined Terms of Reference, incorporating scope, authority, duties and matters pertaining to the quorum and conduct of meetings. The revised 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.

The Committee confirms that the Company has adopted a "Policy on Remuneration" in compliance with Rule 9.2.1 of the Listing Rules, and that the Company has complied with the provisions of the Companies Act and the Articles of Association regarding Directors' Remuneration.

The remuneration framework is aligned with the Company's strategic objectives and performance targets, with due consideration given to industry benchmarks. The policy aims to attract, retain, and motivate high-calibre individuals while ensuring fairness and transparency.

## ROLE OF THE REMUNERATION COMMITTEE

The Remuneration Committee is responsible for advising and assisting the Board in establishing a formal and transparent procedure for developing the policy on Executive Directors' remuneration and for reviewing and recommending 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.

» Discussions and decisions relating to the remuneration of Executive Directors were conducted in the absence of the relevant Executive Directors.

## DISCLOSURE ON DIRECTORS' REMUNERATION

The aggregate remuneration paid to the Directors of the Company during the financial year ended 31 March 2026 is disclosed in Note ... to the Financial Statements forming part of this Annual Report.

## COMPLIANCE WITH LISTING RULES

The Committee confirms that the Company has complied with the applicable requirements of Section 9 of the Listing Rules of the Colombo Stock Exchange in relation to the constitution and functioning of the Remuneration Committee during the year under review.



Jithendra Gunaratne
*Chairman*
*Remuneration Committee*

29 May 2026

# THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

The Related Party Transactions Review Committee ("RPTRC" or "the Committee") was established by the Board of Directors of the Company on 6 January 2016 in accordance with Section 9 of the Listing Rules of the Colombo Stock Exchange (CSE). The Committee is mandated to ensure compliance with the Listing Rules relating to Related Party Transactions ("RPTs") and to provide independent oversight, review, and approval of such transactions in order to safeguard the interests of the Company and its shareholders.

## COMPOSITION OF THE COMMITTEE

The Committee comprises three Independent Non-Executive Directors, including an Independent Non-Executive Chairman, in conformity with of the CSE Listing Rules.

The composition of the Committee as at 31 March 2026 and the date of this Report was as follows:

| Members | Date of appointment to the Committee | Nature of Directorship |
|---|---|---|
| Mr. Manil Jayesinghe (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 |

Brief profiles of the members appear on pages 30 to 32 of this Annual Report.

The Company Secretaries, P W Corporate Secretarial (Pvt) Ltd serves as the Secretaries to the Committee.

The Managing Director, Director Finance and the Head of Finance attend meetings by invitation.

## MEETINGS

The Committee met four (04) times during the financial year under review, where they met once in every calendar quarter. Attendance of the members at these Meetings is as follows:-

| Members | Attendance |
|---|---|
| Mr. Manil Jayesinghe | 4/4 |
| Mr. S R Jayaweera | 4/4 |
| Mr N J Weerakoon | 4/4 |

## CHARTER/TERMS OF REFERENCE

The Committee operates under a formal Charter / Terms of Reference adopted by the Board with effect from 1 October 2024, which clearly defines its purpose, authority, responsibilities, and reporting obligations.

The Company has also adopted a Related Party Transactions Policy which:

» Identifies Related Parties in accordance with the applicable accounting standards and the Listing Rules of the CSE;

» Establishes reporting and disclosure mechanisms;

» Outlines procedures for the review, approval, and monitoring of related party transactions; and

» Sets out guidelines and approval parameters applicable to recurrent related party Transactions. The Charter and the Policy are reviewed periodically to ensure continued compliance with regulatory requirements and evolving governance best practices.

## RESPONSIBILITIES OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The key responsibilities of the Committee include the following:

a) Ensuring that the Company complies with the Rules on Related Party Transactions set out in the Listing Rules of the CSE;

b) Reviewing in advance all proposed Related Party Transactions of the Company, other than those exempted under the Listing Rules;

c) Determining whether the terms of Related Party Transactions are fair, reasonable, and conducted on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders;

d) Establishing appropriate guidelines for recurrent Related Party Transactions where applicable;

e) Reporting regularly to the Board on the Committee's activities, findings, and decisions;

f) Sharing information with the Audit Committee as necessary and appropriate to enable the Audit Committee to discharge its statutory, regulatory, and governance responsibilities relating to Related Party Transactions; and

g) Reviewing the adequacy of the Charter / Terms of Reference and the Related Party Transactions Policy at least annually and recommending any proposed amendments to the Board for approval. Committee members abstain from participating in deliberations relating to transactions in which they may have an interest.

## REVIEW OF RELATED PARTY TRANSACTIONS

The Committee reviewed all Related Party Transactions entered into by the Company during the financial year 2025/26 and communicated its observations and recommendations to the Board of Directors.

The Committee confirmed that all Related Party Transactions reviewed during the year were:

» Entered Into In The Ordinary Course Of Business Where Applicable;

» Carried Out On An Arm's Length Basis And On Normal Commercial Terms;

» Not Prejudicial To The Interests Of The Company Or Its Minority Shareholders; And

» In Compliance with the applicable provisions of the Listing Rules of the CSE.

The Related Party Transactions entered into during the year comprised both recurrent and non-recurrent transactions. The non-recurrent Related Party Transactions entered into during the year remained below the thresholds requiring immediate market disclosure or shareholder approval as stipulated under the Listing Rules of the CSE.

# THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

The aggregate value of recurrent Related Party Transactions also remained below the disclosure and shareholder approval thresholds specified in the Listing Rules of the CSE.

Further details of Related Party Transactions are disclosed in Note 33 to the Financial Statements on pages 294 to 296 of this Annual Report.

## DECLARATION

In terms of Rule 9.14.8 (4) of the Listing Rules of the Colombo Stock Exchange, an affirmative declaration by the Board of Directors confirming compliance with the Listing Rules pertaining to Related Party Transactions is provided on page 194 of this Annual Report.



Manil Jayesinghe

*Chairman*

*Related Party Transactions Review Committee*

29 May 2026

# REPORT OF THE NOMINATIONS AND GOVERNANCE COMMITTEE

*GRI 2-10*

In compliance with the Corporate Governance requirements set out in Section 9 of the Listing Rules of the Colombo Stock Exchange, the Company constituted the Nominations and Governance Committee ("NGC") on 30th September 2024.

## COMPOSITION OF THE COMMITTEE

The Committee comprises two Independent Non-Executive Directors and one Non-Executive Director, in conformity with Rule 9.11.4 of the Listing Rules. An Independent Non-Executive Director serves as the Chairman of the Committee.

In compliance with Rule 9.3.3 of the Listing Rules, the Chairman of the Board does not serve as the Chairman of the Nominations and Governance Committee.

The composition of the Committee as at 31st March 2026, and as at the date of this Report, is as follows:

| Members | Date of appointment to the Committee | Nature of Directorship |
|---|---|---|
| Mr. J R Gunaratne (Chairman) | 30.09.2024 | Independent Non-Executive Director |
| Mr. H S Amarasekera | 30.09.2024 | Non-Executive Director |
| Mr. S R Jayaweera | 01.01.2025 | Independent Non-Executive Director |

Brief profile of each member appears on pages 30 to 32 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. The attendance of the members at the meetings was as follows:

| Members | Attendance |
|---|---|
| Mr. J R Gunaratne (Chairman) | 1/1 |
| Mr. Harsha Amarasekera | 1/1 |
| Mr. S R Jayaweera | 1/1 |

During the year, the Committee reviewed matters falling within its purview and, where agreement was reached, made appropriate recommendations to the Board in accordance with its mandate. There were no material changes to the composition of the Board during the financial 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 of responsibilities, duties, and matters pertaining to quorum and conduct of meetings.

In accordance with its Terms of Reference, the Committee makes recommendations to the Board in respect of new Board appointments and re-election / re-appointment of Directors retiring in terms of the Articles of Association of the Company read together Companies Act No. 7 of 2007, having regard to the structure, size and composition of the Board and effective discharge of its responsibilities.

The Committee is also responsible for maintaining a suitable process for the periodic evaluation of the performance of the Board of Directors of the Company and for developing a succession plan for the Board of Directors and Key Management Personnel of the Company is a key function of the Committee.

## POLICY AND PROCESSES FOR DIRECTORS' NOMINATIONS

The NGC operates under a documented Policy which defines the procedures and criteria for the nomination and appointment of Directors.

In compliance with Rule 9.2 of the Listing Rules, this policy, together with other mandatory governance policies adopted by the Company, is published on the Company's official website at www.rocell.com/en/investor-relations.

The nomination process includes:

- 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, at each Annual General Meeting, 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 by rotation. Directors appointed to hold executive office,

# REPORT OF THE NOMINATIONS AND GOVERNANCE COMMITTEE

including the Chairman, Deputy Chairman, Chief Executive Officer, Managing Director, Joint Managing Director, or any other Executive Officer, are not, while holding such office, subject to retirement by rotation or taken into account in determining the number of Directors required to retire at each Annual General Meeting.

Further, in terms of the Articles of Association, Directors appointed by the Board to fill casual vacancies or as additional Directors shall hold office until the conclusion of the next Annual General Meeting and shall then be eligible for election by the shareholders. Such Directors shall not be taken into account in determining the Directors required to retire by rotation at that Annual General Meeting.

## 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 35th Annual General Meeting held on 30th June 2025, 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 |
|---|---|---|---|---|---|
| **35th Annual General Meeting held on 30th June 2025** | | | | | |
| 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 | 2018 | Refer profile on pages 30 to 32 | 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 Jayesinghe | AC<br>RC<br>RPTRC | 01.01.2025 | N/A | Refer profile on pages 30 to 32 | None |
| Mr. Kulappu Arachchige Don Dhammika Perera | None | 18.12.2001 as a Director | N/A | Refer profile on pages 30 to 32 | None |
| **36th Annual General Meeting to be held on 30th June 2026** | | | | | |
| Recommended for re-election in terms of Articles 87 (1) and 88 of the Articles of Association of the Company | | | | | |
| Mr. Harsha Shiran Amarasekera | RC<br>NGC | 18.09.2014 | 2019 | Refer profile on pages 30 to 32 | None |
| Mr. Nivran Joseph Weerakoon | AC<br>RPTRC<br>BSC | 17.05.2019 | 2021 | Refer profile on pages 30 to 32 | None |
| Ms. Kulappu Arachchige Don Brindhini Perera | BSC | 19.10.2022 | N/A | Refer profile on pages 30 to 32 | None |

***AC*** *- Audit Committee* ***RPTRC*** *- Related Party Transactions Review Committee* ***RM*** *- Remuneration Committee*
***NGC*** *- Nominations and Governance Committee* ***BSC*** *- Board Sustainability 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 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 and reported to the Board.

## 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.



J R Gunaratne

*Chairman*
*Nominations and Governance Committee*

29 May 2026

# THE BOARD SUSTAINABILITY COMMITTEE REPORT

*GRI 2-12, 2-13, 2-14, 2-17*

The Board Sustainability Committee was formally constituted by the Board on 31 March 2025, recognising the growing importance of environmental, social and governance (ESG) oversight in driving long-term value creation, strengthening risk management, and meeting stakeholder expectations. During the year under review, the Committee was renamed from the "ESG Committee" to the "Board Sustainability Committee" to better reflect its mandate and broader responsibilities.

The Committee provides strategic direction and oversight in advancing the Group's sustainability agenda and supports the Board in monitoring sustainability performance across the Group.

## COMPOSITION OF THE COMMITTEE

As at 31st of March 2026 and as of the date of this report, the Board Sustainability Committee comprises the following three Independent Non-Executive Directors:

| Members | Date of appointment to the committee | Nature of Directorship |
|---|---|---|
| Mr. Nivran Weerakoon (Chairman) | 31.03.2025 | Independent Non-Executive Director |
| Mr. Sanjeewa Jayaweera | 31.03.2025 | Independent Non-Executive Director |
| Ms. Brindhini Perera | 31.03.2025 | Non-Executive Director |

Brief profiles of the members appear on pages 30 to 32 of this Annual Report.

The Committee will also include, by invitation, senior management and functional leaders relevant to sustainability, including Human Resources, Finance and Operations. The Company Secretaries, P W Corporate Secretarial (Pvt) Ltd, serve as the Secretaries to the Committee.

## MEETINGS

Committee met one time during the financial under review and the attendance details are as below.

| Members | Attendance |
|---|---|
| Mr. Nivran Weerakoon | 1/1 |
| Mr. Sanjeewa Jayaweera | 1/1 |
| Ms. Brindhini Perera | 0/1 |

## BOARD SUSTAINABILITY COMMITTEE MANDATE

The Board Sustainability Committee has been established with the following key responsibilities:

*Strategic Oversight:* Review and guide the Group's sustainability strategy, ensuring integration of sustainability-related risks and opportunities (SRROs) into long-term decisions and investments.

*Environmental Stewardship:* Monitor environmental performance (energy, emissions, water, waste), ensure regulatory compliance, and promote resource efficiency and sustainable practices.

*Social Responsibility:* Oversee health and safety, fair labour practices, employee wellbeing, skills development, and community engagement across the Group.

*Governance & Ethics:* Ensure ethical sourcing, ESG compliance across the supply chain, anti-corruption measures, and integration of ESG risks into enterprise risk management. Integrate sustainability-related risks into enterprise risk management framework and facilitate timely escalation to the Board.

*Performance Monitoring & Reporting:* Oversee target setting, monitor sustainability performance, and ensure compliance with ESG reporting frameworks.

## ACTIVITIES IN 2025/26

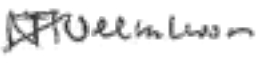
Following its establishment, the Committee held its inaugural meeting on 12th January 2026, marking the commencement of its formal oversight responsibilities. The Committee also adopted the Terms of Reference of the Board Sustainability Committee, as approved by the Board.

During the year, the Committee established the Executive Sustainability Committee, comprising cross-functional senior management representatives, and approved its Terms of Reference to support the effective implementation of the Group's sustainability agenda.

The Committee also approved the materiality thresholds and time horizons at both Company and Group levels, in line with the requirements of SLFRS S1 and S2 standards.

Adopting a climate-first approach, the Group identified and disclosed its climate-related risks and opportunities, along with corresponding mitigation strategies and resource allocation. This was reviewed and approved by the Board Sustainability Committee and represents a significant milestone in the Group's sustainability journey.

The committee was fully functional throughout the year, playing a central role in embedding ESG considerations into the Group's strategy and decision-making processes, while providing strategic directions for the successful implementation of SLFRS S1 and S2 standards within the Rocell Group.



Nivran Weerakoon

*Chairman of the Board Sustainability Committee*

29 May 2026

# SELF-SUSTAINING

Financial discipline and transparency form the backbone of Rocell's operations. Revenue, margins, and investment strategies are structured for sustainability and strategic growth. In a precarious environment, Rocell maintains balance – our strength continues to deepen, and our success continues to sharpen.

*The oasis in its entirety embodies the idea of success amidst challenging conditions, harmony, balance, and the enduring value of a well-maintained ecosystem.*



## FINANCIAL INFORMATION

# FINANCIAL CALENDAR

| Interim Report 1st Quarter 2025/26 | Interim Report 2nd Quarter 2025/26 | Interim Report 3rd Quarter 2025/26 |
|---|---|---|
| August 06, 2025 | November 06, 2025 | February 05, 2026 |

| Interim Dividend 2025/26 | Interim Report 4th Quarter 2025/26 |
|---|---|
| March 05, 2026 | May 28, 2026 |

| Final Dividend 2025/26 | Annual Report 2025/26 | 36th Annual General Meeting |
|---|---|---|
| May 29, 2026 | May 29, 2026 | June 30, 2026 |

# INDEPENDENT AUDITOR'S REPORT

Shape the future with confidence

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## 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 31 March 2026, 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 31 March 2026, 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 key audit matter |
|---|---|
| **Revenue from Contracts with Customers** | |
| The Group derived its revenue of Rs. 68 Bn as disclosed in Notes 2.6.1 & 21.1 to the financial statements<br><br>Revenue was a key audit matter due to the materiality of the reported balance. | Our audit procedures included the following key procedures:<br><br>» Tested the relevant key controls relating to the sale of goods. Our procedures included testing the general IT control environment and the relevant key IT application controls relating to the IT systems relevant to revenue.<br><br>» Performed analytical procedures to understand and assess the reasonableness of the reported revenue.<br><br>» Tested revenue transactions by reviewing sales orders, sales invoices, shipping documents, delivery notes and other relevant supporting documents. Our procedures included testing revenue cut-off at the year-end date to determine whether transactions are recorded in the proper period and to the proper accounts and testing journal entries recognised to revenue.<br><br>We also assessed the adequacy of the disclosures made in notes 2.6.1,21.1 & 21.2 to the financial statements. |

Partners: D K Hulangamuwa FCA FCMA LLB (London), Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA FCCA, S E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, 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 Yalegama ACA ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), B Vasanthan ACA ACMA, W D P L Perera ACA, M U M Mansoor ACA

Principals: T P M Ruberu FCMA FCCA MBA, G B Goudian 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

# INDEPENDENT AUDITOR'S REPORT

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| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **Existence and carrying value of Inventories** | |
| As at 31 March 2026, the carrying value of inventories amounted to Rs. 33.1 Bn net of a provision of Rs. 2.1 Bn for slow-moving inventory as disclosed in note 2.3 (viii), 2.5.4, 9 & 9.1 to the financial statements.<br><br>Existence and carrying value of inventories was a key audit matter due to:<br><br>» Materiality of the reported amount, which represents 27% of the Group's total assets<br><br>» Inventories being held at multiple locations<br><br>» Judgements applied by the management in determining the provision for slow-moving inventory on account of ageing, as disclosed in Note 2.3. (viii) to the financial statements. | Our audit procedures included the following:<br><br>» 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<br><br>» 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.<br><br>» Tested whether inventory was stated at the lower of cost and net realisable value, by comparing cost with subsequent selling prices<br><br>» Assessed the reasonableness of management's 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<br><br>We also assessed the adequacy of the disclosures made in notes 9, 9.1, 2.3 & 2.5.4 to the financial statements |

## OTHER INFORMATION INCLUDED IN THE 2026 ANNUAL REPORT

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of 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 scepticism throughout the audit. We also:

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- 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.

Ernst Young

Colombo
29 May 2026

# STATEMENT OF FINANCIAL POSITION

| As at 31st March | Note | Company 2026 Rs. | Company 2025 Rs. | Group 2026 Rs. | Group 2025 Rs. |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Non-Current Assets** | | | | | |
| Property, Plant & Equipment | 3 | 13,492,700,769 | 13,201,342,012 | 45,897,772,342 | 44,611,993,238 |
| Investment Property | 4 | - | - | 2,191,787,940 | 2,157,340,200 |
| Investments in Subsidiaries | 5 | 6,803,254,579 | 6,803,254,579 | - | - |
| Investments in Associates | 6 | 3,488,163,598 | 3,488,163,598 | 21,745,930,335 | 17,464,950,320 |
| Intangible Assets | 7 | 80,199,631 | 95,351,747 | 1,327,922,937 | 1,462,724,961 |
| Right of Use Assets | 8 | 1,257,414,706 | 1,030,169,416 | 1,485,254,171 | 1,312,287,513 |
| Deferred Tax Assets | 25.3 | - | - | 303,637,277 | 229,082,621 |
| | | 25,121,733,283 | 24,618,281,352 | 72,952,305,002 | 67,238,378,853 |
| **Current Assets** | | | | | |
| Inventories | 9 | 8,830,219,821 | 9,003,170,333 | 33,102,625,069 | 32,934,535,695 |
| Trade and Other Receivables | 10 | 776,477,042 | 695,605,941 | 8,474,309,315 | 7,721,797,186 |
| Amounts Due from Related Parties | 10.1.3 | 185,424,484 | 97,528,723 | - | - |
| Other Non Financial Assets | 11 | 430,673,175 | 474,065,620 | 1,533,075,654 | 1,600,321,649 |
| Other Financial Assets | 12 | 58,075,141 | 57,330,899 | 62,801,266 | 62,624,899 |
| Cash and Cash Equivalents | 20 | 1,744,844,066 | 1,128,055,972 | 4,964,503,050 | 3,771,576,670 |
| | | 12,025,713,729 | 11,455,757,488 | 48,137,314,354 | 46,090,856,099 |
| Assets held for sale | 39 | - | - | 277,606,154 | 36,369,539 |
| | | 12,025,713,729 | 11,455,757,488 | 48,414,920,508 | 46,127,225,638 |
| **Total Assets** | | 37,147,447,012 | 36,074,038,840 | 121,367,225,510 | 113,365,604,491 |
| **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 | 3,208,228,758 | 3,201,517,632 | 7,991,623,254 | 6,645,975,608 |
| Retained Earnings | | 20,516,311,190 | 19,174,172,768 | 45,874,869,791 | 40,637,470,203 |
| Equity Attributable to Equity Holders of the Parent | | 25,093,213,321 | 23,744,363,773 | 55,235,166,418 | 48,652,119,184 |
| Non Controlling Interest | | - | - | 17,804,243,573 | 16,387,238,474 |
| **Total Equity** | | 25,093,213,321 | 23,744,363,773 | 73,039,409,991 | 65,039,357,658 |

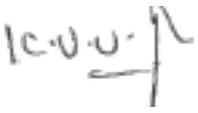
| As at 31st March | Note | Company 2026 Rs. | Company 2025 Rs. | Group 2026 Rs. | Group 2025 Rs. |
|---|---|---|---|---|---|
| **Non-Current Liabilities** | | | | | |
| Interest Bearing Loans & Borrowings | 15 | 2,521,680,897 | 2,154,373,732 | 7,580,498,083 | 9,445,025,620 |
| Deferred Tax Liabilities | 25.4 | 2,059,657,562 | 2,099,418,265 | 5,725,577,535 | 5,920,600,894 |
| Retirement Benefit Liabilities | 16 | 1,020,245,362 | 848,235,053 | 1,977,643,531 | 1,790,812,440 |
| Other Non-Current Liabilities | 17 | - | - | 33,542,564 | 33,884,455 |
| | | 5,601,583,821 | 5,102,027,050 | 15,317,261,713 | 17,190,323,409 |
| | | | | | |
| **Current Liabilities** | | | | | |
| Trade and Other Payables | 18 | 1,845,062,066 | 1,678,508,489 | 8,263,864,203 | 6,884,327,518 |
| Amounts Due to Related Parties | 18.1 | 76,550,985 | 177,949,723 | 182,501,490 | 191,619,824 |
| Other Current Liabilities | 19 | 2,840,392,172 | 1,227,838,095 | 3,749,409,479 | 1,717,611,760 |
| Dividend Payable | | 226,543,920 | 218,659,408 | 425,825,280 | 435,790,592 |
| Income Tax Liabilities | | 563,419,592 | 403,721,984 | 1,064,277,672 | 672,407,246 |
| Interest Bearing Loans & Borrowings | 15 | 900,681,135 | 3,520,970,318 | 19,008,914,012 | 21,233,904,181 |
| | | 6,452,649,870 | 7,227,648,017 | 32,694,792,136 | 31,135,661,121 |
| Liabilities directly associated with the assets held for sale | 39 | - | - | 315,761,670 | 262,303 |
| | | 6,452,649,870 | 7,227,648,017 | 33,010,553,806 | 31,135,923,424 |
| **Total Equity and Liabilities** | | 37,147,447,012 | 36,074,038,840 | 121,367,225,510 | 113,365,604,491 |

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 224 through 312 form an integral part of these Financial Statements.

29 May 2026
Colombo

# STATEMENT OF PROFIT OR LOSS

| For the year ended 31st March | Note | Company 2026 Rs. | Company 2025 Rs. | Group 2026 Rs. | Group 2025 Rs. |
|---|---|---|---|---|---|
| **Revenue from Contracts with Customers** | 21 | 18,584,062,489 | 15,364,284,472 | 68,096,429,176 | 59,986,631,425 |
| Cost of Sales | | (9,795,111,068) | (7,798,069,509) | (45,172,140,563) | (40,819,695,600) |
| Gross Profit | | 8,788,951,421 | 7,566,214,963 | 22,924,288,613 | 19,166,935,825 |
| Other Operating Income | 22 | 1,489,097,461 | 1,532,823,781 | 756,124,022 | 635,117,976 |
| Distribution Expenses | | (4,415,994,568) | (3,799,049,973) | (9,987,530,163) | (8,581,004,847) |
| Administrative Expenses | | (1,351,591,891) | (1,128,225,293) | (4,865,662,830) | (3,913,398,355) |
| Other Operating Expenses | 22.1 | 2,276,892 | (5,709,934) | (10,329,064) | (5,709,934) |
| Finance Cost | 23.1 | (513,902,541) | (639,118,073) | (2,642,651,144) | (2,269,333,829) |
| Finance Income | 23.2 | 85,806,475 | 78,018,033 | 195,480,361 | 188,722,303 |
| Share of Profit from investment in Associates | | - | - | 3,932,584,808 | 3,034,566,150 |
| | | | | | |
| **Profit Before Tax Continuing Operations** | 24 | 4,084,643,249 | 3,604,953,504 | 10,302,304,603 | 8,255,895,289 |
| Tax (Expense)/Reversal | 25 | (976,801,104) | (808,456,878) | (1,848,680,381) | (1,855,088,839) |
| **Net Profit After Tax from Continuing Operations** | | 3,107,842,145 | 2,796,496,626 | 8,453,624,222 | 6,400,806,450 |
| **Discontinued Operations** | | | | | |
| Profit after tax from discontinued operations | 39 | - | - | (179,794,157) | (350,245,846) |
| **Profit for the Year** | | 3,107,842,145 | 2,796,496,626 | 8,273,830,065 | 6,050,560,604 |
| | | | | | |
| **Attributable to:** | | | | | |
| Equity Holders of the Parent | | 3,107,842,145 | 2,796,496,626 | 6,971,195,688 | 5,053,578,763 |
| Non-Controlling Interest | | - | - | 1,302,634,377 | 996,981,841 |
| | | 3,107,842,145 | 2,796,496,626 | 8,273,830,065 | 6,050,560,604 |
| | | | | | |
| Basic Earnings Per Share | 26 | 2.81 | 2.52 | 6.29 | 4.56 |
| Basic Earnings Per Share from Continuing Operations | 26 | 2.81 | 2.52 | 6.45 | 4.88 |
| Dividend per share | 27 | 1.60 | 1.90 | 1.60 | 1.90 |

The Accounting Policies and Notes on pages 224 through 312 form an integral part of these Financial Statements.

# STATEMENT OF COMPREHENSIVE INCOME

| For the year ended 31st March | Note | Company | | Group | |
|---|---|---|---|---|---|
| | | 2026 Rs. | 2025 Rs. | 2026 Rs. | 2025 Rs. |
| **Net Profit for the Year** | | 3,107,842,145 | 2,796,496,626 | 8,273,830,065 | 6,050,560,604 |
| | | | | | |
| **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 | | - | - | (7,011,142) | (1,840,145) |
| Exchange Differences on translation of foreign operations of Associate Company | | - | - | 20,859,566 | (3,445,277) |
| Changes in Fair Value of Hedge Reserve of Associate Company | | - | - | 8,943,614 | - |
| Net Other Comprehensive Income from Discontinued Operation | | - | - | 800,476 | 27,365,628 |
| Net Other Comprehensive Income / (Loss) to be reclassified to profit or loss in subsequent periods | | - | - | 23,592,514 | 22,080,206 |
| | | | | | |
| **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 | | 36,647,580 | 784,403,241 | 333,021,808 | 1,102,065,668 |
| Revaluation of Land and Building of Associate company net of Deferred Tax | | - | - | 1,147,964,688 | - |
| Reversal of Revaluation Reserve on Disposal of Land and Building | | 12,829,908 | 2,722,530 | 13,739,808 | 4,222,530 |
| Net (loss)/gain on Investment in Equity Instruments - Fair Value Through Other Comprehensive Income of Associate company | 14.2 | - | - | 7,683,938 | 2,255,558 |
| Actuarial (Loss)/Gain on Retirement Benefit Liability | | (41,439,664) | (23,316,213) | 22,672,032 | (94,417,421) |
| Actuarial (Loss)/Gain on Retirement Benefit Liability of Associate Company | | - | - | (2,337,390) | 1,798,588 |
| Net Other Comprehensive Income not to be reclassified to profit or loss in subsequent periods | | 8,037,824 | 763,809,558 | 1,522,744,884 | 1,015,924,923 |
| **Other Comprehensive Income/(Loss) for the Year, net of tax** | | 8,037,824 | 763,809,558 | 1,546,337,399 | 1,038,005,129 |
| **Total Comprehensive Income for the Year, net of tax** | | 3,115,879,969 | 3,560,306,184 | 9,820,167,464 | 7,088,565,733 |
| | | | | | |
| **Attributable to** | | | | | |
| Equity Holders of the Parent | | | | 8,350,077,655 | 6,090,395,477 |
| Non-Controlling Interest | | | | 1,470,089,809 | 998,170,256 |
| | | | | 9,820,167,464 | 7,088,565,733 |

The Accounting Policies and Notes on pages 224 through 312 form an integral part of these Financial Statements.

# STATEMENT OF CHANGES IN EQUITY-COMPANY

| For the year ended 31st March | Note | Stated Capital Rs. | Revaluation Reserve Rs. | Retained Earnings Rs. | Total Rs. |
|---|---|---|---|---|---|
| **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 Paid | | - | - | (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 |
| **Net Profit for the Year** | | - | - | 3,107,842,145 | 3,107,842,145 |
| **Other Comprehensive Income / (Loss)** | | - | 49,477,488 | (41,439,664) | 8,037,824 |
| Total Comprehensive Income | | - | 49,477,488 | 3,066,402,481 | 3,115,879,969 |
| Transfer from revaluation reserve to retained earnings on disposal of land | | - | (42,766,362) | 42,766,362 | - |
| Dividends Paid | | - | - | (1,772,630,144) | (1,772,630,144) |
| Dividend Write back | | - | - | 5,599,723 | 5,599,723 |
| **Balance as at 31st March 2026** | | 1,368,673,373 | 3,208,228,758 | 20,516,311,190 | 25,093,213,321 |

The Accounting Policies and Notes on pages 224 through 312 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 | Non-Controlling Interest | Total Equity |
|---|---|---|---|---|---|---|---|---|
| | Stated Capital | Revaluation Reserve | Fair Value Reserve | Foreign Currency Translation Reserve | Retained Earnings | | | |
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| **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 Paid | - | - | - | - | (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 |
| Net profit for the year | - | - | - | - | 6,971,195,688 | 6,971,195,688 | 1,302,634,377 | 8,273,830,065 |
| Other Comprehensive income / (Loss) | - | 1,359,982,372 | 16,627,551 | 17,120,733 | (14,848,689) | 1,378,881,967 | 167,455,432 | 1,546,337,399 |
| **Total Comprehensive income** | - | 1,359,982,372 | 16,627,551 | 17,120,733 | 6,956,346,999 | 8,350,077,655 | 1,470,089,809 | 9,820,167,464 |
| Dividends Paid | - | - | - | - | (1,772,630,144) | (1,772,630,144) | - | (1,772,630,144) |
| Write back of Unclaimed Dividends | - | - | - | - | 5,599,723 | 5,599,723 | - | 5,599,723 |
| Transfer from revaluation reserve to retained earnings on disposal of land | - | (48,083,010) | - | - | 48,083,010 | - | - | - |
| De-recognison of non-controlling interests | - | - | - | - | - | - | 202,970,826 | 202,970,826 |
| Subsidiary Dividends to Minority Shareholders | - | - | - | - | - | - | (256,055,536) | (256,055,536) |
| **Balance as at 31st March 2026** | 1,368,673,373 | 7,981,467,868 | 6,876,764 | 3,278,622 | 45,874,869,791 | 55,235,166,418 | 17,804,243,573 | 73,039,409,991 |

The Accounting Policies and Notes on pages 224 through 312 form an integral part of these Financial Statements.

# STATEMENT OF CASH FLOW

| For the year ended 31st March | Note | Company 2026 Rs. | Company 2025 Rs. | Group 2026 Rs. | Group 2025 Rs. |
|---|---|---|---|---|---|
| **Cash Flows From / (Used in) Operating Activities** | | | | | |
| Profit before tax from continuing operations | | 4,084,643,249 | 3,604,953,504 | 10,302,304,603 | 8,255,895,289 |
| Profit/(loss) before tax from discontinued operations | | - | - | (179,794,157) | (350,245,846) |
| Profit before tax | | 4,084,643,249 | 3,604,953,504 | 10,122,510,446 | 7,905,649,443 |
| | | | | | |
| **Adjustments to reconcile profit before tax to net cash flows:** | | | | | |
| Dividend Income | 22 | (897,206,669) | (1,095,092,392) | (1,035,602) | (956,380) |
| Interest Income | | (85,806,475) | (78,018,033) | (209,567,988) | (193,022,209) |
| Depreciation of Property, Plant & Equipment | 3 | 1,067,155,168 | 1,020,646,841 | 2,907,549,455 | 2,465,768,941 |
| Amortisation of Right of use Assets | 8 | 283,814,244 | 190,964,085 | 412,816,889 | 345,373,136 |
| (Profit)/Loss on Sale of Property, Plant & Equipment | 22 | (24,147,965) | 2,764,642 | (13,232,770) | 5,569,594 |
| Finance Costs | | 513,902,541 | 639,118,073 | 2,669,346,187 | 2,309,346,622 |
| (Gain)/Loss on disposal of subsidiary | 39 | - | - | 4,170,822 | - |
| Movements in Provisions and Write-down of Inventories | | 253,054,367 | 130,943,894 | 833,779,309 | 412,942,332 |
| Amortisation of Intangible Assets | 7.2 | 27,191,123 | 27,865,780 | 50,340,435 | 47,306,153 |
| Unrealised (Gain)/ loss on Foreign Exchange | | (55,322,226) | 16,608,503 | 50,014,724 | (34,105,838) |
| Allowance for Impairment of Trade Receivable | | (3,083,181) | 631,688 | 40,396,601 | 39,665,418 |
| Deferred Income | | - | - | (341,891) | (615,545) |
| Fair Value Gain on Investment Property | 22 | - | - | (34,447,750) | (21,021,541) |
| 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 | (2,276,892) | 5,709,934 | (2,276,892) | 5,709,934 |
| Share of Profit from Investment in Associates | | - | - | (3,932,584,808) | (3,034,566,150) |
| Provision for Retirement Benefit Liability | 16 | 157,358,976 | 144,078,389 | 346,158,095 | 274,014,150 |
| **Operating Profit/(Loss) before Working Capital Changes** | | 5,319,276,260 | 4,611,174,909 | 13,243,595,262 | 10,522,642,720 |
| (Increase)/ Decrease in Inventories | | (80,103,854) | (1,955,094,533) | (1,552,249,830) | (4,630,933,124) |
| (Increase)/ Decrease in Trade and Other Receivables | | (76,263,177) | 18,754,864 | (1,039,735,408) | (1,839,558,264) |
| (Increase)/ Decrease Receivables From Related Parties | | (87,895,761) | 1,885,645,629 | - | - |
| (Increase)/ Decrease in Other Non Financial Assets | | (52,522,160) | (91,168,418) | (28,668,678) | 1,061,463,755 |
| Increase/ (Decrease) in Trade and Other Payables | | 164,417,470 | (185,979,268) | 1,637,415,801 | (281,837,691) |
| Increase /(Decrease) Payables to Related Parties | | (101,398,737) | 104,184,330 | (9,118,334) | 25,753,686 |
| Increase/ (Decrease) in Other Current Liabilities | | 1,612,554,079 | 293,451,040 | 2,031,797,719 | 423,807,546 |
| **Cash Generated from Operations** | | 6,698,064,120 | 4,680,968,553 | 14,283,036,532 | 5,281,338,628 |
| Finance Costs Paid | | (509,104,534) | (630,281,128) | (2,652,306,990) | (2,290,174,679) |
| Retirement Benefit Liability Paid | 16 | (44,548,188) | (45,221,972) | (126,351,791) | (94,317,616) |
| Income Tax Paid | | (841,980,537) | (745,706,786) | (1,865,675,211) | (2,566,169,407) |
| **Net Cash Flows From/(Used in) Operating Activities** | | 5,302,430,861 | 3,259,758,667 | 9,638,702,540 | 330,676,926 |

| For the year ended 31st March | Note | Company 2026 Rs. | Company 2025 Rs. | Group 2026 Rs. | Group 2025 Rs. |
|---|---|---|---|---|---|
| **Cash Flows from / (Used in) Investing Activities** | | | | | |
| Acquisition of Property, Plant & Equipment | 3 | (1,352,012,275) | (553,291,402) | (3,852,606,708) | (4,195,931,321) |
| Acquisition of Investment Property | 4 | - | - | - | (865,959) |
| Proceeds from Sale of Property, Plant & Equipment | | 70,000,000 | 23,640,437 | 98,344,967 | 37,461,406 |
| Acquisition of Intangible Assets | 7.2 | (12,039,007) | (22,005,161) | (31,699,406) | (135,346,893) |
| (Acquisition of)/ Proceeds from Investments | | 1,532,650 | 1,430,634 | 2,100,525 | 3,496,856 |
| Net cash outflow from acquisition of a subsidiary | | - | - | - | (58,592,430) |
| Acquisition of Additional Interest in subsidiaries | | - | (64,537,220) | - | - |
| Proceeds from Disposal of subsidiary | | - | - | (3,793,000) | - |
| Interest Received | 23.2 | 85,806,475 | 78,018,033 | 209,567,988 | 193,022,209 |
| Dividends Received | 22 | 897,206,669 | 1,095,092,392 | 835,754,812 | 707,165,436 |
| **Net Cash Flows / (Used in) Investing Activities** | | (309,505,488) | 558,347,713 | (2,742,330,822) | (3,449,590,696) |
| **Financing Activities** | | | | | |
| Proceeds From Interest Bearing Loans & Borrowings | | 11,021,048,636 | 11,985,012,861 | 61,427,392,150 | 54,207,121,087 |
| Repayment of Interest Bearing Loans & Borrowings | | (13,103,854,255) | (13,115,872,719) | (63,440,220,493) | (48,754,553,673) |
| Capital Repayments under Lease Liabilities | | (201,767,468) | (162,874,577) | (359,549,242) | (293,295,101) |
| Dividends Paid on Ordinary Shares | | (1,759,145,909) | (2,136,383,468) | (1,759,145,909) | (2,136,383,468) |
| Dividend paid to Non Controlling Interest | | - | - | (273,905,361) | (581,901,737) |
| Proceeds on Issue of Shares to Minority Shareholders | | - | - | - | 492,480,659 |
| **Net Cash Flows from/(Used in) Financing Activities** | | (4,043,718,996) | (3,430,117,903) | (4,405,428,855) | 2,933,467,767 |
| **Net Increase/(Decrease) in Cash and Cash Equivalents** | | 949,206,377 | 387,988,477 | 2,490,942,863 | (185,446,003) |
| **Net Foreign Exchange Difference** | | 51,135,516 | (8,973,535) | 93,218,200 | 16,554,936 |
| **Cash and Cash Equivalents at the beginning of the year** | 20 | 744,502,173 | 365,487,231 | 855,985,365 | 1,024,876,432 |
| **Cash and Cash Equivalents at the end of the year** | 20 | 1,744,844,066 | 744,502,173 | 3,440,146,428 | 855,985,365 |

The Accounting Policies and Notes on pages 224 through 312 form an integral part of these 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 2026 comprise the Royal Ceramics Lanka PLC (Parent Company) and its subsidiaries (collectively, the "Group"), namely 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:

| Company | Type of Business |
|---|---|
| Royal Ceramics Lanka PLC | Manufacture and marketing of floor tiles and wall tiles and the holding of investments |
| 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 | Held for Sale |
| 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 |
| 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 |
| Eco Pack Lanka Solutions Limited | Manufacture and marketing of cartons for packing |

There were no significant changes in the nature of the principal activities of the Company and Group during the financial year under review other than those mentioned Note 39.

## 1.4 Date of Authorisation for Issue

The Consolidated Financial Statements of Royal Ceramics Lanka PLC, for the year ended 31st March 2026 were authorised for issue in accordance with the resolution of the Board of Directors on 29 May 2026.

## 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 2025.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

***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.

### *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 confirm 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 2026. 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:

- 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.

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.

The consolidated financial statements of the Group include:

| Company Name | Country of Incorporation and Operation | Year of Incorporation | % of equity Interest | |
|---|---|---|---|---|
| | | | 2026 % | 2025 % |
| 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%* | 29.61%* |
| 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%* |
| Lanka Tiles USA Inc. | USA | 2023/2024 | 54.55% | 54.55% |
| Uni Dil packaging Kenya Limited | Kenya | 2024/2025 | 54.55% | 54.55% |
| Perfect Packaging Limited | Kenya | 2017/2018 | 54.55% | 54.55% |
| Eco Pack Lanka Solutions Limited | Sri Lanka | 2025/26 | 54.55% | - |

** The Company has a controlling stake in these investee companies through the direct and indirect holdings within Group Companies.*

## 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 affects 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 2026 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)

***(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 2026, 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 Swisstek (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*

***(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, 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;

| | 2025/26 | 2024/25 |
|---|---|---|
| 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;

| | 2025/26 | 2024/25 |
|---|---|---|
| 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;

| | 2025/26 | 2024/25 |
|---|---|---|
| Manufacturing | **15%** | 15% |
| Trading and others | **30%** | 30% |

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 formula:

(a) Raw material - At purchase cost on weighted average cost basis.

(b) Consumable and spares - At purchase cost on weighted average cost basis.

(c) 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.

(d) 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 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 substation right, then the asset in 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.

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 prorate 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

***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 2026 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 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 products, 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 products, 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 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.

***(i) SLFRS 17 Insurance Contracts***

SLFRS 17 is a comprehensive new accounting standard for insurance contracts, covering recognition, measurement, presentation, and disclosure. It replaces SLFRS 4 and applies to all types of insurance contracts, including life, non-life, direct insurance, and reinsurance, as well as certain guarantees and financial instruments with discretionary participation features. The standard is built around the General Measurement Model, supported by two supplementary approaches:

- Variable Fee Approach (VFA): for contracts with direct participation features
- Premium Allocation Approach (PAA): a simplified model mainly for short-duration contracts

SLFRS 17 is effective for annual reporting periods beginning on or after 01 January 2026, with comparative figures required. Early adoption is allowed if the entity also applies SLFRS 9 Financial Instruments and SLFRS 15 Revenue from Contracts with Customers by the date SLFRS 17 is first applied.

SLFRS 17 does not have a material impact on the financial statements.

***(ii) SLFRS 18 Presentation and Disclosure in Financial Statements***

SLFRS 18, which replaces LKAS 1, introduces significant enhancements to the way financial information is organised and communicated. The standard establishes new categories and subtotals in the statement of profit or loss to improve consistency and comparability across entities. It also requires entities to disclose management-defined performance measures (as specified in the standard), together with clear explanations and reconciliations. In addition, SLFRS 18 introduces strengthened requirements regarding the location, aggregation, and disaggregation of financial information. These changes are designed to ensure that financial statements present information more transparently and in a way that enhances users' understanding of an entity's financial performance and position.

SLFRS 18, and consequential amendments to the other accounting standards, are effective for annual reporting periods beginning on or after 01 January 2027. Early application is permitted.

The potential impact of SLFRS 18 on the financial statements and the related notes is currently being identified and evaluated.

***(iii) SLFRS 19 Subsidiaries without Public Accountability: Disclosures***

SLFRS 19 introduces reduced disclosure requirements for subsidiaries that do not have public accountability but continue to apply the full SLFRS recognition and measurement principles.

The purpose of SLFRS 19 is to lessen the financial reporting burden on qualifying subsidiaries by simplifying disclosure requirements, while still ensuring that financial statements remain high-quality, consistent, and comparable for users.

SLFRS 19 applies to Specified Business Enterprises, as defined in the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995. Subsidiaries that fall within this category and do not have public accountability are eligible to apply SLFRS 19.

The Standard becomes effective for annual reporting periods beginning on or after 01 January 2027. Early application is permitted

The potential impact of SLFRS 19 is currently being identified and evaluated.

***(iv) Classification and Measurement of Financial Instruments - Amendments to SLFRS 9 and SLFRS 7***

The amendments introduce enhancements to the classification, measurement, derecognition, and disclosure requirements for financial instruments. Their objective is to strengthen transparency, promote greater consistency in financial reporting, and respond to emerging market developments - particularly features such as sustainability-linked terms and nature-dependent electricity contracts.

These amendments are effective for annual reporting periods beginning on or after 01 January 2026. Early application is permitted.

The impact of these amendments is currently being identified and evaluated.

## 3. PROPERTY, PLANT & EQUIPMENT - COMPANY

### 3.1 Gross Carrying Amounts

| | Balance As at 01.04.2025 Rs. | Additions/ Transfers Rs. | Increase / (Decrease) on Revaluation Rs. | Reclassifications Rs. | Disposals/ Transfers Rs. | Balance As at 31.03.2026 Rs. |
|---|---|---|---|---|---|---|
| **At Cost or Valuation** | | | | | | |
| Land | 4,121,112,500 | 470,962,106 | 52,353,686 | - | (45,008,759) | 4,599,419,533 |
| Building | 3,629,332,900 | 67,933,151 | - | 111,624,929 | 2,102 | 3,808,893,082 |
| Lab Equipment | 7,395,141 | - | - | - | (5,569,141) | 1,826,000 |
| Motor Vehicles | 627,225,114 | 12,330,000 | - | - | (4,388,188) | 635,166,926 |
| Electricity Distribution | 600,359,375 | - | - | - | (7,583,012) | 592,776,363 |
| Office Equipment | 784,083,803 | 77,057,374 | - | (2,700,835) | (164,303,615) | 694,136,727 |
| Communication Equipment | 19,855,192 | 258,796 | - | (615,238) | (13,814,032) | 5,684,718 |
| Furniture & Fittings | 1,122,916,626 | 179,255,898 | - | 635,885 | (24,347,165) | 1,278,461,244 |
| Tools & Implements | 396,377,465 | 21,730,596 | - | 6,661 | (47,259,465) | 370,855,257 |
| Other Equipment | 186,018,548 | 14,230,854 | - | - | (26,447,109) | 173,802,293 |
| Factory Equipment | 23,257,991 | - | - | - | (23,245,732) | 12,259 |
| Construction Equipment | 2,236,047 | - | - | - | (2,236,047) | - |
| Plant and Machinery | 8,352,901,993 | 255,350,628 | - | 2,673,527 | (979,570,288) | 7,631,355,860 |
| Showroom Fixtures & Fittings | 1,971,577,211 | 52,772,259 | - | (111,624,929) | (43,519,790) | 1,869,204,751 |
| Stores Buildings on Lease hold Land | 37,963,000 | - | - | - | - | 37,963,000 |
| | 21,882,612,906 | 1,151,881,662 | 52,353,686 | - | (1,387,290,241) | 21,699,558,013 |

| | Balance As at 01.04.2025 Rs. | Additions/ Transfers Rs. | Increase / (Decrease) on Revaluation Rs. | Reclassification Rs. | Disposals/ Transfers Rs. | Balance As at 31.03.2026 Rs. |
|---|---|---|---|---|---|---|
| Capital Work in Progress | 155,708,117 | 1,010,967,521 | - | - | (798,104,593) | 368,571,045 |
| **Total Gross Carrying Amount** | 22,038,321,023 | 2,162,849,183 | 52,353,686 | - | (2,185,394,834) | 22,068,129,058 |

## 3. PROPERTY, PLANT & EQUIPMENT - COMPANY (Contd...)

### 3.2 Depreciation

| | Balance As at 01.04.2025 Rs. | Charge for the Year Rs. | Transfers on revaluation Rs. | Reclassification Rs. | Disposals/ Transfers Rs. | Balance As at 31.03.2026 Rs. |
|---|---|---|---|---|---|---|
| **At Cost or valuation** | | | | | | |
| Building | - | 134,651,693 | - | 35,060,685 | (1,122,923) | 168,589,455 |
| Lab Equipment | 7,395,141 | - | - | - | (5,569,141) | 1,826,000 |
| Motor Vehicles | 517,399,532 | 42,272,882 | - | (17,545,490) | (4,388,187) | 537,738,737 |
| Electricity Distribution | 75,417,615 | 37,381,307 | - | 2,382,837 | (7,583,012) | 107,598,747 |
| Office Equipment | 573,506,310 | 59,173,245 | - | (2,659,632) | (163,687,682) | 466,332,241 |
| Communication Equipment | 17,514,245 | 577,667 | - | (13,301) | (13,753,606) | 4,325,005 |
| Furniture & Fittings | 888,305,005 | 87,899,390 | - | 117,168 | (24,291,339) | 952,030,224 |
| Tools & Implements | 336,889,239 | 48,379,627 | - | 463,037 | (46,822,194) | 338,909,709 |
| Other Equipment | 135,952,333 | 18,794,520 | - | (95,002) | (26,401,684) | 128,250,167 |
| Factory Equipment | 23,257,991 | - | - | - | (23,245,732) | 12,259 |
| Construction Equipment | 2,236,047 | - | - | - | (2,236,047) | - |
| Plant and Machinery | 5,133,045,464 | 537,915,843 | - | (1,371,363) | (979,455,680) | 4,690,134,264 |
| Showroom Fixtures & Fittings | 1,126,060,087 | 99,053,623 | - | (16,338,939) | (30,148,661) | 1,178,626,110 |
| Stores Buildings on Lease hold Land | - | 1,055,371 | - | - | - | 1,055,371 |
| | 8,836,979,010 | 1,067,155,168 | - | - | (1,328,705,888) | 8,575,428,289 |

### 3.3 Net Book Values of Property Plant and Equipments

| For the year ended 31st March | 2026 Rs. | 2025 Rs. |
|---|---|---|
| **At Cost or Valuation** | | |
| Land | 4,599,419,533 | 4,121,112,500 |
| Building | 3,640,303,627 | 3,629,332,900 |
| Motor Vehicles | 97,428,189 | 109,825,582 |
| Electricity Distribution | 485,177,616 | 524,941,759 |
| Office Equipment | 227,804,486 | 210,577,493 |
| Communication Equipment | 1,359,713 | 2,340,947 |
| Furniture & Fittings | 326,431,020 | 234,611,620 |
| Tools & Implements | 31,945,548 | 59,488,226 |
| Other Equipment | 45,552,126 | 50,066,215 |
| Plant and Machinery | 2,941,221,596 | 3,219,856,528 |
| Showroom Fixtures & Fittings | 690,578,641 | 845,517,124 |
| Stores Buildings on Lease hold Land | 36,907,629 | 37,963,000 |
| | 13,124,129,724 | 13,045,633,895 |
| In the Course of Construction | 368,571,045 | 155,708,117 |
| | 13,492,700,769 | 13,201,342,012 |

**3.4** During the Period, the company acquired Property, Plant & Equipment for cash to the aggregate value of Rs.1,352,012,275/- (2025-Rs. 553,291,402/-).

***3.4.1*** The amount of borrowing costs capitalised during the year ended 31 March 2026 was Rs. 2,543,576/- The rate used to determine the amount of borrowing costs eligible for capitalisation was 11.75%, 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. 4,668,987,424/- ( 2025 - Rs. 5,604,039,065/-) which are still in use.

### 3.6 Gross Carrying Amounts

| | Balance As at 01.04.2025 Rs. | Additions / Transfers Rs. | Increase / (Decrease) from Revaluation Rs. | Effect of changes in Exchange Rates Rs. | Disposals/ Transfers Rs. | Reclassification Rs. | Assets held for sale Rs. | Balance As at 31.03.2026 Rs. |
|---|---|---|---|---|---|---|---|---|
| Freehold and Clay Mining Land | 11,611,612,025 | 491,308,106 | 122,401,886 | - | (54,027,443) | - | - | 12,171,294,574 |
| Buildings | 11,164,183,606 | 648,703,653 | 270,038,000 | (1,141,000) | 2,102 | 111,624,929 | (44,237,000) | 12,149,174,290 |
| Water Supply Scheme | 1,287,072,104 | 514,376,000 | - | (211,000) | - | - | (8,601,000) | 1,792,636,104 |
| Lab Equipment | 18,839,312 | - | - | - | (13,225,385) | - | - | 5,613,927 |
| Motor Vehicles | 689,935,511 | 12,330,000 | - | - | (4,388,188) | - | - | 697,877,323 |
| Electricity Distribution | 749,075,797 | - | - | - | (14,541,012) | - | - | 734,534,785 |
| Office Equipment | 828,654,173 | 80,537,377 | - | - | (171,833,982) | (2,700,835) | - | 734,656,733 |
| Communication Equipment | 623,150,711 | 90,871,296 | - | - | (57,018,142) | (615,239) | - | 656,388,626 |
| Furniture and Fittings | 1,313,916,336 | 190,428,013 | - | - | (27,307,959) | 635,886 | (8,786,000) | 1,468,886,276 |
| Tools & Implements | 2,230,642,893 | 447,740,496 | - | (208,000) | (65,847,096) | 6,661 | - | 2,612,334,954 |
| Sundry Equipment | 6,027,143 | 262,478 | - | - | (656,172) | - | - | 5,633,449 |
| Other Equipment | 183,685,229 | 14,237,653 | - | - | (31,805,882) | - | - | 166,117,000 |
| Factory Equipment | 23,257,991 | - | - | - | (23,245,732) | - | - | 12,259 |
| Moulds | 213,245,709 | 21,275,753 | - | - | - | - | - | 234,521,462 |
| Construction Equipment | 24,936,334 | - | - | - | (2,236,047) | - | - | 22,700,287 |
| Plant and Machinery | 28,791,898,696 | 3,356,301,255 | - | (1,699,000) | (1,068,806,599) | 2,673,527 | (67,893,000) | 31,012,474,879 |
| Showroom Fixtures & Fittings | 2,078,878,353 | 52,772,259 | - | - | (43,519,790) | (111,624,929) | - | 1,976,505,893 |
| | 61,839,011,923 | 5,921,144,339 | 392,439,886 | (3,259,000) | (1,578,457,327) | - | (129,517,000) | 66,441,362,821 |

| | Balance As at 01.04.2025 Rs. | Additions / Transfers Rs. | Increase / (Decrease) from Revaluation Rs. | Effect of changes in Exchange Rates Rs. | Disposals/ Transfers Rs. | Reclassification Rs. | Assets held for sale Rs. | Balance As at 31.03.2026 Rs. |
|---|---|---|---|---|---|---|---|---|
| In the Course of Construction | | | | | | | | |
| Capital Work in Progress | 3,678,899,463 | 9,421,820,182 | - | - | (11,441,612,652) | - | - | 1,659,106,993 |
| Total Gross Carrying Amount | 65,517,911,386 | 15,342,964,521 | 392,439,886 | (3,259,000) | (13,020,069,979) | - | (129,517,000) | 68,100,469,814 |

### 3.7 Depreciation

| | Balance As at 01.04.2025 Rs. | Additions / Transfers Rs. | Increase / (Decrease) from Revaluation Rs. | Effect of changes in Exchange Rates Rs. | Disposals/ Transfers Rs. | Reclassification Rs. | Assets held for sale Rs. | Balance As at 31.03.2026 Rs. |
|---|---|---|---|---|---|---|---|---|
| **At Cost or Valuation** | | | | | | | | |
| Clay Mining Land | - | 4,662,025 | - | - | - | - | - | 4,662,025 |
| Building | 462,147,971 | 325,114,603 | (83,306,000) | (132,000) | (1,122,915) | 35,060,685 | (19,126,000) | 718,636,344 |
| Water Supply Scheme | 688,442,226 | 131,582,288 | - | (27,000) | (9,270,000) | - | (2,946,000) | 807,781,514 |
| Lab Equipment | 18,744,774 | 71,880 | - | - | (13,225,385) | - | - | 5,591,269 |
| Motor Vehicles | 555,057,250 | 42,623,459 | - | - | (4,388,187) | (17,545,490) | - | 575,747,032 |
| Electricity Distribution | 88,236,868 | 45,012,514 | - | - | (7,583,012) | 2,382,837 | - | 128,049,207 |
| Office Equipment | 605,932,310 | 61,704,593 | - | - | (171,205,292) | (2,659,632) | - | 493,771,979 |
| Communication Equipment | 435,827,070 | 42,436,820 | - | - | (56,399,661) | (13,301) | - | 421,850,928 |
| Furniture & Fittings | 1,017,239,121 | 97,018,249 | - | - | (27,252,132) | 117,168 | (4,791,000) | 1,082,331,406 |
| Tools & Implements | 1,579,682,834 | 262,230,172 | - | (50,000) | (65,801,825) | 463,037 | - | 1,776,524,218 |
| Sundry Equipment | 3,049,170 | 678,771 | - | - | (656,172) | - | - | 3,071,769 |
| Other Equipment | 128,968,847 | 19,401,355 | - | - | (31,401,215) | (95,002) | - | 116,873,985 |
| Factory Equipment | 23,257,991 | - | - | - | (23,245,732) | - | - | 12,259 |
| Moulds | 139,129,451 | 13,351,549 | - | - | - | - | - | 152,481,000 |
| Construction Equipment | 23,903,131 | - | - | - | (2,236,047) | - | - | 21,667,084 |
| Plant and Machinery | 14,007,029,999 | 1,749,810,893 | - | (229,000) | (1,036,663,893) | (1,371,363) | (19,563,000) | 14,699,013,636 |
| Showroom Fixtures & Fittings | 1,129,269,133 | 111,850,284 | - | - | (30,148,661) | (16,338,939) | - | 1,194,631,817 |
| | 20,905,918,146 | 2,907,549,455 | (83,306,000) | (438,000) | (1,480,600,129) | - | (46,426,000) | 22,202,697,472 |

### 3.8 NET BOOK VALUES OF PROPERTY PLANT AND EQUIPMENTS

| For the year ended 31st March | 2026 Rs. | 2025 Rs. |
|---|---|---|
| **At Cost or Valuation** | | |
| Freehold and Clay Mining Land | 12,166,632,549 | 11,611,612,025 |
| Building | 11,430,537,946 | 10,702,035,634 |
| Water Supply Scheme | 984,854,590 | 598,629,878 |
| Lab Equipment | 22,658 | 94,538 |
| Motor Vehicles | 122,130,291 | 134,878,260 |
| Electricity Distribution | 606,485,578 | 660,838,930 |
| Office Equipment | 240,884,754 | 222,721,863 |
| Communication Equipment | 234,537,698 | 187,323,640 |
| Furniture and Fittings | 386,554,870 | 296,677,215 |
| Tools and Implements | 835,810,736 | 650,960,059 |
| Sundry Equipment | 2,561,680 | 2,977,973 |
| Other Equipment | 49,243,015 | 54,716,382 |
| Mould | 82,040,462 | 74,116,258 |
| Construction Equipment | 1,033,203 | 1,033,203 |
| Plant and Machinery | 16,313,461,243 | 14,784,868,697 |
| Stores Buildings on Leasehold Land | 781,874,076 | 949,609,220 |
| | 44,238,665,349 | 40,933,093,775 |
| In the Course of Construction | 1,659,106,993 | 3,678,899,463 |
| | 45,897,772,342 | 44,611,993,238 |

**3.9** During the Period, the group acquired Property, Plant & Equipment for cash to the aggregate value of Rs. 3,852,606,708/- (2025-Rs.4,195,931,321/-).

**3.9.1** The amount of borrowing costs capitalised during the year ended 31 March 2026 was Rs. 214,543,576/- The rate used to determine the amount of borrowing costs eligible for capitalisation was (10%-11.75%)range, which is the EIR of the specific borrowing.

**3.10** Property, Plant and Equipment includes fully depreciated assets having a gross carrying amount of Rs. 9,916,066,792/- (2025 Rs.10,818,307,743/-) which are still in use.

**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 | Valuation Date |
|---|---|---|---|---|---|
| 1 | Royal Ceramics Lanka PLC | Factory at Ehaliyagoda | A50-R1-P34.72 | Mr. A.A.M. Fathihu | 31 March 2025 |
| | | Showroom and Cutting Center Land at Kottawa | A1-R1-P24.75 | Mr. A.A.M. Fathihu | 31 March 2025 |
| | | Land at Meegoda Warehouse | A2-R3-P31.29 | Mr. A.A.M. Fathihu | 31 March 2025 |
| | | Land at Nawala for Nawala New Showroom | P24.90 | Mr. A.A.M. Fathihu | 31 March 2025 |
| | | Land at Seeduwa | R1-P12.50 | Mr. A.A.M. Fathihu | 31 March 2025 |
| | | Land at Narahenpita | P17.02 | Mr. A.A.M. Fathihu | 31 March 2025 |
| | | Land at Colpitty | P19.97 | Mr. A.A.M. Fathihu | 31 March 2025 |
| | | Land at Panadura | P18.82 | Mr. A.A.M. Fathihu | 31 March 2025 |
| | | Land at Dehiwela | P14.83 | Mr. A.A.M. Fathihu | 31 March 2025 |
| | | Land at Narahenpita | R1-P5.32 | Mr. A.A.M. Fathihu | 31 March 2025 |
| | | Factory buildings Eheliyagoda | 333,019sq.ft | Mr. A.A.M. Fathihu | 31 March 2025 |
| | | Showroom Building at kottawa | 9,556sq.ft | Mr. A.A.M. Fathihu | 31 March 2025 |
| | | Warehouse Building at Meegoda | 108,921sq.ft | Mr. A.A.M. Fathihu | 31 March 2025 |
| | | Showroom Building at Nawala 101 | 9,216sq.ft | Mr. A.A.M. Fathihu | 31 March 2025 |
| | | Showroom Building at Narahenpita 100 | 13,410sq.ft | Mr. A.A.M. Fathihu | 31 March 2025 |
| | | Showroom Building at Panadura | 5,176sq.ft | Mr. A.A.M. Fathihu | 31 March 2025 |
| | | Showroom Building at Seeduwa | 7,320sq.ft | Mr. A.A.M. Fathihu | 31 March 2025 |
| | | Showroom Building at Dehiwela | 11,574sq.ft | Mr. A.A.M. Fathihu | 31 March 2025 |
| | | Head office Building No 20, Colombo | 28,278sq.ft | Mr. A.A.M. Fathihu | 31 March 2025 |
| | | Factory Land at Horana | A.14 - R.1- P.7.36 | Mr. A.A.M. Fathihu | 31 March 2025 |
| | | Factory Building at Horana | 301,617 sq.ft | Mr. A.A.M. Fathihu | 31 March 2025 |
| | | Building at Nawala 98 Showroom | 9,235 sq.ft | Mr. A.A.M. Fathihu | 31 March 2025 |
| | | Land at Nawala 98 Showroom | P18.20 | Mr. A.A.M. Fathihu | 31 March 2025 |
| | | Land at Batticaloa | P19.30 | Mr. A.A.M. Fathihu | 31 March 2026 |
| | | Land at Rathnapura | P31.96 | Mr. A.A.M. Fathihu | 31 March 2026 |
| | | Showroom Building at Batticaloa | 5,914 sq.ft | Mr. A.A.M. Fathihu | 31 March 2026 |
| | | Thalawitiya Watta Road, Eheliyagoda | 15P | Mr. A.A.M. Fathihu | 31 March 2025 |

| | 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 |
|---|---|---|---|---|
| | Market based evidence | Rs. 100,000/- - Rs. 250,000/- per perch | 825.172 | 656.071 |
| | Market based evidence | Rs. 2,250,000/- - Rs. 5,000,000/- per perch | 643.188 | 505.463 |
| | Market based evidence | Rs. 475,000/- - Rs. 525,000/- per perch | 226.227 | 183.338 |
| | Market based evidence | Rs. 11,000,000- per perch | 273.900 | 236.550 |
| | Market based evidence | Rs. 3,750,000/- per perch | 196.875 | 168.000 |
| | Market based evidence | Rs. 11,500,000/- per perch | 195.730 | 161.690 |
| | Market based evidence | Rs. 22,000,000/- per perch | 439.340 | 349.475 |
| | Market based evidence | Rs. 5,000,000/- per perch | 94.100 | 84.690 |
| | Market based evidence | Rs. 11,000,000/- per perch | 163.130 | 140.885 |
| | Market based evidence | Rs. 11,500,000/- per perch | 471.730 | 410.200 |
| | Market based evidence | Rs 2,000/- Rs.8,000 per sq.ft | 1,152.204 | 921.361 |
| | Market based evidence | Rs.3,500/- Rs.11,000per sq.ft | 80.518 | 71.839 |
| | Market based evidence | Rs.1,500/- Rs.7,000 per sq.ft | 691.744 | 504.613 |
| | Market based evidence | Rs 4,000/-Rs.13,500per sq.ft | 65.941 | 64.109 |
| | Market based evidence | Rs.15,000 per sq.ft | 170.978 | 162.932 |
| | Market based evidence | Rs 12,000 per sq.ft | 55.674 | 54.742 |
| | Market based evidence | Rs5,500/-Rs.11,500 per sq.ft | 55.665 | 53.951 |
| | Market based evidence | Rs.15,000/- per sq.ft | 138.888 | 131.240 |
| | Market based evidence | Rs.20,000per sq.ft | 400.892 | 376.149 |
| | Market based evidence | Rs. 150,000/- per perch | 346.512 | 288.760 |
| | Market based evidence | Rs.850/- to Rs. 15,500/- per sq.ft | 962.143 | 801.649 |
| | Market based evidence | Rs.10,000 per sq.ft | 34.631 | 28.000 |
| | Market based evidence | Rs. 11,000,000/- per perch | 200.200 | 182.000 |
| | Market based evidence | Rs. 14,800,000/- per perch | 289.000 | - |
| | Market based evidence | Rs. 7,150,000- per perch | 228.000 | - |
| | Market based evidence | Rs.8,500/- Rs.10,000per sq.ft | 37.660 | - |
| | Market based evidence | Rs. 430,000/- per perch | 6.413 | - |

| No | Company | Location | Extent | Valuer | Valuation Date |
|---|---|---|---|---|---|
| 2 | Rocell Bathware Ltd | Factory land at Homagama | A1-R2-P19.60 | Mr. A.A.M. Fathihu | 31 March 2025 |
| | | Land at Meegoda | A1-R3-P04.10 | Mr. A.A.M. Fathihu | 31 March 2025 |
| | | Factory complex at Homagama | 206,933 Sq. ft | Mr. A.A.M. Fathihu | 31 March 2025 |
| 3 | Lanka Walltiles PLC | No. 215, Nawala Road, Narahenpita, Colombo 05 | A1-R1-P2.1 | KPMG Real Estate & valuation Services (Private) Limited | 31 March 2024 |
| | | | 36,170 Sq. ft | KPMG Real Estate & valuation Services (Private) Limited | 31 March 2024 |
| | | Plan No 2205 Situated at Mawathagama and Galagedara Village | A23-R1-P24.16 | KPMG Real Estate & valuation Services (Private) Limited | 31 March 2024 |
| | | | 313,012 Sq. ft | KPMG Real Estate & valuation Services (Private) Limited | 31 March 2024 |
| 4 | Lanka Tiles PLC | Factory Premises, Jaltara, Ranala | 28A-02R-32.69P | KPMG Real Estate & Valuation Services (Private) Limited | 31 March 2024 |
| | | Factory Premises, Jaltara, Ranala | 416,813 sqft | KPMG Real Estate & Valuation Services (Private) Limited | 31 March 2024 |
| | | Land Adjacent to the Factory Premises, Jaltara, Ranala | 08A-02R-08.56P | KPMG Real Estate & Valuation Services (Private) Limited | 31 March 2024 |
| | | Land Adjacent to the Factory Premises, Jaltara, Ranala | 25,604 sqft | KPMG Real Estate & Valuation Services (Private) Limited | 31 March 2024 |
| | | Lanka Tiles Warehouse, Samurdhi Mawatha Biyagama | 02A-00R-15.93P | KPMG Real Estate & Valuation Services (Private) Limited | 31 March 2024 |
| | | Lanka Tiles Warehouse, Samurdhi Mawatha Biyagama | 48531 sqft | KPMG Real Estate & Valuation Services (Private) Limited | 31 March 2024 |
| | | Land at Nugegoda | 00A-00R-32.03P | KPMG Real Estate & Valuation Services (Private) Limited | 31 March 2024 |
| | | Showroom, Nugegoda Building | 15,385 sqft | KPMG Real Estate & Valuation Services (Private) Limited | 31 March 2024 |
| 5 | Uni Dil Packing Limited | Land at Narampola road, Moragala, Deketana | A12-R03-P37.1 | Mr. D.G.Newton | 31 March 2026 |
| | | Building and land improvement at Narampola road, Moragala, Deketana | 179,357 sq.ft | Mr. D.G.Newton | 31 March 2026 |
| 6 | Uni Dil Packaging Solutions Limited | Land at Narampola road, Moragala, Deketana | A2-R2-P35 | Mr. D.G.Newton | 31 March 2026 |
| | | Building at Narampola road, Moragala, Deketana | 32103 sq.ft | Mr. D.G.Newton | 31 March 2026 |

| 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 |
|---|---|---|---|
| Market based evidence | Rs. 500,000/- per perch | 129.800 | 77.880 |
| Market based evidence | Rs. 475,000/- per perch | 134.950 | 90.912 |
| Market based evidence | Rs. 2,000/- to 8,750/- per Sq. ft | 909.379 | 707.544 |
| Market based evidence | Rs. 8,000,000/- per perch | 1,616.800 | 1,414.700 |
| Contractor's basis method valuation | Rs.3,000/-to Rs 7,000/- per square feet | 219.380 | 135.610 |
| Market based evidence | Rs. 300,000/- per perch | 1,149.200 | 1,123.200 |
| Contractor's basis method valuation | Rs.2,000/-to Rs 11,000/- per sq.ft | 1,463.500 | 897.017 |
| Market based evidences | Rs. 50,000/- to 150,000/- per perch | 642.035 | 517.878 |
| Contractor's method | Rs 1,130/- to Rs. 6,190/- per sqft | 1,630.640 | 1,191.022 |
| Market based evidences | Rs. 126,000/- to 231,000/- per perch | 222.692 | 203.001 |
| Contractor's method | Rs 1,400/- to Rs. 5000/- per sqft | 49.655 | 49.099 |
| Market approach | Rs. 1,500,000/- per perch | 503.895 | 335.949 |
| Contractor's method | Rs 1,900/- to Rs. 5,100/- per sqft | 243.388 | 192.451 |
| Market approach | Rs. 9,000,000/- per perch | 288.270 | 240.200 |
| Market approach | Rs 15,000/- per sqft | 230.775 | - |
| Market based evidence | Rs.85,000/- per perch | 182.663 | 124.211 |
| Depreciated Replacement cost | Rs.750/- to Rs.2,000/- per sq.ft | 662.838 | 334.090 |
| Market based evidence | Rs. 80,000/- per perch | 43.500 | 34.800 |
| Depreciated Replacement cost | Rs. 1,750/- to Rs. 2,500/- per sq.ft | 114.000 | 65.700 |

| No | Company | Location | Extent | Valuer | Valuation Date |
|---|---|---|---|---|---|
| 7 | Swisstek (Ceylon) PLC | Factory Complex, Belummahara, Imbulgoda | 984.5 P | Mr. D.G.Newton | 31 March 2024 |
| | | No: 288/26, Colombo Road, Belummahara, Imbulgoda | 81.6 P | Mr. D.G.Newton | 31 March 2024 |
| | | No:334/5, Colombo Road, Belummahara, Imbulgoda | 20.0 P | Mr. D.G.Newton | 31 March 2024 |
| | | No: 177/6, New Kandy Rd., Weliweriya | 85.0 P | Mr. D.G.Newton | 31 March 2024 |
| | | Land at Ratupaswela | 2446.0 P | Mr. D.G.Newton | 31 March 2024 |
| | | Land at Belummahara | 0.95 P | Mr. D.G.Newton | 31 March 2024 |
| | | Factory Complex, Belummahara, Imbulgoda | 62,530 sq.ft | Mr. D.G.Newton | 31 March 2024 |
| | | No: 177/6, New Kandy Rd., Weliweriya | 27,170 Sq.ft. | Mr. D.G.Newton | 31 March 2024 |
| | | Factory Complex, Belummahara, Imbulgoda-Tiles Stores | 27,285 sq.ft | Mr. D.G.Newton | 31 March 2024 |
| | | Factory Complex, Belummahara, Imbulgoda-Sales Center | 4944 sq.ft | Mr. D.G.Newton | 31 March 2024 |
| | | Factory Complex, Belummahara, Imbulgoda-Open shed | 3,400 sq.ft | Mr. D.G.Newton | 31 March 2024 |
| | | Factory Complex, Belummahara, Imbulgoda-Warehouse | 5,000 sq.ft | Mr. D.G.Newton | 31 March 2024 |
| 8 | Swisstek Aluminium Ltd. | 76/7, Pahala Dompe, Dompe | A11-R1-P 22.8 | Mr. A.A.M. Fathihu | 31 March 2024 |
| | | 76/7, Pahala Dompe, Dompe | 171,861 Sq.ft | Mr. A.A.M. Fathihu | 31 March 2024 |
| 9 | Lanka Ceramic PLC | Mining Land at Owala | 25A-2R-35P | Mr. A.A.M. Fathihu | 31 March 2025 |
| | | Land situated at Owala | 1A-1R-02P | Mr. A.A.M. Fathihu | 31 March 2025 |
| | | Factory, office building & other infrastructure at Owala mine | 10,535 sq.ft | Mr. A.A.M. Fathihu | 31 March 2025 |
| | | Mining Land at Meetiyagoda | 13A-1R-01.54P | Mr. A.A.M. Fathihu | 31 March 2025 |
| | | Land situated at Meetiyagoda | 2A-1R-24.26P | Mr. A.A.M. Fathihu | 31 March 2025 |
| 10 | Biscuits and Chocolate Company Limited | Kiriwaththuduwa Estate, Moonamalwatta Road, Kiriwaththuduwa, Homagama | 33A-2R-26.0P | Mr. A.A.M. Fathihu | 31 March 2025 |
| | | Kiriwaththuduwa Estate, Moonamalwatta Road, Kiriwaththuduwa, Homagama | 3R 20P | Mr. A.A.M. Fathihu | 31 March 2025 |
| 11 | CP Holding (Pvt) Ltd | Akuressa | 105A 2R 14.94P | Mr. A.A.M. Fathihu | 31 March 2026 |
| 12 | Nilano Garent Limited | No.654, Galle Road, Rathmalana | 12,640 sq.ft | Mr. A.A.M. Fathihu | 31 March 2025 |

| 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 |
|---|---|---|---|
| Market based evidence | Rs. 800,000/- per perch | 787.600 | 738.375 |
| Market based evidence | Rs. 725,000/- per perch | 59.131 | 51.000 |
| Market based evidence | Rs. 650,000/- per perch | 12.831 | 12.000 |
| Market based evidence | Rs. 600,000/- per perch | 51.000 | 44.630 |
| Contractors Method | Rs. 100,000/- to 175,000/- per perch | 387.533 | - |
| Contractors Method | Rs. 848,000/- per perch | 0.814 | - |
| Contractors Method | Rs. 750/- to 4,500/- per sqft | 226.422 | 139.250 |
| Contractors Method | Rs. 2,850/- to 3,250/- per sqft | 82.286 | 79.569 |
| Income Approach | Rs. 4,378.96/- per sqft | 119.480 | 87.067 |
| Income Approach | Rs. 8,458.33/- per sqft | 41.818 | 30.473 |
| Income Approach | Rs. 3,282.42/- per sqft | 11.160 | 8.133 |
| Income Approach | Rs. 5,908.35/- per sqft | 29.542 | 21.527 |
| Market based evidence | Rs.50,000/- to Rs.150,000/- Per Perch | 299.375 | 218.311 |
| Contractors Method | Rs.1250/- to Rs.7,500/- per sqft | 802.406 | 559.398 |
| Market based evidence | Rs. 100,000/- to Rs. 1,100,000/- per acre | 25.145 | 25.145 |
| Market based evidence | Rs. 1,100,000/- per acre | 1.389 | 1.389 |
| Depreciated Cost method | Rs. 250/- to Rs. 8,000/- per sq.ft | 40.637 | 40.637 |
| Market based evidence | Rs. 2,750,000/- per acre | 36.462 | 36.462 |
| Market based evidence | Rs. 100,000/- to Rs. 1,600,000/- per acre | - | 3.019 |
| Market based evidence | Rs. 120,000/- per perch | 646.272 | 545.000 |
| Market based evidence | Rs. 16,000/- per perch | 4.500 | 4.500 |
| Market based evidence | Rs 200,000 - Rs 2,800,000 | 139.323 | 136.420 |
| Market based evidence | Rs. 4,500/- per sqft | 30.715 | 26.540 |

Significant increases/ (decrease) 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 comparable 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 ;

| | Number of Years | |
|---|---|---|
| | 2026 | 2025 |
| 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 | 4 & 8 | 4 & 8 |
| 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 2026 | Accumulated Depreciation 2026 | Net Carrying Amount 2026 | Net Carrying Amount 2025 |
| Freehold Land | 1,009,496,525 | - | 1,009,496,525 | 1,009,496,525 |
| Freehold Building | 3,129,477,413 | 1,308,677,870 | 1,820,799,543 | 1,804,806,322 |
| | 4,138,973,938 | 1,308,677,870 | 2,830,296,068 | 2,814,302,847 |

| | Group | | | |
|---|---|---|---|---|
| | Cost 2026 | Accumulated Depreciation 2026 | Net Carrying Amount 2026 | Net Carrying Amount 2025 |
| Freehold Land | 3,452,064,811 | 5,825,000 | 3,446,239,811 | 3,443,093,811 |
| Freehold Building | 7,289,055,961 | 2,456,848,720 | 4,832,207,241 | 4,390,763,367 |
| | 10,741,120,772 | 2,462,673,720 | 8,278,447,052 | 7,833,857,178 |

## 4. INVESTMENT PROPERTY

| | Group | |
|---|---|---|
| | 2026 Rs. | 2025 Rs. |
| At the beginning of the year | 2,157,340,200 | 2,135,452,700 |
| Addition | - | 865,959 |
| Change in Fair Value | 34,447,740 | 21,021,541 |
| At the end of the year | 2,191,787,940 | 2,157,340,200 |

### 4.1 Fair value of investment property

| Company | Location | Extent | No of Buildings |
|---|---|---|---|
| Lanka Ceramics 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/ (decrease) 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. (2025 - Rs.74.22 Mn). Direct operating expenses incurred by the Group amounted to. Rs. 2.2 Mn.(2025 - Rs. 4.1Mn).

**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. |
|---|---|---|---|---|---|---|
| 2025-2026 | 74,216,400 | 74,304,720 | 74,393,040 | - | - | - |
| 2024-2025 | 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 2026 | Mr. A.A.M. Fathihu | Market based evidence | Rs. 24,000,000/- per perch | 986,880 |
| | 31 March 2026 | Mr. A.A.M. Fathihu | Depreciated replacement cost | Rs. 10,500/- Rs. 15,000/- per Sq.ft | 84,058 |
| | | | | | |
| | 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 2026 | KPMG Real Estate & valuation Services (Private) Limited | Market based evidence | Rs. 8,150,000/- per Acre | 398,224 |
| | 31 March 2026 | KPMG Real Estate & valuation Services (Private) Limited | Market based evidence | Rs.5,000,000/- per Acre | 21,800 |
| | 31 March 2026 | KPMG Real Estate & valuation Services (Private) Limited | Market based evidence | Rs.1345,000/- per Perch | 6,500 |
| | 31 March 2026 | KPMG Real Estate & valuation Services (Private) Limited | Market based evidence | Rs.95,000/- per Perch | 650 |
| | 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 2026 | KPMG Real Estate & valuation Services (Private) Limited | Market based evidence | Rs. 8,150,000/- per Acre | 398,224 |
| | 31 March 2026 | KPMG Real Estate & valuation Services (Private) Limited | Market based evidence | Rs.5,660/- per sq.ft | 5,476 |
| | 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 2026 | Mr. A.A.M. Fathihu | Market based evidence | Rs 50,000 - Rs 2,800,000- per Perch | 289,975 |
| | 31 March 2025 | Mr. A.A.M. Fathihu | Market based evidence | Rs 50,000 - Rs 2,750,000- per Perch | 285,271 |

## 5. INVESTMENTS IN SUBSIDIARIES

### 5.1 Quoted & Non-Quoted

| | Holding | | Country of incorporation | Cost | |
|---|---|---|---|---|---|
| | 2026 % | 2025 % | | 2026 Rs. | 2025 Rs. |
| **Non-Quoted** | | | | | |
| Royal Ceramics Distributors (Pvt) Limited | 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 | 69 | 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 Aluminuium Limited | 7.73 | 7.73 | Sri Lanka | 170,881,960 | 170,881,960 |
| **Quoted** | | | | | |
| Lanka Ceramics 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 Walltile 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 | 7,074,154,579 |
| Total Gross Carrying Value of Investments | | | | 7,074,154,579 | 7,074,154,579 |
| Impairment made | | | | (270,900,000) | (270,900,000) |
| **Total Net Carrying Value of Investments** | | | | 6,803,254,579 | 6,803,254,579 |

### 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, 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.

## 6. INVESTMENTS IN ASSOCIATES

### 6.1 Company

| | Holding Percentage | | Cost | |
|---|---|---|---|---|
| | 2026 % | 2025 % | 2026 Rs. | 2025 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 | |
|---|---|---|---|---|
| | 2026 % | 2025 % | 2026 Rs. | 2025 Rs. |
| **Quoted Investments** | | | | |
| L B Finance PLC | 26.08 | 26.08 | 19,412,838,292 | 15,470,909,479 |
| **Non-quoted Investments** | | | | |
| Delmege Limited | 21.00 | 21.00 | 2,333,092,043 | 1,994,040,841 |
| | | | 21,745,930,335 | 17,464,950,320 |

## 6.3 Movement in Investments in Associates

| | L. B. Finance PLC | | Delmege Limited | | Total | |
|---|---|---|---|---|---|---|
| | 2026 Rs. | 2025 Rs. | 2026 Rs. | 2025 Rs. | 2026 Rs. | 2025 Rs. |
| **As at the beginning 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 |
| Share of Profit | 3,643,630,541 | 2,832,288,424 | 288,954,267 | 202,277,727 | 3,932,584,808 | 3,034,566,151 |
| Dividends | (798,323,427) | (706,209,186) | (36,395,783) | - | (834,719,210) | (706,209,186) |
| Share of Other Comprehensive Income | 1,096,621,699 | 1,803,061 | 86,492,718 | (1,194,192) | 1,183,114,417 | 608,869 |
| **At the end of the year** | 19,412,838,292 | 15,470,909,479 | 2,333,092,043 | 1,994,040,841 | 21,745,930,335 | 17,464,950,320 |

## 7. INTANGIBLE ASSETS

| | Company | | Group | |
|---|---|---|---|---|
| | 2026 Rs. | 2025 Rs. | 2026 Rs. | 2025 Rs. |
| **Summary** | | | | |
| Goodwill (Note 7.1) | - | - | 1,025,347,134 | 1,123,694,130 |
| Software (Note 7.2) | 78,504,631 | 95,351,747 | 300,880,803 | 334,592,374 |
| Software work in progress (Note 7.3) | 1,695,000 | - | 1,695,000 | 4,438,457 |
| | 80,199,631 | 95,351,747 | 1,327,922,937 | 1,462,724,961 |

## 7.1 Goodwill

| | Group | |
|---|---|---|
| | 2026 Rs. | 2025 Rs. |
| At the beginning of the year | 1,123,694,130 | 1,123,694,130 |
| De-recognition on disposal of subsidiaries | (98,346,996) | - |
| At the end of the year | 1,025,347,134 | 1,123,694,130 |

Carrying value of Goodwill acquired through business combination as at the reporting date is relevant to Tile & 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 26% - 29% (2025 - 28% - 30%).

### Discount rates

The discount rate used is the risk free rate, adjusted by the addition of an appropriate risk premium. The discount rate applied to cash flow projections is 11.37%. (2025 - 12.34%).

### 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 17% (2025 - 12%) 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.

The carrying value of Goodwill as at the reporting date would not be impaired even at a 0% terminal growth rate.

## 7.2 Software

| | Company | | Group | |
|---|---|---|---|---|
| | 2026 Rs. | 2025 Rs. | 2026 Rs. | 2025 Rs. |
| At the beginning of the year | 95,351,747 | 101,212,366 | 334,592,374 | 250,844,366 |
| Incurred during the year | 10,344,007 | 22,005,161 | 22,812,339 | 131,054,161 |
| Transfer from Software CWIP | - | - | 11,630,525 | - |
| De-recognition on disposal of subsidiaries | - | - | (17,814,000) | - |
| Amount amortised during the year | (27,191,123) | (27,865,780) | (50,340,435) | (47,306,153) |
| At the end of the year | 78,504,631 | 95,351,747 | 300,880,803 | 334,592,374 |

## 7.3 Software work in progress

| | Company | | Group | |
|---|---|---|---|---|
| | 2026 Rs. | 2025 Rs. | 2026 Rs. | 2025 Rs. |
| At the beginning of the year | - | - | 4,438,457 | - |
| Incurred during the year | 1,695,000 | - | 8,887,067 | 4,438,457 |
| Amount Capitalised during the year | - | - | (11,630,525) | - |
| At the end of the year | 1,695,000 | - | 1,695,000 | 4,438,457 |
| Total intangible assets | 80,199,631 | 95,351,747 | 1,327,922,937 | 1,462,724,961 |

## 8. LEASES

### 8.1 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 period:

| | Building Rs. |
|---|---|
| **Right of Use Asset** | |
| At the beginning of the year | 1,030,169,416 |
| Additions | 513,684,347 |
| Adjustments for changes of Lease Terms and Termination | (2,624,813) |
| Depreciation expense | (283,814,244) |
| **At the end of the year** | 1,257,414,706 |
| | |
| **Lease Liability** | |
| At the beginning of the year | 1,196,742,301 |
| Additions | 417,769,678 |
| Adjustments for changes of Lease Terms and Termination | (2,624,810) |
| Interest Expense | 172,907,577 |
| Less: Payments | (374,675,045) |
| **At the end of the year** | 1,410,119,701 |
| | |
| **As at 31 March 2026** | |
| Payable within one year | 217,675,567 |
| Payable after one year | 1,192,444,134 |
| **Total** | 1,410,119,701 |
| | |
| **As at 31 March 2025** | |
| Payable within one year | 193,653,545 |
| Payable after one year | 1,003,088,756 |
| **Total** | 1,196,742,301 |

### 8.2 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 period:

| | Land Rs. | Building Rs. | Total Rs. |
|---|---|---|---|
| **Right of Use Asset** | | | |
| At the beginning of the year | 77,177,154 | 1,235,110,359 | 1,312,287,513 |
| Additions | - | 588,408,358 | 588,408,358 |
| Adjustments for changes of Lease Terms and Termination | - | (2,624,811) | (2,624,811) |
| Depreciation expense | (4,070,644) | (408,746,245) | (412,816,889) |
| **At the end of the year** | 73,106,510 | 1,412,147,661 | 1,485,254,171 |
| | | | |
| **Lease Liability** | | | |
| At the beginning of the year | 107,423,657 | 1,407,384,268 | 1,514,807,925 |
| Additions | - | 492,494,371 | 492,494,371 |
| Adjustments for changes of Lease Terms and Termination | - | (2,624,811) | (2,624,811) |
| Interest Expense | 12,017,000 | 196,675,490 | 208,692,490 |
| Less: Payments | (7,680,000) | (556,051,495) | (563,731,495) |
| **At the end of the year** | 111,760,657 | 1,537,877,823 | 1,649,638,480 |
| | | | |
| **As at 31 March 2026** | | | |
| Payable within one year | | | 311,238,504 |
| Payable after one year | | | 1,338,399,976 |
| **Total** | | | 1,649,638,480 |
| | | | |
| **As at 31 March 2025** | | | |
| Payable within one year | | | 311,574,614 |
| Payable after one year | | | 1,203,233,311 |
| **Total** | | | 1,514,807,925 |

Useful live of right of use asset are estimated at the range of 3 - 36 years

The following are the amounts recognised in profit or loss:

| | Company | | Group | |
|---|---|---|---|---|
| | 2026 Rs. | 2025 Rs. | 2026 Rs. | 2025 Rs. |
| Depreciation expense of right-of-use assets | 283,814,244 | 190,964,085 | 412,816,889 | 335,429,359 |
| Interest expense on lease liabilities | 172,907,577 | 158,349,748 | 208,692,490 | 217,709,405 |
| Expense relating to short-term leases (included in cost of sales) | 631,437 | 2,703,439 | 87,139,026 | 88,636,453 |
| Expense relating to short-term leases (included in distribution expenses) | 38,236,720 | 32,775,242 | 38,236,720 | 32,775,241 |
| **Total amount recognised in profit or loss** | 495,589,978 | 384,792,514 | 746,885,125 | 674,550,458 |

Cash Outflows from short term leases and leases with low values for the year ended 31 March 2026 for the Company and for the Group are Rs. 38,868,157/- and Rs. 125,375,746/-respectively.

## 9. INVENTORIES

| | Company | | Group | |
|---|---|---|---|---|
| | 2026 Rs. | 2025 Rs. | 2026 Rs. | 2025 Rs. |
| Raw Materials | 1,524,750,870 | 1,329,473,708 | 9,382,574,419 | 9,494,002,268 |
| Spares & Consumables | 2,028,079,919 | 1,871,567,301 | 3,500,679,235 | 3,252,829,064 |
| Accessories | - | - | 1,984,715,885 | 1,316,338,211 |
| Work in Progress | 102,942,391 | 74,045,581 | 1,686,133,287 | 1,288,293,077 |
| Finished Goods | 5,663,350,239 | 6,022,766,014 | 18,595,063,083 | 18,875,635,225 |
| Goods in Transit | 21,890,070 | 3,938,664 | 34,623,207 | 7,877,583 |
| Other Consumables | 31,410,745 | 27,040,660 | 38,369,658 | 31,944,380 |
| | 9,372,424,234 | 9,328,831,928 | 35,222,158,774 | 34,266,919,808 |
| Less : Provision for Obsolete & Slow Moving Stock | (542,204,413) | (325,661,595) | (2,119,533,705) | (1,332,384,113) |
| | 8,830,219,821 | 9,003,170,333 | 33,102,625,069 | 32,934,535,695 |

### 9.1 Provision for Obsolete and Slow Moving Stock

| | Company | | Group | |
|---|---|---|---|---|
| | 2026 Rs. | 2025 Rs. | 2026 Rs. | 2025 Rs. |
| At the beginning of the year | 325,661,595 | 232,924,827 | 1,332,384,113 | 1,182,639,938 |
| Provisions made during the year | 216,542,818 | 92,736,768 | 787,149,592 | 149,744,175 |
| At the end of the year | 542,204,413 | 325,661,595 | 2,119,533,705 | 1,332,384,113 |

## 10. TRADE AND OTHER RECEIVABLES

### 10.1 Company

| | 2026 Rs. | 2025 Rs. |
|---|---|---|
| Trade debtors - Other | 550,992,031 | 503,344,239 |
| - Related Parties (Note 10.1.1) | 129,685,702 | 17,040,124 |
| Trade Debtors | 680,677,733 | 520,384,363 |
| Provision for Bad and Doubtful Debts (Note 10.1.2) | (50,765,728) | (54,333,603) |
| | 629,912,005 | 466,050,760 |
| Other Receivables | 146,565,037 | 229,555,181 |
| | 776,477,042 | 695,605,941 |

***10.1.1 Trade Debtors includes following related party receivables,***

| | Relationship | Company | |
|---|---|---|---|
| | | 2026 Rs. | 2025 Rs. |
| Lanka Walltiles PLC | Subsidiary | 109,375,648 | - |
| Swisstek Aluminium Ltd | Subsidiary | 212,433 | - |
| LB Finance PLC | Associate | 1,695,083 | - |
| Hayleys Fabric PLC | Affiliate | 7,767 | 5,834 |
| Hanwella Rubber Products Ltd | Affiliate | - | 566,186 |
| Hayleys Aviation (Pvt) Ltd | Affiliate | - | 1,506,050 |
| Ultracarb (Pvt) Ltd | Affiliate | - | 6,596,600 |
| Fentons Smart facilities (Pvt) Ltd | Affiliate | - | 932,332 |
| Kelani Valley Plantations PLC | Affiliate | - | 472,640 |
| The Kingsbury PLC | Affiliate | 105,927 | 517,682 |
| Singer Sri Lanka PLC | Affiliate | 5,040,000 | 6,442,800 |
| Alumex PLC | Affiliate | 1,944,707 | - |
| Hayleys Fentons Ltd | Affiliate | 520,677 | - |
| Haycarb PLC | Affiliate | 4,317,250 | - |
| Hayleys Mobility Limited | Affiliate | 2,013,334 | - |
| Culture Club Resort (Pvt) Ltd | Affiliate | 62,029 | |
| Hayleys Engineering (Pvt) Ltd | Affiliate | 4,390,847 | - |
| | | 129,685,702 | 17,040,124 |

***10.1.2 Allowances for Doubtful Debts***

| | 2026 Rs. | 2025 Rs. |
|---|---|---|
| Balance at the beginning of the year | 54,333,603 | 53,806,015 |
| Amount provided/(reversal) during the year | (3,567,875) | 527,588 |
| Balance at the end of the year | 50,765,728 | 54,333,603 |

### *10.1.3 Amount due from Related Parties*

| | Relationship | Company | |
|---|---|---|---|
| | | 2026 Rs. | 2025 Rs. |
| Royal Ceramics Distributors (Pvt) Ltd | Subsidiary | - | 2,318,155 |
| Rocell Bathware Ltd | Subsidiary | 40,533,568 | - |
| Rocell Properties (Pvt) Ltd | Subsidiary | 1,116,669 | 919,672 |
| Biscuits and Chocolate Company Limited | Subsidiary | 87,024,561 | 54,523,316 |
| Lanka Tiles PLC | Subsidiary | 10,015,232 | 3,288,374 |
| Lanka Wall Tiles PLC | Subsidiary | 5,244,257 | 142,515 |
| Ever Paint and Chemical Industries (Pvt) Ltd | Subsidiary | 40,974,902 | 38,654,846 |
| Swisstek Aluminium Limited | Subsidiary | 515,295 | - |
| | | 185,424,484 | 99,846,878 |
| Impairment Provision | | - | (2,318,155) |
| | | 185,424,484 | 97,528,723 |

***10.1.4*** Trade receivables are non interest bearing and on 30 to 45 days credit terms. As at 31 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 | 2026 | 629,912,005 | 267,004,603 | 289,887,690 | 74,622,417 | 49,163,023 | (50,765,728) |
| Trade debtors | 2025 | 466,050,760 | 151,029,034 | 277,395,400 | 41,142,122 | 50,817,807 | (54,333,603) |

## 10.2 GROUP

| | Group | |
|---|---|---|
| | 2026 Rs. | 2025 Rs. |
| Trade Debtors - Others | 7,071,121,302 | 5,760,372,754 |
| - Related Parties (Note 10.2.1) | 23,530,055 | 20,611,879 |
| Trade Debtors | 7,094,651,357 | 5,780,984,633 |
| Provision for Bad and Doubtful Debts | (306,714,361) | (269,827,646) |
| | 6,787,936,996 | 5,511,156,987 |
| Loans to company officers | 12,948,000 | 13,315,000 |
| Other Receivables -Others | 1,673,424,319 | 2,197,325,199 |
| | 8,474,309,315 | 7,721,797,186 |

***10.2.1 Trade Debtors includes following related party receivables,***

| | Relationship | 2026 Rs. | 2025 Rs. |
|---|---|---|---|
| LB Finance PLC | Associate | 1,836,751 | - |
| The Kingsbury PLC | Affiliate | 121,677 | 773,831 |
| Horana Plantations PLC. | Affiliate | - | 223,187 |
| Singer Sri Lanka PLC | Affiliate | 5,040,000 | 6,471,942 |
| Hayleys Aviation (Pvt) Ltd | Affiliate | - | 2,562,181 |
| Hayleys Mobility Limited | Affiliate | 2,110,199 | - |
| Hayleys Fentons Ltd | Affiliate | 2,772,494 | - |
| Hayleys Engineering (Pvt) Ltd | Affiliate | 5,047,843 | - |
| Kandyan Resorts (Pvt) Ltd | Affiliate | - | 1,310,663 |
| Haycarb PLC | Affiliate | 4,317,250 | - |
| Hayleys Fabric PLC | Affiliate | 59,577 | 169,964 |
| Hanwella Rubber Products Ltd | Affiliate | - | 566,186 |
| Alumex PLC | Affiliate | 2,008,551 | 103,176 |
| Ultracarb (Pvt) Ltd | Affiliate | - | 6,596,600 |
| Fentons Smart facilities (Pvt) Ltd | Affiliate | - | 993,917 |
| Culture Club Resort (Pvt) Ltd | Affiliate | 140,779 | - |
| Kelani Valley Plantations PLC | Affiliate | 74,936 | 840,232 |
| | | 23,530,055 | 20,611,879 |

***10.2.2*** Trade receivables are non interest bearing and on 30 to 45 days credit terms. As at 31 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 | 2026 | 6,787,938,270 | 2,564,533,204 | 3,365,891,215 | 560,008,464 | 350,567,069 | 253,652,679 | (306,714,361) |
| Trade debtors | 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) |

***10.2.3 Allowances for Doubtful Debts***

| | 2026 Rs. | 2025 Rs. |
|---|---|---|
| Balance at the beginning of the year | 269,827,646 | 229,799,418 |
| Amount provided/(reversal) during the year | 36,886,715 | 42,913,135 |
| Amount Written off as bad debts during the year | - | (2,884,907) |
| Balance at the end of the year | 306,714,361 | 269,827,646 |

***Definition of Default***

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full, taking into account qualitative and quantitative indicators of credit deterioration.

***Write-off Policy***

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectation of recovering the financial asset in whole or in part.

Generally, the Group writes off the gross carrying amount based on historical experience of recoveries of similar assets.

In addition, specifically the Group performs an individual assessment to determine the timing and amount of the write-off, considering whether there is a reasonable doubt of recovery.

Amounts written off are not expected to result in significant recoveries. However, financial assets that are written off may still be subject to enforcement or recovery activities, in accordance with the Group's credit recovery procedures.

### 10.3 Contract Assets

| | Group | |
|---|---|---|
| | 2026 Rs. | 2025 Rs. |
| At the beginning of the year | - | 30,032,715 |
| During the year recognised/(Transfer) | - | (30,032,715) |
| At the end of the year | - | - |

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 | |
|---|---|---|---|---|
| | 2026 Rs. | 2025 Rs. | 2026 Rs. | 2025 Rs. |
| Receivables - Other | 99,512,838 | 23,864,990 | 109,467,772 | 35,184,411 |
| Advances and Prepayments | 331,160,337 | 450,200,630 | 1,423,607,882 | 1,565,137,238 |
| | 430,673,175 | 474,065,620 | 1,533,075,654 | 1,600,321,649 |

## 12 OTHER FINANCIAL ASSETS

### 12.1 Investments at Fair Value Through Profit or Loss

| | No. of Shares | | Company | | Group | |
|---|---|---|---|---|---|---|
| | | | Fair Value | | | |
| | 2026 | 2025 | 2026 Rs. | 2025 Rs. | 2026 Rs. | 2025 Rs. |
| **Quoted** | | | | | | |
| The Fortress Resorts PLC | 336,100 | 336,100 | 7,259,760 | 8,234,450 | 7,259,760 | 8,234,450 |
| Aitken Spence PLC | 225,000 | 225,000 | 31,275,000 | 28,743,750 | 31,275,000 | 28,743,750 |
| Lanka Hospitals Corporation PLC | 45,519 | 45,519 | 4,551,900 | 3,418,477 | 4,551,900 | 3,418,477 |
| Citrus Leisure PLC | 2,768,276 | 2,768,276 | 10,242,619 | 10,796,274 | 10,242,619 | 10,796,274 |
| Serendib Hotels PLC | 16,000 | 16,000 | 203,200 | 296,000 | 203,200 | 296,000 |
| Softlogic Finance PLC | 8 | 8 | 50 | 43 | 50 | 43 |
| Hikkaduwa Beach Resort PLC | 583,393 | 583,393 | 2,158,554 | 1,925,197 | 2,158,554 | 1,925,197 |
| | | | 55,691,083 | 53,414,191 | 55,691,083 | 53,414,191 |
| **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) |
| | | | 55,691,083 | 53,414,191 | 55,691,083 | 53,414,191 |

### 12.2 Bank Term Deposits

| | Company | | Group | |
|---|---|---|---|---|
| | 2026 Rs. | 2025 Rs. | 2026 Rs. | 2025 Rs. |
| Deposit of Tsunami donations | - | - | 4,726,125 | 5,294,000 |
| | - | - | 4,726,125 | 5,294,000 |

### 12.3 Loan

| | Company | | Group | |
|---|---|---|---|---|
| | 2026 Rs. | 2025 Rs. | 2026 Rs. | 2025 Rs. |
| Loan Given to Royal Paint | 2,384,058 | 3,916,708 | 2,384,058 | 3,916,708 |
| | 2,384,058 | 3,916,708 | 2,384,058 | 3,916,708 |
| **Total** | 58,075,141 | 57,330,899 | 62,801,266 | 62,624,899 |

## 13. STATED CAPITAL - COMPANY/GROUP

| | 2026 | | 2025 | |
|---|---|---|---|---|
| | 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

| | Company | | Group | |
|---|---|---|---|---|
| | 2026 Rs. | 2025 Rs. | 2026 Rs. | 2025 Rs. |
| Summary | | | | |
| Revaluation Reserve (Note 14.1) | 3,208,228,758 | 3,201,517,632 | 7,981,467,868 | 6,669,568,506 |
| Fair Value Reserve (Note 14.2) | - | - | 6,876,764 | (9,750,787) |
| Exchange Differences on translation of foreign operations (Note 14.3) | - | - | 3,278,622 | (13,842,111) |
| | 3,208,228,758 | 3,201,517,632 | 7,991,623,254 | 6,645,975,608 |

### 14.1 Revaluation Reserve

| | Company | | Group | |
|---|---|---|---|---|
| | 2026 Rs. | 2025 Rs. | 2026 Rs. | 2025 Rs. |
| **On Property, Plant and Equipment** | | | | |
| At the beginning of the year | 3,201,517,632 | 2,423,466,960 | 6,669,568,506 | 5,598,874,197 |
| Revaluation of surplus during the year | 52,353,686 | 1,120,576,059 | 283,374,559 | 1,490,386,175 |
| Revaluation surplus during the year - Associate companies | - | - | 1,147,964,688 | - |
| Tax effect on Revaluation Surplus | (15,706,106) | (336,172,818) | (85,096,683) | (409,839,297) |
| Realised surplus on disposal Transfer to retained earnings | (42,766,362) | (9,075,099) | (48,083,010) | (14,075,099) |
| Deferred tax reversal on land disposal | 12,829,908 | 2,722,530 | 13,739,808 | 4,222,530 |
| At the end of the year | 3,208,228,758 | 3,201,517,632 | 7,981,467,868 | 6,669,568,506 |

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.

### 14.2 Fair Value Reserve

| | Group | |
|---|---|---|
| | 2026 Rs. | 2025 Rs. |
| At the beginning of the year | (9,750,787) | (12,006,345) |
| Net Gains/(Losses) on Investment in Equity Instruments - Fair Value Through Other Comprehensive Income | 7,683,938 | 2,255,558 |
| Changes in Fair Value hedge reserve | 8,943,613 | - |
| At the end of the year | 6,876,764 | (9,750,787) |

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. This reserve also include changes arised from fair value hedges.

### 14.3 Foreign Currency Translation Reserve

| | Group | |
|---|---|---|
| | 2026 Rs. | 2025 Rs. |
| At the beginning of the year | (13,842,111) | (17,948,859) |
| Transferred during the year | 17,120,733 | 4,106,748 |
| At the end of the year | 3,278,622 | (13,842,111) |

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 | |
|---|---|---|---|---|
| | 2026 Rs. | 2025 Rs. | 2026 Rs. | 2025 Rs. |
| **Non Current** | | | | |
| Long term loans (Note 15.1) | 1,329,236,763 | 1,151,284,976 | 6,242,098,109 | 8,241,792,309 |
| Lease Liability (Note 15.3) | 1,192,444,134 | 1,003,088,756 | 1,338,399,976 | 1,203,233,311 |
| | 2,521,680,897 | 2,154,373,732 | 7,580,498,085 | 9,445,025,620 |
| **Current** | | | | |
| Long term loans (Note 15.1) | 683,005,568 | 478,763,044 | 3,157,870,403 | 2,504,560,183 |
| Lease Liability (Note 15.3) | 217,675,567 | 193,653,545 | 311,238,504 | 311,574,614 |
| Short term loans (Note 15.2) | - | 2,464,999,930 | 14,074,206,855 | 15,501,808,540 |
| Bank overdrafts (Note 20) | - | 383,553,799 | 1,465,598,250 | 2,915,960,844 |
| | 900,681,135 | 3,520,970,318 | 19,008,914,012 | 21,233,904,181 |
| **Total** | 3,422,362,032 | 5,675,344,050 | 26,589,412,097 | 30,678,929,801 |

### 15.1 Long Term Loans

| | Company | | Group | |
|---|---|---|---|---|
| | 2026 Rs. | 2025 Rs. | 2026 Rs. | 2025 Rs. |
| At the beginning of the year | 1,630,048,020 | 1,963,336,203 | 10,746,352,492 | 10,795,625,864 |
| Loans obtained during the year | 973,048,566 | 124,012,861 | 1,656,149,376 | 1,548,063,053 |
| Exchange gain/loss on USD loans | - | - | - | (97,500) |
| Repayments during the year | (590,854,255) | (457,301,044) | (3,002,533,356) | (1,597,238,925) |
| At the end of the year | 2,012,242,331 | 1,630,048,020 | 9,399,968,512 | 10,746,352,492 |
| | | | | |
| Payable within one year | 683,005,568 | 478,763,044 | 3,157,870,403 | 2,504,560,183 |
| Payable after one year | 1,329,236,763 | 1,151,284,976 | 6,242,098,109 | 8,241,792,309 |
| | 2,012,242,331 | 1,630,048,020 | 9,399,968,512 | 10,746,352,492 |

### 15.2 Short Term Loans

| | Company | | Group | |
|---|---|---|---|---|
| | 2026 Rs. | 2025 Rs. | 2026 Rs. | 2025 Rs. |
| At the beginning of the year | 2,464,999,930 | 3,262,692,764 | 15,501,808,540 | 9,999,967,748 |
| Loans obtained during the year | 10,048,000,070 | 11,861,000,000 | 59,771,242,774 | 52,659,057,226 |
| De-recognition on disposal of subsidiaries | - | - | (761,157,322) | - |
| Exchange gain/loss on USD loans | - | (121,159) | - | (198,935) |
| Repayments during the year | (12,513,000,000) | (12,658,571,675) | (60,437,687,137) | (47,157,017,499) |
| At the end of the year | - | 2,464,999,930 | 14,074,206,855 | 15,501,808,540 |
| Payable within one year | - | 2,464,999,930 | 14,074,206,855 | 15,501,808,540 |

### 15.3 Leases

| | Company | | Group | |
|---|---|---|---|---|
| | 2026 Rs. | 2025 Rs. | 2026 Rs. | 2025 Rs. |
| Lease Liability-Others (Note 8) | 1,410,119,701 | 1,196,742,301 | 1,649,638,480 | 1,514,807,925 |
| Total Lease Liability | 1,410,119,701 | 1,196,742,301 | 1,649,638,480 | 1,514,807,925 |
| | | | | |
| Payable within one year | 217,675,567 | 193,653,545 | 311,238,504 | 311,574,614 |
| Payable after one year | 1,192,444,134 | 1,003,088,756 | 1,338,399,976 | 1,203,233,311 |
| **Total** | 1,410,119,701 | 1,196,742,301 | 1,649,638,480 | 1,514,807,925 |

### 15.4 INTEREST BEARING LOANS AND BORROWINGS

Details of the Long Term Loans;

| Lender | Approved Facility | Interest Rate | Repayment Terms |
|---|---|---|---|
| **Royal Ceramics Lanka PLC** | | | |
| Commercial Bank of Ceylon PLC | Rs. 218.71Mn | Fixed | Payable in 22 equal monthly installments of Rs.4,300,000.00 / 61 equal monthly installments of Rs.2,000,000.00 each and a final installment of Rs.2,112,360.00 together with interest. |
| Commercial Bank of Ceylon PLC | Rs. 77.35Mn | AWPLR | Payable in 10 equal monthly installments of Rs.2,262,000.00 / 51 equal monthly installments of Rs.1,052,500.00 each and a final installment of Rs.1,050,865.00 together with interest. |
| Commercial Bank of Ceylon PLC | Rs. 400Mn | Fixed | Payable in 2 equal monthly installments of Rs.16,666,000.00 / 56 equal monthly installments of Rs.6,432,772.00 each and a final installment of Rs.6,432,768.00 together with interest. |
| Commercial Bank of Ceylon PLC | Rs. 600Mn | AWPLR | Payable in 56 equal monthly installments of Rs.10,526,315.00 each and a final installment 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 installments of Rs.16,700,000.00 each and a final installment of Rs 14,700,000.00 together with interest. |
| Commercial Bank of Ceylon PLC | Rs. 100Mn | AWPLR | Payable in 35 equal monthly installments of Rs.2,777,000.00 each and a final installment of Rs.2,805,000.00 together with interest. |
| Commercial Bank of Ceylon PLC | Rs. 123.45Mn | Fixed | Payable in 8 equal monthly installments of Rs.2,450,000.00 / 51 equal monthly installments of Rs.1,997,000.00 each and a final installment of Rs.2,002,009.39 together with interest. |
| Commercial Bank of Ceylon PLC | Rs. 220Mn | Fixed | Payable in 7 equal monthly installments of Rs.3,667,000.00 and Rs.420,000.00 / 49 equal monthly installments of Rs.3,878,000.00 each and a final installment of Rs.3,889,000.00 together with interest. |
| Commercial Bank of Ceylon PLC | Rs. 175Mn | Fixed | Payable in 59 equal monthly installments of Rs.2,916,600.00 each and a final installment of Rs.2,920,600.00 together with interest. |
| Commercial Bank of Ceylon PLC | Rs. 260Mn | Fixed | Payable in 59 equal monthly installments of Rs.4,333,330.00 each and a final installment of Rs.4,333,530.00 together with interest. |
| Commercial Bank of Ceylon PLC | Rs. 167Mn | Fixed | Payable in 59 equal monthly installments of Rs.2,783,300.00 each and a final installment of Rs.2,785,300.00 together with interest. |
| Commercial Bank of Ceylon PLC | Rs. 54.02Mn | Fixed | Payable in 59 equal monthly installments of Rs.900,337.00 each and a final installment of Rs.900,384.00 together with interest. |
| Commercial Bank of Ceylon PLC | Rs. 32.13Mn | Fixed | Payable in 59 equal monthly installments of Rs.535,460.00 each and a final installment of Rs.536,010.00 together with interest. |
| Commercial Bank of Ceylon PLC | Rs. 226Mn | Fixed | Payable in 59 equal monthly installments of Rs.3,766,600.00 each and a final installment of Rs.3,770,600.00 together with interest. |
| **Total** | | | |

| Security | Security Amount | Balance As At 31st March 2026 Rs. Mn | Balance As At 31st March 2025 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 | 54.11 | 78.11 |
| 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 | 28.42 | 41.05 |
| Leeway available in mortgage bonds of following properties: Primary mortgage bond for Rs.50Mn and Secondary mortgage bond for Rs.200Mn over the property at Baddegedaramulla, Meegoda, Primary mortgage bond for Rs.62.5Mn and Secondary mortgage bond for Rs.25Mn over the property at no.101, Nawala Rd, Nugegoda, Primary mortgage bond for Rs. 24.5Mn over the property at no.472, Highlevel Rd, Makumbura, Pannipitiya, Primary mortgage bond for Rs.300Mn, Secondary mortgage bond for Rs.110Mn and Territory mortgage bond for Rs.100Mn over the property at no. 20, R A De Mel Mawatha, Colombo 03, 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. | Rs. 400Mn | 90.06 | 167.25 |
| | Rs. 600Mn | 168.42 | 294.74 |
| | Rs. 1,000Mn | 682.70 | 883.10 |
| Primary mortgage bond for Rs.100Mn over the property at no.98, 98 1/1, 98 2/1 and 98 B1, Nawala Road, Nugegoda. | Rs. 100Mn | 33.35 | 66.68 |
| Primary mortgage bond for Rs.500Mn over Sacmi machinery and other related machinery. (Partially utilised Rs. 108 Mn for this facility). | Rs. 108Mn | 87.87 | 99.12 |
| Leeway available in Primary mortgage bond for Rs.500Mn over Sacmi machinery and other related machinery. | Rs. 144Mn | 2.35 | - |
| Primary mortgage bond for Rs.175Mn over Digital Printing machinery. | Rs. 175Mn | 163.33 | - |
| Leeway available in mortgage bonds of following properties: Primary mortgage bond for Rs.50Mn and Secondary mortgage bond for Rs.200Mn over the property at Baddegedaramulla, Meegoda, Primary mortgage bond for Rs.62.5Mn and Secondary mortgage bond for Rs.25Mn over the property at no.101, Nawala Rd, Nugegoda, Primary mortgage bond for Rs. 24.5Mn over the property at no.472, Highlevel Rd, Makumbura, Pannipitiya, Primary mortgage bond for Rs.300Mn, Secondary mortgage bond for Rs.110Mn and Territory mortgage bond for Rs.100Mn over the property at no. 20, R A De Mel Mawatha, Colombo 03, 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. Leeway available in Primary mortgage bond for Rs.100Mn over the property at no.98, 98 1/1, 98 2/1 and 98 B1, Nawala Road, Nugegoda and Secondary mortgage bond executed for Rs.60Mn. | Rs. 260Mn | 242.67 | - |
| Leeway available in Primary mortgage bond for Rs.500Mn over Sacmi machinery and other related machinery. | Rs. 167Mn | 158.65 | - |
| Leeway available in Primary mortgage bond for Rs.500Mn over Sacmi machinery and other related machinery. | Rs. 54Mn | 51.32 | - |
| General terms and conditions relating to the term loan for Rs. 32.13Mn signed by the company. | - | 30.52 | - |
| Primary mortgage bond for Rs. 128Mn to be executed over the Rathnapura land. | Rs. 128Mn | 218.47 | - |
| | | 2,012.24 | 1,630.05 |

| Lender | Approved Facility | Interest Rate | Repayment Terms | |
|---|---|---|---|---|
| **Rocell Bathware Limited** | | | | |
| Commercial Bank of Ceylon PLC | Rs. 106.11Mn | Fixed | Payable in 21 equal monthly installments of Rs.1,650,000.00 / 62 equal monthly installments of Rs.1,134,000.00 each and a final installment of Rs.1,152,600.00 together with interest. | |
| Commercial Bank of Ceylon PLC | Rs. 24.13Mn | AWPLR | Payable in 10 equal monthly installments of Rs.506,000.00 / 52 equal monthly installments of Rs.359,700.00 each and a final installment of Rs.361,000.00 together with interest. | |
| Commercial Bank of Ceylon PLC | Rs. 20.69Mn | Fixed | Payable in 1 installment of Rs.3,333,000.00 / 58 equal monthly installments of Rs.294,220.00 each and a final installment of Rs.294,240.00 together with interest. | |
| Commercial Bank of Ceylon PLC | Rs. 84Mn | AWPLR | Payable in 15 equal monthly installments of Rs. 3,039,118.00 / 43 equal monthly installments of Rs. 873,000.00 each and a final installment of Rs. 876,730.00 together with interest. | |
| Commercial Bank of Ceylon PLC | Rs. 525Mn | Fixed | Payable in 60 equal monthly installments of Rs.8,750,000.00 each together with interest. | |
| | | | | |
| Commercial Bank of Ceylon PLC | Rs. 206Mn | Fixed | Payable in 59 equal monthly installments of Rs.3,433,300.00 each and a final installment of Rs.3,435,300.00 together with interest. | |
| **Total** | | | | |

### 15.4 INTEREST BEARING LOANS AND BORROWINGS

Details of the Long Term Loans;

| Financial Institution | Repayment terms | Principal Rs'000 | Interest rate per annum |
|---|---|---|---|
| **Lanka Walltiles PLC** | | | |
| Commercial Bank of Ceylon PLC | 72 monthly instalments (12 month Grace period) | 800,000 | 11% |
| Commercial Bank of Ceylon PLC | 72 monthly instalments (12 month Grace period) | 1,325,000 | 11% |
| Commercial Bank of Ceylon PLC | 72 monthly instalments (12 month Grace period) | 1,635,000 | 11% |
| Commercial Bank of Ceylon PLC | 72 monthly instalments (12 month Grace period) | 540,000 | 11% |
| Commercial Bank of Ceylon PLC | 72 monthly instalments (12 month Grace period) | 160,000 | AWPLR |
| **Total** | | | |
| | | | |
| **Lanka Tiles PLC** | | | |
| DFCC Bank | 72 monthly instalments (12 month Grace period) | 1,500,000 | AWPLR+0.75% |
| **Total** | | | |
| | | | |
| **Uni-Dil Packaging Limited** | | | |
| Commercial Bank of Ceylon PLC | Monthly | 70,755 | 7.75%(fixed) |
| Peoples Bank | Monthly | 100,000 | AWPLR |
| **Total** | | | |

| Security | Security Amount | Balance As At 31st March 2026 Rs. Mn | Balance As At 31st March 2025 Rs. Mn |
|---|---|---|---|
| Primary Mortgage bond for Rs. 138Mn over solar panels and related equipment installed on the roof of Rocell Bathware factory at Panagoda. | Rs. 138Mn | 31.77 | 45.38 |
| | | 10.07 | 14.39 |
| General terms and conditions relating to the term loan for Rs. 200Mn signed by the Company. | - | 4.71 | 8.24 |
| General terms and conditions relating to the term loan for Rs. 179.30Mn signed by the company. | - | 16.59 | 27.07 |
| Primary mortgage bond for Rs.230.80Mn over the machinery and equipment relating to factory expansion project of Rocell Bathware Limited Panagoda factory. | Rs. 230.80Mn | 367.50 | 472.50 |
| Primary mortgage bond for Rs.154Mn to be executed over the machinery including kiln and Laser marking machine which will be located at Rocell Bathware factory, Panagoda. | Rs.154Mn | 1.70 | - |
| | | 432.34 | 567.57 |

| Security | Balance As At 31st March 2026 Rs. Mn | Balance As At 31st March 2025 Rs. Mn |
|---|---|---|
| Polishing and Squaring Plant, Water Treatment and 3T and 5T Ball Mill and Fast Double-Firing Plant located on Lanka Walltiles PLC, Meepe, Padukka are mortgaged for Rs.800Mn. | 520 | 680 |
| | 1,038 | 1,303 |
| "KAHATAGAHAHENA" land, and the plants and machinery located thereon are mortgaged for Rs.3,660Mn as collateral. | 1,281 | 1,635 |
| | 423 | 531 |
| | 101 | 133 |
| | 3,362 | 4,282 |
| | | |
| Rs. 1.6 Bn security on Building, Plant and Machinery at Factory Premises, St James Estate, Jalthara, Ranala. | - | 167 |
| | - | 167 |
| | | |
| Solar Panel | 8 | 24 |
| Corporate guarantee from UDPS | 11 | 44 |
| | 19 | 68 |

| Financial Institution | Repayment terms | Principal Rs'000 | Interest rate per annum |
|---|---|---|---|
| **Uni-Dil Packaging Solutions Limited** | | | |
| Commercial Bank of Ceylon PLC | Monthly | 17,744 | 7.75%(fixed) |
| Peoples Bank | - | 100,000 | AWPLR |
| **Total** | | | |
| | | | |
| **Uni Dil Packaging Kenya Limited** | | | |
| Hatton National Bank | 54 Monthly | USD 900,000 | 3M SOFR+4% |
| **Total** | | | |
| | | | |
| **Perfect Packaging Limited** | | | |
| Commercial Bank | Monthly (grace period 12 months) Tenure- 60 Months including grace period | USD 500,000 | 1M SOFR+1.75% |
| Commercial Bank | Monthly (Tenure 60 Months) | USD 600,000 | 1M SOFR+1.75% |
| **Total** | | | |
| | | | |
| **Swisstek (Ceylon) PLC** | | | |
| Bank of Ceylon | 60 Monthly Installments | 382,500 | AWPLR+1% |
| **Total** | | | |
| | | | |
| **Swisstek Aluminium Limited** | | | |
| Commercial Bank of Ceylon PLC | 60 months with 6 months grace period | 39,079 | 7.75% - Fixed |
| Commercial Bank of Ceylon PLC | 41 equal monthly instalment with 6 months grace period | 150,000 | 11.5% - Fixed |
| DFCC Bank PLC | 48 Installments | 2,000,000 | 10.35% - Review Monthly |
| DFCC Bank PLC | 48 Installments | 25,515 | - |
| DFCC Bank PLC | 48 Installments with 3 Months grace period | 74,809 | 10% - Fixed |
| Seylan Bank PLC | 48 Installments with 6 Months grace period | 1,065,000 | AWPLR+1.7% |
| Nations Trust Bank PLC | 34 Installments | 488,842 | AWPLR+9.17% Review QTR |
| Union Bank | 59 Installments | 280,000 | 11% - Fixed |
| **Total** | | | |

| Security | Balance As At 31st March 2026 Rs. Mn | Balance As At 31st March 2025 Rs. Mn |
|---|---|---|
| | | |
| Solar Panel | 3 | 7 |
| Corporate Guarantee from UDP | 11 | 44 |
| | 14 | 51 |
| | | |
| | | |
| Corporate Guarantee of Uni Dil Packaging Limited & Uni Dil Packaging Solutions Ltd | 205 | 357 |
| | 205 | 357 |
| | | |
| | | |
| Corporate Guarantee for USD 6,400,000 of Uni Dil Packaging Kenya Ltd | 147 | - |
| Corporate Guarantee for USD 6,400,000 of Uni Dil Packaging Kenya Ltd | 171 | - |
| | 317 | - |
| | | |
| | | |
| Mortgage over land and buildings situated at Belummahara | 289 | 369 |
| | 289 | 369 |
| | | |
| | | |
| Solar Panel | 39 | 70 |
| Clean | 150 | - |
| Mortgage Bond for Rs. 2,000 Mn over stock and Debtors with an insurance policy over stocks assigned in favour of the Bank. | 1,680 | 1,908 |
| Mortgage Bond for Rs. 2,000 Mn over stock and Debtors with an insurance policy over stocks assigned in favour of the Bank. | 11 | 17 |
| Mortgage Bond for Rs. 2,000 Mn over stock and Debtors with an insurance policy over stocks assigned in favour of the Bank. | 35 | 57 |
| MB No CBG/SM/19/009 & General Security Agreement, Facility Agreement - Rs. 1200 Mn, Loan Agreement - Rs. 1200 Mn, Series of Loan Agreement - Rs. 1200 Mn, Accepted Facility Commitment letter for Rs. 1210 Mn. | 490 | 790 |
| Primary MB over stocks and Book Debts of SAL for Rs. 600 MN. Secondary MB for Rs. 204 Mn over the property (land, plant & machinery) depicted as Lot 2 in Plan No. 2013/05, 18/02/2013. | 163 | 414 |
| Clean | 181 | - |
| | 2,749 | 3,256 |
| | 9,400 | 10,746 |

## 16 RETIREMENT BENEFIT OBLIGATIONS

| | Company | | Group | |
|---|---|---|---|---|
| | 2026 Rs. | 2025 Rs. | 2026 Rs. | 2025 Rs. |
| At the beginning of the year | 848,235,053 | 716,069,760 | 1,790,812,440 | 1,476,619,741 |
| Interest cost | 93,305,856 | 85,928,371 | 184,249,566 | 139,184,287 |
| Current service cost | 64,053,120 | 58,150,018 | 161,908,529 | 134,829,862 |
| Benefits Paid | (44,548,188) | (45,221,972) | (126,351,791) | (94,317,617) |
| Actuarial (gain)/loss | 59,199,521 | 33,308,876 | (32,975,213) | 134,496,167 |
| **At the end of the year** | 1,020,245,362 | 848,235,053 | 1,977,643,531 | 1,790,812,440 |

### 16.1 Maturity Profile of the Retirement benefit obligation

| | Company | | Group | |
|---|---|---|---|---|
| | 2026 Rs. | 2025 Rs. | 2026 Rs. | 2025 Rs. |
| Future Working Life Time | | | | |
| Within the next 12 months | 162,191,572 | 98,626,090 | 286,183,609 | 174,787,950 |
| Between 1-2 Years | 163,897,279 | 183,847,703 | 278,739,266 | 261,491,287 |
| Between 2-5 Years | 226,001,477 | 186,870,464 | 435,341,259 | 330,748,754 |
| Over 5 Years | 468,155,034 | 378,890,796 | 977,379,397 | 1,023,784,449 |
| **Total** | 1,020,245,362 | 848,235,053 | 1,977,643,531 | 1,790,812,440 |

### 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 Rs. | Group Rs. |
|---|---|---|
| **Discount Rate as at 31 March 2026** | | |
| Effect on DBO due to decrease in the discount rate by 1% | 67,130,080 | 140,504,677 |
| Effect on DBO due to increase in the discount rate by 1% | (59,641,287) | (125,170,664) |
| | | |
| **Salary Escalation Rate as at 31 March 2026** | | |
| Effect on DBO due to decrease in salary escalation rate by 1% | (58,286,180) | (125,777,860) |
| Effect on DBO due to increase in salary escalation rate by 1% | 64,462,452 | 139,504,403 |
| | | |
| **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 |

### 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 2026 and 31 March 2025. Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The principal assumptions used are as follows:

| | 2026 | 2025 |
|---|---|---|
| Discount rate assumed (per annum) | 10% p.a | 11% p.a |
| Future salary increase rate- Royal Ceramics Lanka PLC | 10% p.a | 10% p.a |
| Future salary increase rate- Rocell Bathware Limited | 10% p.a | 10% p.a |
| Staff Turn Over - Royal Ceramics Lanka PLC | 8% p.a | 8% p.a |
| Staff Turn Over - Rocell Bathware Limited | 11% | 8% |
| Weighted Average duration of retirement benefit liability (Years) - Royal Ceramics Lanka PLC | 6.76 | 6.66 |
| Weighted Average duration of retirement benefit liability (Years) - Rocell Bathware Limited | 7.45 | 8.9 |
| 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 31 March 2026.

The principal assumptions used are as follows:

| | 2026 | 2025 |
|---|---|---|
| Discount rate (per annum) | 9% | 10% |
| Salary scale (per annum) - Executives | 10% | 10% |
| - Non Executives | 10% | 10% |
| Staff Turn Over | 23% | 23% |
| Retirement Age | 60 Years | 60 Years |
| | | |
| Weighted Average duration of retirement benefit liability (Years) | 4.1 | 4.0 |

***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 31 March 2026.

The principal assumptions used are as follows:

| | 2026 | 2025 |
|---|---|---|
| Discount rate (per annum) | 9% | 10% |
| Salary scale (per annum) - Executives | 10% | 10% |
| - Non Executives | 10% | 10% |
| Staff Turn Over | 21% | 21% |
| Retirement Age | 60 Years | 60 Years |
| | | |
| Weighted Average duration of retirement benefit liability (Years) | 2 | 5 |

***Lanka Walltiles PLC***

The defined benefit liability as of 31 March 2026 was actuarially valued by Messrs. Actuarial and Management Consultants (Pvt) Ltd. qualified actuary.

The principal assumptions underlying the valuation are as follows:

| | 2026 | 2025 |
|---|---|---|
| Discount rate (per annum) | 10% | 11% |
| Salary scale (per annum) - Executives | 10% | 15% |
| - Non Executives | 10% | 13% |
| | | |
| Retirement Age | 60 Years | 60 Years |
| Staff Turnover ratio | 8% | 7% |
| | | |
| Weighted Average duration of defined benefit obligation (Years) | 9.2 | 12 |

***Lanka Tiles PLC***

The defined benefit liability of Lanka Tiles PLC was actuarially valued by Messrs.Actuarial and Management Consultants (Pvt) Ltd qualified actuary on 31 March 2026.

Principal actuarial assumptions are as follows:

| | 2026 | 2025 |
|---|---|---|
| Discount rate (per annum) | 10% | 11% |
| Future salary increases - Executives | 10% | 15% |
| - Non Executives | 10% | 12.5% |
| Retirement Age | 60 Years | 60 Years |
| Weighted Average duration of defined benefit obligation (Years) | 6.8 | 9.7 |

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 31 March 2026.

Principal Actuarial Assumptions are as follows:

| | 2026 | 2025 |
|---|---|---|
| Discount rate (per annum) | 10% | 11% |
| Future salary increases | 10% | 11% |
| Staff turnover factor | 10% | 7% |
| Retirement age (Years) | 60 | 60 |
| | | |
| Weighted Average duration of defined benefit obligation (Years) Uni Dil Packaging Ltd | 8.9 | 7.2 |
| Weighted Average duration of defined benefit obligation (Years) Uni Dil Packaging Solution Ltd | 7.2 | 7.2 |

***Swisstek (Ceylon) PLC***

Gratuity liability based on the actuarial valuation carried out by Messrs Actuarial and Management (Pvt) Ltd on 31 March 2026.

Principal Actuarial Assumptions are as follows:

| | | 2026 | 2025 |
|---|---|---|---|
| Discount rate (per annum) | | 10% | 11% |
| Future salary increases | - Executives | 15% | 15% |
| | - Non Executives | 15% | 13% |
| Retirement age (Years) | | 60 | 60 |
| | | | |
| Weighted Average duration of defined benefit obligation (Years) | | 10.1 | 9.6 |

***Swisstek Aluminium Limited***

Retirement benefit obligation based on the actuarial valuation carried out by Messrs Actuarial and Management (Pvt) Ltd on 31 March 2026.

Principal Actuarial Assumptions are as follows:

| | | 2026 | 2025 |
|---|---|---|---|
| Discount rate (per annum) | | 10% | 11% |
| Future salary increases | - Executives | 10% | 15% |
| | - Non Executives | 10% | 12.5% |
| Retirement age (Years) | | 60 | 60 |
| Weighted Average duration of defined benefit obligation (Years) | | 5.4 | 4.5 |

## 17. OTHER NON CURRENT LIABILITIES

| | Group | |
|---|---|---|
| | 2026 Rs. | 2025 Rs. |
| Refundable Deposit | 33,542,564 | 33,884,455 |
| | 33,542,564 | 33,884,455 |

## 18. TRADE AND OTHER PAYABLES

| | Company | | Group | |
|---|---|---|---|---|
| | 2026 Rs. | 2025 Rs. | 2026 Rs. | 2025 Rs. |
| Trade Creditors (Note 18.2) | 645,155,024 | 605,799,346 | 4,824,078,493 | 4,110,506,804 |
| Accrued Expenses | 815,869,627 | 634,285,340 | 868,672,745 | 688,959,570 |
| Sundry Creditors | 384,037,415 | 438,423,803 | 2,571,112,965 | 2,084,861,144 |
| | 1,845,062,066 | 1,678,508,489 | 8,263,864,203 | 6,884,327,518 |

### 18.1 Amount Due to Related Parties

| | Relationship | Company | | Group | |
|---|---|---|---|---|---|
| | | 2026 Rs. | 2025 Rs. | 2026 Rs. | 2025 Rs. |
| Rocell Bathware Ltd | Subsidiary | - | 98,488,066 | - | - |
| Nilano Garments (Pvt) Ltd | Subsidiary | 54,526,935 | 43,268,832 | - | - |
| Vallibel One PLC | Parent | 22,024,050 | 36,192,825 | 182,501,490 | 191,619,824 |
| | | 76,550,985 | 177,949,723 | 182,501,490 | 191,619,824 |

### 18.2 Trade Creditors includes following related party payables,

| | Relationship | Company | | Group | |
|---|---|---|---|---|---|
| | | 2026 Rs. | 2025 Rs. | 2026 Rs. | 2025 Rs. |
| Unidil Packaging Limited | Subsidiary | 6,307,308 | - | - | - |
| Unidil Packaging Solutions Limited | Subsidiary | - | 26,190,820 | - | - |
| Swisstek Ceylon PLC | Subsidiary | 2,795,559 | 33,554,615 | - | - |
| Delmege Forsyth Co. Limited | Associate | 26,665 | 108,430 | 26,665 | 108,430 |
| Grip Delmege (Pvt ) Ltd | Associate | 191,214 | 191,214 | 191,214 | 191,214 |
| Delmege Travels (Pvt) Ltd | Associate | 48,000 | - | 48,000 | - |
| Horana Plantation PLC | Affiliate | 40,238 | 45,784 | 40,238 | 45,784 |
| Singer (Sri Lanka) PLC | Affiliate | 5,111,264 | 2,408,973 | 5,111,264 | 2,408,973 |
| Kandyan Resorts (Pvt) Ltd | Affiliate | - | - | 25,130 | 25,130 |
| Mabroc Teas (Pvt) Ltd | Affiliate | - | - | - | 93,511 |
| Hayleys Fentons Ltd | Affiliate | 179,000 | - | 179,000 | - |
| Laugfs Gas PLC | Affiliate | 2,244,934 | - | 13,955,229 | - |
| Hayleys Aventura (Pvt) Ltd | Affiliate | 10,152 | 643,998 | 10,152 | 643,998 |
| | | 16,954,334 | 63,143,834 | 19,586,892 | 3,517,040 |

## 19 OTHER CURRENT LIABILITIES

| | Company | | Group | |
|---|---|---|---|---|
| | 2026 Rs. | 2025 Rs. | 2026 Rs. | 2025 Rs. |
| Other Statutory Payables | 377,992,337 | 223,170,362 | 441,662,009 | 261,792,160 |
| Contract Liability | 2,462,399,835 | 1,004,667,733 | 3,307,747,470 | 1,455,819,600 |
| | 2,840,392,172 | 1,227,838,095 | 3,749,409,479 | 1,717,611,760 |

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 | |
|---|---|---|---|---|
| | 2026 Rs. | 2025 Rs. | 2026 Rs. | 2025 Rs. |
| Cash & Bank Balances | 1,744,844,066 | 1,128,055,972 | 4,964,503,050 | 3,771,576,670 |
| Cash & Bank Balances attributable to discontinued operations | | | 7,537,304 | 369,539 |

### 20.2 Unfavourable Cash & Cash Equivalent Balances

| | Company | | Group | |
|---|---|---|---|---|
| | 2026 Rs. | 2025 Rs. | 2026 Rs. | 2025 Rs. |
| Bank Overdraft | - | (383,553,799) | (1,465,598,250) | (2,915,960,844) |
| Bank Overdraft Attributable to Discontinued Operations | | | (66,295,676) | - |
| Total Cash and Cash Equivalents For the Purpose of Cash Flow Statement | 1,744,844,066 | 744,502,173 | 3,440,146,428 | 855,985,365 |

## 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 | |
|---|---|---|---|---|
| | 2026 Rs. | 2025 Rs. | 2026 Rs. | 2025 Rs. |
| **Type of goods or service** | | | | |
| Sale of Tiles & Associated Items | 18,584,062,489 | 15,364,284,472 | 41,073,317,738 | 36,036,403,574 |
| Sale of Sanitaryware | - | - | 5,152,272,539 | 3,960,896,252 |
| Sale of Packaging Materials | - | - | 9,651,561,924 | 7,977,277,259 |
| Sale of Aluminium Products | - | - | 12,135,518,278 | 11,974,818,405 |
| Other | - | - | 83,758,697 | 37,235,935 |
| **Total revenue from contracts with customers** | 18,584,062,489 | 15,364,284,472 | 68,096,429,176 | 59,986,631,425 |
| | | | | |
| **Geographical markets** | | | | |
| Export Sales | 214,174,111 | 162,292,701 | 7,250,652,788 | 7,417,353,236 |
| Local Sales | 18,323,516,254 | 15,138,031,557 | 60,780,728,740 | 52,475,122,506 |
| Electricity Supply | 46,372,124 | 63,960,214 | 65,047,648 | 94,155,683 |
| **Total revenue from contracts with customers** | 18,584,062,489 | 15,364,284,472 | 68,096,429,176 | 59,986,631,425 |
| | | | | |
| **Timing of revenue recognition** | | | | |
| Goods transferred at a point in time | 18,584,062,489 | 15,364,284,472 | 68,096,429,176 | 59,986,631,425 |
| **Total revenue from contracts with customers** | 18,584,062,489 | 15,364,284,472 | 68,096,429,176 | 59,986,631,425 |

Segmental Information given on note 28 to these financial statements.

### 21.2 Contract balances

| | Company | | Group | |
|---|---|---|---|---|
| | 2026 Rs. | 2025 Rs. | 2026 Rs. | 2025 Rs. |
| Trade receivables (Note 10) | 629,912,006 | 466,050,760 | 6,787,938,270 | 5,511,156,987 |
| Contract liabilities (Note 19.1) | 2,462,399,835 | 1,004,667,733 | 3,307,747,470 | 1,455,819,600 |

## 22. OTHER OPERATING INCOME

| | Company | | Group | |
|---|---|---|---|---|
| | 2026 Rs. | 2025 Rs. | 2026 Rs. | 2025 Rs. |
| Dividends on long-term & current investments with Related Parties | 896,171,067 | 1,094,136,012 | - | - |
| Dividends on long-term & current investments | 1,035,602 | 956,380 | 1,035,602 | 956,380 |
| Rental Income and Service Charge - Related Parties | 441,648,747 | 375,381,518 | - | - |
| Technical Fee Income - Related Parties | 22,734,522 | 25,363,927 | - | - |
| Rent Income - Related Parties | 2,461,538 | 2,461,538 | - | - |
| Rent Income - Others | - | - | 76,677,840 | 76,677,840 |
| Profit/(Loss) on Disposal of Property, Plant & Equipment | 22,260,550 | (2,764,642) | 11,345,355 | (5,256,594) |
| Sundry Income | 30,715,711 | 30,385,172 | 367,865,272 | 437,408,351 |
| Change in fair value of Investment Property | - | - | 34,447,750 | 21,021,541 |
| Exchange Gain | 72,069,724 | 6,903,876 | 264,752,203 | 89,161,458 |
| Gain on Bargain Purchase | - | - | - | 15,149,000 |
| | 1,489,097,461 | 1,532,823,781 | 756,124,022 | 635,117,976 |

### 22.1 OTHER OPERATING EXPENSES

| | Company | | Group | |
|---|---|---|---|---|
| | 2026 Rs. | 2025 Rs. | 2026 Rs. | 2025 Rs. |
| Net loss on financial Assets at fair value through profit or loss | (2,276,892) | 5,709,934 | (2,276,892) | 5,709,934 |
| Damage Stocks | - | - | 12,605,956 | - |
| | (2,276,892) | 5,709,934 | 10,329,064 | 5,709,934 |

## 23. FINANCE COST AND INCOME

### 23.1 Finance Cost

| | Company | | Group | |
|---|---|---|---|---|
| | 2026 Rs. | 2025 Rs. | 2026 Rs. | 2025 Rs. |
| Interest Expense on Overdrafts | 2,854,047 | 18,620,984 | 178,779,452 | 183,412,558 |
| Interest Expense on Loans & Borrowings | 334,456,242 | 458,794,172 | 2,252,578,648 | 1,872,848,993 |
| Finance Charges on Lease Liabilities | 172,907,577 | 158,349,748 | 208,692,400 | 210,745,287 |
| Interest expense on Financial Liabilities | - | - | 2,600,644 | 2,326,991 |
| Interest expense on Related party balances | 3,684,675 | 3,353,169 | - | - |
| | 513,902,541 | 639,118,073 | 2,642,651,144 | 2,269,333,829 |

### 23.2 Finance Income

| | Company | | Group | |
|---|---|---|---|---|
| | 2026 Rs. | 2025 Rs. | 2026 Rs. | 2025 Rs. |
| Interest Income | 49,451,423 | 30,765,115 | 195,480,361 | 188,722,303 |
| Interest Income on Related party balances | 36,355,052 | 47,252,918 | - | - |
| | 85,806,475 | 78,018,033 | 195,480,361 | 188,722,303 |

## 24. PROFIT/(LOSS) FROM OPERATING ACTIVITIES

| | Company | | Group | |
|---|---|---|---|---|
| | 2026 Rs. | 2025 Rs. | 2026 Rs. | 2025 Rs. |
| **Included in Cost of Sales** | | | | |
| Depreciation | 688,439,952 | 670,676,398 | 2,286,282,607 | 1,944,948,474 |
| Depreciation of Right of use Lease Asset | - | - | 4,142,144 | 4,070,645 |
| Employee Benefits including the following | 1,466,799,718 | 1,395,557,330 | 3,286,745,499 | 4,859,536,550 |
| - Defined Benefit Plan Costs -Gratuity | 82,097,010 | 60,575,118 | 158,405,991 | 101,737,548 |
| - Defined Contribution Plan Costs - EPF & ETF | 121,349,294 | 109,323,497 | 291,028,848 | 248,541,572 |
| Amortisation of intangible assets | 2,092,516 | - | 2,092,516 | - |
| | | | | |
| **Included in Administrative Expenses** | | | | |
| Depreciation | 38,967,717 | 40,099,060 | 133,141,495 | 86,226,358 |
| Employee Benefits including the following | 451,188,033 | 377,966,992 | 1,224,086,731 | 1,086,988,017 |
| - Defined Benefit Plan Costs -Gratuity | 23,952,576 | 18,641,799 | 114,270,870 | 96,933,170 |
| - Defined Contribution Plan Costs - EPF & ETF | 38,133,792 | 34,137,804 | 101,974,793 | 78,746,666 |
| Auditors' Fees and Expenses | 4,519,090 | 4,714,416 | 15,349,490 | 15,054,460 |
| Amortisation of intangible assets | 20,290,459 | 21,961,292 | 43,439,771 | 41,401,664 |
| Depreciation of Right of use Lease Asset | - | - | 86,235,575 | 19,465,000 |
| | | | | |
| **Included in Selling and Distribution Costs** | | | | |
| Depreciation | 339,747,500 | 309,871,382 | 488,125,354 | 434,594,109 |
| Depreciation of Right of use Lease Asset | 283,814,244 | 190,964,085 | 322,439,170 | 229,588,996 |
| Amortisation of intangible assets | 4,808,147 | 5,904,489 | 4,808,147 | 5,904,489 |
| Employee Benefits including the following | 1,576,859,058 | 1,419,649,479 | 2,416,764,958 | 2,033,769,020 |
| - Defined Benefit Plan Costs -Gratuity | 51,309,390 | 64,861,472 | 73,481,349 | 75,343,432 |
| - Defined Contribution Plan Costs - EPF & ETF | 123,983,364 | 114,472,679 | 175,285,282 | 153,396,597 |

## 25 INCOME TAX EXPENSE

**25.1** The major components of income tax expense for the years ended 31 March are as follows :

| | Company | | Group | |
|---|---|---|---|---|
| | 2026 Rs. | 2025 Rs. | 2026 Rs. | 2025 Rs. |
| **Statement of Profit or Loss** | | | | |
| Current Income Tax | | | | |
| Current Income Tax charge | 999,799,692 | 745,693,876 | 2,254,077,655 | 1,872,002,575 |
| Dividend Tax | - | - | 10,317,404 | 5,091,452 |
| Under/(Over) Provision of current taxes in respect of prior years | 1,878,458 | (3,419,275) | (6,850,509) | 13,982,862 |
| | 1,001,678,150 | 742,274,601 | 2,257,544,550 | 1,891,076,889 |
| **Deferred Income Tax** | | | | |
| Deferred Tax Charge/(Reversal) (Note 25.4) | (24,877,046) | 66,182,277 | (374,362,871) | (32,655,318) |
| Deferred Tax on Un distributable Associate Profit | - | - | (34,501,298) | (3,332,732) |
| Income tax expense reported in the statement of profit or loss | 976,801,104 | 808,456,878 | 1,848,680,381 | 1,855,088,839 |
| | | | | |
| **Statement of Other Comprehensive Income** | | | | |
| Deferred Income Tax related to items charged or credited directly to equity : | | | | |
| Deferred Tax effect on Employee Benefits | (17,759,856) | (9,992,663) | 10,303,298 | (40,078,477) |
| Deferred Tax effect on Land and Buildings revalued during the Year | 15,706,107 | 336,172,818 | 142,722,664 | 409,839,297 |
| Deferred Tax effect on disposal of land | (12,829,908) | (2,722,530) | (13,739,808) | (4,222,530) |
| Income tax expense reported in equity | (14,883,658) | 323,457,625 | 139,286,154 | 365,538,290 |

**25.2** A reconciliation between tax expense and the product of accounting profit multiplied by the statutory tax rate is as follows :

| | Company | | Group | |
|---|---|---|---|---|
| | 2026 Rs. | 2025 Rs. | 2026 Rs. | 2025 Rs. |
| Accounting Profit (Profit before Taxation) from continuing operations | 4,084,643,249 | 3,604,953,504 | 10,302,304,603 | 8,255,895,289 |
| Share of results of associates | - | - | (3,932,584,808) | (3,034,566,150) |
| | 4,084,643,249 | 3,604,953,504 | 6,369,719,795 | 5,221,329,139 |
| Exempt Profit | (40,923,375) | (40,497,950) | (99,649,555) | (88,586,677) |
| Non deductible expenses | 2,000,885,549 | 1,666,798,621 | 4,181,206,243 | 5,825,280,069 |
| Deductible expenses | (2,759,284,421) | (2,785,589,543) | (3,064,458,692) | (4,609,381,541) |
| Tax losses utilised | - | - | (37,712,392) | (733,183,613) |
| Income considered as separate source of income | 47,344,638 | 39,981,622 | 234,503,369 | 244,312,121 |
| Taxable Income | 3,332,665,640 | 2,485,646,254 | 7,583,608,768 | 5,859,769,498 |
| | | | | |
| Income Tax on Profit | 999,799,692 | 745,693,876 | 2,254,077,824 | 1,872,002,575 |
| Dividend Tax @ 15% | - | - | 10,317,404 | 5,091,452 |
| Deferred Tax on Un distributable Associate Profit | - | - | (34,501,298) | (3,332,732) |
| Charge/(Reversal) of Deferred Tax ( Note 26.5) | (24,877,046) | 66,182,277 | (374,363,039) | (32,655,318) |
| Adjustment of taxes in respect of prior years | 1,878,458 | (3,419,275) | (6,850,510) | 13,982,862 |
| | 976,801,104 | 808,456,878 | 1,848,680,381 | 1,855,088,839 |

### 25.3 Deferred Tax Assets

| | Company | | Group | |
|---|---|---|---|---|
| | 2026 Rs. | 2025 Rs. | 2026 Rs. | 2025 Rs. |
| At the beginning of the year | - | - | 229,082,621 | 206,885,814 |
| On acquisition of Subsidiary | - | - | - | 37,541,207 |
| Charge/(Reversal) for the year | - | - | 74,940,811 | 27,141,091 |
| Deferred Tax release on components of other comprehensive Income | - | - | (386,155) | (42,485,491) |
| At the end of the year | - | - | 303,637,277 | 229,082,621 |
| | | | | |
| The closing deferred tax assets relate to the following; | | | | |
| Capital allowances for tax purposes | - | - | (420,506,841) | (332,326,734) |
| Revaluation surplus on Land and Buildings | - | - | (179,418,730) | (230,616,337) |
| Defined Benefit Obligation | - | - | 26,553,119 | 22,457,986 |
| Unutilised tax losses | - | - | 659,764,910 | 640,085,796 |
| Provision for Obsolete and Slow Moving, Consumables and Spares | - | - | 220,389,630 | 125,721,303 |
| Allowances for doubtful Debts | - | - | 274,367 | 304,823 |
| Leases | - | - | 3,195,773 | 3,799,321 |
| Unrealised Exchange Gain/(loss) | - | - | (6,614,951) | (343,537) |
| | - | - | 303,637,277 | 229,082,621 |

### 25.4 Deferred Tax Liability

| | Company | | Group | |
|---|---|---|---|---|
| | 2026 Rs. | 2025 Rs. | 2026 Rs. | 2025 Rs. |
| At the beginning of the year | 2,099,418,265 | 1,709,778,362 | 5,920,600,894 | 5,606,394,264 |
| Reclassification to deferred tax assets | - | - | - | - |
| Charge/ (Reversal) Recognised in Profit or Loss | | | | |
| - Arising on During the Year Movement | (24,877,046) | 66,182,277 | (333,923,358) | (8,846,170) |
| Charge/ (Reversal) Recognised in Other Comprehensive Income | | | | |
| - Arising on During the Year Movement | (14,883,657) | 323,457,626 | 138,899,999 | 323,052,800 |
| At the end of the year | 2,059,657,562 | 2,099,418,265 | 5,725,577,535 | 5,920,600,894 |
| | | | | |
| The closing net differed tax liability relate to the following; | | | | |
| Capital allowances for tax purposes | 1,078,646,201 | 1,031,572,059 | 3,363,049,083 | 3,108,788,297 |
| Revaluation surplus on Land and Buildings | 1,365,546,113 | 1,362,669,916 | 3,597,347,912 | 3,417,851,575 |
| Revaluation surplus on Investment Property | - | - | 395,784,310 | 390,006,085 |
| Retirement benefit Liability | (306,073,608) | (254,470,516) | (527,167,222) | (486,655,607) |
| Unutilised tax losses | - | - | (912,753,431) | (346,943,229) |
| Reversal of tax losses claimed | 127,000,000 | 127,000,000 | 127,000,000 | 127,000,000 |
| Deferred Taxation on Un distributable Associate Profit | - | - | 7,541,496 | 42,042,795 |
| Provision for Obsolete and Slow Moving, Consumables and Spares | (162,661,324) | (97,698,478) | (279,301,040) | (258,605,339) |
| Allowances for Doubtful Debts | (15,229,718) | (16,300,081) | (15,229,718) | (15,707,592) |
| Leases | (45,811,498) | (49,968,242) | (48,935,251) | (53,789,698) |
| Unrealised Exchange Gain/(Loss) | 18,241,396 | (3,386,393) | 18,241,396 | (3,386,393) |
| | 2,059,657,562 | 2,099,418,265 | 5,725,577,535 | 5,920,600,894 |

### 25.5 Statement of Profit or Loss

| | Company | | Group | |
|---|---|---|---|---|
| | 2026 Rs. | 2025 Rs. | 2026 Rs. | 2025 Rs. |
| Deferred tax expense/(reversal) arising from; | | | | |
| Capital allowances for tax purposes | 47,074,142 | (15,873,687) | 342,441,695 | (326,833,952) |
| Retirement benefit Liability | (33,843,236) | (29,656,925) | (54,910,045) | (66,412,971) |
| Provision for Obsolete and Slow Moving, Consumables and Spares | (64,962,846) | (27,821,030) | (115,364,029) | (12,140,536) |
| Allowances for Doubtful Debts | 1,070,363 | (158,276) | 508,329 | 4,385,011 |
| Transfers on Revaluation | - | - | (685,094) | - |
| Unutilised tax losses | - | - | (585,489,317) | 227,447,308 |
| Reversal of tax losses claimed | - | 127,000,000 | - | 127,000,000 |
| Lease Liability | 4,156,743 | 885,078 | 5,457,995 | (3,619,964) |
| Investment property - revaluation surplus | - | - | 5,778,225 | 3,743,400 |
| Unrealised Exchange Gain/(Loss) | 21,627,789 | 11,807,117 | 27,899,203 | 13,776,386 |
| | (24,877,045) | 66,182,277 | (374,363,038) | (32,655,318) |
| Deferred Tax on Un distributable Associate Profit | - | - | (34,501,298) | (3,332,732) |
| Total Deferred Tax Charge/(Reversal) for the year | (24,877,045) | 66,182,277 | (408,864,336) | (35,988,050) |
| Effective Tax Rate | 23.91% | 22.43% | 17.94% | 22.47% |

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 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. 6,366,735,896/- (2025- Rs. 4,425,223,543/-) as at 31st March 2026 and deferred tax asset of Rs: 1,572,518,341/- (2025- Rs: 987,029,024) has been recognised as at 31st March 2026 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 | |
|---|---|---|
| | 2026 Rs. | 2025 Rs. |
| Tax loss brought forward | 4,425,223,543 | 2,739,013,948 |
| Loss for the year | 2,401,072,743 | 2,034,216,223 |
| On acquisition of Subsidiary | - | 385,176,985 |
| Utilised during the year | (459,560,392) | (733,183,613) |
| Tax loss carried forward | 6,366,735,896 | 4,425,223,543 |

## 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.

| | Company | | Group | |
|---|---|---|---|---|
| | 2026 Rs. | 2025 Rs. | 2026 Rs. | 2025 Rs. |
| Amount Used as the Numerator: | | | | |
| Net Profit for the year attributable to equity holders of the parent | | | | |
| Continuing operations | 3,107,842,145 | 2,796,496,626 | 7,150,989,845 | 5,403,824,609 |
| Discontinued operations | | | (179,794,157) | (350,245,846) |
| Net Profit for the year attributable to equity holders of the parent | 3,107,842,145 | 2,796,496,626 | 6,971,195,688 | 5,053,578,763 |

| | Company | | Group | |
|---|---|---|---|---|
| | 2026 Number | 2025 Number | 2026 Number | 2025 Number |
| 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 | 2.81 | 2.52 | 6.29 | 4.56 |
| Basic Earnings per Share from continuing operations | 2.81 | 2.52 | 6.45 | 4.88 |

**26.3** There were no potentially dilutive Ordinary Shares outstanding at any time during the year.

## 27 DIVIDEND PER SHARE

| | Company/Group | |
|---|---|---|
| | 2026 Rs. | 2025 Rs. |
| Final Dividend for 2023/24 | - | 997,104,456 |
| 1st Interim Dividends for 2024/25 | - | 1,107,893,840 |
| Final Dividend for 2024/25 | 664,736,304 | - |
| 1st Interim Dividends for 2025/26 | 1,107,893,840 | - |
| Total Gross Dividends | 1,772,630,144 | 2,104,998,296 |
| | | |
| No of shares | 1,107,893,840 | 1,107,893,840 |
| | | |
| Total Dividend per Share | 1.60 | 1.90 |

## 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 Products
- Sanitaryware
- Packaging
- Finance
- Aluminium
- Other

| | Tiles & Associated Items | | Sanitaryware | | Packaging | | Aluminium Products | |
|---|---|---|---|---|---|---|---|---|
| | 2026 Rs. | 2025 Rs. | 2026 Rs. | 2025 Rs. | 2026 Rs. | 2025 Rs. | 2026 Rs. | 2025 Rs. |
| **Revenue** | | | | | | | | |
| Sales to external customers | 41,073,317,738 | 36,074,012,916 | 5,152,272,539 | 3,960,896,252 | 9,651,561,924 | 7,977,277,259 | 12,135,518,278 | 11,937,209,062 |
| Inter-Segment Sales | - | - | 54,479,768 | 5,451,373 | 517,102,218 | 720,045,814 | 59,291,198 | 7,833,215 |
| Total Revenue | 41,073,317,738 | 36,074,012,916 | 5,206,752,305 | 3,966,347,625 | 10,168,664,142 | 8,697,323,073 | 12,194,809,476 | 11,945,042,277 |
| **Results** | | | | | | | | |
| Gross Profit | 16,330,276,632 | 13,850,424,898 | 1,716,038,115 | 902,840,715 | 2,033,293,449 | 1,919,636,695 | 2,769,044,154 | 2,401,888,980 |
| Other Income | 509,614,997 | 452,966,128 | 68,928,098 | 2,367,535 | 290,901,584 | 279,444,943 | 115,394,414 | 101,032,259 |
| Distribution Expenses | (8,026,111,047) | (6,714,284,925) | (1,094,036,029) | (1,070,933,928) | (391,074,689) | (373,427,666) | (865,309,000) | (798,202,554) |
| Administrative Expenses | (3,157,416,698) | (2,701,693,473) | (87,776,246) | (74,449,563) | (832,630,091) | (608,930,688) | (735,236,000) | (471,353,913) |
| Other Operating Expenses | 1,483,500 | (5,709,934) | (11,812,564) | - | - | - | - | - |
| Finance Costs | (1,567,230,068) | (1,297,113,696) | (308,012,501) | (260,627,032) | (328,882,876) | (191,501,472) | (474,293,064) | (564,722,878) |
| Finance Income | 136,498,793 | 192,135,357 | 32,875,196 | 33,090,544 | 49,956,931 | - | 381,000 | 412,655 |
| Share of Associate Company's Profit | - | - | - | - | - | - | - | - |
| Net Profit before Income Tax | 4,227,116,111 | 3,776,724,352 | 316,204,069 | (467,711,729) | 821,564,308 | 1,025,221,812 | 809,981,504 | 669,054,549 |
| Income Tax Expense | (1,138,463,187) | (1,252,721,569) | (143,776,210) | 20,371,656 | (249,216,347) | (280,660,879) | (173,725,410) | (156,545,764) |
| Net Profit for the year from Continuing Operations | 3,088,652,924 | 2,524,002,783 | 172,427,859 | (447,340,073) | 572,347,961 | 744,560,933 | 636,256,094 | 512,508,785 |
| **As at 31st March** | | | | | | | | |
| Assets and Liabilities | | | | | | | | |
| Segment Assets | 71,141,709,397 | 69,613,012,197 | 7,981,129,887 | 7,339,635,459 | 9,538,763,005 | 8,273,800,103 | 10,074,907,877 | 9,373,355,916 |
| Total assets | 71,141,709,397 | 69,613,012,197 | 7,981,129,887 | 7,339,635,459 | 9,538,763,005 | 8,273,800,103 | 10,074,907,877 | 9,373,355,916 |
| Segment liabilities | 33,415,661,732 | 34,186,672,872 | 4,338,234,012 | 3,867,075,417 | 5,884,635,140 | 5,209,909,591 | 7,733,043,972 | 7,651,199,496 |
| Total Liabilities | 33,415,661,732 | 34,186,672,872 | 4,338,234,012 | 3,867,075,417 | 5,884,635,140 | 5,209,909,591 | 7,733,043,972 | 7,651,199,496 |
| Other Segment Information | | | | | | | | |
| Total cost incurred during the period to acquire | | | | | | | | |
| Property, Plant & Equipment | 2,454,009,949 | 3,336,820,559 | 62,255,492 | 256,859,788 | 1,030,714,884 | 398,888,697 | 265,010,845 | 168,530,824 |
| Depreciation & Amortisation | 2,381,990,136 | 2,090,415,171 | 213,886,641 | 161,580,443 | 157,900,450 | 118,768,370 | 148,921,760 | 113,837,111 |
| Provisions for retirement benefit liability | 279,962,382 | 215,789,732 | 11,496,192 | 12,589,470 | 30,865,283 | 27,568,694 | 21,635,714 | 16,647,241 |

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 | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2026 Rs. | 2025 Rs. | 2026 Rs. | 2025 Rs. | 2026 Rs. | 2025 Rs. | 2026 Rs. | 2025 Rs. | 2026 Rs. | 2025 Rs. |
| | - | - | 83,758,697 | 37,235,935 | 68,096,429,176 | 59,986,631,425 | - | - | 68,096,429,176 | 59,986,631,425 |
| | - | - | 150,070,767 | 191,518,992 | 780,943,951 | 924,849,394 | (780,943,951) | (924,849,394) | - | - |
| | | | 233,829,464 | 228,754,927 | 68,877,373,127 | 60,911,480,819 | (780,943,951) | (924,849,394) | 68,096,429,176 | 59,986,631,425 |
| | - | - | 75,636,263 | 92,144,536 | 22,924,288,613 | 19,166,935,825 | - | - | 22,924,288,613 | 19,166,935,825 |
| | - | - | 173,361,044 | 191,648,323 | 1,158,200,137 | 1,027,459,188 | (402,076,115) | (392,341,212) | 756,124,022 | 635,117,976 |
| | - | - | (13,075,513) | (13,303,986) | (10,389,606,278) | (8,970,153,059) | 402,076,115 | 389,148,212 | (9,987,530,163) | (8,581,004,847) |
| | - | - | (52,603,795) | (60,163,715) | (4,865,662,830) | (3,916,591,353) | - | 3,193,000 | (4,865,662,830) | (3,913,398,352) |
| | - | - | - | - | (10,329,064) | (5,709,934) | - | - | (10,329,064) | (5,709,934) |
| | - | - | (3,009,545) | (4,692,749) | (2,681,428,054) | (2,318,657,827) | 38,776,912 | 49,323,998 | (2,642,651,144) | (2,269,333,829) |
| | - | - | 14,545,351 | 12,407,743 | 234,257,271 | 238,046,299 | (38,776,912) | (49,323,997) | 195,480,361 | 188,722,303 |
| | 3,643,630,541 | 2,832,288,423 | 288,954,267 | 202,277,727 | 3,932,584,808 | 3,034,566,150 | - | - | 3,932,584,808 | 3,034,566,150 |
| | 3,643,630,541 | 2,832,288,423 | 483,808,072 | 420,317,879 | 10,302,304,603 | 8,255,895,286 | - | - | 10,302,304,603 | 8,255,895,289 |
| | - | - | (57,448,827) | (55,775,535) | (1,762,629,981) | (1,725,332,091) | (86,050,400) | (129,756,748) | (1,848,680,381) | (1,855,088,839) |
| | 3,643,630,541 | 2,832,288,423 | 426,359,245 | 364,542,344 | 8,539,674,622 | 6,530,563,195 | (86,050,400) | (129,756,748) | 8,453,624,222 | 6,400,806,450 |
| | | | 3,817,983,076 | 3,611,052,263 | 102,554,493,236 | 98,210,855,938 | 18,812,732,272 | 15,154,748,553 | 121,367,225,510 | 113,365,604,491 |
| | | | 3,817,983,076 | 3,611,052,263 | 102,554,493,236 | 98,210,855,938 | 18,812,732,272 | 15,154,748,553 | 121,367,225,510 | 113,365,604,491 |
| | | | 803,315,421 | 695,888,918 | 52,174,890,277 | 51,610,746,294 | (3,847,074,758) | (3,284,499,461) | 48,327,815,510 | 48,326,246,832 |
| | | | 803,315,421 | 695,888,918 | 52,174,890,277 | 51,610,746,294 | -3,847,074,758 | (3,284,499,461) | 48,327,815,510 | 48,326,246,832 |
| | | | 37,471,630 | 34,831,454 | 3,849,462,800 | 4,195,931,322 | 3,143,908 | - | 3,852,606,708 | 4,195,931,321 |
| | | | 25,823,975 | 28,473,999 | 2,928,522,962 | 2,513,075,094 | 29,366,928 | - | 2.957.889.890 | 2,513,075,094 |
| | | | 2,198,524 | 1,419,013 | 346,158,095 | 274,014,150 | - | - | 346,158,095 | 274,014,150 |

## 28.1 SEGMENT INFORMATION

Reconciliations of reportable segment revenues, Profit or loss, assets and liabilities and other material items.

| | 2026 Rs. | 2025 Rs. |
|---|---|---|
| **Reconciliation of Net Profit for the year** | | |
| Segment Net Profit for the year | 8,539,674,622 | 6,530,563,198 |
| Dividend Tax on Intercompany dividend Income | (120,551,700) | (133,089,481) |
| Deferred Tax effect on Associate undistributable Profit | 34,501,300 | 3,332,732 |
| Net Profit for the year from Continuing Operations | 8,453,624,222 | 6,400,806,450 |
| | | |
| **Reconciliation of assets** | | |
| Segment assets | 102,554,493,236 | 98,210,855,939 |
| Assets of discontinued operations | 277,606,154 | 36,369,539 |
| Investment in subsidiaries (elimination) | 959,573,709 | 980,233,256 |
| Inter company balances (elimination) | (4,170,377,924) | (3,326,804,562) |
| Share of associate company's accumulated profit net of dividend received (elimination) | 21,745,930,335 | 17,464,950,319 |
| Group assets | 121,367,225,510 | 113,365,604,491 |
| | | |
| **Reconciliation of Liabilities** | | |
| Segment Liabilities | 52,174,890,277 | 51,610,746,293 |
| Liabilities of discontinued operations | 315,761,670 | 262,303 |
| Deferred Tax effect on Associate undistributable Profit | 7,541,495 | 42,042,798 |
| Inter company balances (elimination) | (4,170,377,932) | (3,326,804,562) |
| Group Liabilities | 48,327,815,510 | 48,326,246,832 |

## 29. CONTINGENT LIABILITIES

### Royal Ceramics Lanka PLC/ Rocell Bathware Limited

**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 & 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 pursued 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 an administrative review, and the Commissioner General has finally determined against the appellant for only Rs. 25 Mn tax together with Rs. 22 Mn in interest and penalties. The Company has filed an appeal against this assessment with the Tax Appeal Commission who has determined to dismiss the appeal and confirmed the assessment. 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 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.

### Lanka Walltiles PLC

**d)** Corporate Income Tax assessments relating to the Years of Assessments 2007/08 and 2008/09. These matters are currently before the Supreme Court. The value of the assessment currently in dispute amounts to Rs.47Mn as at 31stMarch 2026.

Having discussed with legal and tax experts and based on the information available, the Directors are of the opinion that the ultimate resolution of these matters is not likely to have a material adverse effect on the Company. Accordingly, no provision has been made in these financial statements.

### Lanka Tiles PLC

**e)** Corporate Income Tax assessments relating to the Years of Assessment 2012/13 to 2022/23. These matters are currently under appeal, including proceedings before the Court of Appeal, Tax Appeals Commission and administrative review by the Inland Revenue Department. The value of the assessment currently in dispute amounts to Rs.430Mn as at 31st March 2026

Having discussed with legal and tax experts and based on the information available, the Directors are of the opinion that the ultimate resolution of these matters is not likely to have a material adverse effect on the Company. Accordingly, no provision has been made in these financial statements.

## 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 | |
|---|---|---|---|---|
| | 2026 Rs. | 2025 Rs. | 2026 Rs. | 2025 Rs. |
| Contracted but not provided for | 46,385,787 | - | 212,453,053 | 510,192,944 |
| | 46,385,787 | - | 212,453,053 | 510,192,944 |

No provision has been made in these Financial Statements in this regard as at 31st March 2026.

***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. 1.00 per share for the year ended 31 March 2026 on 29 May 2026.

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 stocks in Trade and over book debts.

### Lanka Tiles PLC

Bank overdrafts are secured primarily on mortgage of inventories.

| Lender | Facility | Limit - Rs. | Security |
|---|---|---|---|
| Sampath Bank | Import demand loans - Sub Limit | 250,000,000 | Loan Agreements |
| | Overdraft | 200,000,000 | Rs. 270 Mn security Stock at 542/3, Samurdhi Mawatha, Biyagama and Rs. 280 Mn Hypothecation Bond |
| Commercial Bank | Import demand loans - Sub Limit | 150,000,000 | Loan Agreements |
| | Overdraft | 100,000,000 | Board Resolution |
| Seylan Bank | Import demand loans - Sub Limit | 200,000,000 | Loan Agreements |
| | Overdraft | 10,000,000 | Mortgage over Rs.310 Mn Stock & Book Debt Located at Lanka Tiles PLC, No 542/3, Samurdhi Mawatha, Biyagama (Rs.214Mn) Factory Stock, St James Estate Jalthara, Ranala. (Rs.96Mn) |
| DFCC Bank PLC | Import demand loans - Sub Limit | 550,000,000 | Loan Agreements |
| | Overdraft | 50,000,000 | Board Resolution |
| Bank of Ceylon | Import demand loans - Sub Limit | 200,000,000 | Loan Agreements |
| | Over Draft | 150,000,000 | Rs. 100 Mn on Glaze and Packing Material Stock at Factory Premises, St James Estate, Jathara, Ranala |
| HSBC | Overdraft | 50,000,000 | Board Resolution |
| HNB | Import demand loans - Sub Limit | 800,000,000 | Loan Agreements |
| | Overdraft | 100,000,000 | Overdraft Agreements |
| Union Bank | Import demand loans - Sub Limit | 400,000,000 | Loan Agreements |
| | Overdraft | 100,000,000 | Bond over stocks for 550Mn located at Lanka Tiles Factory St. James Estates, Jalthara, Ranala. |

### Uni Dil Packaging Limited

| Lender | Facility | Limit - Rs. | Security |
|---|---|---|---|
| Hatton National Bank PLC | Import Loan | 2,495,000,000 | Immovable property |
| | | | Inventories and debtors |
| DFCC | Import loan | 1,250,000,000 | Inventories and debtors |
| People's Bank | Import loan | 400,000,000 | Corporate Guarantee |
| Hatton National Bank PLC | Long term loan | USD 850,000 | Corporate Guarantee for Uni Dil Packaging Kenya Ltd |

### Uni Dil Packaging Solutions Limited

| Lender | Facility | Limit - Rs. | Security |
|---|---|---|---|
| Hatton National Bank PLC | Import Loan | 970,000,000 | Primary Mortgage Bond over the Company's Stock-in-trade and Book Debts |
| | Overdraft | 30,000,000 | |
| DFCC | Import Loan | 100,000,000 | Primary concurrent Mortgage Bond for Rs 120,000,000/- ranking equal and parri passu with mortgage bond no 2365. |
| | Overdraft | 20,000,000 | |
| People's Bank | Long Term Loan | 300,000,000 | Corporate Guarantee of Uni Dil Packaging Limited |
| Hatton National Bank PLC | Long Term Loan | USD 850,000 | Corporate Guarantee of Uni Dil Packaging Kenya Limited |

### Lanka Walltiles PLC

| Lender | Facility | Limit - Rs. | Security |
|---|---|---|---|
| Bank of Ceylon | Import Loan | 500,000,000 | Loan Agreement |
| | Overdraft | 100,000,000 | Clean |
| Commercial Bank of Ceylon PLC | Import Loans | 450,000,000 | Loan Agreement |
| | Overdraft | 300,000,000 | Board Resolution |
| DFCC | Import Loans - Sub limit | 350,000,000 | Loan Agreement |
| | Overdraft | 200,000,000 | Board Resolution |
| HSBC | Overdraft | 100,000,000 | Board Resolution |
| Sampath Bank PLC | Overdraft | 60,000,000 | Hypothecation bond over stocks and debts for 200Mn |
| | Import Loan | 50,000,000 | Loan Agreement |
| Seylan Bank PLC | Overdraft | 10,000,000 | Bond over stocks for 510Mn located at Lanka Walltiles Factory at Meepe Padukka |
| | Short Term Loan | 500,000,000 | Loan Agreement |
| Union Bank of Colombo PLC | Overdraft | 100,000,000 | Bond over stocks for 550Mn located at 542/3, Samurdhi Mw, Biyagama |
| | Short Term Loan | 400,000,000 | Loan Agreement |
| PABC Bank | Import Loans - Sub Limit | 200,000,000 | Documents of title to goods under imports |
| | Overdraft - Sub Limit | 100,000,000 | Board Resolution |

### Swisstek Aluminium Limited

| Lender | Facility | Limit - Rs. | Security |
|---|---|---|---|
| DFCC Bank PLC | Loan | 2,000,000,000 | Mortgage Bond for Rs. 1,500 Mn over stock and Debtors with an insurance policy over stocks assigned in favour of the Bank. |
| DFCC Bank PLC | Loan | 75,000,000 | |
| DFCC Bank PLC | Loan | 25,000,000 | |
| Seylan Bank PLC | Loan | 1,065,000,000 | MB No CBG/SM/19/009 for Rs.660 over stock & debtors |
| Nations Trust Bank PLC | Loan | 489,000,000 | Primary MB over stocks and Book Debts of SAL for Rs. 600 MN. |
| Union Bank | Loan | 280,000,000 | Clean |
| Commercial Bank of Ceylon PLC | Loan | 157,000,000 | Solar Panel Equipment |
| Commercial Bank of Ceylon PLC | Loan | 150,000,000 | Clean |
| Commercial Bank of Ceylon PLC | OD | 100,000,000 | Primary Mortgage Bond No. FCC/18/64 dated 13 September 2018, for Rs. 600 Mn over stock - In-Trade and Book Debts belonging to the company. & Additional MB for Rs.400 Mn. |
| Commercial Bank of Ceylon PLC | Bank Guarantee | 100,000,000 | |
| Commercial Bank of Ceylon PLC | LC/ Import Loan / STL | 875,000,000 | |

## 33. RELATED PARTY DISCLOSURES

Details of significant related party disclosures are as follows:

### 33.1 Transactions with the Related Entities - Company

| | Parent | | Subsidiaries | | Associates and other | | Affiliates | |
|---|---|---|---|---|---|---|---|---|
| | 2026 Rs. | 2025 Rs. | 2026 Rs. | 2025 Rs. | 2026 Rs. | 2025 Rs. | 2026 Rs. | 2025 Rs. |
| **Nature of Transaction** | | | | | | | | |
| **Statement of Profit or Loss** | | | | | | | | |
| Sale of Goods/Services | - | - | 202,954,480 | 14,735,040 | 3,694,473 | 3,373,367 | 53,869,789 | 58,375,480 |
| Purchase of Goods/Services | - | - | (627,382,083) | (460,277,397) | (16,448,665) | (48,543,101) | (473,364,095) | (129,734,252) |
| Purchase of Fixed Assets | - | - | (6,000,000) | - | - | - | - | - |
| Sales Commission | - | - | (41,104,189) | (35,600,584) | - | - | - | - |
| Rendering of Services | - | - | 827,819,571 | 757,319,275 | - | - | - | - |
| Rent Income | - | - | (4,053,289) | (3,524,609) | - | - | - | - |
| Interest Income/(Expense) | - | - | 32,670,377 | 43,899,749 | - | - | - | - |
| Technical Fee | (96,081,207) | (90,163,711) | 26,826,737 | 29,929,434 | - | - | - | - |
| Reimbursement of Expenses net of fund Transfer | 109,815,092 | 90,126,185 | (121,528,709) | (2,366,208,517) | - | - | - | - |
| | | | | | | | | |
| **Statement of Financial Position** | | | | | | | | |
| **Balance outstanding as at end of the year** | | | | | | | | |
| Trade Debtors | - | - | 109,588,081 | - | 1,695,083 | - | 18,402,538 | 17,040,123 |
| Due from Related Parties | - | - | 185,424,484 | 99,846,878 | - | - | - | - |
| Due to Related Parties | (22,024,050) | (36,192,825) | (54,526,935) | (141,756,897) | - | - | - | - |
| Trade Creditor | - | - | (9,102,867) | (59,745,435) | (265,879) | (299,644) | (7,585,587) | (3,098,755) |

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.

### *33.1.1 Transaction with the related entities-Group*

| | Parent | | Affiliates/Associates | |
|---|---|---|---|---|
| | 2026 Rs. | 2025 Rs. | 2026 Rs. | 2025 Rs. |
| **Nature of Transaction** | | | | |
| **Statement of Profit or Loss** | | | | |
| Sale of Goods/Services | 1,805,932 | - | 3,657,200,779 | 3,443,849,802 |
| Purchase of Goods/Services | - | - | (2,266,404,710) | (1,714,692,627) |
| Technical Fee | (481,666,196) | (411,206,208) | - | - |
| Reimbursement of Expenses net of fund Transfer | 106,558,062 | 90,126,185 | (703,791,967) | (1,699,367,687) |
| | | | | |
| **Balance outstanding as at end of the year** | | | | |
| Trade Debtors | - | - | 23,530,055 | 20,611,879 |
| Due from Related Parties | - | - | | |
| Due to Related Parties | (182,501,490) | (191,619,824) | | |
| Trade Creditor | - | - | (19,586,892) | (3,517,040) |

Parent company is Vallibel One PLC.

Transactions With the Subsidiaries include Rocell Bathware Limited, Ever Paint & Chemical industries (Pvt) Ltd, Lanka Ceramics 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, Rocell Properties Limited.

Associates of the Group include L. B. Finance PLC and Delmege Limited.

Transactions with Affiliates includes Hayleys Mobility Limited,Hayleys Engineering (Pvt) Ltd, Hayleys Travels (Pvt) Ltd, Singer Finance (Lanka) PLC, Kandyan Resorts (Pvt) Ltd, Haycarb PLC, Talawakelle Tea Estates PLC, Hayleys Aviation (Pvt) Ltd, Martin Bauer Hayleys (Pvt) Ltd, Hayleys Advantis Ltd, Regnis Appliances (Pvt) Ltd, Culture Club Resorts (Pvt) Ltd, Horana Plantation PLC, Quality Seed Company (Pvt) Ltd, Ultracarb (Pvt) Ltd, Kelani Valley Plantations PLC, Hayleys Fentons Ltd, Fentons Smart Facilities (Pvt) Ltd, Alumex PLC, Hayleys Fabric PLC, Dipped Products PLC, The Kingsbury PLC, Hayleys Aventura (Pvt) Ltd, Singer Sri Lanka PLC, Laugfs Gas 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** 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, 2026, which require additional disclosures in the 2025/26 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.

**33.1.4** 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, 2026, which require additional disclosures in the 2025/26 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** 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 | |
|---|---|---|---|---|
| | 2026 Rs. | 2025 Rs. | 2026 Rs. | 2025 Rs. |
| **Nature of Transaction** | | | | |
| Short term Employee Benefits | 381,082,816 | 315,519,302 | 506,223,816 | 570,590,531 |
| Post Employment Benefits | 46,775,555 | 42,903,127 | 48,525,555 | 42,903,127 |
| | 427,858,371 | 358,422,429 | 554,749,371 | 613,493,658 |

### *33.2.2 Other Transactions with Key Management Personnel*

| | Company | | Group | |
|---|---|---|---|---|
| | 2026 Rs. | 2025 Rs. | 2026 Rs. | 2025 Rs. |
| Rent Payment | 13,554,000 | 15,060,000 | 13,554,000 | 15,060,000 |
| Transport Expenses | 10,669,416 | 13,927,633 | 10,669,416 | 13,927,633 |

(*) 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.

### 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 |
| 2026 | 6% | Rs. -219.87 Mn | 6% | Rs. -330.7 Mn |
| | 4% | Rs. -146.58 Mn | 4% | Rs. -220.4 Mn |
| | 2% | Rs. -73.29 Mn | 2% | Rs. -110.2 Mn |
| | -2% | Rs. -73.29 Mn | -2% | Rs. -110.2 Mn |
| | -4% | Rs. 146.58 Mn | -4% | Rs. -220.4 Mn |
| | -6% | Rs. 219.87 Mn | -6% | Rs. -330.7 Mn |
| | | | | |
| 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 |

### 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 |
| 2026 | 20% | Rs. 122.5 Mn | 20% | Rs. 942.2Mn |
| | 15% | Rs. 91.9 Mn | 15% | Rs. 706.7Mn |
| | 10% | Rs. 61.3 Mn | 10% | Rs. 471.1Mn |
| | -10% | Rs. -61.3 Mn | -10% | Rs. -471.1Mn |
| | -15% | Rs. -91.9 Mn | -15% | Rs. -706.7Mn |
| | -20% | Rs. -122.5 Mn | -20% | Rs.-942.2 Mn |
| | | | | |
| 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 |

### 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. 55.7 Mn (2025 - 53.4 Mn). A change in 5% of the ASPI could have an impact on approximately Rs. 1.5 Mn (2025 - 1.7 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.

### Maturity analysis

The table below summarises the maturity profile of the Group's financial liabilities at 31 March 2026 based on contractual undiscounted (principal plus interest) payments.

| | On demand | Less than 3 months | 3 to 12 months | 1 to 5 years | Over 5 years | Total |
|---|---|---|---|---|---|---|
| | Rs | Rs | Rs | Rs | Rs | Rs |
| As at 31 March 2026 | | | | | | |
| **Company** | | | | | | |
| Interest-bearing loans and borrowings | - | 170,751,392 | 512,254,176 | 1,329,236,763 | - | 2,012,242,331 |
| Lease liability of right of use assets | - | 54,418,892 | 163,256,675 | 568,608,403 | 623,835,730 | 1,410,119,700 |
| Trade and other payables | - | 1,845,062,066 | - | - | - | 1,845,062,066 |
| | - | 2,070,232,350 | 675,510,851 | 1,897,845,166 | 623,835,730 | 5,267,424,097 |
| **Group** | | | | | | |
| Interest-bearing loans and borrowings | 1,465,598,250 | 14,863,674,454 | 2,368,402,801 | 6,242,098,112 | - | 24,939,773,617 |
| Lease liability of right of use assets | - | 77,809,626 | 233,428,879 | 687,528,198 | 650,871,777 | 1,649,638,480 |
| Trade and other payables | - | 8,263,864,203 | - | - | - | 8,263,864,203 |
| | 1,465,598,250 | 23,205,348,283 | 2,601,831,680 | 6,929,626,310 | 650,871,777 | 34,853,276,300 |

| | On demand Rs | Less than 3 months Rs | 3 to 12 months Rs | 1 to 5 years Rs | Over 5 years Rs | Total Rs |
|---|---|---|---|---|---|---|
| As at 31 March 2025 | | | | | | |
| **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 | - | 1,678,508,489 | - | - | - | 1,678,508,489 |
| | 383,553,799 | 4,311,612,566 | 504,312,442 | 1,657,026,378 | 497,347,354 | 7,353,852,539 |
| **Group** | | | | | | |
| Interest-bearing loans and borrowings | 2,915,960,844 | 8,127,842,128 | 9,878,526,594 | 8,241,792,305 | - | 29,164,121,871 |
| Lease liability of right of use assets | - | 77,893,653 | 233,680,960 | 681,072,249 | 522,161,062 | 1,514,807,924 |
| Trade and other payables | - | 6,884,327,519 | - | - | - | 6,884,327,519 |
| | 2,915,960,844 | 15,090,063,300 | 10,112,207,554 | 8,922,864,554 | 522,161,062 | 37,563,257,314 |

## 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 31 March 2026 and 31 March 2025.

The Company monitors capital using a gearing ratio, which is interest bearing borrowings divided by equity plus interest bearing borrowings.

| | Company | | Group | |
|---|---|---|---|---|
| | 2026 Rs. | 2025 Rs. | 2026 Rs. | 2025 Rs. |
| Interest Bearing Borrowings | 3,422,362,032 | 5,675,344,050 | 26,589,412,097 | 30,678,929,801 |
| Equity | 25,093,213,321 | 23,744,363,773 | 73,039,409,991 | 65,039,357,658 |
| Gearing ratio | 12% | 19% | 27% | 32% |

## 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 | 2026 | 2025 |
|---|---|---|---|---|
| Lanka Ceramic PLC | Sri Lanka | Sri Lanka | 26.44% | 26.44% |
| Lanka Walltiles 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% | 70.39% |
| 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 Swisstek (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% |
| Uni Dil Packaging Kenya Limited-Group | Kenya | Kenya | 45.45% | 45.45% |
| Eco Pack Lanka Solutions Limited | Sri Lanka | Sri Lanka | 45.45% | 45.45% |

### Accumulated Balances of Material Non - Controlling Interest

| Company Name | 2026<br>Rs. 000's | 2025<br>Rs. 000's |
|---|---|---|
| Lanka Ceramic PLC | 309,821 | 298,724 |
| Lanka Walltiles PLC | 3,447,547 | 3,528,953 |
| Lanka Tiles PLC | 8,786,571 | 8,563,304 |
| Vallibel Plantation Management Limited | 450,619 | 423,699 |
| Swisstek (Ceylon) PLC | 1,795,260 | 1,629,259 |
| Swisstek Aluminium Limited | 1,648,446 | 1,198,542 |
| Unidil Packaging Limited | 1,327,718 | 1,074,786 |
| Unidil Packaging Solutions Limited | 484,439 | 420,157 |
| LWL Development (Private) Limited | 194,494 | 193,544 |
| Beyond Paradise Collection Limited | 248,960 | 250,117 |
| Lanka Swisstek (Pvt) Ltd | (30,406) | 15,498 |
| Swisstek Development Limited | 37,994 | 38,100 |
| LW Plantation Investments Limited | 25,419 | 25,559 |
| LTL Development Ltd | 33,663 | 33,783 |
| LC Plantation Project Ltd | 14,728 | 14,804 |
| CP Holding (Pvt) Ltd | 142,979 | 141,828 |
| Biscuit and Chocolate Company Limited | 211,760 | 211,913 |
| Lanka Tiles USA, Inc | (20,676) | 37,699 |
| Valley View Ceramics LLC | - | (456,274) |
| Uni Dil Packaging Kenya Limited-Group | (5,638) | 7,876 |
| Eco Pack Lanka Solutions Limited | 11,351 | - |
| Less - Cross investments | (1,756,796) | (1,710,622) |
| Add - Attributed Goodwill | 445,990 | 445,990 |
| Accumulated Material Non- Controlling Interest | 17,804,243 | 16,387,239 |

**Profit allocated to Material Non - Controlling Interest**

| Company Name | 2026 Rs. 000's | 2025 Rs. 000's |
|---|---|---|
| Lanka Ceramic PLC | 25,602 | 30,250 |
| Lanka Walltiles PLC | (365,967) | (246,039) |
| Lanka Tiles PLC | 423,730 | 520,603 |
| Vallibel Plantation Management Limited | 6,059 | 2,205 |
| Swisstek (Ceylon) PLC | 360,533 | 274,705 |
| Swisstek Aluminium Limited | 447,863 | 329,457 |
| Unidil Packaging Limited | 222,016 | 237,210 |
| Unidil Packaging Solutions Limited | 76,968 | 127,357 |
| LWL Development (Private) Limited | 950 | (1,620) |
| Beyond Paradise Collection Limited | (1,157) | (1,019) |
| Lanka Swisstek (Pvt) Ltd | (47,080) | (75,319) |
| LW Plantation Investments Limited | (143) | (121) |
| LTL Development Ltd | (120) | (142) |
| Swisstek Development Limited | (106) | (248) |
| LC Plantation Project Ltd | (76) | (51) |
| CP Holding (Pvt) Ltd | 1,420 | 4,084 |
| Biscuit and Chocolate Company Limited | (434) | (112) |
| Lanka Tiles USA, Inc | (56,902) | 2,807 |
| Valley View Ceramics LLC | 253,765 | (174,680) |
| Uni Dil Packaging Kenya Limited-Group | (54,029) | (32,346) |
| Eco Pack Lanka Solutions Limited | 9,742 | - |
| Accumulated Material Non- Controlling Interest | 1,302,634 | 996,982 |

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

### Summarised statement of profit or loss for year ended 31 March 2026

| | Lanka Ceramic PLC Rs. 000's | Lanka Walltiles PLC Rs. 000's | Lanka Tiles PLC Rs. 000's | Vallibel Plantation Management Limited Rs. 000's | Swisstek (Ceylon) PLC Rs. 000's | Swisstek Aluminium Limited Rs. 000's | Unidil Packaging Limited Rs. 000's | Unidil Packaging Solutions Limited Rs. 000's | LWL Development (Private) Limited Rs. 000's |
|---|---|---|---|---|---|---|---|---|---|
| Revenue | 218,097 | 6,609,685 | 12,699,787 | - | 4,696,521 | 12,194,809 | 6,930,611 | 2,114,921 | - |
| Cost of sales | (147,426) | (4,986,491) | (8,466,376) | - | (3,176,465) | (9,425,765) | (5,488,939) | (1,660,901) | - |
| Administrative expenses | (37,544) | (503,098) | (1,135,356) | (2,333) | (281,938) | (735,236) | (548,074) | (81,283) | (4,521) |
| Finance costs | (3,008) | (912,599) | (140,408) | (2) | (109,512) | (450,214) | (111,976) | (80,121) | (140) |
| Profit before tax | 133,341 | (559,212) | 1,013,215 | 287,044 | 836,595 | 809,982 | 781,159 | 249,031 | 4,505 |
| Income tax | (36,808) | 330,661 | (216,325) | (17,963) | (266,499) | (173,725) | (212,783) | (79,694) | (2,414) |
| Profit for the year from continuing operations | 96,533 | (228,553) | 796,890 | 269,081 | 570,096 | 636,256 | 568,376 | 169,337 | 2,091 |
| Total comprehensive income | 95,069 | (188,306) | 833,601 | 269,081 | 563,832 | 639,155 | 812,228 | 214,884 | 2,091 |
| Attributable to non-controlling interests | 25,109 | (347,675) | 445,820 | 6,059 | 356,284 | 449,904 | 332,852 | 97,670 | 950 |
| Dividends paid to non-controlling interests | 14,121 | - | 303,258 | 95,384 | 190,284 | - | 116,245 | 33,388 | - |

### Summarised statement of profit or loss for year ended 31 March 2025

| | Lanka Ceramic PLC Rs. 000's | Lanka Walltiles PLC Rs. 000's | Lanka Tiles PLC Rs. 000's | Vallibel Plantation Management Limited Rs. 000's | Swisstek (Ceylon) PLC Rs. 000's | Swisstek Aluminium Limited Rs. 000's | Unidil Packaging Limited Rs. 000's | Unidil Packaging Solutions Limited 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) |
| Finance costs | (4,684) | (361,298) | (163,392) | (9) | (117,578) | (514,623) | (115,465) | (43,471) |
| Profit before tax | 140,080 | 77,944 | 1,464,221 | 339,398 | 569,865 | 669,055 | 825,718 | 384,343 |
| 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 |
| Total comprehensive income | 101,800 | 207,788 | 999,389 | 314,590 | 402,305 | 506,786 | 609,799 | 279,862 |
| Attributable to non-controlling interests | 26,919 | 263,548 | 507,200 | 2,205 | 272,853 | 325,778 | 235,836 | 127,204 |
| Dividends paid to non-controlling interests | 1,904 | 297,789 | 383,062 | 139,952 | 134,591 | - | 140,783 | 41,332 |

| | Beyond Paradise Collection Limited | Lanka Tiles Swisteck (Pvt) Limited | Swisstek Development Limited | LTL Development (Pvt) Limited | LW Plantation Investments Limited | CP Holding (Pvt) Ltd | LC Plantation Project Ltd | Biscuit and Chocolate company Limited | Lanka Tile USA Inc. | Valley View Ceramics | Unidil Packaging Kenya Limited-Group | Eco Pack Lanka 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 | Rs. 000's | Rs. 000's | Rs. 000's |
| | 1,200 | 207,624 | - | - | - | 15,732 | - | - | 34,634 | 128,269 | 976,460 | 218,390 |
| | - | (123,954) | - | - | - | (10,768) | - | - | (27,111) | (75,966) | (879,158) | (178,090) |
| | (8,119) | (119,791) | (156) | (199) | (314) | (8,744) | (286) | (494) | (9,477) | (59,022) | (195,833) | (7,441) |
| | - | (14,347) | - | - | - | - | - | - | - | (12,348) | (61,005) | - |
| | 220 | (59,081) | (156) | (199) | (314) | 6,029 | - | (494) | (125,198) | 371,509 | (171,460) | 30,763 |
| | (2,142) | - | - | - | - | (1,768) | - | (910) | - | - | 52,590 | (9,329) |
| | (1,922) | (59,081) | (156) | (199) | (314) | 4,261 | - | (1,404) | (125,198) | 371,509 | (118,870) | 21,434 |
| | (1,922) | (57,604) | (156) | (199) | (314) | - | - | - | (128,437) | 370,833 | (122,642) | 21,434 |
| | (1,157) | (45,904) | (106) | (120) | (143) | 1,846 | (76) | (153) | (58,375) | 253,303 | (55,744) | 9,742 |
| | - | - | - | - | - | - | - | - | - | - | - | 2,936 |

| | LWL Development (Private) Limited | Beyond Paradise Collection Limited | Lanka Tiles Swisteck (Pvt) Limited | Swisstek Development Limited | LTL Development (Pvt) Limited | LW Plantation Investments Limited | CP Holding (Pvt) Ltd | LC Plantation Project Ltd | Biscuit and Chocolate company Limited | Lanka Tile 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 | Rs. 000's |
| | - | 1,200 | 37,609 | - | - | - | - | - | - | 42,746 | 626,776 | 44,845 |
| | - | - | (41,245) | - | - | - | - | - | - | (35,375) | (387,565) | (73,028) |
| | (3,536) | (2,894) | (77,287) | (365) | (237) | (266) | (7,868) | (193) | (454) | (1,194) | (305,129) | (59,274) |
| | (273) | - | (6,637) | - | - | - | - | | - | - | (33,376) | (15,822) |
| | (3,565) | (1,694) | (94,517) | (365) | (237) | (266) | 17,503 | (193) | (322) | 6,177 | (255,729) | (107,545) |
| | - | - | - | - | - | - | (5,243) | | (40) | - | - | 36,380 |
| | (3,565) | (1,694) | (94,517) | (365) | (237) | (266) | 12,260 | (193) | (361) | 6,177 | (255,729) | (71,165) |
| | (3,565) | (1,694) | (94,517) | (365) | (237) | (266) | 16,192 | 1,940 | 74,729 | 6,179 | (228,363) | (72,747) |
| | (1,620) | (1,019) | (75,319) | (248) | (142) | (121) | 5,394 | (51) | 23,095 | 2,807 | (155,987) | (33,065) |
| | - | - | - | - | - | - | - | - | - | - | - | - |

### Summarised statement of financial position as at 31 March 2026

| | Lanka Ceramic PLC Rs. 000's | Lanka Walltiles PLC Rs. 000's | Lanka Tiles PLC Rs. 000's | Vallibel Plantation Management Limited Rs. 000's | Swisstek (Ceylon) PLC Rs. 000's | Swisstek Aluminium Limited Rs. 000's | Unidil Packaging Limited Rs. 000's | Unidil Packaging Solutions Limited Rs. 000's | LWL Development (Private) Limited Rs. 000's |
|---|---|---|---|---|---|---|---|---|---|
| Current Assets | 297,455 | 7,103,859 | 10,165,537 | 840,527 | 2,211,529 | 8,035,689 | 3,714,483 | 1,834,276 | 3,398 |
| Non- Current Assets | 1,325,537 | 14,404,851 | 9,023,336 | 196,992 | 2,955,847 | 2,039,219 | 2,667,461 | 481,741 | 489,717 |
| Current Liabilities | 37,843 | 10,381,210 | 2,850,822 | 46,108 | 1,790,367 | 6,003,659 | 2,983,722 | 1,192,040 | 8,254 |
| Non- Current Liabilities | 404,082 | 3,528,660 | 1,715,609 | - | 691,496 | 1,729,386 | 477,098 | 58,159 | 56,933 |
| Total equity | 1,181,067 | 7,598,840 | 14,622,442 | 991,411 | 2,685,516 | 2,341,863 | 2,921,124 | 1,065,818 | 427,928 |
| Attributable to: | | | | | | | | | |
| Equity holders of parent | 871,246 | 4,151,293 | 5,835,871 | 540,792 | 890,256 | 693,417 | 1,593,406 | 581,379 | 233,434 |
| Non-controlling interest | 309,821 | 3,447,547 | 8,786,571 | 450,619 | 1,795,260 | 1,648,446 | 1,327,718 | 484,439 | 194,494 |
| | 1,181,067 | 7,598,840 | 14,622,442 | 991,411 | 2,685,516 | 2,341,863 | 2,921,124 | 1,065,818 | 427,928 |

### Summarised statement of financial position as at 31 March 2025

| | Lanka Ceramic PLC Rs. 000's | Lanka Walltiles PLC Rs. 000's | Lanka Tiles PLC Rs. 000's | Vallibel Plantation Management Limited Rs. 000's | Swisstek (Ceylon) PLC Rs. 000's | Swisstek Aluminium Limited Rs. 000's | Unidil Packaging Limited Rs. 000's | Unidil Packaging Solutions Limited 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 |
| 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 |
| Current Liabilities | 41,181 | 7,901,618 | 3,279,709 | 25,870 | 1,301,402 | 4,878,198 | 2,856,349 | 1,290,394 |
| Non- Current Liabilities | 382,693 | 4,966,302 | 1,741,679 | - | 750,827 | 2,553,023 | 338,000 | 39,787 |
| Total equity | 1,130,081 | 7,787,145 | 14,292,821 | 932,184 | 2,402,246 | 1,702,707 | 2,364,646 | 924,391 |
| 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 |
| Non-controlling interest | 298,724 | 3,528,953 | 8,563,304 | 423,699 | 1,629,259 | 1,198,542 | 1,074,786 | 420,157 |
| | 1,130,081 | 7,787,145 | 14,292,821 | 932,184 | 2,402,246 | 1,702,707 | 2,364,646 | 924,391 |

| | Beyond Paradise Collection Limited | Lanka Tiles Swisteck (Pvt) Limited | Swisstek Development Limited | LTL Development (Pvt) Limited | LW Plantation Investments Limited | CP Holding (Pvt) Ltd | LC Plantation Project Ltd | Biscuit and Chocolate company Limited | Lanka Tile USA Inc. | Valley View Ceramics | Unidil Packaging Kenya Limited-Group | Eco Pack Lanka 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 | Rs. 000's | Rs. 000's | Rs. 000's |
| | - | 194,515 | - | - | - | 30,337 | - | 2,377 | 148,028 | 615,576 | 531,728 | 113,950 |
| | 490,773 | 83,091 | 56,667 | 56,667 | 56,667 | 429,877 | 71,529 | 927,280 | 18,929 | 17,814 | 533,850 | 6,660 |
| | 7,305 | 315,762 | 647 | 723 | 745 | 1,990 | 970 | 88,615 | 212,448 | 741,539 | 739,735 | 95,326 |
| | 69,726 | - | - | - | - | 29,050 | 4,458 | 155,471 | - | 188,996 | 338,247 | 310 |
| | 413,742 | (38,156) | 56,020 | 55,944 | 55,922 | 429,174 | 66,101 | 685,571 | (45,491) | (297,147) | (12,404) | 24,974 |
| | | | | | | - | - | | | | | |
| | 164,782 | (7,750) | 18,026 | 22,281 | 30,503 | 286,195 | 51,372 | 473,811 | (24,815) | (297,147) | (6,766) | 13,623 |
| | 248,960 | (30,406) | 37,994 | 33,663 | 25,419 | 142,979 | 14,728 | 211,760 | (20,676) | - | (5,638) | 11,351 |
| | 413,742 | (38,156) | 56,020 | 55,944 | 55,922 | 429,174 | 66,101 | 685,571 | (45,491) | (297,147) | (12,404) | 24,974 |

| | LWL Development (Private) Limited | Beyond Paradise Collection Limited | Lanka Tiles Swisteck (Pvt) Limited | Swisstek Development Limited | LTL Development (Pvt) Limited | LW Plantation Investments Limited | CP Holding (Pvt) Ltd | LC Plantation Project Ltd | Biscuit and Chocolate company Limited | Lanka Tile 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 | Rs. 000's |
| | 5,492 | - | 127,294 | - | - | - | 30,831 | - | 1,137 | 381,000 | 758,015 | 359,182 |
| | 482,391 | 488,278 | 112,133 | 56,667 | 56,667 | 56,667 | 422,929 | 70,605 | 896,882 | 18,467 | 17,162 | 343,526 |
| | 6,467 | 5,029 | 219,979 | 491 | 524 | 431 | 4,302 | 683 | 55,573 | 316,521 | 1,443,157 | 328,829 |
| | 55,579 | 67,584 | - | - | - | - | 25,825 | 4,182 | 156,380 | - | - | 356,552 |
| | 425,837 | 415,665 | 19,448 | 56,176 | 56,143 | 56,236 | 423,633 | 65,740 | 686,065 | 82,946 | (667,980) | 17,328 |
| | | | | | | | | | | | | |
| | 232,293 | 165,548 | 3,950 | 18,076 | 22,360 | 30,677 | 281,805 | 50,936 | 474,152 | 45,247 | (211,706) | 9,452 |
| | 193,544 | 250,117 | 15,498 | 38,100 | 33,783 | 25,559 | 141,828 | 14,804 | 211,913 | 37,699 | (456,274) | 7,876 |
| | 425,837 | 415,665 | 19,448 | 56,176 | 56,143 | 56,236 | 423,633 | 65,740 | 686,065 | 82,946 | (667,980) | 17,328 |

### Summarised cash flow information for year ending 31 March 2026

| | 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 | 74,615 | 661,492 | 1,479,120 | 39,633 | 183,813 | 1,221,295 | 1,030,712 | 107,923 | 2,160 |
| Investing Cash Flow | 15,009 | 2,056 | (326,642) | 177,577 | (127,217) | (261,411) | (733,717) | (173,755) | - |
| Financing Cash Flow | (52,643) | (150,892) | (890,784) | (209,854) | (145,875) | (662,117) | (693) | 20,375 | (1,200) |
| Net increase / (decrease) in cash and cash equivalents | 36,981 | 512,656 | 261,695 | 7,356 | (89,279) | 297,763 | 296,302 | (45,457) | 960 |

### Summarised cash flow information for year ending 31 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 |
|---|---|---|---|---|---|---|---|---|
| | 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) |
| Investing Cash Flow | 16,016 | (2,147,102) | (584,204) | - | (358,348) | (181,123) | (281,737) | (128,554) |
| Financing Cash Flow | (30,720) | 1,515,985 | (339,366) | (307,910) | (52,640) | 515,505 | 932,171 | 506,508 |
| Net increase / (decrease) in cash and cash equivalents | 146,971 | (784,025) | (122,547) | (30,135) | 90,802 | (159,047) | 354,856 | 42,315 |

| | Beyond Paradise Collection Limited | Lanka Tiles Swisteck (Pvt) Limited | Swisstek Development Limited | LTL Development (Pvt) Limited | LW Plantation Investments Limited | CP Holding (Pvt) Ltd | LC Plantation Project Ltd | Biscuit and Chocolate company Limited | Lanka Tile USA Inc. | Valley View Ceramics | Unidil Packaging Kenya Limited-Group | Eco Pack Lanka 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 | Rs. 000's | Rs. 000's | Rs. 000's |
| | (185) | - | (156) | - | - | (2,069) | - | 31,687 | (125,198) | 371,509 | - | 25,837 |
| | - | - | - | - | - | 2,011 | - | (30,446) | - | - | - | (6,864) |
| | - | - | - | - | - | - | - | - | - | - | - | 3,540 |
| | (185) | - | (156) | - | - | (58) | - | 1,241 | (125,198) | 371,509 | - | 22,513 |

| | LWL Development (Private) Limited | Beyond Paradise Collection Limited | Lanka Tiles Swisteck (Pvt) Limited | Swisstek Development Limited | LTL Development (Pvt) Limited | LW Plantation Investments Limited | CP Holding (Pvt) Ltd | LC Plantation Project Ltd | Biscuit and Chocolate company Limited | Lanka Tile 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 | Rs. 000's |
| | 4,806 | 3,420 | (85,304) | - | - | - | (6,228) | - | 22,156 | (204,124) | 140,433 | (383,943) |
| | (3,441) | (3,420) | (55,199) | - | - | - | (1,177) | - | (22,471) | (2,113) | (17,044) | 4,497 |
| | (1,200) | - | 71,613 | - | - | - | - | - | - | 77,048 | (156,972) | 428,118 |
| | 165 | - | (68,890) | - | - | - | (7,405) | - | (315) | (129,189) | (33,583) | 48,672 |

## 37. SUMMARISED FINANCIAL INFORMATION OF ASSOCIATES

| | L. B. Finance PLC | | Delmege Limited | |
|---|---|---|---|---|
| | 2026 Rs. | 2025 Rs. | 2026 Rs. | 2025 Rs. |
| Revenue / Operating Income | 37,831,557,000 | 30,633,584,332 | 18,862,693,589 | 15,371,176,404 |
| Cost of sales / Operating Expenses | (12,191,144,000) | (10,037,666,144) | (13,471,427,545) | (11,089,731,635) |
| Other Income and Gains | - | - | 114,815,365 | 148,181,628 |
| Administrative expenses | - | - | (1,437,690,117) | (1,301,829,726) |
| Selling and Distribution Costs | - | - | (1,745,173,403) | (1,592,249,586) |
| Other Operating Expenses | | | | |
| Finance costs | - | - | (263,242,340) | (121,037,324) |
| Finance Income | - | - | 73,526,626 | 71,171,721 |
| Tax on Financial Services | (5,184,464,000) | (4,183,240,540) | - | - |
| Profit before tax | 20,455,949,000 | 16,412,677,648 | 2,133,502,175 | 1,485,681,482 |
| Income tax Expenses | (6,413,139,000) | (5,550,743,207) | (673,236,502) | (461,786,494) |
| **Profit for the year** | 14,042,810,000 | 10,861,934,441 | 1,460,265,673 | 1,023,894,988 |
| **Other Comprehensive income** | 143,412,000 | 6,913,577 | 438,811,272 | (6,005,173) |
| **Total Comprehensive income** | 14,186,222,000 | 10,868,848,018 | 1,899,076,945 | 1,017,889,815 |
| **Group share of profit for the year** | 3,643,630,541 | 2,832,288,423 | 288,954,267 | 202,277,727 |
| | | | | |
| **Group share of Total comprehensive income for the year** | 3,679,799,380 | 2,834,091,484 | 375,446,985 | 201,083,535 |

| | L. B. Finance PLC | | Delmege Limited | |
|---|---|---|---|---|
| | 2026 Rs. | 2025 Rs. | 2026 Rs. | 2025 Rs. |
| Current Assets | 259,428,746,000 | 160,613,691,474 | 11,266,107,447 | 9,488,785,365 |
| Non- Current Assets | 161,948,340,860 | 87,062,903,235 | 6,852,569,344 | 6,152,143,541 |
| Current Liabilities | 199,874,841,000 | 136,906,906,068 | 5,688,779,577 | 6,432,399,785 |
| Non- Current Liabilities | 154,087,614,258 | 55,195,018,218 | 2,247,314,125 | 739,175,901 |
| Total Equity | 67,414,631,602 | 55,574,670,424 | 10,182,583,089 | 8,469,353,219 |
| Group's fair value of the investments | 17,581,735,922 | 14,493,874,046 | 2,138,342,449 | 1,778,564,176 |
| Group's Carrying amount of the investments | 19,412,838,292 | 15,470,909,479 | 2,333,092,044 | 1,994,040,841 |
| | | | | |
| Group Share of Contingent Liabilities | 85,099,040 | 80,246,282 | - | - |
| Capital and other Commitments | 2,474,721,290 | 1,017,466,141 | - | - |

### L B Finance PLC

| Nature of principal activity Principal place of business | 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 |

### Delmege Ltd

| Nature of principal activity Principal place of business | Principal place of business |
|---|---|
| Delmege 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.

### 38.1 Assets Measured at Fair Value:

| As at 31 March | Note | 2026 | | | | 2025 | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Fair Value Measurement Using | | | | Fair Value Measurement Using | | | |
| | | Quoted prices in active markets | Significant observable inputs | Significant unobservable inputs | Total Fair Value | Quoted prices in active markets | Significant observable inputs | Significant unobservable inputs | Total Fair Value |
| | | Level 1 Rs. | Level 2 Rs. | Level 3 Rs. | Rs. | Level 1 Rs. | Level 2 Rs. | Level 3 Rs. | Rs. |
| Other Financial Assets | 12 | | | | | | | | |
| Investments at fair value through profit or loss | | 55,691,083 | - | - | 55,691,083 | 53,414,191 | - | - | 53,414,191 |
| | | 55,691,083 | - | - | 55,691,083 | 53,414,191 | - | - | 53,414,191 |
| Property, Plant & Equipment | 3 | | | | | | | | |
| Freehold and Clay Mining Land | | - | - | 12,171,294,574 | 12,171,294,574 | - | - | 11,611,612,025 | 11,611,612,025 |
| Buildings | | - | - | 11,430,537,945 | 11,430,537,945 | - | - | 10,702,035,634 | 10,702,035,634 |
| Investment Property | | - | - | 2,191,787,940 | 2,191,787,940 | - | - | 2,157,340,200 | 2,157,340,200 |
| | | 55,691,083 | - | 25,793,620,459 | 25,849,311,542 | 53,414,191 | - | 24,470,987,859 | 24,524,402,050 |

There were no transfers into and transfers out of the hierarchy levels during 2026 & 2025.

***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***

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.

## 39 DISCONTINUED OPERATIONS

In March 2026, the Board of Directors of Lanka Walltiles PLC decided to wind up the operations of Valley View Ceramics LLC, a 58.10% owned subsidiary which operates in the United States of America. Accordingly, as at 31 March 2026, Valley View Ceramics LLC has been fully wound down and classified as a discontinued operation, and its results are no longer included in the segment reporting note.

Further, in November 2025, the Board of Directors of Lanka Tiles PLC decided to dispose of Lanka Swisstek (Pvt) Ltd, a 51% owned subsidiary. The disposal is expected to be completed within one year from the reporting date. Accordingly, as at 31 March 2026, Lanka Swisstek (Pvt) Ltd has been classified as a disposal group held for sale and as a discontinued operation. Lanka Swisstek (Pvt) Ltd represented the entirety of the Group's India operations up to 31 March 2026. Following its classification as a discontinued operation, its results are no longer included in the segment reporting note.

The results of Valley View Ceramics LLC and Lanka Swisstek (Pvt) Ltd for the year are presented below.

| | Valley View Ceramics Ltd | | Lanka Swisstek Pvt Ltd | | Total | |
|---|---|---|---|---|---|---|
| | 2026 Rs. | 2025 Rs. | 2026 Rs. | 2025 Rs. | 2026 Rs. | 2025 Rs. |
| Revenue | 128,269,000 | 626,775,720 | 207,623,923 | 37,609,344 | 335,892,923 | 664,385,064 |
| Cost of Sales | (75,966,000) | (387,565,039) | (123,954,056) | (41,244,973) | (199,920,056) | (428,810,012) |
| Gross Profit | 52,303,000 | 239,210,682 | 83,669,867 | (3,635,629) | 135,972,867 | 235,575,052 |
| Other income | 596,000 | 39,623,501 | 1,908,477 | 1,511,322 | 2,504,477 | 41,134,823 |
| Distribution costs | (112,159,000) | (200,623,269) | (10,521,371) | (8,468,091) | (122,680,371) | (209,091,360) |
| Administrative expenses | (59,021,215) | (305,128,588) | (119,790,526) | (77,286,896) | (178,812,526) | (382,415,484) |
| Finance cost | (12,348,046) | (33,375,551) | (14,346,997) | (6,637,426) | (26,695,043) | (40,012,977) |
| Finance income | 14,087,627 | 4,564,100 | - | - | 14,087,627 | 4,564,100 |
| **Profit/(Loss) before tax** | (116,542,000) | (255,729,126) | (59,080,550) | (94,516,720) | (175,623,335) | (350,245,846) |
| Profit/(Loss) on disposal | (4,170,822) | - | - | - | (4,170,822) | - |
| Profit/(Loss) for the year from discontinued operations net of Tax | (120,712,822) | (255,729,126) | (59,080,550) | (94,516,720) | (179,174,157) | (350,245,846) |

The net assets of Lanka Swisstek Pvt Ltd at 31st March 2026 were as follows:

| | 2026 Rs. |
|---|---|
| ASSETS | |
| Non-Current Assets | |
| Property, Plant & Equipment | 83,090,952 |
| | 83,090,952 |
| Current Assets | |
| Inventories | 125,939,673 |
| Trade and Other Receivables | 61,038,225 |
| Cash and Cash Equivalents | 7,537,304 |
| | 194,515,202 |
| Total Assets | 277,606,154 |
| Current Liabilities | |
| Trade and Other Payables | 148,753,670 |
| Current Portion of Interest Bearing Liabilities | 167,008,000 |
| | |
| Total Liabilities | 315,761,670 |
| Carrying amount of the net assets disposed | (38,155,516) |

The net cash flows incurred by Valley View Ceramics Ltd and Lanka Swisstek Pvt Ltd are, as follows:

| | Valley View Ceramics Ltd | | Lanka Swisstek Pvt Ltd | |
|---|---|---|---|---|
| | 2026 Rs. | 2025 Rs. | 2026 Rs. | 2025 Rs. |
| Operating | 19,010,000 | 140,433,000 | (28,531,365) | (85,303,853) |
| Investing | - | (17,044,000) | (3,144,643) | (55,199,242) |
| Financing | (19,359,000) | (156,972,000) | 30,900,225 | 71,613,459 |
| Net cash (outflow)/inflow | (349,000) | (33,583,000) | (775,783) | (68,889,636) |

## 40 DISPOSAL OF SUBSIDIARY

In March 2026, the Board of Directors of Lanka Walltiles PLC decided to wind up the operations of Valley View Ceramics LLC, a 58.10% owned subsidiary which operates in the United States of America. Accordingly, as at 31 March 2026, Valley View Ceramics LLC has been classified as a discontinued operation, and for the year ended 31st March 2026, it was reported disposal loss of Rs.4.2 Mn

Loss on Disposal of Subsidiary - Valley View Ceramics LLC

| | 2026 Rs. |
|---|---|
| Assets as at the disposed date | |
| Intangible Assets | 17,814,000 |
| Inventories | 424,441,000 |
| Trade and Other Receivables | 187,242,000 |
| Cash and Cash Equivalents | 3,793,000 |
| Total Assets | 633,290,000 |
| | |
| Liabilities as at the disposed date | |
| Trade and Other Payables | 269,992,000 |
| Current Portion of Interest Bearing Liabilities | 660,445,000 |
| Total Liabilities | 930,437,000 |
| | |
| | |
| Net Assets Attributable to Parent | |
| The carrying value of net assets disposed | (297,147,000) |
| Goodwill on Acquisition of VVC | 98,346,996 |
| De-recognition of non-controlling interests | 202,970,826 |
| Loss on disposal of subsidiary | 4,170,822 |

# SELF-REFINING

Additional insights, operational details, and supporting data provide clarity and context, ensuring that every layer of Rocell's performance is understood and leveraged for continued improvement.

*The dragonfly perched on a leaf works with precision, adaptability, and meticulous attention required to flourish in a delicate environment.*



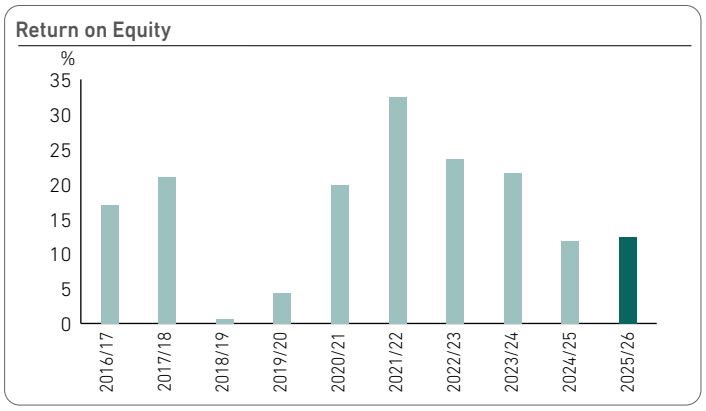
## SUPPLEMENTARY INFORMATION

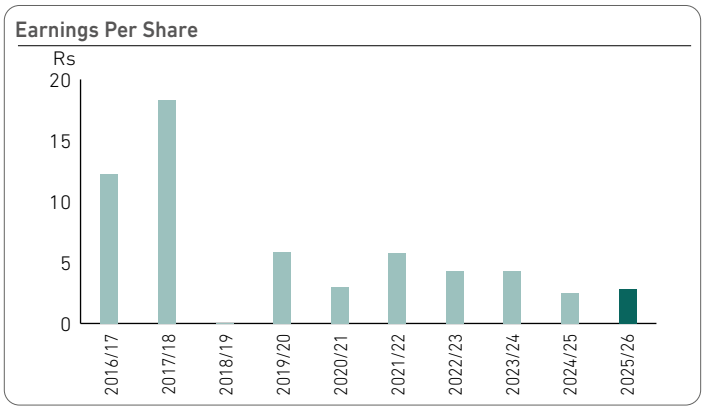
# TEN YEAR SUMMARY - COMPANY

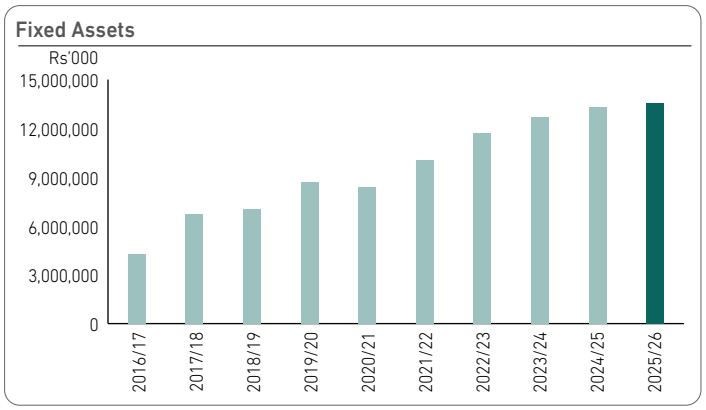
| Trading Results (RS.'000) | 2025/26 | 2024/25 | 2023/24 | 2022/23 | 2021/22 | 2020/21 | 2019/20 | 2018/19 | 2017/18 | 2016/17 |
|---|---|---|---|---|---|---|---|---|---|---|
| Net Turnover | 18,584,062 | 15,364,284 | 17,550,480 | 16,908,567 | 14,374,446 | 12,524,229 | 6,445,391 | 3,794,578 | 3,452,289 | 3,824,905 |
| Other Income | 1,489,097 | 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 |
| Profit before interest & Tax | 4,598,546 | 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 |
| Interest | (513,903) | (639,118) | (684,028) | (423,197) | (298,731) | (594,353) | (952,011) | (795,936) | (432,816) | (386,935) |
| Profit After Interest Before Tax | 4,084,643 | 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 |
| Tax Reversal/(Expense) | (976,801) | (808,457) | (1,203,761) | (1,304,802) | (1,077,339) | (593,885) | (122,966) | 24,779 | (218,578) | (130,701) |
| Net Profit | 3,107,842 | 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 |

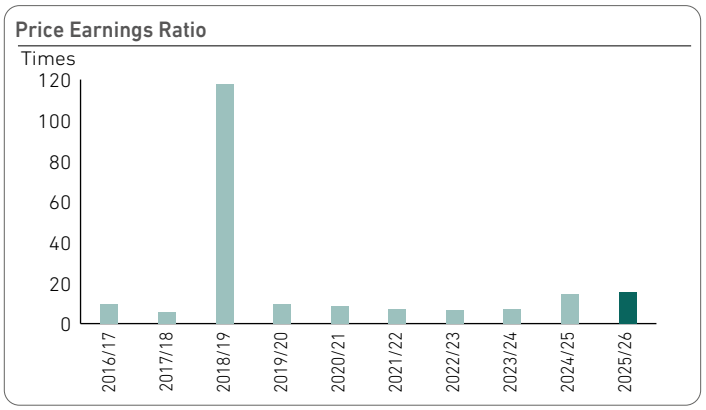
| Statement of Financial Position (RS.'000) | 2025/26 | 2024/25 | 2023/24 | 2022/23 | 2021/22 | 2020/21 | 2019/20 | 2018/19 | 2017/18 | 2016/17 |
|---|---|---|---|---|---|---|---|---|---|---|
| Stated Capital | 1,368,673 | 1,368,673 | 1,368,673 | 1,368,673 | 1,368,673 | 1,368,673 | 1,368,673 | 1,368,673 | 1,368,673 | 1,368,673 |
| Capital Reserve | 3,208,229 | 3,201,518 | 2,423,467 | 2,358,007 | 2,758,474 | 1,360,280 | 1,192,935 | 830,591 | 830,591 | 213,634 |
| Retained Earnings | 20,516,311 | 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 |
| Shareholders Funds | 25,093,213 | 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 |
| Fixed Assets | 13,572,900 | 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 |
| Right to use lease asset | 1,257,415 | 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 | 10,291,418 | 10,226,881 | 10,226,881 | 10,168,604 | 9,786,712 | 9,786,712 | 9,769,937 | 9,618,309 | 8,320,280 |
| Other Financial Assets | 58,075 | 57,331 | 64,471 | 63,416 | 42,706 | 436,933 | 74,240 | 64,758 | 146,928 | 43,981 |
| Current Assets | 12,099,671 | 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 |
| Current Liabilities | (6,483,540) | (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) |
| Non Current Liabilities | (5,644,651) | (5,052,027) | (4,779,710) | (4,069,835) | (3,167,460) | (3,389,342) | (4,042,496) | (3,530,994) | (3,958,965) | (3,515,723) |
| Total Equity | 25,093,213 | 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 |

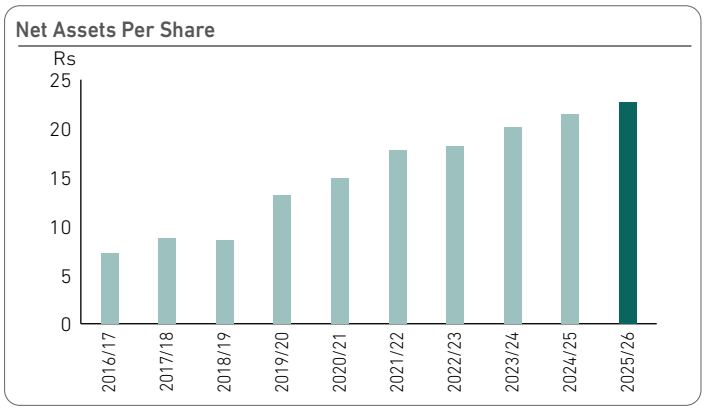
| Ratios and Statistics | 2025/26 | 2024/25 | 2023/24 | 2022/23 | 2021/22 | 2020/21 | 2019/20 | 2018/19 | 2017/18 | 2016/17 |
|---|---|---|---|---|---|---|---|---|---|---|
| Ordinary Dividends (Rs.'000) | 1,772,630 | 2,104,998 | 2,769,735 | 3,489,866 | 4,653,154 | 1,551,051 | 443,158 | 221,579 | 997,104 | 997,104 |
| Dividend per Share (Rs)* | 1.60 | 1.90 | 2.50 | 3.15 | 4.20 | 1.40 | 0.40 | 0.20 | 0.90 | 0.90 |
| Dividend Payout Ratio (%) | 57 | 75 | 58 | 74 | 73 | 47 | 69 | 92 | 49 | 73 |
| Earnings Per Share (Rs.)* | 2.81 | 2.52 | 4.34 | 4.29 | 5.77 | 2.97 | 0.58 | 0.05 | 1.83 | 1.23 |
| Market value per share-closing (Rs.) | 43.00 | 37.00 | 31.10 | 27.60 | 40.70 | 257.00 | 55.90 | 59.00 | 105.40 | 119.00 |
| Market value per share-Highest (Rs.) | 54.00 | 45.30 | 35.50 | 44.90 | 83.50 | 439.50 | 99.10 | 109.50 | 134.70 | 125.30 |
| Price Earnings Ratio (Times) | 15.33 | 14.66 | 7.16 | 6.44 | 7.06 | 8.67 | 9.64 | 118.00 | 5.76 | 9.67 |
| Net Assets Per Share (Rs.) | 22.65 | 21.43 | 20.12 | 18.18 | 17.75 | 14.90 | 13.16 | 8.53 | 8.72 | 7.25 |
| Return on Equity (%) | 12.39 | 11.78 | 21.59 | 23.57 | 32 | 20 | 4 | 1 | 21 | 17 |


Return on Equity
%
35
30
25
20
15
10
5
0
2016/17
2017/18
2018/19
2019/20
2020/21
2021/22
2022/23
2023/24
2024/25
2025/26


Earnings Per Share
Rs
20
15
10
5
0
2016/17
2017/18
2018/19
2019/20
2020/21
2021/22
2022/23
2023/24
2024/25
2025/26


Fixed Assets
Rs'000
15,000,000
12,000,000
9,000,000
6,000,000
3,000,000
0
2016/17
2017/18
2018/19
2019/20
2020/21
2021/22
2022/23
2023/24
2024/25
2025/26


Price Earnings Ratio
Times
120
100
80
60
40
20
0
2016/17
2017/18
2018/19
2019/20
2020/21
2021/22
2022/23
2023/24
2024/25
2025/26


Net Assets Per Share
Rs
25
20
15
10
5
0
2016/17
2017/18
2018/19
2019/20
2020/21
2021/22
2022/23
2023/24
2024/25
2025/26

# GROUP VALUE ADDED STATEMENT

*GRI 201-1*

| As at 31st March | 2025/26 RS.'000 | 2025/26 RS.'000 | 2025/26 % | 2024/25 RS.'000 | 2024/25 RS.'000 | 2024/25 % |
|---|---|---|---|---|---|---|
| Turnover | 77,581,393 | | | 69,213,949 | | |
| Finance & Other Income | 968,197 | | | 869,539 | | |
| Share of Associate Company's profit | 5,746,511 | | | 4,579,175 | | |
| | 84,296,101 | | | 74,662,663 | | |
| Less: Cost of Material & Services bought in | 47,896,851 | | | 42,214,617 | | |
| | 36,399,250 | | | 32,448,047 | | |
| **Value Allocated to Employees** | | | | | | |
| Salaries and Wages and Other Benefits | | 8,054,893 | 22% | | 7,980,294 | 25% |
| **To Government** | | | | | | |
| Income Tax | 3,662,607 | | | 3,399,697 | | |
| VAT/SSCL | 10,427,364 | 14,089,971 | 39% | 9,788,950 | 13,188,648 | 41% |
| **To Providers of Capital** | | | | | | |
| Dividends | 2,023,086 | | | 2,654,810 | | |
| Finance Cost | 2,669,346 | 4,692,432 | 13% | 2,309,347 | 4,964,156 | 15% |
| **To Expansion and Growth** | | | | | | |
| Retained in Business | 6,654,405 | | | 3,849,181 | | |
| Depreciation | 2,907,549 | 9,561,954 | 26% | 2,465,769 | 6,314,950 | 19% |
| | | 36,399,250 | 100% | | 32,448,047 | 100% |

# SHARE INFORMATION

## SHARE DISTRIBUTION

Shareholding as at 31st March 2026

There were 21,566 registered shareholders as at 31st March 2026, distributed as follows

| Number of Shares Held | Number of Shareholders | Number of Shares | % Shareholding |
|---|---|---|---|
| 1 - 1,000 | 10,166 | 3,067,139 | 0.28 |
| 1,001 - 10,000 | 9,392 | 29,192,774 | 2.64 |
| 10,001 - 100,000 | 1,671 | 49,758,297 | 4.49 |
| 100,001 - 1,000,000 | 283 | 86,294,534 | 7.79 |
| 1,000,000 & over | 54 | 939,581,096 | 84.81 |
| **Total** | 21,566 | 1,107,893,840 | 100.00 |

| Category Shareholders | Number of Shareholders | Number of Shares | % Shareholding |
|---|---|---|---|
| Local Individuals | 20,828 | 167,030,177 | 15.08 |
| Local Institutions | 593 | 933,130,938 | 84.23 |
| Foreign Individuals | 137 | 4,015,350 | 0.36 |
| Foreign Institutions | 8 | 3,717,375 | 0.34 |
| **Total** | 21,566 | 1,107,893,840 | 100.00 |

## SHARE PRICES FOR THE YEAR

| Number of Shares Held | 2025/26 | | 2024/25 | |
|---|---|---|---|---|
| | Date | Price | Date | Price |
| Highest during the year | 26.01.2026 | 54.00 | 30.12.2024 | 45.30 |
| Lowest during the year | 17.03.2026 | 39.70 | 09.09.2024 | 28.00 |
| As at end of the year | | 43.00 | | 37.00 |

Public Holding Percentage as at 31st March 2026 - 43.54%

Number of shareholders representing the above Percentage - 21,556

The float adjusted market capitalisation as at 31st March 2026 - Rs. 20,742,220,030.00

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

| No. | Name | 31.03.2026 | | 31.03.2025 | |
|---|---|---|---|---|---|
| | | 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 | DEUTSCHE BANK AG TRUSTEE TO LYNEAR WEALTH DYNAMIC OPPORTUNITIES FUND | 24,584,637 | 2.22 | 3,873,398 | 0.35 |
| 4 | MR. K.D.H. PERERA | 18,797,577 | 1.70 | 17,676,020 | 1.60 |
| 5 | UNION ASSURANCE PLC-UNIVERSAL LIFE FUND | 14,855,958 | 1.34 | 6,262,142 | 0.57 |
| 6 | INVENCO CAPITAL PRIVATE LIMITED | 9,635,555 | 0.87 | 3,631,743 | 0.33 |
| 7 | LYNEAR WEALTH MANAGEMENT/MR. HANIF YUSOOF | 8,308,195 | 0.75 | 1,649,159 | 0.15 |
| 8 | EMPLOYEES TRUST FUND BOARD | 7,426,711 | 0.67 | 7,428,098 | 0.67 |
| 9 | SEYLAN BANK PLC/PHANTOM INVESTMENTS (PVT) LTD | 6,385,049 | 0.58 | 6762350 | 0.61 |
| 10 | SEYLAN BANK PLC/JN LANKA HOLDINGS COMPANY (PVT) LTD | 6,301,891 | 0.57 | - | - |
| 11 | DEUTSCHE BANK AG AS TRUSTEE FOR JB VANTAGE VALUE EQUITY FUND | 4,426,247 | 0.40 | - | - |
| 12 | COMMERCIAL BANK OF CEYLON PLC/P.SUBASINGHE | 4,321,928 | 0.39 | - | - |
| 13 | RENUKA HOTELS PLC | 2,900,000 | 0.26 | 2900000 | 0.26 |
| 14 | CRESCENT LAUNDERERS AND DRY CLEANERS PVT LIMITED | 2,730,000 | 0.25 | 2,730,000 | 0.25 |
| 15 | MR. T.G. THORADENIYA | 2,506,800 | 0.23 | 1,856,800 | 0.17 |
| 16 | PERERA AND SONS BAKERS PVT LIMITED | 2,500,000 | 0.23 | 2,500,000 | 0.23 |
| 17 | RENUKA CONSULTANTS & SERVICES LIMITED. | 2,310,000 | 0.21 | 2,310,000 | 0.21 |
| 18 | BANK OF CEYLON-FIRST CAPITAL EQUITY FUND | 2,050,000 | 0.19 | 100000 | 0.01 |
| 19 | MR. K.A.D.D. PERERA | 2,007,720 | 0.18 | 2,007,720 | 0.18 |
| 20 | ASIA SECURITIES (PVT) LTD (TRADING ACCOUNT) | 2,000,000 | 0.18 | - | - |
| 21 | EAST INDIA HOLDING (PVT) LTD | 1,936,415 | 0.17 | 1,012,101 | 0.09 |
| 22 | MR. H. YUSOOF | 1,887,522 | 0.17 | 1887522 | 0.17 |
| 23 | BANK OF CEYLON A/C CEYBANK UNIT TRUST | 1,737,094 | 0.16 | 1,655,182 | 0.15 |
| 24 | MR. M.F. HASHIM | 1,580,000 | 0.14 | 1580000 | 0.14 |
| 25 | MRS. N. GUNATILLEKE & MS. N.GUNATILLEKE | 1,520,060 | 0.14 | 1520060 | 0.14 |
| | | 905,515,339 | 81.73 | 842,148,275 | 76.01 |
| | | 202,378,501 | 18.27 | 265,745,565 | 23.99 |
| | | 1,107,893,840 | 100.00 | 1,107,893,840 | 100.00 |

# INDEPENDENT ASSURANCE REPORTS

Shape the future with confidence

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Chartered Accountants
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P.O. Box 101
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Email: eysl@lk.ey.com
ey.com

## 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 2025/26

### 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 31 March 2026 (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
- Sustainability Accounting Standards Board (SASB) Standards, in alignment with the Industry-based Guidance of the SLFRS S1 and S2 Sustainability-related Financial Disclosures issued by the Institute of Chartered Accountants of Sri Lanka.
  - Containers & Packaging Sustainability Accounting Standard (Version 2023-12)
  - Construction Materials Sustainability Accounting Standard (Version 2023-12)
  - Iron & Steel Producers Sustainability Accounting Standard (Version 2023-12)

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 15 May 2026. 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.

Partners: D K Hulangamuwa FCA FCMA LLB (London), Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA FCCA, S E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, 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), S Vasanthan ACA ACMA, W D P L Perera ACA, M U M Mansoor ACA

Principals: T P M Ruberu FCMA FCCA MBA, G B Goudian ACMA, D L B Karunathilaka ACMA, W S J De Silva (Isc (Hons) - MIS Msc - IT, V Shalathivel B.Com (Sp)

A member firm of Ernst & Young Global Limited

# INDEPENDENT ASSURANCE REPORTS

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.

## 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.

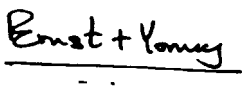
## EMPHASIS OF MATTER

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 2026, in order for it to be in accordance with the Criteria.



29 May 2026

Colombo

# INDEPENDENT ASSURANCE REPORTS

Shape the future with confidence

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Chartered Accountants
Rotunda Towers
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## INDEPENDENT PRACTITIONER'S ASSURANCE REPORT TO THE BOARD OF DIRECTORS OF ROYAL CERAMICS LANKA PLC ON THE INTEGRATED ANNUAL REPORT 2025/26

### 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 the Royal Ceramics Lanka PLC's (the "Entity's") Integrated Annual Report for the year ended 31 March 2026 (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) initially developed by the International Integrated Reporting Council (IIRC) and currently maintained by the Integrated Reporting and Connectivity Council (IRCC) of the IFRS Foundation. (the "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 the Royal Ceramics Lanka PLC on 15 May 2026. 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 International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements, 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 Hulangamuwa FCA FCMA LLB (London), Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA FCCA, S E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, 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), S Vasanthan ACA ACMA, W D P L Perera ACA, M U M Mansoor ACA

Principals: T P M Ruberu FCMA FCCA MBA, G B Goudian ACMA, D L B Karunathilaka ACMA, W S J De Silva (Isc (Hons)) - MIS Msc - IT, V Shalathivel B.Com (Sp)

A member firm of Ernst & Young Global Limited

# INDEPENDENT ASSURANCE REPORTS

## 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.

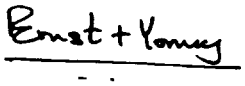
## EMPHASIS OF MATTER

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 2026, in order for it to be in accordance with the Criteria.



29 May 2026

Colombo

# GRI INDEX

| | |
|---|---|
| **Statement of use** | Royal Ceramics Lanka PLC has reported in accordance with the GRI Standards for the period 1 April 2025 to 31 March 2026 |
| **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 | | |
|---|---|---|---|---|---|
| | | | REQUIREMENT(S) OMITTED | REASON | EXPLANATION |
| **General disclosures** | | | | | |
| GRI 2: General Disclosures 2021 | 2-1 Organisational details | 8, 333 | | | |
| | 2-2 Entities included in the organisation's sustainability reporting | 6,10-11 | | | |
| | 2-3 Reporting period, frequency and contact point | 7 | | | |
| | 2-4 Restatements of information | 6 | | | |
| | 2-5 External assurance | 6, 148-149, 319-322 | | | |
| | 2-6 Activities, value chain and other business relationships | 8, 42-43, 118, 123 | | | |
| | 2-7 Employees | 99, 100-101 | | | |
| | 2-8 Workers who are not employees | 100 | | | |
| | 2-9 Governance structure and composition | 172-173, 176 | | | |
| | 2-10 Nomination and selection of the highest governance body | 176, 177, 207 - 209 | | | |
| | 2-11 Chair of the highest governance body | 28, 176 | | | |
| | 2-12 Role of the highest governance body in overseeing the management of impacts | 176, 210 | | | |
| | 2-13 Delegation of responsibility for managing impacts | 177-178, 181, 210 | | | |
| | 2-14 Role of the highest governance body in sustainability reporting | 7, 181-182, 210 | | | |
| | 2-15 Conflicts of interest | 178 | | | |
| | 2-16 Communication of critical concerns | 180 | | | No critical concerns were communicated during the reporting period |
| | 2-17 Collective knowledge of the highest governance body | 172, 210 | | | |
| | 2-18 Evaluation of the performance of the highest governance body | 179 | | | |
| | 2-19 Remuneration policies | 179, 203-204 | | | |
| | 2-20 Process to determine remuneration | 179, 203-204 | | | |
| | 2-21 Annual total compensation ratio | | 2-21 | Confidentiality constraints | Omitted due to confidentiality |
| | 2-22 Statement on sustainable development strategy | 20-23 | | | |
| | 2-23 Policy commitments | 6, 174-175 | | | |
| | 2-24 Embedding policy commitments | 174-175,176 | | | |
| | 2-25 Processes to remediate negative impacts | 106 | | | |
| | 2-26 Mechanisms for seeking advice and raising concerns | 174-175 | | | |

# GRI INDEX

| GRI STANDARD/ OTHER SOURCE | DISCLOSURE | LOCATION | OMISSION | | |
|---|---|---|---|---|---|
| | | | REQUIREMENT(S) OMITTED | REASON | EXPLANATION |
| | 2-27 Compliance with laws and regulations | 178 | | | |
| | 2-28 Membership associations | 125,126 | | | |
| | 2-29 Approach to stakeholder engagement | 44-46 | | | |
| | 2-30 Collective bargaining agreements | 104 | | | |
| **Material topics** | | | | | |
| GRI 3: Material Topics 2021 | 3-1 Process to determine material topics | 47 | | | |
| | 3-2 List of material topics | 47-49 | | | |
| **Economic performance** | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 88 | | | |
| GRI 201: Economic Performance 2016 | 201-1 Direct economic value generated and distributed | 316 | | | |
| | 201-2 Financial implications and other risks and opportunities due to climate change | 55 - 56<br>150-167 | | | |
| | 201-3 Defined benefit plan obligations and other retirement plans | 235 | | | |
| | 201-4 Financial assistance received from government | | | | There was no financial assistance received from the government during the reporting period |
| **Indirect economic impacts** | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 118 | | | |
| GRI 203: Indirect Economic Impacts 2016 | 203-1 Infrastructure investments and services supported | 126-127 | | | |
| | 203-2 Significant indirect economic impacts | 126-127 | | | |
| **Procurement practices** | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 118 | | | |
| GRI 204: Procurement Practices 2016 | 204-1 Proportion of spending on local suppliers | 123 | | | |
| **Anti-corruption** | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 172 | | | |
| GRI 205: Anti-corruption 2016 | 205-1 Operations assessed for risks related to corruption | 174-175 | | | |
| | 205-2 Communication and training about anti-corruption policies and procedures | 174-175 | | | |
| | 205-3 Confirmed incidents of corruption and actions taken | | | | There were no confirmed incidents of corruption during the reporting period |

| GRI STANDARD/ OTHER SOURCE | DISCLOSURE | LOCATION | OMISSION | | |
|---|---|---|---|---|---|
| | | | REQUIREMENT(S) OMITTED | REASON | EXPLANATION |
| **Anti-competitive behavior** | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 118 | | | |
| GRI 206: Anti-competitive Behavior 2016 | 206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices | | | | No such legal actions for anti-competitive behavior, anti trust, and monopoly practices were reported during the year |
| **Materials** | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 128 | | | |
| GRI 301: Materials 2016 | 301-1 Materials used by weight or volume | 130-131 | | | |
| | 301-2 Recycled input materials used | 131 | | | |
| **Energy** | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 128 | | | |
| GRI 302: Energy 2016 | 302-1 Energy consumption within the organisation | 132 | | | |
| | 302-2 Energy consumption outside of the organisation | | 302-2 | Information unavailable/ incomplete | The Company does not currently measure energy consumption outside of the organisation |
| | 302-3 Energy intensity | 132 | | | |
| | 302-4 Reduction of energy consumption | 132 | | | |
| | 302-5 Reductions in energy requirements of products and services | | 302-5 | Information unavailable/ incomplete | The Company does not currently measure the reduction in energy requirements of products and services |
| **Water and effluents** | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 128 | | | |
| GRI 303: Water and Effluents 2018 | 303-1 Interactions with water as a shared resource | 134 | | | |
| | 303-2 Management of water discharge-related impacts | 135 | | | |
| | 303-3 Water withdrawal | 134 | | | |
| | 303-4 Water discharge | 135 | | | |
| | 303-5 Water consumption | 134, 135 | | | |

# GRI INDEX

| GRI STANDARD/ OTHER SOURCE | DISCLOSURE | LOCATION | OMISSION | | |
|---|---|---|---|---|---|
| | | | REQUIREMENT(S) OMITTED | REASON | EXPLANATION |
| **Emissions** | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 128 | | | |
| GRI 305: Emissions 2016 | 305-1 Direct (Scope 1) GHG emissions | 137 | | | |
| | 305-2 Energy indirect (Scope 2) GHG emissions | 137 | | | |
| | 305-3 Other indirect (Scope 3) GHG emissions | | 305-3 | Information unavailable/ incomplete | Group is in the process of assessing Scope 3 emissions. |
| | 305-4 GHG emissions intensity | 137 | | | |
| | 305-5 Reduction of GHG emissions | 137 | | | |
| | 305-6 Emissions of ozone-depleting substances (ODS) | | 305-6 | Information unavailable/ incomplete | Company do not measure Emissions of ozone-depleting substances (ODS) currently |
| | 305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions | | 305-7 | Information unavailable/ incomplete | Company do not measure nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions currently |
| **Waste** | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 128 | | | |
| GRI 306: Waste 2020 | 306-1 Waste generation and significant waste-related impacts | 135 | | | |
| | 306-2 Management of significant waste-related impacts | 135, 136 | | | |
| | 306-3 Waste generated | 136 | | | |
| | 306-4 Waste diverted from disposal | 136 | | | |
| | 306-5 Waste directed to disposal | 136 | | | |
| **Employment** | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 98 | | | |
| GRI 401: Employment 2016 | 401-1 New employee hires and employee turnover | 101 | | | |
| | 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees | 102 | | | |
| | 401-3 Parental leave | 106, 107 | | | |
| **Labor/management relations** | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 98 | | | |
| GRI 402: Labor/ Management Relations 2016 | 402-1 Minimum notice periods regarding operational changes | 103 | | | |

| GRI STANDARD/ OTHER SOURCE | DISCLOSURE | LOCATION | OMISSION | | |
|---|---|---|---|---|---|
| | | | REQUIREMENT(S) OMITTED | REASON | EXPLANATION |
| **Occupational health and safety** | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 98 | | | |
| GRI 403: Occupational Health and Safety 2018 | 403-1 Occupational health and safety management system | 104-105 | | | |
| | 403-2 Hazard identification, risk assessment, and incident investigation | 104-105 | | | |
| | 403-3 Occupational health services | 104-105 | | | |
| | 403-4 Worker participation, consultation, and communication on occupational health and safety | 104-105 | | | |
| | 403-5 Worker training on occupational health and safety | 104-105 | | | |
| | 403-6 Promotion of worker health | 104-105 | | | |
| | 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | 104-105 | | | |
| | 403-8 Workers covered by an occupational health and safety management system | 104-105 | | | |
| | 403-9 Work-related injuries | 104-105 | | | |
| | 403-10 Work-related ill health | 104-105 | | | |
| **Training and education** | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 98 | | | |
| GRI 404: Training and Education 2016 | 404-1 Average hours of training per year per employee | 102 | | | |
| | 404-2 Programs for upgrading employee skills and transition assistance programs | 103, 102 | | | |
| | 404-3 Percentage of employees receiving regular performance and career development reviews | 101 | | | |
| **Diversity and equal opportunity** | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 106 | | | |
| GRI 405: Diversity and Equal Opportunity 2016 | 405-1 Diversity of governance bodies and employees | 100, 106, 172-173 | | | |
| | 405-2 Ratio of basic salary and remuneration of women to men | 102 | | | |
| **Local communities** | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 118 | | | |
| GRI 413: Local Communities 2016 | 413-1 Operations with local community engagement, impact assessments, and development programs | 126-127 | | | |
| | 413-2 Operations with significant actual and potential negative impacts on local communities | | 413-2 | Information unavailable/ incomplete | Company do not measure Operations with significant actual and potential negative impacts on local communities currently |

# GRI INDEX

| GRI STANDARD/ OTHER SOURCE | DISCLOSURE | LOCATION | OMISSION | | |
|---|---|---|---|---|---|
| | | | REQUIREMENT(S) OMITTED | REASON | EXPLANATION |
| **Customer health and safety** | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 118 | | | |
| GRI 416: Customer Health and Safety 2016 | 416-1 Assessment of the health and safety impacts of product and service categories | 122 | | | |
| | 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services | 122 | | | |
| **Marketing and labeling** | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 118 | | | |
| GRI 417: Marketing and Labeling 2016 | 417-1 Requirements for product and service information and labeling | 122 | | | |
| | 417-2 Incidents of non-compliance concerning product and service information and labeling | 122 | | | |
| | 417-3 Incidents of non-compliance concerning marketing communications | 122 | | | |
| **Customer privacy** | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 118 | | | |
| GRI 418: Customer Privacy 2016 | 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data | 122 | | | |

# 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 Sixth (36th) Annual General Meeting of Royal Ceramics Lanka PLC will be held by way of electronic means on 30th June 2026 at 1.00 p.m centered at the Boardroom of the Company at No. 20, R.A. de Mel Mawatha, Colombo 03 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 2026 and the Report of the Auditors thereon.

1.2 To declare a Final Dividend of Rs.1.00 per Ordinary share for the year ended 31st March 2026 as recommended by the Board of Directors.

1.3 To re-elect Mr. Harsha Shiran Amarasekera, 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 Mr. Nivran Joseph Weerakoon, who retires by rotation in terms of Articles 87(i) and 88 of the Articles of Association, as a Director of the Company.

1.5 Ms. Kulappu Arachchige Don Brindhini Perera, who retires by rotation in terms of Articles 87(i) and 88 of the Articles of Association, as a Director of the Company.

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 2027 and up to the date of the next Annual General Meeting.

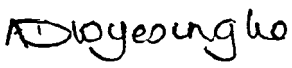
## 2. SPECIAL BUSINESS

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 by the substitution of the word "executors, administrators or heirs" in place of "executors or trustees" in line 16 of Article 21 (i)'.

By order of the Board

**Royal Ceramics Lanka PLC**



*P W Corporate Secretarial (Pvt) Ltd*

*Secretaries*

29th May 2026

Colombo

**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 2.00 p.m. on 28th of June 2026.
5. Since the Meeting will be held via electronic means, shareholders who wish to participate in the AGM either by themselves or through their Proxies, are requested to forward the duly completed and signed Registration Form as per the Guidelines for Registration made available to the Shareholders on the Company/CSE Websites, to the Registrars of the Company, Corporate Solutions Unit, Central Depository Systems (Pvt) Limited, Ground Floor, M & M Centre, 341/5, Kotte Road, Rajagiriya or e-mailed to agm_egm_registrars@cds.lk by 1.00 p.m. on 28th June 2026.

# FORM OF PROXY

I/We*.....

(NIC/Passport/Company Reg. No. ..... of .....

being a shareholder / shareholders of ROYAL CERAMICS LANKA PLC hereby appoint .....

(NIC/Passport No. .....) of ..... or failing him/her*,

| | |
|---|---|
| Mr. K A D D 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 Jayesinghe | |

as my/our* proxy to represent and speak and vote as indicated hereunder for me/us* and on my/our* behalf at the Thirty Sixth (36th) Annual General Meeting of the Company to be held on 30th June 2026 at 1.00 p.m. 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 Rs.1.00 per Ordinary share for the year ended 31st March 2026 as recommended by the Board of Directors. | ☐ | ☐ |
| (2) | To re-elect Mr. Harsha Shiran Amarasekera, who retires by rotation in terms of Articles 87(i) and 88 of the Articles of Association, as a Director of the Company. | ☐ | ☐ |
| (3) | To re-elect Mr. Nivran Joseph Weerakoon who retires by rotation in terms of Articles 87(i) and 88 of the Articles of Association, as a Director of the Company. | ☐ | ☐ |
| (4) | Ms. Kulappu Arachchige Don Brindhini Perera, who retires by rotation in terms of Articles 87(i) and 88 of the Articles of Association, as a Director of the Company. | ☐ | ☐ |
| (3) | To re-appoint Messrs Ernst & Young, Chartered Accountants, the retiring Auditors and to authorise the Directors to determine their remuneration. | ☐ | ☐ |
| (4) | To authorise the Directors to determine donations for the year ending 31st March 2027 and up to the date of the next Annual General Meeting. | ☐ | ☐ |

## 2. SPECIAL BUSINESS

| | | For | Against |
|---|---|---|---|
| (1) | To consider and if thought fit to pass the Special Resolution set out under item 2(i) of the Notice of Meeting for amending the Articles of Association | ☐ | ☐ |

In witness my/our* hands this ..... day of ..... Two Thousand and Twenty Six.

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

**ROYAL CERAMICS LANKA PLC**

**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 1.00 p.m. on 28th of June 2026

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. Please indicate with a 'X' how the Proxy should vote on each resolution. If no indication is given, the Proxy in his discretion will vote as he thinks fit.

# CORPORATE INFORMATION

*GRI 2-1*

### 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 Jayesinghe

### 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

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 Depositary System (Pvt) Ltd

Ground Floor, M&M Centre,

34/5, 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

Sampath Bank PLC

Pan Asia Banking corporation PLC

Seylan Bank PLC

DFCC Bank PLC

Bank of Ceylon

MCB Bank Limited

National Development Bank PLC

Nation Trust Bank PLC

Standard Chartered Bank Limited

Designed & produced by

emagewise

Digital Plates & Printing by
Softwave Printing and Publishing (Pvt) Ltd

www.rocell.com

Eternal Elegance

**Royal Ceramics Lanka PLC**

20, R. A de Mel Mawatha, Colombo 03. Sri Lanka

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