Annual Report 2025/2026

SWADESHI
ESTD: 1941

THE SWADESHI INDUSTRIAL WORKS PLC.

(Manufacturer and Marketer of Personal Care and Fabric Care Products)

Our Vision

To be the most sought after Sri Lankan Company providing preferred solutions for personal care and cleaning needs of customers in both local and selected international markets.

Contents

	Page no
Our Vision	01
Notice of Meeting	02
Corporate Information	03
Directors' Profiles	04
Chairperson's Review	05
Risk Management Report	06
Corporate Governance	07
Report of the Audit Committee	11
Report of the Remuneration Committee	13
Report of the Related Party Transactions Review Commitee	14
Report of the Nomination and Governance Committee	15
Group Chief Executive Officer's and Group Finance Manager's Responsibility Statement	16
Annual Report of the Board of Directors	17
Statement of Directors' Responsibilities	21
Auditor's Report	22
Statement of Profit or Loss	26
Statement of Financial Position	28
Statement of Changes in Equity	29
Cash Flow Statement	30
Notes to the Financial Statement	31
Investors' Information	66
Ten Year Summary	68
Form of Proxy	(Loose Leaf)

Notice of Meeting

NOTICE IS HEREBY given that the Annual General Meeting of **The Swadeshi Industrial Works PLC** will be held at **Havelock City Club House, No. 324, Havelock Road, Colombo 6, on Friday the 11th September 2026 at 3.00 p.m**. for the following purposes:

1. To resolve to receive and consider the Report of the Directors and the Audited Financial Statements for the year ended 31st March 2026 and the Report of the Auditors thereon;

2. To resolve to declare that the age limit stipulated in Section 210 of the Companies Act No. 07 of 2007 shall not apply to **Mrs. Amari Mandika Wijewardene** who has attained the retirement age stipulated in Section 210 of the said Act and who has attained the age of 76 years and that her re-appointment for another one year in terms of Section 211 of the said Act be approved and to Resolve to re-elect her as a Director of the Company in terms of the said Section 211;

3. To resolve to re-elect **Mrs. Amari Mandika Wijewardene** who retires by rotation at the Annual General Meeting and who has offered herself to be re-elected, as a Director;

4. To resolve to declare that the age limit stipulated in Section 210 of the Companies Act No. 07 of 2007 shall not apply to **Mr. Thusantha Wijemanna** who has attained the retirement age stipulated in Section 210 of the said Act and who has attained the age of 70 years and that his re-appointment for another one year in terms of Section 211 of the said Act be approved and to Resolve to re-elect him as a Director of the Company in terms of the said Section 211;

5. To resolve to re-elect **Mr. Thusantha Wijemanna** who retires by rotation at the Annual General Meeting and has offered himself to be re-elected, as a Director;

6. To resolve to re-appoint **M/s. Ernst & Young, Chartered Accountants** as the Auditors of the Company and to authorize the Board of Directors to determine their remuneration;

7. To consider any other business of which due notice has been given.

By order of the Board
for and on behalf of
THE SWADESHI INDUSTRIAL WORKS PLC



M & A Company Secretaries (Private) Limited
Secretaries to the Company
No. 28 (Level 2),
W.A.D. Ramanayake Mawatha,
Colombo 02.
04th of August 2026

Corporate Information

Name of the Company

The Swadeshi Industrial Works PLC

Legal Form

A Quoted Public Company
with limited liability incorporated
in Sri Lanka in 1941

Stock Exchange Listing

The ordinary shares of the Company are listed on the Colombo Stock Exchange of Sri Lanka.

Registered Office

No 57,
Colombo Road
Kandana

Factory & Office

No 57,
Colombo Road
Kandana

Secretaries

M & A Company Secretaries (Private) Ltd.
No. 28(Level 2)
W.A.D Ramanayake Mawatha,
Colombo 02

Auditors

Messrs Ernst & Young
Chartered Accountants
Rotunda Towers
No. 109, Galle Road,
P.O. BOX 101
Colombo 03

Lawyers

Messrs D L & F De Saram
Attorney- at Law & Notaries Public
No 47, Alexandra Place
Colombo 07

Bankers

Peoples Bank
Commercial Bank of Ceylon PLC
Nations Trust Bank PLC
DFCC Bank PLC
Hatton National Bank PLC
National Development Bank PLC.
Union Bank of Ceylon PLC.

Directors' Profile

Board of Directors

Ms.A.M. Wijewardene
(Chairperson)

Ms. A.M. Wijewardene has over 41 years of Commercial and General Management experience in manufacturing and export businesses.

Mrs.C.S.M.Samarasinghe
(Managing Director/Deputy Chairperson)

Mrs. Samarasinghe holds a BA Honours Degree and a Masters Degree from the University of Hull United Kingdom. She has more than 26 years of experience in General Management and Supply Chain Management and functions as Managing Director/ Deputy Chairperson of the Swadeshi Industrial Works PLC and its subsidiaries.

Mr.P.D. Samarasinghe
(Non Executive Director)

Mr. Samarasinghe has over 37 years of professional and commercial experience and serves on the Board of Directors of several publicly listed and unlisted corporates. Mr. Samarasinghe was the Past Chairman of the Sri Lanka Institute of Directors, Employers' Federation of Ceylon, Industrial Association of Sri Lanka, Condominium Developers Association of Sri Lanka and EFC Affiliated Group of Companies. He was the Past President of the Chartered Institute of Management Accountants Sri Lanka Division and former Council Member, CIMA (UK). He served as a Board member of the Ceylon Chamber of Commerce and Sri Lanka Accounting and Auditing Standards Monitoring Board.

Mr. Samarasinghe is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and Chartered Institute of Management Accountants UK and holds a Master's Degree in Business Administration.

Mr.Thusantha Wijemanna
(Non Executive Director)

Mr. Wijemanna obtained the Bachelor of Laws degree (LLB) with first class Hons from the University of Colombo and Master of Laws Degree (LLM) from the University of London. He is an Attorney-at-Law, Notary Public and a Commonwealth and Chevening scholar of the United Kingdom. He is a Fellow of the Institute of Advance Legal studies, London, a Governing Board Member, of the Ocean University of Sri Lanka. Formerly, he was General Counsel of DFCC Bank, Legal Adviser to the Ministry of Foreign Affairs in Colombo and Director General of SAARC Arbitration Council in Islamabad. He was also Chairman of the National Institute of Business Management (NIBM) and President of Association of Corporate Lawyers, Sri Lanka. He counts over forty years of experience as a Lawyer, Administrator and Banker.

Mr. Hugh Kavinda Dias Abeyesinghe
(Non Executive Independent Director)

Mr. Abeyesinghe is an Honours Graduate in Law from the University of Hull, England, a Barrister of the Middle Temple, England and an Attorney-at-Law. He holds a Master's Degree in International Relations from the University of Colombo. He is a Senior Counsel with over 32 years of experience in Civil Litigation in the original and Appellate Courts of Sri Lanka who specialises in Banking and Commercial Law.

Mr. M.I.A Manievannan
(Non Executive Independent Director)

Mr. Manievannan is the Managing Partner of Manievannan & Co., and Elizinn & Co., (Chartered Accountants) established in 2003 and 2006 respectively. He is the Precedent Partner of S. Saverimuttu & Co., a pioneering Firm of Chartered Accountants established in 1932. He is an Associate of the Institute of Chartered Accountants of Sri Lanka and the Institute of Certified Management Accountants of Sri Lanka. Having commenced his accounting and auditing career in 1994 with M/s. Kreston MNS & Co., (Chartered Accountants), he counts over 27 years of experience in finance and accounting. Presently he provides advisory services in Auditing, Tax planning, Business re-structuring, Outsourcing and Compliance.

Chairperson's Review

It is with pleasure that I present the Annual Report and Audited Financial Statements of The Swadeshi Industrial Works PLC for the year ended 31st March 2026. Please find below a brief review of the commercial environment in which the Company operated and the performance of the Group during the period under review.

External Environment

Sri Lanka's economy continued its gradual recovery during 2025/26, supported by improved macroeconomic conditions, a recovery in tourism, and sustained inflows from worker remittances. However, the operating environment remained challenging, with consumer demand constrained by cost-of-living pressures and businesses navigating the impact of taxation changes, financing costs, and global economic uncertainties. While inflationary pressures eased and overall economic activity strengthened, market conditions remained competitive and price-sensitive. Against this backdrop, businesses were required to maintain operational agility and cost discipline while capitalizing on opportunities arising from the country's ongoing economic stabilization.

Corporate Performance

The group turnover increased by 4% to record Rs 4,649 million for the year ended 31st March 2026. Despite the growth in revenue, market conditions remained challenging due to weakened household consumption resulting from reduced disposable income and price reductions across certain product categories. The group recorded an operating profit of Rs 72 million for 2025/2026, compared to Rs 43 million in the prior year. The group profit before tax increased to Rs 24 million for 2025/2026, compared to Rs. 3.3 million in 2024/2025 reflecting the Group's improved operating performance and cost management initiatives

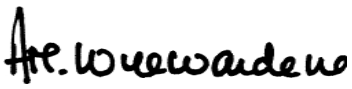
Future

Looking ahead, we remain cautiously optimistic about the future. While we anticipate continued economic challenges, we are confident in our ability to adapt and thrive. Our focus will remain on expanding our product portfolio, innovating our existing product range, enhancing our distribution network, and deepening our engagement with consumers. Our strategic priorities will include exploring new growth avenues, both locally and internationally, while maintaining our commitment to operational excellence and ethical business practices.

Acknowledgement

I extend my sincere appreciation to our valued customers and business partners for their continued loyalty, support and cooperation.

I wish to thank the members of the Board and Management team for their contribution and the Shareholders for the display of confidence.



A.M Wijewardene (Ms)
Chairperson
04th of August 2026

Risk Management Report

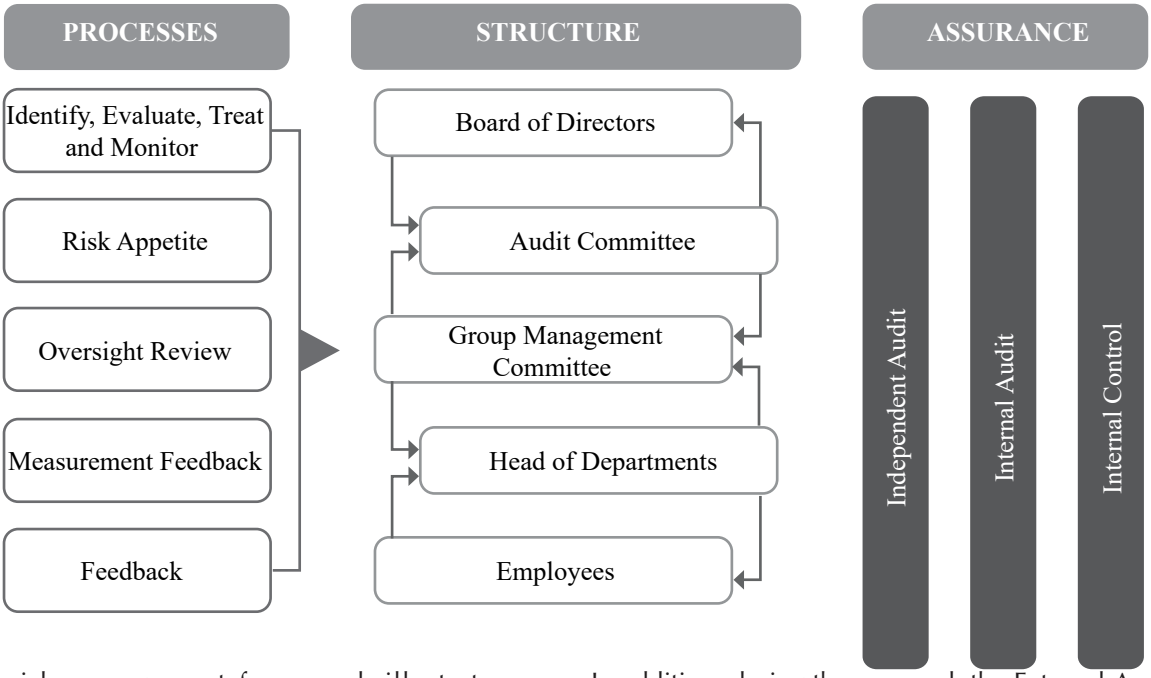
ENTERPRISE RISK MANAGEMENT PROCESS

Overview

Risk arises in all our business activities. Risk, in our context, is the component, which has the potential to negatively affect business or an organization. Its' significance is measured in terms of the probability of occurrence.Therefore, an integrated risk management framework has become a mandatory existence, which provides the guideline for managing risks. Managing risk is a key aspect of the Board's stewardship obligations and a component of the 'performance' dimension of Enterprise Governance.

RISK MANAGEMENT FRAMEWORK

A risk cannot be viewed in isolation as it is interconnected, and one aspect might give rise to various other factors. The Swadeshi Industrial Works PLC group has a structured risk management process to address different risk categories: Strategic, Operational, Compliance and Financial. The Board is responsible for ensuring effective risk management and recognizes that the proper management of risk is a core leadership function that must be practiced throughout the Organization.
Internal Audit process coordinates the identification and documentation of control risk areas throughout the Group, enhancing the risk management system and monitoring its effectiveness at regular intervals.



The risk management framework illustrates our approach to risk management, reflecting the risk management process, the structure in place to administer the process and sources of comfort with regard to its effectiveness.

In addition, during the year-end, the External Auditor issues a Management Letter and informs the Group Management Committee, Audit Committee and the Board of Directors of the outcome of these evaluations. These outcomes are taken into account in the continuing enhancement of our risk management system. Further the Audit Committee constantly evaluates risk, its impact and measures taken to manage risk. The principal aim of the Group's risk management governance structure and system of Internal Control is to manage business and operational risks, with a view to enhancing the value of shareholders' investments and safeguarding assets.We have put in place a number of key policies, processes and independent controls to provide assurance to the Board on the integrity of our reporting and effectiveness of our systems of Internal Control and risk management.

Corporate Governance

The Board of Directors of Swadeshi Industrial Works PLC is committed to maintain high standards of Corporate Governance.

The Directors recognize Corporate Governance as the systems employed to manage the business and affairs of the Company towards enhancing the objective of realizing Shareholder value, whilst taking into account the interest of all Stakeholders. This statement sets out the Corporate Governance policies, practices and processes adopted by the Board.

The Board and its Operations

The Board of Directors of The Swadeshi Industrial Works PLC comprise six Directors. The Chairperson, Managing Director are Executive Directors of the Company. The other four Directors are Non-Executive Directors of whom two are Independent Directors. Non-Executive Directors of the Company have made declarations of their independency or non-independency.

During the year the Board met on 12 occasions. Prior to each meeting, the Directors were provided with all relevant management information and background material relevant to the Agenda to enable informed decisions. Board Papers are submitted in advance on group performance, capital Investments, working capital and other issues which require specific Board approval.

The Board is responsible for:

- Providing leadership, formulating, reviewing and monitoring the implementation of business strategy and policy;
- Ensuring compliance with statutory regulations;
- Reporting on their stewardship to the shareholders;
- Managing risks;
- Approving annual capital and operating budgets and reviewing performance against budgets;
- Approving the interim and final financial statements of the Group; and
- Determining and recommending dividends for the approval of the shareholders.

Sub Committees of the Board

In compliance with the requirement of the Code of Best Practice, the Board has delegated responsibilities to four Board Sub Committees which operate within clearly defined terms of reference.

Audit Committee

The Audit Committee comprises of three Directors namely Mr. M.I.A Manievannam, Mr. Hugh Kavinda Dias Abeyesinghe and Mr. Pravir Samarasinghe and two of its members i.e. Mr. Hugh Kavinda Dias - Abeyesinghe and Mr. M.I.A. Manievannam are Independent Directors. The Managing Director & Chief Executive Officer and Finance Manager attend meetings on invitation.

The Audit Committee Report on page 11 describes the activities carried out by the Committee during the financial year.

Corporate Governance

Remuneration Committee

The members of the Remuneration Committee comprises of three Non-Executive Directors namely, Mr. M. I. A. Manievannan , Mr. Hugh Kavinda Dias Abeyesinghe and Mr. P.D. Samarasinghe which of its two members are Independent.

The Report of the Remuneration Committee is on page 13 which highlights its main activities.

Nomination and Governance Committee

Nomination and Governance Committee comprises of three members namely Mr. M.I.A Manievannan, Mr. Hugh Kavinda Dias Abeyesinghe and Mr. Pravir Samarasinghe and two of its members i.e. Mr. Hugh Kavinda Dias Abeyesinghe and Mr. M.I.A Manievannan are Independent Directors. The Managing Director and Chief Executive Officer attend meetings on invitation. Nomination and Governance Committee Report on page 15 describes the activities carried out by the Committee during the financial year.

The Related Party Transactions Review Committee

The Related Party Transactions Review Committee (RPTRC) comprises of three members namely Mr. Hugh Kavinda Dias Abeyesinghe, Mr.Thusantha Wijemanna and Mr. M.I.A Manievannan and two of its members i.e. Mr. Hugh Kavinda Dias Abeyesinghe and Mr. M.I.A Manievannan are Independent Directors. The Managing Director and Finance Manager attend meetings on invitation. The Related Party Transactions Review Committee Report on page 14 describes activities carried out by the committee during the year.

Internal Controls

The Board is responsible for instituting effective Internal control systems to safeguard the assets of the Company, and ensure that accurate and complete records are maintained from which reliable information is generated. The system includes controls including financial, operational and risk management.

Internal Audits are carried out by external Chartered Accountancy firms to ensure control systems are appropriately maintained. The findings are reviewed first by the Audit Committee and significant issues are thereafter reported to the Board of Directors.

A budgetary control system is in place, in which annual budgets identifying the critical parameters and functional objectives, are prepared and approved by the Board at the commencement of a financial year, and its achievement monitored through a monthly management reporting system.

Compliance

The financial statements of the Group are prepared in compliance with the guidelines of the Sri Lanka Accounting Standards and other statutory regulations. Financial statements are published quarterly in line with the Listing Rules of the Colombo Stock Exchange through which all significant developments are reported to Shareholders quarterly. The Board of Directors, to the best of their knowledge and belief are satisfied that all statutory payments have been made up to date.

Going Concern

The Directors have continued to use the 'Going Concern' basis in the preparation of the financial statements. After careful review of the financial position and cash flow status of the Group, the Board of Directors believe that the Group has adequate resources to continue in operation for the foreseeable future.

Corporate Governance

CSE Rules on Corporate Governance Section 9

Colombo Stock Exchange Criteria	Status of The Swadeshi Industrial Works PLC
Non Executive Directors	In Compliance
Independent Directors	In Compliance
Remuneration Committee	In Compliance
Audit Committee	In Compliance
Related Party Transactions Review Committee (RPTRC)	In Compliance
Nomination and Governance Committee	In Compliance

Name of Director	Executive	Non executive	Independent
Mrs. A.M.Wijewardene	✓		
Mrs. C.S.M.Samarasinghe	✓		
Mr. M.I.A Manievannan		✓	✓
Mr.Thusantha Wijemanna		✓	
Mr. P.D.Samarasinghe		✓	
Mr. Hugh Kavinda Dias Abeyesinghe		✓	✓

Corporate Governance

Number of Board Meetings during the year

The Company had 12 Board Meetings during the financial year

Names of the Directors	Status	Board Attendance
Ms.A.M. Wijewardene - Chairperson	Executive	12/12
Mrs.C.S.M Samarasinghe - Director	Executive	12/12
Mr. P.D Samarasinghe - Director	Non-Executive	11/12
Mr. M.I.A Manievannan - Director	Non-Executive & Independent	12/12
Mr. Thusantha Wijemanna, AAL - Director	Non-Executive	10/12
Mr. Hugh Kavinda Dias Abeysinghe - Director	Non-Executive & Independent	12/12

Number of Audit Committee Meetings

The Company had 4 Audit Committee Meetings during the year

Names of the Directors	Status	Committee Attendance
Mr. M.I.A Manievannan - Director / Chairman of the Committee	Non-Executive & Independent	4/4
Mr. Hugh Kavinda Dias - Director / Member	Non-Executive & Independent	4/4
Mr. P.D Samarasinghe - Director / Member	Non-Executive	4/4

Number of Nomination and Governance Committee Meetings

The Company had a Nomination and Governance Committee Meeting during the year

Names of the Directors	Status	Committee Attendance
Mr. Hugh Kavinda Dias – Director / Chairman of the Committee	Non-Executive & Independent	1/1
Mr. M.I.A Manievannan - Director / Member	Non-Executive & Independent	1/1
Mr. P.D Samarasinghe - Director / Member	Non-Executive	1/1

Number of Related Party Transactions Review Committee Meetings

The Company had 1 RPTRC Meetings during the year

Names of the Directors	Status	Committee Attendance
Mr. Hugh Kavinda Dias – Director / Chairman of the Committee	Non-Executive & Independent	1/1
Mr. Thusantha Wijemanna - Director / Member	Non-Executive	1/1
Mr. M.I.A Manievannan - Director / Member	Non-Executive & Independent	1/1

Number of Remuneration Committee Meetings

The Company had a Remuneration Committee Meeting during the year

Names of the Directors	Status	Committee Attendance
Mr. Hugh Kavinda Dias – Director / Chairman of the Committee	Non-Executive & Independent	1/1
Mr. P.D Samarasinghe – Director/Member	Non-Executive	1/1
Mr. M.I.A Manievannan - Director / Member	Non-Executive & Independent	1/1

Report of the Audit Committee

The Audit Committee Comprises the following members ;

- Mr. M.I.A Manievannan - Chairman / Non Executive Independent Director
- Mr.Hugh Kavinda Dias Abeyesinghe - Member / Non Executive Independent Director
- Mr.Pravir Samarasinghe - Member / Non Executive Director

The Chairman of the Committee is an Associate of Institute of Chartered Accountants of Sri Lanka (ACA) and the Institute of Certified Management Accountants of Sri Lanka. Mr Pravir Samarasinghe is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and Chartered Institute of Management Accountants, United Kingdom.

The Managing Director & Chief Executive Officer and Finance Manager are invited if deemed necessary for Audit Committee meetings.

The purpose of the Audit Committee is to assist the Board in fulfilling its overall responsibilities for the financial reporting process, the system of internal control over financial reporting, the audit process and the Company's process for monitoring compliance with laws and regulations.

The principal activities of the Committee during the year are detailed below.

Meetings:
The Audit Committee conducted four meetings during the year under review.

Financial Reporting
The Committee reviewed the Quarterly & Annual Financial Statements and Annual Report prior to publication to ensure such Statements are prepared in accordance with the Sri Lanka Accounting Standards and other provisions.

Internal Audit
The Internal Audit programs were reviewed by the Committee to ensure that an effective Internal Control System is in place to safeguard the Company's Assets and the reliability of the Company Financial Statements. These Internal Audit programs were implemented through external Chartered Accountancy firms and the Internal Audit Reports were reviewed and explanations obtained from the Management.

Working Capital and Treasury management were monitored.

Risk Management
Company has adopted an enterprise risk management methodology to assess the potential risk exposure to each of the Group Companies. (Please refer note no.26 to the Financial Statements on the risk management objectives and policies)

Internal Controls
During its Meetings, the Committee reviewed the effectiveness of the internal control systems and the Group's exposure to business and financial risks. Processes are in place to safeguard the assets of the organization and to ensure that the financial reporting system can be relied upon in the preparation and presentation of financial statements. A Budgetary control and monitoring system is implemented.

Conclusion
The Committee having given due consideration to the nature of the services provided by the Auditors and the level of audit services provided by the Auditors to The Swadeshi Industrial Works PLC and the audit fees charged by them, are satisfied of the Independence of the External Auditors. The Committee also noted that the External Auditors have no conflict of interest that had arisen during the year ended 31st March 2026 and hence the independence of the External Auditors has not been impaired. The fees paid to the Auditors are shown under page No 20.

Report of the Audit Committee

As far as the Directors are aware, the Auditors do not have any relationship (other than that of an Auditor) with the Company or any of its subsidiaries. The Auditors also do not have any interest in the Company or its subsidiaries as required by Section 168 (1) (j) of the Companies Act No. 7 of 2007.

The Committee also noted the arrangements made by the Auditors to maintain their independence.

The Audit Committee recommended to the Board of Directors that M/s Ernst & Young, Chartered Accountants be re-appointed as auditors of the Company for the financial year ending 31st March 2027, subject to the approval of the shareholders at the Annual General Meeting. The recommendation was made upon the confirmation obtained from the Auditors on their compliance with the independent guidance given in the Code of Ethics of the Institute of Chartered Accountants of Sri Lanka.



Mr. M.I.A Manievannan – Director
Chairman
04th August 2026

Report of the Remuneration Committee

The Remuneration Committee comprises of three Non Executive Directors namely, Mr. P.D. Samarasinghe, Mr. M.I.A Manievannan and Mr. Hugh Kavinda Dias Abeyesinghe out of which two members are independent. The Committee is responsible for recommending the policy of remuneration for the Executive Directors and Senior Management.

The Committee took into consideration the Company, Group and employee performance in determining the overall remuneration policy.



Mr. H.K.D Abeysinghe
Chairman
04th August 2026.

Report of the Related Party Transactions Review Committee (RPTRC)

The Related Party Transactions Review Committee (RPTRC) comprises of the following members;

- Mr. Hugh Kavinda Dias Abeyesinghe - Chairman / Non Executive Independent Director
- Mr.Thusantha Wijemanna – Member / Non Executive Director
- Mr. M.I.A Manievannan – Member / Non Executive Independent Director

The Chairman of the Committee is a Barrister and an Attorney at Law. Mr.Thusantha Wijemanna is an Attorney-at-Law. Mr. M.I.A Manievannan is an Associate of the Institute of Chartered Accountants of Sri Lanka and Institute of Certified Management Accountants of Sri Lanka.

The Managing Director & Finance Manager are invited if deemed necessary for Related Party Transaction Review Committee meetings.

Objective of the Committee

The objective of the Committee is to ensure that the interests of shareholders as a whole are taken into account by the Company when entering into Related Party Transactions, in compliance with the provisions of the Code of Best Practice and Listing Rules. Further the Committee takes certain measures to prevent Directors, Chief Executive Officers or substantial Shareholders taking advantage of their positions.

Role and Responsibilities

The mandate of the Committee is derived from the Code of best Practice and the Listing Rules and includes mainly the following:

- Developing and maintaining a related party transactions policy consistent with the provisions of the Code of Best Practices and the Listing Rules.
- Reviewing all proposed Related Party Transactions ("RPT") to ensure compliance with the provisions of the Code of Best Practice and the Listing Rules.
- Advising the Board of Directors on making immediate market disclosures and disclosures in the Annual Report where necessary, in relation to non-recurrent and recurrent related party transactions.
- Setting guidelines for senior management to follow in such circumstances.

Activities during the year

The Committee held meetings every quarter and reviewed all Related Party Transactions of the Company in order to ensure that those transactions have taken place in accordance with the guidelines established by the Committee in compliance with the Code of Best Practice and Listing rules. The Committee was satisfied that the transactions are on normal commercial terms and are not prejudicial to the interests of the entity and its minority shareholders. The minutes of the meetings are tabled at Board meetings.

It was noted that, during the financial year there were no Non-Recurrent Related Party Transactions where the aggregate value exceeds 10% of the equity or 5% of the total assets, whichever is lower. Recurrent Related Party Transactions where the aggregate value exceeds 10% of the gross revenue income is given in Note. 24 to the Audited Financial Statements for the year ended 31st March 2026. Thus, shareholder approval by way of a Special Resolution or immediate disclosure was not required.

The Board of Directors confirmed that the related party transactions are in compliance with the Code of Best Practices and the Listing Rules.

All related party transactions for the year ended 31st March 2026 are disclosed in the Financial Statements.



Mr. Hugh Kavinda Dias Abeyesinghe
Chairman
04th August 2026

Report of the Nomination and Governance Committee

The Nomination and Governance Committee comprises of the following members;

- Mr. Hugh Kavinda Dias Abeyesinghe - Chairman / Non Executive Independent Director
- Mr. M.I.A Manievannan – Member / Non Executive Independent Director
- Mr. Pravir Samarasinghe – Member / Non Executive Director

The Chairman of the Committee is a Barrister and an Attorney at Law. Mr. M.I.A Manievannan is an Associate of the Institute of Chartered Accountants of Sri Lanka. Mr Pravir Samarasinghe is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and Chartered Institute of Management Accountants United Kingdom.

Managing Director & Chief Executive Officer are invited if deemed necessary for Nomination and Governance Committee meetings.

Objective of the Committee

The objective of the Committee is to establish and maintain a formal procedure for the appointment of new Directors and re-election of Directors to the Board through the Nominations and Governance Committee, in compliance with the provisions of the Code of Best Practice and Listing Rules.

Role and Responsibilities

The mandate of the Committee is derived from the Code of Best Practice and the Listing Rules and includes mainly the following:

- Evaluate the appointment of Directors to the Board of Directors and its Committees, ensuring the required expertise and succession.
- Consider and recommend (or not recommend) the re-appointment/ re-election of current Directors based on the combined knowledge, experience, performance and contribution made by the Director to meet the strategic demands of the Company, the discharge of the Board's overall responsibilities and the number of directorships held by the Director in other listed and unlisted companies and other principal commitments.
- Establish and maintain a formal and transparent procedure to evaluate, select and appoint/ re-appoint Directors of the Company.
- Establish and maintain a set of criteria for selection of Directors such as the academic/ professional qualifications, skills, experience, and key attributes required for eligibility, taking into consideration the nature of the business of the Company and industry specific Requirements.
- Establish and maintain a suitable process for the periodic evaluation of the performance of the Board of Directors and the CEO of the Company to ensure that their responsibilities are satisfactorily discharged
- Develop a succession plan for the Board of Directors and Key Management Personnel of the Company.
- Review the structure, size and composition of the Board and Board Committees with regard to effective discharge of duties and responsibilities.
- Review and recommend the overall corporate governance framework of the Company taking into account the Listing Rules of the Exchange, other applicable regulatory requirements and industry/ international best practices.
- Periodically review and update the corporate Governance Policies / Framework of the Company in line with the regulatory and legal developments relating to same, as a best practice.

Activities during the year

The Committee held a meeting and reviewed all Related Nomination & Governance of the Company in order to ensure that those are in compliance with the guidelines established by the Committee & with the Code of Best Practice and The Listing rules. The Committee reviewed the Audit Committee Chairperson's qualification as per the requirements of Rule 9.13.3 of the Listing Rules of the Colombo Stock Exchange and recommended accordingly. The minutes of the meetings are tabled at Board meetings.

All appropriate Nomination and Governance requirements for the year ended 31st March 2026 are disclosed in the Financial Statements.



Mr. Hugh Kavinda Dias Abeyesinghe
Chairman
04th August 2026

Group Chief Executive Officer's and Group Finance Manager's Responsibility Statement

The Consolidated Financial Statements of The Swadeshi Industrial Works PLC are prepared in compliance with Sri Lanka Financial Reporting Standards/SLFRS issued by the Institute of Chartered Accountants of Sri Lanka, The Companies Act No 07 of 2007, Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, and the Listing Rules of the Colombo Stock Exchange. The Accounting Policies used in the preparation of the Consolidated Financial Statements are appropriate and are consistently applied by the Company (material deviations, if any, have been disclosed and explained in the Notes to the Consolidated Financial Statements). There are no deviations from the prescribed Accounting Standards in their adoption. Comparative information has been reclassified wherever necessary to comply with the current presentation.

The significant accounting policies and estimates that involve a high degree of judgment and complexity were discussed with our External Auditors and the Audit Committee. The Board of Directors, the Audit Committee and the Group Finance Manager of the Company accept responsibility for the integrity and objectivity of these Consolidated Financial Statements. The estimates and judgments relating to the consolidated Financial Statements were made on a prudent and reasonable basis, in order that the Consolidated Financial Statements reflect in a true and fair manner, the forms and substance of transactions and that the Company's state of affairs is reasonably presented. To ensure this, the Company has taken proper and sufficient care in installing a system of internal control and accounting records, for safeguarding assets and for preventing and detecting frauds as well as other irregularities, which is reviewed, evaluated and updated on an ongoing basis. Our Subsidiaries' Internal Auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed. However, there are inherent limitations that should be recognized in weighing the assurance provided by any system of internal controls and accounting. The Consolidated Financial Statements of the Company were audited by Messrs, Ernst & Young, Chartered Accountants and their report is given at page 22 of this Annual Report. The Audit Committee of the Company meets periodically with the Internal Audit team and the External Auditors to review. their audit plans, assess the manner in which these Auditors are performing their responsibilities and to discuss their reports on internal controls and financial reporting issues. To ensure complete independence, the External Auditors and the Internal Auditors have full and free access to the members of the Audit Committee to discuss any matters of substance. The Audit Committee pre-approves the audit and non-audit services provided by our External Auditors Messrs, Ernst & Young in order to ensure that the provision of such services does not impair the External Auditor's independence. We confirm that the Company has complied with all applicable laws and regulations and guidelines and that there are no material litigation that is pending against the Company other than those disclosed in the Financial Statements in this Annual Report.



Mr. Harshaka Edirisinghe
Group Finance Manager
04th August 2026



Mr. Amila Udawatte
Group Chief
Executive Officer
04th August 2026

Annual Report of the Board of Directors

The Annual Report of The Board of Directors

The Board of Directors of The Swadeshi Industrial Works PLC take pleasure in presenting the Annual Report together with the audited financial statements of the Group and the Company, for the year ended 31st March 2026.

About the Company

The Swadeshi Industrial Works PLC is a Public Company with limited liability incorporated on 18th December 1941 under the Company's ordinance No. 51 of 1938 and re-registered on 23rd April 2008 under the provisions of the Companies Act No. 7 of 2007 and assigned the Company re-registration number PQ 133. The Company shares are listed in the stock exchange since the year 1970. At present the company shares are listed in the Diri Savi Board.

Principal Activities of the Company

The principal activities of the Company continue to be manufacturing and marketing of toilet soap, laundry soap and personal care products during the year under review (as required by Section of the Companies Act 168 (1) (a). There have been no material changes to the activities of the Company or any of its subsidiaries during the period under review.

Review of operations

The Chairperson's review at page 05 describes the year's activities and future developments of the Company.

Future Developments

The Group intends to further strengthen its distribution and marketing activities and to enhance the product range to improve turnover and profitability.

Group Revenue

The gross turnover of the Group was Rs. 4,649 Mn. Trade between Group Companies is conducted at fair market prices.

Capital Expenditure

Capital expenditure on Property, Plant, Equipment and work-in-progress incurred during the year under review is disclosed under Note 12 to the financial statements. The value of property stated in the financial statements is not in excess of its current market values.

Taxation

The corporate income tax rate applicable to the Company was 30%. Details of the Group's exposure to taxation are disclosed in Note 10 to the financial statements.

Stated Capital

The Stated Capital of the Company as at 31st March 2026 was Rs. 150,634,670/-. Details of the Stated Capital is given under Note 19 to the financial statements.

Financial Statements

The financial statements which include the statement of profit or loss, the statement of comprehensive income, statement of financial position, statement of changes in equity, cash flow statements and notes to financial statements are given at pages 26 to 30 and have been prepared in conformity with the Sri Lanka Accounting Standards and the requirement of Section 168(1) (b) of the Companies Act No 7 of 2007 and the listing rules of the Colombo stock exchange. The directors approved the financial statements on 04th August 2026.

Auditors Report

The financial statements for the period under review were audited by Messrs Ernst & young, Chartered Accountants, for the year ended 31st March 2026 and the Independent Auditor's report issued thereon appears at page 22 of this Annual Report as required by section 168(1) (c) of the Companies act No. 7 of 2007.

Accounting policies and changes during the Year

The accounting policies adopted in the preparation of financial statements of the Company and the Group are given at Pages 31 to 47 of this annual report as required by Section 168(1) (d) of the Companies Act. There have been no changes in the accounting policies adopted by the Company during the period under review.

Annual Report of the Board of Directors

Directors' Remuneration and Other Benefits

Key Management Personnel (KMP) of the company comprise the Board of Directors. Directors' fees and emoluments, in respect of the Group for the financial year ended 31st March 2026 is as follows,

	2025/2026 Rs.	2024/2025 Rs
Directors' Fees and Emoluments	100,558,404	105,726,922

This is being disclosed as required by Section 168(1) (f) of the Companies Act No. 7 of 2007.

Directors' Interest in Contracts

The Company maintains an Interest Register as required by Section 168(1) (e) the Companies' Act No. 07 of 2007. Information pertaining to Directors' Interest in contracts and decisions on emoluments are disclosed in the Interest Register.

Directors' interest in contracts in relation to transactions with related entities, transactions with key management personnel and other related disclosures are stated in Note 24 (Related Party Disclosures) to the financial statements. In addition, the Company carried out transactions in the ordinary course of business with Group Entities having one or more Directors in common. The Directors have no direct or indirect interest in any other contracts.

The Company and its subsidiaries carried out transactions in the ordinary course of its business at commercial terms with the following entities during

Name Of Related Undertaking	Details	2025/26 (Rs.)	2024/26 (Rs.)
Sedawatte Group	Transport and vehicle Hiring Charges	12,040,877	15,262,788

Directors

The names and profile of the Directors of the Company who served on the Board during the financial year are shown at page 04. There were no new appointments and a resignations to the Board during the financial year under review. This has been disclosed as required by section 168(1) (h) of the Companies Act No. 7 of 2007 at the page No. 09.

Recommendations for Re-election

Mr. Thusantha Wijemanna, director who retire by rotation being eligible, are recommended for re-election.

In accordance with Section 211 of the Companies Act No.07 of 2007 Ms. Amari Mandika Wijewardene who has attained 76 years of age and being eligible, offers herself for re-election.

Annual Report of the Board of Directors

Directors' Shareholding

The shareholding of the Directors as at the end of the year is given below.

	As at 31/03/2026	As at 31/03/2025
Ms. A.M. Wijewardene – Director	2,298	2,298
Mr. P.D Samarasinghe - Director	109	109
Mr. M.I.A Manievannan - Director	-	-
Mr. Thusantha Wijemanna - Director	-	-
Mrs. C.S.M Samarasinghe - Director	50,388	50,388
Mr. Hugh Kavinda Dias - Abeyesinghe - Director	01	01

Board Committees

The Board has appointed four Sub-Committees namely, the Audit Committee, the Remuneration Committee, Nomination and Governance Committee and Related Party Transactions Review Committee (RPTRC). Their composition and report are given at pages 10 to 15 of the annual report.

Donations

During the financial year, the Company has not made any donations. This is being disclosed as required by Section 168(1) (g) of the Companies Act No. 7 of 2007.

Events Subsequent to the Balance Sheet Date

There have not been any material events that have occurred subsequent to the balance sheet date that require disclosure or adjustments to the financial statements, other than those disclosed, if any, under Note 28 to the financial statements.

Corporate Governance / Internal Control

The Directors acknowledge their responsibility for the Group's corporate governance and the system of internal control. The practices implemented by the Company in relation to internal controls are explained in the report of corporate governance at Page 07 to 10 of this report. the Board is satisfied with the effectiveness of the system of internal control for the period up to date of signing the financial statements.

Directors' Responsibility for Financial Reporting

The statement on directors' responsibility for financial reporting of the Company and the Group is set out at page 17 of this report.

Compliance With Other Laws & Regulations

The Group has not engaged in any activity contravening the laws and regulations applicable in Sri Lanka. Financial statements are published quarterly and is in line with the listing rules of the Colombo Stock Exchange through which all significant developments are reported to shareholders on a quarterly basis.

Employment Policies

The Company's employment policy is totally nondiscriminatory and equal opportunities are given to all employees irrespective of ethnic, race, origin, religion, political opinion, gender or marital status. The Company applies 'equal opportunity policy' ensuring that all decisions are based on merit and qualification.

Further the employment policies are designed to attract talent, train and develop required skills and retain such persons for the benefit of the Group, Salaries are usually adjusted to reflect the Company and employee performance.

The employees are always encouraged to discuss issues relating to operations and to make suggestions to improve performance.

Annual Report of the Board of Directors

Details of material issues pertaining to employees and Industrial relations of the Entity

The Company's Employment Policy is totally non discriminatory and equal opportunities are given to all employees irrespective of ethnic, race, origin, religion, political opinion, gender or marital status. The Company applies 'equal opportunity policy' ensuring that all decisions are based on merit and qualification.

The employees are always encouraged to discuss issues relating to operations and to make suggestions to improve performance.

Company is compliance with Section 7.6-vii and there were no material issues pertaining to employees and industrial relations of the Entity.

Annual General Meeting

The Annual General Meeting will be held on 11th September 2026 at 3.00 pm at the Havelock city, Club house, No. 324, Havelock Road, Colombo 05. The notice of the annual general meeting is on Page 02 of this report.

Auditors

The financial statements for the year have been audited by Messrs Ernst & Young, Chartered Accountants. In accordance with the Companies Act No. 7 of 2007, a resolution proposing the re-appointment of Messrs Ernst & Young, Chartered Accountants, as Auditors to the Company and authorizing the Directors to fix their remuneration will be proposed at the coming Annual General Meeting.

Group's Auditors for the period under review were Messrs Ernst & Young, Chartered Accountants. The following amounts were payable to them in respect the year of 2025/2026. This is being disclosed as required by section 168(1) (i) of the Companies Act No. 7 of 2007.

	Company	**Group**
	Rs.	**Rs.**
Audit Fees	2,490,000/-	3,075,613/-
Non Audit Fees	728,000/-	918,000/-

Non Audit fees included in professional charges in Note No 09.

As far as the Directors are aware, the Auditors do not have any relationship (other than that of an Auditor) with the Company or any of its subsidiaries other than those disclosed above. Auditors also do not have any interest in the Company or any of its Subsidiaries and this disclosure is being made as required by Section 168 (j) of the Companies Act No. 7 of 2007.

Director Director

M & A Company Secretaries (Private) Limited,
Secretaries to the Company
No. 28 (Level 2),
W.A.D. Ramanayake Mawatha,
Colombo 02.
04th August 2026

Statement of Directors' Responsibility

In keeping with the provisions under the Companies Act No. 7 of 2007, the Board of Directors of The Swadeshi Industrial Works PLC, acknowledge their responsibility in relation to financial reporting of both, the Company and that of its Group. These responsibilities differ from those of its Auditors, M/s. Ernst & Young, which are set out in their report, appearing at Page 22 of this Report.

The Directors confirm that the Financial Statements of the Company and its subsidiaries for the year ended 31st March 2026 have been prepared and presented in accordance with the Sri Lanka Accounting Standards, and they provide the information as required by the Companies Act No. 7 of 2007, Sri Lanka Accounting Standards and the Listing Rules of the Colombo Stock Exchange. The Directors confirm that suitable accounting policies have been used and applied consistently, and applicable and relevant accounting standards have been used /followed in the preparation of the Financial Statements. The judgements and estimates made in the preparation of these Financial Statements are reasonable and prudent.

The Directors confirm their responsibility in ensuring that all companies within the Group maintain adequate accounting records, which are sufficient to prepare Financial Statements that disclose with reasonable accuracy, the financial position of the Company and its Group. They also confirm their responsibility towards ensuring that the Financial Statements presented in the Annual Report give a true and fair view of the state of affairs of the Company and its Group as at 31st March 2026, and that of the profit for the year then ended. The Directors have instituted a system of internal control. This comprises Internal Audit and a system of financial and other controls required to carry on the business in an orderly manner, safeguard its assets and secure as far as practicable the accuracy and reliability of the financial records.

The Financial Statements of the company and the Group have been certified by the Finance Manager, the personal responsible for its preparation, as required by the Act. Financial Statements of the Company and the Group have been signed by two Directors on 04th August 2026 as required by Section 150(1) (c) and 152 (1) (c) of the Companies Act. Accordingly, the Board of Directors wish to confirm that they have complied with all the requirements of the Companies Act No. 07 of 2007 and have also met all the requirements under section 7 of the Listing Rules of the Colombo Stock Exchange. The Directors have adopted the 'going concern' basis in preparing the Financial Statements and the Directors are satisfied that the Company has adequate resources to continue in operation.

The Company's Auditors, M/s. Ernst & Young, Chartered Accountants have examined the Financial Statements together with all financial records and related data and express their opinion which appear as reported by them at page 22 of this report. In arriving at their opinion, they have carried out reviews and sample checks on the system of internal controls.

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company, all contributions, levies and taxes payable on behalf of and in respect of the Employees of the Company and other known statutory dues as were due and payable by the Company as at the date of the Statement of Financial Position have been paid or where necessary provided for, in arriving at the financial result for the year under review.

By Order of the Board,



M & A Company Secretaries (Private) Limited.
No. 28 (Level 2)
W.A.D. Ramanayake Mawatha,
Colombo 02.
04th August 2026

Shape the future with confidence

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

Tel: +94 11 246 3500
Fax: +94 11 768 7869
Email: eysl@lk.ey.com
ey.com

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF THE SWADESHI INDUSTRIAL WORKS PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Swadeshi Industrial Works 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 profit or loss, 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 for professional accountants issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

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

Partners: G G S Manatunga FCA, Y A De Silva FCA, W K B S P Fernando FCA FCMA (UK) FCCA, B E Wijesuriya FCA FCMA (UK), R N de Saram ACA FCMA (UK), N M Sulaiman FCA FCMA (UK), L K H L Fonseka FCA, P V K N Sajeewani FCA, A A J R Perera FCA ACMA (UK), N Y R L Fernando ACA, D N Gamage FCA ACMA (UK), C A Yalagala ACA ACMA (UK), P S Paranavitane ACA ACMA (UK) LLB (Colombo), B Vasanthan ACA ACMA (UK), W D P L Perera ACA, M U M Mansoor ACA, S B G Jayawardena ACA ACMA (UK) ACCA

Principals: T P M Ruberu FCMA (UK) FCCA MBA, G B Goudian ACMA (UK), D L B Karunathilaka ACMA (UK), W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakthivel B.Com (Sp)

A member firm of Ernst & Young Global Limited

Shape the future
with confidence

Key audit matter	How our audit addressed the key audit matter
Assessment of fair value of Land and Buildings, Plant & Machinery Property, plant and equipment include land and buildings, plant & machinery carried at fair value. The fair values of land and buildings, plant & machinery were determined by an external valuer engaged by the Group **This was a Key Audit Matter due to:** • Materiality of the reported fair value of land and building, plant & machinery which amounted to LKR 2.15 Bn representing 56% of the Group's total assets as of the reporting date; and • The degree of assumptions, judgements and estimation uncertainties associated with assessing the fair value of land and buildings, plant & machinery using the market approach and depreciated replacement cost approach Key areas of significant judgments, estimates and assumptions in assessing the fair value of land and buildings, plant & machinery as disclosed in Note 12 to the financial statements, included judgements involved in ascertaining the appropriate valuation techniques and estimates such as, • Estimate of per perch value of land • Estimate of per square foot value of the buildings • Estimate of the manufacturing capacity of plant & machinery • Estimated remaining useful life of plant & machinery	Our audit procedures included the following: • We assessed the competence, capability and objectivity of the external valuer engaged by the Group. • Read the external valuer's report and understood the key estimates made and the approach taken by the valuer in determining the valuation of each property, plant & machinery • Assessed the reasonableness of the significant judgements, estimates and assumptions made by the valuer such as per perch value, per square foot value, manufacturing capacity, useful life of plant & machinery as relevant in assessing the fair value of each property, plant & machinery, respectively We have also assessed the adequacy of the disclosures made in note 12 to the financial statement.

Other Information included in the 2025/26 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.

Shape the future
with confidence

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company and the Group.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

Shape the future
with confidence

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, 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 7752.

Ernst & Young

04 August 2026
Colombo

STATEMENT OF PROFIT OR LOSS

Year Ended 31st March 2026

	Notes	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Revenue	6	4,649,049,764	4,473,404,964	4,645,451,221	4,470,354,600
Cost of Sales		(2,427,514,294)	(2,153,213,142)	(2,427,528,873)	(2,156,923,193)
Gross Profit		2,221,535,470	2,320,191,822	2,217,922,348	2,313,431,407
Other Operating Income	7	18,912,472	15,706,083	18,902,472	9,645,459
Administrative Expenses		(856,728,254)	(836,863,985)	(855,352,517)	(834,164,710)
Selling and Distribution Expenses		(1,311,883,837)	(1,455,986,817)	(1,311,862,794)	(1,452,860,738)
Operating Profit		71,835,851	43,047,103	69,609,509	36,051,418
Finance Income	8	1,131,707	2,517,152	1,131,707	2,517,152
Finance Cost	8.1	(48,834,907)	(42,281,947)	(48,834,907)	(42,281,947)
Profit Before Tax	9	24,132,651	3,282,308	21,906,309	(3,713,377)
Income Tax (Expense) / Reversal	10	(22,646,628)	338,664	(21,980,129)	338,664
Profit for the Year		1,486,023	3,620,972	(73,820)	(3,374,713)
Attributable to:					
Equity Holders of the parent		1,493,657	3,638,713		
Non-Controlling Interests		(7,634)	(17,741)		
		1,486,025	3,620,972		
Earnings Per Share - Basic	11	10.00	24.37	(0.49)	(22.60)

The accounting policies and notes on pages 31 through 65 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

Year Ended 31st March 2026

	Notes	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Profit for the Year		1,486,023	3,620,972	(73,820)	(3,374,713)
Other Comprehensive Income					
Other comprehensive income not to be reclassified to profit or loss in subsequent periods					
Actuarial Gain / (Loss) on Defined Benefit Plan	21.1	2,635,803	(14,080,857)	2,635,803	(14,080,857)
Income Tax Effect		(790,741)	4,224,257	(790,741)	4,224,257
		1,845,062	(9,856,600)	1,845,062	(9,856,600)
Revaluation of Land, Building and Plant & Machinery	20	36,879,197	170,904,216	36,879,197	157,636,091
Income Tax Effect		(11,069,022)	(46,486,014)	(11,069,022)	(42,510,750)
		25,810,175	124,418,202	25,810,175	115,125,341
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		27,655,237	114,561,602	27,655,237	105,268,741
Other Comprehensive Income/(Loss) for the year, Net of Tax		27,655,237	114,561,602	27,655,237	105,268,741
Total Comprehensive Income/(Loss) for the Year, Net of Tax		29,141,260	118,182,575	27,581,417	101,894,028
Total Comprehensive Income Attributable to:					
Equity Holders of the Parent		29,148,894	117,095,383		
Non-Controlling Interests		(7,634)	1,087,191		
		29,141,260	118,182,575		

The accounting policies and notes on pages 31 through 65 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31st March 2026

		Group		Company	
		2026	2025	2026	2025
ASSETS	**Notes**	**Rs.**	**Rs.**	**Rs.**	**Rs.**
Non-current Asset					
Property, Plant and Equipment	12	2,214,025,283	2,096,679,899	2,050,725,281	1,933,379,899
Right of Use Assets	12	26,815,050	-	26,815,050	-
Intangible Assets	13	15,469,862	2,446,406	15,469,862	2,446,406
Investments in Subsidiaries	14	-	-	58,141,639	58,888,472
		2,256,310,195	2,099,126,305	2,151,151,832	1,994,714,777
Current Assets					
Inventories	16	608,398,860	592,876,477	608,398,860	592,876,477
Trade and Other Receivables	17	645,602,031	704,098,568	626,811,209	683,241,031
Advances and Prepayments	18	243,913,244	98,611,555	243,913,244	98,611,555
Cash and Bank Balances	23	58,066,118	66,727,253	54,293,586	66,217,019
		1,555,980,253	1,462,313,853	1,533,416,899	1,440,946,082
Total Assets		3,812,290,448	3,561,440,158	3,684,568,731	3,435,660,859
EQUITY AND LIABILITIES					
Equity					
Stated Capital	19	150,634,670	150,634,670	150,634,670	150,634,670
Retained Earnings		537,599,349	534,484,630	507,276,576	505,729,335
Revaluation Reserve	20	1,387,693,521	1,361,883,345	1,286,968,337	1,261,158,162
Equity attributable to Equity holders of the parent		2,075,927,540	2,047,002,645	1,944,879,583	1,917,522,167
Non-controlling Interests		13,396,256	13,403,890	-	-
Total Equity		2,089,323,796	2,060,406,535	1,944,879,583	1,917,522,167
Non-current Liabilities					
Interest Bearing Loans and Borrowings	15	11,672,993	-	11,672,993	-
Deferred Tax Liabilities	10	577,984,927	563,619,591	529,000,188	514,634,854
Retirement Benefit Liability	21	105,453,691	93,578,173	105,453,691	93,578,173
		695,111,611	657,197,764	646,126,872	608,213,027
Current Liabilities					
Trade and Other Payables	22	377,836,430	517,499,123	446,567,737	585,946,502
Income Tax Payable		15,855,500	8,502,558	12,831,428	6,144,984
Interest Bearing Loans and Borrowings	15	634,163,111	317,834,179	634,163,111	317,834,179
		1,027,855,041	843,835,860	1,093,562,276	909,925,665
Total Equity and Liabilities		3,812,290,448	3,561,440,158	3,684,568,731	3,435,660,859

I certify that these Financial Statements are in accordance with the requirements of the Companies Act No. 7 of 2007.

.....
Finance Manager

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

.....
Mrs. A.M. Wijewardene
Director

.....
Mrs. C.S.M. Samarasinghe
Director

The accounting policies and notes on pages 31 through 65 form an integral part of these financial statements.

04 August 2026
Colombo

STATEMENT OF CHANGES IN EQUITY

Year Ended 31st March 2026

Group	Notes	Attributable to Equity Holders of the Parent				
		Stated Capital Rs.	Revaluation Reserve Rs.	Retained Earnings Rs.	Non controlling Interest Rs.	Total Rs.
Balance as at 01 April 2024		150,634,670	1,238,570,075	540,702,517	12,316,698	1,942,223,960
Profit for the Year		-	-	3,638,713	(17,741)	3,620,972
Other Comprehensive Income		-	123,313,270	(9,856,600)	1,104,933	114,561,603
Balance as at 31 March 2025		150,634,670	1,361,883,345	534,484,630	13,403,890	2,060,406,535
Profit for the Year		-	-	1,493,657	(7,634)	1,486,023
Other Comprehensive Income	20	-	25,810,175	1,845,062	-	27,655,237
Dividends		-	-	(224,000)	-	(224,000)
Balance as at 31 March 2026		150,634,670	1,387,693,521	537,599,349	13,396,256	2,089,323,796

Company	Notes	Stated Capital Rs.	Revaluation Reserve Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 01 April 2024		150,634,670	1,146,032,821	518,960,648	1,815,628,139
Profit for the Year		-	-	(3,374,713)	(3,374,713)
Other Comprehensive Income	20	-	115,125,341	(9,856,600)	105,268,741
Balance as at 31 March 2025		150,634,670	1,261,158,162	505,729,335	1,917,522,167
Profit for the Year		-	-	(73,820)	(73,820)
Other Comprehensive Income	20	-	25,810,175	1,845,062	27,655,237
Dividends		-	-	(224,000)	(224,000)
Balance as at 31 March 2026		150,634,670	1,286,968,337	507,276,576	1,944,879,583

The accounting policies and notes on pages 31 through 65 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

Year Ended 31st March 2026

		Group		Company	
		2026	2025	2026	2025
Cash Flows From Operating Activities	**Notes**	**Rs.**	**Rs.**	**Rs.**	**Rs.**
Profit Before Income Tax		24,132,651	3,282,308	21,906,309	(3,713,377)
Adjustments for					
Depreciation	12	34,338,325	38,227,897	34,338,326	38,227,897
Amortization	13	1,564,379	1,139,229	1,564,379	1,139,229
Bad Debt Provision Reversal/Charged	17	10,218,182	10,656,882	(13,401)	8,177,011
Finance Income	8	(1,131,707)	(2,517,152)	(1,131,707)	(2,517,152)
Finance Costs	8.1	48,834,907	42,281,947	48,834,907	42,281,947
Impairment of Investment in Subsidiaries	14.1	-	-	746,833	335,875
Provision for Retirement Benefit Liability	21.1	18,057,721	14,805,014	18,057,721	14,805,014
Provision for Slow Moving Inventories	16	116,331	4,511,951	116,331	4,511,951
Profit from Disposal of Property, Plant & Equipment		(8,298,755)	-	(8,298,755)	-
Operating Profit before Working Capital Changes		127,832,034	112,388,076	116,120,943	103,248,395
(Increase) / Decrease in Inventories		(15,638,710)	59,264,037	(15,638,716)	59,264,037
Decrease / (Increase) in Trade and Other Receivables		48,278,354	(122,363,080)	56,443,222	(112,295,153)
Decrease / (Increase) in Advances and Prepayments		(145,301,689)	126,136,164	(145,301,689)	126,136,164
Increase / (Decrease) in Trade and Other Payables		(139,662,695)	(24,599,591)	(139,378,767)	(25,163,627)
Cash Generated from Operations		(124,492,704)	150,825,606	(127,755,005)	151,189,817
Finance Costs Paid	8.1	(48,834,907)	(42,281,947)	(48,834,907)	(42,281,947)
Defined Benefit Plan Costs Paid	21.1	(3,546,400)	(1,416,547)	(3,546,400)	(1,416,547)
Income Tax Paid		(12,788,113)	(52,940,812)	(12,788,112)	(52,940,812)
Net Cash from / Used in Operating Activities		(189,662,124)	54,186,300	(192,924,424)	54,550,510
Cash Flows from / (Used in) Investing Activities					
Acquisition of Property, Plant and Equipment	12	(141,619,562)	(78,624,298)	(141,619,561)	(78,624,298)
Acquisition of Intangible Assets	13	(14,587,835)	-	(14,587,835)	-
Interest Income Received	8	1,131,707	2,517,152	1,131,707	2,517,152
Proceeds from Sale of Property, Plant and Equipment		8,298,755	-	8,298,755	-
Net Cash Flows (Used in) / from Investing Activities		(146,776,935)	(76,107,146)	(146,776,934)	(76,107,146)
Cash Flows from / (Used in) Financing Activities					
Proceeds From Interest Bearing Loans and Borrowings	15	1,751,837,197	1,153,311,344	1,751,837,197	1,153,311,344
Repayment of Interest Bearing Loans and Borrowings	15	(1,554,776,607)	(994,193,250)	(1,554,776,607)	(994,193,250)
Principal Payment under Lease Liabilities	25	(2,506,448)	(2,193,314)	(2,506,448)	(2,193,314)
Dividend Paid		(224,000)	(194,220)	(224,000)	(194,220)
Net Cash Flows from /(Used in) Financing Activities		194,330,142	156,730,560	194,330,142	156,730,560
Net (Decrease) / Increase in Cash and Cash Equivalents		(142,108,917)	134,809,715	(145,371,216)	135,173,925
Cash and Cash Equivalents at the Beginning of the Year	23	65,848,959	(68,960,756)	65,338,725	(69,835,200)
Cash and Cash Equivalents at the End of the Year	23	(76,259,959)	65,848,959	(80,032,491)	65,338,725

The accounting policies and notes on pages 31 through 65 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31st March 2026

1. REPORTING ENTITY

The Swadeshi Industrial Works PLC is a Company incorporated and domiciled in Sri Lanka. The registered office and the principal place of business both are located at No. 57, Negombo Road, Kandana.

The ordinary shares of the company are listed on the Colombo Stock Exchange of Sri Lanka.

Consolidated financial statements

The Consolidated Financial Statements of the Company for the year ended 31 March 2026 comprise "The Company" referring to The Swadeshi Industrial Works PLC as the holding company and "The Group: referring to the companies whose accounts have been consolidated therein.

Principal Business Activities, Nature of operations of the group and ownership by the parent Company in its Subsidiaries

The Swadeshi Industrial Works PLC - The Company carries the manufacturing and selling of toilet soap, laundry soaps, detergents and personal care products.

A segment is a distinguishable component engaged in providing services and that is subject to risks and returns that are different to those of other segments. The company does not have distinguishable components to be identified as a segment as all operations are treated as one segment. Group is dealing only in personal care products and no separate activities other than the personal care product category.

Subsidiaries

The consolidated financial statements of the Group include:

			% of Equity Interest	
Name	**Principal Activity**	**Country of Incorporation**	**2026**	**2025**
The Swadeshi Chemicals (Pvt) Ltd.	Directly selling products manufactured by The Swadeshi Industrial Works PLC to the Institutional Customers.	Sri Lanka	99.99	99.99
Ceylon Plastics Ltd.	Dormant Company	Sri Lanka	88.11	88.11
The Swadeshi Marketing (Pvt) Ltd.	Dormant Company	Sri Lanka	100.00	100.00

Ultimate Parent Entity

The Swadeshi Industrial Works PLC, does not have an identifiable parent of its own. Swadeshi Industrial works PLC is the ultimate parent of the Group.

Year Ended 31st March 2026

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The Consolidated Financial Statements have been prepared in accordance with the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, which requires compliance with Sri Lanka Accounting Standards (SLFRS's and LKAS's) promulgated by the Institute of Chartered Accountants of Sri Lanka (ICASL), and with the requirements of the Companies Act No. 7 of 2007.

The financial statements were authorised for issue by the Directors on 04 August 2026.

2.2 Basis of Measurement

The Financial Statements of the Company and the Group have been prepared on the historical cost basis except for the land & buildings and plant machineries stated at revalued amounts (Note 12). Retirement benefits obligations are measured at the present value of the defined benefit plans as explained in the respective notes to the Financial Statements

No adjustments have been made for inflationary factors in the consolidated financial statements.

2.3 Going Concern

The Directors have made an assessment of the Group's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern.

Management has assessed the ability of the Group to continue as a going concern with considered the potential negative impact that the current economic conditions could bring to the business operation of the Group. Group will be able to maintain operations Healthy with profitable and strong liquidity position under current economic crisis and the circumstances surrounding volatility of the external environment, availability of stable external funding sources, defensive cash flows and the initiatives taken to strengthen risk monitoring, the Management is satisfied that the going concern basis is appropriate.

The Board believes that the Group has the adequate financial strength, resources, and business plans to continue to operate the business as a going concern for the foreseeable future by mitigating the risks arising from the current economic conditions. Therefore, the Board is of the view that the Financial Statements for the year ended 31 March 2026 should be prepared and presented as a going concern.

2.4 Comparative Information

The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year. The presentation and classification of the financial statements of the previous years have been amended, where relevant for better presentation and to be comparable with those of the current year. However, such re-classifications did not change the net profit or the retained earnings of the prior year.

2.5 Materiality and Aggregation

Each material class of similar items is presented separately in the Consolidated Financial Statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

Year Ended 31st March 2026

3. MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of Consolidation

The Group's Financial Statements at 31st March 2026 comprise, Consolidated Financial Statements of the Company and its Subsidiaries in terms of the Sri Lanka Accounting Standard – SLFRS 10 on 'Consolidated Financial Statements'.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

3.1.2 Subsidiaries

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

Generally, there is a presumption that a majority of voting rights results 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 the power over an investee.

3.1.3 Non-Controlling Interests (NCI)

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

Subsequently, profit or loss and each component of Other Comprehensive Income are attributed to 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.

3.1.4 Loss of Control

When the Group losses control over subsidiary derecognises the assets and liabilities of the Subsidiary, any non-controlling interests and other components of equity. Any surplus or deficit arising on the loss of control is recognised in the Profit or Loss. Any interest retains in the previous Subsidiary, is measured at fair value as at the date that control is lost.

3.1.5 Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the Consolidated Financial Statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Assets and Bases of their Valuation

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3.3 Fair value measurement

The Group measures land & building and plant & machineries at fair value. Fair value related disclosures for financial and non-financial assets that are measured at fair value are summarised in the following notes:

- Quantitative disclosures of fair value measurement hierarchy Note 12.3.1 – 12.3.3
- Land & Building and Plant & Machinery at revaluation model Note 12.3.3

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:

- In the principal market for the asset or liability
  Or
- 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 Group.

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 Group use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the Financial Statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3.4 Foreign Currency Translations

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

Transactions in foreign currencies are initially recorded by the Group at the functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are taken to the statement of profit or loss.

3.5 Revenue Recognition

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 following specific criteria are used for the purpose of recognition of revenue.

SLFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

In determining the transaction price for the revenue contracts, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration to the customer (if any).

Variable Consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

In relation to the contracts with the distributors, modern traders for the sale of products, the Group considered the upfront discounts, rights of return and the consideration payable to the customer in determining the transaction price. Revenue is recognised by reducing the above component from the transaction price.

Evaluation of point of transfer of control of goods or services to the customer under revenue recognition

The following factors were considered in determining the point of transfer of control to the customer.

- The entity has a present right to payment for the asset.
- The customer has legal title to the asset.
- The entity has transferred physical possession of the asset.
- The customer has the significant risks and rewards of ownership of the asset.
- The customer has accepted the asset.

Whilst the above indicators assist in the determination of transfer of control, none of the indicators above are meant to individually determine whether control has been transferred. Further not all of them must be present. Hence the above evaluation requires significant judgement

Goods transferred at a point in time

Under SLFRS 15, revenue is recognised upon satisfaction of performance obligation. The revenue recognition occurs at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

Interest

Interest is recognized on a time proportion basis that takes in to account the effective interest rate on asset.

Others

Other Operating Income is recognized on an accrual basis

3.6 Taxation

Current Income Taxes

Current income tax assets and liabilities 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, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.
Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of taxable temporary differences associated with investments in subsidiaries when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised 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:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of deductible temporary differences associated with investments in subsidiaries deferred 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 tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed.

Tax withheld on dividend income from subsidiaries is recognised as an expense in the Consolidated Income Statement at the same time as the liability to pay the related dividend is recognised.

3.7 Property, Plant and Equipment

The Group applies the requirements of LKAS 16 on 'Property Plant and Equipment' in accounting for its owned assets which are held for and use in the provision of the services and for administration purpose and are expected to be used for more than one year.

Basis of Recognition

Property Plant and Equipment is recognised if it is probable that future economic benefit associated with the assets will flow to the Group and cost of the asset can be reliably measured.

Basis of measurement

Items of Property, Plant & Equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any, except for;

- land & buildings which is measured at revalued amount less accumulated impairment losses, if any, and
- plant and machineries which is measured at revalued amount less accumulated depreciation and accumulated impairment losses, if any (Note 12.1).

Owned assets

The cost of Property, Plant & Equipment includes expenditure that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located and borrowing costs on qualifying assets. Purchased software that is integral to the functionality of the related equipment is capitalised as a part of that equipment.

When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives.

Revaluation of land & building and plant & machinery is done with sufficient frequency to ensure that the fair value of the land & building and plant & machinery does not differ materially from its carrying amount, and is undertaken by professionally qualified valuers.

Any revaluation surplus is recorded in Other Comprehensive Income and credited to the asset revaluation reserve in equity, 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. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Subsequent Costs

The cost of replacing a component of an item of Property, Plant and Equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised in accordance with the derecognition policy given below.

The costs of the day-to-day servicing of Property, Plant and Equipment are recognised in profit and loss as incurred.

De-recognition

The carrying amount of an item of Property, Plant and Equipment is derecognised on disposal; or when no future economic benefits are expected from its use. Gains and losses on derecognition are recognised in statement of income and gains are not classified as revenue. When revalued assets are sold, any related amount included in the revaluation reserve is transferred to retained earnings.

Depreciation

Depreciation is recognised in the statement of profit or loss on a straight-line basis over the estimated useful lives of each part of an item of Property, Plant and Equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

Buildings	20 Years
Plant and Machinery	5-10 Years
Motor Vehicles	04 Years
Furniture & Fittings and Office Equipments	08 Years

Depreciation of an asset begins when it is available for use and ceases at the earlier of the dates on which the asset is classified as held for sale or is derecognized. Freehold land is not depreciated.

The asset's residual values, useful lives are reviewed, and adjusted if appropriate, at each financial year end and adjusted prospectively, if appropriate.

3.8 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.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) 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. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows.

Motor Vehicles	04 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 3.13- Impairment of non-financial assets.

(b) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (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 Company 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.

(c) Short-term leases and leases of low-value assets

The Group 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.

3.9 Intangible assets

Basis of Recognition

An Intangible asset is recognised if it is probable that future economic benefit associated with the assets will flow to the Group and cost of the asset can be reliably measured.

Basis of measurement

Intangible assets acquired separately are measured on initial recognition at cost. The costs of intangible assets acquired in a business combination are their fair value as at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the Statement of profit or loss in the year in which the expenditure is incurred.

Amortization
The useful lives of intangible assets are assessed to be either finite or indefinite. The estimated useful lives of intangible assets with finite lives are as follows.

Asset class	**Useful life**
Computer software	5 years

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of profit or loss in the expense category consistent with the function of the intangible assets.

De-recognition of Intangible Assets

Intangible assets are de-recognised on disposal or when no future economic benefits are expected from its use. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

3.10 Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred, except to the extent where borrowing cost that are attributable to the acquisition, construction or production of an asset that takes a substantial period of time to get ready for its intended use or sale, are capitalized as part of that asset.

3.11 Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowances for obsolete and slow-moving items. Net realisable value is the price at which inventories can be sold in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

The cost incurred in bringing inventories to its present location and conditions are accounted using the following cost formula: -

Raw Materials	- At Weighted average cost
Finished Goods and Work-in-progress	- At the cost of direct materials, direct labor and an appropriate proportion of manufacturing overheads based on normal operating capacity, but excluding Borrowing Costs.
Consumables and Spares	- At Weighted Average Cost

3.12 Cash and Cash Equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short-term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

3.13 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's (Cash Generating Unit) fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre–tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

For assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimate the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of profit or loss.

Financial Instruments — Initial Recognition and Subsequent Measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

i) Financial Assets

Initial Recognition and Measurement

Financial assets are recognized at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI) and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivable that do not contain significant financing component for which Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of financial asset not a fair value through profit or loss, transaction costs. Trade receivable that do not contain a significant financing component for which the Group has applied the practical expedient are measured at the transaction price determined under SLFRS 15.

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' on the principal amount outstanding.

The Group's business model for managing financial assets refers to how it manages 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.

Purchases or sales of financial assets that require delivery of financial assets within a time frame established by regulation or convention in the market place are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group's financial assets include trade and other receivables.

Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

i. Financial assets at amortised cost (debt instruments)
ii. Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
iii. Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon de-recognition (equity instruments)
iv. Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

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.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e., removed from the Group's statement of financial position) when:

- The rights to receive cash flows from the asset have expired Or
- 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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass- through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of Financial Assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

The Group considers financial asset is default when contractual payments are 365 days 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.

ii) Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, bank overdrafts and interest-bearing loans and borrowings.

Subsequent Measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by SLFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in SLFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in 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 as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

De-recognition

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 de-recognition 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.

iii) Fair Value of Financial Assets and Liabilities

The Management assessed that the fair value of cash and short-term deposits, trade and other receivables, trade and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

3.14 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, 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 asset, 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.

3.15 Capital commitments and contingencies

Capital commitments and contingent liabilities of the Group are disclosed in the respective Notes to the Financial Statements.

3.16 Stated capital

The stated capital of the Company, consisting of 149,333 ordinary shares amounting to Rs. 150,634,670/- as at the reporting date.

3.17 Retirement Benefit Obligations

(i) Defined Benefit Plans – Gratuity

The Group is liable to pay gratuity in terms of the Gratuity Act No.12 of 1983.

The Group measures the present value of the promised retirement benefits of gratuity, which is a defined benefit plan with the advice of an independent actuary.

For the purpose of determining the charge for any period before the next regular actuarial valuation falls due, an approximate estimation provided by the qualified actuary is used.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses, excluding net interest (not applicable to the Group), are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through Other Comprehensive Income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability. The Group recognises the following changes in the net defined benefit obligation under 'administration expenses' in the Statement of Profit or Loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

The gratuity liability is not externally funded. This item is stated under Defined Benefit Obligations in the Statement of Financial Position.

Recognition of Actuarial Losses / Gains

Actuarial gains & losses are recognized in full in other comprehensive income.

Funding Arrangements

The Gratuity liability is not externally funded.

(ii) Defined contribution plan

The Group also operates a defined contribution plan. The contribution payable to a defined contribution plan is in proportion to the services rendered to the Group by the employees and is recorded as an expense in the Statement of Profit or Loss. Unpaid contributions are recorded as a liability.

The Group contributes to the following Schemes:

- Employees' Provident Fund

The Group and employees contribute 12% and 8% respectively of the employee's monthly gross salary (excluding overtime) to the Provident Fund.

- Employees' Trust Fund

The Group contributes 3% of the employee's monthly gross salary excluding overtime to the Employees' Trust Fund maintained by the Employees Trust Fund Board.

3.18 Cash Flow Statement

The Cash flow statement is prepared using the indirect method, as stipulated in LKAS 7- "Statement of Cash Flows". Cash and cash equivalents comprise cash in hand, cash at bank, bank overdrafts and Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

4. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS

The preparation of Financial Statements in conformity with SLFRS/LKAS's requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Measurement of the defined benefit obligations

The cost of the defined benefit plan and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of government bonds. The mortality rate is based on publicly available mortality tables. Future salary increases and pension increases are based on expected future inflation rates.

Further details about defined benefit obligations are given in Note 21 which includes the assumptions used in the measurement of the obligation and the sensitivity change in such assumptions to the value of the obligation.

Revaluation of property, plant and equipment

The Group carries its land & building and plant & machinery at fair value, with changes in fair value being recognised in other comprehensive income. As disclosed in note 12.3.1, the Group engaged an independent valuation specialist to assess fair value of Plant & Machinery as at 31 March 2026. Land & Building was valued by reference to market-based evidence, using comparable prices as at 31 March 2026. Plant and Machinery were valued by reference to replacement cost of each component/part of the Plant and Machineries adjusted for specific nature of the Plant and Machinery of the Group as at 31 March 2026.

Impairment of Trade and Other Receivables
For trade receivables the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

Impairment of inventories
The Group reviews the adequacy of the provision for slow moving and obsolete inventory provision through assessment of the condition of inventories based on the periodic inventory counts and expectations of future sales.

5. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued up to the date of issuance of the Group's financial statements but are not effective for the current annual reporting period, are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

SLFRS 18 Presentation and Disclosure in Financial Statements

SLFRS 18, which replaces LKAS 1, introduces significant enhancements to the way financial information is organized 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 1 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.

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 1 January 2027. Early application is permitted

The entity is not eligible to apply SLFRS 19.

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 1 January 2026. Early application is permitted.

The amendments are not expected to have a material impact on the financial statements.

Year Ended 31st March 2026

6. REVENUE

	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Summary				
Gross Revenue	5,481,761,757	5,275,429,843	5,478,163,215	5,272,379,479
Less: Value Added Tax	(832,711,993)	(802,024,879)	(832,711,994)	(802,024,879)
Net Revenue (Note 6.1)	4,649,049,764	4,473,404,964	4,645,451,221	4,470,354,600
6.1 Net Revenue				
Local	4,617,926,692	4,456,147,150	4,614,328,149	4,453,096,786
Exports	31,123,072	17,257,814	31,123,072	17,257,814
	4,649,049,764	4,473,404,964	4,645,451,221	4,470,354,600

Group is dealing only in personal care products and no separate activities other than the personal care product category.

7. OTHER INCOME AND GAINS

	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs
Sale of Scraps	2,905,096	2,452,789	2,905,096	2,452,789
Exchange Gain	1,193,186	7,192,670	1,193,186	7,192,670
Creditor Write Back	10,000	6,060,624	-	-
Other Income	14,804,190	-	14,804,190	-
	18,912,472	15,706,083	18,902,472	9,645,459

8. FINANCE INCOME

	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Interest Income	1,131,707	2,517,152	1,131,707	2,517,152
	1,131,707	2,517,152	1,131,707	2,517,152

8.1 FINANCE COST

	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Interest Expense on Loans and Borrowings	47,848,495	42,070,643	47,848,495	42,070,643
Finance Charges on Lease Liabilities	986,412	211,304	986,412	211,304
	48,834,907	42,281,947	48,834,907	42,281,947

9. PROFIT BEFORE TAX

Stated after Charging	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Included in Cost of Sales				
Employees Benefits including the following	145,662,551	142,788,438	145,662,551	142,788,438
- Defined Contribution Plan Costs - EPF and ETF	6,365,032	6,990,792	6,365,032	6,990,792
Depreciation	18,438,702	32,132,652	18,438,702	32,132,652
Included in Administrative Expenses				
Employees Benefits including the following	383,209,193	356,452,403	383,209,193	356,452,403
- Defined Benefit Plan Costs - Gratuity	18,057,721	14,805,015	18,057,721	14,805,015
- Defined Contribution Plan Costs - EPF and ETF	28,990,069	24,228,089	28,990,069	24,228,089
Depreciation	15,219,178	6,095,248	15,219,178	6,095,248
Audit Fees	3,075,613	2,423,956	2,490,000	1,925,000
Legal Expenses	13,461,500	8,402,903	13,231,500	8,077,903
Professional Charges	37,278,230	34,033,768	36,612,581	33,146,123
Included in Selling and Distribution Costs				
Employees Benefits including the following	156,596,013	117,471,346	156,596,013	112,786,263
- Defined Contribution Plan Costs - EPF and ETF	9,052,434	7,679,849	9,052,434	7,679,849
Transport Costs	151,076,872	156,913,473	151,076,872	155,933,286
Advertising Cost	120,775,597	152,072,915	120,775,597	149,984,723
Sales Promotion	435,739,267	594,260,110	435,739,267	522,820,015
Travelling and Bata Allowance	51,020,310	51,939,523	51,020,310	47,993,832

10. INCOME TAX

The major components of income tax expense for the years ended 31 March 2026 are as follows :

	Statement of Profit or Loss	Group		Company	
		2026	2025	2026	2025
10.1	**Current Income Tax**	Rs.	Rs.	Rs.	Rs.
	Current Income Tax charge (Note 10.2)	13,595,797	7,633,783	12,929,299	7,633,783
	(Over) / Under Provision of current taxes in respect of prior years	6,545,258	(9,059,137)	6,545,258	(9,059,137)
	Deferred Income Tax				
	Deferred Taxation Charge/(Reversal) (Note 10.3/Note 10.4)	2,505,573	1,086,690	2,505,573	1,086,690
	Income tax expense reported in the Statement of profit or loss	22,646,628	(338,664)	21,980,129	(338,664)

10.2 A reconciliation between tax expense and the product of accounting profit multiplied by the statutory tax rate is as follows:

	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Accounting Profit/(Loss) Before Tax	24,132,651	3,282,309	21,906,309	(3,713,376)
Intra-group Eliminations	(746,833)	255,449	-	-
Deductible Expenses	(62,771,470)	(49,835,322)	(63,515,783)	(49,835,322)
Non Deductible Expenses	83,669,882	76,477,490	83,604,313	76,477,490
Reversals and provisions	-	(6,060,624)	-	-
Unrelieved Business Losses	(67,728)	(1,160,510)	-	-
Profit from Business	44,216,502	22,928,792	41,994,839	22,928,792
Interest Income	1,102,821	2,517,152	1,102,821	2,517,152
Total Statutory Income	45,319,323	25,445,944	43,097,660	25,445,944
Taxable Profit	45,319,323	25,445,944	43,097,660	25,445,944
Income Tax - 30%	13,595,797	7,633,783	12,929,299	7,633,783
Income Tax Expense reported in the Statement of profit or loss	13,595,797	7,633,783	12,929,299	7,633,783

10.3 Deferred Tax Assets, Liabilities and Income Tax relates to the followings - Group

	Statement of Financial Position		Statement of Profit or Loss		Statement of Other Comprehensive income	
	2026	2025	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Deferred Tax Liability						
Property, Plant and Equipment	(52,257,082)	(38,369,454)	2,823,868	3,855,161	-	-
Tax on Revaluation of Assets	(557,459,422)	(557,454,159)	-	-	11,069,022	46,485,925
Right of use Assets	(3,742,099)	323,881	4,065,981	(37,006)	-	-
	(613,458,603)	(595,499,732)				
Deferred Tax Assets						
Retirement Benefit Obligation	31,636,107	28,073,452	(4,353,396	(4,016,540)	790,741	(4,224,257)
Provision for Slow moving inventory	1,388,485	1,353,585	(34,900)	3,017,480	-	-
Provision for Bad Debts	2,449,084	2,453,103	4,020	(1,732,403)	-	-
	35,473,676	31,880,140				
Charge/(Reversal) of Deferred Tax			2,505,573	1,086,690	11,859,763	42,261,667
Net Deferred Tax Liability	(577,984,927)	(563,619,591)				

10.3.1 Reconciliation of Deferred Tax Charge / (Reversal) - Group

	2026	2025
	Rs.	Rs.
Deferred Tax Liability as at 01 April	563,619,591	520,271,233
Deferred Tax Charge/(Reversal) reported in the Statement of Profit or Loss	2,505,573	1,086,690
Deferred Tax Charge/(Reversal) reported in Other Comprehensive Income		
- Tax Effect of Actuarial Gain/Loss	790,741	(4,224,257)
- Tax Effect of Asset Revaluation	11,069,022	46,485,925
Deferred Tax Liability as 31 March	577,984,927	563,619,591

10.3.2 Reconciliation of Deferred Tax (Charge)/ Reversal - Group

	2026	2025
	Rs.	Rs.
Deferred Tax (Charge)/Reversal On Other Temporary Differences Recognised Under Profit or Loss	(2,505,573)	1,086,690
Deferred Tax (Charge)/Reversal On Other Temporary Differences Recognised under Other Comprehensive Income	(11,859,763)	42,261,756
	(14,365,336)	43,348,447

10. INCOME TAX (Contd...)

10.3.3 Tax Losses

	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Tax Loss Brought Forward	4,431,260	8,636,424	-	-
Tax Loss Incurred During the Year	744,313	338,375	-	-
Adjustments relating to previous Year	(2,319,160)	(3,450,756)	-	-
Tax Losses Utilized During the Year	(67,727)	(1,092,783)	-	-
Tax Losses Carried Forward	2,788,686	4,431,260	-	-

The carried forward tax losses of the Group amounting to Rs. 2,788,686/- (2025 - Rs 4,431,260/-) is available for 5 years for offset against future statutory income of the Group. However deferred tax asset has not been recognized on the said carried forward tax losses as the Group is unable to assess with reasonable certainty that the taxable profit would be available to recover the asset in the foreseeable future.

10.4 Deferred Tax Assets, Liabilities and Income Tax relates to the followings - Company

	Statement of Financial Position		Statement of Profit or Loss		Statement of Other Comprehensive income	
	2026	2025	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Deferred Tax Liability						
Property, Plant and Equipment	(52,257,082)	(38,369,454)	2,823,868	3,855,161	-	-
Tax Effect of Asset Revaluation	(508,474,683)	(508,469,422)	-	-	11,069,022	42,510,750
Right of use Asset	(3,742,099)	323,881	4,065,981	(37,006)	-	-
	(564,473,864)	(546,514,994)				
Deferred Tax Assets						
Retirement Benefit Obligation	31,636,107	28,073,452	(4,353,396)	(4,016,540)	790,741	(4,224,257)
Provision for Slow moving inventory	1,388,485	1,353,585	(34,900)	3,017,480	-	-
Provision for Bad Debts	2,449,084	2,453,103	4,020	(1,732,403)	-	-
	35,473,676	31,880,140				
Charge/(Reversal) of Deferred Tax			2,505,573	1,086,690	11,859,763	38,286,493
Net Deferred Tax Liability	(529,000,188)	(514,634,854)				

10.4.1 Reconciliation of Deferred Tax Charge / (Reversal)

	2026	2025
	Rs.	Rs.
Deferred Tax Liability as 01 April	514,634,854	475,261,671
Deferred Tax Charge reported in the Statement of Profit or Loss	2,505,571	1,086,690
Deferred Tax Charge reported in Other Comprehensive Income		
- Tax Effect of Actuarial Gain/Loss	790,741	(4,224,257)
- Tax Effect of Asset Revaluation	11,069,022	42,510,750
Deferred Tax Liability as 31 March	529,000,188	514,634,854

Deferred tax was established at average effective income tax rate of 30% (2025 - 30%)

10.4.2 Reconciliation of Deferred Tax (Charge)/ Reversal - Company

	2026	2025
	Rs.	Rs.
Deferred Tax (Charge)/Reversal On Other Temporary Differences Recognised under Profit or Loss	(2,505,571)	1,086,690
Deferred Tax (Charge)/Reversal On Other Temporary Differences Recognised Under Other comprehensive income	(11,859,763)	38,286,493
	(14,365,334)	39,373,183

11. EARNINGS PER SHARE

11.1 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.

11.2 The following reflects the income and share data used in the Basic Earnings Per Share computation.

	Group		Company	
	2026	2025	2026	2025
Amount Used as the Numerator:	Rs.	Rs.	Rs.	Rs.
Profit attributable to ordinary equity holders of the parent	1,493,659	3,638,713	(73,818)	(3,374,713)

	2026	2025
Number of Ordinary Shares Used as Denominator:	Number	Number
Weighted Average number of Ordinary Shares in issue applicable to Basic Earnings Per Share	149,333	149,333

12. PROPERTY, PLANT AND EQUIPMENT

12.1 Group

12.1.1 Gross Carrying Amounts

At Cost or Valuation	Land Rs.	Buildings Rs.	Plant and Machinery Rs.	Office Equipment Rs.	Other Equipment Rs.	Furniture and Fittings Rs.	Motor Vehicles Rs.	Capital Work In Progress Rs.	Total Rs.
	Freehold								
As at 01 April 2025	1,863,730,000	66,692,439	133,537,783	35,276,166	8,149,338	24,900,761	41,539,211	-	2,173,825,698
Additions	3,972,426	6,901,825	58,248,075	7,957,705	2,970,060	21,568,556	8,607,686	-	110,226,333
Revaluation (Note 20)	-	17,703,566	19,175,631	-	-	-	-	-	36,879,197
Disposals	-	-	-	-	-	-	(9,800,010)	-	(9,800,010)
Transfer (Revaluation)	-	(3,622,832)	(19,175,631)	-	-	-	-	-	(22,798,463)
As at 31 March 2026	1,867,702,426	87,674,998	191,785,858	43,233,871	11,119,398	46,469,316	40,346,887	-	2,288,332,754

12.1.2 Accumulated Depreciation

As at 01 April 2025	-	-	-	23,433,271	4,269,730	7,903,586	41,539,211	-	77,145,799
Charge for the Year	-	3,622,832	19,175,631	2,324,587	779,086	3,809,607	48,402	-	29,760,146
Transfer (Revaluation)	-	(3,622,832)	(19,175,631)	-	-	-	-	-	(22,798,463)
Disposals	-	-	-	-	-	-	(9,800,010)	-	(9,800,010)
As at 31 March 2026	-	-	-	25,757,858	5,048,816	11,713,193	31,787,603	-	74,307,471

12.1.3 Net book value

As at 31 March 2026	1,867,702,426	87,674,998	191,785,858	17,476,013	6,070,582	34,756,123	8,559,284	-	2,214,025,283
As at 31 March 2025	1,863,730,000	66,692,439	133,537,783	11,842,894	3,879,608	16,997,175	-	-	2,096,679,899

12.1.4 During the financial year, the Group acquired Property, Plant and Equipment to the aggregate value of Rs.110,226,332/- (2025 - Rs.78,624,298/-). Cash payments amounting to Rs.110,226,332/- (2025 - Rs.78,624,298/-) were made during the year for purchase of Property, Plant and Equipment.

12.1.5 Group Property, Plant and Equipment with a cost of Rs. 78Mn. (2025 - Rs. 57.8Mn.) have been fully depreciated and continue to be in use by the Group.

12.1.6 Right of Use Asset

	Motor Vehicles	
Cost	**2026**	**2025**
As at 01 April	15,310,000	15,310,000
Additions during the year	31,393,229	-
As at 31 March	46,703,229	15,310,000
Accumulated Depreciation		
As at 01 April	15,310,000	12,993,333
Depreciation Charge for the Year	4,578,179	2,316,667
As at 31 March	19,888,179	15,310,000
Net Book Value	26,815,050	-

12.1.7 The following are the amounts recognised in profit or loss:

	Group	
	2026	**2025.**
Depreciation expense of right-of-use assets	4,578,179	2,316,667
	986,412	211,304

The Group had total cash outflows for leases of Rs. 2,378,078/- (Rs. 2,404,618/- in 2025). The future cash outflows relating to leases that have not yet commenced are disclosed in Note 25.1.2 (Maturity Note)

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31st March 2026

12. PROPERTY, PLANT AND EQUIPMENT (Contd...)

12.2 COMPANY

12.2.1 Gross Carrying Amounts

At Cost or Valuation	Land Rs.	Buildings Rs.	Plant and Machinery Rs.	Office Equipment Rs.	Other Equipment Rs.	Furniture and Fittings Rs.	Motor Vehicles Rs.	Capital Work In Progress Rs.	Total Rs.
	Freehold								
At 01 April 2025	1,700,430,000	66,692,439	133,537,783	34,417,567	8,149,338	24,410,293	28,789,201	-	1,996,426,621
Additions	3,972,426	6,901,825	58,248,075	7,957,705	2,970,060	21,568,555	8,607,686	-	110,226,332
Disposals	-	-	-	-	-	-	(9,800,010)	-	(9,800,010)
Revaluation (Note 20)	-	17,703,566	19,175,631	-	-	-	-	-	36,879,197
Transfer (Revaluation)	-	(3,622,832)	(19,175,631)	-	-	-	-	-	(22,798,463)
As at 31 March 2026	1,704,402,426	87,674,998	191,785,858	42,375,272	11,119,397	45,978,848	27,596,877	-	2,110,933,677
12.2.2 Accumulated Depreciation									
As at 01 April 2025	-	-	-	22,574,671	4,269,730	7,413,118	28,789,201	-	63,046,722
Charge for the Year	-	3,622,832	19,175,631	2,324,587	779,086	3,809,608	48,402	-	29,760,147
Transfer (Revaluation)	-	(3,622,832)	(19,175,631)	-	-	-	-	-	(22,798,463)
Disposals	-	-	-	-	-	-	(9,800,010)	-	(9,800,010)
As at 31 March 2026	-	-	-	24,899,258	5,048,816	11,222,726	19,037,593	-	60,208,396
12.1.3 Net book value									
As at 31 March 2026	1,704,402,426	87,674,998	191,785,858	17,476,014	6,070,581	34,756,122	8,559,284	-	2,050,725,281
As at 31 March 2025	1,700,430,000	66,692,439	133,537,783	11,842,896	3,879,608	16,997,175	-	-	1,933,379,899

12.2.4 During the financial year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs. 110,226,332/- (2025 - Rs. 78,624,298/-). Cash payments amounting to Rs. 110,226,332/- (2025 - Rs. 78,624,298/-) were made during the year for purchase of Property, Plant and Equipment.

12.2.5 Company Property, Plant and Equipment with a cost of Rs. 78 Mn. (2025 - Rs. 57.8 Mn.) have been fully depreciated and continue to be in use by the Group.

12.2.6 Right of Use Asset

	Motor Vehicles	
Cost	**2026**	**2025**
As at 01 April	15,310,000	15,310,000
Additions during the year	31,393,229	-
As at 31 March	46,703,229	15,310,000
Accumulated Depreciation		
As at 01 April	15,310,000	12,993,333
Depreciation Charge for the Year	4,578,179	2,316,667
As at 31 March	19,888,179	15,310,000
Net Book Value	26,815,050	-

12.2.7 The following are the amounts recognised in profit or loss:

	Company	
	2026	**2025**
	Rs.	**Rs.**
Depreciation expense of right-of-use assets	4,578,179	2,316,667
Interest expense on lease liabilities	986,412	211,304

The Group had total cash outflows for leases of Rs. 2,378,078/- (Rs. 2,404,618/- in 2025). The future cash outflows relating to leases that have not yet commenced are disclosed in Note 25.1.2 (Maturity Note)

12. PROPERTY, PLANT AND EQUIPMENT - (Contd....)

12.3.1 The fair value of Plant and Machinery was determined by means of a revaluation during the financial year 2025/2026 by Mr. T. M. H. Mutaliph, an independent valuer. The results of such revaluation were incorporated to the financial statements from its effective date which was 31 March 2026. The surplus arising from the revaluation net of deferred taxes, was transferred to a revaluation reserve.

Class of Asset	Date of valuation	Valuer	Revalued Amount (Rs.)	Fair value measurement Basis and Sensitivity of Inputs
Plant and Machineries	31 March 2026	Mr. T .M. H. Mutaliph	191,785,858/-	Level 03 Measurements - Significant unobservable inputs (Replacement Cost). The valuer has considered the replacement cost of each component/part of the plant and machineries of the Group/ Company. Significant increase/decrease in replacement cost of each component/ part of the machineries would result in higher/lower fair value of machineries.
Land and Buildings	31 March 2026	Mr. T .M. H. Mutaliph	1,955,377,424/-	Level 03 Measurements - Market comparable prices with a downward adjustment to reflect the property's unique characteristics and restrictions such as large land extent, orientation and road facing sides of the property, the designation as a commercial use property and etc.

12.3.2 Significant Assumptions Used by Valuer are as follows

	2026	2025
Manufacturing Capacity	500 Kg - 1500 Kg	500 Kg - 1500 Kg
Estimated Balance life period	5- 10 Years	5 - 10 Years

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31st March 2026

12. PROPERTY, PLANT AND EQUIPMENT - (Contd....)

12.3.3 Land and Building

Company	Address	Extent	Method of Valuation	Date of Valuation	Valuer	Significant unobservable inputs (Level 3)	Revalued Amount (Rs.)	Interrelationship between key unobservable inputs and fair value measurements
The Swadeshi Industrial Works PLC	No. 57, Colombo Road, Kandana	3A-2R-6.18P	The market Approach method of Valuation	31st March 2026	Mr. T .M. H. Mutaliph	Rs. 3,000,000 pp	Rs. 1,704,402,426/-	Positive correlated sensitivity
The Swadeshi Industrial Works PLC	No. 57, Colombo Road, Kandana	Sq.ft. 62,600 (9 Buildings)	The market Approach method of Valuation	31st March 2026	Mr. T .M. H. Mutaliph	Rs. 150 to Rs 14,500 per Sq.ft	Rs. 87,674,998/-	Positive correlated sensitivity
Ceylon Plastics Limited	No. 57, Kandana Colombo Road, Kandana	0A-2R-1.65P	The market Approach method of Valuation	31st March 2026	Mr. T .M. H. Mutaliph	Rs.2,000,000/- pp	Rs. 163,300,000/-	Positive correlated sensitivity

12.4 The carrying amount of revalued assets that would have been included in the financial statements of the Group/Company had the assets been carried at cost less depreciation is as follow:

Class of Asset	Cost	Cumulative Depreciation if Assets were Carried at Cost	Net Carrying Amount 2026	Net Carrying Amount 2025
	Rs.	Rs.	Rs.	Rs.
Group				
Land	9,504,354	-	9,504,354	5,531,928
Building	119,304,961	65,436,556	53,868,405	52,931,828
Plant and Machineries	238,221,346	100,629,896	137,591,450	103,165,510
	367,030,661	166,066,452	200,964,209	161,629,266
Company				
Land	9,486,811	-	9,486,811	5,514,385
Building	119,304,961	65,436,556	53,868,405	52,931,828
Plant and Machineries	238,221,346	100,629,896	137,591,450	103,165,510
	367,013,118	166,066,452	200,946,666	161,611,723

		Group		Company	
13.	**INTANGIBLE ASSETS**	**2026**	**2025**	**2026**	**2025**
		Rs.	**Rs.**	**Rs.**	**Rs.**
13.1	**Cost**				
	As at 1 April	18,165,796	18,165,796	18,165,796	18,165,796
	Acquired during the year	14,587,835	-	14,587,835	-
	As at 31 March	32,753,631	18,165,796	32,753,631	18,165,796
13.2	**Accumulated Amortization**				
	As at 1 April	15,719,390	14,580,161	15,719,390	14,580,161
	Amortization for the year	1,564,379	1,139,229	1,564,379	1,139,229
	As at 31 March	17,283,769	15,719,390	17,283,769	15,719,390
13.3	**Net book value**	15,469,862	2,446,406	15,469,862	2,446,406

13.4 Intangible assets include computer software with an estimated useful life of 05 Years.

14. INVESTMENTS IN SUBSIDIARIES - Company

Non-Quoted	2026 Percentage of Holding	2025 Percentage of Holding	2026 Rs.	2025 Rs.
Ceylon Plastics Ltd.	88.11%	88.11%	212,570	212,570
The Swadeshi Marketing (Pvt) Ltd.	100%	100%	145,000,200	145,000,200
The Swadeshi Chemicals (Pvt) Ltd.	99.99%	99.99%	6,500,180	6,500,180
Total Gross Carrying Value of Investments in Subsidiaries			151,712,950	151,712,950
Provision for Impairment of Investment (Note 14.1)			(93,571,311)	(92,824,478)
Total Net Carrying Value of Investments in Subsidiaries			58,141,639	58,888,472

14.1 Provision for Impairment of Investment

Impairment provision recognized on,		
The Swadeshi Chemicals (Pvt) Ltd.	6,500,180	6,500,180
The Swadeshi Marketing (Pvt) Ltd.	87,071,131	86,324,298
	93,571,311	92,824,478

14.2 The company carried out impairment test through the determinition of fair value of the investments. During the year the company made an additional provision of 746,833/=(2024/2025 - Rs. 335,875/-) against the investment, The Swadeshi Marketing (Pvt) Ltd. This increased the total provision against the said investment to Rs. 87,071,131/-.

The fair value of the subsidiary was determined using the Net Asset Value (NAV) per share method. Under this method, the fair value of the subsidiary is calculated based on the adjusted net assets as per its latest audited financial statements, divided by the number of outstanding shares. Following key assumptions were considered in determining the provision for impairment of the investment in subsidiaries.

1. The values of the subsidiary's assets and liabilities used in the calculation, reflect fair value in accordance with applicable ac counting standards.
2. There are no material off-balance sheet liabilities or contingencies that could affect the net asset value.

Changes in Valuation Technique: There were no changes in the valuation technique during the current reporting period. The NAV per share method has been consistently applied in previous periods and continues to be considered the most reliable method given the nature of the subsidiary's business and asset composition.

The Company had impaired its invetment in The Swadeshi Chemicals (Pvt) Ltd amounting to Rs. 6,500,180/- due to negative net assets position. Even though the net assets have become positive, based on the current macro economic situation of the country, the management intends to carry forward the said provision.

Financial Statements of the Ceylon Plastics Ltd & The Swadeshi Marketing (Pvt) Ltd have been prepared on a basis other than going concern since the operation of these two subsidiaries had been ceased. Accordingly, the assets and liabilities are recorded at their realizable amount.

14.2.1 Description of significant unobservable input to valuation of The Swadeshi marketing (Pvt) Ltd.

The fair value measurements of the investment in The Swadeshi Marketing (Pvt) Ltd has been categorised under Level 3 fair value hierarchy.

Financial asset	Valuation Techniques	Unobservable inputs	Interrelationship between key unobservable inputs and fair value measurements	Sensitivity of the Analysis 1% Increase in Net Assets	1% Decrease in Net Assets
Non listed Equity Instrument - The Swadeshi Marketing (Pvt) Ltd	Net assets value per share	Assest & Liability	Increase when assets increase and decrease when liability increase.	Rs. 86,491,840/-	Rs. 87,650,422/-

15. INTEREST BEARING LOANS AND BORROWINGS

15.1 Financial Liabilities	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Current Interest -bearing loans and borrowings				
Obligations under Leases Liabilities (Note 25)	2,668,394	1,079,605	2,668,394	1,079,605
Bank overdrafts (Note 23.2)	134,326,077	878,294	134,326,077	878,294
Short Term Loans (Note 15.2)				
Bank Loans				
People's Bank	46,760,400	60,334,813	46,760,400	60,334,813
Commercial Bank of Ceylon PLC	147,931,880	155,389,689	147,931,880	155,389,689
Hatton National Bank PLC	120,500,000	-	120,500,000	-
Nations Trust Bank PLC	181,976,360	100,151,778	181,976,360	100,151,778
Total Current Interest-bearing-loans and borrowings	634,163,111	317,834,179	634,163,111	317,834,179
Non-Current Interest -bearing loans and borrowings				
Obligations under leases Liabilities (Note 25)	11,672,993	-	11,672,993	-
Interest Bearing Borrowings	-	-	-	-
Total Non-Current Interest-bearing-loans and borrowings	11,672,993	-	11,672,993	-
Total Interest-bearing loans and borrowings	645,836,104	317,834,179	645,836,103	317,834,179

15. INTEREST BEARING LOANS AND BORROWINGS(Contd...)

15.2 Short Term Loans - Group/Company

Bank Loans	As at 01.04.2025 Rs.	Loans Obtained Rs.	Interest Expense Rs.	Repayment/ Transfer Rs.	As at 31.03.2026 Rs.
People's Bank	60,334,813	316,394,845	5,968,003	(335,937,261)	46,760,400
Commercial Bank of Ceylon PLC	155,389,689	447,625,725	17,293,015	(472,376,549)	147,931,880
Hatton National Bank PLC	-	437,628,000	5,537,218	(322,665,218)	120,500,000
Nation Trust Bank	100,151,778	534,420,397	13,182,602	(465,778,417)	181,976,360
	315,876,280	1,736,068,967	41,980,838	(1,596,757,445)	497,168,640

16. INVENTORIES

	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Raw Materials	321,712,257	346,568,360	321,712,257	346,568,360
Work in Progress	20,609,746	18,828,953	20,609,746	18,828,953
Finished Goods	208,501,123	197,646,468	208,501,123	197,646,468
Consumables and Spares	43,927,419	34,344,647	43,927,419	34,344,647
Other Materials	18,276,597	-	18,276,597	-
Allowances for Slow Moving Inventories (Note 16.1)	(4,628,282)	(4,511,951)	(4,628,282)	(4,511,951)
	608,398,860	592,876,477	608,398,860	592,876,477

16.1 Allowances for Slow Moving Inventories

	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
As at 01 April	4,511,951	14,570,115	4,511,951	14,570,115
Write off against provision	-	(10,058,164)	-	(10,058,164)
Charge for the year	116,331	-	116,331	-
As at 31 March	4,628,282	4,511,951	4,628,282	4,511,951

Provision for slow moving inventories has been based on the estimation of the management of the Company.

17. TRADE AND OTHER RECEIVABLES

	Group		Company	
17.1 Summary	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Trade Receivables	648,432,148	699,624,117	624,179,253	681,951,289
Provision for Doubtful Debts (Note 17.2)	(20,875,064)	(10,656,882)	(8,163,610)	(8,177,011)
	627,557,084	688,967,235	616,015,643	673,774,278
Other Receivables - Related Parties (Note 17.4)	-	-	2,155,115	2,080,246
- Others	18,044,947	15,131,333	8,640,451	7,386,507
	645,602,031	704,098,568	626,811,209	683,241,031

17. TRADE AND OTHER RECEIVABLES (Contd...)

17.2 As at 31 March 2026, trade receivables of the Group with an initial value of Rs.20,875,066/- (2025 - Rs.10,656,882/-) were individually impaired and fully provided.

	Group Rs.	Company Rs.
As at 01 April	10,656,882	8,177,011
Write off against provision	(23,401)	(13,401)
Adjustment	10,241,583	-
charge / (Reversal) for the year	-	-
As at 31 March	20,875,064	8,163,610

17.3 Trade receivables are non interest bearing and generally 30-90 day terms. As at 31 March, the aging analysis of trade receivables is as follows:

Group		Neither past due nor	Past due but not impaired			Individually assessed
	Total Rs.	Impaired Rs.	1-30 days Rs.	31-90 days Rs.	91-360 days Rs.	360+ days Rs.
2026	648,432,146	486,994,030	113,655,583	11,356,562	22,507,313	13,918,659
2025	699,624,117	467,076,009	70,830,064	77,214,465	70,922,585	13,580,994

Company		Neither past due nor	Past due but not impaired			Individually assessed
	Total Rs.	Impaired Rs.	1-30 days Rs.	31-90 days Rs.	91-360 days Rs.	360+ days Rs.
2026	624,179,253	485,897,281	112,976,847	11,356,562	12,265,731	1,682,832
2025	681,951,289	463,581,265	69,785,981	76,805,826	70,631,546	1,146,671

17.4 Other Receivables due from Related Parties

		Group		Company	
	Relationship	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Ceylon Plastics Limited	Subsidiary	-	-	2,155,115	2,080,246
The Swadeshi Plantation Limited	Affiliate	196,866	196,866	196,866	196,866
The Swadeshi Consumer Products Limited	Affiliate	39,704	39,704	39,704	39,704
The Swadeshi Resorts & Spas Limited	Affiliate	20,571	20,571	20,571	20,571
The Swadeshi Holiday Resort Limited	Affiliate	20,571	20,571	20,571	20,571
The Swadeshi Power (Private) Limited	Affiliate	84,205	84,205	84,205	84,205
Provision for Doubtful Debts	Affiliate	(361,919)	(361,919)	(361,919)	(361,919)
		-	-	2,155,115	2,080,246

18. ADVANCES AND PREPAYMENTS

	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Prepaid & Advance - Local supplier	81,243,640	64,702,705	81,243,640	64,702,705
Prepaid & Advance - Import supplier	162,669,604	33,908,850	162,669,604	33,908,850
	243,913,244	98,611,555	243,913,244	98,611,555

19. STATED CAPITAL - Group/Company

	2026		2025	
	Number	Rs.	Number	Rs.
Issued and Fully Paid Ordinary Shares				
As at April 01	149,333	150,634,670	149,333	150,634,670
As at March 31	149,333	150,634,670	149,333	150,634,670

20. REVALUATION RESERVE

	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Balance as at the beginning of the year	1,361,883,345	1,238,570,075	1,261,158,161	1,146,032,821
Revaluations during the year	36,879,197	170,904,216	36,879,197	157,636,091
Income Tax Effect on Revaluation	(11,069,022)	(46,486,014)	(11,069,022)	(42,510,750)
Transfer to Non-controlling interest	-	(1,104,932)	-	-
Balance as at the end of the year	1,387,693,521	1,361,883,345	1,286,968,337	1,261,158,161

20.1 Nature and Purpose of Revaluation Reserve

Asset revaluation reserve
The asset revaluation reserve is used to record increases in the fair value of land, building and plant and machinery and decreases to the extent that such decrease relates to an increase on the same asset previously recognized in equity.

21. RETIREMENT BENEFIT LIABILITY

	Group		Company	
	2026	2025	2026	2025
21.1 Retirement Benefit Liability	Rs.	Rs.	Rs.	Rs.
Balance as at the beginning of the year	93,578,173	66,108,848	93,578,173	66,108,848
Current Service Cost	8,699,904	6,871,953	8,699,904	6,871,953
Interest Cost	9,357,817	7,933,062	9,357,817	7,933,062
Actuarial (Gain)/Loss	(2,635,803)	14,080,857	(2,635,803)	14,080,857
Payments during the year	(3,546,400)	(1,416,547)	(3,546,400)	(1,416,547)
Balance as at the end of the year	105,453,691	93,578,173	105,453,691	93,578,173

The expenses are recognized in the following line items in the statement of comprehensive income.

Administrative Expenses	18,057,721	14,805,015	18,057,721	14,805,015
Other Comprehensive Income	(2,635,803)	14,080,857	(2,635,803)	14,080,857
	15,421,918	28,885,872	15,421,918	28,885,872

21.2 Messrs. Actuarial and Management Consultants (Private) Limited, independent actuarial specialists carried out an actuarial valuation of the defined benefit plan gratuity as at 31 March 2026. Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The principal assumptions used are as follows:

	2026	2025
Discount of Interest	10% p.a.	10% p.a.
Rate of Salary Increase	8% p.a.	10% p.a.
Other assumptions used are as follows		
Retirement Age	60 Years	60 Years
Staff Turnover:	11%	12%

21.3 Sensitivity of the principal assumptions used

	Expected Future Salaries		Discount Rate	
	1% increase	1% decrease	1% increase	1% decrease
	Rs.	Rs.	Rs.	Rs.
Group/Company				
Change in Present value of Defined Benefit Obligation	4,533,270	(4,225,910)	(3,768,369)	4,107,097

21.4 Expected average future working life of the active participants is 4 years. (2025 - 6.6 Years)

21.5 The following are the expected payments to the defined benefit plan in future years

	2026	2025
	Rs.	Rs.
Within the next 12 months	43,894,085	32,581,817
Between 2 to 5 years	45,351,955	21,056,166
Between 6 and 10 Years	6,995,009	30,956,190
Beyond 10 Years	9,212,642	8,984,000
Total Expected Payments	105,453,691	93,578,173

During the financials Year 2021/2022, the Pension Arrangement was adjusted to reflect new legal requirement as per Minimum retirement age of Workers Act No.28 of 2021 regarding the retirement age.

22. TRADE AND OTHER PAYABLES	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Trade Payables	32,610,424	13,959,861	29,493,776	10,843,212
Other Payables - Related parties (Note 22.1)	-	-	68,548,578	73,289,702
Sundry Creditors Including Accrued Expenses	345,226,006	503,539,262	348,525,383	501,813,588
	377,836,430	517,499,123	446,567,737	585,946,502

Terms and conditions of the above financial liabilities
Trade payables are non-interest bearing and are normally settled on 30- 60 day terms
Other payables are non-interest bearing and have an average term of two months

22.1 Other Payables Due to Related Parties	Relationship	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
The Swadeshi Marketing (Private) Limited	Subsidiary	-	-	63,670,254	64,184,212
The Swadeshi Chemicals (Private) Limited	Subsidiary	-	-	4,878,323	9,105,490
		-	-	68,548,577	73,289,702

23. CASH AND CASH EQUIVALENTS IN CASH FLOW STATEMENT Components of Cash and Cash Equivalents	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
23.1 Favourable Cash and Cash Equivalents Balances				
Cash and Bank Balance	58,066,118	66,727,253	54,293,586	66,217,019
23.2 Unfavourable Cash and Cash Equivalent Balances				
Bank Overdraft	(134,326,077)	(878,294)	(134,326,077)	(878,294)
Total Cash and Cash Equivalents for the purpose of Cash Flow Statement	(76,259,959)	65,848,959	(80,032,491)	65,338,725

24. RELATED PARTY DISCLOSURES
Details of significant related party disclosures are as follows;

24.1 Transactions with Related Entities	Subsidiaries 2026 Rs.	Subsidiaries 2025 Rs.
Nature of Transactions		
As at 1 April	(71,209,456)	(72,837,763)
Sales	6,318,525	26,053,411
Settlements received during the year	-	(37,580,000)
Collections/ fund transfers by the Company	(14,186,002)	6,544,727
Expenses Incurred by the Company	12,683,470	6,610,169
As at 31 March	(66,393,463)	(71,209,456)
Included in,		
Trade and Other Receivables	2,155,115	2,080,246
Trade and Other Payables	(68,548,578)	(73,289,702)
	(66,393,463)	(71,209,456)

24.1.1 Terms and Conditions of Significant Related Party Transactions:

Sales and Settlements - Apart form the normal distribution network, The Swadeshi Industrial Works PLC distributes its products through The Swadeshi Chemicals (Pvt) Limited and those sales to related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash

24.2 Transactions with Key Management Personnel of the Company
The key management personnel of the Company includes the Directors of the Company and Directors in subsidiaries.

24. RELATED PARTY DISCLOSURES (Contd...)

		2026	2025
24.3.1	**Compensation to Key Management Personnel**		
		Rs.	**Rs.**
	Nature of transaction		
	Short Term Employment Benefits	100,558,404	105,726,922

25. LEASE LIABILITIES (GROUP/COMPANY)

	2026		2025	
	Minimum payments	Present value of payments	Minimum payments	Present value of payments
	Rs.	Rs.	Rs.	Rs.
Current Liability	4,076,704	2,668,394	1,107,100	1,079,605
Non - Current Liability	13,928,740	11,672,993	-	-
Total minimum lease payments	18,005,444	14,341,387	1,107,100	1,079,605
Less : Finance Charges allocated to future periods	(3,664,058)	-	(27,496)	-
Present value of minimum lease payments	14,341,386	14,341,387	1,079,604	1,079,605

25.1.1 Leases	As at 01.04.2025	Leases Obtained	Repayment	As at 31.03.2026
	Rs.	Rs.	Rs.	Rs.
Gross Liability	1,107,101	20,383,522	3,485,178	18,005,444
Finance Charges	(27,496)	(4,615,292)	(978,731)	(3,664,058)
Net liability	1,079,605	15,768,230	2,506,447	14,341,386

25.1.2 The table below summarizes the maturity profile of the Group's/ Company's Leasehold liabilities based on contractual payments.

Year ended 31 March 2026	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Leasehold Liabilities	-	679,451	3,397,254	13,928,740	18,005,444
	-	679,451	3,397,254	13,928,740	18,005,444

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities, comprise trade and other payables and interest bearing loans and borrowings. The main purpose of these financial liabilities is to finance the Group's operations and assets. 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.

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 deposits, The objective of market risk management is to manage and control market risk exposures with in acceptable parameters, while optimizing the return.

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd...)

Interest rate risk
The Group interest rate risk arises from long-term borrowings issued at variable rates. The company manages its interest rate risk by actively monitoring the yield curve trend and interest rate movement for the various financial instruments.

rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fluctuation in interest rate has a impact on the Group since it is depends on bank overdrafts and short term borrowings. Company's interest rate varies according to the Bank.

Interest rate sensitivity
The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings, With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Increase/ decrease in basis points	Effect on profit before tax
2026		
Interest Bearing Loans and Borrowings	+/- 1000	+/- 63,416,311
2025		
Interest Bearing Loans and Borrowings	+/- 1000	+/- 31,783,418

Foreign exchange risk
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the import of raw materials and packing materials.

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rate, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Group's exposure to foreign currency risk as at 31st March 2026, and sensitivity analysis to profit & loss and equity if exchange rate increased / (decrease) by 10%.

As at 31 March 2026	Change in rates		Company Effect on profit before tax		Group Effect on profit before tax	
			Rs.	Rs.	Rs.	Rs.
USD	+ 10%	- 10%	1,435,983	(1,435,983)	1,435,983	(1,435,983)

As at 31 March 2025	Change in rates		Company Effect on profit before tax		Group Effect on profit before tax	
			Rs.	Rs.	Rs.	Rs.
USD	+ 10%	- 10%	75,868	(75,868)	75,868	(75,868)

Credit risk
The Group is exposed to credit risk primarily from its trade receivables, which arise from its operating activities and its deposits with banking institutions. The Group's objective is to seek continual revenue growth while minimizing losses incurred due to increased credit risk exposure.

The Group trades only with recognized and credit worthy third parties and all customers are subject to a credit verification process. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is minimal. The Group also obtains security deposits from distributors in order to mitigate the counter party risk.

Liquidity risk
Liquidity risk mainly arise as the Group is mainly depends on short term borrowings and in which case the company might encounter difficulties in meeting obligations associated with its financial liabilities. The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, loans, and finance leases.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual payments.

Year ended 31 March 2026	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Interest-bearing loans and borrowings	-	428,582,235	203,580,891	11,672,993	645,836,119
Trade and other payables	-	446,567,737	-	-	446,567,737
	-	875,149,972	205,580,891	11,672,993	1,092,403,856

Year ended 31 March 2025	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	Rs.	Rs.	Rs.	Rs.	Rs
Interest-bearing loans and borrowings	-	277,845,507	38,030,773	-	315,876,280
Trade and other payables	-	517,499,123	-	-	517,499,123
	-	795,344,630	38,030,773	-	833,375,403

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd...)

Capital management
Capital includes only the equity attributable to the equity holders of the parent.

The primary objective of the Group's capital management is to ensure the healthy capital ratios in order to support its business and maximize shareholder value.

The group manages its capital structure and makes adjustments to it in light of changes in economic conditions. No changes were made in the objectives, policies or processes for managing capital during the year ended 31 March 2026.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings divided by total equity. Total borrowings including non-current and current borrowings as shown in the statements of financial position. Total equity is calculated as 'Total equity' in the statements of financial position.

Gearing ratio as at 31 March is as follows :

	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Borrowings	645,836,103	317,834,179	645,836,103	317,834,179
Total Equity	2,089,323,798	2,060,182,535	1,944,879,585	1,917,298,167
Gearing Ratio : Debt to Equity	0.31	0.15	0.33	0.17

27. FAIR VALUES

The management assessed that cash and short-term deposits, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be ex changed in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

Variable-rate receivables/borrowings are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected losses of these receivables.

The fair values of the Group's interest-bearing borrowings and loans are determined by using the DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31 March 2026 was assessed to be insignificant.

27. FAIR VALUES (Contd...)

27.1 The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

The fair value measurement hierarchy for assets as at 31 March 2026:

	Date of valuation	Fair value measurement using			
		Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value					
Revalued Property, Plant and Equipment					
Land & Building (Note 12) - Company	31-Mar-26	1,792,077,424	-	-	1,792,077,424
Plant & Machinery (Note 12) - Company	31-Mar-26	191,785,858	-	-	191,785,858
Land & Building (Note 12) - Group	31-Mar-26	1,955,377,424	-	-	1,955,377,424
Plant & Machinery (Note 12) - Group	31-Mar-26	191,785,858	-	-	191,785,858
Investments in Subsidiaries					
The Swadeshi Marketing (Pvt) Ltd. (Note 14) Company	31-Mar-26	57,929,069	-	-	57,929,069

28. EVENTS AFTER THE REPORTING PERIOD

There were no material events occurring after the reporting date that require adjustments to or disclosure in the financial statements.

29. COMMITMENTS AND CONTINGENCIES

29.1 Commitments

There are no material commitments as at the reporting date.

Year Ended 31st March 2026

29. COMMITMENTS AND CONTINGENCIES (Contd...)

29.2 Contingencies - Group

Lender Swadeshi Industrial Works PLC	Security	Approved Facility Rs.	Nature of Facility	Outstanding as at 31st March 2026 Rs.
01 Peoples Bank	- Primary Mortgage over Property marked as Lot No 2B in survey plan No 4628 at 57, Colombo Road Kandana. -Title of documents of goods shipped. -Indemnity of the company. -Corporate Guarantees of " The Swadeshi Industrial Works PLC"	25 Mn 240 Mn 25 Mn	Overdraft Facility Short Term Loan Facility (Sub Limit Under LC) Term Loan	4 Mn 47 Mn
02 Commercial Bank	-Primary mortgage for Rs.35 Mn and Secondary mortgage for Rs.5Mn over Lot No: 7, at No:57, Colombo road, Kandana. -Primary mortgage for Rs.10 Mn , Secondary ,Quaternary and fifth mortgages for Rs. 70 Mn over Lot No:8, at No:57 Colombo road, Kandana. -Primary mortgage for Rs.20Mn and Secondary mortgage for Rs. 30 Mn and Tertiary Morgage for 60 Mn over Lot No:9, at No:57/6 Colombo road, Kandana. - Primary mortgage for Rs.30 Mn and additional mortgage bonds for Rs. 100 Mn over stock and book debts of the company. - Primary mortgage for Rs.20 Mn over the Brand New Soap Cartooning Machine located at the No. 57, Negombo Road, Kandana imported by the company. - Primary mortgage for Rs. 3.5 Mn over the Super Chiller located at the No. 57, Negombo Road, Kandana imported by the company.	60 Mn 300 Mn	Overdraft / Money Market Facility Import Demand Loan /Letter of Credit Facility	19 Mn 148 Mn
03 Nation Trust Bank	- Secondry Mortgage over stocks and book debtors for Rs.225 Mn, Overdraft agreement for Rs. 25 Mn with monthly cash build up.	Rs.25Mn Rs. 200 Mn	Over draft facility Import Loan / Letter of Credit Facility	25 Mn 181 Mn
04 Hatton National Bank	- Primary Floating Mortgage Bond for Rs. 186 Mn over land & building bearing assessment No: 57/2 & 57/3, Colombo Road,B9, Kandana owned by the company. (Lot No. 4 & 5) -Documents of title to goods under imports	25 Mn 500 Mn	Overdraft / Money Market Facility Letter of Credit (Import Loan of Rs. 105Mn sub limit under LC facility)	25 Mn 121 Mn
05 National Development Bank (Corporate Banking Division)	- Secondary Mortgage over stocks and book debts for Rs.55Mn	Rs. 10 Mn Rs.45 Mn	Over draft facility Import Loan / Letter of Credit Facility	
06 DFCC (Corporate Banking Division)	- Promissory Note for Rs. 125 Mn	Rs. 25 Mn Rs.200 Mn	Over draft facility Import Loan / Letter of Credit Facility	
07 UNION Bank (Corporate Banking Division)	- Promissory Note for Rs. 250Mn - Documents of title to goods under imported	Rs. 50 Mn Rs.200 Mn	Over draft facility Import Loan / Letter of Credit Facility	

Investor's Information

1. Twenty Largest Shareholders as At 31/03/2026

Name of Shareholders	No. of Shares	Percentage
1.Sampath Bank Plc/Senthilverl Holdings (Pvt) Ltd.	53,119	35.57
2.Ms.C.S.M.Samarasinghe	50,388	33.74
3.Sedawatte Exports LTD	29,455	19.72
4.Ms. A.M.Wijewardene	2,298	1.54
5.Mr. L. C. Lobo	1,546	1.04
6.Miss. D.K. Munasinghe	1,384	0.93
7.Mr. S. Vytilingam	952	0.64
8.Mrs. M.E.Wemyss	813	0.54
9.Estate of the Late Mr. V.K. Joshi	510	0.34
10.Mr. K.D. Joshi	509	0.34
11.S . Santhosa Nadar Limited	400	0.27
12.Estate of the Late Mr. A . R . M . Thassim	400	0.27
13.The Life Insurance Corporation Lanka ltd.	400	0.27
14.Estate of the Late Mr. W.A.J. Lobo	383	0.26
15.Mrs. S.C. Fernando	340	0.23
16.Administrator of the Estate of the Late Dr. C.L.S. Ferdinands	333	0.22
17.Mr. S. Vythilingam	317	0.21
18. Mrs.S. Kumarasingham	266	0.18
19. Administrator of the Estate of the Late Mr. M.D.D. Wijetunaga	252	0.17
20. Mr. K. A. N. L. Ratnasekera	200	0.13
	144,265	96.61

2. Shareholdings as At 31st March 2026

Holdings	No. of Share Holders	No. of Shares	Percentage (%)
1 - 1,000	271	11,143	7.46
1,001 - 10,000	3	5,228	3.50
10,001 - 100,000	3	132,962	89.04
100,001 - 1,000,000	-	-	-
Over 1,000,000	-	-	-
		149,333	**100**

3. Percentage of Public Shareholding

(i).The company's shares are listed on the Diri Savi Board since 28th November 2017. As per section 7.14.1 A Listed Entity whose shares are listed on the Diri Savi Board shall maintain a Minimum Public Holding Requirement

(ii). Company belongs to the First option as the company's "Float Adjusted Market Capitalization" is above the minimum threshold, which is Rs. 1 Bn. Further it is above the "Minimum Public Holding Percentage" which is 7.5% and is also above the "Minimum Number of Public Shareholders".

(iii) Number of Shareholders of the Company as at 31st March 2026

No. of CDS Shareholders - 197

No. of N-CDS Shareholders - 80

Total - 277

Investor's Information

(iv). Percentage of shares held by the public as at 31/03/2026

Total number of shares issued	149,333
No. of shares held by public	67,082
No. of public share holder	272
Percentage of shares held by public	44.92%
Float Adjusted Market Capitalization (Rs)	1,006,205,754/-

4. Market and Other information

a) Market Value	**31/03/2026**	**31/03/2025**
	Rs.	**Rs.**
Highest Price	18,740	16,000
Lowest Price	15,030	14,003
Last Transacted Price	15,000	15,004

	31/03/2026	**31/03/2025**
	Rs.	**Rs.**
b) Earnings per Share	(0.49)	22.60
c) Dividend per Share	Nil	1.50
d) Net Assets Value per Share	13,023.78	12,840.58
e) Dividend pay out(ratio)	N/A due to loss	N/A due to loss

Ten Year Summary

Trading Results Year Ended	31-Mar-26	31-Mar-25	31-Mar-24	31-Mar-23	31-Mar-22	31-Mar-21	31-Mar-20	31-Mar-19	31-Mar-18	31-Mar-17
Turnover	4,649,049,764	4,473,404,964	4,742,821,377	4,819,400,009	3,109,816,297	3,062,919,650	2,352,552,958	2,154,786,681	1,987,788,256	1,991,232,820
Profit before tax	24,132,651	3,282,308	189,956,126	256,550,574	15,754,535	156,826,565	25,097,202	34,813,640	(2,027,366)	(132,526,715)
Taxation	(22,646,626)	338,664	(58,885,174)	(57,013,827)	(11,344,373)	(28,269,096)	(13,024,943)	(20,552,863)	12,321,747	(1,356,179)
Profit after tax	1,486,025	3,620,972	131,070,952	199,536,747	4,410,162	128,557,469	12,072,259	14,260,777	10,294,381	(133,882,894)
Balance sheet as at	**31-Mar-26**	**31-Mar-25**	**31-Mar-24**	**31-Mar-23**	**31-Mar-22**	**31-Mar-21**	**31-Mar-20**	**31-Mar-19**	**31-Mar-18**	**31-Mar-17**
Stated capital	150,634,670	150,634,670	150,634,670	150,634,670	150,634,670	150,634,670	150,634,670	150,634,670	150,634,670	1,306,670
Revaluation reserve	1,387,693,521	1,361,883,345	1,238,570,075	1,118,035,345	1,225,739,558	1,075,401,531	532,673,686	532,673,686	531,148,140	643,668,556
Revenue reserve	537,599,351	534,484,630	540,702,517	418,477,181	210,310,533	219,733,468	87,674,924	76,005,164	55,101,697	21,187,263
	2,075,927,542	2,047,002,645	1,929,907,262	1,687,147,196	1,586,684,761	1,445,769,669	770,983,280	759,313,520	736,884,507	666,162,489
Non controlling Interest	13,396,256	13,403,890	12,316,698	11,175,322	11,486,931	10,993,073	5,846,623	5,874,708	5,886,720	7,239,320
Non current liabilities	695,111,611	657,197,764	587,459,686	524,050,838	356,077,301	315,580,753	244,206,099	240,624,227	223,874,899	48,594,023
	2,784,435,409	2,717,604,299	2,529,683,646	2,222,373,356	1,954,248,993	1,772,343,495	1,021,036,002	1,005,812,455	966,646,126	721,995,832
Propety Plant & equipment	2,214,025,283	2,096,679,899	1,883,062,616	1,698,501,366	1,629,893,197	1,439,744,424	836,572,851	853,254,785	870,327,120	812,778,160
Right of use assets	26,815,050	-	2,316,667	6,144,167	9,971,667	13,799,167	-	-	-	-
Intangible assests	15,469,862	2,446,406	3,585,635	5,340,584	6,060,584	2,300,000	1,680,000	2,160,000	795,117	2,112,869
Current Assets	1,555,980,253	1,462,313,853	1,542,156,891	1,695,065,771	1,173,414,000	1,000,392,747	831,418,542	756,512,501	728,840,233	659,520,098
Current liabilities	(1,027,855,039)	(843,835,859)	(901,438,163)	(1,182,678,532)	(865,090,455)	(683,892,843)	(648,635,391)	(606,114,831)	(633,316,344)	(752,415,295)
Capital employed	2,784,435,409	2,717,604,299	2,529,683,646	2,222,373,356	1,954,248,993	1,772,343,495	1,021,036,002	1,005,812,455	966,646,126	721,995,832

SWADESHI
ESTD: 1941

THE SWADESHI INDUSTRIAL WORKS PLC.

(Manufacturer and Marketer of Personal Care and Fabric Care Products)

57, Colombo Road, Kandana, Sri Lanka.