LANKA CERAMIC PLC

Annual Report 2024/25

CONTENTS

OVERVIEW

LEADERSHIP

MANAGEMENT DISCUSSION AND ANALYSIS

CORPORATE GOVERNANCE

FINANCIAL INFORMATION

SUPPLEMENTARY INFORMATION

"AT LANKA CERAMIC, WE ARE COMMITTED TO CREATING VALUE FOR OUR STAKEHOLDERS WHILE MAKING A POSITIVE SOCIAL AND ENVIRONMENTAL IMPACT AT EVERY MILESTONE WE REACH. WE BELIEVE OUR PRIMARY RESPONSIBILITY IS TO LEAVE A MEANINGFUL AND SUSTAINABLE FUTURE FOR OUR STAKEHOLDERS AND FUTURE GENERATIONS. OUR GREATEST ACHIEVEMENT IS WHEN OUR BELIEFS ARE TRANSFORMED INTO ACTION."

"WE EVALUATE OUR PERFORMANCE AND THE SUCCESS OF OUR STRATEGY AND BUSINESS MODEL BY UTILISING
KEY PERFORMANCE INDICATORS. WE HAVE CHOSEN TO MEASURE THESE KEY PERFORMANCE INDICATORS
BECAUSE WE BELIEVE THEY BEST DEMONSTRATE HOW WE ARE DRIVING THE BUSINESS AND CREATING VALUE FOR OUR STAKEHOLDERS"

Lanka Ceramic PLC

OVERVIEW

ABOUT US

Lanka Ceramic PLC is a front-runner in mining and supplying of high quality raw materials to the ceramic industry of Sri Lanka.

OUR CORE STRENGTHS

INDUSTRY EXPERTISE

- Inception dating to 1990
- Immediate parent is Royal Ceramics Lanka PLC and ultimate parent is Vallibel One PLC
- Partially meeting the high quality raw material requirement of the two largest domestic tile manufacturers in Sri Lanka
- Structured and well-established processes, following all applicable standards covering multiple aspects such as safety in operations, employee well-being, environmental impact, etc.
- Owning an investment property in a prime location of the Country

Corporate Milestones

1990 Establishment Lanka Ceramic Ltd.

1993 Listed as a Public Quoted Company **Lanka Ceramic PLC**

Core Operation

Mining

Feldspar in Owala, Matale District of Central Province

Other Operations

Investment Property Management

Franchise Operator of Lanka Tiles Factory Outlet
Meetiyagoda, Galle District, Southern Province

Ownership Structure

Vallibel | ONE

Vallibel One PLC → 55.9% → Royal Ceramics Lanka PLC → 73.6% → Lanka Ceramic PLC

Rocell Eternal Elegance

49 Employee base

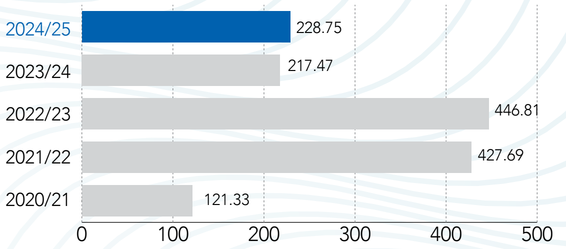
39 Male

10 Female

OPERATIONAL HIGHLIGHTS

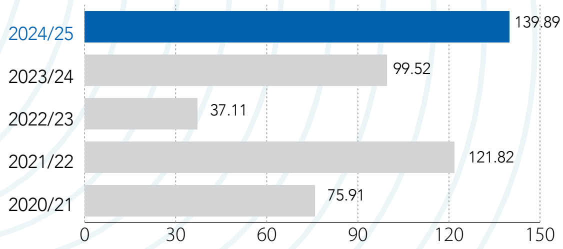
Revenue

(Rs. Mn)



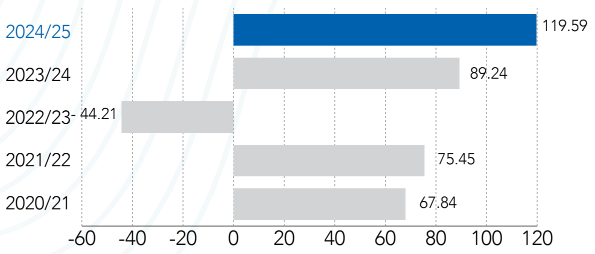
Profit Before Tax

(Rs. Mn)



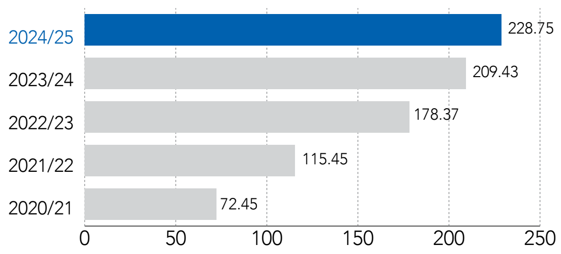
Profit After Tax

(Rs. Mn)



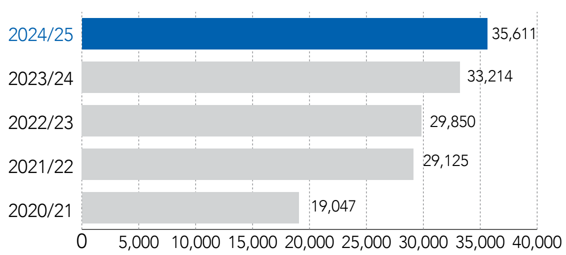
Feldspar Mine - Owala

Sales (Rs. Mn)



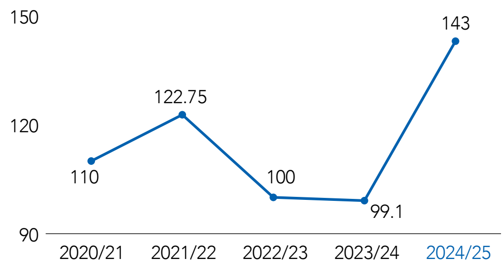
Mined Output - Owala

(MT)



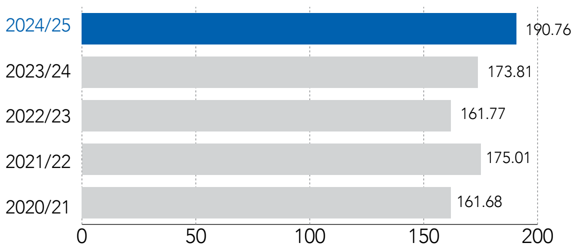
Share Price

(Rs.)



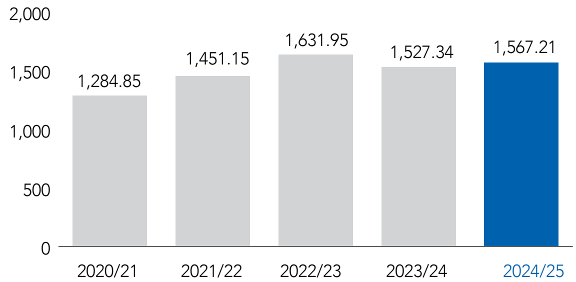
Net Asset Value Per Share

(Rs.)



Total Assets

(Rs.Mn)



FINANCIAL HIGHLIGHTS

GROUP AT A GLANCE

For the year ended 31st March	2025 Rs	2024 Rs	Variance %
PROFITABILITY			
Revenue	228,754,927	217,474,862	5%
Gross Profit	92,144,536	67,967,849	36%
Profit Before Tax	139,887,340	99,517,782	41%
Profit After Tax	119,588,333	89,241,420	34%
FINANCIAL POSITION			
Investment Property	1,056,382,000	1,043,904,000	1%
Non-Current Assets	1,333,916,752	1,381,232,428	-3%
Current Assets	233,293,628	146,104,918	60%
Current Liabilities	41,180,545	118,927,292	-65%
KEY INDICATORS			
Interest Cover (Times)	30.86	3.74	
Current Ratio	5.67:1	1.23:1	
Quick Asset Ratio	5.48:1	1.16:1	
Profit Before Tax to Revenue (%)	61.15	45.76	
Return on Assets (%)	7.63	5.84	
SHARE PERFORMANCE			
No. of Shares	6,000,000	6,000,000	
Return on Equity (%)	10.45	8.56	
Basic Earnings Per Share (Rs.)	19.93	14.87	
Market Price (Rs.)	143.00	99.10	
Net Asset Value Per Share (Rs.)	190.76	173.81	
Dividend Per Share (Rs.)	8.90	3.70	
Dividend Pay-Out Ratio (%)	44.66	24.88	

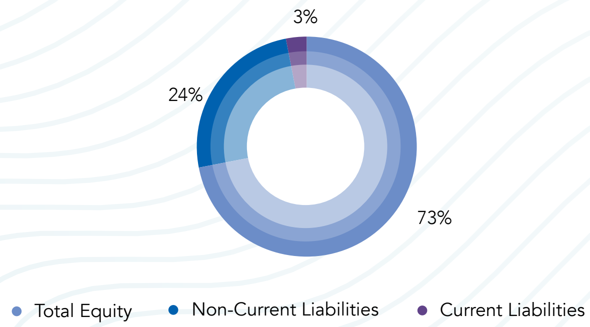
TOTAL ASSETS

Rs.1.6Bn

REVENUE

Rs.229Mn

Composition of balance sheet funding



LEADERSHIP

REFLECTIONS FROM THE CHAIRMAN

Dear Stakeholders

It is my absolute pleasure to welcome you to the 34th Annual General Meeting of Lanka Ceramic PLC and present before you, the annual report and financial statements of the Company for the financial year ended 31st March 2025. Characterized by perseverance, strategic foresight and agility, your Company posted another year of solid value generated to all connected stakeholders.

Operating landscape

Sri Lanka's economy demonstrated a strong recovery in 2024, driven by the prudent monetary policies implemented by the Central Bank (CBSL). GDP grew by 5%, reversing a two-year decline. Headline inflation dropped to 2.60% (Colombo Consumer Price Index) in March 2025, due to lower electricity tariffs. The CBSL maintained an accommodative monetary policy, holding its Overnight Policy Rate at 8%, which eased market interest rates, with the AWPLR falling to 8.39% by end March 2025. The external sector also strengthened, with the Sri Lankan Rupee appreciating by 10.7% against the US Dollar by end-2024, driven by increased foreign exchange inflows from tourism and remittances. Sri Lanka's foreign reserves climbed to USD 6.1 Bn and USD 6.5 Bn by December 2024 and March 2025 respectively. The Colombo Stock Exchange saw a record-breaking 49.66% rise in the ASPI by end 2024, reflecting renewed investor confidence amid ongoing reforms and political stability.

The construction sector also experienced a robust rebound in 2024, growing by 19.4% after a sharp contraction in 2023. This growth was supported by stable costs, favourable weather, and the resumption of previously suspended projects. The sector's PMI rose to 55.6 in February 2025, indicating expansion.

Strategic realignment driving performance

As outlined in my Message to you last year, Lanka Ceramic underwent a strategic realignment during 2023/24, which saw the Company concentrating its efforts in Feldspar mine operations and discontinuing operations on the Kaolin mine, and the importation of sanitary ware. This move augured well for the Company, as the same shifted some chronic losses from its performance, and enabled the space to focus on Feldspar mining, and generating returns from strategic property investments.

Resultantly, during the year, we posted impressive results. Our revenue grew by 5% to Rs. 229 Mn. Coupled with prudent cost management, the Company was able to generate a pre-tax profit of Rs. 140 Mn, a year-on-year (YoY) increase of 41% compared to the financial year ended 31st March 2024. Significant increase in rental income derived from our investment property also bolstered profitability. This was the highest ever profit reported by the Company since 2019, from which time on, Sri Lanka faced a continued chain of economic shocks featuring the pandemic, and the economic crisis.

Sound governance

Despite the hardships in the operating environment, Lanka Ceramic PLC performed with poise and precision, delivering best possible returns to its diverse stakeholders. The Company's long-standing governance structure, strengthened by both full compliances with mandatory regulations and adoption of best practices was a key source of strength in this regard. The Company continued to be governed by a dynamic director board, bringing in expertise across multiple fields.

The four sub-committees in action supported the overall discharge of responsibilities of the Board, ensuring maximum compliance and best practice in a wide range of areas of concern such as remunerations, related party transactions, nominations and governance and financial performance.

There was healthy congruence between the Board and the Management team, which ensured the effective operationalization of key decisions taken in driving the business forward.

Foundations of enduring strength

As Lanka Ceramic PLC evolves to meet changing market conditions and enhance shareholder value, we continue to draw on several core strengths unique to our organization. Being part of the same Group as Sri Lanka's two leading tile manufacturers gives us a strategic edge, allowing us to tap into synergies and shared opportunities across the Group. This affiliation has bolstered our resilience, enabling consistent performance even during challenging periods.

Positioned for growth

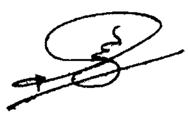
With the Sri Lankan economy showing signs of sustained recovery and the construction sector poised for renewed momentum, Lanka Ceramic PLC is well-positioned to seize the opportunities ahead leveraging our Group synergies, technical capabilities, and a customer-centric approach, we aim to scale operations efficiently and drive value across our product offerings. Strengthened by prudent financial management and a skilled team, we are confident of delivering enhanced shareholder returns in the year ahead.

Appreciations

The year's performance was made possible by the contribution of many. I wish to thank my fellow Board directors for their continued counsel and proficiency in navigating the business of Lanka Ceramic PLC through the many challenges. I want to place on special record, along with my fellow Board Members, the exceptional contribution made by our outgoing Managing Director Mr. J.A.P.M. Jayasekera who served the Company for a total of 27 years, and in the capacity as the Managing Director for seven years. We appreciate his dedication and loyalty to the Company and his selfless contribution in steering the Company forward through many hardships that Sri Lanka as a Country endured over the decades. We wish Mr. Jayasekera all the best in his future endeavours.

As we transition to a new era of leadership at Lanka Ceramic, I warmly welcome Mr. Priyantha Talwatte, a seasoned business professional, as our new Managing Director. We look forward to years of collaboration and growth for Lanka Ceramic with him.

I also wish to express my sincere gratitude to all our employees, customers, shareholders including our parent entity, regulators and the wider community at large, for being a part of our growth story and for their respective, unstinted support.



A.M. Weerasinghe

Chairman

29th May 2025

MANAGING DIRECTOR'S REVIEW

Dear Stakeholders

It is with great pleasure that I present this message, offering a review and reflection on the performance of Lanka Ceramic PLC (Lanka Ceramic or the Company) for the financial year ended 31st March 2025.

Transitioning leadership with purpose

It is both an honour and a privilege to assume the role of Managing Director at this esteemed and long-standing institution. As I step into this new chapter, I would like to begin by expressing my deep appreciation for my predecessor, Mr. J.A.P.M. Jayasekera, whose exceptional leadership over the past years was instrumental in navigating the Company through many hardships, with stability and poise.

Year under review

As elaborated in the Reflections from the Chairman on page 07, the Sri Lankan economy displayed its characteristic resilience, with notable improvements across key macroeconomic indicators. Political uncertainty that prevailed in the lead-up to the Presidential and Parliamentary elections gave way to renewed stability, as the incumbent administration secured a clear and decisive mandate. However, the months preceding the elections witnessed a slowdown in economic activity, as both consumers and businesses adopted a cautious "wait and see" stance.

Drawing on its legacy of resilience, sectoral expertise, and the strength gained from navigating multiple economic cycles, Lanka Ceramic delivered commendable results during the year under review.

Financial performance

Revenue at the Group level increased by 5% over the prior year (year-on-year/ YoY) to Rs. 229 Mn. Streamlining of operations in 2024 led to considerable cost rationalizations, which was reflected in a notable reduction in cost of sales by 9% and a resultant gross profit of Rs. 92 Mn which grew by 36% YoY. Other income, comprising rent income from our investment property at Galle Road Colombo 03, generated an income of Rs. 90 Mn during the year, bolstering our revenue base. In terms of costs, selling and distribution expenses declined by 6% YoY whilst administration expenses increased by 16%. There was a notable decline in finance costs by 87%, attributable to the low interest rates as well as the significant reduction in our interest bearing liabilities. Reduction in interest rates had an equal impact on finance income, which declined by 51%. The combined effect of the movement of expenses led to a pre-tax profit of Rs. 140 Mn, and a post-tax profit of Rs. 120 Mn, which posted YoY growth of 41% and 34% respectively. This is commendable profitability posted, noting the challenges that marked the year.

The results translated to a ROCE of 9.5% (2024: 9.7%) and an Earnings per share of Rs. 19.93 (2024: Rs. 14.87).

Our total asset base posted moderate growth at 3%, with total assets base reaching Rs. 1.57 Bn by the end of the financial year. Balance sheet financing remained robust with 73% of total assets funded by equity capital. Lesser reliance on borrowed funds stood us in good stead during the past years where market rates moved exponentially, helping us preserve profitability. Total equity further expanded by 10% to Rs. 1.1 Bn, benefiting from enhanced profitability and transfers to retained earnings.

Net asset value per share for the year was Rs. 190.76 The closing share price for the year was Rs. 143/- an appreciation from Rs. 99.10 at the end of the previous financial year closure, leading to a capital gain of Rs. 43.90 per share. Noting the dividends paid of Rs. 1.20 during the financial year, our shareholders enjoyed a total shareholder return ratio of 46%.

Empowering our connected stakeholders

Throughout the year, we remained committed to delivering meaningful value to the stakeholders who form an integral part of our growth journey. We ensured the timely settlement of dues to our suppliers, fostering strong, collaborative partnerships even amidst challenging operating conditions. Our employees, our most valuable asset, were supported through competitive compensation packages and continuous training and development opportunities, enabling their personal and professional advancement.

As a key supplier of Feldspar to Sri Lanka's tile manufacturing industry, including to leading players in the sector, we maintained the quality and grade of our mineral output to meet customer requirements consistently. We upheld strict compliance with all relevant regulatory requirements, including those set by the Central Environmental Authority, the Geological Survey and Mines Bureau, the Inland Revenue Department, and the Colombo Stock Exchange.

Our relationship with the communities in which we operate remained cordial and respectful, as we continued to align our operations with their well-being, environmental preservation, and safety.

Environmental stewardship

We remain acutely aware of the environmental footprint associated with mining and are deeply committed to aligning our operations with the highest standards of environmental responsibility. As Feldspar is a non-renewable resource, we prioritise maximum material extraction to minimise waste and optimise resource utilisation.

The installation of a state-of-the-art Sorting Machine at our Owala mine in the month of August 2022, an investment of Rs. 159 Mn has significantly enhanced mineral recovery rates. This reduces wastage whilst extending the operational lifespan of the mine and promoting long-term sustainability.

Our mining practices are systematic, well-regulated, and fully compliant with all applicable environmental laws and regulatory requirements. This ensures the protection of stakeholder interests and the responsible management of natural resources. The excellence demonstrated in our mine management has been recognised as a model of best practice, serving as a learning site for geology student groups.

Charting a sustainable path forward

The prolonged downturn in the construction sector, initially triggered by the pandemic and further deepened by the recent economic crisis, continues to weigh heavily on the demand for construction materials. Compounding this challenge, the lifting of import bans on tiles has led local manufacturers to curtail production to avoid stock build-up, further impacting the demand for raw materials. This persistently low-demand environment presents a serious challenge for companies like Lanka Ceramic, which operate within the downstream supply chain of the construction industry.

To navigate these challenges, Lanka Ceramic PLC is focusing on strategic initiatives aimed at enhancing competitiveness and sustainability. Plans are underway to expand the Owala feldspar mine to increase production and reduce costs, thereby improving market competitiveness. Additionally, the company intends to commence ball clay mining in the Akuressa region, pending the resolution of licensing issues. However, the company faces competition from informal sector players who often do not fully comply with environmental and social regulations or tax obligations, resulting in lower production costs and an uneven playing field. Addressing these disparities is crucial to ensuring fair competition and the long-term viability of formal sector participants like Lanka Ceramic PLC.

Appreciation

I wish to extend my gratitude to our Chairman Mr. A.M. Weerasinghe and Board of Directors for their invaluable counsel and guidance through the years, which have shaped Lanka Ceramic PLC in to what it is today. I look forward to meaning collaboration with them as we step to the future with growth plans articulated for the Company. My heartfelt gratitude also goes to the entire team at Lanka Ceramic, at our Head Office in Colombo, the Owala mine, and the showroom in Meetiyagoda, whose dedication and hard work have been instrumental in achieving consistent performance.

I also take this opportunity to sincerely thank our valued shareholders for their continued trust and confidence.

Wishing you well

L.P.B. Talwatte
Managing Director

29th May 2025

BOARD OF DIRECTORS

MR. A.M.WEERASINGHE

Chairman - Non-Executive

Mr. Weerasinghe is the Founder of Royal Ceramics Lanka PLC in 1990 and presently the Deputy Chairman of the Company. A Gem Merchant by profession he has been in the business field for more than 39 years involved in Real Estate, Construction, Transportation & Hospital Industry and has been a Landed Proprietor.

Total No. of Directorships held - Seventeen

Executive Directorships - Royal Ceramics Lanka PLC and Rocell Bathware Limited.

Non-Executive Directorships - Lanka Tiles PLC, Lanka Walltiles PLC, Lanka Ceramic PLC, Singhe Hospitals PLC, Ever Paint and Chemical Industries (Pvt) Ltd., Tradehuts (Pvt) Ltd., Weerasinghe Gems (Pvt) Ltd., Weerasinghe Property Development (Pvt) Ltd., Swisstek (Ceylon) PLC, Swisstek Aluminium Limited, Biscuit and Chocolate Company Ltd., Rocell Properties Limited, Royal Ceramics Distributors (Pvt) Ltd., CP Holdings (Pvt) Ltd. and LC Plantation Projects Limited.

MR. L.P.B. TALWATTE

Managing Director - Executive

Mr. Priyantha Talwatte is an accomplished business leader with over 32 years of senior management experience in banking, finance, and telecommunications. His career includes a decade in telecommunications both locally and internationally, followed by 20 years in banking and finance, with a proven track record of driving sustainable growth and delivering strong stakeholder outcomes.

He is a graduate of the Chartered Institute of Marketing (UK), an alumnus of Harvard Business School (AMP-196), and a certified business trainer and high-performance coach.

Mr. Talwatte played a pivotal role in transforming Nations Trust Bank (NTB) into a leading institution in Sri Lanka. As CEO and Director, he led NTB's strategic evolution, securing the American Express franchise, establishing market leadership, and advancing digital banking capabilities. He championed customer segmentation, enhanced service culture, implemented risk frameworks, and optimized the branch network through a hub-and-spoke model.

He also served as CEO of SDB Bank, leading it through a challenging period immediately after the economic crisis. He currently holds directorships in fifteen other companies across diverse sectors.

Total No. of Directorships held - Sixteen

Executive Directorships - Lanka Walltiles PLC, Lanka Tiles PLC and Lanka Ceramic PLC.

Non-Executive Directorships - L B Finance PLC, CP Holding (Pvt) Ltd., Vallibel Plantation Management Ltd., LWL Plantation Investments Ltd., LC Plantation Projects Ltd., LC Development (Pvt) Ltd., Uni Dil Packaging Ltd., Uni Dil Packaging Solutions Ltd., L W L Development (Pvt) Ltd., L T L Development Ltd., Beyond Paradise Collection Ltd., Lanka Tiles USA Inc., Valley View Ceramics LLC.

MR. THARANA THORADENIYA

Non-Executive Director

Mr. Tharana Thoradeniya has over two decades of senior management experience across diverse industries. He is currently the Group Director Marketing and Business Development at Royal Ceramics Lanka PLC and holds directorial positions in several prominent Companies, including public listed entities.

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

Total No. of Directorships held - Twelve

Executive Directorships - Royal Ceramics Lanka PLC and Rocell Bathware Limited.

Non-Executive Directorships - Lanka Ceramic PLC, Lanka Tiles PLC, Vallibel Plantation Management Limited, Greener Water Ltd, Biscuits and Chocolate Company Ltd., Rocell Properties Ltd., Royal Ceramics Distributors (Pvt) Ltd., Swisstek Aluminium Limited, Delmege Limited and Unidil Packaging Limited.

MS. A.M.L. PAGE
Non-Executive Director

Ms. Anjalie Page holds a BSc (Honours) Psychology (First Class) Degree from the University of Nottingham, United Kingdom and a MSc in Economics, Finance and Management (Distinction) from the University of Bristol, United Kingdom.

Her career includes working extensively in Sri Lanka and overseas in financial services and humanitarian development industries focusing on strategy, project management, stakeholder management and marketing. She is also a Board member of Public Listed Companies – Lanka Walltiles PLC and Lanka Tiles PLC.

Total No. of Directorships held - Three

Executive Directorships - None

Non-Executive Directorships - Lanka Tiles PLC, Lanka Walltiles PLC and Lanka Ceramic PLC.

MS. K.D. WEERASINGHE
Independent Non-Executive Director

Ms. Devika Weerasinghe is a senior finance professional with over 30 years of experience in finance and management. She began her career at PricewaterhouseCoopers before moving to the John Keells Group, where she held various finance roles and directorships in both private and publicly listed Companies. Before retiring in June 2024, Ms. Weerasinghe served as the CFO for the Transportation Industry Group, Plantations Services, and Information Technology Sectors within the John Keells Group.

She is an Associate Member of the Chartered Institute of Management Accountants (UK) and holds a Bachelor's Degree in Business Administration from the University of Sri Jayewardenepura.

Total No. of Directorships held - Five

Executive Directorships - None

Non-Executive Directorships - Lanka Ceramic PLC, Printcare PLC, Vallibel One PLC, Vallibel Power Erathna PLC and The Fortress Resorts PLC.

MR. J.D. NIHAL KEKULAWALA
Independent Non-Executive Director

Mr. Nihal Kekulawala has held senior positions in Hatton National Bank PLC including Chief Financial Officer and the Senior Deputy General Manager Strategy and Compliance. He worked as the lead consultant responsible for commencing commercial banking operations in the Solomon Islands and also functioned as the inaugural CEO of the Bank in Soloman Islands.

Mr. Kekulawala is a fellow of the Institute of Chartered Accountants in England & Wales, a fellow of the Institute of Chartered Accountants of Sri Lanka and a fellow of the Chartered Institute of Bankers in England. He holds an MBA from the University of Manchester.

Total No. of Directorships held - Eight

Executive Directorships - None

Non-Executive Directorships - Jayscope (Pvt) Ltd., AMW Capital Leasing and Finance PLC, Imani Holdings (Pvt) Ltd., Lanka Ventures PLC, LVL Energy Fund Ltd., Lanka Walltiles PLC, Softlogic Holdings PLC and Lanka Ceramic PLC.

MR. S.M. LIYANAGE
Non-Executive Director

Mr. Sameera Madushanka Liyanage is a respected professional with over 12 years' experience and a record for exceptional performance. Mr. Liyanage has demonstrated transformational leadership in business transformation for the Companies under the Vallibel One PLC Group. He is the Managing Director of Unidil Packaging Limited and Unidil Packaging Solutions Limited.

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

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

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

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

Total No. of Directorships held - Nine

Executive Directorships - Uni Dil Packaging Limited, Uni Dil Packaging Solutions Limited and Eco Pack Solutions Lanka Limited.

Non-Executive Directorships - Royal Ceramics Lanka PLC, Lanka Ceramic PLC, Swisstek Aluminium Limited, Horana Plantations PLC, Uni Dil Packaging Kenya Limited, DHT Cement (Pvt) Ltd..

MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING ENVIRONMENT

The operating environment in 2024/25 presented a mixed landscape for Sri Lankan businesses, shaped by macroeconomic recovery efforts, evolving political dynamics, and global uncertainties. Following years of economic strain, Sri Lanka demonstrated modest signs of stabilization, with improvements in foreign reserves, inflation control, and a gradual rebound in key sectors such as construction and manufacturing. These developments created cautiously optimistic conditions for industrial players like Lanka Ceramic PLC. However, the external environment remained volatile, with fluctuations in global commodity prices, climate-related disruptions, and evolving geopolitical factors continuing to influence the local business context. Against this backdrop, Lanka Ceramic navigated the year with a focus on resilience, operational efficiency, and strategic alignment to national growth priorities.

Performance of the Sri Lankan economy

Economic stabilization and sectoral recovery

In 2024, Sri Lanka's economy showed strong signs of stabilization, achieving a GDP growth rate of 5.0%-a significant recovery from the 2.3% contraction recorded in 2023. This rebound was largely driven by robust performance in the industrial sector, particularly in construction and food and beverage manufacturing, along with a resurgence in tourism-related services. These developments highlight the country's ongoing efforts to recover from past economic challenges and establish a foundation for sustained growth.

Construction Sector

Construction activities improved notably in 2024, supported by the gradual rollout of new projects driven by a more conducive economic environment. This marked a sharp reversal from the contraction in the previous year, with the sector recording a growth rate of 19.4%, compared to a decline of 20.8% in 2023.

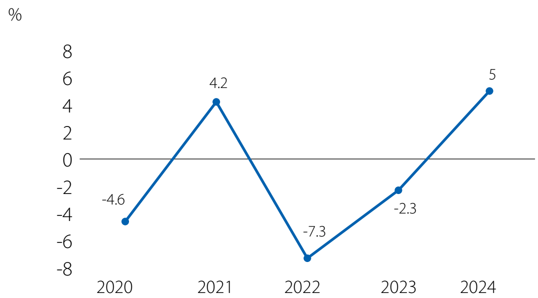
According to the Sri Lanka Purchasing Managers' Index for Construction (PMI - Construction), the Total Activity Index stood at 54.3 in March 2025, indicating an optimistic outlook for construction activity in the coming three months from that point onward.

Impact on Lanka Ceramic:

As a key supplier of raw materials to the construction industry, Lanka Ceramic PLC also benefited from the sector's recovery. This was reflected in a revenue growth of 5% over the prior year, driven by increased demand for inputs from the country's leading tile manufacturers.

GDP Performance

YoY GDP growth



MANAGEMENT DISCUSSION AND ANALYSIS

Declining inflationary pressures

Throughout 2024, Sri Lanka experienced a steady decline in inflation, with headline inflation turning negative from September onwards. This was driven by significant reductions in administratively determined energy prices, a stronger Sri Lankan Rupee, and easing food prices. The overall decline in inflation was further supported by the moderation of global commodity prices and subdued domestic demand.

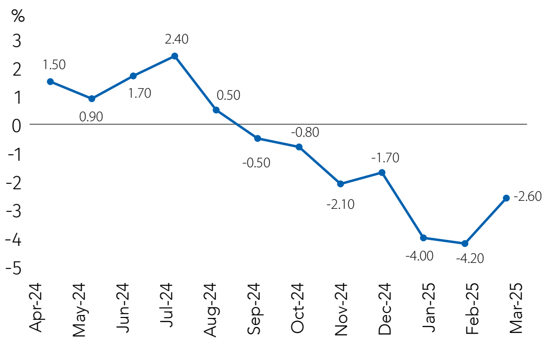
Early 2024 saw a temporary uptick in inflation following the increase in Value Added Tax (VAT) and the removal of VAT exemptions. However, this was quickly offset by downward revisions to electricity tariffs in March and July 2024, which contributed to sustained month-on-month declines in prices. By September 2024, headline inflation had entered deflationary territory at 0.5%.

This deflationary trend continued into 2025, with inflation reaching to 2.6% in March 2025 as measured by the Colombo Consumer Price Index (CCPI). The reduction in electricity tariffs in January 2025 was a key contributor to the negative inflation observed during the first quarter of the year.

Impact on Lanka Ceramic:

The easing price environment has provided some relief to households and reduced production costs for businesses, including those in construction-related sectors such as Lanka Ceramic PLC.

Inflation movement over the year



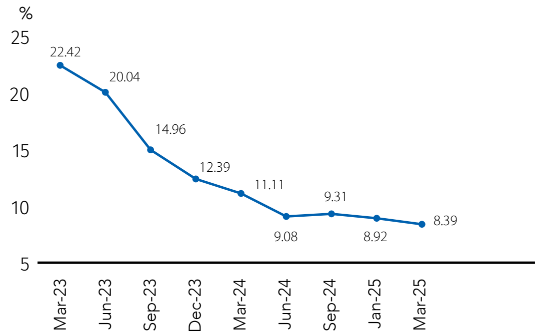
Declining interest rates

In 2024, market interest rates in Sri Lanka continued their downward trend, supported by a total policy rate reduction of around 775 basis points since June 2023, including a 125 bps cut in 2024. The introduction of the Overnight Policy Rate (OPR) in November 2024 marked a shift to a single policy rate system, further stabilising short-term rates like the AWCMR around 8.0%. Lending and deposit rates declined across the board, with SME lending rates also moderating, though rates for micro and small borrowers remained comparatively rigid. Despite lower nominal rates, real interest rates remained positive due to the deflationary environment, and the declining trend in market interest rates continued through January to March 2025.

Impact on Lanka Ceramic:

As the Company remained very low geared through the year, with gearing reaching zero percent by the end of the financial year, it remained resilient to changes in interest rates. However, from a macroeconomic standpoint, the easing of rates helped stimulate consumption, including in the construction sector, which positively influenced revenue for Lanka Ceramic's products, as a constituent in the supply chain of raw material.

Movement in AWPLR April 2023 - 2025



Change in employee sentiments

As the economy stabilises, employee sentiments have shown signs of cautious optimism. Improved macroeconomic indicators and enhanced job security across sectors have translated into a more engaged workforce.

Impact on Lanka Ceramic:

At Lanka Ceramic PLC, the shift has manifested in better retention, increased interest in upskilling opportunities, and a stronger alignment with the Company's long-term vision. However, the rising cost of living remains a concern and may influence expectations around compensation and benefits in the year ahead.

Climate change related implications

Climate change presents both direct and indirect challenges to Lanka Ceramic PLC's operations. Increasingly erratic rainfall patterns can affect the availability and extraction of raw materials like feldspar, while regulatory trends indicate a growing emphasis on sustainable mining practices.

Impact on Lanka Ceramic:

Lanka Ceramic's investment in a Feldspar sorting machine two years ago has enabled the Company to reduce waste and extract more output.

FINANCIAL CAPITAL

"Lanka Ceramic PLC posted impressive financial results during the financial year ended 31st March 2025, benefiting from strategic realignment of its business operations and focused efforts in rationalizing costs. "

40%
Gross Profit Margin

Rs. 139.9 Mn
Pre-Tax Profitability

Rs. 119.6 Mn
Post-Tax Profitability

Rs. 1,567 Mn
Total Assets

Revenue and Profitability

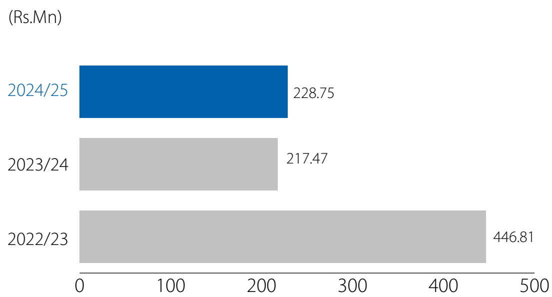
	Group		
For the year ended 31st March	2025 "Rs.000"	2024 "Rs.000"	YoY Change
Revenue	228,755	217,475	5%
Cost of sales	(136,610)	(149,507)	-9%
Gross profit	92,145	67,968	36%
Fair value gain on investment property	12,478	44,643	-72%
Other income	89,749	56,765	58%
Selling and distribution expenses	(13,304)	(14,085)	-6%
Administrative expenses	(46,659)	(40,341)	16%
Finance expenses	(4,684)	(36,343)	-87%
Finance income	10,163	20,912	-51%
Profit before tax	139,887	99,518	41%
Income tax expense	(20,299)	(10,276)	98%
Profit for the year	119,588	89,241	34%

Revenue

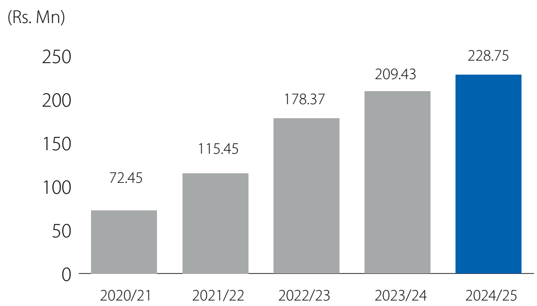
Revenue for the year netted Rs.228.8 Mn, a growth of 5% over the prior year. Feldspar mining was the sole contributor to the Group's topline and mining of Kaolin, importation and sale of sanitaryware were discontinued in the prior years.

Revenue from Feldspar posted a substantial growth over the past four years attributable to our focused efforts in driving this revenue segment and increased demand from our key customers. Feldspar output for the year was 35,611 MT.

Three Years Revenue Movement



Five Years Sales Analysis - Owala Mine

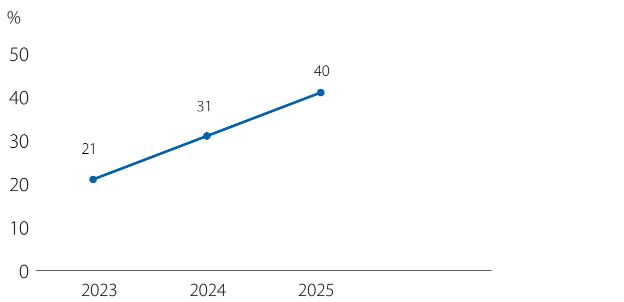


FINANCIAL CAPITAL

Cost of sales and gross profit

Cost of sales for the period was Rs.136.6 Mn, a reduction of 9% over the prior year, due to cost reduction initiatives carried out during the year. The resultant gross profit was Rs.92.1 Mn, a 36% increase year-on-year. Gross profit margin for the year was 40%.

Gross Profit Margin Behaviour



Fair value gain on investment property

The Group earned a fair value gain of Rs.12.5 Mn on its property situated at Galle Road, Colombo 03. The fair value of freehold land and buildings were determined by A.A.M. Fathihu a chartered independent valuer (Valuation report dated 31st March 2025). The basis of valuations is depreciated replacement cost method using the depreciated value of the building and market approach using the current open market value of the land.

Other income

Other income comprising rental income from the investment property at Galle Road Colombo 03, was Rs.74.2 Mn, an impressive 96% growth YoY. This income category has consistently bolstered Lanka Ceramic's bottomline thereby increasing the resilience of the Group profitability structure.

Cost categories

Selling and distribution expenses for the year was Rs. 13.3 Mn, a decline of 6%, mainly attributable to continuation of Feldspar and Tile Outlet operations.

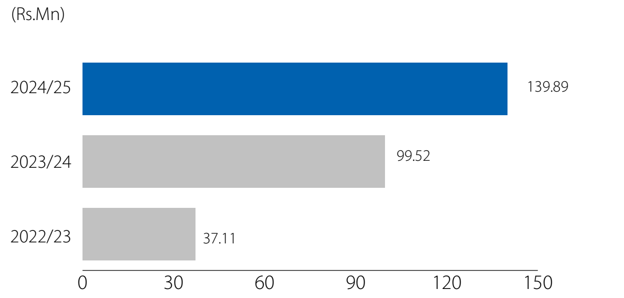
Administrative expenses were Rs. 46.7 Mn, an increase of 16%, on account of a provision recognized amounting to Rs. 10 Mn for a building at Meetiyagoda Factory premises.

Finance costs was Rs. 4.7 Mn, a notable reduction of 87% YoY. The very low gearing ratio maintained by Lanka Ceramic has enabled it to maintain finance costs at healthy levels. As evident in the balance sheet analysis, Lanka Ceramic's Interest bearing liabilities and bank overdraft were zero as of the end of the year. The low interest rate environment that prevailed through the year also drove finance costs down.

Profitability and taxation

The Group posted one of the highest pre-tax profit figures in its recent history for 2024/25 at Rs. 139.9 Mn. This was an impressive 41% increase over the prior year. The Group incurred a income tax expense of Rs. 20.3 Mn, leading to a post-tax profit of Rs. 119.6 Mn. Post tax profit grew by 34% YoY.

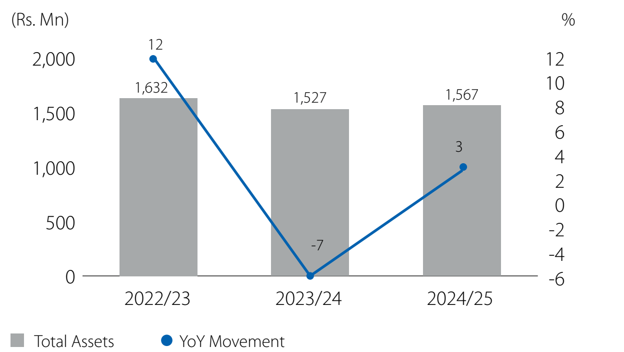
Three Years Profit Before Tax Movement



Balance Sheet analysis

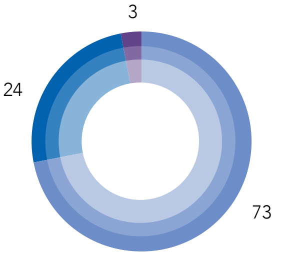
Total assets of the Group closed in at Rs. 1,567.2 Mn, as at end of 31 March 2025. This was a 3% growth over the prior year's assets base. Within total assets, investment property was the largest assets class, which represents the property situated at Galle Road, Colombo 03, as previously described, the value of which appreciated by 1% to Rs. 1,056.4 Mn over the prior year. Property, plant and equipment posted a 23% decline, to Rs. 206.9 Mn, reflecting the discontinuation of operations at the Kaolin mine.

Three Years Total Assets Movement



As at 31st March	Group 2024/25 "Rs.000"	2023/24 "Rs.000"	YoY Change
Non-current assets			
Property, plant and equipment	206,929	269,422	-23%
Investment property	1,056,382	1,043,904	1%
Other equity investments	70,605	67,907	4%
	1,333,917	1,381,232	-3%
Current assets			
Inventories	7,722	8,304	-7%
Trade and other receivables	132,973	135,316	-2%
Cash and cash equivalents	92,598	2,485	3626%
	233,294	146,105	60%
Total assets	1,567,210	1,527,337	3%

Composition of balance sheet funding



For the year ended 31st March	Group 2024/25 "Rs.000"	2023/24 "Rs.000"	YoY Change
Stated capital	300,000	300,000	-
Reserves	231,141	245,695	-6%
Retained earnings	613,399	497,163	23%
Total equity	1,144,540	1,042,859	10%
Non-current liabilities	381,490	365,551	4%
Current liabilities	41,181	118,927	-65%
Total equity and liabilities	1,567,210	1,527,337	3%

The Group remained soundly capitalized with total equity financing 73% of the balance sheet. Total equity base reached Rs. 1,145 Mn by the end of the year, a 10% YoY growth. Reduced reliance on interest bearing debt stood the Group in good stead particularly when interest rates were subject to wide fluctuations over the past two years. Within total equity, retained earnings enhanced by 23% to Rs. 613 Mn, on account of increased profitability during the year.

Non-current liabilities increased by 4% whilst current liabilities reduced by 65%. The reduction in current liabilities was driven by total settlement of interest bearing liabilities and bank overdrafts by the end of the financial year

Shareholder returns

Key shareholder return indicators

	2024/25	2023/24
ROE - %	10.45	8.56
Earnings Per Share – Rs.	19.93	14.87
Pre-Tax ROA - %	8.93	6.52
Net Asset Value Per Share – Rs.	190.76	173.81
Closing Share Price – Rs.	143.00	99.10
Price to Book Value	0.75	0.57
Price Earning (PE) Ratio - Times	7.18	6.66
Dividend Per Share	8.90	3.70
Dividend Payout Ratio - %	45.15	16.81

HUMAN CAPITAL

Lanka Ceramic PLC is supported by a skilled and dedicated workforce, which plays a vital role in upholding the Company's reputation as a leader in the mining and supply of high-quality raw materials to Sri Lanka's ceramic industry. Our employees are engaged across a broad range of functions, and the Company places significant value on their contributions. We remain firmly committed to continuous employee development, with a strong emphasis on upskilling and ensuring a safe and supportive working environment.

Ensuring a rewarding workplace to our employees

At Lanka Ceramic PLC, we are committed to creating a workplace that is both fulfilling and future-focused for our employees. We foster a performance-based rewards culture that recognises and incentivizes excellence, motivating employees to continuously elevate their contributions. Our efforts to enhance employee productivity are driven by the implementation of strategic policies and procedures, designed to streamline operations while supporting individual and team performance. A deep commitment to employee health and safety is embedded in our daily practices, ensuring a secure and supportive working environment across all operational sites. We also place strong emphasis on career development, offering training and upskilling opportunities that help produce a highly skilled and competent workforce, capable of contributing to both organisational success and personal growth.

Talent attraction, management, and development

At Lanka Ceramic Group, we recognise that our success depends on having the right people in the right roles at the right time. Our recruitment processes are guided by a comprehensive, Company-wide policy that upholds the principles of fairness, equity, and transparency. Talent acquisition is driven through a combination of internal mobility—including lateral transfers—and external hiring, based on role requirements and business needs.

Talent development

We remain committed to the continuous development of our people across all sectors, divisions, and geographical locations within the Group. Through structured learning opportunities and a focus on long-term capability building, we aim to nurture talent and unlock employee potential.

Structured learning framework

To promote a culture of continuous learning, a Group-wide training catalogue is in place based on our overarching training framework. This catalogue offers a suite of structured programmes rolled out during the year, aligned with both organisational priorities and employee development needs.

Capacity building in factory operations

Focused efforts were made to strengthen technical and functional capabilities among factory employees. Training interventions targeted staff and operative categories to enhance job-specific competencies and improve understanding of how individual roles contribute to broader operational outcomes. This approach ensures that employees are better equipped to perform with efficiency, safety, and awareness of end-to-end production processes.

KEY LEARNING METHODS

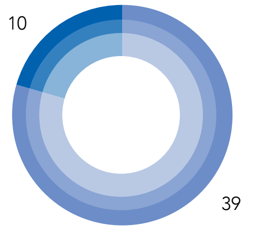
Organised training programmes tailored to specific job functions

Coaching and mentoring relationships to strengthen leadership and knowledge transfer

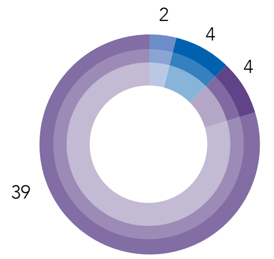
On-the-job training, including cross-functional exposure, to broaden skill sets and operational understanding

Our team profile

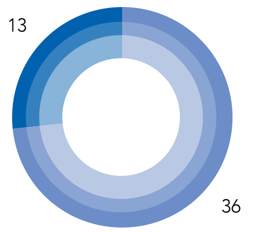
Employees by Gender



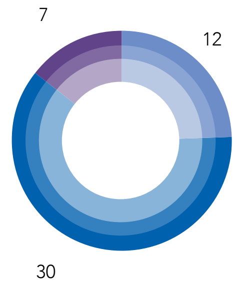
Employees by Designation



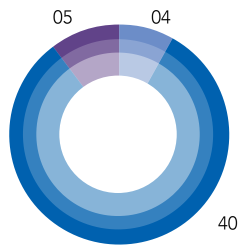
Employees by Category



Employees by Age Group



Employees by Location



TOTAL EMPLOYEES

49 Members

REVENUE PER EMPLOYEE

Rs. **4.7** Mn

PROFIT BEFORE TAX PER EMPLOYEE

Rs. **2.9** Mn

TYPES OF TRAINING WE PROVIDE

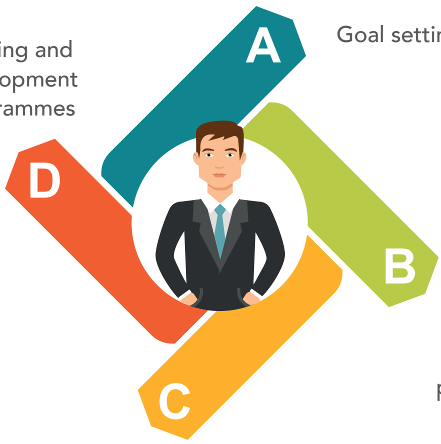
- Sales training to our staff at the Lanka Tiles sales outlet
- Fork-lift, excavators, other heavy machinery operations training linked to NVQ certifications offered by qualified parties
- Mining operations covering the full process commencing from blasting of mine to end output generation Training on safety, first-aid aspects

Our trainings comprise both on the job training and other modes of training, and trainings are strongly aligned in converting unskilled labour into skilled and competent human resources

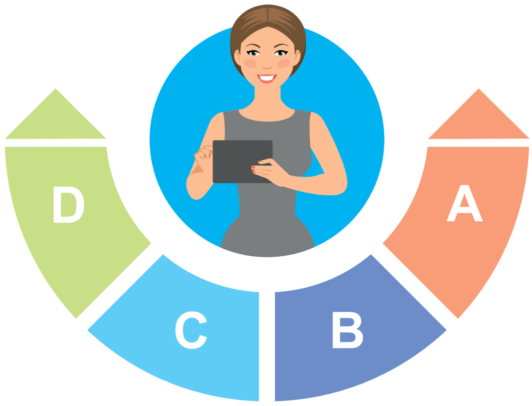
Performance management

At Lanka Ceramic Group, our performance management system is designed to align individual contributions with organisational goals while supporting career growth. Covering both Executive and Non-Executive staff, the process encourages continuous feedback, open dialogue, and clear communication between managers and employees. This structured approach enables recognition of performance, supports development, and fosters accountability in career progression.

Annual performance appraisal cycle



EMPLOYEE BENEFITS



A - Basic salary
B - Allowances
C - Leave encashment
D - Comprehensive workmen compensation insurance cover, including transportation to work

Workplace health and safety

Lanka Ceramic Group upholds a strong health and safety policy designed to ensure a hazard-free and secure work environment for all employees. Our efforts are guided by occupational health and safety standards, and reinforced through continuous monitoring, training, and engagement.

Key initiatives during the year

- **Provision of PPE:** Distributed personal protective equipment (PPE) to minimize risks and ensure a safe working environment.
- **Risk assessments:** Regularly conducted risk assessments to align with government health and safety regulations.
- **Employee engagement:** Held safety committee meetings with employee and line manager participation to maintain consistent safety practices.
- **Training:** Delivered training sessions on fire safety, first aid, and other safety-related topics to enhance preparedness.

A strong track record in workplace safety

- **Zero fatalities:** We are proud to report zero workplace fatalities in over four decades of operations.
- **Incident management:** All incidents, including near-misses, are documented in an incident registry to enable learning and continuous improvement.
- **Regulatory compliance:** The Group remains fully compliant with all applicable workplace safety laws and regulations.
- **Voluntary best practices:** Although not formally ISO certified, we voluntarily adopt ISO safety standards and processes.
- **Collaboration with authorities:** Our teams cooperate actively with Government inspectors conducting on-site safety audits, ensuring full transparency and support.

Equal opportunities, gender diversity and inclusivity

Lanka Ceramic Group is committed to being an equal opportunity employer, fostering a culture of inclusivity and respect. We ensure fair pay and benefits for employees with similar roles, regardless of gender or background, and regularly align compensation with market standards. Our HR policies promote diversity, gender equality, and zero tolerance for discrimination or harassment, supported by clear grievance handling procedures and ongoing improvements to maintain a fair and supportive work environment.

Employee engagement initiatives

A strong sense of camaraderie and unity is fostered across the Group's close-knit team through employee engagement initiatives held throughout the year. These include.

- Annual staff trip to all the employees
- Celebration/ commemoration of religious events The initiatives contribute towards keeping our team motivated, connected and bonded as one family.

Trade union relationships

The Company does not have any collective bargaining agreements in place. There is cordial relationship between the staff members and the Management. The open door policy allows the employees to reach out to Management at any time, concerning any matters. Employees are consulted and their views are heard when implementing critical initiatives in the Company.

WAY FORWARD

Strategic outlook for Lanka Ceramic PLC

As Sri Lanka's economy rebounds from recent challenges, Lanka Ceramic PLC is poised to leverage emerging opportunities, aligning its strategic initiatives with national economic development goals.

Business expansion and market positioning

The Company is poised to capitalize on the anticipated growth in Sri Lanka's construction sector. This expansion is expected to drive a surge in demand for construction materials, thereby increasing the need for supply chain partners like Lanka Ceramic, which plays a pivotal role in providing raw materials to the country's leading tile manufacturers.

Enhancing operational efficiency

Lanka Ceramic PLC is focused on enhancing operational efficiency by expanding the mining area and reducing waste. This will improve product quality, lower production costs, and increase competitiveness. The Company is also committed to sustainability, implementing waste reduction, water conservation, and energy-efficient practices to align with global environmental standards. These initiatives aim to minimize ecological impact while appealing to eco-conscious consumers and supporting long-term environmental preservation.

Workforce development and community engagement

Lanka Ceramic PLC recognizes the importance of continuous employee development and community engagement in driving sustainable growth. The company is committed to implementing comprehensive training programs that upskill employees, fostering a culture of innovation and excellence in the future. This approach ensures that the workforce remains skilled and adaptable to industry advancements, empowering the Company to stay competitive and innovative.

Additionally, Lanka Ceramic plans to strengthens its community involvement through various CSR activities focused on education, healthcare, and infrastructure development. These initiatives contribute to the social well-being of local communities, while simultaneously enhancing the company's corporate reputation as a responsible and engaged corporate citizen.

Strengthening governance and risk management

Lanka Ceramic PLC is committed to further strengthening its ongoing best practices in risk management and corporate governance. The company will continue to enhance its robust risk management framework to proactively identify and mitigate potential risks, such as economic fluctuations, supply chain disruptions, and regulatory changes, ensuring business continuity and resilience. Simultaneously, corporate governance practices will be bolstered to promote transparency, accountability, and ethical conduct, thereby fostering investor confidence and aligning with international best practices.

CORPORATE GOVERNANCE

RISK MANAGEMENT

INTRODUCTION

Risk management is a critical requirement for any Company operating in a rapidly-changing competitive business environment. We recognise the importance of risk management and the process of risk management is developed to ensure that key risks are proactively identified and managed effectively with a view to protecting the shareholder value, thereby reducing and eliminating risks.

RISK GOVERNANCE

The Board is responsible for risk management of the Company and Audit Committee review the risk in more detail. Corporate management is responsible for the identification of the emerging risk and communicating to the Managing Director to develop appropriate mitigating action plans. Managing Director communicates the material risks to the Board where necessary. The Board also monitors the risk landscape and provides necessary guidelines to manage the risk effectively.

RISK ENVIRONMENT

The operating environment in 2024/25 presented a mix of emerging opportunities and ongoing challenges for Sri Lankan businesses. Signs of macroeconomic recovery supported by improved foreign reserves, controlled inflation, and sectoral rebounds provided a more stable backdrop for operations. Despite this positive momentum, the broader context remained volatile. Fluctuating global commodity prices, climate-related events, and geopolitical tensions continued to impact business continuity, cost structures, and long-term investments. In response, the Company maintained a focus on operational efficiency, risk mitigation, and strategic alignment with national recovery efforts.

Sri Lanka recorded a GDP growth rate of 5% in 2024, marking a strong rebound from the 2.3% contraction in 2023. This recovery was driven by industrial sector growth particularly in construction and food & beverage manufacturing as well as renewed activity in tourism and related services.

Construction activity saw a significant turnaround in 2024, growing by 19.4% compared to a 20.8% decline in 2023. This was supported by improved economic conditions and the recommencement of delayed projects. The Sri Lanka Purchasing Managers' Index (PMI) for Construction reported a Total Activity Index of 54.3 in March 2025, reflecting optimism and anticipated expansion in the near term.

In light of the prevailing economic conditions, and leveraging the strategic advantage of being part of the same corporate group as Sri Lanka's two leading tile manufacturers, the Company conducted a comprehensive risk assessment. This process enabled the identification of a spectrum of risks pertinent to the complex operating environment and facilitated the proactive management of these risks to ensure the continued protection of stakeholder interests.

RISK MANAGEMENT

WE CONTINUE TO ADOPT A HOLISTIC APPROACH IN MANAGING RISK AND DEVELOPED RELEVANT RISK MANAGEMENT MEASURES.

PRINCIPAL RISKS IN 2024/25

KEY RISKS	IMPACT	RISK INDICATORS	MITIGATING FACTORS
Political and Policy Uncertainty	Changing laws could be detrimental to the Company's capacity to conclude important transactions, enforce contractual agreements or implement specific strategies and activities. The Company is exposed to high political and regulatory risk as formulation of new laws and amendments to the existing laws and regulations are possibly unfavourable to the Company's competitive position and its capacity to efficiently conduct business.	Introduction and implementation of new government policies affecting mining operations. Extended and rigid approval process to obtain mining licenses. Additional approvals from Agrarian Development Department and Archaeology Department etc.	Lanka Ceramic PLC is a member of Ceylon Ceramic and Glass Council, Employers' Federation of Ceylon and Ceylon Chamber of Commerce. Maintaining a close relationship with government and public institutions. Assist government institutions in formulation of new laws and regulations. Working closely with Geological Survey and Mines Bureau while complying with all their regulations. Diversifying revenue sources of the Company.
Subdued Economic Growth	Subdued economic growth will result in reducing customer demand for constructions which will lead to low demand for tiles which will eventually reduce demand for raw materials.	Weakening economy decreased purchasing power. Lower demand from large scale tile manufacturers. Loss of small-scale customers.	Explore opportunities to enter into new export markets. Attempts to diversify the existing product portfolio.
Shortage of Non-Renewable Mineral Resources	Declining commercially exploitable reserves of ball clay, kaolin, feldspar, and quartz is a major issue experienced by the industry which has led to reduced production capacities and rising cost of production.	Lack of proper assessment of mineral resources in Sri Lanka. Difficulties in locating commercially exploitable mineral resources. Lands with deposits already occupied for residential and cultivational purposes.	Carrying out systematic and organised geological survey activities in collaboration with Geological Survey and Mines Bureau of Sri Lanka. Initiating planned exploitation programs to conserve these valuable raw materials. Purchasing of lands with substantial mineral deposits. Incorporating process efficiencies to utilise all the available resources to the highest extent possible by minimising waste.
Restrictions on License to Operate	License to operate has evolved beyond the narrow focus on social and environmental issues. There are now increasing expectations of true shared value outcomes from mining projects. Any irregularity can impact the ability to access capital or even result in a total loss of license.	Increased Government regulations and supervision. An increase in societal participation. The rise of minority voices. A rise in litigation: There will be more litigation, especially for non-compliances.	Compliance with all the Government rules and regulations. Empower the business to make decisions that consider more than just financial returns and using tools to better value the broader returns. Make social development decisions that deliver lasting outcomes. Improve the collaboration with the society and branding of the sector.

KEY RISKS	IMPACT	RISK INDICATORS	MITIGATING FACTORS
Occupational Health and Safety	The mining is a high health risk occupation. Occupational health and safety management is essential to reduce work-related fatalities and increase the Company's efficiency.	Higher susceptibility to work place injuries. Very fine mineral dust particles from blasting and drilling may lead to diseases.	Supply of personal protective equipment to prevent the hazards in the work place. Compliance of the Government Rules and Regulations related to the workplace health and safety. Conducting regular safety committee meetings to raise awareness. Carrying out training and development programs and regular supervision.
Climate Change	Unprecedented weather patterns causing disruptions to the operations.	Extremely serious changes are taking place in climatic factors due to climate change. During the last few years, Sri Lanka has witnessed a number of extreme rainfall events.	Water drainage systems are developed and maintained at the mining sites. Compliance with environmental standards. Safe disposal of water. Maintains adequate buffer stock.
Reputation Risk	Current and prospective impact on earnings and enterprise value arising from negative stakeholder opinion.	Non-compliance to regulations, standards and certification could impair the Company's reputation. Highly active social and electronic media.	Maintained stringent compliance to minimise environmental damages and adhere to rules and regulations of Central Environmental Authority. Actively engage with government bodies, regulators and industry associations. Environmental policies were up to date.
Market Risk	Demand on the supply of the ceramic raw materials fluctuated due to the adverse impact arising in the industry.	There are few established rivals and a couple of new entrants in the ceramic raw materials industry. Importation of raw materials at lower cost.	Being a member of the largest ceramic manufacturing conglomerate, the Company has successfully overcome the challenges it faced in respect of market share. The Company regularly monitors customer requirements and takes appropriate steps to meet their requirements. The Company being the pioneer in the industry always maintains a very healthy business relationship with all major ceramic manufacturing Companies.

RISK MANAGEMENT

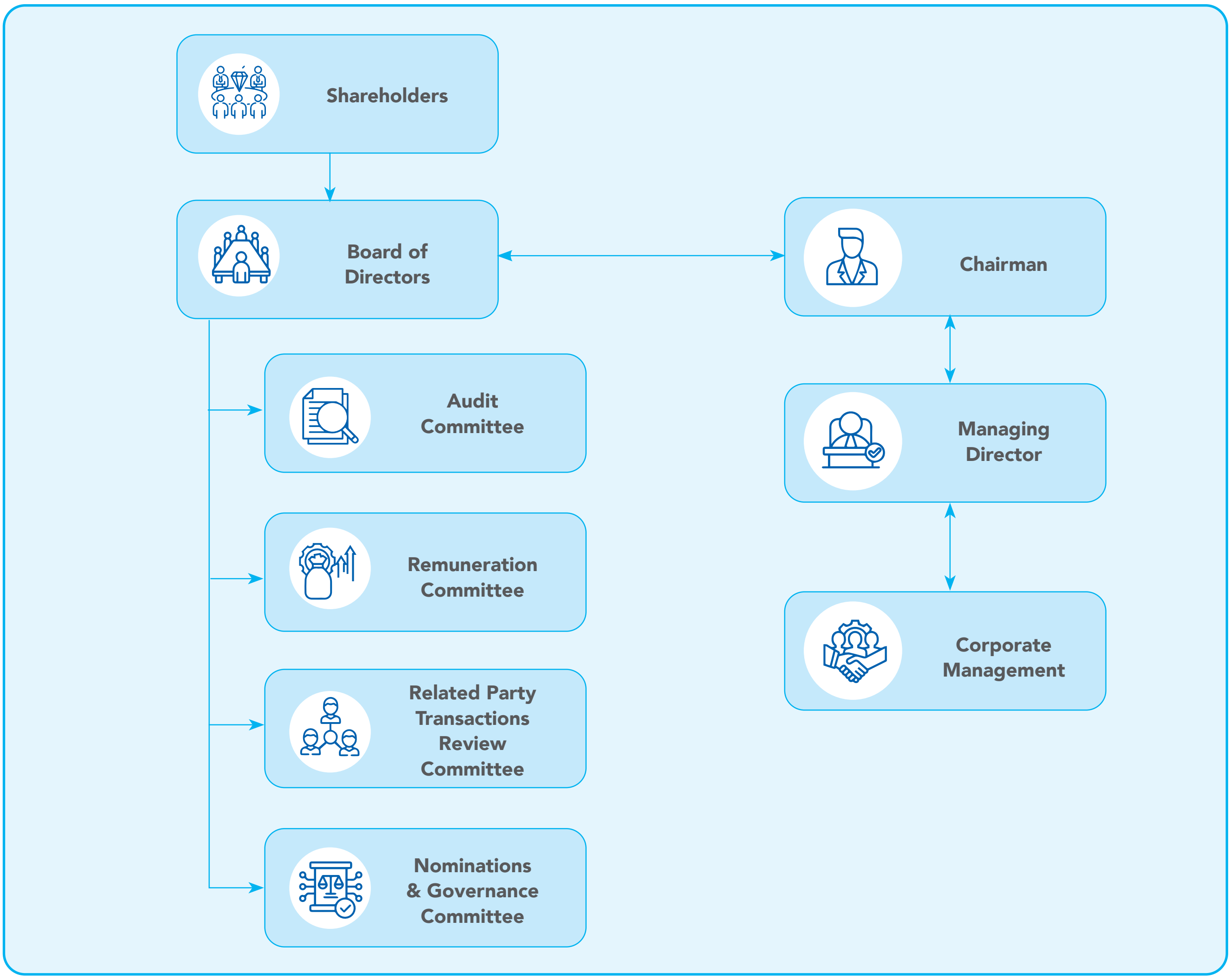
KEY RISKS	IMPACT	RISK INDICATORS	MITIGATING FACTORS
Financial Risk	Higher borrowing costs, lower investment yields or decreased asset values that result in financial risks. Movements in prices, rates, indices and such affect the value of the Company's financial assets and stock price, which may additionally impact its costs of capital and its ability to raise capital.	Exposure to lower returns or the necessity to borrow due to shortfalls in cash or expected cash flows or variances in timing or significant movements in interest rates expose the firm to a number of negative factors.	Credit limits and given credit is reviewed through a detailed approval process reducing risk of debt and monthly overdue debtors are reported to the Board for necessary action. Both floating and fixed rate debt are maintained and structured using loans, share capital and internal fund management to reduce borrowings. Having conducted an internal audit process, the Company monitors the compliance of best financial practices and statutory regulations to detect any deviations.
Compliance Risk	Risk on going concern as well as the reduction in profitability due to legal/consultancy fees incurred.	Frequent changes in law or regulatory requirements applicable to the Company under any circumstances.	Conducting periodical assessments on the extent of compliance with the statutory requirements. Strictly following the expert advice on issues related to income and other taxation. The management team continuously reviews changes in regulations and takes necessary action to ensure that the Company is in compliance with the regulatory requirements.
Procurement Risk	Degrading quality standards of materials purchased/services obtained affecting the underlying operating margin of the Company adversely.	Material/Services price variations and their unavailability will adversely affect the progress of the business.	Entering into contracts with suppliers for material/service purchases. Establishing relationships with several suppliers/service providers to reduce over-dependency on a single supplier/service provider.

CORPORATE GOVERNANCE

Lanka Ceramic PLC, manages its affairs in accordance with appropriate standards for good corporate governance, risk and compliance. The Board is committed to enhance stakeholder value whilst ensuring that proper internal control systems are in place by complying with best practices as well as specific requirements under the corporate Governance Rules embodied in Section 9 of the Listing Rules of Colombo Stock Exchange. Lanka Ceramic's governance guidelines provide Directors and the Management with a road map of their respective responsibilities. These guidelines, which will be updated periodically, detail clearly those matters requiring Board and Committee approval, advice or review.

The Company is compliant and will continue to ensure fully compliance with Section 07 and Section 09 of Continuing listing Requirements on corporate governance issued by the Colombo Stock Exchange.

CORPORATE GOVERNANCE STRUCTURE



In our governance framework, we have identified the importance of providing the Board information which is comprehensible, relevant, reliable and timely. Critical information needs to be presented in such a way that it cannot be ignored.

Strategies are subjected to a comprehensive annual review by the Board and are discussed further as necessary during the year. The Corporate Management has been delegated authority to formulate strategies, seek approval for such strategies and implement them within the policy framework established by the Board. The achievement of targets through implementation of strategies formulated, current performance and the short-term outlook are reviewed at Board meetings which are held every other month.

The Board, comprises of professional and experienced business leaders of high repute, who are entrusted with the responsibility for providing strategic direction to the Company in an honest, fair, diligent and ethical manner.

The Board, which is elected by the shareholders, is the ultimate decision-making body of the Company, except with respect to matters reserved to shareholders. The primary function of the Board is to exercise its collective business judgment to act in what it reasonably believes to be in the best interests of the Company and its shareholders. In exercising its business judgment, the Board acts as an advisor and counsellor to the senior management and defines and enforces standards of accountability - all with a view to enabling senior management to execute their responsibilities fully and interest of shareholders.

CORPORATE GOVERNANCE

BOARD STRUCTURE

The Board comprises seven members, six of whom including the Chairman are Non-Executive Directors. The Board has determined that two of such Non-Executive Directors are independent as per the Listing Rules of the Colombo Stock Exchange. There is a balance of Executive and Non-Executive Directors to ensure that the decisions taken by the Board are in the best interest of the Company and its shareholders. The Non-Executive Directors do not have any business interest that could materially interfere with the exercise of their independent judgment. Each Director has submitted a declaration confirming that such Director has continuously satisfied the Fit and Proper Assessment Criteria as set out in the Listing Rules during the financial year under review as of the date of their declaration. Additionally Independent Directors have submitted their declarations confirming the Independence as per the Listing Rules.

LEADERSHIP	ACCOUNTABILITY
The Board	**Board's Responsibility**
The Board collectively provides effective leadership and oversight to ensure that the Company grows sustainable in the long term in order to meet the interests of shareholders and all other stakeholders.	The Board is responsible for providing leadership, oversight, control, development and long-term success of the Company. It is also responsible for instilling the appropriate culture, values and behaviour at all levels of operation.
Our Governance Structure establishes the fundamental relationships between the Board, its Sub Committees, Management, shareholders and other stakeholders.	In carrying out its duties, the Board is governed by the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka and the Listing Rules issued by the Colombo Stock Exchange. (as applicable)

MEETINGS AND ATTENDANCE

Meetings for the year ended 31st March 2025 and the attendance of each Director at such meetings against eligibility for attendance are given below.

Name	Directorship Status	Board Meetings	Audit Committee	Related Party Transactions Review Committee	Nominations and Governance Committee
Mr. A.M. Weerasinghe	Chairman - Non-Executive	6/6	N/A	N/A	1/1
Mr. J.A.P.M. Jayasekera	Managing Director – Executive (Resigned w.e.f. 01st April 2025)	6/6	N/A	N/A	N/A
Mr. L.P.B. Talwatte	Managing Director – Executive (Appointed w.e.f. 01st April 2025)	N/A	N/A	N/A	N/A
Mr. T.G. Thoradeniya	Non-Executive	1/6	N/A	N/A	N/A
Ms. A.M.L. Page	Non-Executive	4/6	3/4	3/4	N/A
Mr. K.D.G. Gunaratne	Independent Non-Executive (Resigned w.e.f 31st December 2024)	4/4	3/3	2/3	1/1
Mr. D.J. Silva	Independent Non-Executive (Resigned w.e.f.31st December 2024)	2/4	N/A	N/A	1/1
Mr. J.D.N. Kekulawala	Independent Non-Executive	6/6	4/4	4/4	N/A
Mr. S.M. Liyanage	Non-Executive	6/6	N/A	N/A	N/A
Mr. M.W.R.N. Somaratne	Non-Executive (Resigned w.e.f.11th December 2024)	2/4	N/A	N/A	N/A
Ms. K.D. Weerasinghe	Independent Non-Executive (Appointed w.e.f. 01st January 2025)	2/2	1/1	1/1	N/A
Total No. of Meetings		**6**	**4**	**4**	**1**

CHAIRMAN & CEO

The roles of the Chairman and the Chief Executive Officer (CEO) are clearly delineated to ensure a balance of power and promote effective governance at the Board level.

The Chairman is responsible for leading the Board and ensuring its effective functioning. This includes setting meeting agendas, presiding over Board meetings, facilitating open and constructive discussion, and ensuring that Directors receive accurate and timely information to support informed decision making.

The Managing Director is tasked with the implementation of the Company's strategic objectives within the parameters of the approved policy framework. The Managing Director also ensures compliance with all applicable regulatory requirements and is accountable for the day-to-day management of the Company's operations.

APPOINTMENT AND RE-ELECTION

The Nominations and Governance Committee supports the Board in identifying and recommending candidates who align with the Company's strategic objectives, while also meeting criteria for independence and diversity. Director re-elections are placed before the shareholders at the Annual General Meeting (AGM) through separate resolutions for each nomination.

All new appointments are promptly disclosed to the Colombo Stock Exchange, along with a summary of the director's profile, including their shareholding (if any), current roles, and classification as executive, non-executive, or independent.

In accordance with the Company's Articles of Association, the Board is empowered to appoint directors to fill casual vacancies that may arise during the year. Such appointments remain in effect until the next AGM, at which point shareholders may confirm the appointment through re-election.

In keeping with good governance practices, one-third of the directors retire by rotation at each AGM and, if eligible, may offer themselves for re-election. Each election or re-election is presented to shareholders as a separate resolution, as detailed on page 111 of this Annual Report. Executive directors are not subject to rotational retirement, as they continue in office for the duration of their employment contracts.

MATERIAL BUSINESS RELATIONSHIPS

Upon appointment, all Directors are required to disclose their business interests, with updates provided as necessary. The Company Secretary maintains a Register of Directors' Interests, in accordance with regulatory requirements. Details of the Directors are disclosed on pages 10 to 11 of this Annual Report.

Directors abstain from participating in discussions or decisions involving matters in which they have a related party interest, and rescue themselves from the Boardroom for the duration of such deliberations.

All related party transactions are subject to prior review by and quarterly reporting to the Related Party Transactions Review Committee, which evaluates and recommends/approves such transactions to ensure compliance with applicable regulatory and governance standards. These transactions are disclosed in Note 25 to the Financial Statements on pages 99 to 100.

DETERMINING INDEPENDENCE OF INDEPENDENT DIRECTORS

The independence of Independent Non-Executive Directors is assessed annually by the Board, based on declarations submitted by each Director in accordance with Listing Rule 9.8.5. Mr. J.D.N. Kekulawala and Ms. K.D. Weerasinghe have confirmed their independence against the criteria stipulated in Section 9.8.3 of the Listing Rules. The Board, having reviewed the submitted declarations, has determined that both Directors meet the criteria for independence as defined therein.

ROLE OF THE COMPANY SECRETARY

PW Corporate Services (Pvt) Ltd serves as the Company Secretary, providing a comprehensive range of corporate secretarial services. These include scheduling Board and Committee meetings, circulating agenda papers, maintaining minutes, and ensuring the timely filing of statutory returns and submission of Financial Information and disclosures to the Colombo Stock Exchange.

The Company Secretary plays a key advisory role to the Board, guiding Directors on procedural matters and ensuring compliance with applicable legal and regulatory obligations pertaining to their roles and responsibilities.

In addition, the Company Secretary coordinates the convening of the Annual General Meeting and Extraordinary General Meetings, manages shareholder communications through the Registrars, Central Depository Systems (Pvt) Ltd. and is responsible for communication with the Colombo Stock Exchange. The appointment and removal of the Company Secretary is a matter reserved for the collective decision of the Board.

BOARD COMMITTEES

The Board has appointed four Committees, namely an Audit Committee, a Related Party Transactions Review Committee, a Remuneration Committee and a Nominations and Governance Committee to assist the Board.

The composition and roles of the Sub Committees appointed are summarised below.

AUDIT COMMITTEE

The Audit Committee is responsible for monitoring the integrity of financial statements of the Company by ensuring compliance with relevant financial reporting regulations and requirements and also Internal control and Risk Management Systems of the Company. The Audit Committee also oversees the relationship between the Company and the Auditor and reviews the Company's financial reporting system.

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Related Party Transactions Review Committee was appointed by the Board for the purpose of conducting an independent review, approval and oversight of all related party transactions of the Company and to ensure that the Company complies with applicable Listing Rules on related party transactions.

REMUNERATION COMMITTEE

The Remuneration Committee decides on the remuneration of Executive Directors and sets guidelines for the remuneration of the Management staff within the Company.

NOMINATIONS AND GOVERNANCE COMMITTEE

The Nominations and Governance Committee upholds effective corporate governance practices including overseeing the nomination and appointment of Directors, evaluating the composition and performance of the Board, and recommending appropriate governance frameworks and policies.

THE COMPOSITION AND ROLE OF EACH COMMITTEE ARE SUMMARISED BELOW:

BOARD COMMITTEE & COMPOSITION	MANDATE	FURTHER INFORMATION
Audit Committee		
Comprises of three Non-Executive Directors out of whom two are Independent. Mr. J.D.N. Kekulawala - Chairman (Independent-Non Executive Director) Ms. A.M.L. Page (Non- Executive Director) Ms. K.D. Weerasinghe (Independent-Non Executive Director)	Monitor and supervise Management's financial reporting process in-ensuring: • The integrity of financial statements in accordance with Sri Lanka Financial Reporting Standards. • The compliance with legal and regulatory requirements of the Companies Act and other relevant financial reporting related regulations and requirements. • The External Auditor's independence and performance. • Review of the adequacy and effectiveness of the Company's Internal Control and Risk Management systems, over the financial reporting process.	Refer page 53 for the Audit Committee Report
Remuneration Committee		
Comprises of three Non-Executive Directors out of whom two are Independent. Ms. K.D. Weerasinghe - Chairperson (Independent-Non Executive Director) Mr. A.M. Weerasinghe (Non- Executive Director) Mr. J.D.N. Kekulawala (Independent-Non Executive Director)	The Committee focuses on and is responsible for ensuring that the total remuneration package is competitive to attract the best talent for the benefit of the Company. Recommend the remuneration payable to the Executive Directors and Senior Management.	Refer page 54 Remuneration Committee report
Related Party Transactions Review Committee		
Comprises of three Non-Executive Directors out of whom two are Independent. Mr. J.D.N. Kekulawala - Chairman (Independent-Non Executive Director) Ms. A.M.L. Page (Non- Executive Director) Ms. K.D. Weerasinghe (Independent-Non Executive Director	• Subject to the exceptions given under the Listing rules, review in advance all proposed related party transactions. • Perform other activities related to the Charter/Terms of Reference as requested by the Board. • Have meetings every fiscal quarter and report to the Board on the Committee's activities. • Share information with the Audit Committee as necessary and as appropriate, to permit the Audit Committee to carry out its statutory, regulatory and other responsibilities with regard to related party transactions. • Review the Charter and Policy at least annually, recommend amendments to the Terms of Reference and Policy to the Board as and when determined to be appropriate by the Committee.	Refer pages 55 to 56 for Related Party Transactions Review Committee report

BOARD COMMITTEE & COMPOSITION	MANDATE	FURTHER INFORMATION
Nominations and Governance Committee		
Comprises of three Non-Executive Directors of whom two are Independent. Ms. K.D. Weerasinghe - Chairperson (Independent-Non Executive Director) Mr. A.M. Weerasinghe (Non- Executive Director) Mr. J.D.N. Kekulawala (Independent-Non Executive Director)	• Identifies, evaluates, and recommends qualified candidates to ensure a diverse and capable Board. • Assesses the Board's structure, size, and composition for alignment with long-term strategy and market dynamics. • Reviews and recommends corporate governance frameworks, including codes of conduct and ethical standards. • Oversees succession planning, particularly for the CEO, to ensure smooth leadership transitions. • Evaluates the structure and role distribution of Board committees for strategic alignment.	Refer pages 57 to 59 for Nominations and Governance Committee report

RELATIONSHIP WITH SHAREHOLDERS

Shareholders are informed about the performance of the Company through press releases, quarterly financial statements and notices to the Colombo Stock Exchange in accordance with the continuing listing requirements. Shareholders are provided with the Annual Report, which the Company considers as its principal communication with them and other stakeholders.

The shareholders have the opportunity of meeting the Board and forwarding their questions at the Annual General Meeting (AGM). The Board believes the AGM as a means of continuing effective dialogue with shareholders. The Chairmen of the sub Committees, Senior Management and the Auditors attend the Annual General Meetings to respond to queries that may be raised by the shareholders. The Board offers clarifications and responds to concerns shareholders have over the content of the Annual Report as well as the other connected matters which are of importance. However, this does not limit the shareholders' communication with the Board, and they are free to communicate anytime with the Managing Director, the Company Secretary or any of the Senior Managers depending on the matter to be addressed.

Moreover, Shareholders may direct their general inquiries to the Company Secretaries, P W Corporate Secretarial (Pvt) Ltd, No. 3/17, Kynsey Road, Colombo 8 on +94 11 4640360 or pwcs@pwcs.lk or to the Finance Manager on +94 11 4504610 or kasun@lcl.lk or Facsimile +94 11 4504614 who has been assigned the responsibility of attending to such inquiries.

INDEPENDENT AUDITOR

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

The Audit Committee at its meeting held on 27th May 2025 recommended that the incumbent Independent Auditors Messrs Ernst young, Chartered Accounts was re appointed as the Auditors.

A resolution for reappointment of the Auditors and authority for Directors to determine their remuneration will be placed before the Shareholders at the forthcoming Annual General Meeting

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

CORPORATE GOVERNANCE

COMPLIANCE

The Company's status of compliance in accordance with the CSE Listing Rules – Section 9 and the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka, is given below;

REFERENCE TO ICASL CODE/CSE LISTING RULES	CORPORATE GOVERNANCE PRINCIPLE	HOW WE COMPLY	COMPLIANCE STATUS
A.DIRECTORS			
A.1	**The Board**		
A.1.1	Board Meetings	The Board met six times during the year under review.	☑
A.1.2	Role of the Board	The Board is responsible for, a) The formulation and implementation of a sound business strategy. b) Monitoring compliance of governance, laws and regulations. c) Overseeing systems of internal control and risk management. d) Approving annual budgets and strategic plans. e) Appointing and reviewing the performance of the Managing Director. f) Approving any change in the Company's business portfolio and sanction of major investments and disinvestment in accordance with set parameters. g) Ensuring that effective remuneration and required recognition policies are in place to assist employees in giving their best. h) Submitting themselves for re-election at regular intervals and at least once in every three years.	☑
A.1.3	Compliance with laws and access to independent professional advice	The Board ensured in the year under review that the Company adhered to all applicable laws, rules and regulations. If needed Directors can obtain independent professional advise at the Company's expense where it is considered necessary.	☑
A.1.4	Access to advice from the Company Secretary	The services and advice of the Company Secretary Messrs. P W Corporate Secretarial (Pvt) Ltd, is available to Directors as necessary. The Company Secretary keeps the Board informed of new laws, regulations and requirements coming into effect which are relevant individually as Directors and collectively to the Board.	☑
A.1.5	Independent judgment of the Directors	The Board members are required to divulge all functions with the Company, refrain from matters of self-interest and to bring independent judgment to the decision-making process.	☑
A.1.6	Dedicating adequate time and effort	Board members attend all Board meetings in person and need to be prepared to engage in decision making matters which may entail an adequate amount of time and effort spent.	☑
A.1.7	Calls for resolutions	Resolutions are passed for all Board approvals and minutes are kept.	☑
A.1.8	Appropriate training for Directors	All Directors have considerable experience in managing Companies in the manufacturing industry. Relevant training opportunities are made available to all Directors.	☑
A.2 9.6.1	Segregation of Roles of Chairman and CEO	Please refer Chairman's and Managing Director's Message on pages 07 to 09.	☑

REFERENCE TO ICASL CODE/CSE LISTING RULES	CORPORATE GOVERNANCE PRINCIPLE	HOW WE COMPLY	COMPLIANCE STATUS
A.3	Chairman's role	Ensure good corporate governance and facilitate effective discharge of Board functions. The Chairman is responsible for the efficient conduct of Board meetings. The Chairman maintains close contact with all Directors and holds informal meetings with Non-Executive Directors whenever necessary.	☑
A.4	Financial Acumen	Availability of sufficient financial acumen and knowledge. The Board includes Directors who possess the necessary knowledge and competence to offer the Board guidance on financial matters.	☑
A.5 9.8	Board Balance	The Board should have an adequate number of Directors with balance of Executive and Non-Executive Directors of sufficient calibre along with Independent Directors.	☑
A.5.1/ A5.2/A.5.3 & A.5.5 9.8.1 - 2	Presence of Non-Executive Directors/ Independence of Non-Executive Directors	The Board comprises seven members, six of whom including the Chairman are Non-Executive Directors. The Board has determined that two of such Non-Executive Directors are independent as per the Listing Rules of the Colombo Stock Exchange. **Directors' status during the financial year was as follows:** Mr. A.M. Weerasinghe (Chairman) - Non-Executive Mr. J.A.P.M. Jayasekera (Managing Director) - Executive *(Resigned w.e.f. 01st April 2025)* Mr. L.P.B. Talwatte – (Managing Director) - Executive *(Appointed w.e.f. 01st April 2025)* Mr. T.G. Thoradeniya - Non-Executive Mr. D.J. Silva - Independent Non-Executive *(Resigned w.e.f. 31st December 2024)* Mr. K.D.G. Gunaratne - Independent Non-Executive *(Resigned w.e.f. 31st December 2024)* Ms. A.M.L. Page - Non-Executive Mr. J.D.N. Kekulawala - Independent Non-Executive Mr. S.M. Liyanage -Non-Executive Mr. M.W.R.N. Somaratne - Non-Executive *(Resigned w.e.f. 11th December 2024)* Ms. K.D. Weerasinghe - Independent Non-Executive *(Appointed w.e.f. 01st January 2025)*	☑
A.5.4 9.8.5 (a)	Annual Declaration of Independence by the Independent Non-Executive Directors	Annual declarations citing their independence is obtained by the secretary annually.	☑
A.5.6	Alternate Director to a Non-Executive Director	No Alternate Directorships	☑
A.5.7/5.8	Senior Independent Director	Not Applicable.	☑

CORPORATE GOVERNANCE

REFERENCE TO ICASL CODE/CSE LISTING RULES	CORPORATE GOVERNANCE PRINCIPLE	HOW WE COMPLY	COMPLIANCE STATUS
A.5.9	Chairman meeting with the Non-Executive Directors	When required the Executive Directors and Members of staff are excused from meetings.	☑
A.5.10	Recording concerns	Concerns of directors are recorded in minutes including disagreements expressed by Directors and reasons for such disagreements.	☑
A.6	**Supply of Information**		
A.6.1	Obligation of the Management to provide appropriate and timely information	Relevant information and agenda to be circulated in a timely manner to the Board.	☑
A.6.2	Board papers to be provided 7 days prior to Board Meeting	Board papers are circulated in advance of the Board meetings with an adequate briefing on relevant information.	☑
A.7	**Appointments to the Board**		
A.7.1 / A.7.2 / A.7.3 / A.7.10.3 (d) 9.10.2 - 3 9.11.1	Nominations and Governance Committee and the assessment of composition of the Board and disclosure of appointment of a new Director	The proposed appointments to the Board are assessed by the Nominations and Governance Committee, taking into consideration the required Board composition and the strategic input required. All Board appointments are informed to the CSE within two market days from the date of such decision. The disclosure includes a brief profile of the Director and whether the Director is an Independent/Non-Executive/Executive Directors, and the relevant interest in shares held by such director.	☑
A.8	**Re-election**		
A.8.1 /A.8.2	Re-election of Directors at regular intervals	As per the Articles of Association one-third of the non executive Directors for the time being retire from office and offer themselves for re-election, each year by the shareholders.	☑
A.8.3	Resignation	In the event of a resignation, a letter of resignation is provided by the Director.	☑
A.9	**Appraisal of Board Performance**		
A.9.1/A.9.2/ A.9.3/A.9.4	Appraisals of the Board and the sub committees	Board should periodically appraise its own performance in order to ensure that responsibilities are carried out in accordance with the relevant statutes. The Board regularly evaluates its performance based on achievement of results, implementation of strategy, risk management, internal controls, compliance with laws and stakeholder requirements.	☑

REFERENCE TO ICASL CODE/CSE LISTING RULES	CORPORATE GOVERNANCE PRINCIPLE	HOW WE COMPLY	COMPLIANCE STATUS
A.10	**Disclosure of Information in Respect of Directors**		
A.10.1 9.10.4	Profiles of the Board of Directors and other related information	The names of the Directors of the Board and their profiles are given on pages 10 to 11.	☑
A.11	**Appraisal of the Chief Executive Officer**		
A.11.1/A.11.2	Setting of the annual targets and the appraisal of the CEO	The Managing Director is evaluated each year as per the yearly targets that have been agreed in terms of the annual budget.	☑
B. DIRECTOR'S REMUNERATION			
B.1	**Remuneration Procedure**		
B.1.1	Set up a Remuneration Committee with agreed terms of reference	Refer Directors' Remuneration on page 100 The Report of the Remuneration Committee on page 54 gives the composition of the Committee and a description of its activities during the year.	☑
B.1.2 7.10.5(a)	Remuneration Committee to consist of Non-Executive Directors only	Consists of three Non-Executive Directors out of them two are Independent.	☑
B.1.3	List names of Remuneration Committee in Annual Report	Please refer page 54	☑
B.1.4 7.10.5(b)	Determination of the remuneration of the Non-Executive Directors	Remuneration of the Non-Executive Directors is decided by the Board based on the recommendations .provided by the Remuneration Committee.	☑
B.1.5	Consultation with the Chairman and the Managing Director	The Chairman/ MD are consulted when determining the remuneration to be paid to the Executive Directors and Management, respectively.	☑
B.2	**The Level and Make-up of Remuneration**		
B.2.1/B.2.2/ B.2.3/B.2.4	The level and makeup of the remuneration of Directors and comparison of remuneration with other Companies	Remuneration levels have been designed to attract, retain and motivate Directors and Senior Management required to run the Company successfully, while remaining within the industry's remuneration standards.	☑

REFERENCE TO ICASL CODE/CSE LISTING RULES	CORPORATE GOVERNANCE PRINCIPLE	HOW WE COMPLY	COMPLIANCE STATUS
B.2.6	Executive share options		N/A
B.2.7	Designing schemes of performance-based remuneration	Refer the Report of the Remuneration Committee on page 54	☑
B.2.8/B.2.9	Early Termination of Directors	There is no compensation for early termination of non-executive directors.	☑
B.3	**Disclosure of Remuneration**		
B.3.1	Disclosure of Remuneration	Details of the Remuneration Committee and the Statement of Remuneration Policy are provided in the Annual Report. The aggregate remuneration paid to Executive and Non-Executive Directors is disclosed on page 100 of this Report.	☑
C. RELATIONS WITH SHAREHOLDERS			
C.1	**Constructive use of AGM and Conduct of Meeting**		
C.1.1 9.4.2	Dispatch of Notice of AGM and related papers to shareholders	Notice of Meeting, the Agenda for the Annual General Meeting and the Annual Report are circulated to shareholders hosted on the Company page of the web portal on the Colombo Stock Exchange and the web site of the Company 15 working days prior to the meeting as required by the Companies Act No. 07 of 2007 and the Articles of Association of the Company.	☑
C.1.2	Separate resolution for substantially separate issues	Separate resolutions are passed for each matter taken up at the AGM.	☑
C.1.3	Accurate recording and counting valid proxy appointments received for general meeting	Valid proxies are listed together with the number of shares held by the shareholder appointing the proxy.	☑
C.1.4	Availability of Chairman of Board Committees at the Annual General Meeting	The Chairmen of the Board Committees are present to answer any queries of the shareholders directed to them by the Chairman of the Company.	☑
C.1.5	Summary of Notice of General Meetings and procedures governing voting at General Meetings	A summary of the procedure on voting is given in the Notice of Meeting.	☑

REFERENCE TO ICASL CODE/CSE LISTING RULES	CORPORATE GOVERNANCE PRINCIPLE	HOW WE COMPLY	COMPLIANCE STATUS
C.2	**Communications with Shareholders**		
C.2.1 to C.2.7 9.4.2	Communications with Shareholders	The AGM and EGM (if any) are used as the method for communicating with the shareholders. All quarterly and annual financial information and other important matters as required for by the Act and the Listing Rules are shared by way of disclosures through the CSE. The Company Secretaries/Registrars are the main contact people for the shareholders and inline with the policy on relations with Shareholders and Investors, the contact details of the Company Secretary, the main contact point for Shareholders appear on page 31 All major concerns of the shareholders are brought to the notice of the Board at the AGM and at Board/Sub committee meetings. All queries of shareholders are answered at the AGM and all shareholders are given the opportunity to express their views/ concerns.	☑
C.3	**Major & Material Transactions**		
C.3.1 & C.3.2	Disclosure of Major Transactions	There were no matters which were identified as Major Transactions during the year as such no disclosure has been made in this regard. In the event there are Major Transactions, relevant disclosures and relevant shareholder approvals are obtained.	☑
D. ACCOUNTABILITY & AUDIT			
D.1.1	Financial Reporting	Refer Independent auditors' report on pages 62 to 64 in the Annual Report.	☑
D.1.2	Interim and price sensitive reports to public and regulators	In preparing annual and quarterly Financial Statements, the Company complies with the requirements of the; • Companies Act No. 07 of 2007, • Sri Lanka Accounting Standards and • Listing Rules of the Colombo Stock Exchange. The annual and interim Financial Statements were published within the time periods prescribed by the Listing Rules of the Colombo Stock Exchange.	☑
D.1.3	CEO/CFO Declaration	The Statement of Financials contains a declaration by the Chairman, Managing Director and Head of Finance.	☑
D.1.4	Directors' Report declarations	Refer Annual Report of the Board of Directors on pages 45 to 50	☑
D.1.5	Statements on responsibilities for preparation of financial statements and internal control	Refer the following: • Statement of Board responsibility for preparation of financial statements – page 45 • Statement from Auditors on their reporting responsibilities – page 63 • Statement of Directors' Responsibility – page 52	☑
D.1.6	Management discussion & analysis	Refer annual report pages from 13 to 21 which provides a comprehensive management discussion and analysis of the Group's operations.	☑

REFERENCE TO ICASL CODE/CSE LISTING RULES	CORPORATE GOVERNANCE PRINCIPLE	HOW WE COMPLY	COMPLIANCE STATUS
D.1.7	Serious loss of capital	Shareholders will be informed of a serious loss of capital in the event it happens.	☑
D.1.8	Related Party Transactions	Refer the following disclosures on Related Party Transactions: • Related Party Transactions Review Committee report on pages 55 to 56 • Annual Report of the Board of Directors on pages 45 to 50 • Note 25 to the financial statements	☑
D.2	**Risk Management & Internal Control**		
D.2.1	Monitor, review and report on financial, operational and compliance risk and internal control systems	The following reports provide details on compliance with these requirements: • Risk Management Report from pages 23 to 26 • Statement of Directors' Responsibility on page 52 • Audit Committee Report on page 53	☑
D.2.2	Confirm assessment of the principal risks of the company		☑
D.2.3	Internal Audit		☑
D.2.4	Require Audit Committee to carry out reviews of & Board responsibility for disclosures		☑
D.2.5	Compliance with Directors' responsibilities as set out by the Code		☑
D.3	**Audit Committee**		
D.3.1 7.10.6 (a)	Establish an Audit Committee comprising wholly of Non-Executive directors of which at least 2 must be independent	Audit Committee comprises three non-executive directors of whom two are independent. Refer Audit Committee on page 53.	☑
D.3.2 7.10.6 (b)	Written Terms of Reference for Audit Committee	The Audit Committee has a written Terms of Reference summarized in the Audit Committee report on page 53.	☑
D.3.3 7.10.6(c)	Disclosures	The Audit Committee Report with required disclosures are given on page 53.	☑
D.4	**Related Party Transactions Review Committee**		
D.4.1/ D.4.2/D.4.3 9.14	Related Party Transactions Review Committee	The details are given in the Related Party Transactions Review Committee Report on pages 55 to 56 of this report.	☑

REFERENCE TO ICASL CODE/CSE LISTING RULES	CORPORATE GOVERNANCE PRINCIPLE	HOW WE COMPLY	COMPLIANCE STATUS
D.5	**Code of Business Conduct and Ethics**		
D.5.1	Board declaration for compliance with Code	The Code of Best Practices issued by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission is adopted by the Directors, who then ensure that the Company and the employees behave ethically.	☑
D.5.2	Price sensitive information	Material and price sensitive information is promptly disclosed to the CSE by the Company Secretaries, as directed by the board.	☑
D.5.3	Monitor Share purchase by Directors/ KMPs	In terms of the internal code of business conduct for directors and employees adopted by the Company, and policy adopted thereon in line with the Listing Rules. Directors and Employees are required to follow the applicable rules thereon and report any dealings in shares to the Company Secretaries.	☑
D.5.4	Chairman's statement	Refer the Chairman's Message on Corporate Governance on page 07 and The Statement of Directors' Responsibility on page 52.	☑
D.6	Corporate Governance Disclosures	The Corporate Governance Report on pages 27 to 44 comply with this requirement.	☑
E. Institutional Investors			
E.1.1	Institutional Investors	The proxies of the major institutional investors, such as the major shareholder are obtained	☑
E.2	Evaluations of Governance Disclosure	This report contains the Company's Corporate Governance process and structure for investor's attention.	☑
F. Other Investors			
F.1	Investing/Divesting Decision	The Annual Report contains sufficient information to make an informed decision. The report is hosted on the Colombo Stock Exchange website along with the quarterly reports to facilitate investors and shareholders to make informed decisions.	☑
F.2	Encouraging shareholder participation	All shareholders are encouraged to participate at the Annual General Meeting/Extraordinary General Meeting and cast their votes. AGMs are noticed in advance as per the Companies Act and held in an accessible area to ensure shareholders can participate effectively.	☑

COMPLIANCE WITH THE CONTINUING LISTING RULES ON CORPORATE GOVERNANCE OF THE CSE

The extent of adherence to corporate governance rules under Section 9 of Continuous Listing requirements of the Colombo Stock Exchange is given below

REFERENCE TO CSE LISTING RULES	DISCLOSURE REQUIREMENT	PAGE REFERENCE
9.1.3	Statement confirming the extent of compliance with the Corporate Governance Rules	
9.2.2	Any waivers from compliance with the Internal Code of business conduct and ethics or exemptions granted	None
9.2.3 (i)	List of policies in place as per Rule 9.2.1, with reference to website	Published on website. lankaceramicplc.com
9.2.3 (ii)	Any changes to policies adopted	No significant changes
9.4.2	(a) The policy on effective communication and relations with shareholders and investors (b) The contact person for such communication (c) The policy on relations with shareholders and investors on the process to make all Directors aware of major issues and concerns of shareholders	Refer page 31 of this report.
9.5.2	Confirmation on compliance with the requirements of the Policy on matters relating to the Board of Directors. If non-complied reasons for the same with proposed remedial action.	Complied
9.6.3	Report of SID demonstrating the effectiveness of duties	Not applicable as Chairman is not an Executive Director
9.6.4	Rationale for appointing SID	Not applicable
9.7.5	(a) Statement on Directors and CEO satisfying Fit and Proper Assessment Criteria (b) Any non-compliance/s and remedial action taken	Please refer Annual Report of the Board of Directors on pages 45 to 50
9.8.5	Names of Directors determined to be 'independent'	Mr. J.D.N. Kekulawala Ms. K.D. Weerasinghe
9.10.4	**Directors details** - Name, qualifications and brief profile - Nature of his/her expertise in relevant functional areas - Whether either the Director or Close Family Members has any material business relationships with other Directors - Whether Executive, Non-Executive and/or independent Director - Total number and names of companies in Sri Lanka in which the Director concerned serves as a Director and/or KMP stating whether listed or unlisted, whether functions as executive or non-executive (If the directorships are within the Group names need not be disclosed) - Number of Board meetings attended - Names of Board Committees in which the Director serves as Chairperson or a member - Attendance of board committee meetings - TOR and powers of SID	Details are stated in profiles set out on pages 10 to 11. Attendance is given on page 28 TOR and Powers of SID are not applicable.

REFERENCE TO CSE LISTING RULES	DISCLOSURE REQUIREMENT	PAGE REFERENCE
9.11.6	**Nominations and Governance Committee Report** - Signed by Chairperson - Names of chairperson and members with nature of directorship - Date of appointment to the committee - Availability of documented policy and processes when nominating Directors - Requirement of re-election at regular intervals at least once in 3 years - Board diversity - Effective implementation of policies and processes relating to appointment and reappointment of Directors - Details of directors re-appointed - Board Committees served Date of first appointment Date of last re-appointment - Directorships or Chairpersonships and other principal commitments, present and held over the preceding three years - Any relationships – close family member, more than 10% shareholding - Performance of periodic evaluation of board - Process adopted to inform independent directors of major issues. - Induction / orientation programs for new directors on corporate governance, Listing Rules, securities market regulations or negative statement - Annual update for all directors on corporate governance, Listing Rules, securities market regulations or negative statement - Compliance with independence criteria - Statement on compliance with corporate governance rules, if non- compliant reasons and remedial actions	The report is set out on pages 57 to 59.
9.12.8	**Remuneration Committee Report** - Names of chairperson and members with nature of directorship - Remuneration Policy - The aggregate remuneration of the Executive and Non-Executive Directors	The report is set out on page 54
9.13.5	**Audit Committee Report** - Names of chairperson and members with nature of directorship - Status of risk management and internal control – company and group - Statement on CEO and CFO assurance on operations and finances - Opinion on compliance with financial reporting requirements, information requirements Listing Rules, Companies Act, SEC Act and any other requirements. - Availability of formal Audit Charter - Internal audit assurance and summary of the work internal audit - Details demonstrating effective discharge of functions and duties - Statement on external auditors' assurance on their independence - Confirmation on determining auditor's independence	The report is set out on page 53
9.14.8 (1)	**Related Party Disclosures** Non-recurrent RPT exceeding 10% of the Equity or 5% of the Total Assets, whichever is lower (in the specified format) - Name of the RP Relationship - Value of RPT - Value as % of equity and total assets - Terms and Conditions - Rationale	There were no non-recurrent RPT exceeding the threshold

REFERENCE TO CSE LISTING RULES	DISCLOSURE REQUIREMENT	PAGE REFERENCE
9.14.8 (2)	**Recurrent RPT exceeding 10% of the gross revenue/income (in the specified format)** - Name of the RP Relationship - Nature of RPT - Value of aggregate RPT - Value as % of gross income - Terms and Conditions	Please refer page 51.
9.14.8 (3)	**Related Party Transactions Review Committee Report** - Names of the Directors comprising the Committee - Statement that committee has reviewed RPTs and communicated comments/ observations to the Board - Policies and procedures adopted by the Committee	Please refer pages 55 to 56.
9.14.8 (4)	Affirmative declaration by the Board of Directors on compliance with RPT Rules or negative statement to that effect.	Please refer the Related Party Transactions Review Committee Report on pages 55 to 56 and please refer the Annual Report of the Board of Directors on pages 45 to 50.
9.16	**Additional disclosures by Board of Directors Declaration on following** - All material interests in contracts and have refrained from voting on matters in which they were materially interested - Reviewed of the internal controls covering financial, operational and compliance controls and risk management and obtained reasonable assurance of their effectiveness and successful adherence, and, if unable to make any of these declarations an explanation on why it is unable to do so; - Made themselves aware of applicable laws, rules and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions; - Disclosure of relevant areas of any material non-compliance with law or regulation and any fines, which are material, imposed by any government or regulatory authority in any jurisdiction where the Entity has operations.	Please refer the Annual Report of the Board of Directors on pages 45 to 50.

Section 7 – Continuing Listing Requirements

REFERENCE TO CSE LISTING RULES	DISCLOSURE REQUIREMENT	PAGE REFERENCE
7.6 (i)	Board of directors during the FY with profiles	Please refer pages 10 to 11
7.6 (ii)	Principal activities of the Entity and subsidiaries including any changes	Please refer page 45
7.6 (iii)	Top 25 Shareholders – number of shares and % of Voting and non-voting shares LKR or Foreign Currency denominated	Please refer page 105

REFERENCE TO CSE LISTING RULES	DISCLOSURE REQUIREMENT	PAGE REFERENCE
7.6 (iv) (a)	**Public holding details for LKR denominated Shares** - Float adjusted market capitalization, - Public holding percentage (%), - Number of public shareholders - Option The public holding percentage (%) in respect of non-voting ordinary Shares (where applicable).	Please refer on page 106
7.6 (iv) (b)	**Public holding details for Foreign Currency denominated Shares** - Public holding percentage (%) - Number of public shareholders	Please refer on page 106
7.6 (v)	Each Director's and Chief Executive Officer's shareholding in each class of shares LKR and Foreign Currency denominated (as applicable).	Please refer on page 106
7.6 (vi)	Material foreseeable risk factors of the Entity.	Please refer on pages 23 to 26
7.6 (vii)	Details of material issues pertaining to employees and industrial relations of the Entity.	Please refer Annual report of the BOD on pages 45 to 50
7.6 (viii)	Extents, locations, valuations and the number of buildings of the Entity's land holdings and investment properties.	Please refer page 47
7.6 (ix)	Number of shares representing the Entity's stated capital.	Please refer Note 8.2 on page 87
7.6 (x)	Distribution schedule - Number of holders and % for each class as per the format in the rules.	Please refer on page 105
7.6 (xi)	**Ratios and market prices - Equity** - Dividend per share - Dividend pay out - Net asset value per share - Market value per share – High, Low and Closing **Ratios and market prices - Debt** - Interest rate of comparable government security - Debt/equity ratio - Interest cover - Quick asset ratio - Debt service coverage ratio (where applicable) - The market prices & yield during the year (ex-interest) – High, Low and last traded - Any changes in credit rating (for the Entity or any other instrument issued by the Entity), if applicable.	Please refer on page 103
7.6 (xii)	Significant changes of entity and subsidiaries' fixed assets including substantial difference between market value and book value of lands.	Please refer on pages 81 to 88
7.6 (xiii)	**Details of funds raised via IPO and further issues** - Manner in which funds are utilized (disclose as per the format) - Number, class of shares or debenture, consideration received and reason for the issue - Any material changes in the use of funds	N/A
7.6 (xiv) (a)	**Details of Employee Share Option Schemes (ESOS)** - Number of options granted to each category of Employees - Total number of options vested but not exercised by each category of Employees - Options exercised by each category of employees and total number of shares arising - Options cancelled - Exercise price Director's declaration confirming that ESOS was not funded.	N/A

REFERENCE TO CSE LISTING RULES	DISCLOSURE REQUIREMENT	PAGE REFERENCE
7.6(xiv) (b)	**Details of Employee Share Purchase Schemes (ESPS)** - Total number of shares issued - Number of shares issued to each category of Employees - Price at which the shares were issued Director's declaration confirming that ESPS was not funded.	N/A
7.6 (xv)	Disclosures pertaining to Corporate Governance practices in terms of Section 9 of Listing Rules	Refer Corporate Governance report and report of the Board of Directors
7.6 (xvi)	**Details of Investments in RP and due from RP** - Date of the transaction - Name of the Related Party - Relationship between the Entity and the Related Party - Amount of the transaction and terms of the transaction - Rationale for entering into the transaction	There were no Related Party Transactions exceeding the threshold
7.6 (xvii)	**If Foreign Currency Denominated Securities are listed** - Trading Currency - A detailed description of the utilization of the proceeds held in the SFCA, amount of proceeds utilized, as a percentage (%) of the total proceeds credited to the SFCA - Statement of compliance vis-à-vis the Applicable Foreign Exchange Regulations including i) Maintenance of foreign exchange earnings at a minimum level of 50% of its total annual revenue equivalent to a minimum of USD 5 Mn (5,000,000) or a negative statement; ii) The amount of proceeds held in the SFCA, which have been utilized by the Entity for any capital transactions outside Sri Lanka; iii) Repatriation of income of the investments made through the SFCA into Sri Lanka; and, iv) The amount of capital gains of the proceeds utilized for any capital transactions outside Sri Lanka. Status update on the residual of the proceeds which are not utilized for capital transactions outside Sri Lanka.	N/A
7.6 (xviii)	**If Sustainable Bonds are listed** - List of Sustainable Projects funds are allocated / invested with a brief description and amount disbursed - Any update on disclosures in documentation from date of listing - Qualitative performance indicators in line with the International Sustainable Bond Standards, quantitative performance measures of the environmental impact or if impact not ascertained reason for same. - Methods and the key underlying assumptions used in preparation of the performance indicators and metrics. An update on eligibility, allocation, and the impact of outstanding Sustainable Bond/s	N/A
7.6 (xix)	**If Perpetual Debt Securities are listed** - Breach of any terms/conditions by the Entity in relation to other Debt Securities listed on the Exchange. - Any default or delays on interest and/or principal payments in respect of loans obtained by such Entity, not paid within 30 days.	N/A

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

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

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

GENERAL

Lanka Ceramic PLC is a public limited liability Company which was incorporated under the Companies Act No. 17 of 1982 on 19th January 1990 and re-registered as per the Companies Act, No.7 of 2007 on 5th June 2008 under the registration number PQ 157.

Both the registered office of the Company and its Head Office are situated at No. 23, Narahenpita Road, Nawala.

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

The Principal activities of the Company, which remain unchanged since the previous year, are mining, processing and sales of raw materials to the ceramic industry, holding investments, managing investment property and operating a Lanka Tile showroom as a franchise partnership.

Principal activity of the subsidiary is given in Note 1.2 to the Financial Statements on page 70.

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

FINANCIAL STATEMENTS

The complete Financial Statements of the Company and Consolidated Financial Statements of the Company and its subsidiary, duly signed by two Directors on behalf of the Board are given on pages 62 to 102 .

AUDITORS' REPORT

The Report of the Independent Auditors on the Financial Statements of the Company and its subsidiary are given on pages 62 to 64 .

ACCOUNTING POLICIES

The Accounting Policies adopted by the Company in the preparation of the Financial Statements are given on pages 70 to 80 . Except as stated in Note 2.1.4 to the Financial Statements there were no significant changes to the accounting policies used by the Company during the year under review vis-à-vis those used in the previous year.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors are responsible for the preparation of Financial Statements of the Company and the Group, which reflect a true and fair view of the state of its affairs. A further statement in this regard is included on page 52.

DIRECTORS

The names of the Directors who held office as at the end of the accounting period are given below and their brief profiles appear on pages 10 to 11.

EXECUTIVE DIRECTOR

Mr. J.A.P.M. Jayasekara - Managing Director
(Resigned w.e.f. 01st April 2025)

NON-EXECUTIVE DIRECTORS

Mr. A.M. Weerasinghe - Chairman

Mr. T.G. Thoradeniya

Mr. S.M. Liyanage

Ms. A.M.L. Page

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. J.D.N. Kekulawala
Ms. K.D. Weerasinghe
(Appointed w.e.f. 01st January 2025)

RECOMMENDATION FOR RE-ELECTION OF DIRECTORS WHO RETIRE BY ROTATION

Mr. A.M. Weerasinghe retires by rotation in terms of Articles 102 and 103 of the Articles of Association and being eligible, consequent to review by the Nominations and Governance Committee is recommended by the Board for re-election.

RECOMMENDATION FOR RE-ELECTION OF DIRECTORS WHO WERE APPOINTED SINCE THE LAST ANNUAL GENERAL MEETING

Mr. L.P.B. Talwatte and Ms. K.D. Weerasinghe, who were appointed to the Board in terms of Article 109 of the Articles of Association of the Company, since the last Annual General Meeting are recommended by the Board for re-election by the shareholders, consequent to review by the Nominations and Governance Committee.

CHANGES IN THE DIRECTORATE OF THE COMPANY

Resignations

Mr. M.W.R.N. Somaratne, Non-Executive Director resigned with w.e.f. 11th December 2024.

Mr. D.J. Silva and Mr. K.D.G. Gunaratne, Independent Non-Executive Directors resigned w.e.f. 31st December 2024.

Mr. J.A.P.M. Jayasekera, Managing Director resigned w.e.f. 1st April 2025.

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

New Appointments

Ms. K.D. Weerasinghe was appointed as an Independent Non-Executive Director with effect from 1st January 2025.

Mr. L.P.B. Talwatte was appointed as a Director w.e.f. 01st April 2025, and was appointed the Managing Director of the Company with effect from the said date.

Re-designations

Ms A.M.L. Page whom the Board determined as nevertheless independent notwithstanding her period of service exceeding nine years, was re-designated as a Non-Independent Non-Executive Director with effect from 1st January 2025, in compliance with the applicable Listing Rule.

DIRECTORS' OF THE SUBSIDIARY COMPANY

The names of the Directors who held office as at the end of the accounting period are:

LC Plantation Projects Ltd - Mr. A.M. Weerasinghe

- Mr. J.A.P.M. Jayasekera *(Resigned w.e.f 01st April 2025)*

CHANGES IN THE DIRECTORATE OF THE SUBSIDIARY COMPANY

Mr. J.A.P.M. Jayasekera, Director resigned with effect from 01st April 2025 and Mr. L.P.B. Talwatte was appointed as a Director with effect from the said date.

INTERESTS REGISTER

The Company maintains an Interests Register in terms of the Companies Act No. 7 of 2007, which is deemed to form part and parcel of this Annual Report and available for inspection upon request.

All related party transactions which encompasses the transactions of Directors who were directly or indirectly interested in a contract or a related party transaction with the Company during the accounting period are recorded in the Interests Register in due compliance with the applicable rules and regulations of the relevant Regulatory Authorities.

The relevant interests of Directors in the shares of the Company as at 31st March 2025 as recorded in the Interests Register are given in this Report under Directors' shareholding.

DIRECTORS' REMUNERATION

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

The Directors' remuneration is disclosed under Key Management Personnel compensation in Note 25.2 to the Financial Statements on page 100 .

DIRECTORS' INTERESTS IN CONTRACTS

Except for the transactions referred to in Note 26 to the Financial Statements, the Company did not carry out any transaction with any of the Directors. The Company carried out transactions during the year in the ordinary course of its business at commercial rates with the related entities of Directors as described in Annexure [A] on page 51 Directors have no direct or indirect interest in any contract or proposed contract with the Company.

INDEPENDENT AUDITORS

Company

Messrs. Ernst & Young, Chartered Accountants served as the Auditors during the year under review and also provided non-audit services. They do not have any interest in the Company other than that of Auditor and provider of other legally permitted non audit services.

A total amount of Rs. 645,120/- is payable by the Company to the Auditors as audit fee and the Company did not obtain any non-audit services from the auditors during the year under review.

The Auditors have expressed their willingness to continue in office. The Audit Committee at a meeting held on 27th May 2025 recommended that they be re-appointed as Auditors. A resolution to re-appoint the Auditors and to authorize the Directors to determine their remuneration will be proposed at the Annual General Meeting.

Group

The Auditor of the subsidiary company, LC Plantation Projects Ltd is Messrs. Ernst & Young, Chartered Accountants. Details of fee payable to the Auditors is set out in Note 19 to the Financial Statements on page 96.

INDEPENDENCE OF AUDITORS

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

STATED CAPITAL

The Stated Capital of the Company is Rs. 300Mn.

The number of shares issued by the Company stood at 6,000,000 fully paid ordinary shares as at 31st March 2025. There were no changes in the Stated Capital of the Company during the year.

DIRECTORS' SHAREHOLDING

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

	Shareholding as at 31.03.2025	Shareholding as at 31.03.2024
Mr. A.M. Weerasinghe	-	-
Mr. J.A.P.M. Jayasekera *(Resigned w.e.f. 1st April 2025)*	20	20
Mr. T.G. Thoradeniya	-	-
Ms. A.M.L. Page	-	-
Mr. J.D.N. Kekulawala	-	-
Mr. S.M. Liyanage	-	-
Ms. K.D. Weerasinghe *(Appointed w.e.f 01st January 2025)*	-	N/A

Royal Ceramics Lanka PLC is the major shareholder of the Company holding 4,413,390 shares constituting 73.557% of the shares representing the stated capital of the Company. Mr. A.M. Weerasinghe, Mr. T.G. Thoradeniya and Mr. S.M. Liyanage were Directors of Royal Ceramics Lanka PLC as at 31st March 2025.

SHAREHOLDERS

There were 1,692 shareholders registered as at 31st March 2025 (1,663 shareholders as at 31st March 2024). The details of distribution are given on page 105 of this Report.

MAJOR SHAREHOLDERS, DISTRIBUTION SCHEDULE AND OTHER INFORMATION

Information on the distribution of shareholding, analysis of shareholders, market values per share, earnings, dividends, net assets per share, twenty five largest shareholders of the Company, percentage of shares held by the public as per the Listing Rules of the Colombo Stock Exchange are given on pages 105 to 106 and page 103 under the Shareholder and Investor Information and the Company's Ten Year Summary.

EMPLOYMENT POLICY

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

As at 31st March 2025, 49 persons were in employment (48 persons as at 31st March 2024).

RESERVES

The reserves of the Company with the movements during the year are given in Note 9 to the Financial Statements on page 88.

LAND HOLDINGS

The Company's land holdings referred to in Notes 3 and 4 of the Financial Statements comprise of the following:

Freehold Lands

Location	No.of Buildings	Land Extent	Fair Value as at 31.03.2025 (Rs.000)
Land at Owala	4	26A-3R-5.5P	26,534
Land at Meetiyagoda	-	15A-2R-25.8P	39,481
	4	42A -1R-31.3P	66,015

Investment Property

Location	No.of Buildings	Land Extent	Fair Value as at 31.03.2025 (Rs.000)
Land at Kollupitiya	1	0A-1R-1.12P	1,056,382

PROPERTY, PLANT & EQUIPMENT

Details and movements of Property, Plant and Equipment are given under Note 3 to the Financial Statements on pages 81 to 83 .

INVESTMENTS

Details of the Company's quoted and unquoted investments as at 31st March 2025 are given in Note 5 to the Financial Statements on pages 85 to 86.

DONATIONS

The Company made donations amounting to Rs.95,000/- in total, during the year under review.

DIVIDENDS

The Directors have proposed the payment of a Final Dividend of Rupees Eight and Cents Ninety per share (Rs.8.90) for the year under review, subject to the approval of the shareholders at the Annual General Meeting to be held on 30th June 2025.

RISK MANAGEMENT

An ongoing process is in place to identify and manage the risks that are associated with the business and operations of the Company. The Directors review this process through the Audit Committee.

Specific steps taken by the Company in managing the risks are detailed in the section on Risk Management on pages 23 to 26.

STATUTORY PAYMENTS

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company, all contributions, levies and taxes payable on behalf of, and in respect of employees of the Company and all other known statutory dues as were due and payable by the Company as at the reporting date have been paid or, where relevant provided for, except for certain assessments where appeals have been lodged.

CONTINGENT LIABILITIES

As disclosed in Note 26 to the Financial Statements on page 100, there were no contingent liabilities as at the reporting date.

EVENTS OCCURRING AFTER THE REPORTING DATE

Except for the matters disclosed in Note 27 to the Financial Statements on page 100 there are no material events as at the date of the Auditor's Report which require adjustment to, or disclosure in the Financial Statements.

ENVIRONMENTAL PROTECTION

The Company and the Group make every endeavour to ensure compliance with the relevant environmental laws, regulations and best practices applicable in the country. After making adequate inquiries from the management, the Directors are satisfied that the Company and the Group operate in a manner that minimizes the detrimental effects on the environment within which the Company and the Group operate.

MATERIAL ISSUES PERTAINING TO EMPLOYEES AND INDUSTRIAL RELATIONS PERTAINING TO THE COMPANY

No material issues pertaining to employees or industrial relations of the Company occurred during the year under review which required disclosure under Rule 7.6 (vii) of the Listing Rules.

CORPORATE GOVERNANCE

The Board of Directors confirm that the Company is compliant with Corporate Governance Rules set out in Section 9 of the Listing Rules of the Colombo Stock Exchange.

The corporate governance of the Company is reflected in its strong belief in protecting and enhancing stakeholder value in a sustainable manner, supported by a sound system of policies and practices. Prudent internal controls ensure professionalism, integrity and commitment of the Board of Directors, Management and Employees.

The Corporate Governance Statement on pages 27 to 44 explains the measures adopted by the Company during the year.

POLICIES IN TERMS OF RULE 9.2 OF THE LISTING RULES

In terms of Rule 9.2.1 of the Listing Rules, the Company established, adopted and published on the Company website www.lankaceramicplc.com the following policies, ensuring adherence to best practices in corporate governance, ethical conduct, and regulatory compliance:

a) Policy on the matters relating to the Board of Directors

b) Policy on Board Committees

c) Policy on Corporate Governance, Nominations and Re-election

d) Policy on Remuneration

e) Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities

f) Policy on Risk management and Internal controls

g) Policy on Relations with Shareholders and Investors

h) Policy on Environmental, Social and Governance Sustainability

i) Policy on Control and Management of Company Assets and Shareholder Investments

j) Policy on Corporate Disclosures

k) Policy on Whistleblowing

l) Policy on Anti-Bribery and Corruption

There were no significant changes to the above policies adopted by the Company during the year under review.

FIT AND PROPER ASSESSMENT OF DIRECTORS

In terms of Rule 9.7.4 of the Listing Rules of the Colombo Stock Exchange, declarations were obtained from the Directors who confirmed that they have continuously satisfied the Fit and Proper Assessment Criteria set out in the Listing Rules during the Financial Year under review and as at the date of such declarations. These Declarations were placed before the Nominations and Governance Committee, and upon review by the Nominations and Governance Committee, where no member participated in decisions relating to his/her continuation, were then presented to the Board.

INDEPENDENCE OF DIRECTORS

The Board, based on the Declarations submitted by the Independent Directors declaring his/her independence against the criteria specified in the Listing rules and such other information available to the Board that could reasonably be constructed to have a bearing on the independence of such Directors, determined that the Two (2) Independent Directors namely Mr. J.D.N. Kekulawala and Ms. K.D. Weerasinghe are 'Independent' in terms of the Listing Rules.

POLICY ON RELATIONS WITH SHAREHOLDERS AND INVESTORS

The Company has established a process for effective communication and relations with shareholders and investors. Accordingly, the shareholders have access to the Company as set out in Relationship with Shareholders on page 31 of this Report.

OTHER DIRECTORSHIPS HELD BY THE DIRECTORS

The Board, based on the recommendations of the Nominations and Governance Committee, and considering the time allocation required of the Directors for the Board related matters of the Company decided that a Director of the Company shall not hold more than eleven (11) directorships in Listed Companies.

POLICY ON MATTERS RELATING TO THE BOARD OF DIRECTORS

The Company has in terms of the above Policy, acted in compliance with the requirements set out in Rule 9.5.1 of the Listing Rules.

ADDITIONAL DISCLOSURES BY/PERTAINING TO DIRECTORS

(i) Material Interests in Contracts involving the Company

The Directors have declared all material interests in contracts involving the Company in terms of the Companies Act and the Articles of the Association of the Company and have acted as prescribed therein, and where relevant have refrained from voting on matters in which they were materially interested.

(ii) Material Business Relationships with each other

None of the Directors or close family members have any material business relationships with the other Directors of the Company.

(iii) Other Directorships held by the Directors

Other Directorships held by Directors are disclosed on pages 10 to 11

(iv) Review of Internal Controls

The Directors have, through the Audit Committee, conducted a review of the Internal controls covering financial, operational and compliance control and risk management and thereby obtained reasonable assurance of their effectiveness and successful adherence therewith.

(v) Applicable Laws Rules and Regulations

The Directors have made arrangements to make themselves aware of applicable laws, rules and regulations and are aware of the changes, particularly to Listing Rules and applicable capital market provisions.

BOARD MEETINGS

Six (6) Board Meetings of the Company were held during the year under review and the Directors' attendance at those Meetings is set out on page 28.

BOARD SUB COMMITTEES

Audit Committee, Remuneration Committee, Related Party Transactions Review Committee and a Nominations and Governance Committee function as Board sub committees, with Directors who possess the requisite qualifications and experience. The composition of the said committees is as follows:

AUDIT COMMITTEE

Mr. J.D.N. Kekulawala - Chairman
(Independent Non-Executive Director)

Ms. A.M.L. Page
(Non-Executive Director)

Ms. K.D. Weerasinghe
(Independent Non-Executive Director)

REMUNERATION COMMITTEE

Ms. K.D. Weerasinghe - Chairperson
(Independent Non-Executive Director)

Mr. A.M. Weerasinghe
(Non-Executive Director)

Mr. J.D.N. Kekulawala
(Independent Non-Executive Director)

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

Mr. J.D.N. Kekulawala - Chairman
(Independent Non-Executive Director)

Ms. A.M.L. Page
(Non-Executive Director)

Ms. K. D. Weerasinghe
(Independent Non-Executive Director)

NOMINATIONS AND GOVERNANCE COMMITTEE

Ms. K.D. Weerasinghe - Chairperson
(Independent Non-Executive Director)

Mr. A.M. Weerasinghe
(Non-Executive Director)

Mr. J.D.N. Kekulawala
(Independent Non-Executive Director)

DECLARATION - COMPLIANCE WITH THE LISTING RULES ON RELATED PARTY TRANSACTIONS

In terms of Rule 9.14.8(4) of the Listing Rules, the Directors declare that the Company is in compliance with Rule 9.14 of the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions during the financial year ended 31st March 2025.

CORPORATE SOCIAL RESPONSIBILITY

The Company continued its Corporate Social Responsibility Programmes.

SPECIAL BUSINESS

SPECIAL BUSINESS TO BE TRANSACTED AT THE ANNUAL GENERAL MEETING - AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The "Special Business" set out as Item 2 of the Notice of Annual General Meeting contains amendments to certain Articles of the Articles of Association of the Company, as recommended by the Directors, to be adopted by way of a Special Resolution. The salient amendments proposed are :

(a) Article 43 is introduced to facilitate meetings of shareholders to be held in addition to physical meetings as per the present Article; by means of audio or audio and visual communication; thereby providing the Board to have the option to determine whether a General Meeting of shareholders would be held as a physical meeting, electronic meeting or as a hybrid meeting.

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

(b) Currently, the minimum number of Directors shall not be less than three (03). The recent amendments to Listing Rules require the minimum number to be increased to five (05). The proposed amendment to the number of Directors is to be in line with the new Rule.

(c) The Listing Rules have introduced provisions relating to the circumstances under which / the period for which an Alternate Director may be appointed. The proposed amendment to the provisions relating to Alternate Directors is to align the existing provisions with the Listing Rules.

(d) Additional methods were brought in, to serve notice on shareholders.

(e) Further provision in terms of the Listing Rules that publication by advertisement must be done in all three languages in national daily newspapers is proposed to be incorporated. Publication of notice was further enhanced if permitted by law, to be done via the official website of the Company and/or the official website of the Colombo Stock Exchange so long as the Company is listed on the Colombo Stock Exchange.

GOING CONCERN

The Directors have made an assessment of the Company's ability to continue as a going concern and is satisfied that it has resources to continue in business for the foreseeable future.

ANNUAL GENERAL MEETING

The Notice of the Thirty Fourth (34th) Annual General Meeting appears on pages 107 to 109.

ACKNOWLEDGEMENT OF THE CONTENT OF THE REPORT

As required by the section 168(1)(k) of the Companies Act No. 07 of 2007, the Board of Directors do hereby acknowledge the content of this Annual Report.

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

A.M. Weerasinghe
Chairman

L.P.B. Talwatte
Managing Director

P W Corporate Secretarial (Pvt) Ltd
Secretaries

29th May 2025

ANNEXURE A - RELATED PARTY TRANSACTIONS

Name of the Related Party	Relationship	Nature of the Transaction	Aggregate Value of Related Party Transactions entered into during the financial year Rs.	Terms and conditions of Related Party Transactions
Lanka Tiles PLC	Affiliated Company	Sale of raw materials	198,042,124	Based on commercial rates
		Receiving of commission income	6,837,213	Based on commercial rates
		Reimbursement of expenses	1,787,472	Actual expenses incurred
		Rental income	2,904,504	Based on commercial rates
			209,571,313	
Lanka Walltiles PLC	Affiliated Company	Sale of raw materials	17,840,493	Based on commercial rates
		Receiving of commission income	1,562,748	Based on commercial rates
		Reimbursement of expenses	7,446,402	Actual expenses incurred
			26,849,643	
Royal Ceramics Lanka PLC	Parent Company	Dividend payment	5,296,068	Final Dividend of Rs.1.20 per share
		Services obtained	74,450	Actual expenses incurred
			5,370,518	
Rocell Bathware Ltd.	Affiliated Company	Sale of raw materials	10,912,047	Based on commercial rates
			10,912,047	
Swisstek Aluminium Ltd.	Affiliated Company	Payment of rent expenses	711,370	Based on commercial rates
		Reimbursement of expenses	197,453	Actual expenses incurred
			908,823	
LC Plantation Projects Ltd.	Subsidiary Company	Reimbursement of expenses	193,151	Actual expenses incurred
			193,151	

Non-Recurrent Related Party Transactions

There were no non-recurrent related party transactions which in aggregate value exceed 10% of the equity or 5% of the total assets, whichever is lower during the financial year ended 31st March 2025, which require additional disclosures in the 2024/25 annual report, under the Colombo Stock Exchange Listing Rule 9.3.2 (a) and Code of Best Practice on Related Party Transactions under the securities and Exchange Commission Directive issued under section 13(c) of the Securities and Exchange Commission Act.

Recurrent Related Party Transactions

Colombo Stock Exchange Listing Rule 9.3.2(b) and Code of Best Practice on Related Party Transactions under the securities and Exchange Commission Act requires additional disclosures to be made in the annual report when the recurrent related party transactions which in aggregate value exceeds 10% of the consolidated revenue of the Group.

However, the company is in the business of mining and selling of raw materials to tile industry. Therefore, the sales of raw material to related entities fall under the exempted Related Party Transactions category as per the Section 9.5. Hence additional disclosure was not made in this regard in the Annual Report.

Section 9.5(a) states that, Subject to Rule 9.3.2(b) of these Rules, transactions with Related Parties which are recurrent, of revenue or trading nature and which is necessary for day-to-day operations of a Listed Entity or its subsidiaries and, in the opinion of the Related Party Transactions Review Committee, terms are not favourable to the Related Party than those generally available to the public.

STATEMENT OF DIRECTORS' RESPONSIBILITY

The responsibilities of the Directors, in relation to the Financial Statements of the Company and its subsidiaries differ from the responsibilities of the Auditors.

The responsibility of the Independent Auditors in relation to the Financial Statements is set out in the Report of the Auditors given on pages 62 to 64 of the Annual Report.

As per the Sections 150(1), 151, 152(1) and (2), 153 (1) and (2) of the Companies Act No. 07 of 2007, the Directors are required to prepare Financial Statements for each financial year giving a true and fair view of the state of affairs of the Company and its subsidiaries as at the end of the financial year and of the results of its operations for the financial year, ensure that they are completed within six months or such extended period as may be determined by the Registrar General of Companies, certified by the person responsible for the preparation of the Financial Statements that they are in compliance with the said Companies Act and dated and signed on behalf of the Board by two Directors of the Company.

In terms of Section 166(1) read together with Sections 168(1)(b) and (c) and Section 167(1) of the Companies Act, the Directors shall cause a copy of the aforesaid Financial Statements together with the Annual Report of the Board of Directors of the Company prepared as per section 166(1) of the Companies Act to be sent to every shareholder not less than fifteen working days before the date fixed for holding the Annual General Meeting. The said obligation is discharged by the Directors by publishing / making available for download, the Company's Annual Report on the Corporate Website of the Company and the Colombo Stock Exchange Website, and by notifying the shareholders thereof. On request, printed copies of the Annual Report will be forwarded to the shareholders.

The Directors consider that in preparing these Financial Statements set out on pages 62 to 102 appropriate accounting policies have been selected and applied in a consistent manner and supported by reasonable and prudent judgment and that all applicable Accounting Standards, as relevant, have been followed.

The Directors are of the view that the Company and its subsidiaries have adequate resources to continue in operation either on their own or with the assistance of the Company, as the holding company/other subsidiaries/external funding arranged on the strength of their assets and have applied the going concern basis in preparing these Financial Statements.

Further, the Directors have a responsibility to ensure that the Company and its subsidiaries maintain sufficient accounting records to disclose with reasonable accuracy, the financial position of the Company and its subsidiaries.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Company and its subsidiaries and in this regard to give proper consideration to the establishment of appropriate internal control systems to prevent and detect fraud and other irregularities.

Financial Statements prepared and presented in this report have been prepared based on Sri Lanka Accounting Standards (SLFRS/LKAS) and are consistent with the underlying books of accounts and are in conformity with the requirements of Sri Lanka Accounting Standards, Companies Act No. 07 of 2007, Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and the Listing Rules of the Colombo Stock Exchange.

The Directors are of the view, that they have discharged their responsibilities as set out in this statement.

The Directors also confirm that to the best of their knowledge, all statutory payments payable by the Company and its subsidiaries as at the reporting date have been paid or where relevant provided for and/or payment terms are being agreed upon with the relevant authorities.

By order of the Board
Lanka Ceramic PLC

P W Corporate Secretarial (Pvt) Ltd
Secretaries

29th May 2025

AUDIT COMMITTEE REPORT

ROLE OF THE AUDIT COMMITTEE

The Audit Committee is a Sub Committee of the Board, empowered to examine all matters pertaining to the financial affairs of the Company and assists the Board of Directors in effectively discharging their duties. The function of the Audit Committee is defined in the Audit Committee Charter. Primarily the committee assesses the adequacy of the risk management framework of the Company, assesses the independence and the performance of the Company's external and internal audit functions and review compliance of the Company with regard to the legal and regulatory requirements.

COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee is appointed by the Board of Directors of the Company and reports directly to the Board.

The Audit Committee of Lanka Ceramic PLC consisted of three Non-Executive Directors during the financial year:

Independent Non-Executive Directors

Mr. J.D.N. Kekulawala - Chairman

Mr. K.D.G. Gunaratne - Member
(Resigned w.e.f. 31st December 2024)

Ms. K.D. Weerasinghe - Member
(Appointed w.e.f. 01st January 2025)

Non-Independent Non-Executive Director

Ms. A.M.L. Page - Member

The composition of the members of the Audit Committee satisfies the criteria as specified in the standards on Corporate Governance for Listed Companies.

PW Corporate Secretarial (Pvt) Ltd., the Company Secretaries, functions as the Secretary to the Committee.

FUNCTIONS OF THE AUDIT COMMITTEE

The Audit Committee examined the preparation, presentation and adequacy of disclosure in compliance with the Sri Lanka Accounting Standards (SLFRS/LKAS) and whether the financial reporting requirements were in accordance with the Companies Act No.07 of 2007, Securities and Exchange Commission of Sri Lanka Act, No. 36 of 1987 and other relevant financial reporting related regulations and requirements.

The Audit Committee reviewed and approved the annual and interim financial statements prior to the final approval by the Board. In all instances, the Audit Committee obtained relevant declarations from the Managing Director and Head of Finance stating that the respective financial statements are in conformity with the applicable Accounting Standards, Company Law and other statutes including Corporate Governance Rules and that the presentation of such Financial Statements are consistent with those of the previous period's statements of the year as the case may be and further states any departures from financial reporting statutory requirements and group policies (if any).

This Audit Committee also reviewed the adequacy and proper continuous functioning of the internal control procedures of the Company to obtain reasonable assurances that the financial statements of the Company accurately reflect the state of affairs of the Company and the results for the period to which it relates. An independent internal audit is carried out as and when required. Internal Audit Reports are reviewed and discussed with management with a view to further strengthening the internal control environment within the Company.

The Committee reviewed the external auditors' report and management letter for the last year. All recommendations proposed by the external auditors were discussed with the senior partner and examined that the recommendations proposed were duly carried out by the management. In addition, the Audit Committee reviewed external auditors and the engagement partner's relationships with the Company, and assessed that the external auditors are independent.

The Audit Committee also assessed major business and control risks of the Company, including discussing with management the steps that have been taken to monitor and control such exposures.

MEETINGS

The Audit Committee meetings were held quarterly during the year. Audit Committee Meeting attendance of the members is as follows:

Mr. J.D.N. Kekulawala	(4/4)
Mr. K.D.G. Gunaratne	(3/3)
Ms. A.M.L. Page	(3/4)
Ms. K.D. Weerasinghe	(1/1)

The Managing Director and Head of Finance also attended the meeting by the invitation of the Audit Committee. Representatives of the External Auditors also attended the Audit Committee meetings by invitation.

EXTERNAL AUDIT

The Audit Committee, having assessed the independence of the External Auditors Messrs. Ernst & Young Chartered Accountants, based on the declaration provided by them and to the extent that the members of the Audit Committee are aware, concluded that the Auditors do not have any relationship with (other than that of the Auditor), or interest in, the Company, which in the opinion of the Committee, may reasonably be considered to have a bearing on their independence within the meaning of the Code of Professional Conduct and Ethics issued by The Institute of Chartered Accountants of Sri Lanka as at the reporting date. The Non-Audit Services provided by the External Auditor were also reviewed and the Committee was of the view that such services did not impair with their independence and were not within the category of services identified as restricted under the applicable guidelines for listed Companies.

Messrs. Ernst & Young, Chartered Accountants, has served as the Company's External Auditors since 2014. The current audit engagement partner has held this role from 01st January 2025. The Audit Committee, recommended to the Board of Directors the reappointment of Messrs. Ernst & Young, Chartered Accountants, as the External Auditors of the Company for the financial year ending 31st March 2026. This recommendation is subject to the approval of the shareholders at the forthcoming Annual General Meeting.

J.D.N. Kekulawala
Chairman - Audit Committee

29th May 2025

REMUNERATION COMMITTEE REPORT

The Company formed its own Remuneration Committee on 30th September 2024 (prior to which, the Remuneration Committee of its parent entity Royal Ceramics Lanka PLC functioned as the Remuneration Committee of the Company) and adopted its Terms of Reference, in line with Section 9 of the Listing Rules of the Colombo Stock Exchange

Composition

The Committee comprises two Independent Non-Executive Directors and one Non-Executive Director, and is chaired by an Independent Non-Executive Director in compliance with Section 9.12.6 of the Listing Rules.

As of 31st March 2025 and the date of this Report, the Committee consists of the following members:

Members	Date of appointment to the Committee	Nature of Directorship
Ms. K.D. Weerasinghe (Chairperson)	01st January 2025	Independent Non-Executive Director
Mr. A.M. Weerasinghe	30th September 2024	Non-Executive Director
Mr. J.D.N Kekulawala	30th September 2024	Independent Non-Executive Director

The Members of the Committee from 30th September to 31st December 2024 were Mr. K. D. G. Gunaratne, Chairman, Independent Non-Executive Director, Mr. A. M. Weerasinghe, Non-Executive Director, and Mr. J.D.N. Kekulawala, Independent Non-Executive Director, all of whom were appointed to the Committee on 30th September 2024.

Brief profile of each member is available on pages 10 to 11 of this report.

The Remuneration Committee operates under a well-defined Terms of Reference. All members are Non-Executive Directors and maintain independence, free from business, operational, personal, or other relationships that may compromise their unbiased judgment. P W Corporate Secretarial (Pvt) Ltd serves as the Secretary to the Committee.

Remuneration Policy

The Company's remuneration policy endeavours to attract, motivate, and retain quality management in a competitive environment with the relevant expertise necessary to achieve the objectives of the Company, while ensuring competitive rewards aligned with industry standards. Compensation packages are structured to reflect each employee's expertise and contributions, considering business performance and shareholder returns.

Role of the Remuneration Committee

The Remuneration Committee is responsible for advising and assisting the Board in determining remuneration policies and overseeing Human Resources matters within the Company and the Group. Its key functions include:

- Establishing the remuneration package/policy for Directors.
- Reviewing compensation decisions for certain Senior Executives.
- Reviewing policies and parameters for executive staff remuneration and setting guidelines for management staff compensation, considering industry norms.
- Reviewing executive pay periodically to ensure alignment with market/industry rates.
- Defining and setting performance measures for incentive plans.
- Seeking professional advice when necessary on remuneration and HR matters.

The recommendations of the Committee, primarily on matters relating to compensation, benefits and Bonus to its employees were arrived at through discussion with the Management and agreement of Committee Members via circular resolutions. The Committee ensures that the Company follows a fair, competitive, and performance-driven compensation structure, supporting the Company's long-term success.

Disclosure on Director Remuneration

The aggregate amount of remuneration paid to the Directors of the Company during the year is disclosed in Note 25.2 of the Financial Statements in this Annual Report.

K. D. Weerasinghe
Chairperson - Remuneration Committee

29th May 2025

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

The Related Party Transactions Review Committee (RPTRC) of the Company was formed by the Board in 2016 in accordance with Section 9 of the Listing Rules of the Colombo Stock Exchange to ensure compliance with those Rules facilitating independent review, approval and oversight of Related Party Transactions of the Company.

Composition of the Committee

The Committee comprises three Non-Executive Directors, two of whom are Independent and is chaired by an Independent Non-Executive it is in conformity with Rule 9.14.2 of the Listing Rules.

The Related Party Transactions Review Committee of the Company was reconstituted with effect from 1st January 2025 in compliance with the Corporate Governance Rules of the Colombo Stock Exchange.

The composition of the Committee during the financial year under review was as follows:

As of 31st March 2025 and the date of this Report the Committee consists of:

Members	Date of appointment to the Committee	Nature of Directorship
Mr. J.D.N. Kekulawala (Chairman)	26th May 2022	Independent Non-Executive Director
Ms. A.M.L. Page	30th May 2017	Non-Executive Director
Ms. K.D. Weerasinghe	01st January 2025	Independent Non-Executive Director

The composition from 01st April 2024 to 31st December 2024 was as follows:

Members	Date of appointment to the Committee	Nature of Directorship
Mr. J.D.N. Kekulawala (Chairman)	26th May 2022	Independent Non-Executive Director
Ms. A.M.L. Page	30th May 2017	Independent Non-Executive Director*
Mr. K.D.G. Gunaratne	30th May 2017	Independent Non-Executive Director

** Status of directorship changed to Non-Independent Non-Executive Director*

Brief profiles of the Members appear on pages 10 and 11.The Company Secretaries, P W Corporate Secretarial (Pvt) Ltd serves as the Secretaries to the Company.

The Managing Director, Head of Finance and the Finance Manager attend meetings by invitation.

Meetings

The Committee met four (04) times during the financial year under review, where they met once every calendar quarter. Attendance of the members at these Meetings is as follows:-

Members	Attendance
Mr. J.D.N. Kekulawala	4/4
Ms. A.M.L. Page	3/4
Ms. K.D. Weerasinghe	1/1
Mr. K.D.G. Gunaratne *(Resigned w.e.f. 31st December 2024)*	2/3

Charter/Terms of Reference of the Related Party Transactions Review Committee

The Committee operates within the Charter of the Committee / Terms of Reference as approved by the Board. The Company has adopted a Related Party Transactions (RPT) Policy whereby the categories of persons / entities who shall be considered as 'related parties' have been identified and the identification and reporting on RPTs have been established.

The new Terms of Reference of the Committee were adopted by the Board with effect from 01st October 2024. It clearly sets out the purpose, membership, authority and the duties and responsibilities of the Committee.

Responsibilities of the Related Party Transactions Review Committee

The key responsibilities of the Committee are ;

a) Ensure that the Company complies with the Rules on related party transactions set out in the Listing Rules.

b) Subject to the exceptions given in the Listing Rules, review, in advance all proposed related party transactions.

c) Perform other activities related to its Terms of Reference as requested by the Board.

d) Hold meetings every calendar quarter and report to the Board on the Committee's activities.

e) Share information with the Audit Committee as necessary and appropriate, to permit the Audit Committee to carry out its statutory, regulatory and other responsibilities with regard to related party transactions.

f) Review the Terms of Reference at least annually and recommend amendments to the Charter and Policy to the Board as and when determined to be appropriate by the Committee.

Procedures for Reporting RPT's

Head of Finance is responsible for reporting to the Committee through Managing Director, for its review and approval the information in respect of each related party transaction proposed to be entered into other than the exempted transactions as per the Listing Rules and those recurrent Related Party Transactions in respect of which, the Committee has formulated guidelines. On a quarterly basis, the Management presents Reports to the Committee on the approved related party transactions actually entered into by the Company, and the threshold limits as applicable as per the Listing Rules.

Review of Related Party Transactions

The Committee reviewed all related party transactions of the Company for the financial year 2024/25 and has communicated its comments and observations to the Board. All related party transactions entered during the year were of a recurrent, trading nature and were necessary for the day-to-day operations of the Company. In the opinion of the Committee, the terms of these transactions were not more favourable to the related parties than those generally available to the public.

There were no non-recurrent RPTs entered into by the Company during the year under review.

The aggregate value of Recurrent RPTs entered into by the Company during the year was below the threshold for disclosure in the Annual Report as per the Listing Rules.

The details of related party transactions entered into during the year are given in Note 25 to the Financial Statements, on pages 99 to 100 of this Annual Report.

Declaration

In terms of Rule 9.14.8 (4) of the Listing Rules of the Colombo Stock Exchange, a declaration by the Board of Directors as an affirmative statement of the compliance with the Listing Rules pertaining to Related Party Transactions is given on Page 49 of the Annual Report.

Mr. J.D.N. Kekulawala
Chairman
Related Party Transactions Review Committee

29th May 2025

NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

In line with the Listing Rules on Corporate Governance, the Company constituted its own Nominations and Governance Committee (NGC) on 30th September 2024 [in place of the previous arrangement, whereby the Nominations Committee of the parent entity, Vallibel One PLC acted on behalf of the Company up to 29th September 2024].

Composition of the Committee

The Committee comprises three Non-Executive Directors, two of whom are Independent and is chaired by an Independent Non-Executive it is in conformity with Rule 9.14.2 of the Listing Rules.

The Committee was reconstituted with effect from 1st January 2025, consequent to the changes in the Directorate of the Company, in compliance with the Corporate Governance Rules of the Colombo Stock Exchange. The composition of the Committee during the financial year under review was as follows:

As of March 31st 2025 and the date of this Report, the Committee consists of :

Members	Date of appointment to the Committee	Nature of Directorship
Ms. K.D. Weerasinghe (Chairperson)	01st January 2025	Independent Non-Executive Director
Mr. A.M. Weerasinghe	30th September 2024	Non-Executive Director
Mr. J.D.N. Kekulawala	01st January 2025	Independent Non-Executive Director

The Members of the Committee from 30th September to 31st December 2024, were Mr K. D. G. Gunaratne, Chairman, Independent Non-Executive Director, Mr. A. M. Weerasinghe, Non-Executive Director, Mr. D. J. Silva, Independent Non-Executive Director who were appointed to the Committee on 30th September 2024.

Brief profile of each member appears on pages 10 to 11 of this Report.

The Company Secretaries, P W Corporate Secretarial (Pvt) Ltd function as the Secretaries to the Committee.

The NGC met once during the financial year under review, since its formation on 30th September 2024. The attendance of the members at these meetings is set out in the table below:

Members	Attendance
Mr. K.D.G. Gunaratne (Chairman) *(Resigned on 31st December 2024)*	1/1
Mr. A. M. Weerasinghe	1/1
Mr. D. J. Silva *(Resigned on 31st December 2024)*	1/1

Additionally, the recommendations of the Committee on matters falling under its purview. Upon agreement being reached thereon, were recorded by way of circular resolutions and since its formation, two resolutions were approved by the Committee via circulation, during the year under review.

Terms of Reference

The Committee operates under a well-defined Terms of Reference adopted with effect from 1st October 2024, which set out inter alias its scope, authority, duties and matters pertaining to quorum of meetings of the Committee.

As per its Terms of Reference, the Committee makes recommendations to the Board in respect of all new Board appointments and re-election / re-appointment of those retiring in terms of the Articles of Association or the Companies Act, No.7 of 2007 having regard to the structure, size and composition of the Board and effective discharge of duties and responsibilities. Additionally, maintaining a suitable process for the periodic evaluation of the performance of the Board of Directors of the Company and developing a succession plan for Board of Directors and Key Management Personnel of the Company are key functions of the Committee.

Policy and Processes for Directors' Nominations

The NGC operates under a documented policy and defined processes for the nomination of Directors.   These processes include :

- Overseeing the identification, assessment, selection, and nomination of suitable candidates to be appointed as Directors to fill any vacancy on the Board, howsoever created and/or as additional Directors based on the business requirements of the Company;
- Assessing the skills, knowledge, experience, expertise, diversity, and levels of independence necessary that will best complement the effectiveness of the Board;
- Ensuring that the Directors nominees accord with the fit and proper criteria under Rule 9.7.3 of the Listing Rules and obtaining a declaration to that effect from the candidate and;
- Where a Director nominee is to be appointed as an Independent Director, identifying any potential conflicts of interest and assessing the independence of the candidate, and overseeing that he / she satisfies the criteria for independence as per Rule 9.8.5 of the Listing Rules and obtaining a duly completed declaration to that effect from the said party.
- Based on the assessment as aforesaid making recommendations to the Board on appointment of new Directors.

Re-election of Directors

In accordance with the Company's Articles of Association, one third of the Directors for the time (excluding the Managing Director and Joint Managing Director) shall retire from office at each Annual General Meeting.

Accordingly, one` third of the Non-Executive Directors are required to offer themselves for re-election every year.

NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

Information on Directors' Re-election / Re-appointment

As required by the Listing Rules, the table below sets out the details of the Directors who were re-elected / re-appointed at the 33rd Annual General Meeting held on 28th June 2024, and the details of those Directors who are recommended for re-election at the forthcoming Annual General Meeting, in accordance with the provisions of the Articles of Association of the Company and the Companies Act No. 7 of 2007:

Name of Director	Board Committees served on	Date of First appointment as a Director	Date of last re-election / re-appointment as a Director	Directorships or Chairpersonships and other principal commitments both present and those held over the preceding three years in other Listed entities	Any relationship including close family relationships between the candidate and the Directors, the Listed Entity or its shareholders holding more than 10% of the shares of the Listed Entity
33rd Annual General Meeting held on 28th June 2024					
Re-election in terms of Articles 102 and 103 of the Articles of Association of the Company					
Mr. S.M. Liyanage	None	21st February 2020	30th July 2020	Refer profile on page 11	None
Mr. M.W.R.N. Somaratne	None	01st April 2022	29th June 2022	(Resigned on 11th December 2024)	None
34th Annual General Meeting to be held on 30th June 2025					
Recommended for re-election in terms of Articles 102 and 103 of the Articles of Association of the Company					
Mr. A.M. Weerasinghe	RC NGC	15th March.2017	30th July 2020	Refer profile on page 10	None
Re-election of Directors appointed since last Annual General Meeting in terms of Article 109 of the Articles of Association of the Company					
Ms. K.D. Weerasinghe	AC RC RPTRC NGC	01st January 2025	N/A	Refer profile on page 11	None
Mr. L.P.B. Talwatte	None	01st April 2025	N/A	Refer profile on page 10	None

AC - Audit Committee
RC - Remuneration Committee
NGC - Nominations and Governance Committee
RPTRC - Related party Transactions Review Committee

Board Diversity

Board diversity in the range of experience, skills, age and gender is considered an essential factor in ensuring the Board's effective performance, which has been initiated and further progress is proposed aligned with the Company's strategic goals and governance standards.

Effective Implementation of Policies and Processes for appointment and re-appointment of Directors

The effectiveness of the policies and processes relating to the appointment and re-appointment of Directors is demonstrated by the following:

- The NGC reviewed the criteria for fitness and propriety, independence and other compliance requirements for individual Directors at the time of their initial appointments to the Board and through annual review. Such a review also covered the general disclosure of interests, declarations and other information provided by Director nominees and by individual Directors in accordance with the Listing Rules, Companies Act and the Company's Articles of Association.

- Director nominees are subject to reference checks and reviews of their past performance, particularly if the candidate has prior Board experience, and also interviews with the Management.

- The Committee has adopted the process for Board evaluations as per Best Practices on Corporate Governance, to ensure that each Director continues to add value to the Company to achieve its objectives, before the NGC recommends the re-election / re-appointment of a Director.

Periodic Evaluations on the performance of the Board

As per the Rules on Corporate Governance embodied in the Listing Rules and the Policy on Corporate Governance, Nomination and Re-election adopted by the Company with effect from 1st October 2024, it is necessary that periodic evaluation of the performance of the Board are carried out, through a scheme of self-assessment to be undertaken by each Director. The NGC is responsible for such an assessment and to submit a report on the matter to the Board.

Process on the Flow of Information to Independent Directors on Major Issues

The Company ensures that Independent Directors are informed through a structured communication framework, including regular Board and Committee meetings, with detailed agenda and relevant documents shared in advance. Directors receive periodic updates on key financial, operational and strategic matters, with direct access to the Senior Management and the Company Secretaries to seek clarifications on matters falling under the purview of the Board.

Special briefings are provided to the Directors through the Managing Director and/or the Company Secretaries in dealing with important matters.

Determination of Independence of Independent Directors

The NGC confirms that the two Independent Directors meet the criteria for independence as stipulated in Rule 9.8.3 of the Listing Rules.

Compliance with the Corporate Governance Requirements stipulated under the Listing Rules

The NGC confirms that the Company has fully complied with the Corporate Governance Requirements outlined in the Listing Rules.

K. D. Weerasinghe
Chairperson – Nominations and Governance Committee

29th May 2025

FINANCIAL INFORMATION

FINANCIAL CALENDAR

1st Quarter 2024/25 Interim Financial Report (Unaudited)	29th July 2024
2nd Quarter 2024/25 Interim Financial Report (Unaudited)	31st October 2024
3rd Quarter 2024/25 Interim Financial Report (Unaudited)	29th January 2025
4th Quarter 2024/25 Interim Financial Report (Unaudited)	29th May 2025
Dividend 2024/25	29th May 2025
Annual Report 2024/25	29th May 2025
34th Annual General Meeting	30th June 2025

INDEPENDENT AUDITOR'S REPORT

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Ernst & Young
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TO THE SHAREHOLDERS OF LANKA CERAMIC PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Lanka Ceramic PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31st March 2025, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31st March 2025, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the Code of Ethics 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 judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Key Audit Matter	How our audit addressed the key audit matter
Assessment of fair value of land and buildings Property, Plant and Equipment and Investment Property include land and buildings carried at fair value. The fair value of land and buildings were determined by external valuers engaged by the Group. This was a key audit matter due to: • The materiality of the reported fair value of land and buildings which amounted to Rs. 1.2 Bn representing 74% of the Group's total assets as of the reporting date; and • the degree of assumptions, judgements and estimation uncertainties associated with fair Valuation of land and buildings using the market approach, income approach and depreciated replacement cost approach and estimates made by the valuers based on market transactions	**Our audit procedures included the following key procedures:** • assessed the competence, capability and objectivity of the external valuers engaged by the Group • read the external valuer's report and understood the key estimates made and the valuation approaches taken by the valuer in determining the valuation of each property • assessed the reasonableness of significant assumptions, judgements and estimates made by the valuer such as per perch value of land and per square foot value of buildings and valuation technique, as relevant in assessing the fair value of each property We also assessed the adequacy of the disclosures made in notes 2.2.2, 2.3.7 ,2.3.9, 3 & 4 to the financial statements.

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Key Audit Matter	How our audit addressed the key audit matter
Key areas of significant judgments, estimates and assumptions used in assessing the fair value of land and buildings, as disclosed in Note 3.(d) and 4.1 to the financial statements, included judgements involved in ascertaining the appropriate valuation techniques and estimates such as: • Estimate of per perch value of the land • Estimate of the per square foot value of the buildings	

Other information included in the 2024/25 Annual Report

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with SLAuSs, we exercise professional judgement 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.

INDEPENDENT AUDITOR'S REPORT

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and as far as appears from our examination, proper accounting records have been kept by the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 2440.

Ernst & Young

29th May 2025
Colombo

STATEMENT OF FINANCIAL POSITION

As at 31st March	Note	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
ASSETS					
Non-current assets					
Property, plant and equipment	3	206,929,255	269,421,673	206,929,255	269,421,673
Investment property	4	1,056,382,000	1,043,904,000	1,056,382,000	1,043,904,000
Other equity investments	5.1	70,605,497	67,906,755	-	-
Investment in subsidiary	5.2	-	-	56,666,760	56,666,760
		1,333,916,752	1,381,232,428	1,319,978,015	1,369,992,433
Current assets					
Inventories	6	7,722,408	8,303,713	7,722,408	8,303,713
Trade and other receivables	7	132,973,058	135,315,916	133,656,450	135,806,159
Cash and cash equivalents	23	92,598,162	2,485,289	92,598,162	2,485,289
		233,293,628	146,104,918	233,977,020	146,595,161
Total assets		1,567,210,380	1,527,337,346	1,553,955,035	1,516,587,594
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent					
Stated capital	8	300,000,000	300,000,000	300,000,000	300,000,000
Reserves	9	231,141,063	245,695,344	221,383,947	237,827,347
Retained earnings		613,399,128	497,163,254	614,082,522	497,653,497
Total equity		1,144,540,191	1,042,858,598	1,135,466,469	1,035,480,844
Non-current liabilities					
Deferred tax liabilities	11	339,916,693	325,986,993	335,735,070	322,614,995
Retirement benefit liability	12	7,688,496	5,064,463	7,688,496	5,064,463
Other non-current liabilities	13.2	33,884,455	34,500,000	33,884,455	34,500,000
		381,489,644	365,551,456	377,308,021	362,179,458
Current liabilities					
Trade and other payables	14	41,180,545	53,549,151	41,180,545	53,549,151
Interest bearing liabilities	10	-	8,520,000	-	8,520,000
Bank overdraft	23	-	56,858,141	-	56,858,141
		41,180,545	118,927,292	41,180,545	118,927,292
Total equity and liabilities		1,567,210,380	1,527,337,346	1,553,955,035	1,516,587,594

I certify that, these Financial Statements are in compliance with the requirements of the Companies Act No.07 of 2007.

B.G.W. Sarathchandra
Head of Finance

The Board of Directors is responsible for these financial statements.
Signed for and on behalf of the Board,

A.M. Weerasinghe
Chairman

L.P.B. Talwatte
Managing Director

The accounting policies and notes on pages 70 to 102 form an integral part of these financial statements.

29th May 2025
Colombo

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year ended 31st March	Note	Group		Company	
		2025	2024	2025	2024
		Rs.	Rs.	Rs.	Rs.
Revenue	15	228,754,927	217,474,862	228,754,927	217,474,862
Cost of sales		(136,610,391)	(149,507,013)	(136,610,391)	(149,507,013)
Gross profit		92,144,536	67,967,849	92,144,536	67,967,849
Fair value gain on investment property	4	12,478,000	44,643,200	12,478,000	44,643,200
Other income	16	89,748,534	56,764,880	89,748,534	56,764,880
Selling and distribution expenses		(13,303,986)	(14,085,439)	(13,303,986)	(14,085,439)
Administrative expenses		(46,658,595)	(40,341,114)	(46,465,444)	(40,141,065)
Finance expenses	17	(4,684,034)	(36,343,229)	(4,684,034)	(36,343,229)
Finance income	18	10,162,885	20,911,635	10,162,885	20,911,635
Profit before tax	19	139,887,340	99,517,782	140,080,491	99,717,831
Income tax expense	20.1	(20,299,007)	(10,276,362)	(20,299,007)	(10,276,362)
Profit for the year		119,588,333	89,241,420	119,781,484	89,441,469
Other comprehensive income/(loss)					
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:					
Actuarial gain/ (loss) on retirement benefit liability	12	(1,284,219)	(845,019)	(1,284,219)	(845,019)
Deferred tax relating to actuarial gain/(loss)	11.2	131,760	37,304	131,760	37,304
Deferred tax reversal on land disposal	11.2	1,500,000	342,281	1,500,000	342,281
Revaluation gain/(loss) on lands and buildings	9.1	(18,490,571)	(13,420,227)	(18,490,571)	(13,420,227)
Deferred tax relating to revaluation gain/(loss) on lands and buildings	11.2	5,547,171	4,026,068	5,547,171	4,026,068
Change in fair value of non-listed investment	5.1	2,698,742	11,239,995	-	-
Deferred tax relating to change in fair value of non-listed investment	11.2	(809,623)	(3,371,999)	-	-
Net other comprehensive income/(loss) that will not be reclassified to profit/(loss) in subsequent periods:		(10,706,740)	(1,991,596)	(12,595,859)	(9,859,593)
Total comprehensive income for the year		108,881,593	87,249,824	107,185,625	79,581,876
Earnings per share - from continuing operations	21.1	19.93	14.87	19.96	14.91
Dividend per share	22	1.20	2.50	1.20	2.50

The accounting policies and notes on pages 70 to 102 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the Year ended 31st March	Group				
	Stated capital	Revaluation reserve	Fair value reserve	Retained earnings	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 01st April 2023	300,000,000	248,020,161	-	422,588,613	970,608,774
Profit for the year	-	-	-	89,241,420	89,241,420
Other comprehensive income/(loss)	-	(9,051,878)	7,867,997	(807,715)	(1,991,596)
Total comprehensive income /(loss)	-	(9,051,878)	7,867,997	88,433,705	87,249,824
Transfer from revaluation reserve to retained earnings on disposal of land	-	(1,140,936)	-	1,140,936	-
Dividend payment	-	-	-	(15,000,000)	(15,000,000)
Balance as at 31st March 2024	300,000,000	237,827,347	7,867,997	497,163,254	1,042,858,598
Profit for the year	-	-	-	119,588,333	119,588,333
Other comprehensive income/(loss)	-	(11,443,400)	1,889,119	(1,152,459)	(10,706,740)
Total comprehensive income/(loss)	-	(11,443,400)	1,889,119	118,435,874	108,881,593
Transfer from revaluation reserve to retained earnings on disposal of land	-	(5,000,000)	-	5,000,000	-
Dividend payment	-	-	-	(7,200,000)	(7,200,000)
Balance as at 31st March 2025	300,000,000	221,383,947	9,757,116	613,399,128	1,144,540,191

The accounting policies and notes on pages 70 to 102 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the Year ended 31st March	Company			
	Stated capital	Revaluation reserve	Retained earnings	Total
	Rs.	Rs.	Rs.	Rs.
Balance as at 01st April 2023	300,000,000	248,020,161	422,878,807	970,898,968
Profit for the year	-	-	89,441,469	89,441,469
Other comprehensive income/(loss)	-	(9,051,878)	(807,715)	(9,859,593)
Total comprehensive income /(loss)	-	(9,051,878)	88,633,754	79,581,876
Transfer from revaluation reserve to retained earnings on disposal of land	-	(1,140,936)	1,140,936	-
Dividend payment	-	-	(15,000,000)	(15,000,000)
Balance as at 31st March 2024	300,000,000	237,827,347	497,653,497	1,035,480,844
Profit for the year	-	-	119,781,484	119,781,484
Other comprehensive income/(loss)	-	(11,443,400)	(1,152,459)	(12,595,859)
Total comprehensive income /(loss)	-	(11,443,400)	118,629,025	107,185,625
Transfer from revaluation reserve to retained earnings on disposal of land	-	(5,000,000)	5,000,000	-
Dividend payment	-	-	(7,200,000)	(7,200,000)
Balance as at 31st March 2025	300,000,000	221,383,947	614,082,522	1,135,466,469

The accounting policies and notes on pages 70 to 102 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

For the Year ended 31st March	Note	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
CASH FLOW FROM OPERATING ACTIVITIES					
Profit before income tax from continuing operations		139,887,340	99,517,782	140,080,491	99,717,831
Adjustments for					
Depreciation	3	27,745,112	27,888,924	27,745,112	27,888,924
(Profit)/ loss on sale of property, plant and equipment	16	(328,865)	(142,570)	(328,865)	(142,570)
Finance expenses	17	4,684,034	36,343,229	4,684,034	36,343,229
Finance income	18	(10,162,885)	(20,911,635)	(10,162,885)	(20,911,635)
Deferred Income		(615,545)	-	(615,545)	-
Provision for retirement benefit obligations	12	1,339,815	1,640,098	1,339,815	1,640,098
Provision for lands and buildings		10,732,810	-	10,732,810	-
Revaluation gain on investment property	4	(12,478,000)	(44,643,200)	(12,478,000)	(44,643,200)
Operating profit before working capital changes		160,803,816	99,692,628	160,996,967	99,892,677
Working capital adjustments					
(Increase)/ decrease in inventories		581,305	(2,391,302)	581,305	(2,391,302)
(Increase)/ decrease in trade and other receivables		2,342,859	126,671,655	2,149,708	126,471,606
Increase /(decrease) in trade and other payables		(12,368,606)	15,411,140	(12,368,606)	15,411,140
Cash generated from operations		151,359,374	239,384,121	151,359,374	239,384,121
Finance expenses paid	17	(4,684,034)	(36,343,229)	(4,684,034)	(36,343,229)
Retirement benefit plan cost paid	12	-	(3,799,438)	-	(3,799,438)
Net cash flows from operating activities		146,675,340	199,241,454	146,675,340	199,241,454
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES					
Acquisition of property, plant and equipment	3	(4,996,170)	(11,978,740)	(4,996,170)	(11,978,740)
Proceeds from sale of property, plant and equipment		10,848,959	4,799,137	10,848,959	4,799,137
Finance income	18	10,162,885	20,911,635	10,162,885	20,911,635
Net cash flows from/(used in) investing activities		16,015,674	13,732,032	16,015,674	13,732,032
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES					
Proceeds from interest bearing borrowings	10.2	-	40,000,000	-	40,000,000
Repayment of interest bearing borrowings	10.1	(8,520,000)	(214,513,988)	(8,520,000)	(214,513,988)
Refundable deposit	13.1	-	19,500,000	-	19,500,000
Dividend paid	22	(7,200,000)	(15,000,000)	(7,200,000)	(15,000,000)
Net cash flows from/(used in) financing activities		(15,720,000)	(170,013,988)	(15,720,000)	(170,013,988)
Net increase/(decrease) in cash and cash equivalents		146,971,014	42,959,498	146,971,014	42,959,498
Cash and cash equivalents at the beginning of the year	23	(54,372,852)	(97,332,350)	(54,372,852)	(97,332,350)
Cash and cash equivalents at the end of the year	23	92,598,162	(54,372,852)	92,598,162	(54,372,852)

The accounting policies and notes on pages 70 to 102 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

1.1 General

Lanka Ceramic PLC
Lanka Ceramic PLC ("Company") is a limited liability Company incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange. The registered office of the Company is located at No. 23, Narahenpita Road, Nawala.

LC Plantation Projects Limited
LC Plantation Projects Limited is a limited liability company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at No. 215, Nawala Road, Narahenpita, Colombo 05.

1.2 Principal activities and nature of operations

During the year the principal activities of the Group were as follows:

Lanka Ceramic PLC

During the year, principal activities of the Company were to supply of raw materials to ceramic industry, managing an investment property and operating a Lanka Tiles showroom as a franchise partnership.

LC Plantation Projects Limited

The principal activity of the Company is holding of investment. However, no income was generated during the year. The Company was formed on 05th March 2021.

1.3 Parent enterprise and ultimate parent enterprise

The Company's parent entity is Royal Ceramics Lanka PLC and the Company's ultimate parent undertaking is Vallibel One PLC. The Group's ultimate controlling party is Mr. K.D.D. Perera.

1.4 Date of authorization for issue

The Financial Statement of Lanka Ceramic PLC for year ended 31st March 2025 was authorised for issue in accordance with a resolution of the Board of Directors dated 29th May 2025.

2. MATERIAL ACCOUNTING POLICY INFORMATION

2.1 Basis of preparation

The financial statements of the Company and the Group have been prepared in accordance with Sri Lanka Accounting Standards comprising SLFRS and LKAS (hereafter "SLFRS") as issued by the Institute of Chartered Accountants of Sri Lanka.

2.1.1 Basis of measurement

The financial statements of the Company and the Group have been prepared on a historical cost basis, other than for following assets measured at fair value;

1. Lands and buildings

2. Investment property

The Consolidated Financial Statements are presented in Sri Lanka Rupees (Rs.), except when otherwise indicated. Each entity in the Group uses the currency of the primary economic environment in which they operate as their functional currency.

2.1.2 Statement of compliance

The financial statements of the Company and the Group have been prepared in accordance with Sri Lanka Accounting Standards ("SLFRS") as issued by the Institute of Chartered Accountants of Sri Lanka.

The preparation and presentation of these financial statements is in compliance with the requirements of the Companies Act No.07 of 2007.

2.1.3 Going concern

In determining the basis of preparing the financial statements for the year ended 31st March 2025, based on available information, the management has assessed the prevailing and anticipated effects of the current economic conditions on the Group and the appropriateness of the use of the going concern basis.

It is the view of the management there are no material uncertainties that may cast significant doubt on the Group's ability to continue to operate as going concern due to the improved operating environment despite the ongoing effects of the current economic conditions and the operationalisation of risk mitigation initiatives and continuous monitoring of business continuity and response plans along with the financial strength of the Group. The management has formed a judgment that the Group has adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing and presenting these financial statements.

2.1.4 *Changes in accounting policies and disclosure*

New and amended standards and interpretations

The Group applied for the first time, certain standards and amendments, which are effective for annual periods beginning on or after 01st April 2024.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Classification of Liabilities as Current or Non-current - Amendment to LKAS 1

Amendments to LKAS 1 relate to classification of liabilities with covenants as current or non-current. The amendments clarify that if an entity's right to defer settlement of a liability is subject to the entity complying with the required covenants only at a date subsequent to the reporting period ("future covenants"), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. The requirements apply only to liabilities arising from loan arrangements.

The amendments are effective for annual periods beginning on or after 01st January 2024.

Disclosures: Supplier Finance Arrangements - Amendments to LKAS 7 and SLFRS 7

The amendments clarify the characteristics of supplier finance arrangements and require an entity to provide information about the impact of supplier finance arrangements on liabilities and cash flows, including terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those arrangements.

The amendments are effective for annual periods beginning on or after 01st January 2024

Lease Liability in a Sale and Leaseback - Amendment to SLFRS 16

The amendments to SLFRS 16 Leases specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

A seller-lessee applies the amendment retrospectively in accordance with LKAS 8 to sale and leaseback transactions entered into after the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2024.

International Tax Reform Pillar Two Model Rule - Amendments to LKAS 12

The amendments to LKAS 12 introduce a mandatory exception in LKAS 12 from recognising and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. An entity is required to disclose that it has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

The amendments are effective for annual periods beginning on or after 01st January 2024.

The above amendments had no impact on the financial statements of the Group.

2.1.5 *Comparative information*

The accounting policies have been consistently applied by the Group and they are consistent with those used in the previous years. Previous year's figures and phrases have been re-arranged whenever necessary to conform to current presentation.

2.1.6 *Basis of Consolidation*

The consolidated Financial Statements comprise the Financial Statements of the Group and its subsidiaries as at 31st March 2025. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

The consolidated financial statements of the Group include the fully owned subsidiary, LC Plantation Projects Limited which was incorporated in Sri Lanka in 2021.

2.2 Significant accounting judgments, estimates and assumptions

2.2.1 Judgements

In the process of applying the Group accounting policies, management has made the following judgments, apart from those involving estimations, which has the most significant effect on the amounts recognized in the financial statements.

a) Useful life-time of the property, plant and equipment

The Group reviews the useful lives and methods of depreciation of assets at each reporting date. Judgment of the management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainties.

2.2.2 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 discussed below. The respective carrying amounts of assets and Liabilities are given in related notes to the financial statements.

a) Defined benefit plans

The cost of defined benefit plan-gratuity is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. Retirement benefit liability of the Group is disclosed in Note 12 together with assumptions used in the valuations and the sensitivities thereof.

b) Fair value of freehold lands and buildings (Property, plant and equipment)

The Group measures freehold lands and buildings at fair value with changes in fair value being recognized in other comprehensive income. Lands and buildings were valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property.

Fair value related disclosures for assets measured at fair value are summarized in the Note 3 to the financial statements.

c) Deferred tax assets

Deferred tax assets are recognized in respect of tax losses to the extent it is probable that future taxable profits will be available against which such tax losses can be set off. Judgment is required to determine the amount of deferred tax assets that can be recognized, based on the likely timing and level of future taxable profits, together with the future tax-planning strategies.

d) Fair Value of investment properties

The Group carries its Investment Properties at fair value, with changes in fair values being recognized in the Statement of Profit or Loss. The Group engaged an independent valuer to determine the fair value as at 31st March 2025. The valuation of investment property, management requires to make significant estimates such as current market price per perch, market rent per similar properties and yield rate which are based on current and future market or economic conditions.

Fair value related disclosures for assets measured at fair value are summarized in the Note 4 to the financial statements.

e) Fair value of financial instruments

Where the fair values of financial assets and financial liabilities disclosed in the financial statements cannot be derived from active markets, they are determined using a significant variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but if this is not available, judgment is required to establish fair values. The judgments include considerations of liquidity and inputs such as discount rates. The valuation of financial instruments is described in more detail in Notes 5.1 and 13.

2.3 Summary of material accounting policy information

2.3.1 Foreign currency translation

The financial statements are presented in Sri Lanka Rupees, which is the Group's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

2.3.2 Fair value measurement

Fair value related disclosures for assets measured at fair value or assets and liabilities that are not measured at fair value, for which fair values are disclosed, are summarized in the Note 3 (d), Note 10.4 and Note 4.1 to the financial statements.

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.

The Group uses 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,

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 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.

The management determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement. 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.

2.3.3 Taxation

Current taxes

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the relevant tax legislations. Current income tax relating to items recognised directly in equity statement is recognised in equity and not in the statement of total comprehensive income.

Deferred taxation

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

Deferred income tax liabilities are recognised for all taxable temporary differences except where the deferred income tax liability arises from 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.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised except where the deferred income 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; and the carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

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

Deferred income tax relating to items recognised directly in equity statement is recognized in equity statement and not in the statement of total comprehensive income.

Turnover based taxes

Revenue, expenses and assets are recognised net of the amount of sales tax except where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authorities in which case the sales tax is recognized as a part of the cost of the asset or part of the expense items as applicable and receivable and payable are stated with the amount of sales tax included. The amount of sales tax recoverable and payable in respect of taxation authorities is included as a part of other receivables and other payables in the Statement of Financial Position.

Social Security Contribution Levy

Social security contribution levy (SSCL) shall be paid by the Group on the liable turnover specified in second schedule of the social security contribution levy Act No. 25 of 2022, at the rate of 2.5% with effect from 1st October 2022.

2.3.4 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred, except to the extent where borrowing costs that are directly 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 capitalised as part of that asset.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in statement of comprehensive income using the effective interest method.

The amounts of borrowing cost which are eligible for capitalization are determined in accordance with

LKAS 23 - “Borrowing Costs”.

2.3.5 Inventories

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

The cost incurred in bringing inventories to its present location and condition is accounted using the following cost formulae :-

Finished goods and work-in-progress

At the cost of direct materials, direct labour and an appropriate proportion of fixed production overheads based on normal operating capacity, but excluding borrowing cost on first-in-first-out basis.

Spares and Consumables

Measured at weighted average cost basis.

2.3.6 Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of SLFRS 9, are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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

Subsequent measurement

The Group classifies all of its financial assets in the measurement category of financial assets at amortized cost and Financial assets designated at fair value through OCI (equity instruments).

a) Financial assets at amortized cost

This category is the most relevant to the Group. The Group measures financial assets at amortized 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 amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortized cost includes trade and other receivables and cash and cash equivalents.

Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a Group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full.

b) Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under LKAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI.

Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Group elected to classify irrevocably its non-listed equity investments under this category.

Impairment of financial assets

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

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The Group considers a financial asset in default when contractual payments are 12-month past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of SLFRS 9 are classified 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. The Group determines the classification of its financial liabilities at initial recognition.

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

The Group's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings. Accordingly, Group financial liabilities have been classifieds and loans and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification:

Financial liabilities at amortised cost (Loans and borrowings)

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the statement of comprehensive income when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs those are an integral part of the EIR. The EIR amortization is included in finance expenses in the statement of comprehensive income.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

2.3.7 Property, plant and equipment

Property, plant and equipment is stated at cost or valuation, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred if the recognition criteria are met. When each major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised.

Depreciation is calculated on a straight-line basis over the useful life of the assets. The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

Capital expenditure incurred in relation to fixed assets which are not completed as at the reporting date are shown as capital work-in-progress and is stated at cost. On completion, the related assets are transferred to property, plant and equipment. Depreciation on capital work-in-progress commences when the assets are ready for their intended use.

Freehold and mining land and buildings are measured at fair value less accumulated depreciation on buildings. Valuations are performed every 3-5 years (or frequently enough) to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

A revaluation surplus is recognized in other comprehensive income and credited to the revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognized in the income statement, in which case the increase is recognized in the income statement. A revaluation deficit is recognized in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation reserve. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

2.3.8 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. To assess whether a contract conveys the right to control the use of an identified asset, the Group considered whether;

- The Group has right to operate the asset; or
- The Group designated the asset in a way that predetermines how and for what purpose it will be used.
- The contract involves the use of an identified asset. This may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substation right, then the asset in not identified.
    * The Group has right to obtain substantially all of the economic benefits of asset throughout the period of use; and
    * The Group has right to direct the use of the asset. The Group has this right when it has decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either;

This policy is applied to contracts entered into, or charged, on or after 1 April 2019.

a) Group as the Lessee

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

(i) Right-of-use assets

The Group recognizes 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 recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment and are in the range of 4 to 20 years.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in section 2.3.12- Impairment of non-financial assets.

(ii) Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized 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.

(a) 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 recognized as expense on a straight-line basis over the lease term.

(b) Group as the Lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset is classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease added to the carrying amount of the leased asset and recognised over the lease term on the same basis rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.3.9 Investment properties

Properties held for capital appreciation and properties held to earn rental income have been classified as Investment Property. Investment Property is recognized if it is probable that future economic benefits that are associated with the Investment Property will flow to the Group and cost of the Investment Property can be reliably measured.

Initial measurement

An Investment Property is measured initially at its cost. The cost of a purchased Investment Property comprises of its purchase price and any directly attributable expenditure. The cost of a self-constructed investment is its cost at the date when the construction or development is complete.

Subsequent measurement

The Group applies the Fair Value Model for Investment Properties in accordance with Sri Lanka Accounting Standard 40 (LKAS 40), - "Investment Property". Accordingly, land and buildings classified as Investment Properties are stated at Fair Value.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the statement of comprehensive income in the period of derecognition. Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change.

2.3.10 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of past events, 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 recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of total comprehensive income net of any reimbursement.

2.3.11 Retirement benefit obligations

(a) Defined benefit plan – gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The defined benefit is calculated by independent actuaries using Projected Unit Credit (PUC) method as recommended by LKAS 19 – "Employee benefits". The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability.

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions about discount rate, expected rates of return on assets, future salary increases and mortality rates. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. All assumptions are reviewed at each reporting date. Interest expense and the current service cost related to the liability is recognized in profit or loss and actuarial gain or loss is recognized in other comprehensive income.

The Group is liable to pay gratuity in terms of the Payment of Gratuity Act No. 12 of 1983, according to which a liability to pay gratuity arises only on completion of 5 years of continued service.

Accordingly, the employee benefit liability is based on the actuarial valuation as of 31st March 2025.

Funding arrangements

The Gratuity liability is not externally funded.

(b) Defined contribution plans - employees' provident fund and employees' trust fund

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with respective statutes and regulations. These are recognized as an expense in the statement of income as incurred.

The Group contributes 12%/15% and 3% of gross emoluments of the employees to Employees' Provident Fund and Employees' Trust Fund respectively.

2.3.12 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount an asset is considered impaired and is written down to its recoverable amount.

2.3.13 Cash and Cash Equivalents

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

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits as defined above.

2.3.14 Investments In subsidiaries

Investments in subsidiaries in the separate Financial Statements have been accounted for at cost, net of any impairment losses which are charged to the Statement of Comprehensive Income of the Group. Income from these investments is recognised only to the extent of dividend received.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amounts are recognized as income or expense.

2.3.15 Revenue recognition

Revenue from contracts with customers

The Group extracts and provide raw materials to ceramic industry within the geographic regions of Sri Lanka. Revenue from contracts with customers is recognized when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods.

The Group is the principal in its revenue arrangements, as it typically controls the goods before transferring them to the customer.

Revenue from sale of raw materials is recognized at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods which include one performance obligation.

Following accounting policies in the context of below income sources have consistently applied in all the periods.

Interest

For all financial instruments measured at amortized cost and interest bearing financial assets, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

Interest income is included in finance income in the Statement of Profit or Loss and Other Comprehensive Income.

Dividends

Dividend income is recognized when the shareholders' right to receive payment is established.

Rental income

Rental income receivable under operating leases is recognized on a straight-line basis over the term of the lease.

Other income

Other income is recognized on an accrual basis.

Gains and Losses

Net gains and losses of a revenue nature on the disposal of property, plant & equipment and other non - current assets including investments have been accounted for in the statement of total comprehensive income, having deducted from proceeds on disposal, the carrying amount of the assets and related selling expenses. On disposal of re-valued property, amount remaining in revaluation reserve relating to that asset is transferred directly to retained earnings. Gains and losses arising from incidental activities to main revenue generating activities and those arising from a group of similar transactions which are not material, are aggregated, reported and presented on a net basis.

2.4 Effect of Sri Lanka Accounting Standards issued but not yet effective:

The new and amended standards that are issued, but not yet effective to the date of issuance of these financial statements are disclosed below. None of the new or amended pronouncements are expected to have a material impact on the consolidated financial statements of the Group in the foreseeable future. The Group intends to adopt these amended standards, if applicable, when they become effective.

SLFRS 17 Insurance Contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace SLFRS 4 Insurance Contracts (SLFRS 4) that was issued in 2005. SLFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The core of SLFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A specific simplified approach (the premium allocation approach) mainly for short-duration contracts

SLFRS 17 is effective for annual reporting periods beginning on or after 1 January 2026, with comparative figures required. Early application is permitted, provided the entity also applies SLFRS 9 and SLFRS 15 on or before the date it first applies SLFRS 17.

Lack of exchangeability – Amendments to LKAS 21

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

3. PROPERTY, PLANT & EQUIPMENT - GROUP/COMPANY

		Balance as at 01.04.2024	Additions	Disposals	Revaluation	Balance as at 31.03.2025
		Rs.	Rs.	Rs.	Rs.	Rs.
a)	Gross carrying amounts					
	At cost					
	Plant and machinery	199,273,915	1,900,000	(26,052,600)	-	175,121,315
	Tools, implements, furniture & fittings and electrical appliances and computer software	15,216,229	3,096,170	-	-	18,312,399
	Transport & communication equipment	16,941,595	-	(880,000)	-	16,061,595
		231,431,739	4,996,170	(26,932,600)	-	209,495,309
	At valuation					
	Freehold and mining lands	93,770,673	-	(5,000,000)	(22,755,723)	66,014,950
	Buildings	79,858,400	-	-	(39,221,579)	40,636,821
		173,629,073	-	(5,000,000)	(61,977,302)	106,651,771
	Total	405,060,812	4,996,170	(31,932,600)	(61,977,302)	316,147,080

		Balance as at 01.04.2024	Charge for the year	Disposals	Revaluation	Balance as at 31.03.2025
		Rs.	Rs.	Rs.	Rs.	Rs.
b)	Depreciation					
	At cost					
	Plant and machinery	83,905,774	17,553,554	(20,972,507)	-	80,486,821
	Tools, implements, furniture & fittings and electrical appliances and computer software	12,221,176	823,535	-	-	13,044,711
	Transport & communication equipment	16,126,292	-	(440,000)	-	15,686,292
		112,253,242	18,377,090	(21,412,507)	-	109,217,825
	At valuation					
	Freehold and mining lands	11,653,028	4,494,394	-	(16,147,422)	-
	Buildings	11,732,869	4,873,628	-	(16,606,497)	-
		23,385,897	9,368,022	-	(32,753,919)	-
	Total	135,639,139	27,745,112	(21,412,507)	(32,753,919)	109,217,825

		31.03.2025	31.03.2024
		Rs.	Rs.
c)	Net book value of assets		
	At cost		
	Plant and machinery	94,634,494	115,368,141
	Tools, implements, furniture & fittings and electrical appliances and computer software	5,267,688	2,995,053
	Transport & communication equipment	375,302	815,303
	At valuation		
	Freehold and mining lands	66,014,950	82,117,645
	Buildings	40,636,821	68,125,531
	Net book value	206,929,255	269,421,673

3. PROPERTY, PLANT & EQUIPMENT - GROUP/COMPANY (CONTD.)

d) Fair value measurement disclosure related to properties carried at fair value are as follows;

Location	Extent	Valuer	Valuation date	Valuation details	Significant unobservable input : price per acre/sq.ft	Fair value measurement using significant unobservable inputs (Level 3)	Fair value as per previous revaluation Year -2021 (Level 3)
						Rs.	Rs.
Mining Land at Owala	25A-2R-35P	Mr. A.A.M. Fathihu	31st March 2025	Market based evidence	Rs. 100,000/- to Rs. 1,100,000/- per acre	25,145,250	22,873,500
Land situated at Owala	1A-1R-02P	Mr. A.A.M. Fathihu	31st March 2025	Market based evidence	Rs. 1,100,000/- per acre	1,388,750	1,137,500
Factory, office building & other infrastructure at Owala mine	10,535 sq.ft	Mr. A.A.M. Fathihu	31st March 2025	Depreciated Cost method	Rs. 250/- to Rs. 8,000/- per sq.ft	40,636,821	9,075,600
Mining Land at Meetiyagoda	13A-1R-01.54P	Mr. A.A.M. Fathihu	31st March 2025	Market based evidence	Rs. 2,750,000/- per acre	36,462,250	34,473,400
Land situated at Meetiyagoda	2A-1R-24.26P	Mr. A.A.M. Fathihu	31st March 2025	Market based evidence	Rs. 100,000/- to Rs. 1,600,000/- per acre	3,018,700	2,833,500

Significant increases/ (decreases) in estimated price per acre and per Sq.ft. in isolation would result in a significantly higher/(lower) fair value.

The fair value of the lands and buildings were determined by A.A.M. Fathihu a chartered independent valuer (Valuation report dated 31st March 2025). The basis of valuations are depreciated replacement cost method using the depreciated value of the building and market approach using the current open market value of the land.

Market Approach

This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of the property being revalued. This involves evaluation of recent active market prices of similar assets.

Depreciated Replacement Cost Method

This method uses the current cost of reproduction or replacement of the asset less deductions for physical deterioration and all relevant forms of obsolescences.

e) The useful lives of the assets are estimated as follows ;

	Group/Company	
	2025	2024
	No. of Years	No. of Years
Mining Land	Units of production basis	Units of production basis
Buildings on free hold land and roadway	25,40 & 50	25,40 & 50
Plant and machinery	3 to 10	3 to 10
Tools, implements, furniture & fittings and electrical appliances and computer software	2,4,5 & 10	2,4,5 & 10
Transport and communication equipment	3, 4 & 5	3, 4 & 5

f) The carrying amount of revalued assets of the Group/Company would have been included in the Financial Statements had the assets been carried at cost less depreciation is as follows,

	Group/Company			
	Cost 2025	Accumulated depreciation 2025	Net carrying amount 2025	Net carrying amount 2024
	Rs.	Rs.	Rs.	Rs.
Freehold land and clay mining lands	39,871,750	5,825,000	34,046,750	34,046,750
Freehold building	46,881,850	13,643,423	33,238,426	35,128,739
	86,753,600	19,468,423	67,285,176	69,175,489

g) During the financial year, the Group/Company acquired property, plant and equipment to the aggregate value of Rs. 4,996,170/- (2024 -Rs. 11,978,740/-). Cash payments amounting to Rs. 4,996,170/- (2024 -Rs. 11,978,740/-). were made during the year for purchase of property, plant and equipment.

h) Fixed assets include fully depreciated assets and the cost of which at the reporting date amounted to Rs. 73,771,108/- (2024 - Rs. 88,045,740/-)

4. INVESTMENT PROPERTY

	Group/Company	
	2025	2024
	Rs.	Rs.
At the beginning of the year	1,043,904,000	999,260,800
Change in fair value	12,478,000	44,643,200
Balance at the end of the year	1,056,382,000	1,043,904,000

As at 31st March 2025, the investment property includes land and building at No 696,696/1,696/2,696/3,696/4, Galle Road, Colombo 03 (1R - 1.12 P).

4.1 Fair value of investment property

The fair value of the investment property was determined by A.A.M. Fathihu a chartered independent valuer (Valuation report dated 31st March 2025). The basis of valuations are depreciated replacement cost method using the depreciated value of the building and market approach using the current open market value of the land.

	Fair value measurement using significant unobservable inputs (Level 3) 2025	Fair value measurement using significant unobservable inputs (Level 3) 2024
	Rs.	Rs.
Date of valuation	31st March 2025	31st March 2024
Land	966,320,000	945,760,000
Building	90,062,000	98,144,000
Significant unobservable input :		
Price per perch	23,500,000	23,000,000
Price per sq.ft	Rs. 14,000/- Rs. 9,500/-	Rs. 13,500/- Rs. 9,000/-
Depreciation of Building	75%	72%

Significant increase/(decrease) in estimated price per perch/ price per sq.ft in isolation would result in a significantly higher/(lower) fair value.

4.2 Rental Income earned from Investment Property by the Group/Company amounted Rs. 74.22 Mn. (2024 - Rs. 37.86 Mn). Direct operating expenses incurred by the Group/Company amounted to Rs. 4.10 Mn.(2024 - Rs. 3.91 Mn).

4.3 Rental income receivable under the operating lease agreement of investment property as follows;

	Rental income receivable					
	< 1 year	1 - 2 Year	2 - 3 Year	3 - 4 Year	4 - 5 Year	Over 5 Years
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
2024-2025	74,216,400	74,304,720	74,393,040	74,393,040	-	-
2023-2024	74,216,400	74,216,400	74,304,720	74,393,040	74,393,040	-

5. OTHER EQUITY INVESTMENT AND INVESTMENT IN SUBSIDIARY

5.1 Other equity investments

	Group			
	Holding		Fair Value	
	2025	2024	2025	2024
	%	%	Rs.	Rs.
CP Holding (Pvt) Ltd.				
Unquoted equity investments				
At the beginning of the year	16.67	16.67	67,906,755	56,666,760
Change in fair value			2,698,742	11,239,995
Balance at the end of the year	16.67	16.67	70,605,497	67,906,755

Description of the Investment

The unquoted equity investment consists of an investment made by the Group in CP Holdings (Pvt) Ltd through its fully owned subsidiary, LC Plantation Projects Ltd. The investment is classified as a financial asset measured at fair value through other comprehensive income (FVOCI), in accordance with SLFRS 9.

Fair Value Measurement Basis

The investment has been classified within Level 3 of the fair value hierarchy, as it involves the use of significant unobservable inputs. The Group has measured the investment at fair value using the **Net Asset Value (NAV) method**, considered appropriate due to the absence of observable market data.

Valuation Technique

The NAV is derived from the most recent audited financial statements of the investee, adjusted for the fair value of its underlying assets, liabilities, contingent exposures, and any material subsequent events. A significant portion of the investee's assets comprises freehold mining lands and investment properties held for capital appreciation.

The fair value of the freehold mining land and investment property was determined by **A.A.M. Fathihu,** Chartered **Independent Valuer,** using the market approach based on the current open market value of land.

The fair value movement has been recognised under **Other Comprehensive Income** in accordance with SLFRS 9.**No gains or losses have been recognised in profit or loss**, as the investment is classified under FVOCI. No changes were made to the valuation technique during the reporting period.

Unobservable Inputs

Key unobservable inputs used in the NAV-based valuation include:

- Estimated market price per perch/acre of land
- Current and future land use potential

Details of Property Valuation:

	Valuation Date	Extent	Fair Value (Rs.)	Unobservable Input – Price per Acre (Range)
Investment Property	31st March 2025	190A 2R 7.86P	285,271,200/-	Rs. 50,000 – 2,650,000
Clay Mining Land	31st March 2025	105A 2R 14.94P	130,634,550/-	Rs. 200,000 – 2,650,000

No interrelationships between unobservable inputs were considered material for this valuation. The use of independent, professionally qualified valuers mitigates estimation uncertainty.

Sensitivity Analysis

As at 31 March 2025, the NAV of CP Holdings (Pvt) Ltd was Rs. 423,632,983. A ±5% change in NAV would result in a fair value impact of approximately ±Rs. 3,530,275 on the Group's investment.

Significant increases/(decreases) in the estimated price per acre, in isolation, would result in a significantly higher/(lower) fair value.

Fair Value Hierarchy Transfers

There were no transfers between levels of the fair value hierarchy during the reporting period.

5.2 Investment in subsidiary

	Company			
	Holding		Cost	
	2025	2024	2025	2024
	%	%	Rs.	Rs.
LC Plantation Projects Limited	100	100	56,666,760	56,666,760

6. INVENTORIES

	Group/Company	
	2025	2024
	Rs.	Rs.
Finished goods	-	597,400
Consumables and spares	8,095,767	8,079,672
Allowances for obsolete and slow moving inventory	(373,359)	(373,359)
Total	7,722,408	8,303,713

7. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Trade debtors - Related parties (7.1)	81,553,211	107,639,367	81,553,211	107,639,367
- Non-related parties	10,394,926	2,429,301	10,394,926	2,429,301
	91,948,137	110,068,668	91,948,137	110,068,668
Other receivables	10,645,403	244,802	10,645,403	244,802
Other debtors - Subsidiary Company (7.1)	-	-	683,392	490,243
	102,593,540	110,313,470	103,276,932	110,803,713
Advances and prepayments	10,888,382	12,195,336	10,888,382	12,195,336
Other statutory receivables	19,491,136	12,807,110	19,491,136	12,807,110
Total	132,973,058	135,315,916	133,656,450	135,806,159

7. TRADE AND OTHER RECEIVABLES (CONTD.)

7.1 Amounts due from related parties

		Group		Company	
		2025	2024	2025	2024
		Rs.	Rs.	Rs.	Rs.
Trade					
Lanka Tiles PLC	Affiliated	20,745,235	32,646,343	20,745,235	32,646,343
Lanka Walltiles PLC	Affiliated	59,468,021	74,946,376	59,468,021	74,946,376
Rocell Bathware Ltd	Affiliated	1,339,955	-	1,339,955	-
Royal Ceramics Lanka PLC	Parent	-	46,648	-	46,648
		81,553,211	107,639,367	81,553,211	107,639,367
Other					
LC Plantation Projects Limited	Subsidiary Company	-	-	683,392	490,243
Total		81,553,211	107,639,367	82,236,603	108,129,610

7.2 As at 31st March, the ageing analysis of trade receivables are as follows:

Group/Company	Neither past due nor impaired	Past due but not impaired < 3 Months	3- 12 Months	> 1 Year	Impaired	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
2025	2,159,761	31,603,750	10,700,980	47,483,646	-	91,948,137
2024	1,878,787	38,521,451	18,057,823	51,610,609	-	110,068,668

8. STATED CAPITAL

8.1 Issued & fully paid

	Group/Company	
	2025	2024
	Rs.	Rs.
Balance at the beginning of the year	300,000,000	300,000,000
Balance at the end of the year	300,000,000	300,000,000

8.2 Issued & fully paid

	Group/Company	
	2025	2024
	No.	No.
No. of Shares		
Balance at the beginning of the year	6,000,000	6,000,000
Balance at the end of the year	6,000,000	6,000,000

8.3 The holders of ordinary shares confer their right to receive dividends as declared from time to time and are entitled to one vote per share at a meeting of the Company. All shares rank equally with regard to the Company's residual assets.

9 RESERVES

	Group		Company	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Revaluation reserve (9.1)	221,383,947	237,827,347	221,383,947	237,827,347
Fair value reserve (9.2)	9,757,116	7,867,997	-	-
	231,141,063	245,695,344	221,383,947	237,827,347

9.1 Revaluation reserve

	Group/Company	
	2025	2024
	Rs.	Rs.
On: Property plant & equipment		
Balance as at 01st April	237,827,347	248,020,161
Transfer from revaluation reserve to retained earnings on disposal of land	(5,000,000)	(1,140,936)
Deferred tax reversal on land disposal	1,500,000	342,281
Revaluation gain/(loss) on lands and buildings	(18,490,571)	(13,420,227)
Deferred tax relating to revaluation gain/(loss) on lands and buildings	5,547,171	4,026,068
Balance as at 31st March	221,383,947	237,827,347

The above revaluation surplus consists of net surplus resulting from the revaluation of property plant and equipment as described in Note 3. The unrealised amount cannot be distributed to shareholders.

9.2 Fair value reserve

	Group	
	2025	2024
	Rs.	Rs.
Equity investments designated at fair value through OCI		
Balance at the beginning of the year	7,867,997	-
Change in fair value	2,698,742	11,239,995
Deferred tax on change in fair value	(809,623)	(3,371,999)
Balance at the end of the year	9,757,116	7,867,997

The fair value reserve comprises the cumulative net change in the fair value of financial assets measured at fair value through other comprehensive income until they are derecognised or impaired.

10 INTEREST BEARING LIABILITIES

	Group/Company	
	2025	2024
	Rs.	Rs.
Non current		
Long term loans (10.1)	-	-
	-	-
Current		
Long term loans (10.1)	-	8,520,000
Short term loans (10.2)	-	-
	-	8,520,000
Balance as at 31st March	-	8,520,000

10.1 Long term loans

	Group/Company	
	2025	2024
	Rs.	Rs.
At the beginning of the year	8,520,000	33,480,000
Repayments	(8,520,000)	(24,960,000)
At the end of the year	-	8,520,000
Amount payable within one year	-	8,520,000
Amount payable after one year	-	-
At the end of the year	-	8,520,000

10.2 Short term loans

	Group/Company	
	2025	2024
	Rs.	Rs.
At the beginning of the year	-	149,553,988
Loans obtained	-	40,000,000
Repayments	-	(189,553,988)
At the end of the year	-	-

10.3 Details of long term loans - Group/Company

Financial institution	Repayment terms	Principal	Interest rate per annum	Security	Balance as at 31.03.2025	Balance as at 31.03.2024
		Rs.			Rs.	Rs.
Hatton National Bank PLC	60 Monthly instalments (Restructured)	500,000,000	AWPLR plus margin	Mortgage for Rs.500 Mn over investment property of land and building at No 696,696/1,696/2/,696/3,696/4, Galle Road, Colombo 03 (1R - 1.12 P).	-	8,520,000
Total					-	8,520,000

10.4 Fair value of financial assets and liabilities not carried at fair value

Set out below is a comparison, by class, of the carrying amounts and fair values of the Group's/Company's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non–financial assets and non–financial liabilities.

	Group				Company			
	Carrying amount		Fair value		Carrying amount		Fair value	
	2025	2024	2025	2024	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Financial assets								
Current								
Trade and other receivables	102,593,540	110,313,470	102,593,540	110,313,470	103,276,932	110,803,713	103,276,932	110,803,713
Cash and cash equivalents	92,598,162	2,485,289	92,598,162	2,485,289	92,598,162	2,485,289	92,598,162	2,485,289
Total	195,191,702	112,798,759	195,191,702	112,798,759	195,875,094	113,289,002	195,875,094	113,289,002
Financial liabilities								
Current								
Trade and other payables	35,883,988	48,927,038	35,883,988	48,927,038	35,883,988	48,927,038	35,883,988	48,927,038
Interest bearing liabilities	-	65,378,141	-	65,378,141	-	65,378,141	-	65,378,141
Total	35,883,988	114,305,179	35,883,988	114,305,179	35,883,988	114,305,179	35,883,988	114,305,179

Assets for which fair value approximates carrying value

For financial assets and financial liabilities that have a short term maturity (original maturities less than a year), it is assumed that the carrying amounts approximate the fair values. Interest-bearing loans and borrowings balances comprise floating rate instruments. Therefore fair value of the instruments approximates to the carrying value as at the reporting date.

11. DEFERRED TAX LIABILITIES

	Group		Company	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
At the beginning of the year	325,986,993	316,744,285	322,614,995	316,744,285
Charge / (reversal) arising during the year				
- Arising on during the year movement	20,299,007	10,276,362	20,299,007	10,276,362
Deferred tax release on components of other comprehensive income			-	-
- Arising on during the year movement	(6,369,307)	(1,033,654)	(7,178,932)	(4,405,652)
At the end of the year	339,916,693	325,986,993	335,735,070	322,614,995

11.1 Statement of financial position

	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Deferred tax liability				
Capital allowances	9,081,964	11,147,171	9,081,964	11,147,171
Revaluation surplus	94,877,979	101,925,150	94,877,979	101,925,150
Investment property	245,507,402	241,764,002	245,507,402	241,764,002
Change in fair value of non-listed investment	4,181,623	3,371,999	-	-
	353,648,968	358,208,322	349,467,345	354,836,323
Deferred tax assets				
Retirement benefit liability	2,306,549	1,519,338	2,306,549	1,519,338
Carried forward tax losses	11,313,718	30,589,982	11,313,718	30,589,982
Provision for obsolete and slow moving, consumables and spares	112,008	112,008	112,008	112,008
	13,732,275	32,221,328	13,732,275	32,221,328
Net Deferred tax liability	339,916,693	325,986,993	335,735,070	322,614,995

11.2 Statement of Comprehensive Income

Deferred tax charge/(reversal)

	Group		Company	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Retirement benefit liability	(131,760)	(37,304)	(131,760)	(37,304)
Deferred tax reversal on land disposal	(1,500,000)	(342,281)	(1,500,000)	(342,281)
Deferred tax relating to revaluation gain/(loss) on lands and buildings	(5,547,171)	(4,026,068)	(5,547,171)	(4,026,068)
Deferred tax relating to change in fair value of non-listed investment	809,623	3,371,999	-	-
	(6,369,307)	(1,033,654)	(7,178,932)	(4,405,652)

11.3 As per the transitional provisions of the Inland Revenue Act No. 24 of 2017, brought forward tax losses can be claimed against the taxable income for a period of six years with effective from 1 April 2018. The Group/Company has a cumulative tax loss of Rs.37,712,392/- (2024- Rs.176,143,012/-) as at 31st March 2025 which can be carried forward up to the financial year of 2029/2030 based on year of loss incurred.

11.4 Tax Losses

	Group/Company	
	2025	2024
	Rs.	Rs.
Tax loss brought forward (Provisional)	176,143,012	224,382,494
Utilized during the Year	(138,430,620)	(48,239,482)
Tax loss carried forward (Provisional)	37,712,392	176,143,012
(-) Tax losses for which no deferred tax asset has been recorded	-	(74,176,407)
Estimated tax loss claimable	37,712,392	101,966,605

The deferred tax asset of Rs. 11,313,718/- (2024- Rs. 30,589,982/-) has been recognized as at 31st March 2025 based on its recoverability assessed by Management on the estimated future taxable profits within the six years of assesments based on the year of loss incurred.

The key assumptions used to determine the future taxable profits include revenue growth rates and gross margins. The basis used to determine the value assigned to the budgeted revenue growth rates and gross margins are the rates achieved in the year preceding the budgeted year adjusted for projected market conditions.

Sensitivity analysis

Revenue growth rate used in determining the taxable profit of 2025/26 is 5% and If the forecasted revenue is reduced by 10%, the deferred tax asset gets written-off by Rs.1.6Mn representing 5% of deferred tax asset relating to tax loss as at the reporting date.

12. RETIREMENT BENEFIT LIABILITY

	Group/Company	
	2025	2024
	Rs.	Rs.
At the beginning of the year	5,064,463	6,378,784
Net interest on the net defined benefit liability	607,736	1,211,969
Current service cost for the year	732,079	428,129
	1,339,815	1,640,098
Net actuarial (gain) / loss for the year	1,284,219	845,019
Payments made during the year	-	(3,799,438)
	1,284,219	(2,954,419)
At the end of the year	7,688,496	5,064,463

12.1 In order to illustrate the significance of the salary escalation rates and discount rates assumed in this valuation a sensitivity analysis for all employees in Lanka Ceramic PLC is as follows;

	Group/Company	
	2025	2024
	Rs.	Rs.
Discount rate as at 31st March		
Effect on DBO due to decrease in the discount rate by 1%	299,065	197,416
Effect on DBO due to increase in the discount rate by 1%	(277,675)	(183,083)
Salary escalation rate as at 31st March		
Effect on DBO due to decrease in the salary escalation rate by 1%	(314,383)	(210,153)
Effect on DBO due to increase in the salary escalation rate by 1%	333,227	223,277

12.2 DISTRIBUTION OF PRESENT VALUE OF DEFINE BENEFIT OBLIGATION

	Less than a year	Between 1-2 years	Between 2- 5 years	Over 5 year	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
As at 31st March 2025	1,478,841	1,179,271	2,521,946	2,508,438	7,688,496
As at 31st March 2024	1,036,686	779,059	1,706,520	1,542,199	5,064,463
Weighted Average duration of defined benefit obligation (Years) - 4 (2024 - 4)					

12.3 Messrs. Actuarial and Management Consultants (Pvt) Ltd., actuaries carried out an actuarial valuation for Lanka Ceramic PLC of the defined benefit plan (gratuity) as at 31st March 2025.

The principal assumptions used are as follows:

		Group/Company	
		2025	2024
Discount rate (per annum)		10%	12%
Salary scale (per annum)	- Executives	10%	10%
	- Non executives	10%	10%
Staff turnover rate		23%	21%
Retirement age		60 Years	60 Years

13. OTHER NON-CURRENT LIABILITIES

	Group/Company	
	2025	2024
	Rs.	Rs.
Amortised cost of refundable deposit	22,114,317	19,787,327
Deferred interest income	11,770,138	14,712,673
Total	33,884,455	34,500,000

The refundable deposit pertains to an interest-free amount received in connection with renting out of the Group/Company's Investment Property situated at No.696, Galle Road, Colombo 03 with a contractual maturity on 31st March 2029.

In accordance with Sri Lanka Financial Reporting Standard 9 – Financial Instruments (SLFRS 9), the deposit was classified as a financial liability and initially recognised at its fair value, determined by discounting the expected future cash outflows using a market rate of interest for a similar instrument.

The difference between the consideration received and the initial fair value was recognised as deferred income and is being amortised to profit or loss over the contractual term of 05 years.

Subsequently, the deposit was measured at amortised cost using the effective interest rate (EIR) method, with the carrying amount accreted to its nominal value over the life of the liability.

14. TRADE AND OTHER PAYABLES

	Group/Company	
	2025	2024
	Rs.	Rs.
Trade creditors - other	1,920,470	901,277
Other creditors - related parties (14.1)	164,830	84,390
	2,085,300	985,667
Sundry creditors including accrued expenses	39,095,245	52,563,484
Total	41,180,545	53,549,151

14.1 Other creditors - Related parties

		Group/Company	
		2025	2024
		Rs.	Rs.
Company	Relationship		
Royal Ceramics Lanka PLC	Parent Company	-	84,390
Swisstek Aluminium Limited	Affiliated Company	164,830	-
		164,830	84,390

15. REVENUE

Revenue from contracts with customers

	Group/Company	
	2025	2024
	Rs.	Rs.
Types of goods		
Feldspar	228,754,927	209,425,989
Kaolin	-	8,048,873
Total revenue from contract with customers	228,754,927	217,474,862
Timing of revenue recognition		
Goods transferred at a point in time	228,754,927	217,474,862

16. OTHER INCOME

	Group/Company	
	2025	2024
	Rs.	Rs.
Property rental income	74,216,400	37,863,600
Vehicle rental income	2,461,440	2,461,440
Disposal gain on property, plant and equipment	328,865	142,570
Franchise commission income	8,784,448	7,765,158
Sundry income	3,957,381	8,532,112
	89,748,534	56,764,880

17. FINANCE EXPENSES

	Group/Company	
	2025	2024
	Rs.	Rs.
Interest expense on overdrafts	2,148,075	17,341,799
Interest expense on bank loans	208,968	19,001,430
Accrued interest expense on financial liability	2,326,991	-
	4,684,034	36,343,229

18. FINANCE INCOME

	Group/Company	
	2025	2024
	Rs.	Rs.
Interest income on investments	7,220,350	20,911,635
Deferred interest income on financial liability	2,942,535	-
	10,162,885	20,911,635

19. PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

Is stated after charging/(crediting)

	Group/Company	
Year ended 31st March	2025	2024
	Rs.	Rs.
Included in cost of sales		
Depreciation and amortisation	26,395,280	26,090,132
Defined benefit plan costs - gratuity	1,028,149	1,285,897
Defined contribution plan costs - EPF & ETF	2,288,994	2,115,475
Other staff cost	33,560,132	31,447,891
Compensation paid under VRS	-	5,359,495

Year ended 31st March	Group/Company 2025 Rs.	Group/Company 2024 Rs.
Included in administration expenses		
Depreciation and amortisation	312,634	363,996
Defined benefit plan costs - gratuity	259,705	302,856
Defined contribution plan costs - EPF & ETF	1,149,177	967,437
Other staff cost	13,264,778	13,100,906
Compensation paid under VRS	-	3,423,705
Auditors remuneration		
- Audit fees	718,560	644,000
- Non audit fees	-	347,290
Rent, rates and taxes	1,040,069	1,330,569
Included in selling & distribution expenses		
Depreciation and amortisation	1,037,200	1,434,796
Defined benefit plan costs - gratuity	51,960	51,346
Defined contribution plan costs - EPF & ETF	246,919	199,949
Other staff cost	3,687,352	4,326,375
Rent, rates and taxes	1,690,594	1,688,345

20. INCOME TAX EXPENSES

20.1 The major components of income tax expense are as follows ;

	Year ended 31st March	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
a)	**Current income tax**				
	Current income tax charge	-	-	-	-
b)	**Deferred income tax**				
	Deferred taxation charge	20,299,007	10,276,362	20,299,007	10,276,362
	Income tax charged reported in the income statement	20,299,007	10,276,362	20,299,007	10,276,362
	Deferred tax expense reported in the OCI				
	Actuarial gain/ (loss) on retirement benefit liability	(131,760)	(37,304)	(131,760)	(37,304)
	Deferred tax reversal on land disposal	(1,500,000)	(342,281)	(1,500,000)	(342,281)
	Deferred tax relating to revaluation gain/(loss) on lands and buildings	(5,547,171)	(4,026,068)	(5,547,171)	(4,026,068)
	Deferred tax relating to change in Fair value of non-listed investment	809,623	3,371,999	-	-
		(6,369,307)	(1,033,655)	(7,178,932)	(4,405,654)
		13,929,700	9,242,707	13,120,075	5,870,708

20.2 Reconciliation between current tax expense and the product of accounting profit.

Year ended 31st March	Group		Company	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Accounting profit before income tax from continuing operation	139,887,340	99,517,782	140,080,491	99,717,831
Income considered as separate source of income	(99,647,590)	(105,879,875)	(99,647,590)	(105,879,875)
Non deductible expenses	42,432,878	29,748,888	42,239,727	29,548,839
Deductible items	(28,140,198)	(36,383,988)	(28,140,198)	(36,383,988)
Business (loss) / income	54,532,430	(12,997,194)	54,532,430	(12,997,194)
Investment income	83,898,190	61,236,675	83,898,190	61,236,675
Taxable profit/(loss)	138,430,620	48,239,482	138,430,620	48,239,482
Tax losses utilised	(138,430,620)	(48,239,482)	(138,430,620)	(48,239,482)
Taxation - 30% (2024 - 30%)	-	-	-	-

20.3 Reconciliation between tax expense and the product of accounting profit

Year ended 31st March	Group		Company	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Adjusted accounting profit chargeable to income taxes	139,887,340	99,517,782	140,080,491	99,717,831
Tax effect on chargeable profits	41,966,202	29,855,332	42,024,147	29,915,347
Tax effect on permanent and temporary differences	(21,667,195)	(19,578,972)	(21,725,140)	(19,638,986)
	20,299,007	10,276,362	20,299,007	10,276,362

20.4 Tax Losses

Year ended 31st March	Group		Company	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Tax loss brought forward (Provisional)	176,143,012	224,382,494	176,143,012	224,382,494
Utilized during the year	(138,430,620)	(48,239,482)	(138,430,620)	(48,239,482)
Tax loss carried forward (Provisional)	37,712,392	176,143,012	37,712,392	176,143,012

20.5 Components of deferred income tax expense

	Group		Company	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Capital allowances	(2,065,207)	2,231,885	(2,065,207)	2,231,885
Retirement benefit liability	(655,450)	431,600	(655,450)	431,600
Carried forward tax losses	19,276,264	(6,529,798)	19,276,264	(6,529,798)
Provision for obsolete and slow moving, consumables and spares	-	749,715	-	749,715
Investment property - revaluation surplus	3,743,400	13,392,960	3,743,400	13,392,960
	20,299,007	10,276,362	20,299,007	10,276,362

21. EARNINGS PER SHARE

21.1 Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders of Lanka Ceramic PLC by the weighted average number of ordinary shares outstanding during the year.

The weighted average number of ordinary shares outstanding during the year and the previous year are adjusted for events that have changed the number of ordinary shares outstanding without a corresponding change in the resources such as a bonus issue.

The following reflects the income and share data used in the basic earnings per share computations.

	Group		Company	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Amounts used as the numerator:				
Profit attributable to equity holders for basic earnings per share	119,588,333	89,241,420	119,781,484	89,441,469
Number of ordinary shares used as the denominator:				
Weighted average number of ordinary shares in issue applicable to basic earnings per share (Note 8.2)	6,000,000	6,000,000	6,000,000	6,000,000
Earning Per Share	19.93	14.87	19.96	14.91

22. DIVIDEND PER SHARE

	Group		Company	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Dividends paid	7,200,000	15,000,000	7,200,000	15,000,000
No. of shares	6,000,000	6,000,000	6,000,000	6,000,000
Dividend per share	1.20	2.50	1.20	2.50

23. CASH & CASH EQUIVALENT

	Group/Company	
	2025	2024
	Rs.	Rs.
Favourable cash and cash equivalents balance		
Cash and bank balances	92,598,162	2,485,289
	92,598,162	2,485,289
Unfavourable cash & cash equivalent balances		
Bank overdrafts	-	(56,858,141)
	-	(56,858,141)
Total cash and cash equivalents for the purpose of cash flow statement	92,598,162	(54,372,852)

24. ASSETS PLEDGED

Except as disclosed in note 10.3, there are no other assets that have been pledged as security as at the reporting date.

25. RELATED PARTY DISCLOSURES

Related parties represent the shareholders, key management personnel of the Group, close family members of key management personnel's and entities controlled or jointly controlled by such parties. Details of significant related party disclosures are as follows:

25.1 Transactions with the related entities

	Group				Company			
	Parent		Group Companies		Parent		Group Companies	
	2025	2024	2025	2024	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Nature of transaction								
Sale of goods	-	-	226,794,664	228,542,052	-	-	226,794,664	228,542,052
Commission income	-	-	8,399,961	7,265,497	-	-	8,399,961	7,265,497
Purchase of goods / services	-	-	-	19,200	-	-	-	19,200
Net of fund transfers received after reimbursement of expense	37,742	(831,780)	(264,142,410)	(361,017,588)	37,742	(831,780)	(264,142,410)	(361,017,588)
Dividend paid	5,296,068	11,033,475	-	-	5,296,068	11,033,475	-	-
Included under;								
Due from related parties	-	46,648	81,553,211	107,639,367	-	46,648	81,553,211	107,639,367
Due to related parties	164,830	84,390	-	-	164,830	84,390	-	-

Parent Company is Royal Ceramics Lanka PLC.

Transactions with subsidiary Company includes LC Plantation Projects Ltd.

Transactions with Group Companies includes Lanka Walltiles PLC, Lanka Tiles PLC, Rocell Bathware Limited and Swisstek Aluminium Limited.

The Company carried out above transactions under ordinary course of business at commercial rates. These balances are unsecured and nor any guarantees given or received.

There is no provisions made or expense recognised during the period in respect of bad or doubtful debts due from related parties.

Net of fund transfers received after reimbursement of expenses represents sales proceeds received after deducting payments made by the Company to the Parent and Group Companies.

25.2 Transactions with key management personnel of the Group/Company

The key management personnel of the Group/Company are the members of its Board of Directors and that of its parent.

	Group/Company	
	2025	2024
Key management personnel compensation	Rs.	Rs.
Short term employment benefits	5,803,229	5,780,904
	5,803,229	5,780,904

26. COMMITMENTS AND CONTINGENCIES

26.1 Capital commitments

There were no significant capital commitments as at the reporting date in the Company and Group.

26.2 Contingencies

Group/Company has no contingencies as at the reporting date.

27. EVENTS OCCURRING AFTER THE REPORTING PERIOD

A final dividend of Rs.8.90 per share was recommended by the Board on 29th May 2025 and will be paid following the Annual General Meeting, subject to being approved by the shareholders.

All material events occurring after the reporting period are considered,disclosed and adjusted where applicable.

28. FINANCIAL RISK MANAGEMENT

The Group's overall financial risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. Financial risk management is carried out through risk reviews, internal control systems, insurance programmes and adherence to the Group's financial risk management policies. The Board of Directors regularly reviews these risks and approves the risk management policies, which covers the management of these risks.

Market risk

Market risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of the changes in market prices.

Cash flow interest rate risk – risk that future cash flows associated with a financial instrument will fluctuate.

Cash flow and fair value interest rate risk

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

The Group' borrowings comprise borrowings from financial institutions. The group's interest rate risk objective is to manage an acceptable level of rate fluctuation on the interest expense. In order to achieve this objective, the Group targets floating borrowings based on assessment of its existing exposure and desirable interest rate profile. The Group analyses its interest rate exposure on a dynamic basis.

The following table demonstrates the sensitivity to a range of reasonably possible change in interest rate on long term borrowings as at reporting date, with all other variables held constant.

	Group/Company	
	Change in interest rate	Change in profit before tax
Interest rate sensitivity		Rs.
2024-2025	6%	(12,538)
	4%	(8,359)
	2%	(4,179)
	-2%	4,179
	-4%	8,359
	-6%	12,538
2023-2024	6%	(249,825)
	4%	(166,550)
	2%	(83,275)
	-2%	83,275
	-4%	166,550
	-6%	249,825

Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks, as well as credit exposures to customers, including outstanding receivables. The utilisation of credit limits is regularly monitored.

The Group places its cash and cash equivalents with a number of creditworthy financial institutions. The Group's policy limits the concentration of financial exposure to any single financial institution. In order to minimise the impact of current economic conditions of the country the Group is proactively engaged in minimising disputes and late collection risk. Further the receivable balances were reassessed to forecast the time of settlements. The maximum credit risk exposure of the financial assets of the Group is approximately the carrying amounts as at reporting date.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient liquid funds to meet its financial obligations.

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Due to the dynamic nature of the underlying business, the Group aims at maintaining flexibility in funding by keeping both committed and uncommitted credit lines available.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity categories based on the remaining period at the statement of financial position date to the contractual maturity date.

Group/Company	Less than 3 months	Between 3 months and 1 year	Between year 1 and year 2	Between year 2 and year 5	Over 5 years
At 31st March 2025	Rs.	Rs.	Rs.	Rs.	Rs.
Trade and other payables	35,883,988	Nil	Nil	Nil	Nil

Group/Company	Less than 3 months	Between 3 months and 1 year	Between year 1 and year 2	Between year 2 and year 5	Over 5 years
At 31st March 2024	Rs.	Rs.	Rs.	Rs.	Rs.
Bank borrowings	6,407,052	2,299,714	Nil	Nil	Nil
Trade and other payables	48,927,038	Nil	Nil	Nil	Nil

Capital management risk

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may or may not make dividend payments to shareholders, return capital to shareholders or issue new shares or other instruments.

The Group monitors capital on the basis of the gearing ratio, which is interest bearing borrowings divided by equity plus interest bearing borrowings.

The gearing ratio as at 31st March is as follows:

	Group	
	2025	2024
	Rs.	Rs.
Borrowings	-	65,378,141
Total equity	1,144,540,191	1,042,858,598
Gearing ratio ; Debt to Equity	0%	6%

	Company	
	2025	2024
	Rs.	Rs.
Borrowings	-	65,378,141
Total equity	1,135,466,469	1,035,480,844
Gearing ratio ; Debt to Equity	0%	6%

COMPANY TEN YEAR SUMMARY

	2024/25	2023/24	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Operating Results										
Revenue	228,755	217,475	446,815	427,689	121,330	166,132	163,772	178,932	282,830	236,534
Gross profit	92,145	67,968	94,907	103,841	52,671	57,603	62,208	76,116	152,954	89,017
Fair value gain on investment property	12,478	44,643	3,573	44,430	40,762	2,052	80,845	121,600	178,750	-
Other income	99,911	77,677	88,849	62,448	53,553	45,504	75,072	160,457	282,134	285,990
Administrative expenses	46,465	40,141	68,645	67,544	54,043	51,674	43,375	56,166	52,302	36,991
Selling & distribution expenses	13,304	14,085	25,187	15,204	8,886	11,470	8,232	14,153	30,022	7,766
Finance expenses	4,684	36,343	56,238	6,011	8,150	13,757	21,599	40,498	37,584	30,659
Profit before tax	140,080	99,718	37,259	121,961	75,907	28,257	144,919	248,377	499,654	301,212
Profit after tax	119,781	89,441	(44,064)	75,591	67,843	23,201	137,590	182,199	485,321	290,764
Total comprehensive income	107,186	79,582	(65,215)	82,525	135,005	24,385	136,972	97,192	485,241	309,532
Assets & Liabilities										
Non current assets	1,319,978	1,369,992	1,359,336	1,212,498	1,157,837	1,020,479	1,035,557	952,249	1,517,176	1,027,224
Current assets	233,977	146,595	272,906	238,791	124,081	139,401	114,949	224,837	105,903	252,698
Total assets	1,553,955	1,516,588	1,632,242	1,451,291	1,281,918	1,159,880	1,150,506	1,177,086	1,623,079	1,279,922
Current liabilities	41,181	118,927	314,700	131,859	53,909	64,342	55,998	197,655	106,167	236,594
Non current liabilities	377,308	362,179	346,643	269,203	257,920	252,655	276,010	297,905	215,167	275,360
Retirement benefit obligation	7,688	5,064	6,379	5,732	8,840	7,157	10,335	9,996	9,399	8,850
Share Capital & Reserves										
Stated capital	300,000	300,000	300,000	300000	300,000	300,000	300,000	300,000	300,000	300,000
Reserves	221,384	237,827	248,020	269,203	285,087	216,766	216,766	218,370	303,292	303,292
Accumulated profit	614,083	497,653	422,879	480,948	385,002	326,117	301,732	163,156	698,453	164,676
Key Indicators										
Earnings per share (Rs.)	19.96	14.91	(7.34)	12.60	11.31	3.87	22.93	11.34	16.18	9.69
Dividend per share (Rs.)	8.90	3.70	-	0.9	1.30	-	-	-	8.00	9.00
Net assets value per share (Rs.)	189.24	172.58	161.82	175.04	161.68	140.48	136.42	113.59	43.39	25.60
Dividend yield (%)	6.22	3.73	-	0.73	1.18	-	-	-	6.96	6.92
Dividend payout ratio (%)	44.59	24.82	-	7.16	11.50	-	-	-	49.45	92.86
Interest cover (times)	30.91	3.74	1.66	20.29	10.31	3.05	7.71	7.13	14.29	10.82
Curent ratio	5.68:1	1.23:1	0.87:1	1.81:1	2.30:1	2.17:1	2.05:1	1.14:1	1.00:1	1.07:1
Quick asset ratio	5.49:1	1.16:1	0.85:1	1.78:1	2.25:1	2.07:1	1.95:1	0.89:1	0.94:1	1.05:1
Profit before tax to revenue (%)	61.24	45.85	8.34	28.52	62.56	17.01	88.49	138.81	176.66	127.34

GROUP VALUE ADDED STATEMENT

	2024/25			2023/24		
	Rs.	Rs.	%	Rs.	Rs.	%
Gross turnover	269,930,814			251,979,453		
Fair value gain,finance & other income	112,389,419			122,319,715		
	382,320,233			374,299,168		
Less: Cost of material & services bought in	91,057,799			104,021,880		
	291,262,434			270,277,288		
Value allocated to Employees						
Salaries & wages and other benefits	55,537,164	55,537,164	20%	53,801,721	53,801,721	20%
To Government						
VAT/SSCL/Royalty/Mineral tax/Others	79,860,251	79,860,251	27%	62,668,774	62,668,774	23%
To providers of capital						
Dividends	7,200,000			15,000,000		
Finance expenses	4,684,034	11,884,034	4%	36,343,229	51,343,229	19%
To expansion and growth						
Retained in business	116,235,874			74,574,640		
Depreciation	27,745,112	143,980,985	49%	27,888,924	102,463,564	38%
		291,262,434	100%		270,277,288	100%

SHAREHOLDER AND INVESTOR INFORMATION

SHARE DISTRIBUTION AS AT 31ST MARCH 2025

From	To	No. of Holders	No. of Shares	%
1	1,000	1,527	256,931	4.28
1,001	10,000	150	303,631	5.06
10,001	100,000	13	276,048	4.60
100,001	1,000,000	1	750,000	12.50
Over 1,000,000		1	4,413,390	73.56
		1,692	**6,000,000**	**100.00**

Categories of Shareholders

Local Individuals	1,642	1,434,250	23.90
Local Institutions	45	4,564,912	76.09
Foreign Individuals	5	838	0.01
Foreign Institutions	-	-	-
	1,692	**6,000,000**	**100.00**

25 MAJOR SHAREHOLDERS OF THE COMPANY

	Name	31.03.2025		31.03.2024	
		No. of Shares	%	No. of Shares	%
1	Royal Ceramics Lanka PLC	4,413,390	73.557	4,413,390	73.557
2	Mr. A.A. Page	750,000	12.500	750,000	12.500
3	Mr. R.S. Ingram	43,751	0.729	32,952	0.549
4	Mr. M. Balasubramaniam	37,732	0.629	37,233	0.621
5	Bimputh Finance PLC	28,818	0.480	28,818	0.480
6	TRL Holdings (Pvt) Limited	25,595	0.427	25,595	0.427
7	Vyjanthi & Company Limited	20,000	0.333	20,000	0.333
8	Mrs. A. Kailasapillai	19,658	0.328	19,658	0.328
9	Mr. R. Maheswaran (Deceased)	18,735	0.312	18,735	0.312
10	Miss. M.P. Radhakrishnan	15,135	0.252	15,135	0.252
11	Miss. A. Radhakrishnan	15,134	0.252	15,134	0.252
12	Arunodhaya Investments(Pvt) Limited	13,741	0.229	13,741	0.229
13	Arunodhaya (Pvt) Limited	13,741	0.229	13,741	0.229
14	Arunodhaya Industries (Pvt) Limited	13,741	0.229	13,741	0.229
15	Mr. Z.G. Carimjee	10,267	0.171	10,267	0.171
16	Mr. U.C. Bandaranayake/Mrs. L. Bandaranayake	10,000	0.167	10,000	0.167
17	Mr. U.I. Suriyabandara	9,675	0.161	9,108	0.152
18	People's Leasing & Finance PLC/Mr. D.M.P. Disanayake	6,487	0.108	1,779	0.030
19	Miss. S. Subramaniam	6,413	0.107	6,413	0.107
20	Mrs. K.A.U. Kodithuwakku	6,336	0.106	6,369	0.106
21	DFCC Bank PLC/P. Gagendra	5,699	0.095	5,699	0.095
22	Mr. K. Veerabagu	5,100	0.085	-	-
23	Est. of LAT D.M.G. Perera	5,000	0.083	5,000	0.083
24	Mr. N. Mohamed Makeen	5,000	0.083	5,000	0.083
25	Mrs. J. Aloysius	5,000	0.083	5,000	0.083
	Sub Total	**5,504,148**	**91.735**	**5,482,508**	**91.375**
	Others	**495,852**	**8.265**	**517,492**	**8.625**
	Issued Capital	**6,000,000**	**100.000**	**6,000,000**	**100.000**

SHAREHOLDER AND INVESTOR INFORMATION

DIRECTORS' SHAREHOLDING AS AT 31ST MARCH 2025

	No. of Shares	%
Mr. A.M. Weerasinghe	-	-
Mr. J.A.P.M. Jayasekera *(Resigned w.e.f. 01st April 2025)*	20	0.00033
Mr. T.G. Thoradeniya	-	-
Ms. A.M.L. Page	-	-
Mr. J.D.N. Kekulawala	-	-
Mr. S.M. Liyanage	-	-
Ms. K.D. Weerasinghe *(Appointed w.e.f. 01st January 2025)*	-	-

SHARE PRICES

	As at	As at
Market Price Per Share	31.03.2025	31.03.2024
Highest during the year	Rs.164.00	Rs.117.00
Lowest during the year	Rs. 92.30	Rs. 82.50
As at end of the year	Rs.143.00	Rs. 99.10

PUBLIC HOLDING AS AT 31ST MARCH 2025

The Percentage of shares held by the public -13.256%

No of shareholders representing the above percentage - 1,686

The float adjusted market capitalization as at 31st March 2025 - Rs. 113,737,481.00

The float adjusted market capitalization of the Company falls under Option two of Rule 7.13.1 (i) (b) of the listing rules of the Colombo Stock Exchange and the Company has complied with the minimum public holding requirement applicable under the said option.

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT the Thirty Fourth (34th) Annual General Meeting of Lanka Ceramic PLC will be held on 30th June 2025 at 12.30 p.m. at 'The Winchester', The Kingsbury Hotel, 48, Janadhipathi Mawatha, Colombo 01 for the following purposes:

1. Ordinary Business

1.1 To receive and consider the Annual Report of the Board of Directors on the affairs of the Company and its subsidiaries and the Statement of Accounts for the year ended 31st March 2025 and the Report of the Auditors thereon.

1.2 To declare a Final Dividend of Rupees Eight and Cents Ninety (Rs.8.90) per Ordinary share for the year ended 31st March 2025 as recommended by the Board of Directors.

1.3 To re-elect as a Director, Mr. Amarakoon Mudiyanselage Weerasinghe, who retires by rotation in terms of Articles 102 and 103 of the Articles of Association.

1.4 To re-elect as a Director, Ms. Kamani Devika Weerasinghe who was appointed to the Board since the date of the last Annual General Meeting in terms of Article 109 of the Articles of Association.

1.5 To re-elect as a Director, Mr. Lakshitha Priyantha Bandara Talwatte who was appointed to the Board since the date of the last Annual General Meeting in terms of Article 109 of the Articles of Association.

1.6 To re-appoint Messrs. Ernst & Young, Chartered Accountants, the retiring Auditors and to authorize the Directors to determine their remuneration.

1.7 To authorize the Directors to determine donations for the year ending 31st March 2026 and up to the date of the next Annual General Meeting.

2. Special Business

2.1 To consider and if thought fit, to pass the following resolution as a Special Resolution:

'IT IS HEREBY RESOLVED THAT the Articles of Association of the Company be amended:

(1) by the deletion of Article 43 in its entirety and the substitution therefor of the following new Article 43;

METHODS OF HOLDING GENERAL MEETINGS

43. (1) A General Meeting of shareholders may be held -

(i) by a number of shareholders who constitute a quorum, being assembled together at the place, date, and time appointed for the meeting; (hereinafter sometimes referred to as the Physical General Meeting); or

(ii) by means of audio, or audio and visual communication by which all shareholders participating and constituting a quorum can simultaneously hear each other throughout the meeting (hereinafter sometimes referred to as Electronic General Meeting); or

(iii) by a meeting held both physically and electronically (called Hybrid General Meeting); or

(iv) by means of a resolution in writing signed by not less than Eighty-Five per centum (85%) of the Shareholders who would be entitled to vote on a resolution at a meeting of Shareholders, who together hold not less than Eighty-Five per centum (85%) of the votes entitled to be cast on that resolution.

(2) The Board shall determine whether a General Meeting is to be held as a Physical General Meeting as referred to in 43(1)(i) or held as an Electronic General Meeting as referred to in 43(1)(ii) or held as a Hybrid General Meeting, both physically and electronically, as referred to in 43(1)(iii) or by a Resolution in writing as referred to in 43(1)(iv).

(3) The Board shall specify in the notice calling the General Meeting whether the meeting will be physical or electronic or hybrid or by a Resolution in writing. Such notice shall also specify (as applicable) the time, date, and place and/or electronic platform(s) of the General Meeting, as it is determined.

(4) (i) When conducting an Electronic General Meeting, the Board shall enable persons to simultaneously attend by electronic means, with no shareholder necessarily in physical attendance at the Electronic General Meeting. The shareholders or their proxies present shall be counted in the quorum for, and entitled to vote at, the General Meeting in question.

(ii) If it appears to the Chairman of the General Meeting that the electronic platform(s), facilities, or security at the Electronic General Meeting have become inadequate for the purposes referred to herein then the Chairman may, without the consent of the meeting, interrupt to resolve such inadequacy where possible or adjourn the General Meeting. All business conducted at that General Meeting up to the time of that adjournment shall be valid and the provisions of Article 60 shall apply to that adjournment.

(iii) In relation to an Electronic General Meeting, the right of a shareholder to participate in the business of any General Meeting shall include, without limitation, the right to speak, vote on a poll, be represented by a proxy, and have access (including electronic access) to all documents which are required by the Act or these Articles to be made available for/at the meeting.

(2) by the deletion of the word and figure "three (3)" in Article 83 of the Articles of Association and the substitution therefor of "five (5)" and by the substitution of the word "Special" in place of "Ordinary" in line 2 thereof;

(3) by the deletion of Article 123 under the existing heading, 'Alternate Directors' in its entirety and the substitution therefor of the following new Article 123;

ALTERNATE DIRECTORS

"123. (i) (a) Subject to the Statutes and other laws applicable in respect of the composition of the Board, a Director may, due to exceptional circumstances, by notice in writing under his hand delivered to the Secretary, nominate an individual to be appointed as an Alternate Director of the Company for a maximum period of one (1) year from the date of appointment to attend to the duties of the Director in his absence, and the following provisions of these Articles shall apply to any person so appointed.

(b) Such Alternate Director shall be entitled to receive notices of all meetings of Directors and to attend and vote as Director at any such meeting at which the Director appointing him is not personally present and to exercise the rights of the appointer at meetings of the Board.

(c) The attendance of any Alternate Director at any meeting, including a Board committee meeting, at which the appointer is absent, shall be counted for the purpose of quorum at such meeting.

(ii) The appointment of an Alternate Director shall be subject to the approval of the Board.

(iii) An Alternate Director shall not in respect of such appointment be entitled to receive any remuneration from the Company, nor be required to hold any Share qualification. However, the Board may reimburse an Alternate Director such reasonable expenses as he may incur in attending and returning from meetings of the Board which he is entitled to attend, or as he may otherwise properly incur in or about the business of the Company. Alternatively, the Board may pay such allowances as it considers proper in respect of such expenses.

(iv) An Alternate Director shall (on his giving an address for such notice to be served on him) be entitled to receive notices of all meetings of the Board and to attend and vote as a Director at any such meeting at which the Director appointing him is not personally present, and generally to perform all the functions of his appointer as a Director in the absence of such appointer, due to the reasons stated in Article 123(i) hereof, including the signing of resolutions in writing to be passed by circulation under Article 119 hereof.

(v) Subject to Article 123(i) hereof, an Alternate Director shall ipso facto cease to be an alternate Director on the occurrence of any of the following events:

(a) If his appointer ceases for any reason to be a Director. Provided that if any Director retires by rotation but is re-elected at the meeting at which such retirement took effect, any appointment made by him pursuant to this Article which was in force immediately prior to his retirement shall continue to operate after his re-election as if he had not so retired;

(b) If the appointment of the Alternate Director is revoked by his appointer by a notice in writing delivered to the Secretary;

(c) If the Board resolves that the appointment of the Alternate Director be terminated on a date determined by it prior to the completion of the period of one (1) year.

(vi) A Director shall not vote on the question of the approval of an Alternate Director to act for him, or on the question of the termination of the appointment of such an Alternate under Article 123(v)(c). He shall also not be counted to determine the quorum at meetings when such matters are voted on.

(vii) If an Alternate Director is appointed for a Non-Executive Director, such Alternate Director shall not be an executive of the Company.

(viii) If an Alternate Director is appointed to represent an Independent Non-Executive Director, such Alternate Director shall meet the criteria for independence specified in the Listing Rules of the Colombo Stock Exchange."

(4) by the deletion of Article 169(ii) in its entirety and the substitution therefor of the following new Article 169(ii);

"The Company may serve notice by electronic mail to an electronic mail account notified by a shareholder in writing or any other acceptable means, to the Company or to the Central Depository Systems (Pvt) Ltd. Where electronic mail is used, the document or notice shall be deemed to have been received by the shareholder upon the dispatch of same by the Company through electronic mail."

(5) by the inclusion of the following paragraph immediately after the word "newspapers" in the existing Article 173;

"The Company may if so permitted by Statute, publish any notice required to be given to the shareholders on the official website of the Company and/or on the official website of the Colombo Stock Exchange (so long as the Company is listed on the Colombo Stock Exchange)."'

By order of the Board

Lanka Ceramic PLC

P W Corporate Secretarial (Pvt) Ltd

Secretaries

At Colombo

29th May 2025

Notes:

1. A shareholder is entitled to appoint a Proxy to attend and vote at the meeting on his/her behalf.
2. A Proxy need not be a shareholder of the Company.
3. A Form of Proxy accompanies this Notice.
4. The completed Form of Proxy should be deposited at the Registered Office of the Company, No. 23, Narahenpita Road, Nawala by 12.30 p.m. on 28th of June 2025.

NOTES

FORM OF PROXY

*I/We... holder of NIC No……….. ……………............of…………………..……………………………………….....being a *Shareholder/Shareholders of Lanka Ceramic PLC, do hereby appoint …………………………......……………...holder of NIC no……………………of …………….........……………………………………………………or failing him/her*

Mr. A. M. Weerasinghe	or failing him*
Mr. L. P. B. Talwatte	or failing him*
Mr. T. G. Thoradeniya	or failing him*
Ms. A. M. L. Page	or failing her*
Mr. J. D. N. Kekulawala	or failing him*
Mr. S. M. Liyanage	or failing him*
Ms. K. D. Weerasinghe	

as my/our* proxy to represent and speak and vote as indicated hereunder for me/us* and on my/our* behalf at the Thirty Fourth (34th) Annual General Meeting of the Company to be held on 30th June 2025 and at every poll which may be taken in consequence of the aforesaid Meeting and at any adjournment thereof.

1 Ordinary Business

		FOR	AGAINST
1)	To declare a Final Dividend of Rupees Eight and Cents Ninety (Rs.8.90) per Ordinary share for the year ended 31st March 2025 as recommended by the Board of Directors.		
2)	To re-elect as a Director, Mr. Amarakoon Mudiyanselage Weerasinghe, who retires by rotation in terms of Articles 102 and 103 of the Articles of Association.		
3)	To re-elect as a Director, Ms. Kamani Devika Weerasinghe who was appointed to the Board since the date of the last Annual General Meeting in terms of Article 109 of the Articles of Association.		
4)	To re-elect as a Director, Mr. Lakshitha Priyantha Bandara Talwatte who was appointed to the Board since the date of the last Annual General Meeting in terms of Article 109 of the Articles of Association.		
5)	To re-appoint Messrs Ernst & Young, Chartered Accountants, the retiring Auditors and to authorize the Directors to determine their remuneration.		
6)	To authorize the Directors to determine donations for the year ending 31st March 2026 and up to the date of the next Annual General Meeting.		

2 Special Business

		FOR	AGAINST
1)	To consider and if thought fit to pass the Special Resolution set out under item 2.1 of the Notice of Meeting for the amendments to the Articles of Association.		

In witness my/our* hands this …..…… day of ………………… Two Thousand and Twenty Five.

……………………………

Signature of Shareholder/s

*Please delete what is inapplicable.

NOTES:

1. A proxy need not be a shareholder of the Company.
2. Instructions as to completion appear overleaf.

FORM OF PROXY

INSTRUCTIONS FOR COMPLETION

1. The full name, National Identity Card number and the registered address of the shareholder appointing the Proxy and the relevant details of the Proxy should be legibly entered in the Form of Proxy which should be duly signed and dated.
2. The completed Proxy should be deposited at the Registered Office of the Company, No. 23, Narahenpita Road, Nawala by 12.30 p.m. on 28th of June 2025.
3. The Proxy shall –
   (a) In the case of an individual be signed by the shareholder or by his attorney, and if signed by an attorney, a notarially certified copy of the Power of Attorney should be attached to the completed Proxy if it has not already been registered with the Company.
   (b) In the case of a company or corporate / statutory body either be under its Common Seal or signed by its Attorney or by an Officer on behalf of the Company or corporate / statutory body in accordance with its Articles of Association or the Constitution or the Statute. (as applicable)
4. Please indicate with a 'X' how the Proxy should vote on each resolution. If no indication is given, the Proxy in his discretion will vote as he thinks fit.

CORPORATE INFORMATION

Name of the Company

Lanka Ceramic PLC

Legal Form

A Public Quoted Company with Limited Liability, Incorporated under the provision of Companies Act No 17 of 1982 and re-registered under the Companies Act No. 07 of 2007.

Company Registration Number

PQ 157

Board of Directors

Mr. A.M. Weerasinghe - Chairman

Mr. L.P.B. Talwatte - Managing Director
(Appointed w.e.f. 01st April 2025)

Mr. T.G. Thoradeniya

Ms. A.M.L. Page

Mr. J.D.N. Kekulawala

Mr. S.M. Liyanage

Ms. K.D. Weerasinghe
(Appointed w.e.f. 01st January 2025)

Company Secretaries

P W Corporate Secretarial (Pvt) Ltd

3/17, Kynsey Road, Colombo 8

Tel: +94 11 4640360

Company Registrars

Central Depository Systems (Pvt) Limited

Ground Floor, M & M Center, 341/5, Kotte Road, Rajagiriya.

Tel: +94 11 2356491| Fax: +94 11 2440396|
Web: www.cds.lk

Registered Office

No. 23, Narahenpita Road, Nawala

Telephone: +94 11 4504610, +94 11 4504612

Facsimile: +94 11 4504614

Auditors

Ernst & Young

Chartered Accountants

Rotunda Towers, No. 109, Galle Road, P.O. Box 101, Colombo 03

Telephone: +94 11 2463500 | Facsimile: +94 11 7687869

Bankers

Hatton National Bank PLC

People's Bank

Designed & produced by
emagewise
Printed by Printage (Pvt) Ltd

Lanka Ceramic PLC