



Lanka Rating Agency

Rating Report

EB Creasy & Co PLC

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Rating History

Dissemination Date	Long Term Rating	Outlook	Action	Rating Watch
27-Jan-2026	BBB+	Stable	Upgrade	-
29-Nov-2023	BBB	Stable	Initial	-

Rating Rationale and Key Rating Drivers

The rating reflects E. B. Creasy & Co. PLC's ("EBC" or "the Company") position as both the operating and holding company of the EBC Group (the Group). The Group comprises over 9 companies and has more than ~30 brands under its umbrella, signifying its extensive presence in the Sri Lankan consumer market. With a legacy spanning over 145 years, EBC remains a strong name in Sri Lanka's business landscape with a resilient and diversified business profile. EBC's diversification strategy has effectively mitigated concentration risk by expanding into multiple sectors, including Fast-Moving Consumer Goods (FMCG), Wellness and Nutrition, Food & Confectionery, Steel, Roofing Products, Energy & Lighting, Solar, Logistics and Rubber. Notably, the Group's strong presence in the FMCG sector has augmented its market position over time.

The rating upgrade considers the improved financial performance of EBC at the standalone and Group level against the targets set for FY25. EBC's financial results have been volatile in the past due to the economic challenges in Sri Lanka. However, with the economy stabilizing and projected growth, the overall financial indicators of the Company and the Group have simultaneously improved. The Company recorded a standalone Profit After Tax (PAT) of LKR~894mln in FY25 (FY24: LKR~481.0mln, FY23: LKR~768.7mln), while for the first half of FY26 (1HFY26), the PAT stood at LKR~277.7mln. At the Group level, the PAT was recorded at LKR~1.2bln for FY25 (FY24: LKR~280.8mln, FY23: LKR~1.5bln), while for the 1HFY26, the Group recorded a PAT of LKR~689.1mln. FY25 reflected a rebound in profitability as compared to FY24. The decline in finance costs, driven by lower policy rates, was offset by higher selling, distribution, and administrative expenses to an extent, as Net Profit Margin stood at ~3.9% in FY25 (FY24: ~1.1%, FY23: ~6.5%). For 1HFY26, the net margin stood at ~4.0%.

EBC maintains a strategic focus on the FMCG sector, identified as the Group's core investment domain due to its high consumer demand and revenue contribution. Some prominent FMCG brands under EBC include BIC (razors), Denta (toothbrushes), Ninja (pest control), and Amirtha (joss sticks). As of FY25, EBC had a moderately leveraged capital structure (~35.2% debt-leveraging). By the end of 1HFY26, debt-leveraging stood at ~35.7%. The Group's leverage ratio reduced to ~47.8% as of 1HFY26, compared to FY25, wherein the leverage ratio stood at ~50.9%. In addition, the Group's debt mix is skewed towards short-term borrowings, suggesting increased rollover risk. With the improved operating profits and EBITDA, the debt coverage ratio of the Company has improved to 3.1x in FY25 as compared to 1.7x in FY24. This is also partly attributable to the significant decrease in finance costs during the said period.

In addition to the above, EBC raised the Rights Issue proceeds of LKR~1.5Bn in December 2025 with the objective of strengthening its liquidity position through the settlement of short-term borrowings and providing additional capital to its fully owned subsidiary, Darley Butler & Co. Ltd. Accordingly, a further improvement in the Group's liquidity position and leverage ratios is expected in the next quarter.

The rating is dependent upon EBC's ability to capitalize on the improved economic environment by enhancing margins and increasing profitability. Maintaining a well-balanced portfolio and sustaining the performance of the Group's core businesses & strategic investments are imperative. Furthermore, materialization of the envisaged rights issue and use of proceeds to improve the Group's financial discipline and enhance its capital structure would be a key consideration for higher rating.

Disclosure

Name of Rated Entity	EB Creasy & Co PLC
Type of Relationship	Solicited
Purpose of the Rating	Entity Rating
Applicable Criteria	
Related Research	Sector Study Holding Company(May-25)
Rating Analysts	Ruwanthi Sylva ruwanthi@lra.com.lk +94 114 500099



Holding Company

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Profile

Background E. B. Creasy & Company PLC ("EBC" or "the Company") is a Sri Lankan Public Company, established in 1878 by Mr. Edward Bennet Creasy. It became a limited liability firm in 1929 and listed on the CSE in 1968.

Structural Analysis EBC operates across nine sectors—Fast-Moving Consumer Goods (FMCG), Wellness and Nutrition, Food & Confectionery, Steel, Roofing Products, Energy & Lighting, Solar, Logistics and Rubber—with over 30 brands.

Ownership

Ownership Structure EBC's ownership is concentrated, with the top four shareholders holding ~69.7% of shares as of 6MFY26. The largest, Colombo Fort Lands & Buildings PLC (CFLB), owns about ~50.0%, while Senthilvel Holdings (Pvt) Ltd, Union Investments (Pvt) Ltd and Colombo Fort Investments PLC hold around ~6.8%, ~6.6% and ~6.3% respectively.

Stability EBC benefits from stable ownership, with CFLB—active since 1895—holding the majority stake. CFLB's diversified investments reduce concentration risk and support overall stability.

Business Acumen CFLB is a diversified group with interests in industrials, motors, consumer products, leisure, plantations, and manufacturing. EBC's strategic alignment with CFLB strengthens its portfolio management and resource allocation, supporting growth and reflecting strong market insight.

Financial Strength CFLB's prudent management underpins EBC's financial strength. In FY25, CFLB generated LKR~88.9bln in revenue, with LKR~2.6bln profit after tax (PAT). In 1QFY26, revenue was LKR~44.5bln, and PAT was LKR~1.2bln. Groups total assets grew to LKR~81.2bln, and equity increased to LKR~19.7bln, demonstrating a focus on strategic growth and shareholder value.

Governance

Board Structure The Board comprises eight (8) members, including three (3) Independent Non-Executive Directors, with Mr. Arudpragasam serving as the Chairman/Managing Director and Mr. S. Rajaratnam as the Joint Managing Director.

Members' Profile EBC shares the same governance profile as CFLB. The Chairman, Mr. Arudpragasam, has been on the Board since 1988 and brings extensive experience from CFLB and its subsidiaries. As a Fellow of the Chartered Institute of Management Accountants (UK), his expertise supports strategic alignment, stability, and strong management at EBC.

Board Effectiveness EBC strengthens its governance with three Board sub-committees—the Audit, Remuneration, and Related Party Transaction Review Committees—each led by a non-executive director. The Board held four meetings in FY25, reflecting active oversight of the company's strategy and performance.

Transparency KPMG, EBC's external auditor, provided an unqualified opinion on the financial statements for the year ending March 31, 2025, indicating strong and reliable financial reporting.

Management

Organizational Structure The Board of Directors remains the head of the company, with the MD overseeing day-to-day operations. Around ~12 divisions report through department heads, ensuring effective management and coordination.

Management Team Mr. Arudpragasam and Mr. Rajaratnam serve as joint Managing Directors of EBC. Mr. Arudpragasam has been Managing Director since 1989 and became Chairman in 2017; he is a Fellow of the Chartered Institute of Management Accountants (UK). Mr. Rajaratnam, appointed in 2018, is a member of the Institute of Chartered Accountants in Australia.

Management Effectiveness The Company does not have any formal management committees in place. However, the subsidiaries meet the senior management of EBC regularly to discuss the performance, Key Performance Indicators ("KPI"), and the future outlook. The subsidiaries have common directors as well.

Control Environment The internal audit department reports directly to the Board Audit Committee (BAC). The BAC ensures independent evaluation of financial statements, while the Remuneration Committee oversees competitive compensation, strengthening governance and stakeholder confidence.

Investment Strategy

Investment Decision-Making EBC employs a robust, case-by-case investment process overseen by Executive Directors. The Finance Department conducts feasibility studies, while mergers and acquisitions, especially with related parties, are initiated through a top-down approach led by the Chairman.

Investment Policy EBC's Investment Policy Statement outlines guidelines to optimize returns while minimizing risk. Long-term investments require Board approval, and all investments must be investment-grade unless specific exceptions are approved.

Investment Committee Effectiveness EBC does not have a formal investment committee; all investments are approved directly by the Board of Directors. Related party transactions are reviewed and overseen by the Related Party Transaction Review Committee.

Business Risk

Diversification Through expansion across Fast-Moving Consumer Goods (FMCG), Wellness and Nutrition, Food & Confectionery, Steel, Roofing Products, Energy & Lighting, Solar, Logistics and Rubber, EBC has strengthened its resilience while unlocking sustainable growth opportunities across multiple industries.

Portfolio Assessment EBC's group structure includes both listed and unlisted companies. In FY25, Darley Butler contributed over ~75.9% of group sales, with revenue of LKR~24.3bln (FY24: LKR~20.9bln) and profit of LKR~622mln (FY24: LKR~169mln). This subsidiary's strong performance helped the group achieve a total revenue of LKR~32.1bln in FY25, up from LKR~25.8bln in FY24, with strategic interdependence expanding market reach.

Income Assessment EBC's income grew strongly in FY25, with revenue rising from LKR~8.4bln in FY23 to LKR~9.7bln in FY24, and further to LKR~11.6bln in FY25. In 1HFY26, revenue was LKR~6.2bln. On a group level, total revenue increased from LKR~25.8bln in FY24 to LKR~32.1bln in FY25. The gross profit margin remained stable within its historical range, at ~32.4% in FY25, up from ~31.0% in FY24, and was around ~31.1% in 1HFY26. The net profit margin improved significantly to ~3.9% in FY25, up from ~1.1% in FY24, although it's below the over ~4.5% achieved in FY22 and FY23.

Financial Risk

Coverages EBC's total operating cash flow (TCF) was LKR~1.37bln in FY25, slightly below LKR~1.43bln in FY24. Notably, finance costs decreased sharply to LKR~442mln in FY25 from LKR~845mln in FY24. As a result, the TCF to finance cost ratio improved from about ~1.7x in FY24 to ~3.1x in FY25, though it moderated to around ~3.2x in 1HFY26.

Capital Structure EBC's leverage ratio improved to ~39.0% in FY24 and further to ~35.2% in FY25, down from about ~47.0% in FY23, reflecting steady capital structure optimization. As of 1HFY26, leverage remained moderate at ~35.7%. Short-term borrowing declined to LKR~1.35bln in FY25 from LKR~1.92bln in FY24, and stood at LKR~1.54bln as of 1HFY26. Long-term loans remained stable at LKR~1.6bln. Equity increased to LKR~6.3bln from LKR~5.3bln in FY24, indicating strengthened financial health. The Group's leverage ratio reduced to ~47.8% as of 1HFY26, compared to FY25, wherein the leverage ratio stood at ~50.9%. Additionally, EBC raised the Rights Issue proceeds of LKR~1.5Bn in December 2025 with the objective of strengthening its liquidity position through the settlement of short-term borrowings and providing additional capital to its fully owned subsidiary, Darley Butler & Co. Ltd.

Consolidated Position In FY25, the EBC Group's consolidated revenue rose to LKR~32.1bln from LKR~25.8bln in FY24, with net profit increasing sharply to LKR~1.25bln from LKR~281mln. During 1HFY26, the group generated revenue of LKR~17.3bln and PAT of LKR~689mln. The net profit margin improved from ~1.1% in FY24 to ~3.9% in FY25 but remains below FY22 and FY23 levels. While EBC and Darley Butler remained profitable, Muller & Phipps (Ceylon) PLC and Ceyflex Rubber Ltd continued to incur losses.



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E B Creasy & Company
Holding Company

	Sep-25 6M Audited	Mar-25 12M Audited	Mar-24 12M Audited	Mar-23 12M Audited
A BALANCE SHEET				
1 Investments	309	492	1,360	1,277
2 Related Party Investments	2,732	2,681	2,272	2,222
3 Non-Current Assets	6,247	6,106	5,365	5,156
4 Current Assets	4,574	3,923	2,901	3,566
5 Total Assets	13,862	13,202	11,898	12,222
6 Current Liabilities	1,930	1,866	1,769	716
7 Borrowings	3,661	3,417	3,408	4,666
8 Related Party Exposure	154	118	21	73
9 Non-Current Liabilities	1,519	1,507	1,368	1,414
10 Net Assets	6,599	6,294	5,333	5,354
11 Shareholders' Equity	6,599	6,294	5,333	5,354
B INCOME STATEMENT				
1 Total Investment Income	24	449	417	487
2 Cost of Investments	(197)	(458)	(807)	(1,094)
3 Net Investment Income	(173)	(9)	(390)	(607)
a Other Income	55	89	101	76
b Operating Expenses	(1,235)	(2,439)	(1,712)	(1,126)
4 Profit or (Loss) before Interest and Tax	440	1,105	742	601
a Taxation	(162)	(211)	(261)	167
6 Net Income Or (Loss)	278	894	481	769
C CASH FLOW STATEMENT				
a Total Cash Flow	557	1,367	1,431	1,414
b Net Cash from Operating Activities before Working Capital Changes	385	930	668	406
c Changes in Working Capital	(687)	(1,045)	1,601	(38)
1 Net Cash provided by Operating Activities	(302)	(115)	2,269	368
2 Net Cash (Used in) or Available From Investing Activities	(74)	495	(433)	(257)
3 Net increase (decrease) in long term borrowings	50	565	(315)	(45)
4 Net Cash (Used in) or Available From Financing Activities	284	(549)	(1,771)	(460)
5 Net Cash generated or (Used) during the period	(92)	(169)	64	(348)
D RATIO ANALYSIS				
1 Performance				
a Asset Concentration (Market Value of Largest Investment / Market Value of Equity Investments)	50.1%	38.0%	21.0%	40.9%
b Core Investments / Market Value of Equity Investments	100.0%	100.0%	100.0%	100.0%
c Marketable Investments / Total Investments at Market Value	1.0%	6.2%	32.3%	43.3%
2 Coverages				
a TCF / Finance Cost	2.9	3.1	1.7	1.3
b TCF / Finance Cost + CMLTB	0.8	1.4	1.2	1.0
c Loan to Value (Funding / Market Value of Equity Investments)	0.8	1.0	1.5	2.0
3 Capital Structure (Total Debt/Total Debt+Equity)				
a Leverage [Funding / (Funding + Shareholders' Equity)]	35.7%	35.2%	39.0%	47.0%
b (Funding + Off Balance Sheet Exposure) / Shareholders' Equity	194.3%	145.9%	120.5%	126.5%

Credit Rating

Credit rating reflects forward-looking opinion on credit worthiness of underlying entity or instrument; more specifically it covers relative ability to honor financial obligations. The primary factor being captured on the rating scale is relative likelihood of default.

Scale	Long-Term Rating
AAA	Highest credit quality. Lowest expectation of credit risk. Indicate exceptionally strong capacity for timely payment of financial commitments
AA+	Very high credit quality. Very low expectation of credit risk. Indicate very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.
AA	
AA-	
A+	High credit quality. Low expectation of credit risk. The capacity for timely payment of financial commitments is considered strong. This capacity may, nevertheless, be vulnerable to changes in circumstances or in economic conditions.
A	
A-	
BBB+	Good credit quality. Currently a low expectation of credit risk. The capacity for timely payment of financial commitments is considered adequate, but adverse changes in circumstances and in economic conditions are more likely to impair this capacity.
BBB	
BBB-	
BB+	Moderate risk. Possibility of credit risk developing. There is a possibility of credit risk developing, particularly as a result of adverse economic or business changes over time; however, business or financial alternatives may be available to allow financial commitments to be met.
BB	
BB-	
B+	High credit risk. A limited margin of safety remains against credit risk. Financial commitments are currently being met; however, capacity for continued payment is contingent upon a sustained, favorable business and economic environment.
B	
B-	
CCC	Very high credit risk. Substantial credit risk "CCC" Default is a real possibility. Capacity for meeting financial commitments is solely reliant upon sustained, favorable business or economic developments. "CC" Rating indicates that default of some kind appears probable. "C" Ratings signal imminent default.
CC	
C	
D	Obligations are currently in default.

Scale	Short-Term Rating
A1+	The highest capacity for timely repayment.
A1	A strong capacity for timely repayment.
A2	A satisfactory capacity for timely repayment. This may be susceptible to adverse changes in business, economic, or financial conditions.
A3	An adequate capacity for timely repayment. Such capacity is susceptible to adverse changes in business, economic, or financial conditions.
A4	The capacity for timely repayment is more susceptible to adverse changes in business, economic, or financial conditions. Liquidity may not be sufficient.

Rating Modifiers | Rating Actions

Outlook (Stable, Positive, Negative, Developing) Indicates the potential and direction of a rating over the intermediate term in response to trends in economic and/or fundamental business / financial conditions. It is not necessarily a precursor to a rating change. 'Stable' outlook means a rating is not likely to change. 'Positive' means it may be raised. 'Negative' means it may be lowered. Where the trends have conflicting elements, the outlook may be described as 'Developing'.	Rating Watch Alerts to the possibility of a rating change subsequent to, or, in anticipation of some material identifiable event with indeterminable rating implications. But it does not mean that a rating change is inevitable. A watch should be resolved within foreseeable future, but may continue if underlying circumstances are not settled. Rating watch may accompany rating outlook of the respective opinion.	Suspension It is not possible to update an opinion due to lack of requisite information. Opinion should be resumed in foreseeable future. However, if this does not happen within six (6) months, the rating should be considered withdrawn.	Withdrawn A rating is withdrawn on a) termination of rating mandate, b) the debt instrument is redeemed, c) the rating remains suspended for six months, d) the entity/issuer defaults., or/and e) LRA finds it impractical to surveil the opinion due to lack of requisite information.	Harmonization A change in rating due to revision in applicable methodology or underlying scale.
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Surveillance. Surveillance on a publicly disseminated rating opinion is carried out on an ongoing basis till it is formally suspended or withdrawn. A comprehensive surveillance of rating opinion is carried out at least once every six months. However, a rating opinion may be reviewed in the intervening period if it is necessitated by any material happening. Rating actions may include "maintain", "upgrade", or "downgrade".

Note: This scale is applicable to the following methodology(s):	a) Broker Entity Rating	e) Holding Company Rating
	b) Corporate Rating	f) Independent Power Producer Rating
	c) Debt Instrument Rating	g) Microfinance Institution Rating
	d) Financial Institution Rating	h) Non-Banking Finance Company

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Regulatory and Supplementary Disclosure

(Rules applicable to Credit Rating Agencies, No. 19 of 2021 - issued on 15th March 2022)

Rating Team Statements

(1) Credit Rating Agency means a body corporate engaged in the business of assessing and evaluating the credit-worthiness of any issuer or a specific issue of securities. <https://www.sec.gov.lk/credit-rating-agency/>

Conflict of Interest

(2) i. LRA will disclose to the Commission all other business activities it is engaged in at the time of applying for its licence and inform the Commission in writing prior to engaging in any other business activity after obtaining a licence from the Commission. (Section 34 – Rules applicable to Credit Rating Agencies)

(2) ii. LRA will not engage in any other business which in the view of the Commission creates a conflict of interest unless prior written approval of the Commission is obtained. (Section 35 – Rules applicable to Credit Rating Agencies)

(2) iii. In the conduct of any such other business activity, the LRA will ensure that proper processes are in place to have a clear demarcation of the different functions pertaining to such businesses. (Section 36 – Rules applicable to Credit Rating Agencies)

Restrictions

(3) (i) LRA will not be outsource any part of its work, which has a direct bearing on the function of rating. (Section 24 – Rules applicable to Credit Rating Agencies)

(3) (ii) LRA will enter into a written agreement with the party to whom any work is outsourced. Such agreement contains an undertaking from the party to whom any work is outsourced that they shall comply with the laws, rules, and directives that the LRA is bound to follow. (Section 25 – Rules applicable to Credit Rating Agencies)

(4) The LRA will not appoint any individual as a member of the rating committee who:

- (a) has a business development function of the Credit Rating Agency; or
- (b) who initiates or participates in discussions regarding fees or payments with any Client of the LRA. (Section 28 – Rules applicable to Credit Rating Agencies)

Conduct of Business

(5) Prior to the commencement of a rating or during such process the LRA will not promise, assure or guarantee to a Client that a particular rating will be assigned. (Section 39 – Rules applicable to Credit Rating Agencies)

(6) LRA performs a rigorous and formal periodic review of all its methodologies. Such methodologies will be made available to the Commission for perusal, upon request. (Section 41 – Rules applicable to Credit Rating Agencies)

Independence & Conflict of interest

(7) LRA receives compensation from the entity being rated or any third party for the rating services it offers. The receipt of this compensation has no influence on LRA's opinions or other analytical processes. In all instances, LRA is committed to preserving the objectivity, integrity, and independence of its ratings.

(8) LRA will not engage in any other business which in the view of the Commission creates a conflict of interest unless prior written approval of the Commission is obtained. (Section 35 – Rules applicable to Credit Rating Agencies)

(9) LRA will structure its rating teams and processes to promote continuity, consistency and avoid bias in the rating process. (Section 47 – Rules applicable to Credit Rating Agencies)

Monitoring and review

(10) For purposes of transparency the LRA will publish sufficient information about an entity/security rated, frequency of default and whether a rating grade assigned has changed over time. The definitions and computation methods for the default rates stated in the default studies shall also be disclosed. (Section 44 – Rules applicable to Credit Rating Agencies)

LRA maintain the following records pertaining to Clients:

- (a) all internal records to support its credit rating opinions;
- (b) all particulars relating to Clients at its office which shall include the name and registered address and contact numbers of such Client, names and addresses of their directors as at the date of rating, its issued share capital and the nature of business; and
- (c) a written record of all complaints received from Clients and action taken thereon by the LRA. (Section 48 – Rules applicable to Credit Rating Agencies)

(11) LRA maintains confidentiality of all non-public information entrusted to it by Clients at all times including such Client's identity and transactions carried out for such Client unless and to the extent such disclosure is required by law, or unless authorised by the Client to disclose such information. (Section 50 – Rules applicable to Credit Rating Agencies)

(12) LRA does not destroy, conceal or alter any records, property or books relating to the business of the Credit Rating Agency which are in its possession or under its control with the intention of defeating, preventing, delaying or obstructing the carrying out of any examination (Section 53 – Rules applicable to Credit Rating Agencies)

Probability of Default

(13) LRA's Rating Scale reflects the expectation of credit risk. The highest rating has the lowest relative likelihood of default (i.e., probability).

Proprietary Information

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