



## Manufactured Capital

Manufactured Capital encompasses the tangible assets, infrastructure, and technology that underpin the Group's operations and production capabilities.

### HIGHLIGHTS FOR FY 25



### THE GROUP'S MANUFACTURED CAPITAL AT A GLANCE

#### Trends and Identified Dynamics:

- ♦ High inflation and the reduction in disposable income has led consumers to seek affordable solutions, balanced with a need to maintain high levels of quality.
- ♦ An increasing need for ethical, sustainable manufacturing, in the wake of growing climate change concerns, and a changing regulatory landscape.

#### Key Focus Areas for FY 25



Upgrading Equipment and Infrastructure to enhance the customer value proposition, and achieve greater productivity.



Investing in Digitalisation and Automation to achieve increased productivity and cost efficiencies.



Developing safe and sustainable manufacturing to support responsible consumption and optimise resource efficiency.

### HOW MANUFACTURED CAPITAL SUPPORTS VALUE CREATION

- ♦ Contributes to streamlined operations and process efficiencies, enabling higher productivity, increased profitability, higher affordability, and operational excellence.
- ♦ Enables the delivery of high quality goods and services, ensuring customer satisfaction and trust.
- ♦ A physical network contributes towards increased reach and accessibility, aiding customer convenience and a positive impact on the surrounding community through infrastructure development.

#### Impacted Stakeholders:



Consumers



Employees



Investors

#### UNSDGs



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### The Group's Manufactured Capital at a Glance:

Consumer Brands		
Home and Personal Care		
4 Manufacturing Locations in Dankotuwa, Horana, Waikkal, and Minuwangoda		
13 production lines	40,300 tons production capacity	
Learning Segment		
2 Factories in Peliyagoda and Welisara		
5 product categories	804 Mn EQs per annum production capacity	
Healthcare		
Pharmaceutical Manufacturing		
2 Factories in Homagama and Mutwal		
2.5 Bn tablets per annum production capacity	1.4 Mn litres of liquid per annum production capacity	
Pharmaceutical Distribution		
1 Warehouse in Elakanda	1,300 m³ capacity	
Hospitals		
2 Hospitals in Thalawathugoda and Wattala		
208 Beds	25 Laboratories	19 Collection Centres

Targets for 2030 / Key Focus Areas	Status	Activities in FY 25	Outlook	Impact
Consumer Brands				
Home and Personal Care				
The expansion of automated production lines.	●	Investing Rs. 101 Mn to automate four processes across diverse production lines.	Engaging in the further automation of three new identified processes.	Driving technological innovation to ensure increased operational efficiency and productivity.
Learning Segment				
Ensuring high levels of machine productivity and manufacturing productivity	●	Invested Rs. 7 Mn in developing the injection moulding plant to support improved data visualisation.	A greater focus on improving machine productivity using the Overall Equipment Effectiveness (OEE) loss tree and value tree mapping.	An 18% increase in productivity.
An increased focus on digitalisation		Capital investments to drive premiumisation and value upgrades.		
A journey of premiumisation and value upgrades			Investing in increasing pen production capacity owing to increased demand.	



Employees









Shareholder



Consumers



Employees

Targets for 2030 / Key Focus Areas	Status	Activities in FY 25	Outlook	Impact
Healthcare				
Pharmaceutical Manufacturing				
To be a leading pharmaceuticals brand in Sri Lanka by making premium healthcare affordable.	●	Launched three promising advanced therapies for cardiovascular health.	Building a strong NPD pipeline to address identified market gaps.	<p>A total of 10+ therapies spanning diabetes and cardiovascular health.</p> <p>Enabling access to advanced therapies at affordable prices.</p> <div>    </div> <p>Consumers      Community</p>
Pharmaceutical Distribution				
Upgrading the Elakanda warehouse infrastructure.	●	<p>Redesigned the layout of the premises to achieve optimal storage conditions.</p> <p>Executing activities to address identified Business Continuity Plan (BCP) gaps.</p>	Continuing the execution of the next stage of the project.	<p>Achieving operational efficiency, compliance and business continuity.</p> <div>    </div> <p>Employees      Distributors</p>

● On Track      ● Delayed



## Upgrading Equipment and Infrastructure

### Consumer Brands

#### Home and Personal Care

##### Crusher Mill Upgrade for Fems Production

Upgraded the crusher mill to improve overall product quality in the Fems production line.

##### Rs. 50 Million Investment in GMP Enhancements at the PC and Soap Plants

Carried out floor epoxy coating and installed quick-opening doors in both Personal Care and Soap plants to elevate Good Manufacturing Practice (GMP) standards.

##### Installation of Rs. 13 Million Ventilation System in the Soap Plant

Installed a state-of-the-art ventilation system to significantly improve thermal comfort and working conditions for employees in the Soap plant.



Installation of the Ventilation System in the Soap Plant

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### Learning Segment

#### Developing the Injection Moulding Plant

The segment is focusing on digitally connecting all injection moulding machines, enabling real-time machine performance data to be streamed directly into centralised dashboards. Additionally, separate dashboards will be designated for machine operators. This system will support the collection of both live performance data and historical records for each machine. The insights gained from this initiative will be used to drive improvements in machine efficiency and overall product quality.

### Healthcare

#### Pharmaceutical Manufacturing

##### Investing in a Water Filter

Rs. 0.17 million was invested to fulfill the drinking water requirements of the Homagama pharmaceutical manufacturing plant, eliminating the need for water bottles and dispensers within the premises. This resulted in an annual saving of Rs. 0.5 Mn per year.

#### Pharmaceutical Distribution

##### Upgrading Warehouse Infrastructure

Rs. 113 million invested in upgrading warehouse infrastructure to optimise storage conditions, fulfil compliance requirements, and bridge gaps in business continuity planning.

### Hospitals

#### Opening of an Advanced Cardiac Centre

Hemas Hospital Wattala opened Sri Lanka's most advanced Cardiac Center featuring a cutting-edge Philips Azurion 7 Cath Lab. The facility was designed for faster and more effective diagnosis and treatment in interventional cardiology.

#### Introducing New Rooms and Facilities

In addition to 5 new patient rooms being added to the Thalawathugoda Hospital, 1 new patient room and 1 OPD room was added to the Wattala Hospital.

The new OPD facility marks a strategic expansion for Hemas Hospitals Wattala, enhancing its service portfolio with 24x7 paediatric care, specialised paediatric clinics, cosmetic services, wellness clinics, and a dedicated liver care unit. This addition strengthens the hospital's position in the market by broadening access to high-demand outpatient specialties within a single integrated setup.



Advanced cardiac center at Hemas Hospitals Wattala



### Investing in Digitalisation and Automation

#### Installation of New Napkin Packing Machines

Automated the sanitary napkin packing process, with the aim of achieving enhanced speed, consistency, and reduced manual intervention.

**Rs. 47 Mn**  
Invested

**31%** ↑ in productivity

#### Deployment of a Cologne Cartoning Machine

The cologne line was upgraded with a new cartoning machine, with the aim of streamlining the packaging process and reducing manual operations.

**Rs. 14 Mn**  
Invested

**26%** ↑ in productivity

#### Automation with Box Forming Robots at the Soap Plant

Deployed robotic box-forming systems to automate secondary packaging operations, resulting in minimising manual handling and improving packaging efficiency.

**Rs. 19 Mn**

Invested

**10%** ↑ in productivity

#### Installation of a New Tube Filler Machine for the Personal Care (PC) plant

Replaced the existing filler with advanced technology, supporting faster changeovers, enhanced filling accuracy, and the flexibility to manage both new product developments (NPDs) and existing Stock Keeping Units (SKU)s.

**Rs. 21 Mn**

Invested

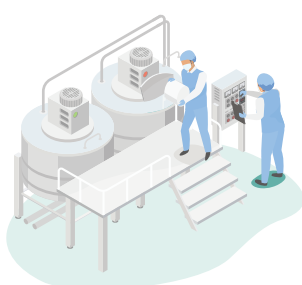
**50%** ↑ in productivity

#### Enhancing Digital Capabilities for Future Growth

The Group strengthened its digital foundations by investing in robust systems, automated processes, and AI-driven solutions. These initiatives drive the digital transformation journey, ensuring a secure, efficient, and future-ready operational environment across the Group.

**Rs. 250 Mn+**

Invested



### Developing Safe and Sustainable Manufacturing

#### A State-of-the-Art Pharmaceutical Manufacturing Facility in Homagama

The facility is designed in accordance with EU GMP specifications, spans a 5-acre plot with a built-up area of 14,000 m2 and is equipped with advanced manufacturing technology that minimises human interaction. The facility features:

- ♦ Dedicated Air Handling Units (AHUs) with terminal High Efficiency Particulate Air (HEPA) filters.
- ♦ A bubble airlock system with pressure control.
- ♦ Separate entry pathways for personnel and materials to ensure stringent contamination control.
- ♦ A high-end water purification system that complies with British Pharmacopoeia (BP) specifications, featuring a continuous water circulation loop to prevent microbial growth due to stagnation.

The facility houses Sri Lanka's first zero liquid discharge effluent treatment plant, reinforcing the Group's commitment to sustainable and environmentally responsible operations.



#### The Conversion of HDPE Bottles to PET Bottles

Owing to operational challenges related to waste and rework, and the high cost of High-density polyethylene (HDPE), the Group focused on transitioning to PET bottles.

In accordance with pharmaceutical guidelines and compliance constraints, the Group is unable to fully eliminate plastic usage, thus opting to utilise PET bottles, which have a lower plastic consumption compared to other alternatives.



Refer **page 130** for more details



#### Investment into Renewable Energy

The Group invested Rs 746 Million on renewable energy across its facilities with significant operations, thereby contributing towards national energy grid and supporting climate action.



Refer **page 121** for more details



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### Future Outlook

- ♦ The Government's drive towards building a manufacturing economy will extend significant support towards manufacturing-oriented companies. This will be further reinforced by rapidly growing technological advancements in the form of Artificial Intelligence, machine learning, Internet of Things (IoT), and robotics, to name a few.
- ♦ Consumer consumption is anticipated to increase in the upcoming year, driven by improving consumer sentiment and a positive trajectory in both disposable income and the savings index. In terms of the learning segment in particular, overall industry consumption is displaying a reduction, which impacts production volumes and employee motivation.
- ♦ The market is likely to see intensified competition from both multinational corporations and local players. This heightened competitive landscape may lead to aggressive pricing strategies, thereby raising the need to offer unique value propositions and affordable solutions, while driving down costs.

#### The Group's Response:

##### Consumer Brands

##### Home and Personal Care

- ♦ A coordinated focus on upgrading digital infrastructure across operations, aligning with national efforts to modernise corporate infrastructure and improve technological capabilities across industries.
- ♦ Implementing a three-year plan to phase out outdated IT hardware and upgrade them with the latest technology to drive improved performance and security.
- ♦ Investing in interactive panels to ensure visibility, foster accurate decision-making, and improve monitoring and collaboration.
- ♦ Upgrading server infrastructure to ensure optimal performance, security, and compliance with industry standards.
- ♦ Implementation of an automated palletising system at the soap plant – With an investment of Rs. 9 Mn, this project will automate end-of-line operations, significantly improving workplace ergonomics, reducing manual handling, and increasing overall throughput.
- ♦ Efficiency enhancement of Velvet production via new cartoning machines – Rs. 76 Mn will be invested in new cartoning technology to streamline the Velvet production line. This initiative will improve packing speed, enhance operational consistency, and support capacity expansion by minimising downtime.
- ♦ New soap drying plant – A Rs. 350 Mn investment will be made to establish a modern soap drying facility. The new plant will improve product quality, increase energy efficiency, support higher production volumes, and ensure continued compliance with regulatory requirements.

##### Learning Segment

- ♦ Further improve and strengthen the segment's culture of operational excellence.
- ♦ Focus on innovation, while investing in machine and material productivity.

##### Healthcare

##### Pharmaceutical Manufacturing

- ♦ Introduction of the latest therapies for NCDs including diabetes, cardio, arthritis and urology.

##### Pharmaceutical Distribution

- ♦ Improving processes and technology at the warehouse.