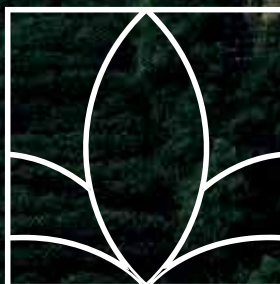
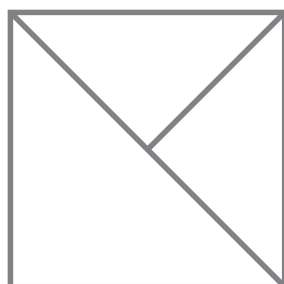
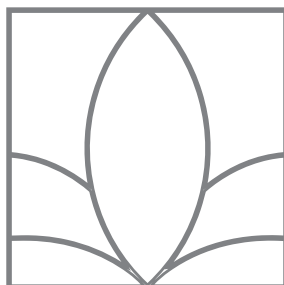
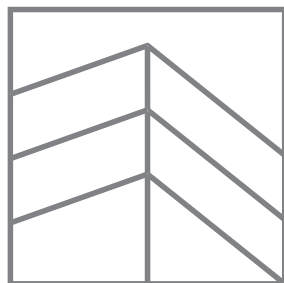
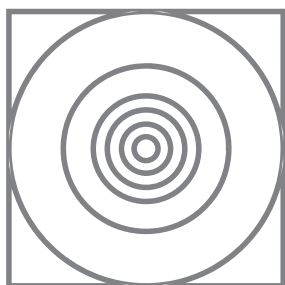
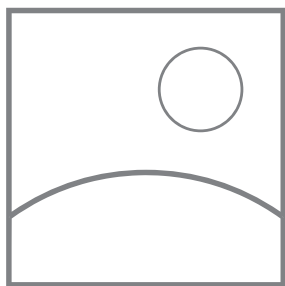
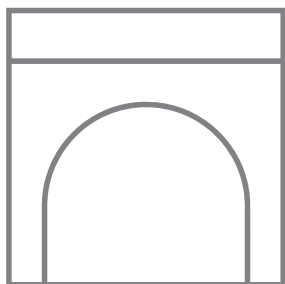




LANKA WALLTILES PLC Integrated Annual Report 2023/2024

# Inspired Locally





# Inspired Locally

At Lanka Walltiles, we take immense pride in being deeply rooted in our local community. Our commitment to sourcing inspiration locally is not just a reflection of our appreciation for the rich cultural heritage and natural beauty of our region.

Whether it's the rich earth tones of our tropical forests or the azure hues of our crystal-clear waters, our collections are a celebration of the breathtaking landscapes that make our country so special. From traditional art forms and architecture to festivals and folklore, our tile designs celebrate the vibrant tapestry of cultural influences that define us as a nation.

Being inspired locally is more than just a design philosophy for us—it's a way of life. It's about honouring our heritage and supporting our community. With every tile we produce, we aim to pay homage to the vibrant tapestry of cultural influences that shape our identity, and to share the beauty and richness of our region with the world.



Scan the QR code with  
your smart device to  
view this report online

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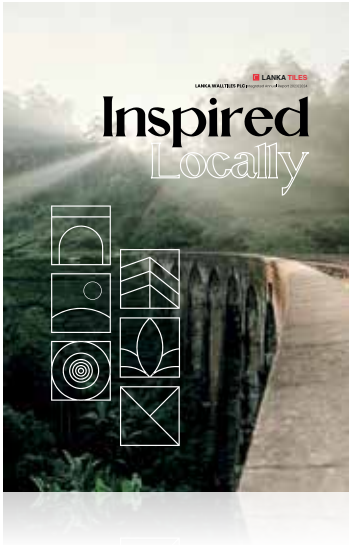


The Board and I congratulate the team at Lanka Walltiles for their dedication and resilience in facing both professional and personal difficulties. I am grateful to my fellow Board members for their guidance and perspectives in this year.



The Lanka Walltiles Group has a broad presence across the construction sector value chain which accounts for 90% of the country's GDP. It provides employment to 2,499 people and indirect employment to staff of franchise partners and tilers who are key stakeholders

# About The Report



Welcome to the seventh integrated Annual Report of Lanka Walltiles PLC, giving you a holistic and balanced view of our performance for the financial year ended 31st March 2024. This report illustrates how the Group effectively delivered value to our stakeholders amidst another year of political, economic, and social adversities.

## Scope and Boundary

This report presents both financial and non-financial information crucial for assessing the performance of Lanka Walltiles PLC (the parent company) and its fifteen subsidiary companies operating across four different sectors. Collectively referred to as "the Group". This report, following the most recent report for the year ended 31st March 2023, evaluates the Group's performance for the financial year ended 31st March 2024 and includes comparative data where relevant. The reporting boundaries for both financial and non-financial aspects maintain consistency throughout the entire Group.

## Assurance

Assurance on financial statements has been provided by Messrs Ernst & Young, Chartered Accountants and their reports are set out on page 98 to 100.

## Significant Changes and Restatements

There were no significant changes requiring restatements of financial or sustainability information during the reporting period.

## Feedback Inquiries

Your feedback is valuable to us, and we are dedicated to improving the quality of our report. Should you have any questions or feedback, please feel free to reach out to the following contact:

Ms. S. U. Amarasinghe  
General Manager (Finance)  
Email - sajeewani@lankatiles.com  
Tel - 0114526700

## Reporting Frameworks and Principles

### Financial Reporting

- Companies Act No.7 of 2007
- Listing Rules of the Colombo Stock Exchange
- Sri Lanka Accounting & Auditing Standards
- Sri Lanka Financial Reporting Standards

### Integrated Reporting

- International <IR> Framework

### Corporate Governance

- Code of Best Practices on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka
- Listing Rules of the Colombo Stock Exchange

### Sustainability Reporting

- Global Reporting Initiative Sustainability Reporting Standards
- Sustainable Development Goals (SDGs) of United Nations
- IFRS Sustainability Reporting Standards
- We are currently assessing the criteria of both standards, aiming for a comprehensive alignment to adhere to them in its reporting by 2025. It's important to highlight that the report is compliant with Sustainability Accounting Standards Board (SASB) which is integrated into the IFRS Sustainability Standards.



PDF format



A concise Integrated Annual Report in print form

# About the Report

## Forward Looking Statements

This report includes forward-looking statements based on our current perceptions, opinions, and views of both external and internal information. These statements aim to assess the Group's potential to create value in the future. However, it's crucial to acknowledge the inherent uncertainty associated with these statements, as they pertain to future events and outcomes beyond our control. These uncertainties significantly impact our ability to create value. We advise users about the heightened levels of uncertainty in forward-looking statements, given the dynamic nature of markets and extreme volatility of key economic indicators. Users are encouraged to form their own judgments using the latest available information. It's important to clarify that all forward-looking statements are provided without recourse or liability to the Board or other preparers of the Annual Report due to the uncertainties mentioned above.

## The Statement of Responsibility

The Annual Report has been prepared by the Senior Management of the Group on behalf of the Board of Directors. Senior Management has used internal and external resources in compiling this report to enhance presentation and readability of the report.

The Annual Report of the Board of Director includes an acknowledgement of the Directors' responsibility with regard to the Annual Report. The Board of Directors acknowledge their responsibility to ensure the integrity of the Integrated Report and are of the opinion that Integrated Annual Report of Lanka Walltiles PLC for the financial year ended 31st March 2024 is presented in accordance with the <IR> Framework 2021.

## Reporting Principles

### Strategic focus and future orientation

The aim of this report is to provide a clear and transparent understanding of how we execute our strategy to create value in the short, medium, and long term.

### Consistency and comparability

The report includes the performance of the current year as well as comparisons with the performance of the previous year and industry benchmarks where relevant and applicable.

### Reliability and Completeness

The information presented in the report has been verified by relevant bodies such as the Board of Directors, Audit Committee, and Other Board Sub-Committees where applicable.

### Connectivity

This report presents a comprehensive overview of the interconnections, dependencies, and relationships among the factors influencing our value creation process.

### Materiality

Included in this report is a compilation of material factors that influence the process of sustainable value creation, accompanied by an interpretation of the methodology employed to ascertain materiality.

### Stakeholder Relationships

This report offers an understanding of the nature and strength of our relationships with key stakeholders, Giving an insight into our engagement and interaction with them.

### Conciseness

The inclusion of both text and visual illustrations in this report aims to improve readability and comprehension.



Chairman



Chairman - Audit Committee



Managing Director

## Navigating this Report

### Capitals



Financial Capital



Manufactured Capital



Social & Relationship Capital



Human Capital



Intellectual Capital



Natural Capital

### Stakeholders



Customers



Employees



Business Partners



Government & Regulators



Community



Investors

# About Lanka Walltiles PLC

Lanka Walltiles PLC has established its position as one of Sri Lanka's foremost tile manufacturers, boasting a premier market share. Our manufacturing facilities in Meepe and Ranala boast cutting-edge technology that aligns with global standards, while our processes are certified to meet international benchmarks. Through an extensive distribution network, we have established a broad presence throughout the country, granting us a competitive advantage over other tile manufacturers.

Beyond our core tile manufacturing business, the Lanka Walltiles Group has made strategic investments in industries such as tile adhesive, aluminium, and packaging, all of which have emerged as leaders in their respective sectors locally and internationally. This diversification has not only bolstered the Group's standing but also expanded its influence in the market.

## Vision

Creating a fine art of living

## Mission

Creating contemporary fashionable lifestyles for our customers while adding value to our stakeholders by excelling in everything we do with the strength of our inherited values

## Values

Quality, trust, sense of heritage, long standing relationships



## Business Segments

Apart from our core business, which is manufacturing floor tiles and wall tiles, through strategic investments, the Lanka Walltiles Group has a strong business presence in the following segments.

### Tiles & Associated Products



Fine Living Redefined



Revenue

**Rs. 26,396 Mn**

Net Profit

**Rs. 2,939 Mn**

Total Assets

**Rs. 42,568 Mn**

### Aluminium



ALUMINIUM

FOR FUTURE-PROOF DESIGN



Revenue

**Rs. 7,265 Mn**

Net Loss

**Rs. 337 Mn**

Total Assets

**Rs. 7,500 Mn**

### Packaging



Revenue

**Rs. 8,125 Mn**

Net Profit

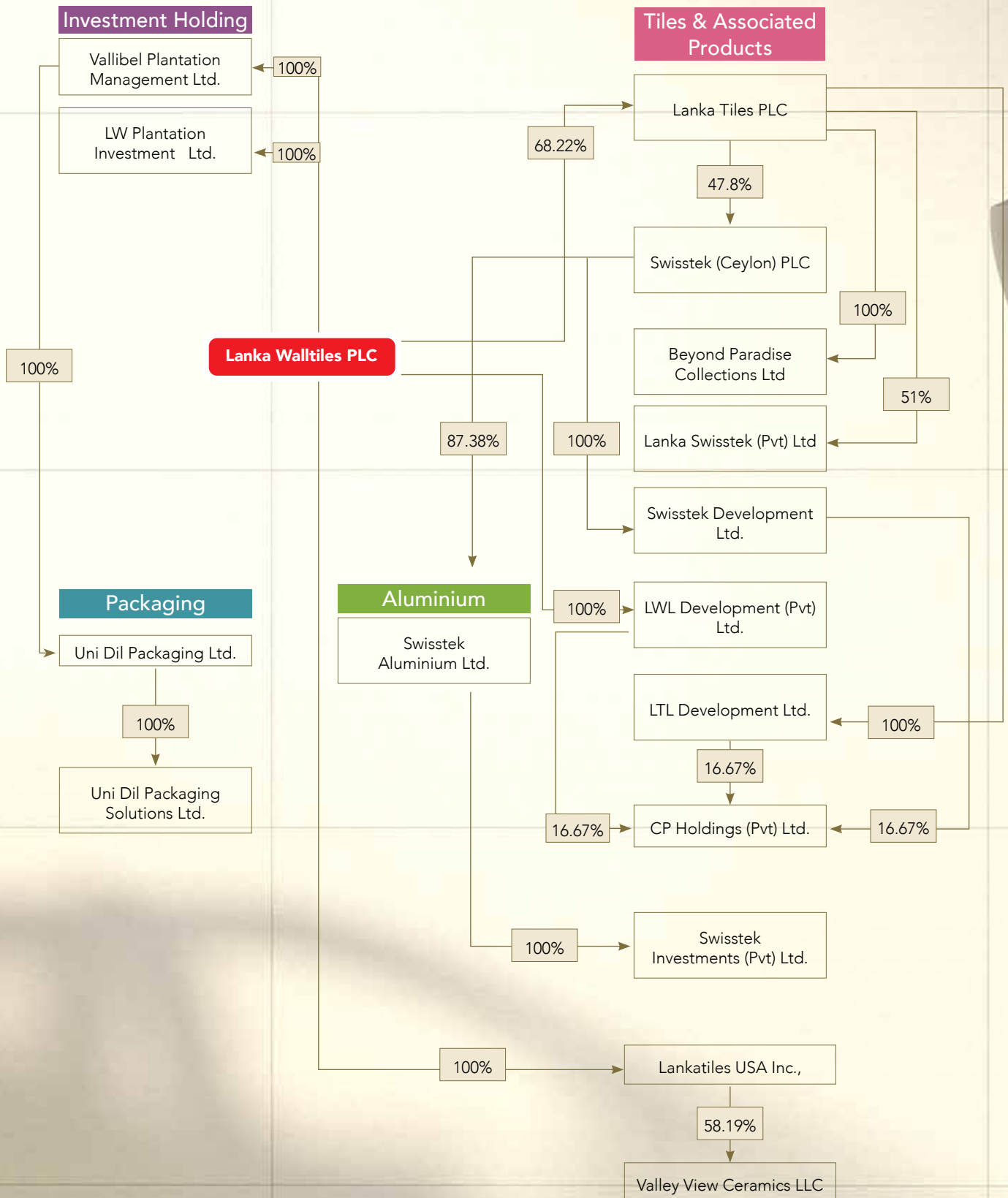
**Rs. 921 Mn**

Total Assets

**Rs. 5,434 Mn**



# Group Structure



# Product Portfolio

## Concrete

Solid Concrete Tile Collection



## Xilosophy

The wood tile collection



## Hearts of Earth

The crystal tile collection



## Senses

Sense nature tile collection



## Essential +

Fine art tile collection



## Majestica

Finest finished, largest sized and porcelain tile collection



## Mosaics

Mosaic modern and competitive tile collection



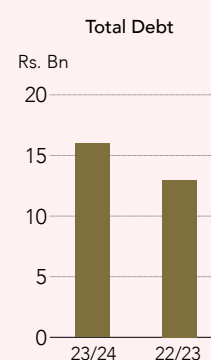
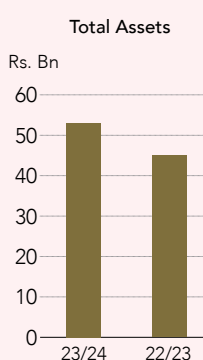
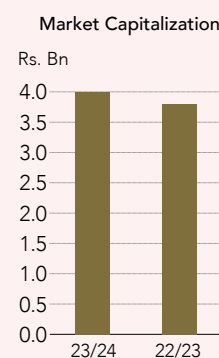
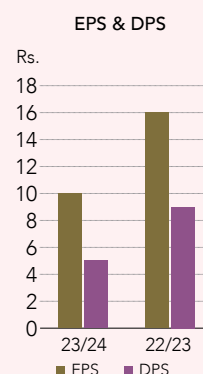
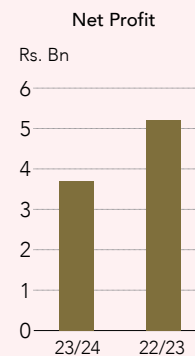
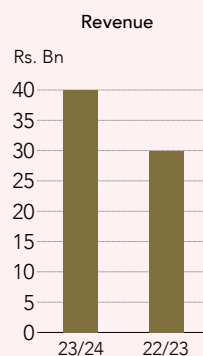
# Performance Highlights

## Financial Highlights

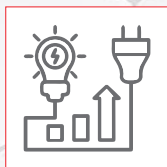
	Unit	2023/24	2022/23	%
<b>Performance</b>				
Revenue	Rs.Bn	40	43	(7)
Operating Expenses	Rs.Bn	34	33	(3)
Operating Profit	Rs.Bn	6	10	(40)
Profit Before Tax	Rs.Bn	6	8	(25)
Profit After Tax	Rs.Bn	4	5	(20)
Gross Profit Margin	%	33	38	(18)
Operating Profit Margin	%	15	19	(35)

	Unit	2023/24	2022/23	%
<b>Return to shareholders</b>				
Earnings Per Share	Rs.	10	16	(38)
Dividend Per Share	Rs.	5	9	(44)
Dividend Yield	%	10	18	(44)
Return on Equity	%	14	22	(37)
Price to Book value	Times	0.55	0.57	(4)
Market Capitalization	Rs.Bn	4.04	3.75	7
Market Value per Share	Rs.	51	48	6

	Unit	2023/24	2022/23	%
<b>Growth and Stability</b>				
Total Assets	Rs.Bn	53	45	18
Shareholder funds	Rs.Bn	21	19	11
Total debt	Rs.Bn	16	13	23
Inventory	Rs.Bn	18	15	20
Net Assets per Share	Rs.	97	86	13
Gearing ratio	%	60	55	(9)
Current Ratio	Times	1.79	1.45	23
Quick Assets Ratio	Times	0.57	0.61	(7)



## Environmental



80/o

increase in energy usage



90/o

increase in water usage



43 Mn Kwh

of energy consumed



3,326 MT

MT of material recycled



30 Mn Liters

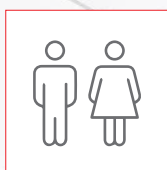
of water recycled



22,286 MT

of waste generated

## Social

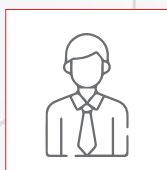


14/o

Female representation  
in the work force

Rs.24 Bn

Paid to local suppliers



2,499

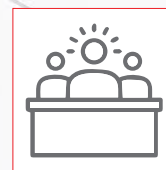
Employment opportunities



Rs. 4Mn

Spent on CSR

## Governance



Board Diversity



No gender pay gap



Zero fines paid

# Chairman's Message



The Board and I congratulate the team at Lanka Walltiles for their dedication and resilience in facing both professional and personal difficulties. I am grateful to my fellow Board members for their guidance and perspectives in this year. We value the collaboration and support of our stakeholders and hope to continue working with them in the future as we pursue aspirations of mutual growth.

Dear Shareholder,

Lanka Walltiles Group delivered a resilient performance despite the uncertainty that prevailed as the country forged a path to recovery. The Group recorded Profit after tax of Rs.3.5 Bn overcoming multiple challenges to counter the continued downturn in the construction industry. The Group continues to innovate and invest in enhancing the technology and capabilities to take Sri Lanka's tile industry to new heights. The Board maintains a prudent approach to ensuring the financial stability of the Group, ensuring there is sufficient headroom to increase leverage at need. The Group maintains its leadership of the market through expansion and innovation as Sri Lanka's best loved tile brand.

## Context to Performance

We commenced the financial year with high inflation, high interest rates, increased taxation, a sharply depreciated rupee, and wide ranging import restrictions in place. Household budgets were stressed as a result and policies were aligned to reduce consumption. Sri Lanka continued to record a contraction in the economy for the first quarter of the financial year, moving to positive territory thereafter. Monetary policy measures implemented curbed inflation by July and interest rates also moved down significantly. The resurgence in tourism and migrant worker remittances together with sharply reduced imports supported improved foreign exchange liquidity and the lifting of import

## Chairman's Message

restrictions by October 2023. This included the restrictions on import of tiles and as a result, we observed an influx of cheap imports into the local market due to the absence of anti-dumping legislation in the country. This was a blow as we not only take pride in the quality of our products but also our commitment to upholding high standards of sustainability in our operations.

### Gearing for growth

Globally, the forecasts for the construction sector are positive as there is a strong demand for housing due to increased urbanization. We believe there is an opportunity for growth, both in our domestic market and in export markets. Lanka Walltiles PLC invested Rs.6 Bn in a large format tile manufacturing facility, catering to global trends and introducing the large format tiles to Sri Lanka. A further Rs.600 Mn was invested in Lanka Tiles PLC for mosaic tiles, completing the range.

In Sri Lanka, the construction industry is a key driver of the economy accounting for around 9% of the country's GDP. The construction sector contracted by 20% in 2023 reflecting the lack of activity in this sector but we are hopeful that the positive trends observed in the last quarter of the financial year will continue into the next year. The demand for housing is expected to increase as reduced interest rates make housing loans more affordable. The Condominium Property Sales Volume Index increased by 81.2% in Q4 of 2023, indicating activity that will drive the growth of the sector in the near future.

### Performance

Despite the influx of tile imports and the slowdown in the construction sector, Group turnover remained fairly resilient, recording a 5% decrease to Rs.40.24. The tiles sector continued to be the largest contributor to the top and bottom lines of the Group. Packaging recorded a decrease in turnover as global prices for paper declined and we passed on the benefit to customers along with, defending market share and retaining customers. The Aluminium sector aligned to global prices and was able to increase turnover by 38%

despite the lackluster movement in the construction sector.

The Tiles and Packaging sector contributed positives to the bottom line while the Aluminium sector significantly reduced its losses enabling the Group to record Rs.3.5 Bn as profit after tax for the year ended 31st March 2024.

### Governance & Sustainability

During the year, the Colombo Stock Exchange released Rule #9 on Corporate Governance, and we have started to make the changes according to the deadlines given in it. Lanka Walltiles PLC has met the changes that need to be done by 1st April 2024 as of the date of reporting. The Board also observed the publication of the new Code of Best Practice on Corporate Governance by the Institute of Chartered Accountants and aims to follow it as described in the Corporate Governance report.

The Board also noted the issue of SLFRS on Sustainability which established the framework for sustainability reporting in Sri Lanka which will be effective for reporting periods starting after 1st January 2025. Lanka Walltiles PLC will prepare itself to comply with the requirements during the year in anticipation for reporting in 2025/26.

The Group's balance sheet remains strong, reflecting the investments made during the year and an increase in inventory along with healthy liquidity and leverage positions.

### Moving ahead

Sri Lanka made remarkable progress during the year and is forecast to grow by 3% in 2024. World trade which was at a low ebb due to inflation in advanced economies is also expected to grow at 3% in 2024. Lanka Walltiles PLC is gearing to explore new export markets to drive growth while also expanding its domestic market. The increased capacity at the Lanka Walltiles PLC plant will introduce even larger format tiles, providing a full spectrum of tiles to our customers. Care is taken to ensure that the design collection

are fresh and modern, catering to a wide range of functional purposes as well as moods and aesthetics.

The Board will monitor progress on its key priorities for the year, export growth, operationalizing the new plant, retaining leadership of the domestic market and managing liquidity and capital.

### Acknowledgements

The Board joins me in commending the team at Lanka Walltiles for their hard work while also coping with personal challenges. I thank my fellow Board members for their wisdom and insights in navigating this year. We appreciate the cooperation and goodwill of our stakeholders and count on their presence in the years ahead as we look forward to an era of shared prosperity.



**A M Weerasinghe**  
Chairman

30 May 2024

# Managing Director's Message



**The Lanka Walltiles Group has a broad presence across the construction sector value chain which accounts for 90% of the country's GDP. It provides employment to 2,499 people and indirect employment to staff of franchise partners and tilers who are key stakeholders**

**Dear Shareholder,**

Lanka Walltiles PLC delivered a steady performance amidst strong headwinds during a year of low construction activity. We remain optimistic about our prospects and have continued to plan ahead as the demand for housing continues to grow, not just in Sri Lanka but the world over. LANKATILES moved from 48th to 39th place in Brand Finance's Most Valuable Consumer Brands 2023 rankings, reflecting an increase in brand value and our market leadership in an intensely competitive sector.

## **Investing in our future**

Technology and Innovation are critical competitive advantages for the Group as we build capacity and capabilities to cater to the latest design trends. During the year, we invested Rs.6 Bn in a new plant at Lanka Walltiles for large format tiles which increase our production capacity by 90%. The state of the art plant also enables significant operational efficiencies, making our product competitive in export markets. This plant will produce the largest format of tiles in the market, introducing a new dimension to the function and aesthetic of interiors.

## Managing Director's Message

A new mosaic line was added to the Lanka Tiles factory at a cost of Rs.600 Mn, expanding this range to cater to forecast demand for this popular trend. Our high-quality mosaic range continues to gain traction in both local and overseas markets. We continue to work closely with overseas technical partners to enhance our products. We also work with architects to create awareness about our expanding product portfolio to ensure they are captured in their designs.

### Stability & Growth

The year commenced with significant challenges including high inflation, interest rates, currency devaluation, import restrictions and debt issues. By the end of the first quarter, IMF funds, remittances and tourism boosted foreign exchange. Import restrictions eased from June to October, except for motor vehicles. Inflation dropped from 40.52% at the end of March 2023 to single digit by July 2023, stabilising price levels, albeit at a much higher level due to successive months of high double digit inflation commencing in the previous financial year. Household budgets came under significant pressure with high costs as well as increased taxes which reduced purchasing power and savings. Demand for tiles remained high during the first half of 2023, with waiting times for popular designs.

The remedial measures implemented in the first half of 2023 supported gradual growth in the 3rd quarter. The second half of the financial year saw prices that were relatively stable and economic growth as Quarter 4, 2024 recorded strong GDP growth of 4.5%. Lending rates decreased by over 1000 basis points during the year. However, VAT rates increased further from 15% to 18% in January 2024. Anticipation of the VAT increase resulted in Lanka Walltiles recording increased sales in December as consumers rushed to hedge the potential increase in price. However, demand declined in the second half of the financial year as the playing field tilted in favour of cheap imports brought in under dubious practices. The lack of anti-dumping legislation and practices such as under invoicing of imports create a virtual grey market in plain sight, placing domestic manufacturing industries at a significant disadvantage.

### Agile and Resilient

Consolidated revenue declined by 7% to Rs.40.2 Bn largely due to the decrease in sales volumes of tiles. Sales volumes declined during the year reflecting the contraction of the construction industry, the sharp decline in disposable income and the influx of cheap tiles into the market. Gross profit decreased by 19% to Rs.13.4 Bn as margins declined due to lower price realization as we responded to stressed budgets and intense price competition. The Group was able to curtail costs to a large extent through multiple initiatives. Interest costs decreased by 47% due to restructuring of debt despite the increase in borrowings as interest rates declined sharply. Profit before tax decreased by 28% to Rs.5.4 Bn, delivering a steady profit amidst multiple challenges. Profit after tax followed suit, decreasing by 27% to Rs.3.5 Bn compared to Rs.4.8 Bn recorded in the previous year.

The Group balance sheet recorded total asset growth of 16% to Rs.52.8 Bn due to investments in Plant and Machinery and increase in inventories. PPE now accounts for 47% of Total Group assets as it recorded an increase of 38% to Rs.25.0 Bn. Similarly, Inventories amount to 34% of Total Assets and increased by 19% to Rs.17.7 Bn as we continued to produce tiles at optimum levels to manage overall costs per tile. Trade and other receivables decreased as we normalized credit periods for distributors and franchise partners. Cash and cash equivalents decreased as working capital expanded. The Equity increased by 13% to Rs.26.5 Bn boosted by retained earnings. Group's debt-equity ratio remains at a healthy 60% although it declined from 55% in the previous year as we funded expansion through debt. Overall, liquidity and leverage remain healthy with comfortable margins enabling access to capital as needed.

Swisstek Aluminium recorded 38% revenue growth driven by increased sales volumes as prices were aligned to lower aluminium prices in global markets. Gross margins declined as a result with gross profit declining by 12% to Rs.1.13 Bn. Importantly, the company was able to reduce finance costs by Rs.1.2 Bn, substantially reducing the losses before

and after tax. Focused growth through new products and exports remains high on the agenda for this promising company.

Packaging revenue declined by 19% as global prices for paper declined and the benefit was passed on to customers in an intensely competitive market. Additionally, low volumes of exports during the year also impacted sales volumes and margins. Consequently, gross profit declined by 20% to Rs.1.8 Bn. Remarkably, Administration and Distribution costs were held below prior year levels while Finance costs declined by 62% to Rs.217 Mn. This enabled the Packaging sector to record a Profit Before Tax of Rs.1.0 Bn and Profit After Tax of Rs.920 Mn for the year under review.

### Managing People

We continue to invest in our people as they continue to power our growth. Retention of skilled technicians and professionals proved to be a challenge due to the economic migration which was exacerbated by diminishing talent pools in the country as well. The agreement with the Centre for Creative Excellence to train 6 employees every year in Singapore continues to change the performance and mindset of employees, driving real change throughout the Group as we develop the next generation of leaders. The Group maintained harmonious industrial relations during the year which was one of normalization for all.

### Our socioeconomic impact

The Lanka Walltiles Group has a broad presence across the construction sector value chain which accounts for 9% of the country's GDP. It provides employment to 2,499 people and indirect employment to staff of franchise partners and tilers who are key stakeholders. We focus on the capacity building of these key stakeholders, ensuring that they acquire the skills to prosper in their roles.

We are committed to strengthening our commitment to Environmental, social, and governance (ESG) and continue to innovate and invest in reducing consumption, waste and emissions, minimising our impact on the environment.

Lanka Walltiles Group has an installed rooftop solar capacity of 4,000 kVA generating power for the main grid which will be offset against our use, contributing to greening the electricity we use.

### **The way forward**

The recovery during the financial year is remarkable although the foreign debt restructuring needs to be resolved. Forecast growth for the country and the construction industry is encouraging although of a low base. We expect the demand for our tiles, the trusted brand for generations, to pick up as construction activity picks up. We will continue to explore opportunities for exports and that will be the main thrust of this year's activities. Management of production and working capital will be critical as we expand capacity and we will monitor developments closely. There are many options to consider in managing the production flow and these will be carefully considered to optimize profitability and liquidity.

### **Acknowledgements**

I commend the dedication and collaboration of all the employees of Lanka Walltiles Group and count on their support as we move into a new era of growth. The directions and guidance provided by the Board have been invaluable in delivering stable performance during the year. I thank our stakeholders for their contribution to our performance and count on the support of these key stakeholders to achieve results in the coming year.



**J A P M Jayasekera**  
*Managing Director*

30 May 2024

# Board of Directors



**MR. A M WEERASINGHE**

Chairman / Non-Executive Director

Founder of Royal Ceramics Lanka PLC in 1990 and currently serving as the Chairman of the Company. A Gem Merchant by profession. Mr. Weerasinghe has been in the business field for more than 38 years involved in Real Estate, Construction, Transportation & Hospital Industry, and has been a Landed Proprietor.

He holds directorships in fourteen other companies: Executive Chairman of Rocell Bathware Limited, Executive Deputy Chairman of Royal Ceramics Lanka PLC, Non-Executive Chairman of Lanka Tiles PLC, Lanka Ceramic PLC, Ever Paint and Chemical Industries (Private) Limited, Singhe Hospitals PLC, Weerasinghe Property Development (Pvt) Ltd, Trade Huts (Pvt) Ltd, and Weerasinghe Gems (Pvt) Ltd, Non-Executive Director of Swisstek (Ceylon) PLC, Swisstek Aluminum Limited, Biscuits and Chocolate Company Ltd, Rocell Properties Limited and Royal Ceramics Distributors (Private) Limited.



**MR. J A P M JAYASEKERA**

Managing Director

Mr. Mahendra Jayasekera is the Chairman of the Sri Lanka Cost and Management Accounting Standards Board. He has an honors degree in Business Administration from the University of Sri Jayewardenapura and is a fellow member of the Institute of Chartered Accountants of Sri Lanka. He holds a Master of Arts degree in Buddhist Studies (Distinction Pass) from the University of Kelaniya. He is the President of the Colombo Young Men's Buddhist Association.

He holds directorships in 16 other companies: Managing Director of Lanka Tiles PLC, Lanka Ceramic PLC, Swisstek (Ceylon) PLC, M N Properties (Pvt) Ltd, M N L Properties (Pvt) Ltd, M N J Properties (Pvt) Limited, Swisstek Aluminium Limited, Swisstek Development Ltd, LTL Development Ltd, Swisstek Investment (Pvt) Ltd and LW Plantation Investment Ltd, executive Director of Uni Dil Packaging Limited, Uni Dil Packaging Solutions Limited, Beyond Paradise Collection Limited and LWL Development (Pvt) Limited and Non-Executive Director of Lanka Swisstek (Pvt) Ltd.

In addition, he is the Chairman of Valley View Ceramics LLC and President / Secretary of Lankatiles USA Inc.



**DR. S SELLIAH**

Independent Non-Executive Director

Dr. Selliah holds an MBBS degree and a Master's Degree (M.Phil) and has over two decades of diverse and extensive experience in serving on Boards related to varied fields including Manufacturing, Healthcare, Insurance, Banking, Logistics, Packaging, Renewable Power, Plantation, Retail etc. He currently serves on the Boards of many Public listed and Private companies. Has extensive experience on serving on Board sub committees as Chairman or Member which include, Human Resource and Remuneration Committee, Investment Committee, Strategic Planning Committee, Related Party Transaction Committee, Nomination and Governance Committee, Audit Committee, Risk Management Committee etc.

Dr. Selliah serves in a non-executive capacity in the following company Boards. Dr. Selliah is the Chairman of JAT Holdings PLC and serves as a Director of Commercial Bank of Ceylon PLC, Lanka Tiles PLC, Swisstek (Ceylon) PLC, ACL Cables PLC, Arunodhaya Private Ltd, Arunodhaya Industries (Pvt) Ltd. He is the Deputy Chairman of Asiri Surgical Hospital PLC, Asiri Hospital Holdings PLC, and Central Hospitals Private Ltd. He is also the Chairman of Cleanco Lanka (Private) Ltd and Vydexa Lanka Power Corporation (Pvt) Ltd and Andysel (Private) Ltd. He also is a director of Arunodhaya Investments (Pvt) Ltd. He has also served on many other Listed company Boards in the past.

Dr. Selliah has served as a Senior Lecturer in the Faculty of Medicine, University of Kelaniya for many years in the past and served on several committees. He has also been Head of the Department of Physiology for many years during this period at the Faculty. He has also served as a Member of the University Council at the University of Colombo in the past.


**MR. T THORADENIYA**

Non-Executive Director

Mr. Tharana Thoradeniya holds over two decades of senior management experience across diverse industries.

He holds directorships in thirteen other companies: Group Director of Marketing and Business Devolvement at Royal Ceramics Lanka PLC, Executive Director of Rocell Bathware Limited, Non-Executive Director of Lanka Ceramic PLC, Lanka Tiles PLC, Biscuits and Chocolate Company Ltd, Delmege Limited, Fentons Limited, Greener Water Ltd, Rocell Properties Limited, Royal Ceramics Distributors (Private) Limited, Swisstek Aluminium Limited, Unidil Packaging Limited, Vallibel Plantation Management Limited.

Recognized as a pioneer in business innovation, Mr. Thoradeniya's expertise spans various sectors. He is a Chartered Marketer, distinguishing himself as a skilled professional in strategic planning, new market and product innovation, and business development.


**MR. K D G GUNARATNE**

Independent Non-Executive Director

Mr. Gunaratne studied at St. Thomas' College Mt. Lavinia and was a member of the Western Provincial Council during the period 1989 to 2009.

He holds directorships in nine other companies: Non-Executive Chairman of Lanka Hotel & Residencies (Pvt) Ltd and Independent Non-Executive Director of Lanka Ceramic PLC, Lanka Tiles PLC, Dipped Products PLC, Hayleys PLC, Horana Plantations PLC, Regnis Lanka PLC, Singer Industries (Ceylon) PLC and Swisstek (Ceylon) PLC.


**MS. A M L PAGE**

Independent Non-Executive Director

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

Ms. Page has experience across the financial services and humanitarian development industries, with a focus on strategy, project and stakeholder management and marketing. Her career includes working extensively across Sri Lanka as well as overseas.

She holds directorships in two other companies: Independent Non-Executive Director of Lanka Tiles PLC and Lanka Ceramic PLC.

## Board of Directors



### MR. W R N SOMARATNE

Non-Executive Director

Mr. Somaratne is currently employed as the Director – Manufacturing for Royal Ceramics Group, and is responsible for the manufacturing operations of the Group. He has also served as an Independent Director of Hayleys Fabrics PLC for 12 years and retired in January 2024.

Mr. Somaratne's employment career started in Ansell Lanka (Pvt) Ltd and then in the Central Engineering Consultancy Bureau (CECB) before joining Royal Ceramics Lanka PLC in 1993. Mr Somaratne counts more than 30 years of experience in the manufacturing sector and leading major expansion projects in the Group. He is an expert in manufacturing, technology, and energy management with vast experience and a sound academic background.

Mr Somaratne holds an MBA from the University of Colombo, a Post Graduate Diploma in Industrial Engineering from NIBM and a Post Graduate Diploma in Business Finance and Strategy from the Business School of CA Sri Lanka. He is a B.Sc. Graduate in Physical Science from the University of Peradeniya and member of Alumni. He has undergone several corporate leadership training programs including the Corporate Leadership Program conducted by HIDA Japan. He is presently an EXCO member of the Sri Lanka - Italy business council and Ceylon National Chamber of Industries (CNCI).

He holds directorships in two other companies: Non-Executive Director of Lanka Ceramic PLC and Ever Paint and Chemical Industries (Pvt) Ltd, a fully owned subsidiary of Royal Ceramics Lanka PLC.



### MR. J D N KEKULAWALA

Independent Non-Executive Director

Mr. Kekulawala has held senior positions in the 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 Solomon Islands. Mr. Nihal Kekulawala is a Fellow of the Institute of Chartered Accountants in England & Wales and 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.

He holds directorships in nine other companies: Independent Non-Executive Deputy Chairman of Pan Asia Banking Corporation PLC, Independent Non-Executive Director of AMW Capital Leasing and Finance PLC, Lanka Ventures PLC, Lanka Ceramic PLC, LVL Energy Fund PLC, Softlogic Holdings PLC and Non-Executive Director of Kassapa Leisure Ltd, Jayscope (Pvt) Ltd and Imani Holdings (Pvt) Ltd.



### MR. S M LIYANAGE

Non-Executive Director

Mr. Liyanage is a respected professional with over 10 years of experience and a record for exceptional performance.

He has demonstrated transformational leadership in business transformation for the companies under the Vallibel One PLC Group. He has a degree in Bachelor of Science in Industrial Management and Statistics from the Wayamba University of Sri Lanka and a Master of Business Administration from the University of Kelaniya.

He holds a Diploma in Information Technology from the University of Colombo.

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

He holds directorships in six other companies. Managing Director of Unidil Packaging Limited, Non-Executive Director of Lanka Tiles PLC, Lanka Ceramic PLC, Horana Plantations PLC, Royal Ceramics Lanka PLC and Swisstek Aluminium Limited.

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.


**MR. S R JAYAWEERA**

Independent Non-Executive Director

Mr. Jayaweera has a proven track record spanning over two decades in a senior management position of several John Keells Group of Companies listed on the Colombo Stock Exchange (CSE) possessing a well-established reputation for adhering to high ethical standards and integrity.

He has expertise in Financial Accounting, Management Accounting, Hotel Management, Manufacturing, Retail, Audit and Compliance. He has also been a member of the Group Operating Committee (GOC) of John Keells Holding PLC from July 2005 to June 2018.

He holds directorships in three other companies: Independent Non-Executive Director of Lanka Tiles PLC and Royal Ceramics Lanka PLC and Non-Executive Director of Delmege Limited.


**MS. K A D B PERERA**

Non-Executive Director

Ms. Brindhiini Perera has earned a master's in mechanical engineering from Imperial College London. Her studies included comprehensive coverage of subjects such as Manufacturing Technology and Management, Entrepreneurship, Corporate Finance, Statistics, and Mathematics.

She holds directorships in fifteen other companies: Non-Executive Director of Haycarb PLC, Hayleys Fabric PLC, Dipped Products PLC, The Kingsbury PLC, Hayleys Leisure PLC, Singer (Sri Lanka) PLC, Royal Ceramics Lanka PLC, Lanka Tiles PLC, Vallibel One PLC, The Fortress Resorts PLC, Delmege Limited, Otwo Biscuit (Private) Limited, The Canbury Biscuit Company Limited, Manatee Clothing Company (Pvt) Ltd and Dhammika & Priscilla Perera Foundation. She also serves on the Board of Eurocarb Products Limited (UK).

# Corporate Management



**MAHENDRA JAYASEKERA**

Managing Director



**NANDAJITH SOMARATNE**

Director - Manufacturing



**SHIRLEY MAHENDRA**

Director - Group Marketing



**PATRICK PIYASENA**

Group Technical Consultant



**SAJEEWANI AMARASINGHE**

General Manager (Finance)



**PRASAD KEERTHIRATNA**

Assistant General Manager (IT)



**STANLEY YALEGAMA**

Assistant General Manager (Technical)



**KAUSHALYA SUDASINGHE**

Assistant General Manager (Sales)



**DAMINDA PERERA**

Group Head of Marketing



**ANURA RATNAYAKE**

Group Business Development Manager



**B A M THILAKASIRI**

Group Stores Manager



**ATHULA HEWAPATHIRANA**

Group Human Resource Manager



**KAPILA RANATUNGA**

Group Commercial Manager

Management Discussion & Analysis

# Steadfast Foresight





# Strategy

The continued uncertainties and challenges in the operating environment necessitated an agile approach to our business strategy. The Group continued its focus on expanding our export presence as the local construction industry continued its dull performance. Our primary focus was on sustaining profitability by improving efficiency through innovation and ongoing investments in technology. Simultaneously, we remained dedicated to implementing sustainable business practices to ensure the continuity and resilience of our operations.

Further, with the lifting of the import ban on tiles and the re-entry of imported tiles to the local market, our strategy was to offer value additions to our products in order to compete with the local market.



## Financial stability amidst challenging operating environment

Navigating the challenges and maintaining financial stability by maintaining a strong balance sheet.



## Operational Excellence

Maintaining profitability amidst escalating costs by enhancing efficiency and productivity. Focus given to technological advancements and innovation.



## Environmentally conscious approach

The Group is mindful of the environmental impact of our operations and continuously strives to minimise any negative impact.



## Skilled & motivated team

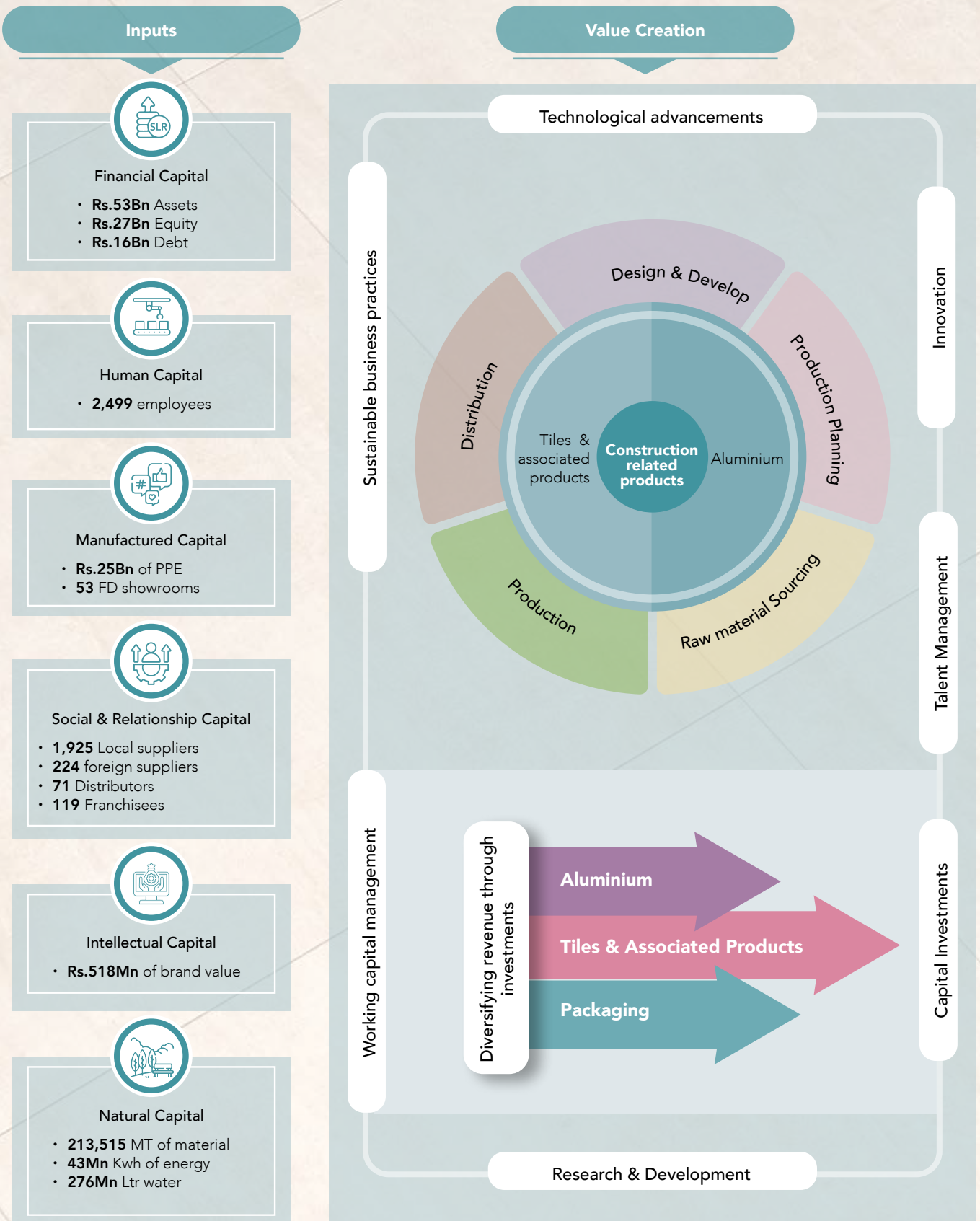
Maintaining a motivated workforce by offering a comprehensive value proposition amidst unprecedented migration levels.



## Business Growth

Focus on expansion of exports as local construction industry remains dull while focusing on value addition to better compete in the local market.

# Business Model



## Output

## Tiles and Associated Products

5Mn SQM  
of tiles

44,005 MT  
grout and mortar

## Aluminium

2,766 MT  
of aluminium products

## Packaging

20,956 MT  
of corrugated cartons

6 Mn  
Numbers  
of paper sacks

## Outcomes

## Economic

Rs. 3,299 Mn  
paid as remuneration

Rs.39 Bn  
paid to creditors

Rs. 1.3 Bn  
paid to equity holders

Direct tax  
payments of

Rs. 1.6 Bn

## Social

- Direct and indirect employment opportunities
- Community development initiatives

## Environmental

22,286 MT  
of waste discharged

97 Mn liters  
of water discharged

43 Mn Kwh  
Energy Consumed

## Value Created

## Shareholders

- Earnings per Share of Rs.10
- Dividend per Share of Rs.5



## Customers

- Delivery of high quality, innovative designs
- Customer support



## Employees

- Employee remuneration of Rs.3Bn
- 21,900 Hours in training and development
- Job security
- Healthy and safe workplace
- An inclusive workplace



## Suppliers/business partners

- Rs.24Bn payments to local suppliers
- Rs.15Bn payments to overseas suppliers



## Communities

- Recruitment of 519 new employees
- CSR spend of Rs.4.3Mn



## Government

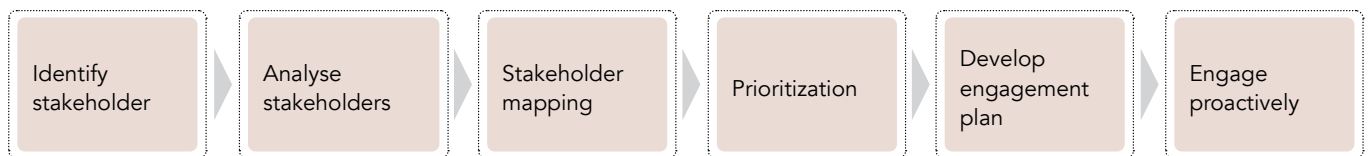
- Direct tax payments of Rs.1.6Bn



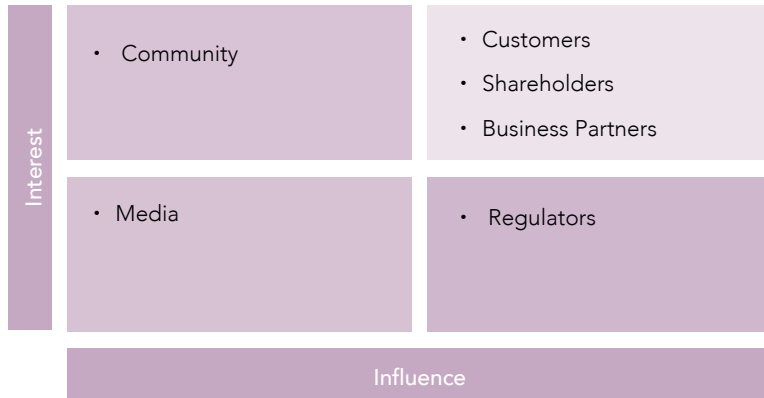
# Stakeholder Engagement

Engaging with stakeholders is pivotal for building trust, gaining valuable insights, and nurturing mutually beneficial relationships. Considering the current challenging operational landscape, bolstering stakeholder engagement has become imperative for sustainable value generation. We prioritize stakeholders based on their interest in our business and the impact they wield on our operations.

Below is our structured approach to stakeholder management, which has resulted in fortified relationships, augmented reputation, and the advancement of long-term prosperity.



	Customers	Business Partners/Suppliers	Employees						
Stakeholder Concerns	<ul style="list-style-type: none"><li>• Product quality</li><li>• Value for money</li><li>• Variety in terms of designs, colours and size</li><li>• Product availability</li><li>• Convenience</li><li>• Customer service</li><li>• Reach</li></ul>	<ul style="list-style-type: none"><li>• Competitive commission</li><li>• Timely payments</li><li>• Support for business growth</li><li>• Training opportunities</li><li>• Rewards and other benefits</li></ul>	<ul style="list-style-type: none"><li>• Competitive and attractive remuneration</li><li>• Career progression</li><li>• Job security</li><li>• Fair and safe workplace</li><li>• Healthy work-life balance</li><li>• Opportunities for skill development</li></ul>						
Engagement Mechanisms	<ul style="list-style-type: none"><li>• Concept stores</li><li>• Showrooms</li><li>• Direct visits</li><li>• Trade fairs</li><li>• Call center</li><li>• Tilers' app</li><li>• Social media</li><li>• Corporate website</li></ul>	<ul style="list-style-type: none"><li>• Direct Meetings</li><li>• Supplier Visits</li><li>• Telephone/email communication</li><li>• Dedicated service teams</li><li>• Trade Fairs</li><li>• Training Programs</li><li>• Tilers' app</li><li>• Annual events</li><li>• Industry events</li></ul>	<ul style="list-style-type: none"><li>• Training programs</li><li>• Open-door policy</li><li>• staff meetings/conferences</li><li>• Staff appraisals</li><li>• Digital platforms</li><li>• CSR and welfare activities</li></ul>						
Our Strategy	<ul style="list-style-type: none"><li>• Product innovation</li><li>• A wide range of products and sizes</li><li>• Continuous capital investments</li><li>• Maintaining the highest quality manufacturing processes</li><li>• Secure supply of superior quality raw materials</li><li>• Expansion of showroom network</li><li>• Continuous improvement in customer care</li></ul>	<ul style="list-style-type: none"><li>• Effective engagement</li><li>• Timely payments</li><li>• Offering competitive and fair remuneration</li><li>• Providing training and growth opportunities</li><li>• Industry collaboration</li><li>• Ease of doing business</li></ul>	<ul style="list-style-type: none"><li>• Effective Human Resource Management</li><li>• Competitive remuneration</li><li>• Continuous training opportunities</li><li>• Offering career growth prospects</li><li>• Maintaining strict safety standards</li><li>• Inclusive and fair work environment</li><li>• Good Governance</li></ul>						
Key Performance Indicators	<ul style="list-style-type: none"><li>• 5,114,166 Sqm of tiles</li><li>• 2,766 MT of aluminium products</li><li>• 20,956 MT of corrugated cartons</li><li>• 2,479 MT of paper sacks</li><li>• 1,114 MT of Grout</li><li>• 39,072 MT Mortar</li><li>• 4,096 Skim Coat</li></ul>	<div><p>Payments to Suppliers</p><table><caption>Payments to Suppliers (Rs. Bn)</caption><tr><th>Year</th><th>Payments (Rs. Bn)</th></tr><tr><td>2024</td><td>28.5</td></tr><tr><td>2023</td><td>25</td></tr></table></div>	Year	Payments (Rs. Bn)	2024	28.5	2023	25	<ul style="list-style-type: none"><li>• Employee remuneration of Rs. 3,299Mn</li><li>• 11,578 Training hours</li><li>• 217 promotions</li><li>• 519 new recruitments</li></ul>
Year	Payments (Rs. Bn)								
2024	28.5								
2023	25								



# Materiality

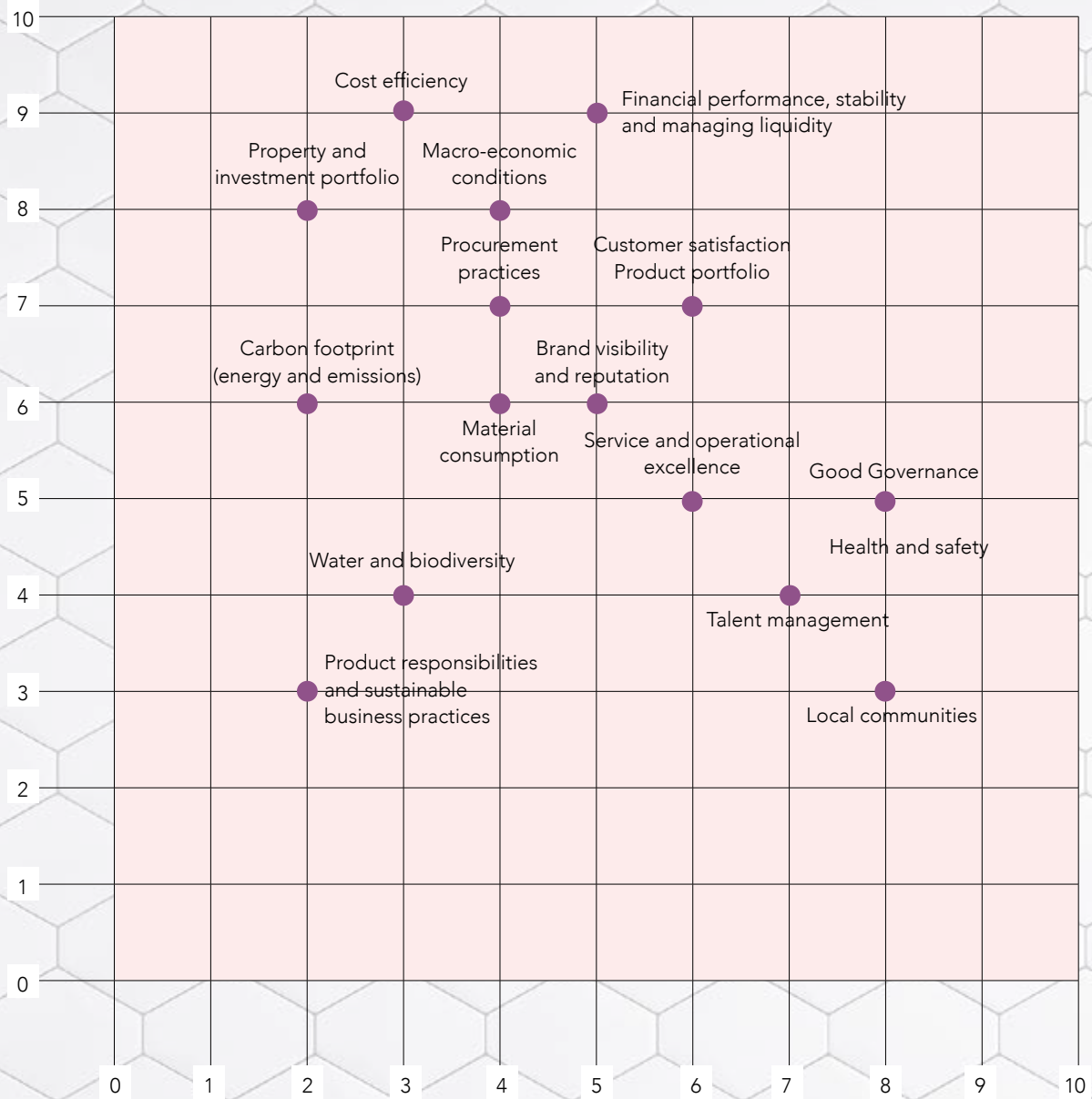
The process for determining materiality at Lanka Walltiles involves several key steps to ensure that the selected material topics are aligned with stakeholder concerns, operating environment dynamics, and the company's strategic priorities.

Based on the insights gathered from stakeholder engagement, analysis of operating environment dynamics, and identification of strategic priorities, we conduct a materiality assessment to determine which topics are most relevant and impactful for value creation and stakeholder engagement.

<b>Step 01</b>	Identification of Issues	Issues are identified through stakeholder engagement processes, an assessment of opportunities and risks in the operating environment, and an understanding of our strategic priorities
<b>Step 02</b>	Assessment of Issues	These identified matters are then evaluated based on two primary criteria: 1. Likelihood: The probability of an issue occurring or affecting Lanka Walltiles 2. Potential Impact: The extent to which an issue might affect our operations and strategies.
<b>Step 03</b>	Prioritization of Issues	A prioritized list is developed based on two factors: 1. Influence on Stakeholder Decisions: The level of impact an issue has on stakeholder decisions and perceptions. 2. Impact on our Strategy and Operations: How significantly an issue affects the organization's strategic direction and day-to-day operations.

Material Topic	Impact to Stakeholders	Impact to Lanka Walltiles	Reference
Financial performance, stability and managing liquidity	5	9	Financial Capital on page 50 to 52
Macro-economic conditions	4	8	Risk Management on page 30 to 33 and Operating Environment on page 34 to 37
Customer satisfaction	6	7	Social and relationship capital on page 58 to 60
Service and operational excellence	6	5	Intellectual Capital on page 65 to 67
Cost efficiency	3	9	Financial Capital on page 50 to 52
Product portfolio	6	7	Intellectual Capital on page 65 to 67
Property and investment portfolio	2	8	Financial Capital on page 50 to 52
Talent management	7	4	Human Capital on page 53 to 57
Good Governance	8	5	Corporate Governance on page 74
Brand visibility and reputation	5	6	Intellectual Capital on page 65 to 67
Health and safety	8	5	Human Capital on page 53 to 57
Product responsibilities and sustainable business practices	2	3	Social and relationship capital on page 58 to 60
Procurement practices	4	7	Social and relationship capital on page 58 to 60
Carbon footprint (energy and emissions)	2	6	Natural Capital on page 68 to 71
Water and biodiversity	3	4	Social and relationship capital on page 58 to 60
Material consumption	4	6	Social and relationship capital on page 58 to 60
Local communities	8	3	Social and relationship capital on page 58 to 60

## OUR MATERIAL TOPICS



# Risk Management Review

### Opportunities & Risks

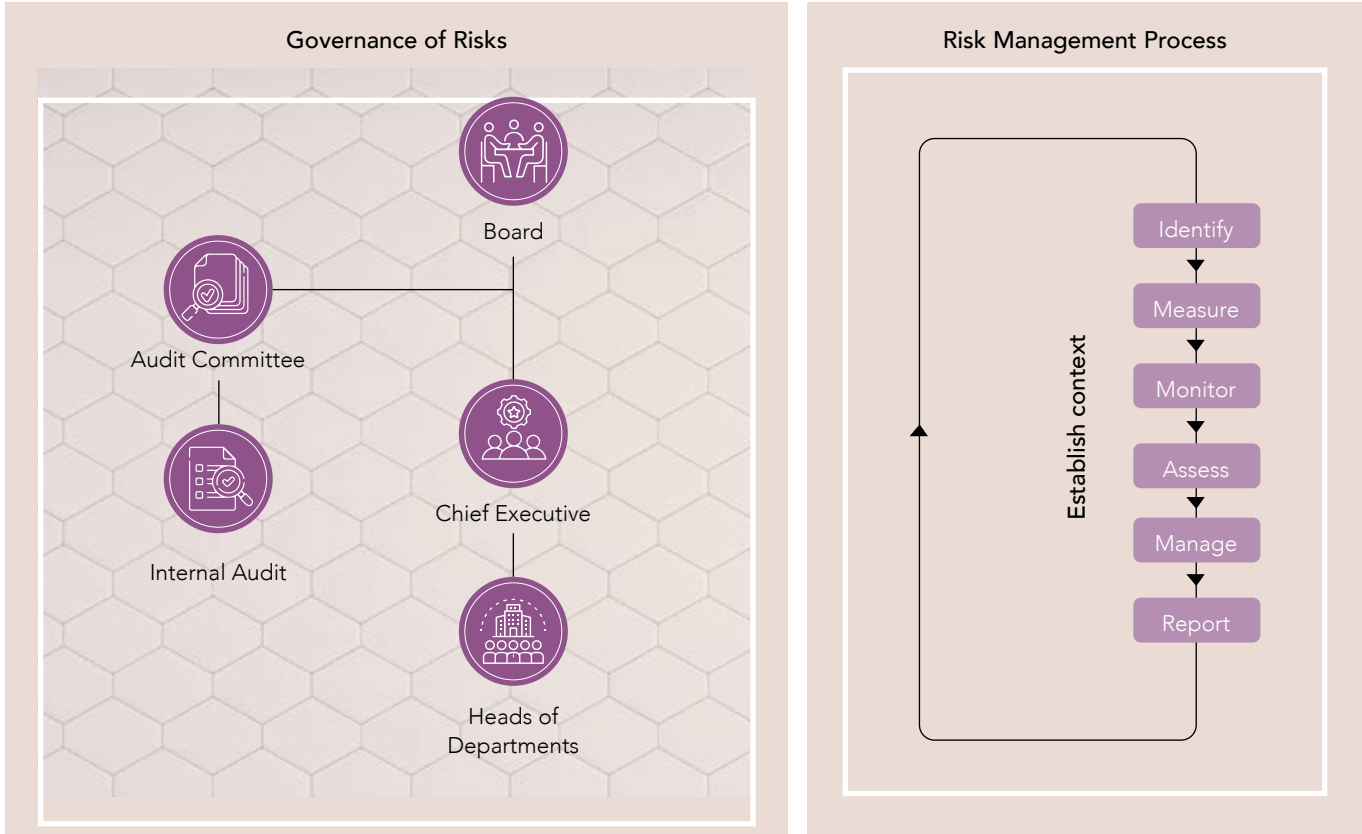
The risk landscape changed considerably for the local tile manufacturing industry as the country's economy stabilised with many risks abating while others were elevated. Price levels stabilised, interest rates declined and foreign exchange liquidity was restored abating the severity of related risks. The gradual easing of import restrictions in place was positive for production but presented a significant challenge for demand as cheap imports flooded the local market in the absence

of anti-dumping protection for local manufacturers. This was made worse by dubious practices such as under invoicing of products, sharply tipping the scales to favour imports with a resultant loss of foreign exchange. The construction sector which contracted during the year is now showing signs of reviving, giving rise to opportunities for growth.

### Oversight of Risk Management

The Board bears ultimate responsibility for risk management and is assisted

in this by the Audit Committee, the subsidiary Boards and the Senior Management. The Chief Executive Officer and Senior Management are in charge of implementing an effective risk management process, ensuring that all employees are aware of their roles in managing risk. Risk is a major topic at Senior Management meetings where they discuss the impacts of developments on risk and the plans to mitigate them as well as being a regular item on the agenda of the Board.



### A Volatile Risk Landscape

A significant presence across the value chain in the construction sector, the Group is impacted by the global supply chains, and local socioeconomic and political developments. The most significant of these are briefly captured below.

Global economic outlook	The global output is expected to grow by 3.2% in 2024 and 2025 while World Trade is also expected to increase by 3%. These forecast augur well for Lanka Walltiles Group's aspirations to grow exports.
Country Economic Outlook	Sri Lanka recorded positive GDP growth in Q3 and Q4 of 2023 and is forecast to grow at 3% in 2024. The Domestic Debt Optimisation was completed although the Foreign debt restructuring is pending. The Country has recorded a current account surplus after 1977 as Tourist arrivals and migrant worker remittances surged during the year while debt repayments remained suspended.

Construction Industry	The construction sector is expected to revive although the key project promoter the government may be slower in boosting the industry. The demand for housing is seeing an early uptick with new condominium projects being floated which will drive further growth. We also note that hotel, hospitals and other key buildings have not been renovated for a while and is likely to need renovation, driving up sales for tiles.
Energy security and affordability	Energy is likely a key cost for tile manufacturing. Sri Lanka witnessed a steep increase in energy costs over the past two years (over 140%) and it is unlikely that it will climb further. Global oil prices are forecast to decline in 2024 which may be beneficial. The Group is focused on energy management, generating renewable energy where possible while also trying to improve energy efficiency.
Talent pipelines	The country's talent pools diminished significantly during the year as many young people migrated due to the decline in their purchasing power. Inflation, exchange rates, taxation, and interest rates continue to exert pressure on salaries and wages and will be a key factor in the year ahead as well.
Resource depletion	Resource depletion is a key factor which has affected the quality of ball clay used in the manufacture of tiles. Recent innovations for new tile recipes have reduced the wastage which goes a long way to reduce the impact. Additionally, the Group has purchased land with adequate deposits for a further 10 years.
Technology	The Group has invested significantly in state of the art technology, investing consistently in the recent past. This has significantly minimised the risk of technological obsolescence as we now have the ability to cater to large format tiles, mosaics and multiple sizes in between.
Design trends and customer lifestyles	These are key drivers for the industry and the Group has technical partnerships and a design pipeline that will ensure it remains future forward on design.

#### Financial Risks

- Market Risk
- Interest Rate Risk
- Exchange rate risk
- Credit Risk
- Liquidity Risk

#### Strategic Risks

- Diversification
- Technology
- Innovation

#### Operational Risk

- Health & Safety
- Quality
- Fraud & Error
- Supply Chain & Logistics

#### Environment Risks

- Compliance
- Resource Depletion
- Energy
- Emissions

### Statement of Risk Management and Internal Control Adequacy

The Board confirms that an effective risk management and internal control framework and an ongoing process is in place to minimise all potential risks and their probability of impact on the company and its business.

The Board also confirms all risks were reviewed using internal and external parties and were deliberated upon by the Board and if necessary, corrective actions were taken.

The Board assures that the reliability of financial statements presented herein has been done in accordance with applicable accounting standards and regulatory requirements and taking into account all risk factors.

The Board declares that it has not found any significant risks that materially impact the operation of the business as a going concern, or will impact the financial stability of the business materially.



A. M. Weerasinghe  
Chairman



J. A. P. M. Jayasekera  
Managing Director

## Risk Management Review

### Financial Risks

Risk that involves financial loss to firms generally arising from instability and losses in the financial market caused by movements in stock prices, currencies, interest rates, commodities and more.

#### Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. It comprises:

- Interest rate risk,
- exchange rate risk,
- commodity price risk and
- equity price risk

#### Interest Rate Risk

Movements – Interest rates declined sharply with benchmark rates declining by over 1,000 basis points as the government sought to stimulate investing and economic growth. As inflation remains within the target range, interest rates are not expected to increase in Sri Lanka although global interest rates are expected to increase. These could create external pressures that may result in increased rates. Interest rates remain a volatile factor that needs active monitoring and management.

**Impact in 2023/24** - Interest rate movements were beneficial with most sectors reducing interest costs as rates declined.

Interest rate sensitivities

Change in basis points	Group Rs'000	Company Rs'000	Mitigating Activities
6%	94,787	18,064	• Repayment of Rs.22 Bn in loans by Group
4%	63,191	12,042	• Leverage of Group at a comfortable 60%
2%	31,596	6,021	• New borrowings of Rs.25 Bn at a lower rate.
-2%	(31,596)	(6,021)	
-4%	(63,191)	(12,042)	
-6%	(94,787)	(18,064)	

#### Exchange Rate Risk

Movements – The rupee appreciated by 7.2% during the year having devalued sharply in the previous year. As the Group is mainly exposed to imports, this was a favourable movement. If exports surge and exposures change, the impact will be the opposite.

**Impact** – The Group is exposed to currency risk as high-value raw materials are imported. While exports increased, the hedge from exports is less than 8% from revenue.

	Further depreciation of rupee vs USD	Group Change in PBT – Rs'.000	Company Change in PBT – Rs.'.000	Mitigating Activities
2024	5%	92,084	2,031	• Increased stocks of imported raw materials
	10%	184,168	4,062	• Forward exchange contracts when appropriate
	15%	276,252	6,093	• Growth of exports
	20%	368,336	8,123	
	-10%	(184,168)	(4,062)	
	-15%	(276,252)	(6,093)	
	-20%	(368,336)	(8,123)	

#### Credit Risk

Total exposure to credit risk increased by 31% to Rs.3.8 Bn which amounts to 31% of Net Assets of the Group. As distributors' and franchise partners economic challenges eased, we normalized credit terms and strengthened credit controls. The Group maintains tight control over credit reinforced by strong relationships with distributors and franchise partners to manage this key exposure.

#### Liquidity Risk

Liquidity tightened during the year as inventory and receivables increased resulting in increased borrowings and decreased cash and cash equivalents. The debt equity ratio increased from 55% to 60% but remains at a healthy level. Liquidity will be carefully monitored as we nearly doubled capacity with the commissioning of the new large format tile plant. However, we have redoubled our efforts to develop new export markets to compete effectively in global markets.

### Strategic Risks

Strategic risk is the risk that failed business decisions may pose to a company.

<b>Diversification</b>	The Group is primarily focused on the Sri Lankan market where it has enjoyed a leadership position for many years. Exports account for 8% of revenue. The Group is investing in developing new markets to drive growth of the top line.
<b>Technology</b>	The Group has invested in upgrading technology consistently over the past few years, ensuring it has the latest technology. The Group also uses Total Productive Maintenance to drive process efficiencies to existing technology, driving resource efficiency.
	Innovation is key in terms of design and manufacturing processes. Both are well integrated into the operations of the Group, institutionalizing these aspects. We continue to work with technical partners to develop innovation pipelines and portfolios while we also work with technical consultants to develop new tile recipes which significantly enhance the resource efficiencies, vital to manage the depletion of ball clay deposits. It is necessary to drive focused innovation and the Group continues to create a culture conducive to ideation to encourage employees to explore new possibilities.

### Operational Risks

Operational risk is the risk of losses caused by flawed or failed processes, policies, systems or events that disrupt business operations

<b>Health &amp; Safety</b>	The health and safety of employees is a key risk in our factories. All factories have health and safety protocols which strictly reinforced including wearing of PPE in designated areas. There were no major injuries during the year as employee health and safety and wellbeing is integrated into the Group's employee value proposition with significant resources dedicated to minimising identified risks.
<b>Quality</b>	The Group has invested in obtaining local and global certifications for quality management to ensure that the Group is benchmarked with global standards. Total Productive Maintenance enhances the product quality focus, engaging a wider pool of employees in our quality journey.
<b>Fraud &amp; Error</b>	The Board, the Audit Committee and the Internal audit are key pillars that support the review of the comprehensive system of internal controls established within the entities of the Group. We keep an open mind to the potential of fraud and error given the high levels of stress due to prevailing economic conditions in the country. The program of comprehensive support to our staff during this period is a compensating factor but we recognise the increased motivation and are conscious of the need to minimise the opportunities for the same.
<b>Supply Chain &amp; Logistics</b>	Supply chain and logistics issues that hindered operations at the beginning of the year eased towards the latter half. Stabilisation of freight costs and resolution of fuel shortages in the country also contributed to a decrease in this risk.

### Environmental Risks

These are the risks associated with potentially harmful effects to human health or ecological systems

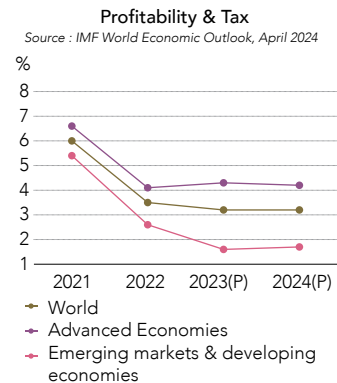
<b>Compliance</b>	All factories are required to comply with the requirements of the Environment Protection License obtained for the operation of factories from the Central Environment Authority.
<b>Resource Depletion</b>	Ball clay and feldspar are key raw materials that are mined by third parties from lands after securing a license for the purpose from the Department of Geology and Mining. The Lanka Walltiles Group works with suppliers whose licenses are checked to ensure that they are valid. The Group has also purchased a land with ball clay deposits for its future needs.  The Aluminium sector uses recycled aluminium increasing the circularity of this metal.
<b>Energy</b>	Energy security and costs were key issues during the year as the year commenced with planned power cuts which eased towards the close of the year. Energy prices increased by 75% in August 2022, 65% in February 2023 with a few minor fluctuations in the financial year, significantly impacting operational costs for the Group, its distributors and franchise partners,  The Group is investing in solar energy with the ability to store energy and even power generators, reducing the country's dependency on LP Gas, furnace oil and diesel. These investments will also serve to reduce emissions and the Group's environmental footprint.
<b>Emissions</b>	Global warming is an increasing concern as it drives extreme weather events and permanent climate change that widen inequalities. Governments are increasing regulation and reporting requirements to transform countries into low-carbon economies. The Group's early adoption of ESG reporting and investments in reducing emissions support this trend. We continue to monitor developments in this regard to identify early action that needs to be implemented.

# Operating Environment

## The Global Economy

The global economy showcased resilience and sustained its recovery despite disruptions in food and energy markets triggered by Russia's invasion of Ukraine and unprecedented monetary tightening measures worldwide aimed at combating record-high inflation. According to estimates from the International Monetary Fund (IMF World Economic Outlook, April 2024), global growth stood at 3.2% in 2023, slightly lower than the 3.6% recorded in

2022, with variations across regions leading to widening disparities. Notably, advanced economies experienced a more significant slowdown, with growth projected to decline to 1.6% from 2.6% the previous year, driven by robust momentum in the US but subdued growth in the Euro area. Meanwhile, growth in emerging markets and developing economies is expected to decelerate to 4.3% in 2023, primarily due to the property crisis in China.



## Sri Lanka

Despite a contraction of 2.3%, the Sri Lankan economy showed initial signs of stabilization in the first half of 2023, attributed to several pivotal reforms. These reforms included adopting a floating currency, tightening monetary policies, and phasing out monetary financing. Notably, inflation returned to single-digit levels in July 2023, marking the first time in 19 months. Additionally, improvements in the trade balance, a promising resurgence in tourism and foreign remittances, ongoing suspension of external debt service, and inflows from development partners collectively bolstered usable official reserves. The approval of the International Monetary Fund's Extended Fund Facility (IMF-EFF) in March 2023 instilled confidence, while financial support from the Asian Development Bank and World Bank, in the form of budgetary assistance, helped alleviate liquidity constraints in the domestic foreign exchange market.

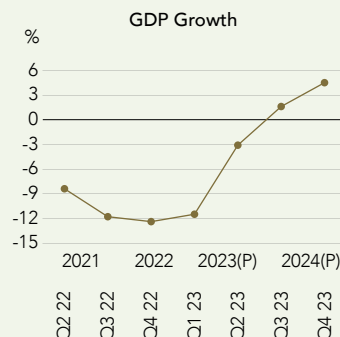
In 2023, the Sri Lankan economy displayed signs of recovery, experiencing a moderate contraction of 2.3%. This marks an improvement from the substantial contraction of 7.3% recorded in 2022. The Economy grew by 1.6% in Q3 2023, after recording contractions in 6 consecutive quarters. This progress was supported by a resurgence in macroeconomic stability, decline in inflationary pressures and a relaxation of external sector constraints.

Industrial activity experienced a significant downturn, with a notable 9.2% decline recorded in 2023. This contraction was primarily attributed to declines in both construction and manufacturing sectors. The construction sector contracted mainly due to the holdback of construction projects while the manufacturing sector, the largest segment of the industry sector, contracted during the year mainly due to the significant decline in global demand for the manufacture of textiles, wearing apparel and leather-related products.

The services sector also experienced an overall contraction of 0.2% in 2023. This was primarily driven by significant contractions in financial

services, insurance, and real estate. However, this contraction was partially offset by growth in transportation, accommodation, food, and beverage services, owing to a arrival in the tourism sector, easing of fuel shortages, and improved foreign exchange liquidity.

The agricultural sector showed resilience during the year, recording a growth of 2.6%. This growth was driven by the improved supply conditions, especially fertiliser, other agrochemical inputs and fuel.



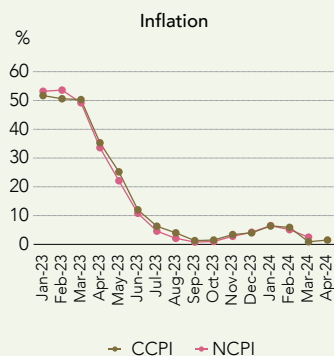
## Inflation

In the latter part of 2023, headline inflation approached pre-pandemic levels in most economies for the first time since the onset of the global inflation surge. During the last quarter, advanced economies recorded a headline inflation rate of 2.3% on a quarter-over-quarter annualized basis, a notable decrease from the 9.5% reported in the second quarter of 2022. Similarly, for emerging market and developing economies, inflation stood at 9.9% in the

last quarter of 2023, down from a peak of 13.7% in the first quarter of 2022. This decline in headline inflation reflects the weakening of price shocks, particularly in energy prices. The decrease in energy prices can be attributed not only to increased global energy supply but also to the impact of tight monetary policies.

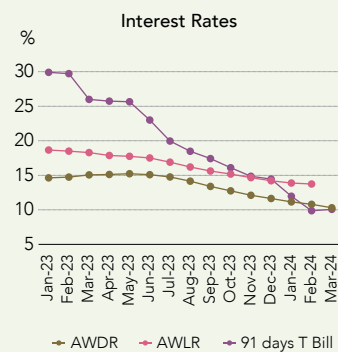
## Interest Rates

Market interest rates declined significantly in 2023 from notably high levels recorded in 2022. The reduction of market interest rates was driven by the accommodative monetary policy measures implemented since June 2023. Policy rates were cut by 250 basis points in June 2023, further easing continued and by the end of 2023 Standing Deposit Facility rate down to 9% and Standing Lending Facility rate to 10%. Market interest rates also adjusted downwards in response to the monetary policy easing. The Average Weighted Deposit Rate (AWDR) stood at 14.06% in December 2023, while the Average Weighted Lending Rate (AWLR) stood at 14.21%, recording a decline of 242 basis points and 449 basis points respectively. Despite this downward momentum, treasury bill yields, especially 91-day yield remained at an elevated level indicating anomalies in the interest rate structure.



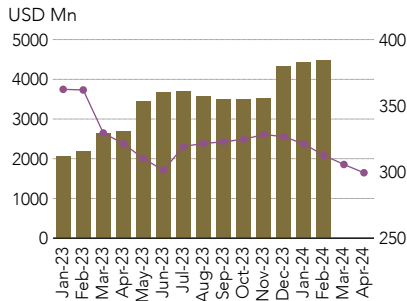
## Inflation

Following its historically highest level in September 2022, headline inflation, as measured by the Colombo Consumer Price Index (CCPI), began a trend of moderation. It reached single-digit levels in July 2023 (6.3% YoY), marking the first time in 19 months, and further decelerated to 4% by December 2023. The decline in inflation primarily resulted from the favourable impact of the base effect and was reinforced by several factors, including the gradual elimination of monetary financing, implementation of tighter monetary and fiscal policies, alleviation of supply-side disruptions, moderation of global commodity prices, and appreciation of the Rupee. However, the increase in the Value Added Tax (VAT) from 15% to 18% along with the removal of certain exemptions at the beginning of 2024 led to a brief surge in inflation in January 2024. Nevertheless, this was mitigated by the reduction in electricity tariffs in March and various responsive price reductions.

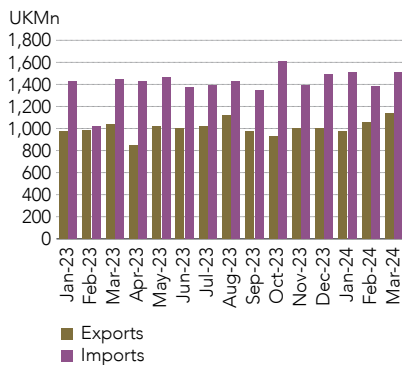


## Operating Environment

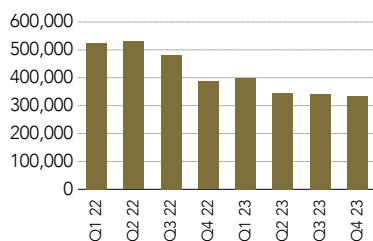
Exchange Rate and Official Reserves



Imports and Exports



Performance of the Construction Sector



### External Sector

The external sector rebounded strongly in 2023 and showed greater stability. The commencement of the IMF-EFF program in March 2023 and its successful continuation have been instrumental in achieving stability in the external sector. Although they remain low, foreign reserves and liquidity improved due to an improved current account and inflows to the financial account. In the absence of

large debt service payments, inflows from development partners such as IMF, ADB, and World Bank strengthened the financial account.

Earnings from exports during 2023 declined by 9.1% compared to 2022. This decline was influenced by global factors including high cost of living and economic downturn in major export destinations and geopolitical tensions, which resulted in reduced demand for Sri Lankan exports. On the other hand, domestic factors, such as higher operating expenses and supply constraints for intermediate goods adversely impacted the overall competitiveness of exports.

A notable contraction of 8.1% in import expenditure was recorded in 2023. This was driven by the continued restrictions on non-essential imports, subdued economic activity, and constrained spending capabilities of the public due to tight monetary and fiscal policies. The decline in import expenditure was a result of lower intermediate and investment goods imports, while expenditure on both food and non-food consumer goods imports increased.

The Sri Lanka rupee appreciated sharply in 2023 under a market-based exchange rate policy implemented by the Central Bank despite some intermittent volatility. The Sri Lanka rupee, which depreciated by 44.8% against the US dollar in 2022, appreciated by 12.1% in 2023.

### Construction Sector

Construction industry, which is highly vulnerable to economic downturns continued its dull performance in 2023. The industry contracted by 20.8% mainly on the back of holdback of construction projects.

Credit granted for construction projects was severely affected by the lack of government and private sector projects stemming from fiscal constraints, rising raw material prices, and associated finance costs due to the high interest rate environment in 2022 and early 2023. Large

scale government projects ground to a halt due to fiscal constraints, homebuilders opted to defer their plans, resulting in a 7.4% decline in loans and advances granted by commercial banks in 2023. The notable increase in migration observed in Sri Lanka also adversely affected the construction industry, as a considerable number of individuals abandoned their plans to construct homes and instead opted to relocate abroad.

### Tile and Bathware Sector

The domestic tile manufacturing sector remains largely controlled by four major companies: Royal Ceramics Lanka PLC, Lanka Tiles PLC, Lanka Walltiles PLC, and Mackson's Tiles Lanka (pvt) Ltd.

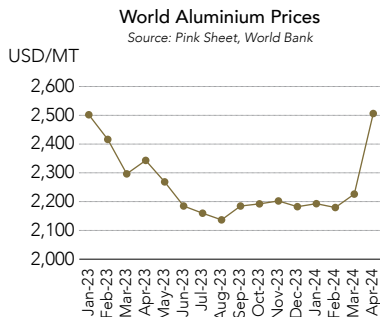
The industry recently experienced notable capacity expansions, with several capacity increase projects still underway. Despite substantial capital investments, the sector encountered numerous challenges stemming from the underperformance of the construction industry. Additionally, the lifting of the import ban on tiles aggravated the challenges faced by local manufacturers.

Both tile and bathware manufacturers confront significant challenges arising from the availability of imported substitutes offered at lower prices. Despite the superior quality of locally manufactured products, manufacturers struggle with competing against the pricing of imported alternatives due to the high production costs. Furthermore, the absence of anti-dumping levies has led to China and India flooding the market with tiles at unreasonably low prices.

### Aluminium

The domestic aluminium extrusion industry encountered significant difficulties, primarily due to its heavy reliance on the local construction sector, which remained stagnant since the inception of the pandemic. The halt in most large-scale construction projects resulted from a scarcity of foreign investments and fiscal constraints, directly affecting the demand for aluminium products. Additionally,

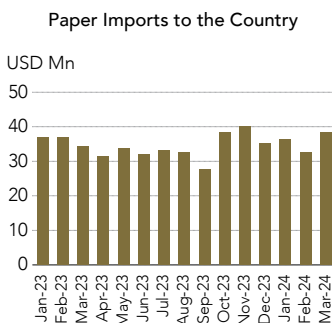
customers were highly price-conscious due to tax reforms and inflationary pressures, impacting their real income. This made it challenging for local aluminium manufacturers to compete with cheaper imported substitutes in the market



### Packaging

The highly competitive packaging industry comprises over 40 manufacturers and relies heavily on the fast-moving consumer goods (FMCG), garments, cement, tea, rubber, and tile sectors.

However, the industry encountered challenges as major export industries experienced setbacks amid the economic downturn, leading to a substantial decline in demand for packaging products. Nevertheless, the expansion of the e-commerce sector and the growing preference for eco-friendly packaging materials continue to create fresh avenues for the industry.



### Outlook



Global growth, estimated at 3.2% in 2023, is projected to continue at the same pace in 2024 and 2025. For advanced economies, growth is projected to rise from 1.6% in 2023 to 1.7 % in 2024 and 1.8% in 2025. In emerging market and developing economies, growth is expected to be stable at 4.2% in 2024 and 2025, with a moderation in emerging and developing Asia offset mainly by rising growth for economies in the Middle East and Central Asia and for sub-Saharan Africa.

Global headline inflation is expected to fall from an annual average of 6.8% in 2023 to 5.8% in 2024 and 4.4% in 2025, with advanced economies returning to their inflation targets sooner than emerging market and developing economies.

### Sri Lanka

The Sri Lankan economy began exhibiting signs of recovery in the latter part of 2023 and is projected to achieve a moderate growth rate of 3% in 2024. This growth is anticipated as the advantages of the relaxed monetary policy stance and a low inflation environment gradually permeate through the economy. The tourism sector's quicker-than-anticipated rebound is forecasted to bolster growth in the short term, with positive spill-over effects on related sectors.

Recent positive developments such as the removal of import restrictions, decreased costs of credit, and raw material prices are expected to benefit the industry sector. Additionally, the Central Bank's accommodative monetary policy stance is

anticipated to persist in the foreseeable future, stimulating economic activity further.

### Construction Sector

The Sri Lanka Purchasing Managers' Index for Construction (PMI – Construction) indicated an expansion in construction activities in January 2024, hinting at a potential long-awaited revival of the industry. Additionally, numerous infrastructure development projects that were previously halted by the Government are expected to resume on a limited scale in the upcoming year. The gradual recovery of the economy, combined with the current low interest rates, is anticipated to have a favourable impact on the construction industry.





# Persuasively Robust

Business Line Reviews

# Tiles and Associated Products

Despite challenging market conditions, our flagship brand "LANKATILES" maintained its market dominance. We successfully navigated through these difficult times by leveraging our superior product quality, our skilled team, and the robustness of our distribution channel. Through our state-of-the-art manufacturing facilities and collaboration with world-renowned designers, coupled with our dedication to innovation, we have consistently delivered superior quality products, enabling us to expand our global presence. Currently, the Group commands a premier share of the domestic wall tiles and floor tiles markets respectively

## Strategic Priorities

Expanding our presence in the export market

- Expand operations in India and USA.
- Exports volume increase by 26%

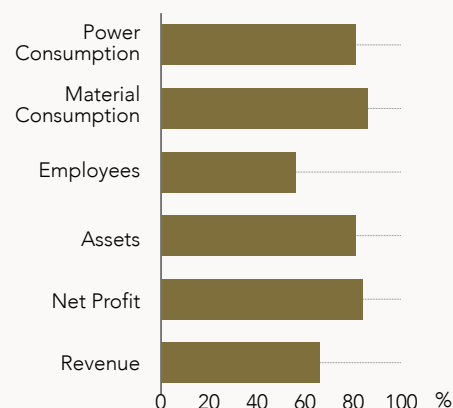
Maintaining profitability amidst challenging conditions

- Obtaining technical expertise of our supplier base to enhance raw material productivity
- Group-wide TPM cost saving initiatives.

Expanding our product offerings

- Expanding our Mosaic tile range
- Manufacturing of larger format tiles
- Launching multiple new designs every quarter

## Group Exposure



Financial Capital	2023/24 Rs. Mn	2022/23 Rs. Mn	%
Revenue	26,396	28,819	(8)
Profit after tax	2,938	4,802	(38)
Total assets	42,568	35,141	21
Total Liabilities	16,767	11,719	44
Manufactured Capital	2023/24	2022/23	%
Capacity utilization	75%	79%	(5)
Capital expenditure - Rs. Mn	5,378	2,590	107
Social & Relationship Capital	2023/24	2022/23	%
No. of suppliers	1,262	1,247	1
No. of distributors	54	54	1
No. of franchises	53	52	1

Human Capital	2023/24	2022/23	%
No. of employees	1,521	1,433	6
Total remuneration - Rs. Mn	2,451	2,522	(2)
Training hours	11,611	20,026	(42)
Investment in Training - Rs. Mn	14	19	(26)
Intellectual Capital	2023/24		
ISO 14001	Green SL Labelling System		
ISO 9001	CE Marking		
Natural Capital	2023/24	2022/23	%
Material consumption	184,217	182,146	1
Water discharged	65	60	8
Energy consumption	34	33	1

### Strategic Priorities



#### Political

Political uncertainty as both Presidential and General elections are due to be held.

#### Economical

Economic downturn resulting in the dull performance of the construction industry.

#### Social

High migration having a negative impact on housing construction in the country.

#### Technological

Technological advancements enabling us to enhance productivity and efficiency.

#### Environmental

Resource depletion causing concern in raw material sourcing in the medium to long term.

#### Legal

High levels of ESG compliance and certifications requirements.

### Review of the year

The sector's resilience persisted by leveraging the ban on tile imports that was in place until September 2023. However, following the lifting of the import ban, the local market experienced a substantial surge in imported tiles from India and China. The absence of anti-dumping levies allowed these imported products to be offered at considerably lower prices, posing a significant challenge for us to compete in terms of pricing. The excess supply combined with the continued dull performance of the construction industry had a significant effect on sector topline, as evidenced by the decline in sales volume.

The expansion of our Meepe plant that was on hold was completed during the year. However, the commissioning of the plant faced delays due to the unavailability of the necessary technical expertise. The Lanka Tiles PLC's factory in Ranala was upgraded with a larger kiln to enhance the production capacity of mosaic tiles, which remained in demand both domestically and internationally. Sales witnessed a surge

in the third quarter as consumers rushed to make purchases ahead of the revised Value Added Tax (VAT) rate coming into effect. Conversely, the last quarter experienced a notable slowdown.

We maintained our efforts to boost brand visibility by implementing a comprehensive overhaul of our brand image, a project initiated in the previous year. This was aimed at infusing our brand with a more youthful and vibrant image, complemented by the development of a new product range tailored to this vision. Additionally, the Group's tile sector continued to expand its product portfolio by introducing new designs on a quarterly basis. These designs, crafted with Italian expertise, are inspired by the natural beauty of Sri Lanka.

We faced challenges in sustaining profitability attributed to high production costs. In order to maintain profitability, we sought technical advice from the suppliers to boost our raw material productivity. Concurrently, we launched group-wide cost-saving initiatives under our TPM program.

We actively pursued opportunities in the USA and India to leverage excess capacity once the upgraded plant is commissioned. To support this initiative, we established an office in Bangalore, recognizing India as a potential market for our Mosaic line. While tangible outcomes from these endeavours have not yet materialized, the Group maintains confidence that these efforts will yield positive results in the near future.

The group sustained elevated levels of raw material stocks since the onset of the pandemic, while finished goods inventory steadily expanded owing to increased factory capacities and decreased demand. Nonetheless, all production facilities operated at full capacity throughout the year without any closures.

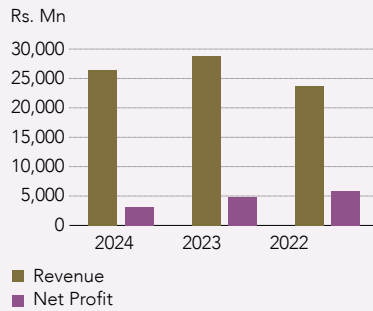
We strengthened our distribution channel by opening a new showroom in Kiridiwala. Additionally, we reinforced our value proposition offered to our business partners.

## Tiles and Associated Products

### Performance

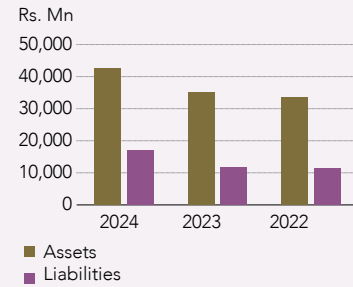
- Tile sector revenue declined by 8% to reach Rs. 28,396 Mn, driven by an 11% drop in sales volume.
- Sales volume from export sales increased by 26% due to our efforts to boost our presence overseas.
- Gross profit for the year amounted to Rs.10,466 Mn, declining by 19% due to high production cost driven mainly by higher energy costs.
- Distribution expenses remained relatively unchanged while administrative costs increased by 12% inline with the necessary salary adjustments that were carried out during the year.

Sector Performance



- Finance costs declined by 2% despite the increased borrowings as interest rates declined significantly during the year.
- Net profit of the tile sector saw a decline of 38% to reach Rs. 2,938Mn.

Financial Position

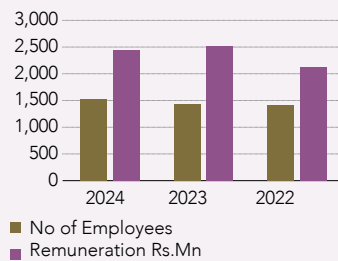


- Total assets base grew by 21% to reach 42,568Mn with capital expenditure amounting to Rs. 5,378Mn, compared to Rs.2,590 Mn in the previous year.

### Value to Employees

- 15,611 of training hours
- Rs.2,451Mn paid as employee remuneration
- 104 promotions during the year

No. of Employees and Remuneration



### Outlook

The tile sector will actively seek opportunities in international markets, given the uncertain prospects for the near-term revival of the local construction industry. We are optimistic that our endeavours in this regard will yield positive results in the upcoming year.

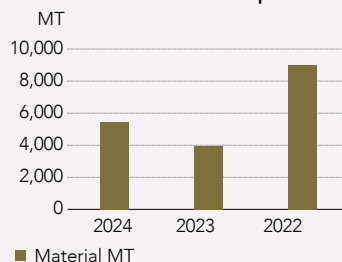
With our production capacity poised for a substantial increase upon the commissioning of the newly expanded production plant, we are committed to bolstering our distribution channels to support this expansion. However, we will also exercise caution by closely monitoring inventory levels. If stock levels become too high due to the increased capacity, the sector will be prepared to adjust production accordingly.

We remain hopeful that the Government will intervene to regulate the importation of tiles into Sri Lanka, providing much-needed relief to local manufacturers. Despite the anticipated unpredictable operating landscape in the coming year, we maintain cautious optimism that our tile sector will successfully navigate these challenges. This confidence is underpinned by our agile strategy and strong financial position.

### Impact to the Environment

- Material consumption increased by 1% due to increase in production volumes.
- Water consumption 246Mn Litres
- Waste generated 65Mn Litres

Material Consumption



# Packaging

Established in 1994, Unidil Sri Lanka has emerged as one of the country's foremost packaging solution providers, specializing in paper sacks and corrugated cartons. Renowned for its superior quality and environmentally friendly packaging materials, Unidil's offerings are customized to meet the diverse needs of customers across various industries. Currently, the company commands a market share of 170% for corrugated cartons and 400% for paper sacks.

## Strategic Priorities

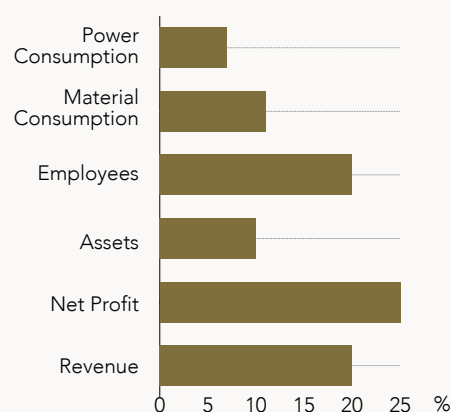
Increased focus on offering sustainable packaging solutions

- Offering biodegradable packaging solutions
- Collecting paper waste from customers to be used in the manufacturing process

Expanding our product offerings

- New self-locking corrugated boxes
- Introduction of unique laminated and inner die cut cartons

## Group Exposure



Financial Capital	2023/24 Rs. Mn	2022/23 Rs. Mn	%
Revenue	8,124	10,085	19
Profit after tax	921	1,087	15
Total assets	5,433	5,431	-
Total Liabilities	2,634	2,987	12
Manufactured Capital	2023/24	2022/23	%
Manufacturing capacity	33,000	33,000	-
Capacity utilization	64%	63%	2
Capital expenditure	162	195	17
Social & Relationship Capital	2023/24	2022/23	%
No. of suppliers	544	510	6
No. of customers	352	325	8
CSR Spend	1.3	0.1	1
Natural Capital	2023/24	2022/23	%
Material consumption - MT	83,850	83,668	1
Water discharged	23,960	24,637	3
Energy consumption	163,213	108,864	50

Human Capital	2023/24	2022/23	%
No. of employees	494	457	8
Total remuneration	533	618	14
Training hours	2,094	2,233	7
Investment in Training	0.87	0.67	22
Intellectual Capital	2023/24		
ISO 9001	WRAP Certification		
ISO 14001	HACCP		
ISO 22000	SMETA Certification		
FSSC 22000	Food Safety system certification		
ISO 14064	Carbon foot print certification		
SLS 1474:2013	Container Tea Sacks		
SLS 1492 :2013	Multiwall Tea sacks		

# Packaging

## Strategic Priorities



### Political

Political uncertainty as both Presidential and General elections are due to be held.

### Economical

Downturn in the export industry having a direct negative impact on demand for packaging products.

### Social

High level of talent migration resulting in high labour turnover.

### Technological

The growing e-commerce industry creating opportunities for the industry.

### Environmental

Increased demand for sustainable packaging solutions.

### Legal

High levels of ESG compliance and certifications requirements.

## Review of the year

The past year presented significant challenges for the packaging industry, largely stemming from a downturn in the export sector. Given that a substantial portion of our clientele comprises direct or indirect exporters, this slowdown directly impacted the demand for our products. The downturn in the tea and cement industries led to a notable decline in demand for paper sacks. Unidil was compelled to revise prices downward due to intense competition in the market. This coupled with the increased cost of raw materials and energy prices had a significant negative impact on our profitability.

Securing a consistent supply of essential raw materials posed another significant challenge throughout the year. The

consequences of war and economic sanctions, compounded by global logistical issues, created numerous obstacles in obtaining raw materials. In response, Unidil was compelled to bolster its raw material inventory and enhance its supplier screening process to effectively navigate these challenges.

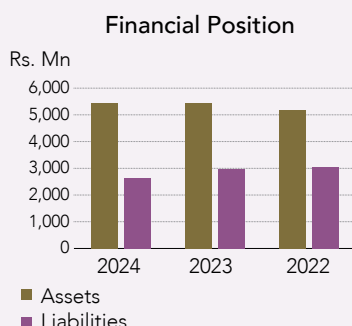
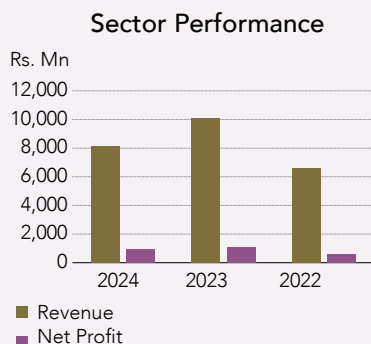
The substantial economic migration witnessed in the country resulted in a high turnover of labour within our company, particularly among skilled machine operators. Although we managed to recruit individuals with the necessary skill sets, the frequent turnover adversely impacted operational efficiency. This led to production delays and challenges in fulfilling orders promptly.

On a positive note, Unidil showcased its ability to provide innovative packaging solutions by introducing new self-locking corrugated boxes aimed at some of our key customers. Furthermore, we have engaged potential customers with our unique laminated and inner die-cut cartons. We are hopeful that these efforts will yield benefits in the future.

Unidil attained the "Great Place to Work" certification for the current year, reaffirming our position as an employer of choice that offers a comprehensive value proposition to all employees. Additionally, we received Carbon Footprint Verification, highlighting our dedication to sustainable business practices and environmentally friendly packaging solutions.

## Performance

- Revenue contracted by 19% to reach Rs.8,125 Mn, driven by decline in both volume and prices.
- Gross profit declined by 20% , in line with the revenue contraction and increased costs.
- Distribution expenses saw a decline of 2% on the back of decline in sales while administrative expenses also declined by 4%.
- Finance expenses contracted by 62% on the back of lower interest rates. Finance cost for the year amounted to Rs.212Mn
- The applicable VAT rate was increased to 18% from previously applicable 15% from January 2024
- Packaging sector reported a net profit of Rs.920Mn, a decline of 15% compared to net profit of Rs.1,088Mn reported in the previous year.



## Outlook

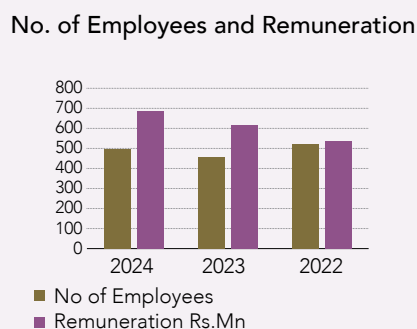
Despite the challenging outlook, we maintain a cautious optimism for the upcoming year. We will diligently monitor our operating environment to effectively manage uncertainties and adapt as needed. Unidil is currently exploring opportunities to expand its operations beyond Sri Lanka in order to broaden the market.

The global demand for corrugated boxes has shown significant growth in recent years, and we are optimistic about capitalizing on this opportunity. Through our product innovation and capability to fulfill specific customer requirements, we aim to leverage this trend effectively.

Furthermore, we will continue to explore sustainable business practices and provide environmentally friendly packaging solutions through ongoing product innovation.

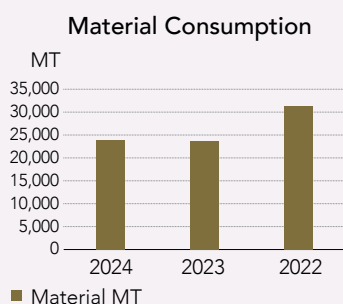
## Value to Employees

- Obtained the "Great Place to Work" certification.
- High employee turnover caused by the significant economic migration had a negative impact on operational efficiency.
- Total remuneration of Rs.533Mn
- 1,821 training hours



## Impact to the Environment

- Obtained the Carbon Footprint verification.
- Material consumption increased by 1%
- Water consumption 24Mn Litres
- Waste generated 455MT



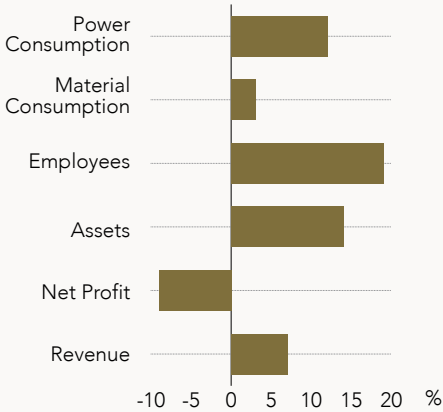
# Aluminium

Swisstek Aluminium is recognized as one of Sri Lanka's foremost aluminum extrusion companies, renowned for its extensive and innovative product portfolio catering to a diverse customer base. Our strength lies in our stringent quality assurance processes and unwavering commitment to innovation, resulting in a value-added product range that is not only functional but also durable. Over the years, we have established ourselves as the preferred aluminum extrusion supplier for numerous construction projects and companies across the country, earning a reputable brand name in the industry.

### Strategic Priorities

Value for Expanding our presence in the export market	<ul style="list-style-type: none"><li>• Securing contact with 3 large customers from USA</li><li>• 154% growth in export sales</li></ul>
Focus on cost leadership to maintain market share	<ul style="list-style-type: none"><li>• Maintaining profitability by manufacturing aluminium billets which were previously sourced from overseas</li><li>• Achieving record high cost savings from Local billllets</li></ul>
Expanding our product offerings	<ul style="list-style-type: none"><li>• Maintaining profitability by manufacturing aluminium billets which were previously sourced from overseas</li><li>• Achieving record high cost savings from Local billllets</li></ul>

Group Exposure



<b>Financial Capital</b>	<b>2023/24</b>	<b>2022/23</b>	<b>%</b>
	<b>Rs. Mn</b>	<b>Rs. Mn</b>	
Revenue	7,265	5,257	38
Profit after tax	(337)	(1,069)	68
Total assets	7,500	7,378	2
Total Liabilities	7,110	6,812	4
<b>Manufactured Capital</b>	<b>2023/24</b>	<b>2022/23</b>	<b>%</b>
Manufacturing capacity - MT	8,400	8,400	0
Capacity utilization - %	48	36	33
Capital expenditure - Rs. Mn	96	143	(33)
<b>Social &amp; Relationship Capital</b>	<b>2023/24</b>	<b>2022/23</b>	<b>%</b>
No. of suppliers	364	317	15
No. of Dealers & distributors	343	148	8
No. of franchisees	12	12	0

<b>Human Capital</b>	<b>2023/24</b>	<b>2022/23</b>	<b>%</b>
No. of employees	484	369	31
Total remuneration - Rs. Mn	477	420	12
Training hours	558	2192	33
Investment in Training - Rs. Mn	0.36	0.25	44
<b>Intellectual Capital</b>	<b>2023/24</b>		
ISO 14001	SLS 1410		
ISO 9001	Qualicoat certificate		
ISO 50001	Qualicoat Sea side Certificate		
<b>Natural Capital</b>	<b>2023/24</b>	<b>2022/23</b>	<b>%</b>
Material consumption	4,893	3,936	24
Water discharged	15	9	66
Energy consumption	5.4	4	35

### Strategic Priorities



#### Political

Political uncertainty as both Presidential and General elections are due to be held.

#### Economical

Economic downturn resulting in the dull performance of the construction industry.

#### Social

Customers becoming extremely price conscious due to economic and financial difficulties.

#### Technological

Technological advancements enabling us to enhance productivity and efficiency.

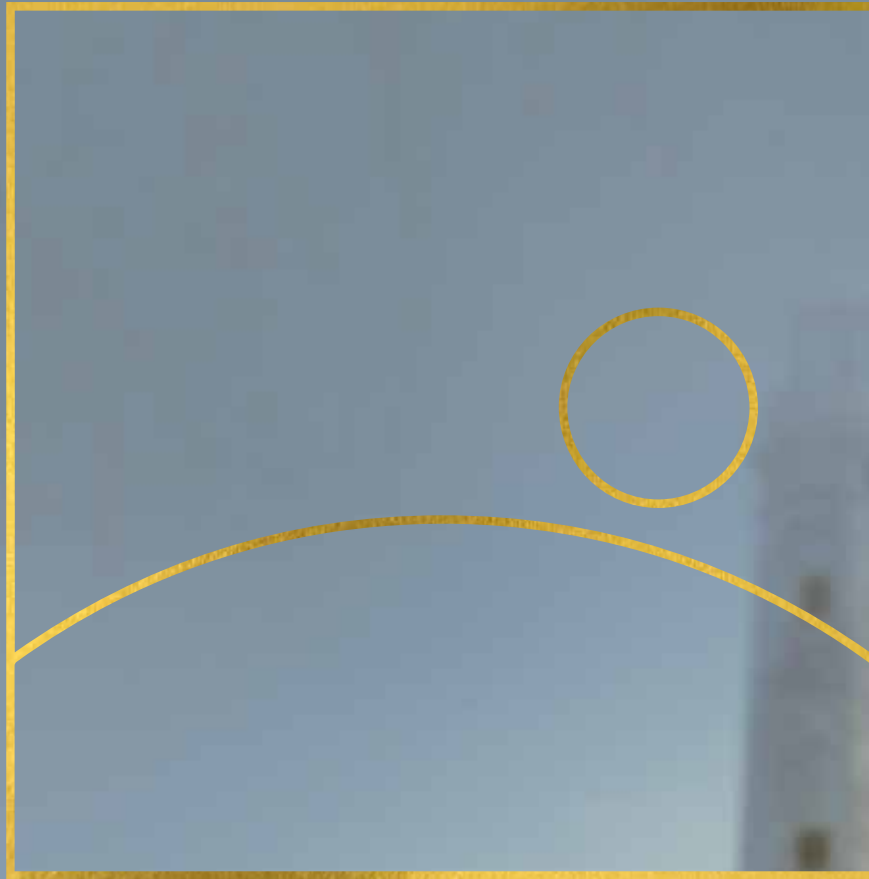
#### Environmental

Resource depletion and emission from the manufacturing process.

#### Legal

High levels of ESG compliance and certifications requirements.





# Consistently Innovative

Capital Management Reports

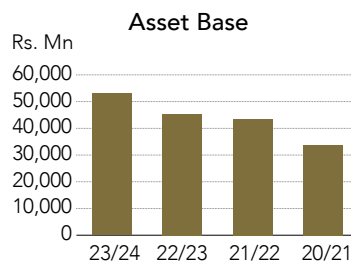
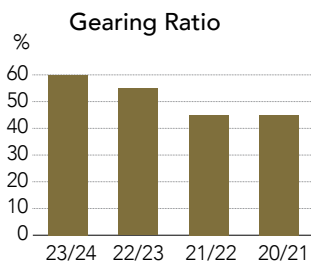
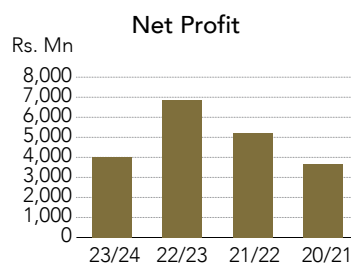
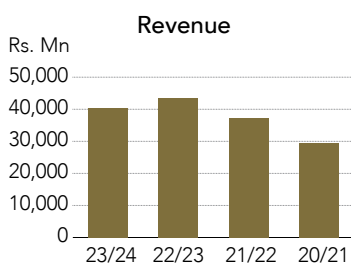
# Financial Capital



## Financial Capital

- The tiles and associated product sector faced numerous challenges as the dull performance of the construction sector continued. Further, the import ban on tiles that was in place was lifted in September 2023, resulting in a significant surge in supply due to imported tiles. The absence of anti-dumping levies allowed these imported products to be offered at considerably lower prices, posing a significant challenge for us to compete in terms of pricing. Consequently, the Group had to provide substantial discounts to consumers to maintain market share.
- In the Aluminium sector, despite healthy growth in the topline, driven largely by growth in volume, the profitability was affected as the cost of production increased. Swisstek Aluminium was unable to adjust prices to reflect the increased cost due to the market's sensitivity to price changes.
- The downturn in the export industry had a significant negative impact on the packaging sector. Given that a substantial portion of our clientele are either direct or indirect exporters, this slowdown directly impacted the demand for our products, resulting in a decline in the sector revenue.

	Tiles & Associated Products			Packaging			Aluminium			Group		
	23/24	22/23	%	23/24	22/23	%	23/24	22/23	%	23/24	22/23	%
	Rs.'000	Rs.'000		Rs.'000	Rs.'000		Rs.'000	Rs.'000		Rs.'000	Rs.'000	
Revenue	26,396	28,819	(13)	8,125	10,084	(19)	7,265	5,257	38	40,244	43,455	(7)
Profit after tax	2,938	4,802	(36)	921	1,088	(15)	(337)	(1,069)	68	3,522	4,821	26
Assets	42,567	35,141	21	5,434	5,432	0	7,500	7,377	2	52,842	45,368	17
Liabilities	16,767	11,719	44	2,634	2,988	(12)	7,110	6,812	4	26,331	21,856	21
ROA (%)	7	14	(50)	17	20	(15)	(4)	(15)	73	7	11	37
ROE	12	21	(43)	33	45	(27)	(84)	(189)	55	13	21	33



### Topline Performance

The Group reported a contraction in revenue of 7% amidst numerous challenges. Revenue for the year amounted to Rs.40.2Bn against revenue of Rs.43.4Bn reported in the previous year

- The Tile sector reported a revenue of Rs.26.4Bn, a decline of 8% compared to the previous year. This decline was driven by a contraction in both volume and sales price. The sector had to offer substantial discounts to customers to compete with the imported tile products in the market while volume was negatively affected due to the dull performance of the construction industry. Revenue from exports which contributed to 7% of tile sector revenue reported a growth of 11%

- The packaging sector was affected by the downturn in the export industries, resulting in a decline in volume. Further, prices of certain product categories had to be revised downwards due to the intense competition in the market. As a result, the packaging sector reported a revenue of Rs.8.1Bn, a decline of 19% compared to the previous year.
- Aluminium sector reported a commendable revenue growth of 38%, driven solely by growth in volume as prices remained either stagnant or revised downwards due to the price sensitivity of the market. The sector reported a revenue of Rs. 7.2Bn. Exports sales, which reported a growth of 154% amounted to Rs.620Mn.

### Gross Profit

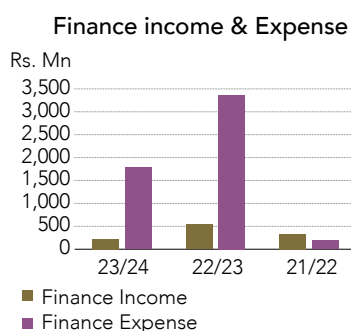
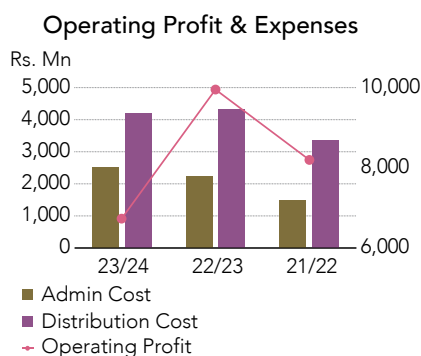
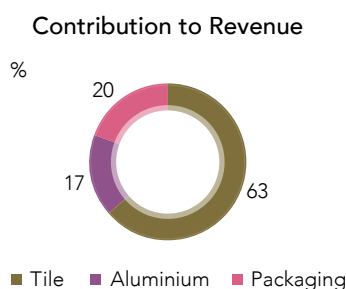
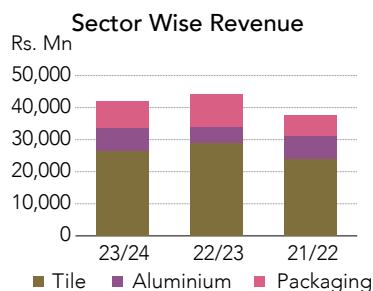
Gross profit for the year amounted to Rs.13,437Mn, a negative growth of 19% compared to the previous year. Gross profit margins in the tile sector weakened from 45% to 40% amidst decline in selling prices due to the discounts offered, while the GP margin in the aluminium sector deteriorated from 24% to 16% due to the cost escalations. GP margin of the packaging sector remained stagnant despite the price reductions and cost increases as the cost savings initiatives resulted in significant benefits.

### Operating Expenses and Operating Profit

Group distribution costs came down by 3% in line with the reduction in sales. This trend was seen across tile and packaging sectors with reductions of 5% and 2% respectively. Distribution cost in the aluminium sector increased by 11% inline with the growth in revenue. Group administrative expenses increased by 12% during the year. Administrative expenses in the tile sector increased by 12% due to the necessary salary adjustments and the inclusion of Social Security Contribution Levy. Administrative expenses in the aluminium sector increased by 43% while packaging sector saw a marginal decline of -4%.

Accordingly, the Group reported an operating profit of Rs.7,112Mn, a contraction of 31% compared to the previous year. The tile sector recorded

an operating profit of Rs. 5,642Mn, a decline of 30% while the aluminium sector recorded a contraction 58% with the operating profit amounting to Rs.233Mn. Operating profit of the packaging sector amounted to Rs. 1,237Mn, recording a decline of 31%.

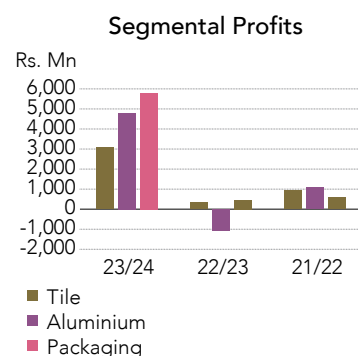
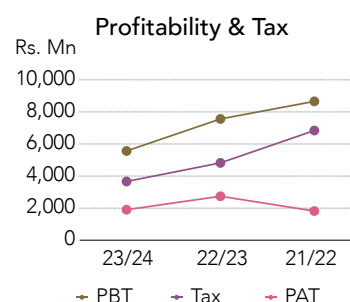


### Finance Costs

Finance costs declined across all three sectors in line with the considerable reduction in interest rates. Finance cost in the tile sector amounted to Rs.901Mn, recording only a marginal decline of 2% due to the new borrowings of Rs.4.3Bn made by Lanka Walltiles to fund the expansion project. The finance cost of the aluminium sector declined by 65% due to a restructuring of the short term borrowings as long term financing. Finance costs of the packaging sector amounted to Rs.217Mn, recording a decline of 62%.

### Profit before and after tax

The Group reported a pre-tax profit of Rs.5.5Bn, a contraction of 26% compared to the previous year due to the reduction in revenue and escalating operating expenses. Accordingly, post-tax profit also reported a decline 24% amounting to Rs. 3.5Bn. the tile sector, largest contributor with a net profit of Rs.3Bn, recording a negative growth of 36%, packaging sector net profits also contracted by 15% and amounted to 921Mn. Aluminium sector recorded a net loss of Rs.337Mn, against a net loss of Rs.1,068 reported in the previous year.



## Financial Capital

### Stability and Resilience

Rs.Mn	23/24	22/23	%
Property, plant and equipment	25,081	18,159	38
Inventories	17,712	14,897	19
Trade and other receivables	6,894	8,629	(20)
Cash and cash equivalents	1,396	2,181	(36)
Shareholders' funds	21,222	18,632	14
Interest bearing liabilities	16,028	12,871	25

Total assets of the Group increased by 17% to reach Rs.52.9Bn. Property, Plant and equipment increased by 28% due to the Expansion of Ranala factory and the expansion of Meepe plant that is classified under capital work-in-progress. Group inventory grew by 19% due to enhanced raw material inventory and gradual increase of finished goods inventory. Trade and other receivables saw a decline of 20% and amounted to Rs. 6.9Bn. This was on the back of improved debt collection. Cash and cash equivalents declined by 36% to due to the reduction in sales.

The group's current asset ratio improved to 1.7:1 on the back of improved working capital cycles. However, the quick asset ratio declined to 57% from previous years' 61% due to the build up of high inventory levels.

50% of the Group's balance sheet is funded by equity and 30% is accounted for

by interest bearing liabilities. Borrowings increased by 25% during the year on the back of the fresh borrowings of Rs.4.3Bn taken to fund the expansion on production plant in Meepe.

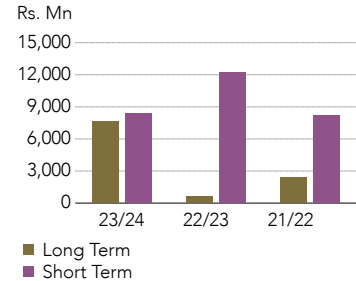
### Cash Flows

Operating activities generated a cash flow of Rs. 4.0Bn owing to improved working capital cycles. Cash outflow of Rs.4.9Bn from investment activities reflects the capital expenditure incurred for Ranala and Meepe plants. Cash flows under financing activities reflect borrowings of Rs4.3Bn.

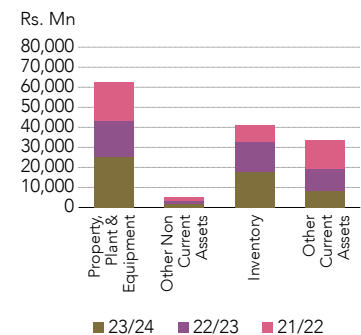
### Return to the Shareholders

In line with the reduced profits, earnings per share and dividend per share declined by 38% and 4% respectively. The share price declined by 6% to reach due to the dull performance of the Colombo Stock Exchange led by negative investor sentiment. Market capitalization at the end of the year stood at Rs.4Bn.

### Borrowings



### Composition of Assets



# Human Capital



## Human Capital

The expertise, skills, and attitude of our employees have been pivotal in ensuring the Group's resilience and sustainability during this period of extreme volatility. We recognize the significance of nurturing our employees by providing a comprehensive value proposition that aligns their personal goals with the Groups' strategic objectives. This steadfast commitment has contributed to our ability to navigate through challenging times and maintain a robust workforce.

### Strategic Priorities for 2023/24

- Retaining the necessary talent amidst high employee turnover, a consequence of elevated migration levels in the country.
- Enhancing the work-life balance of employees to sustain motivation.
- Offering continuous training and development opportunities to upskill the team and keep them abreast of technological and technical advancements.

### Highlights for 2023/24

- Rs.3,299 Mn of total employee remuneration paid
- Rs.16 Mn investment in training, covering 11,578 training hours
- 519 new recruits
- 217 employee promotions
- Employee turnover of 11%
- Financial assistance given to those who were most affected with the economic downturn

### Plans for 2024/25

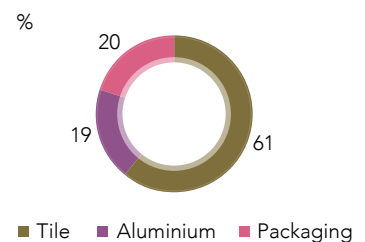
- We will give top priority to training and development programs aimed at fostering their skills and capabilities, empowering them to navigate future challenges and propel our growth strategies forward. We will also concentrate on creating opportunities for career advancement, offering a clear path for employees to progress within the company. Furthermore, we will enhance our efforts in engaging employees, building a motivated and united team.

### Management Approach

We prioritize creating a supportive and conducive work environment for all employees. Our HR strategy and policies are meticulously designed to cultivate a performance-oriented culture within an empowered and fair atmosphere. Working closely with divisional leaders, the HR Department ensures that our HR strategy aligns seamlessly with our overall business objectives. Our policy framework reflects our dedication to a performance-driven culture, incorporating international and industry best practices. We not only comply with relevant laws but also strive to exceed regulatory standards, striving to establish an exceptional workplace. It's important to note that our Group strictly adheres to the policy of not employing individuals under the age of 18, and there have been no reported or observed deviations from this policy.

The Group prioritizes addressing employee concerns and operates grievance mechanisms that offer various channels for employees to express their concerns and report instances of discrimination. No reports of discrimination were received during the year.

### Employee by sector



## Human Capital

All employees are given adequate notice of any significant operational changes.

### HR Policies in place

- Recruitment Policy
- Qualification Allowance Policy
- Loan Policy
- Gratuity and Retirement Policy
- Leave and Attendance Policy
- Performance Management Policy
- Disciplinary Policy
- Health and Safety Policy

### Team Profile

The Group has a total of 2,499 employees working across the three sectors, with 75% of them being employed on a permanent basis while the remaining are employed on contract basis for and non-critical functions.

Category	Total		Male		Female	
	No.	%	No.	%	No.	%
<b>By Contract</b>						
Permanent	1871	75	1691	79	180	51
Fixed -term contract	628	25	457	21	171	49
<b>By Staff Category</b>						
Senior Management & Above	35	1	32	1	3	1
Executives	240	10	198	9	42	12
Non - Executives	2224	89	1918	89	306	87

	2023/24	2022/23
<b>By Age</b>		
Under 30	1027	41
30 to 50	1216	49
Over 50	256	10
<b>By Region</b>		
Western Province	2063	83
Other	436	17

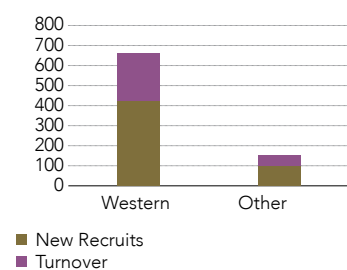
### Mobility during the year

The Group encountered 40 persistent high attrition rates attributed to the ongoing talent migration trend observed in Sri Lanka. This trend was particularly pronounced within skilled technical staff roles across all sectors, leading to elevated turnover. Although we were able to rehire the necessary talent, the impact on productivity and efficiency was noticeable. Additionally, high turnover was also observed among showroom staff.

During the year, 519 new employees were recruited to enhance their skills and competencies and to fill vacant positions of our team. Our recruitment process is meticulously designed to ensure transparency and objectivity, incorporating a series of assessments and interviews to select the most suitable candidates. The retention rate declined to 87% (2023: 88%) due to the large-scale talent migration observed across the country.

Profile of the recruits and exits are graphically illustrated below,

### New Recruits and Turnover by Region



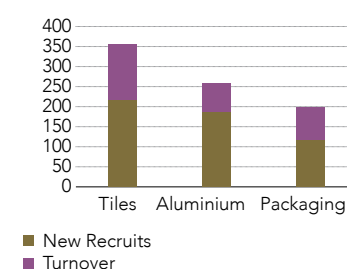
### New Recruits and Turnover by Age



### New Recruits and Turnover by gender



### New Recruits and Turnover by sector



### Employee Remuneration and Other Benefits

Our rewards scheme encompasses fixed pay, variable pay, benefits, and investments in training and development, along with career progression opportunities. All remuneration packages comply with applicable labour laws and regulations, ensuring that the standard entry-level compensation offered aligns with the minimum wage defined by labour laws. During the year, there were no incidents of non-compliance. Despite the challenging operating environment, all necessary salary adjustments were implemented across sectors in order to combat high labour turnover. Additionally, the Group initiated providing extra financial assistance to identified employee categories facing financial difficulties. The total staff cost for the year amounted to Rs. 3,299Mn (2023: Rs. 5,084Mn).

In addition to remuneration, we offer a variety of other benefits and rewards that encompass both fixed and variable elements. These initiatives are all geared towards retaining the necessary talent and fostering motivation, thereby maintaining high morale within the organization.

Fixed pay	<ul style="list-style-type: none"> <li>Basic Salary</li> <li>Qualification Allowance</li> </ul>
Variable pay	<ul style="list-style-type: none"> <li>Production and attendance allowance</li> <li>Sales incentives and over time</li> </ul>
Reimbursable expenses	<ul style="list-style-type: none"> <li>Festival advance</li> <li>Education course fees</li> </ul>
Other Prerequisites	<ul style="list-style-type: none"> <li>Medical insurance scheme</li> <li>Parental leave</li> </ul>
Retirement benefits	<ul style="list-style-type: none"> <li>EPF/ETF</li> <li>Gratuity</li> </ul>

### Performance Management, Recognition and Career Progression

As part of our performance management system, all employees undergo annual performance appraisals. These assessments serve multiple purposes, including identifying individual training needs, recognizing and rewarding outstanding performance, and facilitating career progression. Employees are evaluated based on key performance indicators (KPIs) aligned with our business strategy, assessing their contributions to the organization. Our Group policy prioritizes internal promotions for vacant positions, promoting career growth within the company. In the past year, 217 employees were promoted.

Furthermore, all employees have a variable pay component directly linked

to their performance as assessed through the performance management system. This variable pay ensures that employees are incentivized to strive for excellence and contribute significantly to the organization's success.

### Training and Development

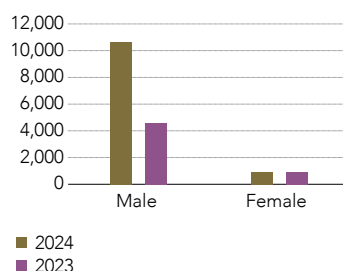
We offer continuous opportunities for training and development to empower our employees with the essential skills and knowledge. Training needs are identified during employee performance appraisals and aligned with both organizational and individual goals. Our training programs comprise a blend of external and internal development initiatives, alongside on-the-job training and certification programs. Both physical and virtual platforms are utilized for training delivery, depending on the type of program and the recipients of the training.

	2023/24	2022/23
Total investment in training – Rs. Mn	4	3
Total No. of training hours	11,578	17,801
<b>Training hours by category</b>		
Executives	2,285	1,320
Non Executives	9,157	4,188
<b>Training hours by Gender</b>		
Male	10,650	4,592
Female	928	916

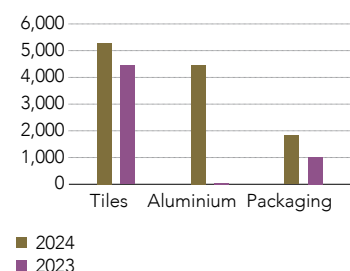
Training hours by category



Training hours by gender



Training hours by sector



## Human Capital

The following training programs were carried out during the year,

Functional Training	Technical Training
<ul style="list-style-type: none"> <li>TPM Training Programme</li> <li>Operational Excellence Baseline Assessment training</li> <li>Email skills &amp; phone skill</li> </ul>	<ul style="list-style-type: none"> <li>Exam Training Programme</li> <li>Are you ready to be a Master in HR Analytics</li> <li>5S training</li> <li>New Plant Glazing Line operations</li> <li>New Vertical Dryer Operations</li> <li>New Press Operations</li> <li>Executive certificate in HR Analytics</li> <li>Foreign training for tile designing</li> </ul>
Leadership development programs	Health & Safety
<ul style="list-style-type: none"> <li>Leadership Programme</li> </ul>	<ul style="list-style-type: none"> <li>Fire training programme</li> <li>Roll of Management in ensuring factory &amp; employee safety</li> <li>Occupational Safety and Health</li> </ul>
	Other
<ul style="list-style-type: none"> <li>Employee Misconduct and managing discipline at the workplace</li> <li>HR/IR Forum on green dreams, sustainable realities empowering enterprises with ECO initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Awareness session for No Pay employees</li> <li>Environmental Aspect Evaluation</li> <li>How to stand with economic crisis</li> </ul>

### Employee Health and Safety

Given the nature of our operations, prioritizing employee safety, mitigating workplace risks, and fostering a positive

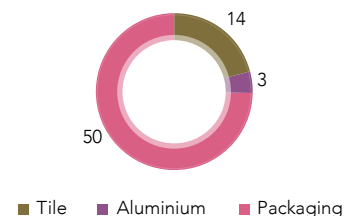
work environment are paramount objectives for the Group. To achieve this, we've implemented stringent health and safety measures across all

our manufacturing facilities, ensuring compliance with international standards. Our adherence to the Occupational Health and Safety Assessment Series (OHSAS) certification underscores our commitment to maintaining high safety standards. Each plant maintains dedicated health and safety committees, overseeing the enforcement of strict protocols, and is supported by trained fire and first aid teams. Moreover, our Group-wide Total Productive Maintenance (TPM) practice further reinforces these standards

During the year there were no incidents of non-compliance with the required health and safety requirements.

	2023/24	2022/23
Work related injuries	67	69
Total recordable incident rate (TRIR)	1%	1%

### Workplace Injuries



#### Strategic Priorities for 2023/24

- Periodic safety audits
- Provision of necessary safety gear
- Ensuring safety of machinery and equipment
- Safety committed
- Monitoring of injuries and accidents in the workplace
- Hazard analysis programme
- A dedicated WhatsApp group to inform staff of any hazardous locations/machinery

#### Highlights for 2023/24

- Factory level employees are subjected to monthly health checks
- Regular monitoring of physical and mental health of employees
- Maintaining health records
- Staff medical scheme
- A critical illness cover for all employees

#### Plans for 2024/25

- Occupational health and safety training and awareness programs are provided for all levels of employees with emphasis on minimizing injuries, preventing occupational hazards and creating awareness on safety standards
- 2,285 hours of training allocated for executive staff

### Grievance Handling

A formal grievance handling procedure is in place for handling all complaints and is clearly communicated to all employees. Employees are encouraged to bring any job-related grievances to their line managers. We actively encourage employees to share any grievances they may have through our open-door policy. They have the option to report their concerns to their line managers, as well as access to the HR department or the Managing Director. We have a comprehensive grievance policy in place that adheres to the best practices outlined in OHSAS 18001. All grievances are treated

with the utmost confidentiality and are addressed through a structured resolution process.

### Relationship with Trade Unions

We maintain positive and strong relationships with trade unions, as 65% of our workforce, spread throughout the Group, are covered by collective bargaining agreements. Management's open-door policy with the unions contributed to improved decision making. We also collaborate with the trade unions in formulating work practices and ensuring the health and safety of workers. Bi-Monthly meetings are held with union

representatives to address any concerns and maintain engagement.

### Employee Engagement

We aim to inspire our team by nurturing a spirit of teamwork and camaraderie. Our open-door policy encourages engagement and fosters collaboration, valuing the contributions of each employee. To address the challenges posed by high turnover rates, focused on enhancing engagement with employees to elevate their morale and motivation.

Listed below are some of the welfare activities carried out during the year.



### Diversity and Inclusion

In adherence to our policy framework, culture, and values, fostering a diverse and inclusive environment remains a paramount objective within the Group. We maintain a steadfast zero-tolerance approach towards racism, which is ingrained across all facets of our Human Resource Management function. Our proactive strategy involves promptly addressing grievances and promoting an Open-Door Policy to encourage employees to report instances of discrimination.

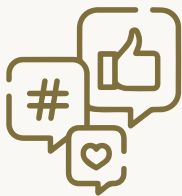
Embracing the principles of equality and fairness, the Group ensures non-discriminatory practices in all operational aspects, including recruitment, reward

structures, training, and career progression opportunities. As an equal opportunity employer, we are dedicated to upholding fairness and impartiality, irrespective of factors such as gender, ethnicity, religion, or any other protected characteristic. Our policies and practices are designed to create a level playing field, allowing all employees to excel and thrive based on their merits and contributions. The group maintains a ratio of 1:1 for the basic salary of women compared to men.

### Return to work after maternal leave

	2023/24	2022/23
Employees entitled to parental leave	357	320
Employees on parental leave	27	6
Employees who returned after parental leave	30	5
Employees still in employment 12 months after returning on parental leave	5	-

# Social and Relationship Capital



## Social and Relationship Capital

Maintaining strong relationships with stakeholders is crucial for sustaining our market position and long-term success. We prioritize cultivating mutually beneficial partnerships with customers, suppliers, and the community. Our well-defined relationship management process ensures that we understand and address the needs and expectations of our stakeholders collaboratively. Through open communication, transparency, and responsiveness, we aim to build trust and loyalty, enhancing our market position and overall success.

### Strategic Priorities for 2023/24

- Reinforcing engagement
- Expanding export presence
- Expanding supplier base by looking for alternatives
- Product innovation

### Highlights for 2023/24

- 26 new suppliers
- Rs.39,781 Mn paid to Suppliers
- CSR spend of Rs.4.3Mn
- 53 Franchise Showroom

### Plans for 2024/25

- Expand our export destinations
- Initiatives to reduce material consumption through increase in productivity.

### Value delivered to our Stakeholders

Customers	Suppliers	Regulator	Community
<ul style="list-style-type: none"><li>• 7,564 Mn SQM of tiles</li><li>• 20,956 MT corrugated boxes</li><li>• 2,479 MT of paper sacks</li><li>• 44,005 MT of Grout &amp; Mortar</li><li>• 4,322 MT of aluminium Extrusions</li></ul>	<ul style="list-style-type: none"><li>• Rs.24,428 Mn paid to local suppliers</li><li>• Rs.15,353 Mn paid to foreign suppliers</li><li>• Timely payments</li><li>• Collaborations for industry growth</li></ul>	<ul style="list-style-type: none"><li>• Rs.15,429 Mn paid as Direct and Indirect taxes</li><li>• Export revenue of Rs. 3,045 Mn</li></ul>	<ul style="list-style-type: none"><li>• Direct and indirect employment opportunities</li><li>• CSR spend of Rs.4.3 Mn</li></ul>

### Engaging with our customers

The Group's diverse customer base, spanning multiple industries, enhances our resilience and ability to navigate changing market dynamics. By serving customers across various sectors, we capitalize on emerging opportunities and adapt to evolving needs. Our commitment to understanding and fulfilling the distinct requirements of each customer segment fosters strong, enduring relationships, driving sustainable growth and success throughout the Group.



We maintain active engagement with our customers through diverse communication channels to understand their demand patterns and expectations. This ongoing dialogue enables us to remain responsive to their evolving needs and adapt our product portfolio accordingly. By aligning our offerings with customer preferences, we consistently deliver value and sustain a strong competitive edge in the market.

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Tiles		Aluminium	Packaging
<ul style="list-style-type: none"> <li>• 02 own showrooms</li> <li>• 53 franchise showrooms</li> <li>• 41 factory outlets</li> <li>• 2,542 Dealers</li> <li>• Tiler Club</li> <li>• Call Centres</li> </ul>	<ul style="list-style-type: none"> <li>• 54 Distributors</li> <li>• Android and iOS Apps</li> <li>• Print, digital and social media</li> <li>• Websites</li> <li>• Exhibitions</li> </ul>	<ul style="list-style-type: none"> <li>• 1 own showroom</li> <li>• 169 dealer</li> <li>• 12 franchise showrooms</li> <li>• 17 consignment agents</li> <li>• aluminium fabricators</li> <li>• Print, digital and social media</li> <li>• Websites</li> <li>• Exhibitions</li> </ul>	<ul style="list-style-type: none"> <li>• B2B customers</li> <li>• Trade fairs</li> </ul>

We prioritize the health and well-being of our customers by implementing stringent quality controls throughout the manufacturing process. Through thorough assessments, we ensure the safety and quality of our products, fostering trust and loyalty among our clientele.

Our product pricing is transparently displayed, meeting all regulatory requirements to ensure consumer protection. During the year, there were no incidents of non-compliance reported.

Maintaining trust among stakeholders is paramount for the Group. We uphold this trust by adhering to the highest ethical standards in all our business dealings. Integrity, honesty, and transparency are fundamental to our operations, and we strictly comply with all applicable laws and group policies. We maintain a zero-tolerance approach towards corruption, including bribery, embezzlement, extortion, fraud, or any other form of illegal or unethical conduct. Regular oversight by our Audit Committee ensures compliance with our ethical principles. During the year, there were no confirmed incidents of corruption or legal actions taken for anti-competitive behaviour, anti-trust, or monopoly practices.

## Social and Relationship Capital

### Value Proposition offered to Customers

Value for money	Superior Quality	Convenience	Product variety	Customer Support	Product Innovation
We maintain fair pricing for all our products. During the year minimal price increases were made despite the substantial cost escalations, thus affecting the profitability of the Group	All manufacturing processes conform to stringent quality assurance processes as evident from several local and international quality assurance accreditations.	We have a island wide presence through our extensive distribution channels.	A comprehensive product portfolio to cater to the evolving needs of our customers. Our production facilities are constantly updated to manufacture different product types in different sizes	<ul style="list-style-type: none"> <li>Dedicated call centres</li> <li>Frequently trained showroom staff</li> <li>Prompt handling of all customer inquiries</li> </ul>	We continue to consult foreign experts in our design and development phase and have a dedicated R&D team.

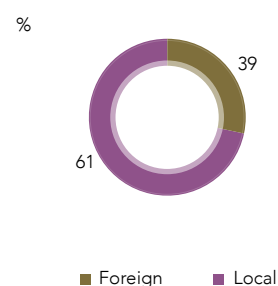
### Relationships with Suppliers

We prioritized reinforcing our relationships with our supplier base to address ongoing supply chain disruptions, both locally and internationally. This involved strengthening engagement with existing suppliers and exploring alternative opportunities to ensure an uninterrupted supply of materials for production. Collaborating closely with our suppliers, we leveraged their technical expertise to enhance productivity and operational efficiency, aiming to alleviate pressure on profit

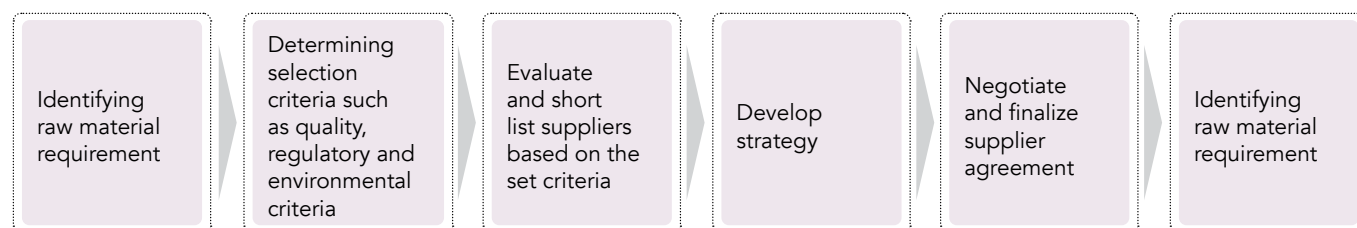
margins and boost overall performance. Additionally, as a precautionary measure, we maintained larger inventory levels across the Group to safeguard against potential disruptions and ensure uninterrupted operations.

Our transparent and consistent procedure for selecting new suppliers ensures they meet our quality standards and align with our values, social ethics, and all applicable environmental regulations. During the year, 26 new suppliers were evaluated based on these criteria.

### Payment made to Suppliers



### Supplier selection Process



### Strategic Partnerships

We actively pursued partnerships with renowned global brands, which have proven valuable in opening up opportunities in new export destinations and attracting potential buyers. These alliances leverage the reputation, expertise, and market presence of these brands to expand our reach beyond the domestic market. This strategic approach enables us to enter international markets where demand for our products may be more favourable.

Furthermore, we prioritized strengthening relationships with industry and technical experts to enhance productivity and

efficiency. Collaborating with these experts allows us to tap into their specialized knowledge and insights to drive improvements within our operations. Through these partnerships, the Group achieved significant advancements in process optimization, productivity enhancements, and quality improvements.

### Industry Collaborations

We actively engage in collaborations with professional bodies in our industry to foster growth and development. By partnering with these organizations, we aim to contribute to the advancement of our industry as a whole. We encourage our employees to actively participate in

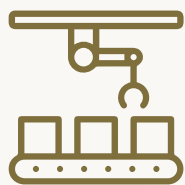
professional forums and events organized by these bodies. This provides them with opportunities to network, learn from industry peers, and exchange knowledge and best practices.

- Sri Lanka Customs
- Ceylon Chamber of Commerce
- Ministry of Industries
- Geological Survey and Mines Bureau
- Department of Commerce

### Giving back to the community

We are committed to making a positive impact on the community in which we operate. Throughout the year, we have undertaken various initiatives aimed at contributing to the development and well-being of the community.

# Manufactured Capital



## Manufactured Capital

The Groups' manufactured capital play a pivotal role in our value creation process and requires significant capital infusions. Our manufacturing plants, two of the largest tile manufacturing plants in Sri Lanka are equipped with state-of-the-art equipment to manufacture superior quality tiles. Comprising of buildings, plant and machinery, showroom fixtures and fittings and etc., the total manufactured capital amounts to Rs.19Bn.

### Strategic Priorities for 2023/24

- Enhancing capacity of both Ranala and Meepe production plants
- Expanding our showroom presence
- Enhancing operational efficiency by realigning production processes
- Operating production facilities at optimum capacities

### Highlights for 2023/24

- Completion of the expansion of Meepe production facility
- Installation of a larger kiln in the Ranala factory to expand Mosaic tile production
- Opening a new showrooms in Kiridiwela
- Upgrading existing showrooms

### Plans for 2024/25

- Commissioning of the newly expanded Meepe plant
- Commissioning of the newly expanded mosaic plant in Ranala plant
- Commissioning of the new plant in India for Aluminium sector expansions

### Segmental Analysis of Groups' Manufactured Capital

Rs.Mn	2023/24	2022/23
Tiles & associated products	15,764	10,070
Aluminium	1,784	1,611
Packaging	1,376	1,316
Total	18,924	12,906
<b>Depreciation charge</b>		
Tiles & associated products	893	911
Aluminium	105	129
Packaging	101	97
Total	1,099	1,137

### Enhancing Our Manufactured Capital

The Group dedicates a significant portion of its financial resources to augment manufacturing capabilities, strategically positioning itself for a competitive advantage in the market. Under the purview of the Board, all expansion projects are meticulously scrutinized, taking into account variables such as market demand, design trends, technological progressions, and return on investment. This methodical approach empowers us to make well-informed decisions that harmonize with our growth imperatives and sustain our industry leadership.

## Manufactured Capital

### Segmental Analysis of Groups' Manufactured Capital

Manufactured Capital by Type (Rs.Mn)	
Plant & Machinery	5,935
Buildings	5,641
Motor Vehicles	212
Electricity Distribution	409
Office Equipment	527
Other	6,198
Total	18,924

During the year, the major part of the expansion of the manufacturing plant in Meepe was successfully completed. However, the commissioning of the plant was postponed due to challenges

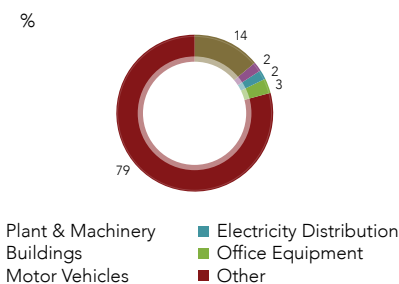
in securing the necessary technical expertise. Furthermore, we upgraded the kiln at the Lanka Tiles factory in Ranala to enhance production capacity for mosaic tiles, catering to sustained demand both locally and globally. Total capital expenditure incurred during the year amounted to Rs.7.4Bn

Capital addition by Type (Rs.Mn)	
Plant & Machinery	1,018
Buildings	117
Motor Vehicles	46
Electricity Distribution	184
Office Equipment	198
Other	5,793
Total	7,436

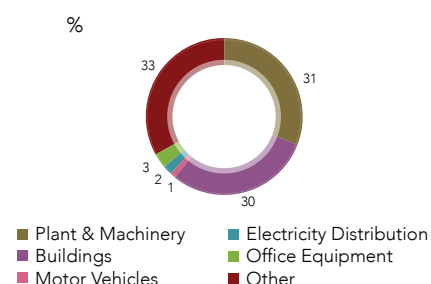
Listed below are the modifications/expansions carried out at our manufacturing plants during the year.

Manufacturing Plant	Capex during the year	Modifications done
Ranala – Lanka Tiles PLC	Rs.1.1 Bn	Installation of a new kiln in the Mosaic plant to increase capacity
Meepe – Lanka Walltiles PLC	Rs.4.8Bn (work in progress) Rs.4.4Bn	Expansion project to double the capacity (not yet commissioned)



### Capital addition by Type (Rs.Mn)



### Manufactured Capital by Type (Rs.Mn)



### Our Manufacturing Facilities

Tiles and Associated Products	
Meepe – Lanka Walltiles PLC	
	Produces wall and floor tiles in a variety of colours, textures and sizes including mosaic tiles, special trim tiles and decorated tiles, as well as handmade tiles.
	Current Capacity 2,848,184 Sqm
	Capacity Utilisation 82%
Ranala – Lanka Tiles PLC	
	The single largest tile manufacturing facility in Sri Lanka, produces glazed, vitrified wall and floor tiles with double firing technology.
	Current Capacity 5,626,250 Sqm
	Capacity Utilisation 91%

### Tiles and Associated Products

Ballummahara – Swisstek (Ceylon) PLC



Produce tile grouts, tile mortar and decorative pebbles.

**Current Capacity** 91,200 MT

**Capacity Utilisation** 48%

### Aluminium

Dompe – Swisstek Aluminium Limited

Produces aluminium profiles to fabricate all types of doors, sliding doors, windows, shop fronts, partitions, curtain walls, roller shutters, ladders and tile beading.

**Current Capacity** 8,400MT

**Capacity Utilisation** 48%



### Packaging

Dekatana – Unidil Packaging

Produces corrugated packaging and paper sacks for various industry requirements.

**Current Capacity** 33,000MT

**Capacity Utilisation** 64%



### Our International Presence

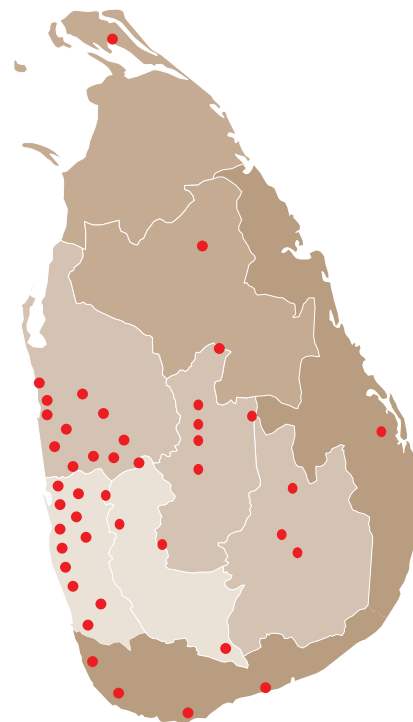


## Manufactured Capital

### Our Showroom Presence

The Group has a strong presence across the country with a network of 53 Franchise Dealer showrooms. During the year, a new showrooms were opened in Kirindiwela. Additionally, essential maintenance work for showrooms was completed, and some showrooms were relocated within the year.

Location	Factory outlet Address	T/P
Alawwa	No 87/A, Colombo Road, Wariyagoda, Alawwa	037 227 7340
Anamaduwa	No, 43 Chilaw Road Anamaduwa	032 226 3323
Balummahara	Factory Complex, Balummahara, Imbulgoda	033 493 0590
Dambulla	Lanka Tile Factory outlet, No 689, Anuradapura Road, Dambulla.	066 228 4652
Ehaliyagoda	Lankatiles Factory Outlet, Rathnapura Road, Bendaluwa, Parakaduwa	036 225 6734
Godagama	M/s Sahan Enterprises, No: 774A, Highlevel road, Panagoda, Homagama.	011 289 5782
Kalmunai	No: 306/B, Batticaloa Rd, Pandiruppu 2C, Kalmunai	067-2058858
Kandy	Factory outlet, No:369E Colombo Rd., Embilmegama, Pilimathalawa	081 238 9439
Kilinochchi	No. 175, Karadipokku Junction A9. Road Kilinochchi.	021 228 5942
Madawachchiya	No.91, Main Street Kandy road, Madawachchiya	025 224 5409
Mahabage	No.431, Negombo Road, Welisara, Mahabage-0113433744	011-3443744
Matara	No: 12, St.Thomas mawatha, Matara.	041 222 1267
Meetiyyagoda	Lank Ceramic Plc, Baddegama rd, Meetiyyagoda.	091 493 7383



Location	Showroom Address	T/P
Mirigama	3M, Negombo Road, Rendapola, Mirigama.	033-2210071
Nochchiyagama	No.354 F, Puttalam Road, Nochchiyagama	025 2257072
Polonnaruwa	No: 516, 28th Milepost Batticaloa Road, Polonnaruwa,	027-2550600
Siyambalanduwa	Lanka Tile Factory outlet Main Street ,Siyambalanduwa.	055 227 6605
Thalawakele	No;210/3,Nuwara Eliya rode,Thalawakele	025-2258076
Thissamaharamaya	Saranda Building Hambanthota Road,Tissamaharama	047-2239123
Aluthgama	No.409, Galle Road, Aluthgama.	0342272409
Ambalangoda	No.10, Main Street, Ambalangoda	0912258288
Ambalanthota	U K G Mahagedara Tissa Road, Dehigahalanda, Ambalanthota	047 2225361
Ampara	No: 774, Brown Junction, Kalmunai Road, Ampara.	063 2224942
Anuradhapura	No,20/1,Thibirikadawala,Jayanthi Mawath,Anuradhapura	0252234233
Athurugiriya	No. 182, Pore, Athurugiriya	0112562506
Avisswella	No 260 , Kiriwandala , Awissawella	036 2237026
Badulla	No.315, Passara Road, Badulla	055 2231395
Balangoda	No,350g,Ratnapura Road,Balagahamula Rd,Balangoda	045 2228996
Bandarawela	No: 482, Badulla Road, Bandarawela.	057 2221400
Batticaloa	No.384b, New Kalmunai Rd, Navatkudha, Batticaloa.	065 2058500
Chilaw	No.160, Colombo Road, Maikkulama , Chilaw.	0322223661
Dambulla	No.27, Kurunegala Road, Dambulla	066-2285077
Dickwella	97/19, Tangalle, Matara Main Road, Dickwella	0412256140
Digana	No.61/4, Mahiyagana Road, Digana	0812376336
Embilipitiya	Ratnapura Road, Pallegama, Embilipitiya	047 2263012
Galle	No. 357, Baddegama Road, Dangedara, Galle	0912233411
Gampaha	No.23, Queens Marys Road, Gampaha	0332231810
Gampola	No: 98,A, Nawalapitiya Road, Gampola	0812353126
Horana	No 580,Panadura Road,Galledadugoda Horana	0342266967

# Intellectual Capital



## Intellectual Capital

The intangible assets within our group play a pivotal role in upholding our competitive advantage, cementing our market position, and consistency in delivery of top-tier products. Our flagship brand, "LANKATILES," remains at the forefront of the local market, asserting its dominance. Moreover, the remarkable skills and expertise embodied by our team provide us with a critical competitive edge, enabling us to consistently surpass industry standards and outshine our peers.

### Strategic Priorities for 2023/24

- Enhancing our brand presence
- Driving operational efficiencies to maintain profitability
- Product and process innovation
- Offering continuous learning opportunities to enhance the competencies of our team

### Highlights for 2023/24

- 18 new product introduced
- 322 new designs introduced
- 21,900 Training hours to upskill our team
- Rs.16 Mn investment in training and development

#### Brand Value



#### Innovation



#### Operational Excellence



#### System & Processes



#### Skills & Expertise



#### Certification



### Our Brand Value

In the previous year, our flagship brand "LANKATILES" underwent a comprehensive revamp, including the introduction of a new logo. Alongside this visual transformation, we meticulously shaped a new brand personality for LANKATILES, emphasizing traits such as youthfulness, cheerfulness, modernity, and approachability. This evolution in brand personality underscores our dedication to remaining current and establishing meaningful connections with our target audience.

Swisstek Aluminium and Unidil have solidified their positions as leaders in their respective sectors by prioritizing excellence, innovation, and the delivery of premium products and services. This commitment has enabled them to consistently meet the evolving needs of their customers while maintaining high standards of quality.

**LANKATILES**  
Fine Living Redefined

Within the Top 50 brands  
Brand Finance Lanka

**LANKATILES**  
Fine Living Redefined

**SWISSTEK**

FOR THE PERFECT FINISH

**SWISSTEK**  
ALUMINIUM

FOR FUTURE-PROOF DESIGN

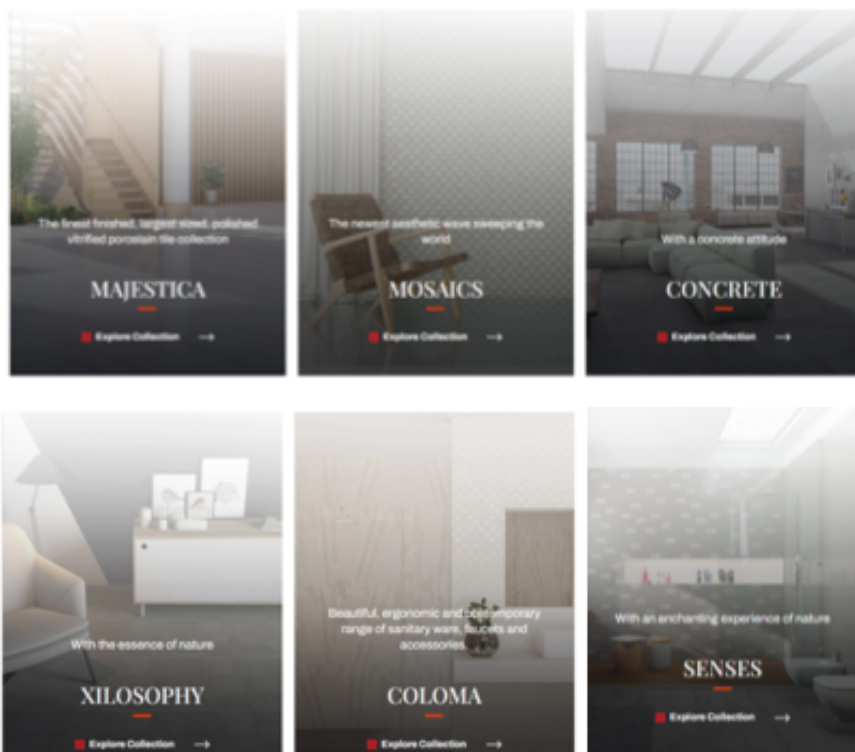
**UNIDIL**  
THE LEADER IN PACKAGING

### Systems and Processes

The Group prioritizes process innovation by regularly upgrading its systems to incorporate the latest technologies. These upgrades are aimed at enhancing productivity and efficiency across operations. Lanka Walltiles has developed robust systems over the years, which have been refined to provide us with a competitive edge in maintaining market dominance. These systems are continuously optimized to meet the evolving needs of the industry and customers.

Furthermore, the Group continuously evaluates its systems and processes to identify areas for improvement and implement necessary upgrades. This proactive approach ensures that we stay at the forefront of technological advancements in its industry, enabling it to deliver high-quality products efficiently and meet the evolving demands of its customers.

## Intellectual Capital



Initiatives carried out during the year are, Elimination of talc from body formula Reducing the glaze of certain designs by finding alternative materials, reducing bald edge wastage, bring down the cost by reducing the thickness of floor tiles by keeping other qualities unchanged.

### Knowledge and Expertise

The Group has implemented an efficient recruitment process to attract and retain the required skill sets. This process ensures that the Group can recruit top talent that meets customer expectations and contributes to the overall success of the organization. Moreover, the Group acknowledges the significance of investing in the training and advancement of its workforce. Continuous training schemes and development efforts are offered to bolster the skill sets of team members, empowering them to produce world class products that align with customer standards. Through continual

enhancement of their knowledge and proficiency, team members play a pivotal role in the value generation process.

The Group has actively fostered tacit knowledge over the years, which has provided opportunities to contribute to the growth of the industry through active participation in various industry forums. Several members of our senior management play leadership roles or participate in the following industry bodies, sharing their expertise for the sustainable development of the industry:

### Innovation

To uphold our position as market leaders and ensure continued expansion, we understand the critical role of product and process innovation, especially in today's challenging economic environment. As a strategic approach, the Group actively collaborates with our business partners to harness their expertise and

foster innovation. We view our suppliers as integral partners in our quest for innovation and productivity enhancement. Through leveraging their insights and experience, our aim is to refine our production methods, integrate novel technologies, and create innovative products tailored to the changing demands and desires of our customers.

During the year, we introduced 18 new collections, each intricately crafted to capture the natural beauty of Sri Lanka's natural landscapes. Operational Excellence

Amidst increased inflationary pressures affecting profit margins across the Group, prioritizing efficiency in our production processes became paramount in the past year. To address the challenges posed by rising raw material costs, the Group enacted a range of initiatives focused on cost mitigation, yielding significant savings.

### Certifications

Given below is a list of certifications we complied with during the year covering areas related to product quality, health and safety and sustainability. These certifications facilitate benchmarking with global industry best practice, ensuring that our processes evolve continuously to the highest standards for the respective products or processes. These certificates support our brands, enhancing customer confidence in our production processes

## Certifications

Given below is a list of certifications we complied with during the year covering areas related to product quality, health and safety and sustainability. These certifications facilitate benchmarking with global industry best practice, ensuring that our processes evolve continuously to the highest standards for the respective products or processes. These certificates support our brands, enhancing customer confidence in our production processes.

	Lanka Walltiles PLC	Lanka Tiles PLC	Swisstek Ceylon PLC	Swisstek Aluminium Ltd	Uni dil Packaging Ltd
<b>SLS ISO 14001</b> Certificate of the Environmental Management System by the Sri Lanka Standards Institution	✓	✓			✓
<b>SLS ISO 9001</b> Quality Management Certification	✓	✓	✓	✓	✓
<b>SLS 1181</b> Certificate of Conformity issued by Sri Lanka Standard Institute for ceramic tiles.	✓ ✓	✓ ✓			
<b>Green SL Labelling System</b> Certificate for environmental performance issued by the Green Building Council of Sri Lanka	✓	✓			
<b>ISO 22000: 2018</b> Food Safety Management Systems and HACCP Certification					✓ ✓
SLS 1474 Certification Food safety related risk					✓
SLS 1492 Certification Food safety related risk					✓
<b>SLS 1410</b> Certificate of conformity issued by Sri Lanka Standard Institution for Swisstek Aluminium brand extruded aluminium alloy profiles					✓
<b>Qualicoat Certification</b> Authorisation to use the quality sign of 'Qualicoat'					✓
<b>SLS 1375 certification for Tile adhesive</b> Certification for Tile adhesive			✓		
<b>SLS 1376</b> Certification for Tile adhesive			✓		
<b>SLS 1376</b> Certification for Tile adhesive			✓		
Certification for assurance of socially responsible production					✓
Certification for Food Safety Management Systems					✓

# Natural Capital



## Natural Capital

We recognize the environmental impact of our Group's operations, given the nature of our businesses. Our goal is to responsibly utilize natural finite resources and ensure careful management of waste discharge into the environment. We are firmly committed to minimizing our environmental footprint through the adoption of sustainable business practices and the implementation of innovative solutions.

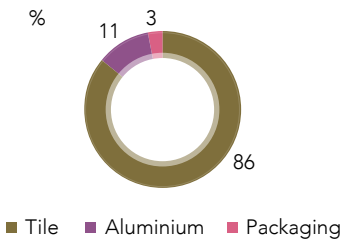
<p><b>Strategic Priorities for 2023/24</b></p> <ul style="list-style-type: none"><li>• Responsible approach to use of materials</li><li>• Use of renewable energy sources where possible</li><li>• Innovation and technological integration to minimize our environmental footprint</li><li>• Compliance and environmental risk management</li></ul>	<p><b>Highlights for 2023/24</b></p> <ul style="list-style-type: none"><li>• 43Mn of Kwh of energy used</li><li>• Obtaining technical expertise from suppliers to improve raw material productivity</li><li>• Swisstek Aluminium and Unidil Packaging obtaining Carbon Footprint verification</li><li>• Reduced the usage of fuel to 1Mn litres against the previous year usage of 1.6Mn litres.</li></ul>	<p><b>Plans for 2024/25</b></p> <ul style="list-style-type: none"><li>• We are dedicated to consistently seeking ways to improve our responsibility in using raw materials, energy, and water. Our goal is to reduce our environmental footprint by implementing practices like reusing, recycling, and safely disposing of waste and effluent.</li></ul>
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### Management Approach

We are committed to minimizing the environmental impact of our operations by responsibly managing resources for the benefit of society. Our environmental strategy is guided by the ISO14001:2015 standard for Environmental Management Systems, which serves as a framework for our environmental initiatives.

Under this framework, we established a comprehensive framework to govern and monitor the use, preservation, and sustainability of natural resources, including water bodies, minerals, and biodiversity within the scope of certification. This framework encompasses policies, regulations, environmental analyses, and decision-making processes aimed at responsibly managing natural capital. The goal is to strike a balance between human requirements and environmental conservation, ensuring the long-term health of ecosystems.

Sector wise Material Usage





### Our Monetized Capital

The Group possesses a substantial land portfolio comprising mining land and other freehold properties utilized for various commercial purposes, including manufacturing plants, showrooms, and warehouses. With over 105 acres of mining land, these holdings are pivotal in securing the long-term sustainability of our core business activities. They serve as essential resources for meeting our in-house clay demands, thereby ensuring a stable supply chain and bolstering our operational resilience.

### Managing our material Input

We rely extensively on finite resources like ball clay, feldspar, and kaolin for our tile manufacturing processes. Our primary objective is to minimize waste and optimize material reuse whenever possible. By adopting efficient resource management practices and implementing recycling initiatives, we strive to reduce our environmental footprint while ensuring the sustainable use of these essential resources.

We consistently review our body formulations to uphold product quality while simultaneously enhancing the raw material productivity. Through rigorous testing and analysis, we assess the feasibility of adjusting specifications to minimize the use of raw materials while ensuring that our products maintain the high standards our customers expect.

We prioritize sustainable sourcing practices by procuring raw materials from certified and sustainable sources. This commitment is integral to our environmental strategy, aimed at reducing our environmental impact. Collaborating closely with our suppliers allows us to gain insights into optimizing raw material processing for efficiency, productivity, and yield improvement. This partnership strengthens our operational efficiency while advancing our sustainability goals through reduced resource consumption and waste generation.

**10,297MT**  
of material recycled and reused

### Renewable Material - MT

	2023/24	2022/23
Billet	4,856	3,641
Chemicals	481	222
Cornstarch	436	440
Ink	82	74
Paper	23,332	23,154
Powder	1111	73

### Non-renewable Material - MT

	2023/24	2022/23
Ball Clay	49,377	45,211
Feldspar	74,380	72,489
Frit	216	195
Grey cement	13,437	19,211
Kaolin	14,881	8,483
Silica sand	31,068	35,575
White cement	858	982

## Natural Capital

### Energy Management

Given the energy-intensive nature of our operations, particularly with recent expansions in production capacity and process automation, effectively managing energy usage has become crucial for the Group. We are dedicated to implementing measures aimed at optimizing energy consumption, minimizing wastage, and exploring renewable energy sources wherever feasible. These initiatives align with our commitment to reducing our environmental footprint and ensuring the long-term sustainability of our operations.

We have implemented a range of "green initiatives" aimed at improving energy efficiency and reducing its environmental impact. These initiatives involve the adoption of energy-efficient technologies, process improvements, and other measures to optimize energy use.

Groups' efforts to manage energy consumption includes,

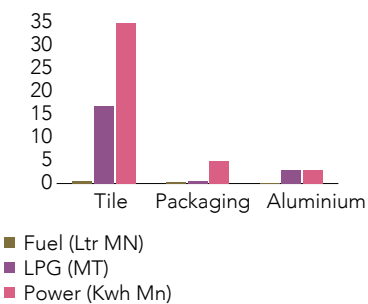
- Solar PV systems installed on all factory rooftops generating a total of 1.5MW of electricity per year
- Installing high energy class motors which use invertors to reduce consumption when it is not required to run at full speed
- Installation of capacitor banks
- Successful implementation of waste heat recovery projects
- Gradually reducing our dependency on fossil fuels in our packaging plant by shifting to renewable energy sources such as firewood.
- Installation of skylights to save electricity consumption during daytime
- Encouragement of off-peak electricity usage and reduction of usage during peak hours

Total energy usage ↑ by **2%**  
Diesel usage ↓ by **62%**

### Energy Consumption by Type

Type	Unit (000)	2023/24	2022/23
<b>Renewable</b>			
Firewood/Biomass	Kg	2,813	3,986
Solar power	KWh	935	1,025
<b>Non-renewable</b>			
Diesel	Litre	514	1,343
Furnace oil	Litre	386	355
LPG	Kg	17,874	17,784
Purchased electricity from CEB	KWh	42,356	38,997
Kerosene	Litre	130	68

### Energy Consumption by Sector



### Water and Effluents

Managing our water consumption is of strategic importance for the Group due to our significant water footprint and Sri Lanka's high water stress level. We are focused on gradually reducing the volume of water withdrawn for our operations by minimizing waste and maximizing the reuse of water discharged from our processes. This commitment aligns with our sustainability goals and contributes to the conservation of precious water resources in the region.

To achieve responsible water management, all wastewater generated

### Water withdrawal by source (Mn Litres)

Type	2023/24	2022/23
Ground water	113	97
Municipal water	16	12
Surface water	125	127
Third party supply	22	17
<b>Total</b>	<b>276</b>	<b>252</b>

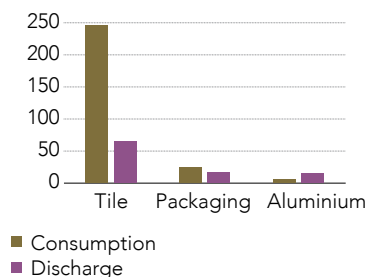
undergoes treatment before discharge or reuse. Each of our facilities is equipped with advanced effluent treatment plants, ensuring compliance with standards set by regulatory authorities. This commitment ensures that nearly 100% of discharged water is treated and either recycled or reintegrated into our production processes.

Effluent treatment plants are installed across all our facilities to ensure proper treatment of wastewater, aligning with our commitment to responsible wastewater management and environmental stewardship.

### Volume of water discharge by destination - Mn Litres

Type	2023/24	2022/23
Municipality sewerage, drainage lines	5	5
Recycled through Effluent treatment	31	35
To ground through soakage pits	23	12
To wetlands	38	31
<b>Total</b>	<b>97</b>	<b>83</b>

### Water Management by Sector - Mn Liters



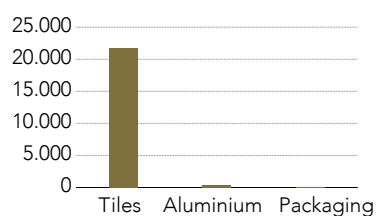
### Management of waste Disposal

We prioritize responsible waste management practices by implementing waste segregation protocols that align with regulatory requirements and industry standards. Regular internal audits are conducted to ensure strict compliance with these protocols.

Our main sources of waste include paper, aluminium billets, and solid waste. Throughout the year, we generated 22,286 metric tons of solid waste, with the tiles and associated products segment contributing to 98% of this total.

For the disposal of hazardous waste, we engage specialized third-party services. Other types of waste, such as paper and organic waste, are either sold or repurposed. In the past year, 12,203 metric tons of waste were converted into reusable forms, with segregated food waste being utilized as animal feed.

### Waste generated by Sector



### Disposal of Solid Waste - MT

Type	2023/24	2022/23
Inclination	25	1,150
Landfill	11,964	9,044
On site storage	-	428
Recycled	3,326	4,428
Reused	6,971	7,775
Total	22,286	22,825

### Minimising our carbon footprint

As a socially responsible corporation, we prioritize minimizing our carbon footprint by adopting sustainable practices aimed at efficient energy consumption and reducing reliance on fossil fuels. Our ongoing efforts are geared towards gradually decreasing our carbon footprint in a sustainable manner.

We have introduced a variety of "green initiatives" focused on enhancing energy efficiency and minimizing its environmental footprint. These initiatives encompass the adoption of energy-efficient technologies, process enhancements, and other strategies to optimize energy consumption. Additionally, we launched a tree planting program aimed at generating carbon credits, further contributing to its environmental sustainability efforts.

The commitment to minimizing our carbon footprint was evident across the group, with both Unidil Packaging Limited and Swisstek Aluminium Limited obtaining Carbon Footprint Verification certification during the year. This accomplishment underscores our dedication to mitigating our environmental impact throughout our operations.

Emission	2023/24	2022/23
Gross direct (Scope 1) GHG emissions tCO <sub>2</sub> e	55,929	59,474
Energy indirect (Scope 2) GHG emissions tCO <sub>2</sub> e	22,965	23,336
Energy indirect (Scope 3) GHG emissions tCO <sub>2</sub> e	2,439	2,534

### Compliance

We comply with the relevant environmental regulations of the Central Environmental Authority and have obtained the Environmental Protection License for all our factories. This is reviewed annually through internal audits and compliance reporting.

During the year, there were no fines or penalties imposed for non-compliance with environmental regulations or laws.

Given below is a list of environmental compliance related certifications we complied with in 2023/24.

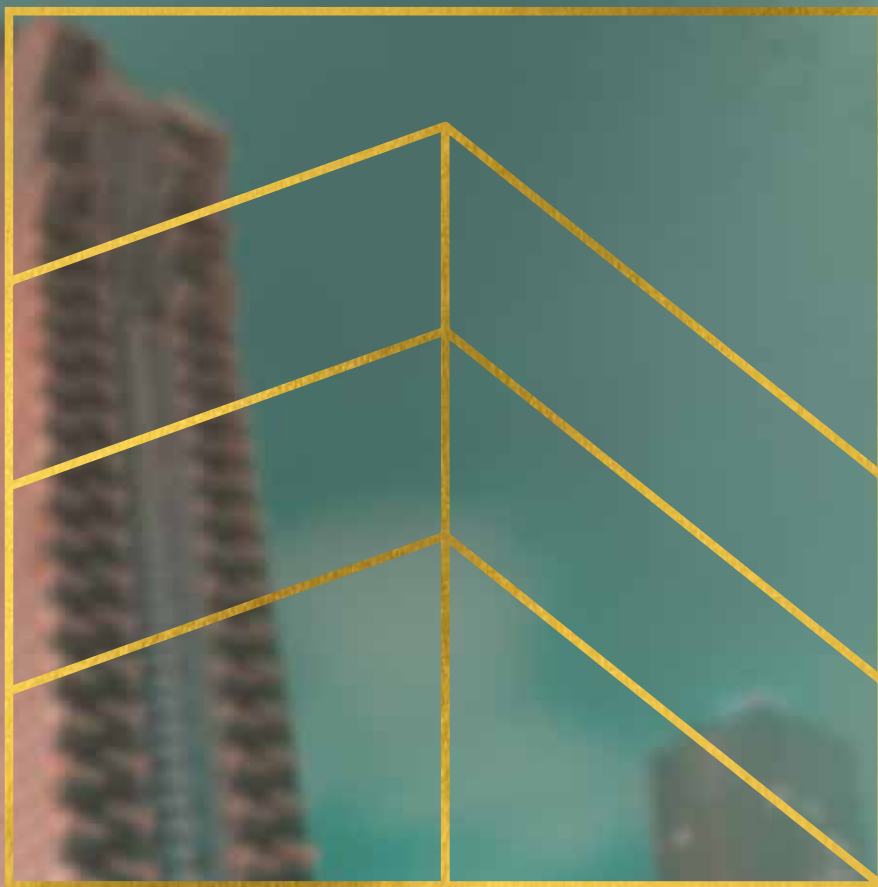
### Compliance with Environmental Regulations

Type	Tiles	Packaging	Aluminium
Compliance with the requirements of the Central Environmental Authority	✓	✓	✓
ISO 14001	✓		
Green SL Labelling System	✓		



Corporate Governance

# Discerning Integrity



# Corporate Governance

The Board of Directors holds the ultimate responsibility for overseeing the strategic direction, internal controls, financial reporting, risk management, and operations of the Lanka Walltiles Group. Sound corporate governance structures, policies, systems, and processes, along with regular reporting, facilitate the fulfillment of these duties by the Board while fostering a robust business model that consistently delivers sustainable value to stakeholders. These governance mechanisms are continuously refined to adapt to external shifts in legal, regulatory, and voluntary standards, as well as internal needs, ensuring their effectiveness in an ever-changing operational environment.



## Governance Framework

### Regulatory

- Companies Act No.7 of 2007,
- Sri Lanka Accounting and Auditing Standards Act No.15 of 1995
- Continued Listing Requirements of the Colombo Stock Exchange
- The Shop and Office Employees Act No. 15 of 1954
- Factories Ordinance No. 45 of 1942
- Inland Revenue and other relevant acts

## Key Governance Practices

- Balance of power established with a majority of non-executive directors of whom 05 are independent
- An Independent Non-Executive Director is the Chairman and a Senior Independent Director is also appointed
- Annual rotation of a minimum of 1/3 of the Board
- Annual evaluation of the effectiveness of the Board
- Shareholders have right to call for special meeting

## Governance Process

### Defined responsibilities of the Board

- Value creation to stakeholders
- Strategy
- Resource allocation
- Appointment of Key Management Personnel
- Performance oversight
- Risk management
- Regulatory compliance
- Financial and other regulatory reporting

## Independence of Directors

The Board has determined that,

- Dr. S Selliah,
- Mr. K D G Gunaratne,
- Ms. A M L Page,
- Mr. J D N Kekulawala, and
- Mr. S R Jayaweera

are Independent Directors as per the criteria for independence set out in the Listing Rules, based on the declarations submitted by the said Directors.

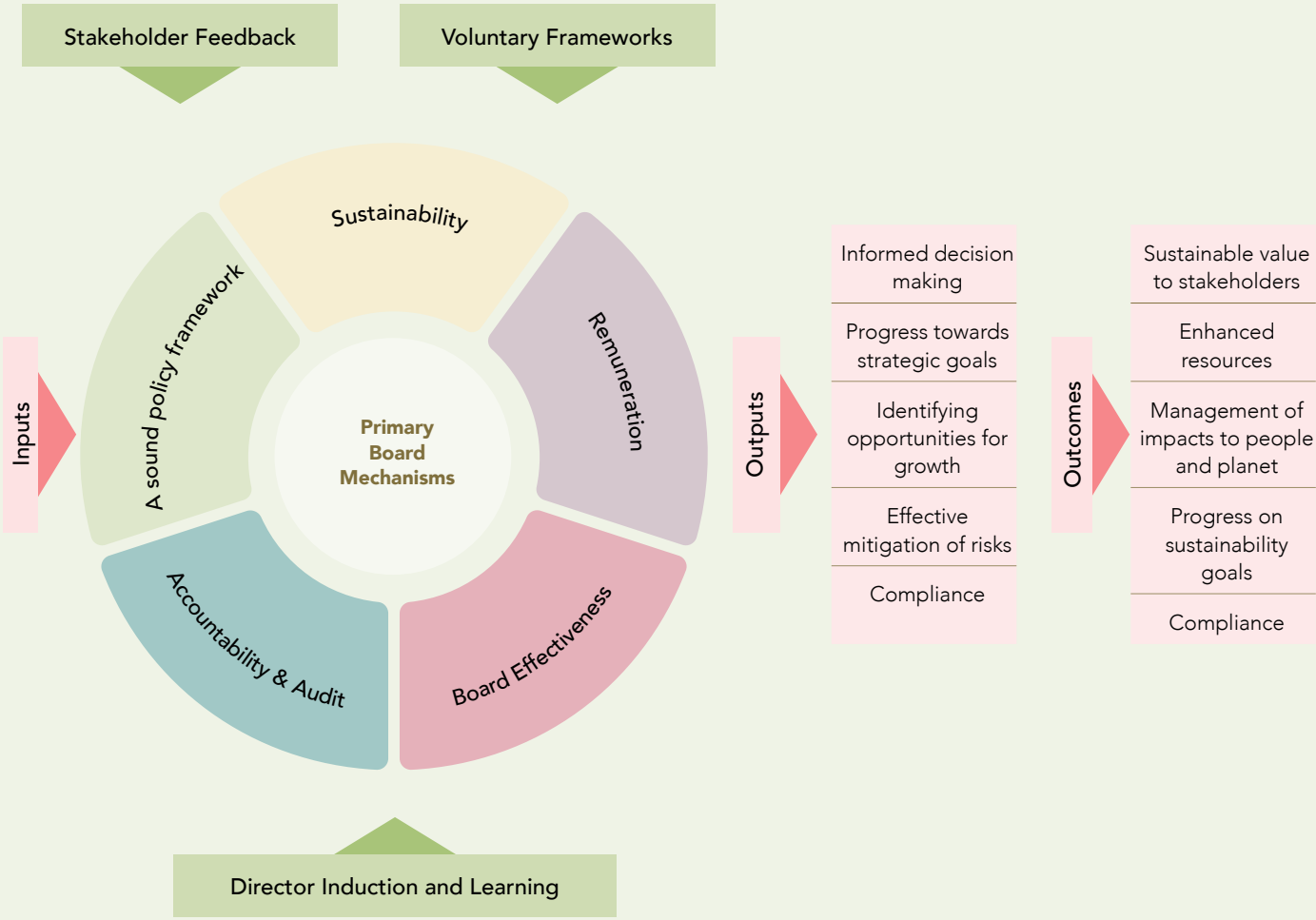
In determining the Directors' independence, the Board has taken into consideration that the period of service as a Board member exceeding nine years rendered by Dr. S Selliah, Mr. K D G Gunaratne, Ms. A M L Page and the directorship held by Mr. S R Jayaweera in Royal Ceramics Lanka PLC, which has a significant shareholding in the Company, do not compromise the independence and objectivity in discharging their functions as Independent Directors. Accordingly, the Board is of the opinion that Dr. S Selliah, Mr. K D G Gunaratne, Ms. A M L Page and Mr. S R Jayaweera shall nevertheless be 'independent' as per the Listing Rules.

**Voluntary Standards, Codes & Frameworks**

- Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka 2023
- Integrated Reporting Framework
- Global Reporting Initiative Standards
- Quality standard certifications obtained by companies

**Internal Documents**

- Articles of Association
- Board Charter
- Policy framework



## Corporate Governance

### Board Highlights

#### Board Composition

- 11 Directors

#### Board Committees

- Audit Committee
- Remuneration Committee
- Related Party Transaction Review Committee

#### Shareholder Engagement

- Annual General Meeting 28th June 2024
- Publishing quarterly financial statements
- Annual Report 2023/24

### Board Composition

The Board consists of 11 Directors, appointed by shareholders during the Annual General Meeting. Among them, there are 10 Non-Executive Directors, with 5 fulfilling the independence criteria outlined in Corporate Governance Listing Rule #9. Additionally, 4 Directors serve as directors of Royal Ceramics Lanka PLC, the parent company of Lanka Walltiles PLC. This composition of both executive and non-executive directors, along with a diverse range of skills and experiences, enables impartial and well-informed discussions on matters brought before the Board.

Name	Shareholding	Role	AC	RC	RPTRC	No. of Appointments at Public Listed entities	No. of Appointments at other entities
Mr. A M Weerasinghe		Chairman				6	9
Mr. J A P M Jayasekera	995	Executive Director				4	15
Dr. S Selliah		Independent Non-Executive Director	●		●	8	7
Mr. T G Thoradeniya		Non-Executive Director	●		●	4	10
Mr. K D G Gunaratne		Independent Non-Executive Director				9	1
Ms. A M L Page		Independent Non-Executive Director				3	-
Mr. M W R N Somaratne Sampath Bank/ Mr. M W R N Somaratne	40,000 60,000	Non-Executive Director				3	1
Mr. J D N Kekulawala		Independent Non-Executive Director	●		●	7	3
Mr. S M Liyanage		Non-Executive Director				6	2
Mr. S R Jayaweera		Independent Non-Executive Director				3	1
Ms. K A D B Perera		Non-Executive Director				11	6
Mr. S H Amarasekara		Director of Royal Ceramics Lanka PLC		●		8	11
Mr. R N Asirwatham		Director of Royal Ceramics Lanka PLC		●		8	4
Mr. L N De S Wijeyeratne		Director of Royal Ceramics Lanka PLC		●		4	-
<p>● Chairman    ● Member    AC – Audit Committee    RC – Remuneration Committee    RPTRC – Related Party Transaction Review Committee</p>							

**Audit Committee** (Refer page 87 for Audit Committee Report)**Mandate:**

- Reviews the integrity of financial statements in accordance with Sri Lanka Financial Reporting Standards.
- Ensure compliance with legal and regulatory requirements of Companies Act and other relevant financial reporting related regulations and requirements.
- Assess the External Auditor's independence and performance.
- Review adequacy and effectiveness of risk management

**Composition:**

- 02 Independent Non-Executive Directors and 01 Non-Executive Director, of whom one is a Chartered Accountant

**Remuneration Committee** (Refer page 88 for Remuneration Committee Report)**Mandate:**

- The Committee assists the Board in determining a suitable remuneration package.

**Composition:**

- 03 Independent Non-Executive Directors of the parent Company, Royal Ceramics Lanka PLC

**Related Party Transactions Review Committee** (Refer page 89 for Related Party Transactions Review Committee Report)**Mandate:**

- To ensure on behalf of the Board, that all Related Party Transactions of the Group are consistent with the provisions of the Listing Rules of the Colombo Stock Exchange.

**Composition:**

- 02 Independent Non-Executive Directors and 01 Non-Executive Director

**Managing conflicts of interest**

Directors are required to declare their business interests on appointment and update thereafter and the Company Secretaries maintain a register of Directors' Interests. Directors are disclosed on page 16 to 19. Directors do not participate in the meeting when related party matters concerning them are discussed, absenting themselves from the Board room for the duration of the discussion.

Related party transactions are reviewed quarterly by the Related Party Transactions Review Committee and whenever the need

arises to approve the transactions and ensure appropriate disclosures are made in line with regulatory requirements. Related party transactions are disclosed in Note 32 to the financial statements on page 154.

**Effective Meetings**

Board meetings are held regularly in accordance with an annual calendar prepared by the Company Secretaries, with provision for additional meetings as maybe required. The agenda for the meeting is determined by the Chairman and the Company Secretary with inputs where needed from the Managing

Director/ CEO. Relevant Board papers are circulated to the Directors seven days prior to the meeting allowing sufficient time for review and clarification. Performance oversight, risk management and review of financial statements are regular items on the agenda of the Board.

Key Management Personnel (KMP) attend Board meetings on invitation to make presentations and update the Board on material issues that impact the business. They are also available for clarifications that may be required by Board members. Board minutes are circulated to members within 2 weeks.

## Corporate Governance

### Meeting Attendance

Attendance of directors at meetings is given below:

Name	Date of Appointment	Board	Audit Committee	Remuneration Committee	Related Party Transaction Review Committee
Mr. A M Weerasinghe	15.03.2017	10/10			
Mr. J A P M Jayasekera	25.06.1998	10/10			
Dr. S Selliah	29.05.2003	10/10	5/5		4/4
Mr. T G Thoradeniya	30.05.2013	06/10	0/5		0/4
Mr. K D G Gunaratne	27.08.2013	06/10			
Ms. A M L Page	01.10.2013	08/10			
Mr. R N Somaratne	01.01.2014	09/10			
Mr. J D N Kekulawala	30.08.2016	10/10	5/5		4/4
Mr. S M Liyanage	21.02.2020	10/10			
Mr. S R Jayaweera	09.10.2020	10/10			
Ms. K A D B Perera	19.10.2022	02/10			
Mr. S H Amarasekara (Director of Royal Ceramics Lanka PLC)	18.09.2014	-		1/1	
Mr. R N Asirwatham (Director of Royal Ceramics Lanka PLC)	25.09. 2009	-		1/1	
Mr. L N De S Wijeyeratne (Director of Royal Ceramics Lanka PLC)	16.05.2016	-		1/1	
Total No. of Meetings		10	5	1	4

### Remuneration Policy

The Board is assisted by the Remuneration Committee in determining remuneration of the Managing Director, Non-Executive Directors, KMPs and others. Remuneration policy is designed to attract and retain the skills, capabilities and experience required to pursue business objectives. Remuneration of KMP and Managing Director are linked to the performance of the Group. Please refer page 88 for the Report of the Remuneration Committee and Terms of Reference. NED remuneration comprise a fee for being a Director of the Board and an additional fee for being a member of a committee to which he is approved.

### Accountability & Audit

The Board approved the quarterly reports prior to dissemination to the public through the CSE and the corporate website. The Audit Committee reviews the financial statements and recommended the financial statements for approval by

the Board. The following reports set out further information required by the Code:

- The Directors' Report on pages 90 to 94 (including the declaration that the company is a going concern)
- The Statement of Directors' Responsibility on page 96
- Report of the Auditors on page 98 to 100

### External Auditor

The External Auditor is appointed by the shareholders at the Annual General Meeting. The AC monitors and reviews the External Auditor's independence, objectivity and the effectiveness of the audit process considering relevant professional and regulatory requirements.

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

### Oversight of Subsidiaries & Associates

- Chairman and other directors sit on the Boards of subsidiaries and provide feedback to the main Board on matters of concern.
- The Audit Committee of the Group serves as the Audit Committee of the subsidiaries, ensuring oversight of internal controls, financial reporting, internal and external audit.
- Finance and Human Resources functions have regular meetings with heads of corresponding functions in the subsidiaries to ensure harmonization and sharing of best practice.

Internal audit co-ordinates with internal auditors of the respective subsidiaries to ensure that audits are conducted in line with expected standards and in line with the agreed audit plans.

### Relations with Shareholders

The Group engages with Shareholders through multiple channels. These include the Annual General Meeting (AGM), annual report, interim financial statements, the Company website and via the CSE's website. Shareholders also have the opportunity to ask questions, comment or make suggestions to the Board through the Company Secretaries and at the Annual General Meeting. All significant issues and concerns of Shareholders are referred to the Board with the views of the Management.

### Constructive use of Annual General Meeting (AGM)

Shareholders are encouraged to participate at the AGM and the Chairman,

Board members and Chairpersons of Board Sub-committees are available for discussion at the AGM and respond to questions directed to them by the Chairman. Additionally, KMPs of the Group are also present assist the directors in this regard.

Notice of the AGM, the Annual Report and Accounts and any other resolution together with the corresponding information that may be set before the shareholders at the AGM, are circulated/ made available to shareholders minimum 15 days prior to the AGM. Separate resolutions for each item of business, facilitating voting on each of such issue, separately. Voting procedures at the AGM are circulated to the shareholders in advance. The Company has an effective

mechanism to record and count all proxy votes lodged for each resolution. In the event there are a significant proportion of the votes cast against a resolution, the Board will take steps to understand the reasons behind the vote results and determine if any actions are required. The outcome of the vote on each resolution is informed to the CSE, soon after conclusion of the AGM

Given below is the status of compliance with the CSE Listing Rules – section 7-10 (as applicable) Revised Corporate Governance Rules subject to transitional provisions and the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka in 2023.

Reference to ICASL Code & CSE Listing	Corporate Governance Principle	How we comply	Compliance Status
<b>A. Directors</b>			
A.1	The Board		
A. 1.1	Board Meetings	Held regularly and special meetings held as and when necessary	✓
A1.2	Role of the Board	Focus on developing strategies for business development and to provide guidance to the management. Sets the budget for the financial year and reviews progress at the regular intervals. Approving of major capital expenditure Ensures that effective internal control and risk management framework is in place	✓
A. 1.3	Compliance with laws and access to independent professional advice	The Board seeks independent professional advice when deemed necessary, particularly before making any decisions which could have a significant impact on the Company.  Further the Board is always mindful of the new laws/regulations which are implemented and ensures compliance with same.	✓
A 1.4	Access to advice from the Company Secretary	All directors have access to the advice of the Company Secretary.	✓
	Indemnifying the Board, Directors and key management personnel		
A 1.5	Independent judgment of the Directors	Board comprises mainly of independent professionals who in turn exercise independent judgement in discharging their duties	✓
A 1.6	Dedicating adequate time and effort	Regular Board meetings and sub-committee meetings are scheduled well in advance and Board papers circulated 1 week prior to the meetings, giving adequate time to prepare	✓
A.1.7	Calls for resolutions	Resolutions are passed for all Board approvals and minutes are kept	✓
A 1.8	Training of Directors	At the time a Director is appointed a letter confirming such appointment together with details on the duties of a Director in terms of the Act and Listing Rules are forwarded to them. All Directors have considerable experience in the industry. Relevant local and foreign training opportunities are made available.	✓

## Corporate Governance

Reference to ICASL Code & CSE Listing	Corporate Governance Principle	How we comply	Compliance Status
A. 2.0	Segregation of Roles of Chairman & CEO	Please refer Chairman and Managing Director I page 11 & 13	✓
A. 3	Chairman's Role	The Chairman ensures that meetings are conducted in an orderly manner and that each Board Member and Member of staff is given an opportunity to present his views/concerns on matters.	✓
A. 4	Financial Acumen	Members of the Board and Management have sufficient financial knowledge and thus are able to provide guidance on financial matters.	✓
A.5	Board Balance		
A.5.1/ A5.2/A.5.3 & A.5.5 7.10.1(a) 7.10.2(a) 7.10.2(a)	Presence of Non-Executive Directors Independence of Non-Executive Directors	Please refer an Effective Board in page 90	✓
A.5.4 7.10.2(b)	Annual Declaration of Independence by the 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	No Senior Independent Director	✓
A.5.9	Chairman meeting with the Non-Executive Directors	When required the Executive Directors and Members of staff are excused from meetings	✓
A.5.10	Recording concerns	Concerns of directors are recorded in minutes even in the case of disagreement.	✓
A.6	Supply of Information		
A.6.1	Obligation of the Management to provide appropriate and timely information	Board Papers and Committee papers are provided at least 1 week before the meeting	✓
A.6.2	Board papers to be provided 7 days prior to Board Meeting	Board papers are provided one week prior to the Board meeting.	✓
A.7	Appointments to the Board		
A.7.1 / A.7.2	Nomination Committee and the assessment of composition of the Board	All new appointments are informed to the CSE as per existing regulations. Appointments are undertaken by the Board of Directors. The Board's skills and knowledge are assessed by the parent company board annually and informed to the directors.	✓
A.7.3 7.10.3(d)	Disclosure of Appointment of a New Director	Disclosure pertaining to any new appointments are made to the CSE within two market days from the date of such appointment. The disclosure includes a brief profile of the Director and whether the Director is an Independent/Non-Executive/Executive Director.	✓
A.8	Re-election		
A.8.1 /A.8.2	Re-election	At each AGM one Non-Executive director presents himself/herself for re-election.	✓
		Newly appointed directors are re-elected at the 1st AGM following their appointment.	
A.8.3	Resignation	In the event of a resignation, a letter of resignation is provided by the Director.	✓
A.9	Appraisal of Board Performance		
A.9.1/A.9.2/ A.9.3/A.9.4	Appraisals of the Board and the sub committees	Board appraisals are done at the year end	
A.10	Disclosure of Information in Respect of Directors		
A.10.1	Profiles of the Board of Directors and other related information	The names of the Directors of the Board and their profiles are given on page 16	✓
A.11	Appraisal of Chief Executive Officer		
A.11.1/ A.11.2	Setting of the annual targets and the appraisal of the CEO	The performance of the CEO is reviewed annually by the Board based on the strategic targets set for the year.	✓

Reference to ICASL Code & CSE Listing	Corporate Governance Principle	How we comply	Compliance Status
<b>B. Directors' Remuneration</b>			
B.1	Remuneration Procedure		
B.1.1	Set up a Remuneration Committee with agreed terms of reference	Refer Directors' Remuneration on page 88  The Report of the Remuneration Committee on page 88 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 Independent Non-Executive Directors	✓
B.1.3	List names of Remuneration Committee in Annual Report	Please refer page 88	✓
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 in consultation with the Chairman	✓
B.1.5	Consultation with the Chairman and the Managing Director	The Chairman/ MD are consulted when determining the remuneration to be paid to the Executive Directors and Management, respectively.	✓
B.2	The Level & Makeup of Remuneration		
B.2.1/B.2.2/ B.2.3/B.2.4	The level and makeup of the remuneration of Directors and comparison of remuneration with other companies	Remuneration levels have been designed to attract, retain and motivate Directors while remaining within the industry standards and Annual performance approved	✓
B.2.5	Performance based remuneration	Part of the remuneration package of the Executive Directors are linked to achievement of targets and individual performance.	✓
B.2.6	Executive share options		NA
B.2.7	Designing schemes of performance-based remuneration	Refer the Report of the Remuneration Committee on page 88	✓
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 7.10.5(c)	Disclosure of Remuneration	Report of the Remuneration Committee on page 88 Notes 32 in the financial statements on page 157	✓
<b>C. Relations with Shareholders</b>			
C.1	Constructive use of AGM and Conduct of Meetings		
C.1.1	Dispatch of Notice of AGM and related papers to shareholders	Notice of Meeting, the Agenda for the Annual General Meeting and the Annual Report are circulated to shareholders prior to 15 days as required by the Articles of Association and the Code.	✓
C.1.2	Separate resolution for substantially separate issues.	Separate resolutions are passed for each matter taken up at the AGM	✓
C.1.3	Accurate recording and counting valid proxy appointments received for general meeting	Valid proxies are listed together with the number of shares held by the shareholder appointing the proxy.	✓
C.1.4	Availability of Chairman of Board Committees at the Annual General Meeting	The Chairmen of the Board Committees are present to answer any queries of the shareholders directed to them by the Chairman of the Company.	✓
C.1.5	Summary of Notice of General Meetings and procedures governing voting at General Meetings	A summary of the procedure on voting is given in the Notice of Meeting.	✓
C.2	Communications with shareholders		

## Corporate Governance

Reference to ICASL Code & CSE Listing	Corporate Governance Principle	How we comply	Compliance Status
C.2.1 to C.2.7	Communications with Shareholders	<p>The AGM and EGM (if any) are used as the method for communicating with the shareholders.</p> <p>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.</p> <p>The Company Secretaries/Registrars are the main contact people for the shareholders.</p> <p>All major concerns of the shareholders are brought to the notice of the Board at the AGM and at Board/Subcommittee meetings.</p> <p>All queries of shareholders are answered at the AGM and all shareholders are given the opportunity to express their views/concerns.</p>	✓
C.3	Major & Material Transactions		
C.3.1 & C.3.2	Disclosure of Major Transactions	<p>There were no matters which were identified as Major Transactions during the year as such no disclosure has been made in this regard.</p> <p>In the event there are Major Transactions, relevant disclosures and relevant shareholder approvals are obtained.</p>	✓
<b>D. Accountability &amp; Audit</b>			
D.1.1	Annual Report	Refer Accountability & Audit on page 95 & 96	✓
D.1.2	Interim and price sensitive reports to public and regulators	<p>In preparing annual and quarterly Financial Statements, the Company complies with the requirements of the;</p> <ul style="list-style-type: none"> <li>• Companies Act No. 07 of 2007,</li> <li>• Sri Lanka Accounting Standards and</li> <li>• Listing Rules of the Colombo Stock Exchange.</li> </ul> <p>The annual and interim Financial Statements were published within the time periods prescribed by the Listing Rules of the Colombo Stock Exchange.</p>	✓
D.1.3	CEO/CFO Declaration	The Statement of Financial contains a declaration by the Deputy Chairman & Managing Director and the Chief Financial Officer.	✓
D.1.4	Directors' Report declarations	Refer Annual Report of the Board of Directors on page 90.	✓
D.1.5	Statements on responsibilities for preparation of financial statements and internal control	<p>Refer the following:</p> <p>Statement of Board responsibility for preparation of financial statements – page 96</p> <p>Statement from Auditors on their reporting responsibilities – page 98</p> <p>Statement on Internal Control – page 30</p>	✓
D.1.6	Management discussion & analysis	Refer annual report pages from 23 to 37 which provides a comprehensive management discussion and analysis of the Group's operations	✓
D.1.7	Serious loss of capital	Shareholders will be informed of a serious loss of capital in the event it happens.	✓
D.1.8	Related Party transactions	<p>Refer the following disclosures on Related Party Transactions:</p> <p>Relates party transactions Review Committee Report on page 89</p> <p>Annual Report of the Board of Directors on page 90</p> <p>Note 32 to the financial statements</p>	✓

Reference to ICASL Code & CSE Listing	Corporate Governance Principle	How we comply	Compliance Status
D.2	Risk Management & Internal Control		
D.2.1	Monitor, review and report on financial, operational and compliance risk and internal control systems	The following reports provide details on compliance with these requirements: Risk Report on page 30	✓
D.2.2	Confirm assessment of the principal risks of the company	Risk & Internal Control on page 30 Directors' Statement on Internal Controls on page 31	✓
D.2.3	Internal Audit	Audit Committee Report on page 87	✓
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 3 non-executive directors of whom 2 are independent. Refer Audit Committee on page 87.	✓
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 87.	✓
D.3.3 7.10.6(c)	Disclosures	The Audit Committee Report with required disclosures are given on page 87.	✓
D.4	Related Party Transactions Review Committee		
D.4.1/ D.4.2/ D.4.3	Related Party Transactions Review Committee	Refer Related Party Transactions Review Committee on page 89	✓
D.5	Code of Business Conduct & Ethics		
D.5.1	Board declaration for compliance with Code	Refer Code of Ethics on page 79 to 86.	
D.5.2	Price sensitive information	Material and price sensitive information is promptly disclosed to the CSE by the Company Secretaries.	✓
D.5.3	Monitor Share purchase by Directors/ KMPs	Refer the Related Party Transactions Committee Report on page 89.	✓
D.5.4	Chairman's statement	Refer the Chairman's Message on Corporate Governance on page 11 and The Board of Directors' Statement on Internal Controls on page 31.	✓
D.6	Corporate Governance disclosures	The Corporate Governance Report on pages 74 and 86 together with its Annexes comply with this requirement.	✓
<b>E. Institutional Investors</b>			
E.1.1	Institutional investors	The proxies of the major institutional investors, such as the major shareholder are obtained.	✓
E.2	Evaluation of Governance Disclosures	Information required for evaluation of governance structures is provided in the Annual Report.	✓
<b>F. Other Investors</b>			
F1	Investing and divesting decision	We seek to provide sufficient information to investors through the annual report, quarterly financial statements and announcements to the CSE to assist investors with their investment and divestment decision.	✓
F.2.	Encouraging shareholder participation	Refer Shareholder Relations on page 178	✓
<b>G. Internet of things and cybersecurity</b>			
G.1	Identify connectivity and related cyber risks		✓
G.2	Appoint a CISO and allocate budget to implement a cybersecurity policy		
G.3	Include cyber security in Board agenda	It is a regular agenda item for the Board meetings.	
G.4	Obtain periodic assurance to review effectiveness of cybersecurity risk management		

## Corporate Governance

Reference to ICASL Code & CSE Listing	Corporate Governance Principle	How we comply	Compliance Status
G.5	Disclosures in Annual Report		
<b>H. Environment, Society &amp; Governance</b>			
H	Environment, society and governance		
H.1	Consider the impact of sustainability risks and opportunities in the business model, operations and short, medium and long term plans to build resilience and report the same to the Board.	Applicable from 01st January 2025	
H.2	Continuously engage with and consider the views of its stakeholders to better understand and manage the company's sustainability/ESG risk and opportunities.	The Company continuously engages with its stakeholders to consider the views and manage concerns to manage its reputation and to preserve its social license to operate.	✓
H.3	The company should establish a governance framework and structure which includes conformance, performance and sustainability/ESG factors		
H.4	The board should establish a governance structure to support sustainability/ESG factors including its ability to create value and manage risks in the short, medium and long term, recognizing, managing and measuring on all pertinent aspects of sustainability using financial and non-financial measures.		
<b>I. Special Considerations for Listed Companies</b>			
I.1	Listed entities shall establish and maintain policies relating to its governance and disclose the fact of existence of such policies together with the details relating to the implementation of such policies by the entity on its website.	Policies are being reviewed and revised prior to publishing their details on the Company's website.	
I.2	Listed entities shall establish and maintain a formal policy governing matters relating to the board of directors.		
Rule Ref	Disclosure Requirement	Page Ref.	
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	Effective 1st October 2024	
9.2.3 (i)	List of policies in place as per Rule 9.2.1, with reference to website	Effective 1st October 2024	
9.2.3 (ii)	Any changes to policies adopted	Effective 1st October 2024	

Rule Ref	Disclosure Requirement	Page Ref.
9.4.2	The policy on effective communication and relations with shareholders and investors The contact person for such communication The policy on relations with shareholders and investors on the process to make all Directors aware of major issues and concerns of shareholders	
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.	
9.6.3	Report of SID demonstrating the effectiveness of duties	
9.6.4	Rationale for appointing SID	
9.7.5	Statement on Directors and CEO satisfying Fit and Proper Assessment Criteria Any non-compliance/s and remedial action taken	95 and 96
9.8.5	Names of Directors determined to be 'independent'	90
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	16
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 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	Effective date 1st October 2024
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.	88

## Corporate Governance

Rule Ref	Disclosure Requirement	Page Ref.
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	88
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	154
9.14.8 (2)	Recurrent RPT exceeding 10% of the gross revenue/income (in the specified format) <ul style="list-style-type: none"> <li>• Name of the RP Relationship</li> <li>• Nature of RPT</li> <li>• Value of aggregate RPT</li> <li>• Value as % of gross income</li> <li>• Terms and Conditions</li> </ul>	154
9.14.8 (3)	Related Party Transactions Review Committee Report <ul style="list-style-type: none"> <li>• Names of the Directors comprising the Committee</li> <li>• Statement that committee has reviewed RPTs and communicated comments/ observations to the Board</li> <li>• Policies and procedures adopted by the Committee</li> </ul>	89
9.14.8 (4)	Affirmative declaration by the Board of Directors on compliance with RPT Rules or negative statement to that effect.	
9.16	Additional disclosures by Board of Directors Declaration on following <ul style="list-style-type: none"> <li>• All material interests in contracts and have refrained from voting on matters in which they were materially interested</li> <li>• 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;</li> <li>• Made themselves aware of applicable laws, rules and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions;</li> <li>• 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.</li> </ul>	

# Audit Committee Report

## Role of the Audit Committee

The Audit Committee is a Sub Committee of the Board, to which it is accountable. The function of the Audit Committee is defined in the Audit Committee Charter. Primarily it is to assist the Board in its oversight of the integrity of the Financial Statements of the Company, to assess the adequacy of the risk management framework of the Company, assess the independence and the performance of the Company's external audit function and internal audit functions, and review compliance of the Company with legal and regulatory requirements.

## Composition of the Audit Committee

The Audit Committee comprised of the following three Directors.

**Mr. J. D. N. Kekulawala**

*Chairman - Independent Non - Executive*

**Dr. S. Selliah**

*Committee Member Independent Non - Executive*

**Mr. T. G. Thoradeniya**

*Committee Member - Non - Executive*

The Managing Director and the General Manager (Finance) attend the meetings at the invitation of the Audit Committee.

The Company Secretary functions as the Secretary to the Audit Committee. Representatives of the Company, external auditors and internal auditors also attend Audit Committee meetings by invitation.

The Audit Committee has the required expertise in finance, law and business management to deliberate Audit Committee matters and recommend necessary action to be taken.

## Meetings

The Audit Committee met 5 times during the year. The attendance of the members at the meeting is as follows.

1. Mr. J. D. N. Kekulawala	5/5
2. Dr. S. Selliah	5/5
3. Mr. T. G. Thoradeniya	0/5

## Functions performed by the Audit Committee

- a. The Committee reviewed the Interim financial statements that were published for financial year 2023/24 and the audited financial statements of financial year 2023/24. It reviewed the preparation, presentation and adequacy of disclosures in the financial statements of the Company, in accordance with Sri Lanka Accounting Standards. It also reviewed the Company's compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements.
- b. The Committee reviewed the internal audit reports. The internal audit function is carried out by M/s. BDO Partners. The Internal audits are done on a process based audit framework to improve process performance and control.
- c. 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 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.
- d. 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 guidelines for listed companies on Audit and Audit Committees issued by the Securities and Exchange Commission of Sri Lanka.
- e. The Audit Committee in conjunction with the Managing Director of the Company reviewed the Company's disclosure controls and procedures and internal control over financial reporting.
- f. The Audit Committee reviewed the Company's framework and practices with respect to risk assessment and risk management, including discussing with management the Company's major financial risk exposures and the steps that have been taken to monitor and control such exposures.
- g. The Audit Committee reviewed the company's arrangement for the confidential receipt, retention and treatment of complaints alleging fraud, received from any sources and pertaining to accounting, internal controls or other such matters and assured the confidentiality to whistle-blowing employees. It also reviewed the company's procedures for detecting and preventing fraud and bribery and receiving reports on non-compliance and reviewed the procedure for receiving and dealing with "Non-Compliance with Laws and Regulations (NOCLAR) referred by Professional Accountants.
- h. Performed other activities related to this charter as requested by the Board of Directors. Oversaw special investigations as needed. Reviewed and assessed the adequacy of the committee charter annually and requested board approval for proposed changes, and ensured appropriate disclosure as may be required by law or regulations.

## Conclusion

The Audit Committee is satisfied that the Company's accounting policies, independence of the auditors and risk management policies are adequate for its operations. The Audit Committee has also accomplished responsibilities and functions that are delegated to it by the Board and outlined in the Charter.



**J. D. N. Kekulawala**  
*Chairman - Audit Committee*

30 May 2024

# Remuneration Committee Report

## Role of The Remuneration Committee

The Remuneration Committee is a sub-committee of Royal Ceramics Lanka PLC Board, to which it is accountable. The Committee evaluates the performance of the respective Group Company Boards, its Chief Executive Officers, Key Management Personal and executive staff against the set objectives and goals, and determines the remuneration policy of the Group Company for all levels of employees. The Committee supports and advises the Board on remuneration and remuneration related matters and makes decisions under delegated authority with a view to aligning the interests of employees and shareholders.

## Composition of The Remuneration Committee

The Remuneration Committee comprises of the following three independent non-executive Directors of Royal Ceramics Lanka PLC.

Mr. S H Amarasekera - Chairman

Mr. R N Asirwatham

Mr. L N De S Wijeyeratne

The Managing Director attends the Committee meeting by invitation. The Company Secretary is the Secretary of the Remuneration Committee.

The above Committee members possess vast experience in the fields of Business Management, Human Resources Management, Labour Relations and Labour Law. Hence the Committee has adequate expertise in remuneration policy and business management to deliberate and propose necessary changes and improvements to meet the roles and responsibilities of the Committee.

## Meetings

The Remuneration Committee met once for the year. The attendance of the members at the meeting is as follows.

Mr. S H Amarasekera - 1/1

Mr. R N Asirwatham - 1/1

Mr. L N De S Wijeyeratne - 1/1

## Functions Performed by the Remuneration Committee

- Evaluating and recommending the remuneration payable to the Board, Managing Director and the Key Management Personal of the Company to the Board to make the final determination. Based on that, the aggregate remuneration paid to Executive and Non-Executive Directors for the last financial year is given on Page 157 of the Annual Report under key management remuneration.
- Ensuring that the Board complies with the Companies Act in relation to Directors remunerations, especially the requirements of section 216. It also ensures that employees are adequately compensated based on their performance and contribution for the period under review and future potential.
- Constructing a specific remuneration policy and remuneration framework that enables the Company to attract and retain a high quality and representative staff in its operations and do this inter alia with reference to appropriate market rates where these are relevant, and benchmarking specific categories where required.
- Ensuring internal equity and fairness in and between the various pay categories and building incentives in the cost of employment structure to encourage and reward excellent performance, on objectively defined criteria.
- Ensuring that staff costs are within the budget set by the Board, and are sustainable over time.

## Conclusion

The Committee is satisfied that it has performed the responsibilities that were delegated to it by the Board for the year under review and the necessary objectives were achieved for the year under review.



**S H Amarasekera**  
Chairman of the Remuneration Committee

30 May 2024

# Related Party Transactions Review Committee Report

The Related Party Transactions Review Committee (RPTRC) of the Company was formed by the Board in January 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.

## Purpose of the Committee

The purpose of the RPTRC of the Company is to conduct an independent review approval and oversight of all related party transactions of Lanka Walltiles PLC and to ensure that the Company complies with the rules set out in the Listing Rules. The primary objectives of the said rules are to ensure that the interests of the shareholders as a whole are taken into account when entering into related party transactions, and to prevent Directors, key management personnel or substantial shareholders from taking advantage of their positions. To exercise this purpose the Committee has adopted the related party transaction Policy which contains the company's Policy governing the review, approval and oversight of related party transactions.

## Responsibilities of the Related Party Transactions Review Committee

The following are key responsibilities that have been set out in the Charter for RPTRC;

- Ensure that the Company complies with the rules set out in the Listing Rules.
- Subject to the exceptions given in the Listing Rules, review, in advance all proposed related party transactions.
- Perform other activities related to the Charter 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 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 and recommend amendments to the Charter and Policy to the Board as and when determined to be appropriate by the Committee.

## Composition of the Committee

The RPTRC comprises the following three Non-executive Directors.

- Dr. S. Selliah - Chairman
- Mr. J. D. N. Kekulawala
- Mr. T. G. Thoradeniya

The Managing Director and the General Manager (Finance) attend meetings by invitation and the Company Secretary functions as the secretary to the Committee.

The Committee members possess vast experience in business management and financial expertise to perform the duty of the Committee successfully.

## Meetings

The Committee held 4 meetings during the year and the attendance of the members at the meeting are as follows.

- |                              |     |
|------------------------------|-----|
| 1. Dr. S. Selliah - Chairman | 4/4 |
| 2. Mr. J. D. N. Kekulawala   | 4/4 |
| 3. Mr. T. G. Thoradeniya     | 0/4 |

The minutes of the Committee meetings were tabled at Board meetings, for the review of the Board.

## Procedures for Reporting Related Party Transactions

The Managing Director (MD) is responsible for reporting to the Committee, for its review and approval of the information set out under Rule 30 of the Code at the minimum, in respect of each related party transaction proposed to be entered into other than the exceptions given in Rule 27 of the code. Moreover, on a quarterly basis, the MD is required to report to the Committee on the approved related party transactions actually entered into by the Company.

## Review of Related Party Transactions

The Committee reviewed all related party transactions of the Company for the financial year 2023/24. In terms of Rule 9.3.2 of the Listing Rules of the Colombo Stock Exchange on related party transactions, there were no non-recurrent related party transactions entered into during the course of the financial year with an aggregate value that exceeded the lower of 10% of the equity or 5% of the assets.

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. The details of related party transactions entered into during the year, are given in Note 32 to the Financial Statements, on pages of this Annual Report.

## Declaration

A declaration by the Board of Directors on compliance with the rules pertaining to Related Party Transactions appears on the report of the Board of Directors on Pages 154 to 157 of this Annual Report.



**Dr. S. Selliah**

*Chairman - Related Party Transactions Review Committee*

30 May 2024

# Annual report of The Board of Directors on the Affairs of The Company

The Board of Directors of Lanka Walltiles PLC is pleased to present herewith the Annual Report together with the audited financial statements of the Company and its subsidiary (collectively referred to as 'the Group') for the year ended 31st March 2024 as set out on page 98 to 166.

This Annual Report of the Board on the affairs of the Company contains the information required in terms of the Companies Act No. 07 of 2007, the Listing Rules of the Colombo Stock Exchange, and is guided by recommended best practices.

**Formation**

The Company is a Public Limited Liability Company incorporated and domiciled in Sri Lanka and is listed on the Colombo Stock Exchange. The registered office and the principle place of business of the Company is located at No.215, Nawala Road, Narahenpita, Colombo 05.

The Company was incorporated under the Companies Ordinance No.51 of 1938 as a public company on the 24th day of September 1975.

Pursuant to the requirements of the new Companies Act No. 7 of 2007, the Company was re-registered on 24th July 2007 and bears registration number PQ55.

**Principal activities of the Company and review of performance during the year**

The main activity of the Company, which remains unchanged since the previous year, is the manufacture and sale of ceramic tiles for export and local markets and holding investments.

During the year,

(i) the Company acquired 100% of the voting shares of Lankatiles USA Inc., non-listed company, based in the United States of America for the distribution of tiles and associated products for a consideration of USD 10.

(ii) subsequently, the said Lankatiles USA Inc., acquired 51% of the voting shares of Valley View Ceramics LLC, a non-listed company, based in the United States of America and specializing in the distribution of tiles and associated products, to ensure access to the USA market.

Principal activities of the subsidiaries are given in Note 6.2 to the Financial Statements on page 128

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

**Financial Statements**

The Financial Statements of the Company duly signed by two Directors on behalf of the Board and the Auditors are given on page 101.

**Summarised financial results**

	2023/24 Rs.'000	2022/23 Rs.'000
Revenue	40,243,864	43,455,012
Profit for the year	3,552,116	4,821,234

**Independent Auditors' Report**

The Report of the Independent Auditors on the Financial Statements of the Company is given on page 98 to 100

**Accounting Policies**

The Accounting Policies adopted by the Company in the preparation of the Financial Statements are given on pages 106 to 116 which are consistent with those of the previous period.

**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 16 to 19

**Executive Directors**

Mr. J A P M Jayasekera  
- Managing Director

**Non-Executive Directors**

Mr. A M Weerasinghe - Chairman  
Mr. T G Thoradeniya  
Mr. M W R N Somaratne  
Mr. S M Liyanage  
Ms. K A D B Perera

**Independent Non-Executive Directors**

Dr. S Selliah  
Mr. K D G Gunaratne  
Ms. A M L Page  
Mr. J D N Kekulawala  
Mr. S R Jayaweera

Mr. A.M Weerasinghe, Dr. S Selliah and Mr. T G Thoradeniya retire by rotation at the Annual General Meeting in terms of Articles 103 and 104 of the Articles of Association and being eligible are recommended by the Directors for re-election.

**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.

**Additional disclosures pertaining to Directors**

(i) Material Business relationships  
None of the Directors or close family members have any material business relationships with other Directors of the Company  
  
(ii) Other directorships held by the Directors  
Other directorships held by Directors are disclosed on pages 16 to 19.

## Directors of the Subsidiary Company Subsidiary Companies

### Lanka Tiles PLC

Mr. A M Weerasinghe  
Mr. J A P M Jayasekera  
Dr. S Selliah  
Mr. T G Thoradeniya  
Mr. K D G Gunaratne  
Ms. A M L Page  
Mr. J A R N Adhihetty  
Mr. S M Liyanage  
Mr. S R Jayaweera  
Mr. J R Gunaratne  
Ms. K A D B Perera

### Swisstek (Ceylon) PLC

Mr. S H Amarasekera  
Mr. A.M Weerasinghe  
Mr. J A P M Jayasekera  
Dr. S Selliah  
Mr. J K A Sirinatha  
Mr. A S Mahendra  
Mr. K D G Gunaratne  
Mr. C U Weerawardena

### Beyond Paradise Collections Limited

Mr. M H Jamaldeen  
Mr. K D H Perera  
Mr. J A P M Jayasekera

### Lanka Swisstek Private Limited

Mr. A M Weerasinghe  
Mr. J A P M Jayasekera  
Mr. Karan Singhvi  
Mr. Praveen Kumar Singhvi

### Swisstek Development Limited

Mr. K D A Perera  
Mr. J A P M Jayasekera  
Mr. A M Weerasinghe

### LWL Development Private Limited

Mr. K D A Perera  
Mr. J A P M Jayasekera

## 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 encompass 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 Directors declare that the Company is in compliance with Section 9 of the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions during the financial year ended 31st March 2024.

### LTL Development Limited

Mr. K D A Perera  
Mr. J A P M Jayasekera  
Mr. A M Weerasinghe

### Swisstek Investment Private Limited

Mr. J A P M Jayasekera  
Mr. A M Weerasinghe

### Vallibel Plantation Management Limited

Mr. A M Weerasinghe  
Mr. J A P M Jayasekera  
Mr. T G Thoradeniya  
Mr. A S Mahendra

### L W Plantation Investment Limited

Mr. A M Weerasinghe  
Mr. J A P M Jayasekera

### Uni Dil Packaging Limited

Mr. D B Gamalath  
Mr. J A P M Jayasekera  
Mr. T G Thoradeniya  
Mr. H Somashantha  
Dr. N T Bogahalanda  
Mr. C U Weerawardena  
Mr. S M Liyanage

### Uni Dil Packaging Solutions Limited

Mr. K D H Perera  
Mr. D B Gamalath  
Mr. J A P M Jayasekera  
Mr. C U Weerawardena

### Lanka Tiles USA Inc

Mr. A M Weerasinghe  
Mr. J A P M Jayasekera

### Valley View Ceramics LLC

Mr. J.A.P.M.Jayasekera  
Mr. A.M.Weerasinghe  
Mr. Benjamin Malloy

The relevant interests of Directors in the shares of the Company as at 31st March 2024 as recorded in the Interests Register are given in this Report under Directors' shareholding.

## Directors' Remuneration

The Directors' remuneration is disclosed under key management personnel compensation in Note 32 to the Financial Statements on page 158

## Directors' Interests in Contracts

The Directors have no direct or indirect interest in any other contract or proposed contract with the Company, except for the transactions referred to in Note 32 to the Financial Statements. The Company carried out transactions during the year in the ordinary course of its business at commercial rates with the related entities.

## Directors' responsibility for Financial Reporting

The Directors are responsible for the preparation of Financial Statements of the Company to reflect a true and fair view of the state of its affairs. The Directors are of the view that these financial statements have been prepared in conformity with requirements of the Sri Lanka Accounting Standards, the Companies Act No.7 of 2007, and the Listing Rules of the Colombo Stock Exchange.

## Independent Auditors Company

Messrs. Ernst & Young, Chartered Accountants served as the Auditors during the year under review and also provided non audit/ consultancy services.

A total amount of Rs. 3.6Mn is payable by the Company to the Auditors for the year under review comprising Rs.2,0Mn as audit fees and Rs1.6Mn for non-audit services.

The Auditors have expressed their willingness to continue in office. The Audit Committee at a meeting held on 22nd May 2024 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.

## Annual report of The Board of Directors on the Affairs of The Company

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 and provide of tax related services), 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.

### Group

The audits of subsidiary companies are handled by firms of Chartered Accountants in Sri Lanka or their respective countries of incorporation. Details of payments to such audit firms on account of audit fees and for permitted non audit services, are set out in Note 27 to the Financial Statements on page 148.

### Stated Capital

The Stated Capital of the Company as at 31st March 2024 was Rs:787,765,736/- represented by 273,000,000 ordinary shares.

There were no changes in the Stated Capital of the Company during the year.

### Directors' Shareholding

The relevant interests of Directors in the shares of the Company as at 31st March 2024 and 31st March 2023 are as follows.

	Shareholding as at 31/03/2024	Shareholding as at 31/03/2023
Mr. A M Weerasinghe	-	-
Mr. J A P M Jayasekera	995	995
Dr. S Selliah	-	-
Mr. T G Thoradeniya	-	-
Mr. K D G Gunaratne	-	-
Ms. A M L Page	-	-
M W R N Somarathne	40,000	20,000
Sampath Bank PLC/ Mr. M W R N Somarathne	60,000	60,000
Mr. J D N Kekulawala	-	-
Mr. S M Liyanage	-	-
Mr. S R Jayaweera	-	-
Ms. K A D B Perera	-	-

### Shareholders

There were 15,242 shareholders registered as at 31st March 2024 (14,945 shareholders as at 31st March 2023). The details of distribution are given on page 179 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 largest shareholders of the Company, percentage of shares held by the public as per the Listing Rules of the Colombo Stock Exchange is given on page 178 under Share Information.

### 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 2024 - 562 persons were in employment (579 persons as at 31st March 2023).

### Reserves

The reserves of the Company with the movements during the year are given in Note 17 to the Financial Statements on page 137

### Capital Expenditure

The total capital expenditure during the year amounted to Rs. 5,523 Mn on property, plant and equipment compared to Rs.2,920 Mn incurred in the previous year. Details of movement in property, plant and equipment, and capital work-in-progress are given under Note 3 to the financial statements. Additions of intangible assets of the Company and Group during the year amounted to Rs180Mn and all other related movements are disclosed in Note 5 to the Financial Statements.

### Property, plant and equipment and land holdings

The book value of property, plant, and equipment as at the balance sheet date amounted to Rs. 11,048 Mn (2023 – Rs.5,916Mn)

The extent, locations, valuations, and the number of buildings of the Company's land holdings are given below:

Location	No. of Buildings 31/03/2024	Land in Extent			Valuation Rs.000
		A	R	P	
Head Office	1	1	1	2.1	1,836,178
Meepe Factory	29	25	3	11.2	2,612,714
Total	30	26	4	13.3	4,448,892

The movement of fixed assets during the year is given in Note 3 to the financial statements.

### Dividends

An interim dividend of Rs.4.00 per share for the year ended 31st March 2024 was declared on 1st March 2024 and paid to the shareholders in accordance with the timelines set out in the Listing Rules.

The Directors recommended a final dividend of Seventy Cents (Rs.0.70) per share for the year under review subject to obtaining a certificate of solvency from the auditors and approval by the shareholders at the forthcoming Annual General Meeting.

### Substantial Shareholdings

The Company is controlled by Royal Ceramics Lanka PLC which holds 54.55% (2022- 54.55%) of the issued share capital of the Company. The ultimate parent Company is Vallibel One PLC.

### Investments

Details of the Company's quoted and unquoted investments as at 31st March 2024 are given in Notes 6 to the Financial Statements on pages 127 to 130.

### Public Holding

29.107% (2023 - 28.342%) of the issued shares of the Company are widely held by the public

### Donations

The Company made donations amounting to Rs. 1.1Mn in total, during the year under review. (2023 -Rs. 2.6Mn)

### Group

The subsidiaries made donations amounted to Rs. 4.6Mn during the year under review.

### 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 page 30.

### 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 Balance Sheet date have been paid or, where relevant provided for, except for certain assessments where appeals have been lodged.

### Contingent Liabilities

Except as disclosed in Note 33 to the Financial Statements on page 106 there were no material Contingent Liabilities as at the Balance Sheet date.

### Events after the Reporting Period

As disclosed in Note 34 to the financial statements there are no material events as at the date of the auditor's report which require adjustment to or disclosure in the financial statements.

### Corporate Governance

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 74 to 86 explains the measures adopted by the Company during the year.

The Board of Directors confirms that the Company has complied with Section 7.10 of the Listing Rules / effective from 1st October 2023, Section 9 of the Listing Rules (as applicable), subject to the transitional provisions contained therein.

The Directors further declare that the Company has complied with the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions during the Financial Year ended 31st March 2024.

## Annual report of The Board of Directors on the Affairs of The Company

The Audit Committee and the Related Party Transactions Review Committee function as Board Sub-Committees. The Remuneration Committee of Royal Ceramics Lanka PLC functions as the Remuneration Committee of the Company. These Committees comprise Directors who possess the requisite qualifications and experience, and the composition of the said Committees is as follows.

### Audit Committee

**Mr. J D N Kekulawala**

- Independent Non-Executive Director - Chairman

**Dr. S Selliah**

- Independent Non-Executive Director

**Mr. T G Thoradeniya**

- Non-Executive Director

### Related Party Transactions Review Committee

**Dr. S Selliah**

- Independent Non-Executive Director - Chairman

**Mr. J D N Kekulawala**

- Independent Non-Executive Director

**Mr. T G Thoradeniya**

- Non-Executive Director

### Remuneration Committee

**Mr. S H Amarasekera**

- Independent Non-Executive Director - Chairman

**Mr. R N Asirwatham**

- Independent Non-Executive Director

**Mr. L N de S Wijeyeratne**

- Independent Non-Executive Director

### Corporate Social Responsibility

The Company continued its Corporate Social Responsibility Programme, details of which are set out on pages 158 of this Report.

### Environmental Protection

After making adequate enquiries from the management, the Directors are satisfied that the Company operates in a manner that minimizes the detrimental effects on the environment and provides products and services that have a beneficial effect on the customers and the communities within which the Company operates.

### Going Concern

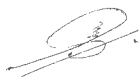
In determining the basis of preparing the financial statements for the year ended 31st March 2024, based on available information, the management has assessed the existing and anticipated effects prevailing economic conditions. Group Companies and the appropriateness of the use of the going concern basis.

Having presented the outlook for each industry group to the Lanka Walltiles PLC Board and after due consideration of the range and likelihood of outcomes, the Directors are satisfied that the Company, its subsidiaries and associates have 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.

### Annual General Meeting

The Notice of the Forty Seventh (47th) Annual General Meeting appears on page 182

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



**A.M Weerasinghe**  
Chairman



**J A P M Jayasekera**  
Managing Director



**P W Corporate Secretarial (Pvt) Ltd**  
Secretaries

30 May 2024

# Chief Executive Officer's and Chief Financial Officer's Responsibility Statement

The financial statements are prepared in compliance with the Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka and the requirements of the Companies Act No. 7 of 2007 and any other applicable statutes to the extent applicable to the Company. There are no departures from the prescribed accounting standards in their adoption. The accounting policies used in the preparation of the financial statements are appropriate and are consistently applied, except where otherwise stated in the notes accompanying the financial statements.

The Board of Directors and the management of your Company accept responsibility for the integrity and objectivity of these financial statements. The estimates and judgements relating to the financial statements were made on a prudent and reasonable basis, in order that the financial statements reflect in a true and fair manner, the form and substance of transactions, and reasonably present the Company's state of affairs. To ensure this, the Company has taken proper and sufficient care in installing a system of internal control and accounting records, for safeguarding assets, and for preventing and detecting frauds as well as other irregularities, which is reviewed, evaluated and updated on an ongoing basis.

Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed. However, there are inherent limitations that should be recognised in weighing the assurances provided by any system of internal controls and accounting.

The financial statements were audited by M/s. Ernst & Young, Chartered Accountants, the independent auditors. The independency of the external auditor has been assessed by the audit committee and the Board and have been determined as independent.

The Audit Committee of your Company meets periodically with the internal auditors and the external auditors to review the manner in which these auditors are performing their responsibilities, and to discuss auditing, internal control and financial reporting issues. To ensure complete independence, the external auditors and the internal auditors have full and free access to the members of the Audit Committee to discuss any matter of substance.

It is also declared and confirmed that the Company has complied with, and ensured compliance by the auditors, with the guidelines for the audit of Listed Companies.

It is also confirmed that the Company is compliant with the Code of Best Practice in Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka and the Code of Best Practice on Related Party Transactions, issued by the Securities and Exchange Commission of Sri Lanka.



**J. A. P. M. Jayasekera**  
Managing Director



**S U Amarasinghe**  
General Manager (Finance)

30 May 2024

# Statement of Directors Responsibilities

The Directors are required by the Companies Act, No. 7 of 2007 to prepare financial statements for each financial year, which give a true and fair view of the statement of affairs of the Company as at the end of the financial year and the income and expenditure of the Company for the financial year.

The Directors are also responsible to ensure that the financial statements comply with any regulations made under the Companies Act which specifies the form and content of financial statements and any other requirements which apply to the Company's financial statements under any other law.

The Directors consider that the financial statements presented in this Annual Report have been prepared using appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates and in compliance with the Sri Lanka Accounting Standards, Companies Act, No. 7 of 2007, Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995.

The Directors are responsible for ensuring that the Company keeps sufficient accounting records, which disclose the financial position of the Company with reasonable accuracy and enable them to ensure that the financial statements have been prepared and presented as aforesaid. They are also responsible for taking measures to safeguard the assets of the Company and in that context to have proper regard to the establishment of appropriate systems of internal control with a view to prevention and detection of fraud and other irregularities.

The Directors continue to adopt the going concern basis in preparing the financial statements. The Directors, after making inquiries and review of the Company's Business Plan for the financial year 2022/23, including cash flows and borrowing facilities, consider that the Company has adequate resources to continue in operation.

By Order of the Board  
LANKA WALLTILES PLC



P W Corporate Secretarial (Pvt) Ltd  
Secretaries

30 May 2024



# Championing Reliability

Financial Statements

# Independent Auditor's Report



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

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

## TO THE SHAREHOLDERS OF LANKA WALLTILES PLC

### Report on the audit of the Consolidated Financial Statements

#### OPINION

We have audited the financial statements of Lanka Walltiles PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31 March 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2024, 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 Matter
<b>Existence and carrying value of Inventories</b>  As at 31 March 2024, the carrying value of inventories amounted to Rs. 17,711 Mn net of a provision of Rs. 481 Mn for slow-moving inventory as disclosed in note 10, 2.3.5 and 2.2.2 to the financial statements.  Existence and carrying value of inventories was a key audit matter due to: <ul style="list-style-type: none"> <li>Materiality of the reported amount, which represents 34% of the Group's total assets.</li> <li>Inventories being held at multiple locations.</li> <li>Judgements applied by the management in determining the provision for slow-moving inventory on account of ageing, as disclosed in Note 2.2.2. to the financial statements.</li> </ul>	Our audit procedures included the following: <ul style="list-style-type: none"> <li>Observed physical inventory counts and reconciled the count results to the inventory listings compiled by management to support amounts reported as at the reporting date.</li> <li>Evaluated the design and tested the relevant key controls over inventory valuation. Our procedures included testing the general IT control environment and the relevant key IT application controls relating to the most significant IT systems relevant to inventory.</li> <li>Tested whether inventory was stated at the lower of cost and net realizable value, by comparing cost with subsequent selling prices.</li> <li>Assessed the reasonableness of management judgements applied in determining that the provision for slow-moving inventories. Our procedures included testing the completeness and accuracy of inventory age reports used as a basis to estimate the provision.</li> </ul> We also assessed the adequacy of the disclosures made in notes 10, 2.3.5 and 2.2.2 to the financial statements.

Key audit matter	How our audit addressed the Matter
<b>Assessment of fair value of land and buildings</b>	
<p>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.</p> <p>This was a key audit matter due to:</p> <ul style="list-style-type: none"> <li>The materiality of the reported fair value of land and buildings which amounted to Rs. 12.61 Bn representing 24% of the Group's total assets as of the reporting date; and</li> <li>The degree of assumptions, judgements and estimation uncertainties associated with fair valuation of land and buildings using the market approach.</li> </ul> <p>Key areas of significant judgments, estimates and assumptions used in assessing the fair value of land and buildings, as disclosed in Note 2.3.2 3.2.and 4 to the financial statements, included judgements involved in ascertaining the appropriate valuation techniques and estimates such as:</p> <ul style="list-style-type: none"> <li>Estimate of per perch value of the land.</li> <li>Estimate of the per square foot value of the buildings.</li> </ul>	<p>Our audit procedures included the following key procedures:</p> <ul style="list-style-type: none"> <li>Assessed the competence, capability and objectivity of the external valuers engaged by the Group.</li> <li>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.</li> <li>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.</li> <li>We also assessed the adequacy of the disclosures made in notes 2.3.2. 3.2.and 4 to the financial statements.</li> </ul>

#### Other information included in the Group's 2023/24 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:

## Independent Auditor's Report

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company and the Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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 1697.



30 May 2024  
Colombo

Partners: D K Hulangamuwa FCA FCMA LLB (London), A P A Gunasekera FCA FCMA, Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, N M Sulaiman ACA ACMA, Ms. L K H L Fonscka FCA, Ms. P V K N Sajewani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalagala ACA ACMA

Principals: T P M Ruberu FCCA MBA (USJ-SL), G B Goudian ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakthivel B.Com (Sp)

A member firm of Ernst & Young Global Limited

# Statement of Financial Position

As at 31 March 2024	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
ASSETS					
Non-current assets					
Property, plant and equipment	3	25,072,909	18,159,208	11,048,010	5,915,641
Investment properties	4	815,687	815,687	-	-
Intangible assets	5	349,491	172,253	32,127	34,449
Investments in subsidiaries	6	-	-	1,618,987	1,618,984
Investments in associates	7	193,923	186,300	-	-
Right of use assets	8	116,088	58,545	54,606	20,189
Deferred tax asset	9	185,169	146,833	-	-
		26,733,267	19,538,826	12,753,730	7,589,263
Current assets					
Inventories	10	17,711,617	14,896,538	3,923,894	3,549,810
Trade and other receivables	11	6,891,001	8,628,891	1,841,975	2,519,426
Contract assets	12	30,033	32,343	-	-
Amounts due from related parties	13	75,584	85,827	60,806	47,623
Short term investments	14	4,963	4,454	4,963	4,454
Cash and cash equivalents	15	1,395,989	2,181,212	137,856	150,297
		26,109,187	25,829,265	5,969,494	6,271,610
Total assets		52,842,454	45,368,091	18,723,224	13,860,873
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent					
Stated capital	16	787,765	787,765	787,765	787,765
Reserves	17	4,779,093	3,172,011	2,506,339	1,810,498
Retained earnings		15,577,401	14,672,498	4,940,452	4,768,769
Shareholders' funds		21,144,259	18,632,274	8,234,556	7,367,032
Non controlling interest		5,366,513	4,879,643	-	-
Total equity		26,510,773	23,511,917	8,234,556	7,367,032
Non-current liabilities					
Interest bearing liabilities	18	7,641,953	650,072	4,081,465	10,072
Deferred tax liabilities	9	3,378,079	2,836,942	1,253,991	1,022,841
Retirement benefit liability	19	700,485	513,536	261,315	163,799
		11,720,517	4,000,550	5,596,771	1,196,712
Current liabilities					
Trade and other payables	20	4,896,012	4,590,620	664,002	1,233,987
Contract liability	21	139,300	111,798	45,068	9,972
Income tax liabilities		945,128	528,371	137,230	89,944
Amounts due to related parties	22	244,959	403,762	1,661,437	1,529,278
Interest bearing liabilities	18	8,385,765	12,221,073	2,384,160	2,433,948
		14,611,164	17,855,624	4,891,897	5,297,129
Total equity and liabilities		52,842,454	45,368,091	18,723,224	13,860,873

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



**S. U. Amarasinghe**  
General Manager (Finance)

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



**J. A. P. M. Jayasekera**  
Managing Director



**A. M. Weerasinghe**  
Chairman

The accounting policies and notes on pages 106 to 166 form an integral part of the financial statements.  
Figures in brackets indicate deductions.

30 May 2024  
Colombo

# Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March		Group		Company	
	Note	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
<b>Continued Operations</b>					
Revenue from contracts with customers	23	40,243,864	43,455,012	7,407,574	9,297,171
Cost of Sales		(26,806,890)	(26,950,988)	(5,235,557)	(5,753,067)
<b>Gross Profit</b>		<b>13,436,974</b>	<b>16,504,024</b>	<b>2,172,017</b>	<b>3,544,104</b>
Other Income	24	372,399	422,577	1,313,163	1,936,885
Change in fair value of investment property	4	-	2,068	-	-
Distribution Costs		(4,193,958)	(4,314,613)	(1,012,953)	(1,162,037)
Administrative Expenses		(2,639,020)	(2,236,468)	(476,446)	(427,514)
Finance Cost	25	(1,785,240)	(3,369,159)	(376,058)	(390,543)
Finance Income	26	227,046	545,433	610	7,942
Share of net profit of associate	7	5,473	7,123	-	-
<b>Profit Before Tax from continuing operations</b>	27	<b>5,423,674</b>	<b>7,560,985</b>	<b>1,620,333</b>	<b>3,508,837</b>
Income Tax Expense	28	(1,901,558)	(2,739,751)	(76,539)	(560,326)
<b>Profit for the Year from continuing operations</b>		<b>3,522,116</b>	<b>4,821,234</b>	<b>1,543,794</b>	<b>2,948,511</b>
<b>Discontinued Operations</b>					
Profit for the year from discontinued operations net of Tax		-	386,017	-	-
<b>Profit for the Year</b>		<b>3,522,116</b>	<b>5,207,251</b>	<b>1,543,794</b>	<b>2,948,511</b>
<b>Other Comprehensive Income</b>					
<b>Net Other Comprehensive Income /(loss) not to be reclassified to profit or loss in subsequent periods</b>					
Revaluation of Land and Building	3	2,270,919	-	994,059	-
Actuarial Gain/ (Loss) on Retirement Benefit Liability	19	(174,161)	(3,067)	(68,958)	(14,996)
Deferred tax on components of other comprehensive income		(612,546)	(442,323)	(277,531)	(242,894)
Share of other Comprehensive Income of associate	7	2,150	1,257	-	-
Net Other Comprehensive Income from Discontinued Operation		-	(36,231)	-	-
Net Other Comprehensive Income/(loss) that will not be reclassified to profit or loss in subsequent periods		1,486,362	(480,365)	647,570	(257,890)
<b>Net Other Comprehensive Income may be reclassified to profit or loss in subsequent periods (net of tax):</b>					
Foreign currency translation differences of foreign operations		(33,108)	3,292	-	-
<b>Other Comprehensive Income/(loss) for the Year, net of tax</b>		<b>1,453,254</b>	<b>(477,073)</b>	<b>647,570</b>	<b>(257,890)</b>
<b>Total Comprehensive Income for the Year, net of tax</b>		<b>4,975,370</b>	<b>4,730,178</b>	<b>2,191,364</b>	<b>2,690,621</b>
<b>Profit attributable to :</b>					
Equity holders of the parent		2,725,132	4,360,188	1,543,794	2,948,511
Non controlling interest		796,984	847,063	-	-
<b>Profit for the year</b>		<b>3,522,116</b>	<b>5,207,251</b>	<b>1,543,794</b>	<b>2,948,511</b>
<b>Total comprehensive income attributable to :</b>					
Equity holders of the parent		3,844,078	3,975,311	2,191,364	2,690,621
Non controlling interest		1,131,292	754,867	-	-
<b>Total Comprehensive Income for the Year</b>		<b>4,975,370</b>	<b>4,730,178</b>	<b>2,191,364</b>	<b>2,690,621</b>
Basic Earnings Per Share - Profit Attributable to Ordinary Equity Holders	29				
- From Continuing Operation		9.98	15.65	5.65	10.80
- From Discontinued Operation		-	0.32	-	-

The accounting policies and notes on pages 106 to 166 form an integral part of the financial statements.  
Figures in brackets indicate deductions.

# Statement of Changes in Equity

As at 31st March	Stated capital	Revaluation reserve	Retained earnings	Total	Non controlling interest	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>GROUP</b>						
<b>Balance as at 1st April 2022</b>	787,765	3,536,480	12,802,729	17,126,974	5,441,660	22,568,634
Profit for the Year	-	-	4,360,188	4,360,188	847,063	5,207,251
Other Comprehensive Income	-	(364,469)	(20,408)	(384,877)	(92,196)	(477,073)
Total Comprehensive Income	-	(364,469)	4,339,780	3,975,311	754,867	4,730,178
Effect of disposal of subsidiary	-	-	-	-	(455,677)	(455,677)
Dividends						
Final 2021/22	-	-	(791,700)	(791,700)	-	(791,700)
First Interim 2022/23	-	-	(1,719,900)	(1,719,900)	-	(1,719,900)
	-	-	(2,511,600)	(2,511,600)	-	(2,511,600)
Dividends to non controlling interest	-	-	41,589	41,589	(861,207)	(819,618)
<b>Balance as at 31st March 2023</b>	787,765	3,172,011	14,672,498	18,632,274	4,879,643	23,511,917
Profit for the Year	-	-	2,725,132	2,725,132	796,984	3,522,116
Other Comprehensive Income	-	1,607,082	(488,136)	1,118,946	334,308	1,453,254
Total Comprehensive Income	-	1,607,082	2,236,996	3,844,078	1,131,292	4,975,370
Write back of unclaimed dividends	-	-	13,860	13,860	-	13,860
Acquisition of a subsidiary	-	-	-	-	(157,411)	(157,411)
Proceeds on issue of shares to minority shareholders	-	-	-	-	58,007	58,007
Acquisition of non-controlling interests	-	-	(22,808)	(22,808)	22,808	-
Dividends						
Final 2022/23	-	-	(245,700)	(245,700)	-	(245,700)
First Interim 2023/24	-	-	(1,092,000)	(1,092,000)	-	(1,092,000)
	-	-	(1,337,700)	(1,337,700)	-	(1,337,700)
Dividends to non controlling interest	-	-	14,556	14,556	(567,826)	(553,270)
<b>Balance as at 31st March 2024</b>	787,765	4,779,093	15,577,401	21,144,259	5,366,513	26,510,773

The accounting policies and notes on pages 106 to 166 form an integral part of the financial statements.  
Figures in brackets indicate deductions.

## Statement of Changes in Equity

	Stated capital Rs.'000	Revaluation reserve Rs.'000	Retained earnings Rs.'000	Total Rs.'000
<b>COMPANY</b>				
<b>Balance as at 1st April 2022</b>	787,765	2,057,891	4,342,355	7,188,011
Profit for the Year	-	-	2,948,511	2,948,511
Other Comprehensive Income	-	(247,393)	(10,497)	(257,890)
Total Comprehensive Income	-	(247,393)	2,938,014	2,690,621
Dividends				
Final 2021/22	-	-	(791,700)	(791,700)
First Interim 2022/23	-	-	(1,719,900)	(1,719,900)
	-	-	(2,511,600)	(2,511,600)
<b>Balance as at 31st March 2023</b>	787,765	1,810,498	4,768,769	7,367,032
Profit for the Year	-	-	1,543,793	1,543,793
Other Comprehensive Income	-	695,841	(48,271)	647,570
Total Comprehensive Income	-	695,841	1,495,523	2,191,364
Write back of unclaimed dividends	-	-	13,860	13,860
Dividends				
Final 2022/23	-	-	(245,700)	(245,700)
First Interim 2023/24	-	-	(1,092,000)	(1,092,000)
	-	-	(1,337,700)	(1,337,700)
<b>Balance as at 31st March 2024</b>	787,765	2,506,339	4,940,452	8,234,556

The accounting policies and notes on pages 106 to 166 form an integral part of the financial statements.

Figures in brackets indicate deductions.

# Statement of Cash Flow

For the year ended 31 March		Group		Company	
	Note	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
Profit before tax from continuing operation		5,423,674	7,560,985	1,620,333	3,508,837
Profit before tax from discontinued operation		-	873,047	-	-
Adjustments for		-	-	-	-
Depreciation & amortization	3	1,099,120	1,136,986	245,703	226,271
Amortization of Right of use Lease Assets	8	62,726	79,383	20,661	25,469
Income from investments		-	-	(1,289,056)	(1,922,898)
(Profit)/Loss on sale of property, plant & equipment	24	(27,103)	(1,111)	355	(1,000)
(Gain)/Loss on disposal of subsidiary		-	(215,955)	-	-
Interest income	26	(227,046)	(550,530)	(610)	(7,942)
Finance costs	25	1,598,133	3,703,767	376,058	390,542
Provision for retirement benefit obligations	19	124,977	204,658	38,510	28,621
Capital expenditure written off		-	23,707	-	-
Allowance/ (reversal) for obsolete and slow moving inventories	10	115,749	64,931	(53)	2,711
Allowance for impairment of trade receivable	11	18,256	23,771	5,438	3,000
Deferred income / capital grants amortization		-	(7,671)	-	-
Changing in Fair Value of Biological Assets		-	8,042	-	-
Fair value in investment property	4	-	(2,068)	-	-
Foreign exchange (gain)/ loss		184,102	(193,010)	-	-
Inventory Written off		(4,858)	(4,795)	(3,240)	(4,116)
Share of net profit of associate	7	(5,473)	(7,123)	-	-
Operating profit/(loss) before working capital changes		8,362,257	12,697,014	1,014,099	2,249,495
Working capital adjustments:					
(Increase)/ decrease in inventories		(2,394,522)	(7,044,890)	(370,791)	(2,068,458)
(Increase)/ decrease in trade and other receivables		1,246,840	(1,206,712)	672,013	(1,730,019)
(Increase)/decrease in due from related parties		10,243	(33,295)	(13,183)	71,755
Increase/ (decrease) in due to related parties		(158,803)	282,397	132,159	1,508,493
Increase /(decrease) in trade and other payables		199,038	(546,016)	(540,057)	129,409
Increase/ (decrease) in investments		(509)	(446)	(512)	(446)
Cash generated from/(used in) operations		7,264,545	4,147,989	893,728	160,229
Interest received		227,046	550,530	610	7,942
Finance costs paid		(1,763,879)	(3,703,767)	(376,058)	(390,542)
Retirement benefit plan costs paid	19	(112,189)	(195,623)	(9,952)	(3,435)
Surcharge Tax paid		-	(882,082)	-	(278,160)
Income tax paid		(1,601,618)	(2,609,131)	(75,641)	(656,935)
Net cash flows from/(used in) operating activities		4,013,905	(2,692,084)	432,687	(1,160,901)
<b>CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES</b>					
Acquisition of property, plant & equipment	3	(5,666,337)	(2,920,029)	(4,377,370)	(1,195,378)
Acquisition of Intangible assets	5	(15,007)	(130,234)	-	(35,030)
Acquisition of plantation assets		-	(282,555)	-	-
(Acquisition) / disposal of investments		695,180	-	-	(56,888)
Proceeds from sale of property, plant & equipment		24,068	6,187	500	6,000
Income from investment		-	-	1,289,056	1,922,898
Net cash outflow from acquisition of a subsidiary	6	(3,315)	-	-	-
Net cash inflow from disposal of subsidiary		-	459,625	-	-
Net cash flows from/(used in) investing activities		(4,965,411)	(2,867,006)	(3,087,814)	641,602
<b>CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES</b>					
Interest bearing loans & borrowings obtained		24,681,369	24,004,478	7,657,642	3,668,864
Repayment of interest bearing borrowings		(21,912,011)	(20,381,738)	(3,592,437)	(1,823,715)
Repayment of Lease liability		(72,801)	(51,960)	(19,855)	(20,344)
Dividends paid - on Ordinary Shares	26	(1,337,700)	(2,511,600)	(1,337,700)	(2,511,600)
Dividend paid to non controlling interest		(553,270)	(819,618)	-	-
Proceeds on issue of shares to minority shareholders		58,007	-	-	-
Dividend write back		13,860	-	13,860	-
Capital grants received		-	821	-	-
Net cash flows from/(used in) financing activities		877,454	240,383	2,721,510	(686,795)
Net increase/(decrease) in cash and cash equivalents		(74,052)	(5,318,707)	66,383	(1,206,094)
Foreign exchange difference arising on translation of foreign operation		(33,108)	1,825	-	-
Cash and cash equivalents at the beginning of the year	15	287,327	5,604,209	(411,803)	794,291
Cash and cash equivalents at the end of the year	15	180,167	287,327	(345,420)	(411,803)

The accounting policies and the notes on pages 106 to 166 form an integral part of these financial statements.

Figures in brackets indicate deductions.

# Notes to the Financial Statements

## 1. CORPORATE INFORMATION

### 1.1 General

Lanka Walltiles PLC ("Company") is a limited liability company incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange. The registered office and the principal place of business 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 Company were the manufacture and sale of ceramic walltiles for export and local markets and holding investments.

The principal activities of the other Companies of the Group are disclosed in Note 6.2 to the Financial Statements.

### 1.3 Parent enterprise and ultimate parent enterprise

The Company's parent entity is Royal Ceramics Lanka PLC. In the opinion of the Directors, the Company's ultimate parent undertaking and controlling party is Vallibel One PLC, which is incorporated in Sri Lanka.

The Group's ultimate controlling party is Mr. K.D.D. Perera.

### 1.4 Date of authorization for issue

The Financial Statement of Lanka Walltiles PLC and its Subsidiaries for year ended 31 March 2024 was authorized for issue in accordance with a resolution of the Board of Directors on 30 May 2024.

## 2. SUMMARY OF 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. Property, Plant and Equipment – Land and Buildings
2. Investment properties

The financial statements are presented in Sri Lankan Rupees (Rs), except when otherwise indicated.

#### 2.1.2 Statement of Compliance

The financial statements of the Company and consolidated financial statements of the Group have been prepared

in accordance with Sri Lanka Accounting Standards ("SLFRS") as issued by 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 31 March 2024, based on available information, the management has assessed the anticipated effects of the current economic conditions on the Group and the appropriateness of the use of the going concern basis. It is the view of the management that there are no material uncertainties that may cast significant doubt on the Group's ability to continue to operate as going concern due to the improved operating environment economic conditions 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

New and amended standards and interpretations

The Group applied for the first time, certain standards and amendments, which are effective for annual periods beginning on or after 1 April 2023.

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

Disclosure of Accounting Policies - Amendments to LKAS 1

Amendments to LKAS 1, provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

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

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to LKAS 12

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

Also, under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal.

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

#### Definition of Accounting Estimates - Amendments to LKAS 8

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

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

### 2.1.5 Comparative information

The accounting policies have been consistently applied by the Company 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 Company and its subsidiaries as at 31 March 2024.

Subsidiaries and equity accounted investees are disclosed in Note 6 to the Financial Statements.

#### 2.1.6.1 Subsidiaries

Subsidiaries are those entities controlled by the Group. 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:

1. Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
2. Exposure, or rights, to variable returns from its involvement with the investee
3. 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:

1. The contractual arrangement with the other vote holders of the investee
2. Rights arising from other contractual arrangements
3. 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 of 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 recognized in profit or loss. Any investment retained is recognized at fair value.

Companies in the Group, the Group holdings in its subsidiary are given in Note 6.2 to the financial statements.

## Notes to the Financial Statements

### 2.1.6.2 Equity accounted investees (Investment in associates)

The Group's investment in its associate is accounted for using the equity method. An associate is an entity in which the Group has significant influence. Under the equity method, the investment in the associate is carried in the Statement of Financial Position at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment. The Statement of Profit or Loss of income reflects the share of the results of operations of the associate. Where there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes and discloses this, when applicable, in the Statement of Changes in Equity. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The share of profit of an associate is shown on the face of the Statement of Profit or Loss. This is the profit attributable to equity holders of the associate and therefore is profit after tax and non-controlling interests in the subsidiaries of the associate. The Financial Statements of the associate are prepared for the same reporting period as the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an additional impairment loss on the Group's investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the 'share of profit of an associate' in the Statement of Profit or Loss. The investment in associate is accounted for using the cost method in the separate financial statements.

### 2.1.7 Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the

net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

## 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 judgements, 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. Judgement of the management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty (Note 3)

### 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 16 for the assumptions used and the sensitivity thereon.

#### b) Provision for Slow moving inventories

A provision for slow moving inventories is recognized based on the best estimates available to management on

their future usability/sale. As management uses historical information as the basis to determine the future usability and recoverability, actual future losses on inventories could vary from the provision made in these financial statements (Note 10).

**c) Fair value of Freehold Land and Buildings and Land classified as Investment properties**

The Group measures freehold land and buildings as well as Land classified as Investment properties at fair value with changes in fair value being recognized in other comprehensive income and statement of profit and loss respectively. Land and buildings were valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property.

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

**d) Impairment of debtors**

The Group uses a provision matrix to calculate Expected Credit Losses (ECLs) for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance). The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. (Note 11.1)

**e) 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.

**f) Impairment of Non-Financial Assets**

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When values in use calculations are undertaken, management must estimate the expected future cash flows from the assets or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

## **2.3 Summary of Significant Accounting Policies**

### **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 retranslated 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 financial instruments that are not measured at fair value, for which fair values are disclosed, are summarized in the Note 14.3 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

## Notes to the Financial Statements

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 is 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 recognized directly in equity statement is recognized in equity and not in the statement of 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.

#### Sales tax

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 costs which are eligible for capitalisation are determined in accordance with LKAS 23 – "Borrowing Costs".

Borrowing cost incurred in respect of specific loans that are utilised for the field development activities have been capitalised as part of the cost of relevant immature plantation. The capitalisation will ceased when crops are ready for commercial harvest.

### 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:-

#### Manufacturing goods

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.

#### Work-in-progress

At actual cost

#### Trading goods

At purchase cost on first in first out basis

#### Consumable and spares

At purchase cost on weighted average basis

#### Raw materials

At purchase cost on weighted average cost basis, except for Vallibel Plantation Management Limited and Swisstek (Ceylon) PLC which is on a first in first out basis.

#### Goods in transit

At actual cost

### 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 financial assets in the measurement category of financial assets at amortized cost.

##### 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 derecognized, modified or impaired.

The Group's financial assets at amortized cost includes trade and other receivables, amounts due from related parties, short term investments, long term 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 derecognized 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.

#### 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

## Notes to the Financial Statements

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

### 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 and, in the case of loans and borrowings, carried at amortized cost. This includes directly attributable transaction costs.

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

Accordingly Group financial liabilities have been classified as and loans and borrowings.

#### Subsequent Measurement

The measurement of financial liabilities depends on their classification as follows:

##### a) 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 derecognized as well as through the effective interest rate method (EIR) amortization process.

Amortized cost is calculated by considering 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 costs in the statement of comprehensive income.

#### Derecognition

A financial liability is derecognized 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 derecognized 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 derecognized.

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 less accumulated impairment (If any). 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.

Free hold land and building is subsequently measured at fair value.

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 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 substitution right, then the asset is not identified.
- The Group has right to obtain substantially all of the economic benefits of asset throughout the period of use; and
- The Group has right to direct the use of the asset. The Group has this right when it has decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either;
- The Group has right to operate the asset; or
- The Group designated the asset in a way that predetermines how and for what purpose it will be used.

#### a) 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 recognized over the lease term on the same basis rental income. Contingent rents are recognized as revenue in the period in which they are earned.

#### 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 under-

lying 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 1 to 5 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. (refer Note 18).

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

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the com-

## Notes to the Financial Statements

mencement 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.

### 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 derecognized 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 group uses the yields of Treasury Bonds published by the Government of Sri Lanka.

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 31 March 2024.

#### 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% 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 as-

set'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 groups 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 Revenue recognition

#### Revenue from contracts with customers

The Group is primarily involved in manufacturing and marketing of tiles and associated items, sanitaryware, packing material, aluminium products and agricultural products in Sri Lanka and overseas as detailed in Note. 20. Revenue from contracts with customers is recognized when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. The Group/Company is the principal in its revenue arrangements, as it typically controls the goods before transferring them to the customer.

- a) Sale of goods - tiles and associated items, sanitaryware, packing material, aluminium products  
Revenue from sales of goods 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. Control transition point to recognize the revenue on export sales is determined based on the international commercial terms applicable for the respective transactions. In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, which is not materially affect on the recognition of revenue.
- (i) Significant financing component  
Generally, the Group receives short-term advances from its customers. Using the practical expedient in SLFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.
- (ii) Contract assets  
A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.
- (iii) Trade receivables  
A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only

the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial instruments – initial recognition and subsequent measurement.

#### (iv) Contract liabilities

A contract liability is the obligation to transfer goods to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract.

#### Other Sources of Revenue

##### (a) 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 total comprehensive income.

##### (b) Dividends

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

##### (c) Rental income

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

##### (d) Other income

Other income is recognized on an accrual basis.

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.

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### 2.3.14 Segmental Reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Segments of the Group are determined based on product or services supplied by Group.

Segment information is presented in respect of the Group's business and has been prepared in conformation with the accounting policies adopted for preparing and presenting the consolidated financial statements of the Group. The business segments are reported based on Group's management and internal reporting structure.

Inter segment pricing is determined at prices mutually agreed by the companies.

Segment result, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise of goodwill on consolidation.

The Group comprises the following main business segments:

#### Tiles and associated items

The manufacture and distribution of wall tiles, floor tiles and related products.

#### Aluminum products

The manufacture and distribution of aluminum extrusions and allied products through a network of dealers & distributors.

#### Packing materials

The manufacture and distribution of packing materials

Management considers that there is no suitable basis for allocating such assets and related liabilities to geographical segments. Accordingly, segment assets, segment liabilities and other segment information by geographical segment is not disclosed.

### 2.4 Cash and cash equivalents

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

For the purpose of Statement of Cash Flows, cash and cash equivalents consist of cash in hand, cash at bank deposits in banks net of outstanding bank overdrafts. Investments with short maturities (i.e. three months or less from date of acquisition) are also treated as cash

equivalents. Bank overdrafts are disclosed under Interest Bearing Liabilities in the Statement of Financial Position.

#### Standards Issued But Not Effective As At 31 March 2024

The amended standards that are issued, but not yet effective up to the date of issuance of these financial statements are disclosed below. None of the above 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.

#### 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 1 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 1 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

### 3 PROPERTY, PLANT & EQUIPMENT

#### 3.1 Net book value of assets

	Group		Company	
	2024	2023	2024	2023
	Rs'000	Rs'000	Rs'000	Rs'000
<b>At cost</b>				
Plant and Machinery	5,935,446	5,547,363	913,396	944,459
Water Supply, Electricity Distribution Scheme	409,435	263,838	235,575	77,959
Tools, Implements, Furniture & Fittings and Electrical Appliances	527,175	506,027	109,992	97,137
Transport & Communication Equipment	212,066	192,945	59,164	25,714
<b>At Valuation</b>				
Freehold Land	6,157,297	5,253,435	2,779,499	2,433,989
Buildings	5,632,934	4,221,920	1,682,803	1,050,017
	18,874,354	15,985,528	5,780,429	4,629,275
Capital Work in Progress	6,198,555	2,173,680	5,267,581	1,286,366
Net Book Value	25,072,909	18,159,208	11,048,010	5,915,641

#### 3.2 GROUP

##### (a) Gross Carrying Amounts

	Balance as at 01.04.2023 Rs.'000	Additions Rs.'000	Disposals/ Transfers Rs.'000	Revaluations Rs.'000	Balance as at 31.03.2024 Rs.'000
<b>At Cost</b>					
Plant and Machinery	11,833,904	1,018,376	-	-	12,852,280
Water Supply, Electricity Distribution Scheme	717,828	184,282	-	-	902,110
Tools, Implements, Furniture & Fittings and Electrical Appliances	1,374,435	197,622	-	-	1,572,057
Transport & Communication Equipment	519,352	46,124	(27,094)	-	538,382
	14,445,519	1,446,404	(27,094)	-	15,864,829

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	Balance as at 01.04.2023 Rs.'000	Additions Rs.'000	Disposals/ Transfers Rs.'000	Revaluations Rs.'000	Balance as at 31.03.2024 Rs.'000
<b>At Valuation</b>					
Freehold Land	5,253,435	79,691	-	824,171	6,157,297
Buildings	4,461,394	117,340	(125,276)	1,446,748	5,900,206
	9,714,829	197,031	(125,276)	2,270,919	12,057,503

	Balance as at 01.04.2023 Rs.'000	Additions Rs.'000	Disposals/ Transfers Rs.'000	Revaluations Rs.'000	Balance as at 31.03.2024 Rs.'000
<b>In the Course of Construction</b>					
Capital Work In Progress - Buildings & Others	2,173,680	5,793,032	(1,768,157)	-	6,198,555
	2,173,680	5,793,032	(1,768,157)	-	6,198,555
<b>Total</b>	26,334,028	7,436,467	(1,920,527)	2,270,919	34,120,888

## (b) Depreciation

	Balance as at 01.04.2023 Rs.'000	Additions Rs.'000	Disposals/ Transfers Rs.'000	Revaluations Rs.'000	Balance as at 31.03.2024 Rs.'000
<b>At Cost</b>					
Plant and Machinery	6,286,541	685,192	(54,899)	-	6,916,834
Water Supply, Electricity Distribution Scheme	453,990	38,685	-	-	492,675
Tools, Implements, Furniture & Fittings and Electrical Appliances	868,408	176,929	(455)	-	1,044,882
Transport & Communication Equipment	326,407	27,183	(27,274)	-	326,316
<b>Total</b>	7,935,346	927,989	(82,628)	-	8,780,706
<b>At Valuation</b>					
Buildings	239,474	153,074	(125,276)	-	267,272
	239,474	153,074	(125,276)	-	267,272
<b>Total</b>	8,174,820	1,081,063	(207,904)	-	9,047,979

(c) <b>Net book value of assets</b>	18,159,208	-	-	-	25,072,909
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- (d) Fixed assets include fully depreciated assets, the cost of which at the reporting date amounted to Rs. 3,681.8Mn (2023- Rs.3,073.94 Mn)
- (e) During the financial year, the Group acquired property, plant & equipment to the aggregate value of Rs.5,666.3 Mn (2023- Rs. 2,920.1 Mn). Cash payments amounting to Rs. 5,666.3 Mn (2023- Rs. 2,920.1 Mn) were made during the year for purchase of property, plant and equipment.
- (f) The following properties are revalued and recorded under freehold land and buildings. Fair Value measurement disclosure for revalued land based on un-observable inputs are as follows,
- (A) Quoted Price (unadjusted) in active markets for identical assets or liabilities (Level -1).
- (B) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is derived from prices) (Level -2)
- (C) Input for the assets or liability that are not based on observable market data (that is, unobservable inputs) (Level -3).

Company	Location	Extent	Independent Valuer	Valuation Date	Valuation Details	Significant unobservable input : price per perch/ acre/range	Fair Value measurement (Level 3) Rs.000
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Lanka Walltiles PLC property details included under Note 3.3.d.

1	Lanka Tiles PLC	Factory Premises , Jaltara, Ranala	28A-02R-32.69P	KPMG Real Estate & Valuation Services (Private) Limited	31 March 2024	Market based evidence	Rs. 50,000/- to 150,000/- per perch	642,035
		Factory Premises , Jaltara, Ranala	416,813 sqft	KPMG Real Estate & Valuation Services (Private) Limited	31 March 2024	Contractor's method	Rs 1,130/- to Rs. 6,190/- per sqft	1,630,640
		Land Adjacent to the Factory Premises, Jaltara, Ranala	08A-02R-08.56P	KPMG Real Estate & Valuation Services (Private) Limited	31 March 2024	Market based evidence	Rs. 126,000/- to 231,000/- per perch	222,692
		Land Adjacent to the Factory Premises, Jaltara, Ranala	25,604 sqft	KPMG Real Estate & Valuation Services (Private) Limited	31 March 2024	Contractor's method	Rs 1,400/- to Rs. 5000/- per sqft	49,655
		Lanka Tiles Warehouse, Samurdhi Mawatha Biyagama	02A-00R-15.93P	KPMG Real Estate & Valuation Services (Private) Limited	31 March 2024	Market approach	Rs. 1,500,000/- per perch	503,895
		Lanka Tiles Warehouse, Samurdhi Mawatha Biyagama	48,531 sqft	KPMG Real Estate & Valuation Services (Private) Limited	31 March 2024	Contractor's method	Rs 1,900/- to Rs. 5,100/- per sqft	243,388
		Land at Nugegoda	00A-00R-32.03P	KPMG Real Estate & Valuation Services (Private) Limited	31 March 2024	Market approach	Rs. 9,000,000/- per perch	288,270
		Showroom, Nugegoda Building	15,385 sqft	KPMG Real Estate & Valuation Services (Private) Limited	31 March 2024	Market approach	Rs 15,000/- per sqft	230,775

## Notes to the Financial Statements

	Company	Location	Extent	Independent Valuer	Valuation Date	Valuation Details	Significant unobservable input : price per perch/ acre/range	Fair Value measurement (Level 3)  Rs.000
2	Uni Dil Packing Limited.	Land at Narampola road, Moragala, Deketana	A12-R03-P37.1	Mr. D.G.Newton	31 March 2024	Market based evidence	Rs.85,000/- per perch	124,211
		Building and land improvement at Narampola road, Moragala, Deketana	179,357 sq.ft	Mr. D.G.Newton	31 March 2024	Depreciated Replacement cost	Rs.750/- to Rs. 2,000/- per sq.ft	334,090
3	Uni Dil Packaging Solutions Limited	Land at Narampola road, Moragala, Deketana	A2-R2-P35	Mr. D.G.Newton	31 March 2024	Market based evidence	Rs. 80,000/- per perch	34,800
		Building at Narampola road, Moragala, Deketana	32,103 sq.ft	Mr. D.G.Newton	31 March 2024	Depreciated Replacement cost	Rs.1,750/- to Rs. 2,500/- per sq.ft	65,700
4	Swisstek (Ceylon) PLC	Factory Complex, Belummahara, Imbulgoda	984.5 Perches	Mr. D.G.Newton	31 March 2024	Market based evidence	Rs. 800,000/- per perch	787,600
		No: 288/26, Colombo Road, Belummahara, Imbulgoda	81.6 perches	Mr. D.G.Newton	31 March 2024	Market based evidence	Rs. 725,000/- per perch	59,131
		No:334/5, Colombo Road, Belummahara, Imbulgoda	20.0 Perches	Mr. D.G.Newton	31 March 2024	Market based evidence	Rs. 650,000/- per perch	12,831
		No: 177/6, New Kandy Rd., Weliveriya	85.0 Perches	Mr. D.G.Newton	31 March 2024	Market based evidence	Rs. 600,000/- per perch	51,000
		Land at Ratupaswela	2,446.0 Perches	Mr. D.G.Newton	31 March 2024	Contractors Method	Rs. 100,000/- to 175,000/- per perch	387,533
		Land at Belummahara	0.95 Perches	Mr. D.G.Newton	31 March 2024	Contractors Method	Rs. 848,000/- per perch	814
		Factory Complex, Belummahara, Imbulgoda	62,530 sq.ft	Mr. D.G.Newton	31 March 2024	Contractors Method	Rs. 750/- to 4,500/- per sq.ft.	226,422
		No: 177/6, New Kandy Rd., Weliveriya	27,170 Sq.ft.	Mr. D.G.Newton	31 March 2024	Contractors Method	Rs. 2,850/- to 3,350/- per sq.ft.	82,286
		Factory Complex, Belummahara, Imbulgoda-Tiles Stores	27,285 sq.ft	Mr. D.G.Newton	31 March 2024	Income Approach	Rs. 4,378.96 per Sqft.	119,480
		Factory Complex, Belummahara, Imbulgoda-Sales Center	4,944 sq.ft	Mr. D.G.Newton	31 March 2024	Income Approach	Rs. 8,458.33 Per Sqft	41,818
		Factory Complex, Belummahara, Imbulgoda-Open shed	3,400 sq.ft	Mr. D.G.Newton	31 March 2024	Income Approach	Rs. 3,282.42 Per Sqft	11,160
		Factory Complex, Belummahara, Imbulgoda-Warehouse	5,000 sq.ft	Mr. D.G.Newton	31 March 2024	Income Approach	Rs. 5,908.35 Per Sqft	29,542
5	Swisstek Aluminum Limited.	76/7,Pahala Dompe,Dompe	A11-R1-P 22.8	Mr. A.A.M. Fathihu	31 March 2024	Market based evidence	Rs.50,000/- to Rs.150,000/- Per Perch	299,375
		76/7,Pahala Dompe,Dompe	171,861 Sq.ft	Mr. A.A.M. Fathihu	31 March 2024	Contractors Method	Rs.1,250/- to Rs.7,500/- per sqft	802,406

Significant increases/ (decreases) in estimated price per perch or cost per sqft in isolation would result in a significantly higher/ (lower) fair value.

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

	2024 Rs.'000	2023 Rs.'000
Buildings	25-50	25-50
Plant and machinery	8-20	8-20
Tools, implements and furniture and fittings	2-10	2-10
Transport and Communication equipment	2-5	2-5
Computer Hardware & Software	3-15	3-15

### 3.3 COMPANY

(a) Gross Carrying Amounts

	Balance as at 01.04.2023 Rs.'000	Additions Rs.'000	Disposals/ Transfers Rs.'000	Revaluations Rs.'000	Balance as at 31.03.2024 Rs.'000
<b>At Cost</b>					
Plant and Machinery	2,591,189	121,806	(11,814)	-	2,701,181
Water Supply, Electricity Distribution Scheme	202,315	175,877	-	-	378,192
Tools, Implements, Furniture & Fittings and Electrical Appliances	326,420	48,223	(258)	-	374,385
Transport & Communication Equipment	130,251	38,850	-	-	169,101
	3,250,175	384,756	(12,072)	-	3,622,859

	Balance as at 01.04.2023 Rs.'000	Additions Rs.'000	Disposals/ Transfers Rs.'000	Revaluations Rs.'000	Balance as at 31.03.2024 Rs.'000
<b>At Valuation</b>					
Freehold Land	2,433,989	13,500	-	332,010	2,779,499
Buildings	1,116,863	4,932	(101,041)	662,049	1,682,803
	3,550,852	18,432	(101,041)	994,059	4,462,302

## Notes to the Financial Statements

	Balance as at 01.04.2023 Rs.'000	Additions Rs.'000	Disposals/ Transfers Rs.'000	Revaluations Rs.'000	Balance as at 31.03.2024 Rs.'000
<b>In the Course of Construction</b>					
Capital Work In Progress Plant & Machinery and Building	1,286,366	4,439,481	(458,266)	-	5,267,581
	1,286,366	4,439,481	(458,266)	-	5,267,581
<b>Total</b>	8,087,393	4,842,669	(571,379)	994,059	13,352,742

## (b) Depreciation

	Balance as at 01.04.2023 Rs.'000	Additions Rs.'000	Disposals/ Transfers Rs.'000	Revaluations Rs.'000	Balance as at 31.03.2024 Rs.'000
<b>At Cost</b>					
Buildings	66,846	34,195	(101,041)	-	-
Plant and Machinery	1,646,730	152,502	(11,446)	-	1,787,785
Water Supply, Electricity Distribution Scheme	124,356	18,261	-	-	142,617
Tools, Implements, Furniture & Fittings and Electrical Appliances	229,283	35,343	(233)	-	264,393
Transport & Communication Equipment	104,537	5,400	-	-	109,937
<b>Total</b>	2,171,752	245,701	(112,720)	-	2,304,732
<b>Net book value of assets</b>	5,915,641	-	-	-	11,048,010

(c)

- (d) The fair value of freehold lands and buildings were determined by means of a revaluation during the financial year 2023/24 in reference to market based evidence and the details of the valuations are indicated below,

Location	Extent	Independent Valuer	Valuation Date	Valuation Details	Significant unobservable input : price per perch/ acre/range	Significant unobservable inputs (Level 3) Rs.000
No. 215, Nawala Road, Narahenpita, Colombo 05	A1-R1-P2.1	KPMG Real Estate & Valuation Services (Private) Limited	31 March 2024	Market based evidence	Rs. 8,000,000/- per perch	1,616,800
		FRT Valuation Services (Private) Limited	31 March 2021	Market based evidence	Rs. 7,000,000/- per perch	1,414,700
	36,170 Square feet building	KPMG Real Estate & Valuation Services (Private) Limited	31 March 2024	Contractor's basis method valuation	Rs.3,000/-to Rs 7,000/- per square feet	219,378
	36,170 Square feet building	FRT Valuation Services (Private) Limited	31 March 2021	Contractor's basis method valuation	Rs.2,000/-to Rs 4,500/- per square feet	135,610
Plan No 2205 Situated at Mawathgama and Galagedara Village	A23-R1-P24.16	KPMG Real Estate & Valuation Services (Private) Limited	31 March 2024	Market based evidence	Rs. 300,000/- per perch	1,149,200
	A23-R1-P24.16	FRT Valuation Services (Private) Limited	31 March 2021	Market based evidence	Rs. 250,000/- per perch	1,123,200
	313,012 Square Feet building	KPMG Real Estate & Valuation Services (Private) Limited	31 March 2024	Contractor's basis method valuation	Rs.2,000/-to Rs 11,000/- per square feet	1,463,514
	308,612 Square Feet building	FRT Valuation Services (Private) Limited	31 March 2021	Contractor's basis method valuation	Rs.2,000/-to Rs 6,000/- per square feet	897,017

Significant increases/ (decreases) in estimated price per perch or cost per sqft in isolation would result in a significantly higher/ (lower) fair value.

- (e) During the financial year, the Company acquired property, plant and equipment to the aggregate value of Rs. 4,377.3 Mn (2023- Rs.1,195.4 Mn). Cash payments amounting to Rs. 4,377.3 Mn (2023- Rs.1,195.4 Mn) were made during the year for the purchase of Property, Plant and Equipment.
- (f) Fixed assets include fully depreciated assets which are still in use the cost of which at the reporting date amounted to Rs. 1,096.38 Mn (2023 - Rs.989.17 Mn).
- (g) The company / group capitalized total of Rs. 444 Mn (2023- 40 Mn) as the borrowing cost in the proposed expansion project at the equal rate of the respective bank borrowings (30% - 10% range during the year) for the same.

### 3.4 Description of Valuation Techniques.

#### Market Approach

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 making appropriate adjustments for any differences in the nature, size, location or condition of the specific property.

#### Cost Approach

The market Value of a property is estimated as a function of the current cost to purchase or replace the property. Adjustments to new replacement cost are made to account for depreciation to determine the market value of the property.

## Notes to the Financial Statements

### Income Approach

The income approach is specifically used to evaluate properties in commercial real estate, that is, properties that are income-generating are most suitable under the income approach. Investors that evaluate the value of a property using the income approach need to pay attention to the condition of the property as at the time it is being rented.

The income approach converts future amounts to a single discounted amount taking into account, inter alia, risk and uncertainty. When the income approach is used, the fair value measurement reflects current market expectations about those future amounts.

### Depreciated Replacement Cost Approach

Depreciated replacement cost of an asset is the current cost to replace the asset less accumulated depreciation. It is the cost company spends to acquire the current replacement asset and deduct the accumulated depreciation to reflect with the current asset condition. It is simply the replacement cost less depreciation which already deduct from current asset

- 3.5 The carrying amount of revalued assets of the Company would have been included in the Financial Statement had the assets been carried at cost less depreciation as follows;

	Group				Company			
	Cost	Accumulated Depreciation	Net Carrying Amount	Net Carrying Amount	Cost	Accumulated Depreciation	Net Carrying Amount	Net Carrying Amount
	2024	2024	2024	2023	2024	2024	2024	2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Freehold Land	2,366,802	-	2,366,802	2,321,803	473,428	-	473,428	459,928
Building	3,271,826	(772,564)	2,499,262	2,276,818	504,185	(303,428)	200,757	230,316
	5,638,628	(772,564)	4,866,064	4,598,621	977,613	(303,428)	674,185	690,244

## 4 INVESTMENT PROPERTY

	Group		Company	
	2024	2023	2024	2023
	Rs'000	Rs'000	Rs'000	Rs'000
As at 01st April	815,687	813,619	-	-
Net fair value gain recognized in profit or loss	-	2,068	-	-
As at 31st March	815,687	815,687	-	-

The fair value of freehold lands and buildings were determined by means of an independent revaluation carried out by Chartered valuation surveyors during the financial year 2023/24 in reference to market based evidence and the details of the valuations are indicated below;

	Company	Location	Extent	Valuation Date	Independent Valuer	Valuation Details	Significant unobservable input : price per perch/ acre/ range	Significant unobservable inputs (Level 3) Rs.000
1	LWL Development Limited	Agalagedara Village, Divulapitiya, Gampaha	48A-03R-17.9P	31 March 2024	KPMG Real Estate & Valuation Services (Private) Limited	Market based evidence	Rs. 8,000,000/- per Acre	390,900

Company	Location	Extent	Valuation Date	Independent Valuer	Valuation Details	Significant unobservable input : price per perch/ acre/ range	Significant unobservable inputs (Level 3)  Rs.000
	Waradala Village, Divulapitiya, Gampaha	4A-01R-15.9P	31 March 2024	KPMG Real Estate & Valuation Services (Private) Limited	Market based evidence	Rs.5,000,000/- per Acre	21,800
	Agalagedara Village, Divulapitiya, Gampaha	00A-01R-05 P	31 March 2024	KPMG Real Estate & Valuation Services (Private) Limited	Market based evidence	Rs.130,000/- per Perch	5,850
	Agalagedara Village, Divulapitiya, Gampaha	00A-00R-6.90 P	31 March 2024	KPMG Real Estate & Valuation Services (Private) Limited	Market based evidence	Rs.80,000/- per Perch	552
	Agalagedara Village, Divulapitiya, Gampaha	48A-03R-17.9P	31 March 2023	FRT Valuation Services (Private) Limited	Market based evidence	Rs. 8,000,000/- per Acre	390,900
	Waradala Village, Divulapitiya, Gampaha	4A-01R-15.9P	31 March 2023	FRT Valuation Services (Private) Limited	Market based evidence	Rs.5,000,000/- per Acre	21,800
	Agalagedara Village, Divulapitiya, Gampaha	00A-01R-05 P	31 March 2023	FRT Valuation Services (Private) Limited	Market based evidence	Rs.125,000/- per Perch	5,850
	Agalagedara Village, Divulapitiya, Gampaha	00A-00R-6.90 P	31 March 2023	FRT Valuation Services (Private) Limited	Market based evidence	Rs.70,000/- per Perch	552
Beyond Paradise Collection Limited	Agalagedara Village, Divulapitiya, Gampaha	48A-03R-17.9P	31 March 2024	KPMG Real Estate & Valuation Services (Private) Limited	Market based evidence	Rs. 8,000,000/- per Acre	390,895
	House	981.sq.ft	31 March 2024	KPMG Real Estate & Valuation Services (Private) Limited	Market based evidence	Rs.5800/- per sq.ft	5,690
	Agalagedara Village, Divulapitiya, Gampaha	48A-03R-17.9P	31 March 2023	FRT Valuation Services (Private) Limited	Market based evidence	Rs. 8,000,000/- per Acre	390,895
	House	981.sq.ft	31 March 2023	FRT Valuation Services (Private) Limited	Market based evidence	Rs.4,000/- per sq.ft	5,690

Significant increases/ (decreases) in estimated price per perch or cost per sqft in isolation would result in a significantly higher/ (lower) fair value.

## Notes to the Financial Statements

### 5 INTANGIBLE ASSETS

#### 5.1 Value of the intangible assets

	Group		Company	
	2024	2023	2024	2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Goodwill on business combination (Note 5.2)	199,858	19,570	-	-
Other intangible assets (Note 5.3)	149,633	152,683	32,127	34,449
	349,491	172,253	32,127	34,449

#### 5.2 Goodwill on business combination

- (a) Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

	Group		Company	
	2024	2023	2024	2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
As at 01st April	19,570	24,519	-	-
De-recognition of goodwill	-	(4,949)	-	-
Acquisition of a subsidiary (Note 6.3)	180,288	-	-	-
As at 31st March	199,858	19,570	-	-

- (b) Carrying amount of goodwill and allocation to each of the Cash Generating Unit

	Group		Company	
	2024	2023	2024	2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Lanka Tiles PLC	19,570	19,570	-	-
Valley View Ceramics LLC	180,288	-	-	-
	199,858	19,570	-	-

- (c) The key assumptions used to determine the recoverable amount for the different cash generating units, are as follows;

#### Gross margins

The basis used to determine the value assigned to the budgeted gross margins is the gross margins achieved in the year (43%) preceding the budgeted year adjusted for projected market conditions.

#### Discount rates

The discount rate used is the risk free rate (11.33%), adjusted by the addition of an appropriate risk premium.

#### Inflation

The basis used to determine the value assigned to the budgeted cost inflation, is the inflation rate, based on projected economic conditions.

#### Growth Rate

The Management has estimated 2% growth rate in the cash flow beyond the five-year period

## 5.3 Other Intangible Assets

	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
As at 1 April	152,683	33,202	34,449	-
Additions	15,007	130,234	-	35,030
Amortization charge	(18,057)	(10,754)	(2,322)	(581)
<b>As at 31 March</b>	<b>149,633</b>	<b>152,683</b>	<b>32,127</b>	<b>34,449</b>
Cost	196,125	181,118	35,030	35,030
Accumulated amortization	(46,492)	(28,435)	(2,903)	(581)
<b>Net book amount</b>	<b>149,633</b>	<b>152,683</b>	<b>32,127</b>	<b>34,449</b>

## 6 INVESTMENTS IN SUBSIDIARIES

## 6.1 Company

	Number of Shares'000		Holding		Cost	Market Value	Cost	Market Value
	2024	2023	2024 %	2023 %	2024 Rs.'000	2024 Rs.'000	2023 Rs.'000	2023 Rs.'000

## 6.1 Subsidiary

## A) Quoted

Lanka Tiles PLC	180,946	180,946	68.22	68.22	935,958	9,354,907	935,958	7,798,772
Swisstek (Ceylon) PLC	15,706	15,706	11.48	11.48	41,247	299,989	41,247	221,458
<b>Total Quoted Investment in Subsidiary</b>					<b>977,205</b>	<b>9,654,896</b>	<b>977,205</b>	<b>8,020,230</b>

	Number of Shares'000		Holding		Cost	Market Value	Cost	Market Value
	2024	2023	2024 %	2023 %	2024 Rs.'000	2024 Rs.'000	2023 Rs.'000	2023 Rs.'000

## B) Non-quoted

Vallibel Plantation Management Limited	10,336	10,336	100.00	100.00	298,891	298,891	298,891	298,891
LWL Development Limited	28,600	28,600	100.00	100.00	286,000	286,000	286,000	286,000
LW Plantation Limited	5,689	5,689	100.00	100.00	56,888	56,888	56,888	56,888
Lankatiles USA Inc., (Note 6.3)	1	-	100.00	-	3	3	-	-
<b>Total Non-quoted Investments in Subsidiaries</b>					<b>641,782</b>	<b>641,779</b>	<b>641,779</b>	<b>641,779</b>
<b>Total Net Carrying Value of Investments in Subsidiaries</b>					<b>1,618,987</b>		<b>1,618,984</b>	

## Notes to the Financial Statements

6.2 Details of those companies in which Lanka Walltiles PLC, held a controlling interest, as at 31 March 2024 directly or indirectly (Group) are set out below:

Name of Company	Effective Percentage of share holding in subsidiaries				Principal activities of the company	Auditors	Principal place of Business	Country of Incorporation
	Group		Company					
	2024	2023	2024	2023				
Lanka Tiles PLC	68.22	68.22	68.22	68.22	Manufacture of Ceramic & Porcelain floor tiles	M/s. Ernst & Young	N0 215, Nawala Road, Narahenpita, Colombo 05	Sri Lanka
Vallibel Plantation Management Limited	100.00	100.00	100.00	100.00	Investment Holding	M/s KPMG	No 400, Deans Road,Colombo 10,	Sri Lanka
Uni-Dil Packaging Limited	100.00	100.00	-	-	Manufacture and sale of cartons for packing	M/s KPMG	Narampola Road, Moragala, Dekatana.	Sri Lanka
Uni-Dil Packaging Solutions Limited	100.00	100.00	-	-	Manufacture and sale of paper sacks for packing	M/s KPMG	Narampola Road, Moragala, Dekatana.	Sri Lanka
Swisstek (Ceylon) PLC	44.09*	44.09*	11.48	11.48	Manufacture and sale of tile grout and tile mortar.	M/s KPMG	N0 215, Nawala Road, Narahenpita, Colombo 05	Sri Lanka
Swisstek Aluminium Limited	38.53*	38.53*	-	-	Manufacture and sale of aluminium extrusions	M/s KPMG	No. 76/7, Pahala Dompe, Dompe.	Sri Lanka
LWL Development Limited	100.00	100.00	100.00	100.00	Property Holding Company	M/s. Ernst & Young	N0 215, Nawala Road, Narahenpita, Colombo 05	Sri Lanka
Beyond Paradise Collection Limited	68.22	68.22	-	-	Property Holding Company	M/s. Ernst & Young	N0 215, Nawala Road, Narahenpita, Colombo 05	Sri Lanka
Lanka Swisstek (Private) Limited**	34.79*	34.79*	-	-	Distribution of Tiles in India	M/s. K S Muralidhar	No 196, A1, Bommasandra Industrial Area, Bangalore	India
LTL Development Limited	68.22	68.22	-	-	Property Holding Company	M/s. Ernst & Young	N0 215, Nawala Road, Narahenpita, Colombo 05	Sri Lanka
Swisstek Development Limited	44.09	44.09	-	-	Property Holding Company	M/s KPMG	N0 215, Nawala Road, Narahenpita, Colombo 05	Sri Lanka
LW Plantation Investment Limited	100.00	100.00	100.00	100.0	Property Holding Company	M/s. Ernst & Young	N0 215, Nawala Road, Narahenpita, Colombo 05	Sri Lanka
Lankatiles USA Inc.,	100.00	-	100.00	-	Holding Company	Weaver (Review Only)	5502 Windmier Circle, Dallas	USA
Valley View Ceramics LLC	58.10	-	-	-	Distribution of Tiles in USA	Weaver (Review Only)	35 W Frontage Road, Suite 110, Denton,	USA

\*The company has a controlling interest in these investee companies without a majority of the voting rights.

\*\*Formley known as Lankatiles (Private) Limited

### 6.3 Business Combinations And Acquisition Of Non-Controlling Interests

#### (a) Investment in Lanka Tiles USA Inc.

On 22 August 2023, Lanka Walltiles PLC invested in 100% of the voting shares of Lankatiles USA Inc, a non-listed company based in the United States of America for the distribution of tiles and associated products for the consideration of USD 10. The Lanka Walltiles PLC invested in Lanka Tiles USA Inc. to ensure access to the USA market.

#### (b) Acquisition of Valley View Ceramics LLC

On 4 December 2023, Lanka Tiles USA Inc., acquired 51% of the voting shares of Valley View Ceramics LLC, a non-listed company based in the United States of America and specializing in the distribution of tiles and associated products. The Lanka Tiles USA Inc. acquired Valley View Ceramics LLC to ensure access to the USA market.

The fair values of the identifiable assets and liabilities of Valley View Ceramics LLC as at the date of acquisition were:

	Fair Value Recognized on Acquisition Date Rs.000
<b>Assets</b>	
Other current assets	751,524
Cash and Cash Equivalents	13,137
	764,661
<b>Liabilities</b>	
Current Liabilities	492,397
Non Current Liabilities	593,510
	1,085,907
<b>Total Identifiable Net Assets at Fair Value</b>	(321,246)
Non-controlling interest measured at fair value	157,411
Provisional Goodwill Arising on Acquisition	180,288
Purchase Consideration Transferred	16,452
<b>Cash Flow on Acquisition</b>	
Net Cash Acquired with the Subsidiaries	13,137
Cash Paid	(16,452)
Net cash flow on acquisition	(3,315)

#### (c) Acquisition of additional interest in Valley View Ceramics LLC

On 29 February 2024, the Group obtained an additional 7.1% interest in the voting shares of Valley View Ceramics LLC at zero consideration, increasing its ownership interest to 58.1%.

This increase in ownership resulted from a change in the share structure of Valley View Ceramics LLC, following the withdrawal of one shareholder from the company.

(d) From the date of acquisition, Valley View Ceramics LLC contributed Rs.223Mn to the group revenue and Rs.99Mn as loss from continuing operations to the Group.

(e) The net asset of Valley View Ceramics LLC as at the acquisition date were provisionally determined pending the final assessment of fair value of the net assets as at the acquisition date.

6.4 On 28th March 2023, the Board of Directors of Lanka Walltiles PLC approved the sale of 12,750,000 shares held by its fully owned subsidiary, Vallibel Plantations Management Limited in Horana Plantations PLC to Hayleys Plantation Services (Pvt) Limited at Rs.54.90 per share. The said shares constitute 51% of the total shares in the issue of Horana Plantations PLC. Results of Horana Plantations PLC is being classified as discontinued operations and for the year ended 2022/23 it was reported gain on disposal of Rs.216Mn.

## Notes to the Financial Statements

	Rs. 000
Total Cash Consideration Received	695,180
Net Assets Attributable to Parent	
The carrying value of net assets disposed	929,953
Goodwill on Acquisition	4,949
De-recognition of non-controlling interests	(455,677)
	479,225
Gain on disposal of subsidiary	215,955

- 6.5 On 13 November 2023, Lanka Tiles PLC, a subsidiary of Lanka Walltiles PLC, accepted and acquired the right-issued shares of 1,497,812 for the amount of Rs.60.4Mn of Lanka Swisstek (Pvt) Ltd, formerly known as Lanka Tiles India (Pvt) Ltd, to secure the 51% ownership interest in the voting shares. The proceeds of the right issue will be utilized for expanding business operations in India.

### 7 INVESTMENTS IN ASSOCIATES

#### (a) Group

	Holding		Carrying Value		Cost	
	2024	2023	2024	2023	2024	2023
	%	%	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Non-quoted Investments						
C P Holdings (Private) Limited	35.39%	35.39%	193,923	186,300	170,000	170,000

#### (b) Movement in Investments in Associates

	Carrying Value	
	2024	2023
	Rs.'000	Rs.'000
As at 01st April	186,300	177,920
Share of net profit of associate	5,473	7,123
Share of other Comprehensive Income of associate	2,150	1,257
As at 31 March	193,923	186,300

The Group invested in CP Holdings (Pvt) Ltd through its subsidiary Companies namely LTL Development Limited, Swisstek Development Limited and LW Plantation Investment Limited at 16.67% each. Accordingly, the effective investment holding of CP Holding (Pvt) Ltd is 35.39% as at the reporting date.

#### (c) Summarized Statement of financial position

	2024	2023
	Rs.'000	Rs.'000
Current Asset	22,554	21,409
Non Current Assets	408,338	379,000
Current liabilities	2,087	2,127
Non current liability	21,364	12,382
Net Assets	407,441	398,922

## (d) Summarized Statement of Profit or Loss and Other Comprehensive Income

	2024 Rs.'000	2023 Rs.'000
Revenue	-	-
Gross Profit	-	-
Net Profit	15,467	10,495
Other Comprehensive Income	6,074	3,551
Total Comprehensive Income	21,541	14,046

## (e) Detail of this Company in which Lanka Walltiles PLC, held as Associates as at 31 March 2024 directly or indirectly (Group) are set out below:

Name of Company	Principal activities of the company	Auditors	Principal place of Business	Country of Incorporation
CP Holdings Private Limited	Property Holding Company	M/s. Ernst & Young	No 23, Nawala Road , Narahenpita, Colombo 05	Sri Lanka

## 8 RIGHT OF USE ASSETS

## 8.1 Balance of right os use assets

	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Land	11,154	12,463	9,180	9,700
Building	104,934	46,082	45,426	10,489
	116,088	58,545	54,606	20,189

During the financial year 2013, the Company acquired a right to leasehold land to the value of Rs.14.60 Mn for a period of 30 years.

## 8.2 Group

## (a) Set below, are the carrying amounts of the Group's right of use assets and the movements during the period.

	Land Rs.'000	Building Rs.'000	Land - Plantation Rs.'000	Equipment Rs.'000	Immovable Estate Assets Rs.'000	Total Rs.'000
<b>Right of Use Asset</b>						
As at 1 April 2022	13,772	125,342	152,478	1,754	16,090	309,435
Remeasurement of leasehold rights	-	-	13,232	-	-	13,232
Less: Amortization Expense	(1,309)	(63,014)	(6,989)	(1,403)	(6,668)	(79,383)
De-recognition on disposal of subsidiaries	-	(16,246)	(158,721)	(351)	(9,422)	(184,740)
As at 31 March 2023	12,463	46,082	-	-	-	58,545
As at 1 April 2023	12,463	46,082	-	-	-	58,545
Additions	-	120,269	-	-	-	120,269
Less: Amortization Expense	(1,308)	(61,418)	-	-	-	(62,726)
As at 31 March 2024	11,155	104,933	-	-	-	116,088

## Notes to the Financial Statements

### 8.3 Company

(a) Set below, are the carrying amounts of the company's right of use assets and the movements during the period.

	Land Rs.'000	Building Rs.'000	Total Rs.'000
As at 1 April 2022	10,220	35,438	45,658
Less: Amortization Expense	(520)	(24,949)	(25,469)
As at 31 March 2023	9,700	10,489	20,189
As at 1 April 2023	9,700	10,489	20,189
Additions	-	55,078	55,078
Less: Amortization Expense	(520)	(20,141)	(20,661)
As at 31 March 2024	9,180	45,426	54,606

### 8.4 The following are the amounts recognized in profit or loss:

	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Amortization expense of right-of-use assets	62,726	79,383	20,661	25,469
Interest expense on lease liabilities	18,350	42,770	5,416	4,533
Expense relating to short-term leases (included in cost of sales)	57,814	57,419	25,271	24,876
Total amount recognized in profit or loss	138,890	179,572	51,348	54,878

	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Lease Liability -Current	78,749	32,794	37,944	5,866
Lease Liability -Non Current				
Payable With in One to Five Years	48,173	46,660	13,218	10,072
	126,922	79,454	51,162	15,938

## 9 DEFERRED TAX

	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Deferred tax asset (Note 9.1)	185,169	146,833	-	-
Deferred tax liability (Note 9.2)	3,378,079	2,836,942	1,262,416	1,022,841

### 9.1 Deferred Tax Asset

	Group	
	2024 Rs.'000	2023 Rs.'000
As at 01st April	146,833	-
Reclassification from liability	-	(144,927)
Deferred tax (charge) / reversal	83,444	294,916
Deferred tax release on components of other comprehensive income	(45,108)	(3,156)
As at 31st March	185,169	146,833

## (b) Deferred tax asset comprises of:

	Group	
	2024	2023
	Rs.'000	Rs.'000
<b>Deferred Tax Liability</b>		
Capital Allowances	(170,587)	(143,827)
Revaluation Surplus	(63,762)	(20,566)
<b>Deferred Tax Assets</b>		
Retirement Benefit Liability	10,934	7,227
Carried Forward Tax Losses	396,600	297,132
Provision for Inventory & Debtor	11,984	6,867
	185,169	146,833

Deferred tax asset as at the reporting date have been tested for recoverability based on the estimated future taxable income of the company in line with approved business plans and budgets covering the period of six years and management is of the view that taxable losses can be set off in future and accordingly the entire amount of the future tax savings of Rs. 396Mn related to the tax losses amounting to Rs.1,983 Mn has been recognized as deferred tax assets as at 31 March 2024. These tax losses under the Inland Revenue Act No. 24 of 2017 can be carry forward up to six years.

## 9.2 Deferred tax liability

## (a)

	Group		Company	
	2024	2023	2024	2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
As at 01st April	2,836,942	1,996,380	1,022,841	628,461
Reclassification to deferred tax assets	-	(144,927)	-	-
De-recognition on disposal of subsidiaries	-	(129,107)	-	-
Charge/ (Reversal) Recognized in Profit or Loss				
- Arising on During the Year Movement	(26,301)	311,956	(46,382)	11,784
- Due to Change in Tax Rates	-	832,920	-	139,702
De-recognition on disposal of subsidiaries	-	(469,447)	-	-
Charge/ (Reversal) Recognized in Other Comprehensive Income				
- Arising on During the Year Movement	567,438	(5,650)	277,531	3,552
- Due to Change in Tax Rates	-	429,290	-	239,342
De-recognition on disposal of subsidiaries	-	15,527	-	-
As at 31st March	3,378,079	2,836,942	1,253,991	1,022,841

## (b) Deferred tax liability comprises of:

	Group		Company	
	2024	2023	2024	2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Deferred Tax Liability</b>				
Capital Allowances	1,841,417	1,809,122	420,359	443,409
Revaluation surplus	1,792,386	1,180,681	947,528	649,311
Revaluation surplus on Investment Property	122,098	122,099	-	-
Lease Liability	2,559	(4,582)	-	-
<b>Deferred Tax Assets</b>				
Retirement Benefit Liability	(193,742)	(137,586)	(78,394)	(44,834)
Provision for Obsolete and Slow Moving, Consumables and Spares	(166,439)	(115,425)	(28,630)	(19,804)
Allowances for Doubtful Debts	(20,200)	(17,367)	(6,872)	(5,241)
	3,378,079	2,836,942	1,253,991	1,022,841

## Notes to the Financial Statements

### 10 INVENTORIES

	Group		Company	
	2024	2023	2024	2023
	Rs '000	Rs '000	Rs '000	Rs.'000
Raw materials	7,323,234	6,245,250	613,705	672,397
Work in progress	1,078,188	1,822,994	65,623	55,157
Finished Goods	7,106,219	4,874,188	1,344,176	933,856
Trading Stock	882,845	1,680,289	435,733	1,111,690
Goods in transit	43,729	96,195	-	-
Consumables and spares	1,758,479	542,950	1,530,618	842,724
Allowances for slow moving stocks (Note 10.1)	(481,077)	(365,328)	(65,961)	(66,014)
<b>Total</b>	<b>17,711,617</b>	<b>14,896,538</b>	<b>3,923,894</b>	<b>3,549,810</b>

#### 10.1 Allowances for slow moving stock

	Group		Company	
	2024	2023	2024	2023
	Rs '000	Rs '000	Rs '000	Rs.'000
As at 01st April	365,328	310,118	66,014	63,303
Charge during the year	115,749	64,931	-	2,711
Write off during the year	-	-	(53)	-
De-recognition on disposal of subsidiaries	-	(9,721)	-	-
<b>As at 31st March</b>	<b>481,077</b>	<b>365,328</b>	<b>65,961</b>	<b>66,014</b>

### 11 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2024	2023	2024	2023
	Rs '000	Rs '000	Rs '000	Rs.'000
Trade receivables	4,606,158	5,143,755	767,326	775,673
Less : Impairment of trade receivables (Note 11.1)	(173,666)	(155,410)	(22,908)	(17,470)
	4,432,492	4,988,345	744,418	758,203
Advance and prepayments	2,140,513	3,187,936	886,198	1,724,265
Other receivables	305,383	444,355	198,746	28,702
Loans to company employees	12,613	8,256	12,613	8,256
<b>Total</b>	<b>6,891,001</b>	<b>8,628,891</b>	<b>1,841,975</b>	<b>2,519,426</b>

#### 11.1 Impairment of trade receivables

	Group		Company	
	2024	2023	2024	2023
	Rs '000	Rs '000	Rs '000	Rs.'000
As at 01st April	155,410	137,744	17,470	14,470
Provided during the year	19,089	24,680	5,438	3,000
Utilized/reversed during the year	(833)	(909)	-	-
De-recognition on disposal of subsidiaries	-	(6,105)	-	-
<b>As at 31st March</b>	<b>173,666</b>	<b>155,410</b>	<b>22,908</b>	<b>17,470</b>

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

Group	Neither past due nor impaired Rs.'000	< 3 Months Rs.'000	3- 12 Months Rs.'000	> 1 Year Rs.'000	Impaired Rs.'000	Total Rs.'000
2024	1,778,373	2,183,407	468,756	58,058	117,564	4,606,158
2023	3,093,297	1,493,378	367,898	91,294	97,886	5,143,755

Company	Neither past due nor impaired Rs.'000	< 3 Months Rs.'000	3- 12 Months Rs.'000	Past due but not impaired > 1 Year Rs.'000	Impaired Rs.'000	Total Rs.'000
2024	415,327	264,766	71,867	-	15,266	767,326
2023	643,901	87,909	28,597	-	15,266	775,673

12 CONTRACT ASSETS

	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
As at 1st April	32,343	29,342	-	-
During the year recognized	(2,310)	3,001	-	-
As at 31st March	30,033	32,343	-	-

The contract assets primarily relate to company's rights to consideration for work completed but not billed at the reporting date on supply of timber. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Company issues an invoice to the customer.

13 AMOUNTS DUE FROM RELATED PARTIES

		Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Company	Relationship				
Lanka Walltiles PLC	Parent Company				
Lanka Ceramic PLC	Affiliated Company	1,061	-	-	-
Swisstek Aluminium Limited	Subsidiary company	-	-	27,809	46,899
Rocell Bathware Limited	Affiliated Company	18,380	17,649	9,033	717
LW Plantation (Pvt) Limited	Subsidiary company	-	-	189	7
Royal Ceramics Lanka PLC	Parent Company	56,143	44,001	-	-
Horana plantation PLC	Affiliated Company	-	24,178	-	-
Lanka Tiles USA Inc.	Subsidiary company	-	-	19,633	-
Lanka Swisstek (Pvt) Limited	Subsidiary company	-	-	4,142	-
Total		75,584	85,827	60,806	47,623

## Notes to the Financial Statements

### 14 SHORT TERM INVESTMENTS

	Group		Company	
	2024	2023	2024	2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Deposit of Tsunami donations	4,963	4,454	4,963	4,454
	4,963	4,454	4,963	4,454

### 15 CASH AND CASH EQUIVALENTS

Components of cash and cash equivalents

	Group		Company	
	2024	2023	2024	2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Favourable cash &amp; cash equivalents balance</b>				
Cash & bank balances	1,395,889	2,181,212	137,856	150,297
	1,395,989	2,181,212	137,856	150,297
<b>Unfavourable cash &amp; cash equivalent balances</b>				
Bank overdrafts	(1,215,822)	(1,893,885)	(483,276)	(562,100)
<b>Total cash and cash equivalents for the purpose of cash flow statement</b>	<b>180,167</b>	<b>287,327</b>	<b>(345,420)</b>	<b>(411,803)</b>

### 16 STATED CAPITAL

(a) Value of issued & fully paid shares

	Group		Company	
	2024	2023	2024	2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
As at 01st April	787,765	787,765	787,765	787,765
As at 31st March	787,765	787,765	787,765	787,765

(b) Volume of issued & fully paid shares

	Group		Company	
	2024	2023	2024	2023
	'000	'000	'000	'000
As at 01st April	273,000	273,000	273,000	273,000
As at 31st March	273,000	273,000	273,000	273,000

(c) 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.

**17 RESERVES**

	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Revaluation reserve (Note 17.1)	4,779,093	3,172,011	2,506,339	1,810,497
Total	4,779,093	3,172,011	2,506,339	1,810,497

**17.1 Revaluation reserve**

	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
<b>On Property Plant &amp; Equipment</b>				
As at 01 April	3,172,011	3,536,480	1,810,497	2,057,891
Revaluation of freehold land and building net of differed tax	1,607,082	-	695,841	-
Net of deferred tax effect on freehold land and building	-	(364,468)	-	(247,393)
As at 31 March	4,779,093	3,172,011	2,506,339	1,810,497

**18 INTEREST BEARING LIABILITIES**

	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
<b>Non Current</b>				
Long term loans (Note 18.1)	7,593,780	603,412	4,068,247	-
Lease Liability (Note- 18.2)	48,173	46,660	13,218	10,072
<b>Total</b>	7,641,953	650,072	4,081,465	10,072
<b>Current</b>				
Long term loans (Note 18.1)	1,102,985	456,409	218,413	-
Lease Liability (Note- 18.2)	78,749	32,794	37,944	5,866
Short term loans (Note 18.3)	5,988,209	9,837,985	1,644,527	1,865,982
Bank overdrafts (Note 15)	1,215,822	1,893,885	483,276	562,100
<b>Total</b>	8,385,765	12,221,073	2,384,160	2,433,948

## Notes to the Financial Statements

### 18.1 Long term loans

#### (a) Long term loans movement

	Group		Company	
	2024	2023	2024	2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>As at 01st April</b>	1,059,821	3,124,604	-	20,833
Loans obtained	8,151,912	428,985	4,300,000	-
Exchange gain/(loss)	(2,202)	23,859	-	-
Repayments	(512,766)	(1,326,813)	(13,340)	(20,833)
De-recognition on disposal of subsidiaries	-	(1,190,814)	-	-
<b>As at 31st March</b>	8,696,765	1,059,821	4,286,660	-
Amount payable within 12 months	1,102,985	456,409	218,413	-
Amount payable after 12 months	7,593,780	603,412	4,068,247	-
<b>Total</b>	8,696,765	1,059,821	4,286,660	-

#### b) Details of long term loans of the Group

Financial Institution	Repayment terms	Principal Rs.'000	Interest rate per annum	Security	Balance as at 31.03.2024 Rs '000	Balance as at 31.03.2023 Rs '000
<b>Lanka Walltiles PLC</b>						
Commercial Bank of Ceylon PLC	72 monthly instalments (12 month Grace period)	3,500,000	AWPLR	"KAHATAGAHAHENA" land, and the plants and machinery located thereon are mortgaged	3,500,000	-
Commercial Bank of Ceylon PLC	72 monthly instalments (12 month Grace period)	800,000	AWPLR+0.4%	"KAHATAGAHAHENA" land, and the plants and machinery located thereon are mortgaged	786,660	-
<b>Total</b>					4,286,660	-
<b>Lanka Tiles PLC</b>						
DFCC Bank PLC	72 monthly instalments (12 month Grace period)	1,500,000	AWPLR+0.75%	'A primary mortgage over land, buildings and plant and machinery located at Ranala amounting to Rs.1500 Mn	418,290	666,667
<b>Total</b>					418,290	666,667
<b>Uni-Dil Packaging Limited</b>						
Standard Chartered Bank	US \$ 114,079 Quarterly instalments	USD 500,000	LIBOR+3.25%	Mortgage bond for USD 500,00 over Movable Machinery	12,518	68,154

Financial Institution	Repayment terms	Principal Rs.'000	Interest rate per annum	Security	Balance as at 31.03.2024 Rs '000	Balance as at 31.03.2023 Rs '000
Commercial Bank of Ceylon PLC	54 monthly instalments	70,755	7.75%(fixed)	Solar System & related equipment	39,308	55,032
Hatton National Bank PLC	36 monthly instalments	60,000	AWPLR+0.5%	Clean	6,668	26,668
Peoples Bank	36 monthly instalments	100,000	AWPLR	Clean	77,760	-
<b>Total</b>					136,254	149,854
<b>Uni-Dil Packaging Solution Limited</b>						
Commercial Bank of Ceylon PLC	54 monthly instalments	17,744	7.75%(fixed)	Solar System & related equipment	10,506	14,454
Peoples Bank	36 monthly instalments	100,000	AWPLR	Clean	77,760	-
<b>Total</b>					88,266	14,454
<b>Swisstek (Ceylon) PLC</b>						
DFCC Bank PLC	60 monthly instalments	110,000	AWPLR+1.25%	Mortgage over Land, Building, Plant & Machinery , Stocks and Book debts owned by Swisstek Aluminium Ltd.	17,413	45,808
<b>Total</b>					17,413	45,808
<b>Swisstek Aluminium Limited</b>						
DFCC Bank PLC	60 monthly instalments, After a 24 months grace period.	500,000	AWPR+1.4%	Mortgage over land, building, plant & machinery	-	50,000
Commercial Bank of Ceylon PLC	60 monthly instalments, After a 6 months grace period.	156,529	AWPR+1.4%	Mortgage over Solar Panel Equipment	101,719	133,039
DFCC Bank PLC	12 M Grace period , 0% - for the first 06 month,start int from Dec-23	2,000,000	AWPLR+ 1%	Mortgage Bond for Rs. 1,500 Mn over stock and Debtors with an insurance policy over stocks assigned in favour of the Bank.	2,000,000	-
DFCC Bank PLC	48 instalments , 03 M grace period	74,809	Fixed Rate 10%	Mortgage Bond for Rs. 1,500 Mn over stock and Debtors with an insurance policy over stocks assigned in favour of the Bank.	98,198	-
Seylan Bank PLC	48 instalments with 6M Grace period,	1,065,000	AWPLR+ 1%	Mortgage Bond for Rs.660 over stock & debtors	1,064,872	-

## Notes to the Financial Statements

Financial Institution	Repayment terms	Principal Rs.'000	Interest rate per annum	Security	Balance as at 31.03.2024 Rs '000	Balance as at 31.03.2023 Rs '000
Nations Trust Bank PLC	36 instalments	489,000	AWPLR	Primary Mortgage Bond over stocks and Book Debts of SAL for Rs. 600 MN.	485,094	-
<b>Total</b>					3,749,883	183,039

### 18.2 Lease Liability

#### (a) Group

	Land Rs.'000	Building Rs.'000	Land -Plantation Rs.'000	Equipment Rs.'000	Total Rs.'000
As at 1 April 2022	4,156	143,486	163,574	1,424	312,640
Remeasurement of leasehold rights	-	-	13,232	-	13,232
Interest Expense	459	18,460	23,759	92	42,770
Less: Payments	(1,200)	(66,807)	(25,207)	(1,516)	(94,730)
De-recognition on disposal of subsidiaries	-	(19,100)	(175,358)	-	(194,458)
<b>As at 31 March 2023</b>	<b>3,415</b>	<b>76,039</b>	<b>-</b>	<b>-</b>	<b>79,454</b>
As at 1 April 2023	3,416	76,039	-	-	79,454
Additions	-	120,269	-	-	120,269
Interest Expense	364	17,986	-	-	18,350
Less: Payments	(1,200)	(89,951)	-	-	(91,151)
<b>As at 31 March 2024</b>	<b>2,580</b>	<b>124,343</b>	<b>-</b>	<b>-</b>	<b>126,922</b>

#### (b) Company

	Building Rs.'000	Total Rs.'000
As at 1 April 2022	36,281	36,281
Interest Expense	4,533	4,533
Less: Payments	(24,876)	(24,876)
<b>As at 31 March 2023</b>	<b>15,938</b>	<b>15,938</b>
As at 1 April 2023	15,938	15,938
Additions	55,078	55,078
Interest Expense	5,416	5,416
Less: Payments	(25,271)	(25,271)
<b>As at 31 March 2024</b>	<b>51,161</b>	<b>51,161</b>

## (c) Maturities of lease liability

	Group 2024 Rs.'000	2023 Rs.'000	Company 2024 Rs.'000	2023 Rs.'000
Lease Liability -Current	78,749	32,794	37,944	5,866
Lease Liability -Non Current	48,173	46,660	13,218	10,072
	126,922	79,454	51,162	15,938

## 18.3 Short term loans

## (a) Short term loans movement

	Group 2024 Rs.'000	2023 Rs.'000	Company 2024 Rs.'000	2023 Rs.'000
Balance as at 01st April	9,837,985	5,341,276	1,865,982	-
Loans obtained	16,529,456	23,575,494	3,357,642	3,668,864
Acquisition of subsidiaries	1,017,811	-	-	-
Repayments	(21,397,043)	(19,078,785)	(3,579,097)	(1,802,882)
Balance as at 31st March	5,988,209	9,837,985	1,644,527	1,865,982

## 19 RETIREMENT BENEFIT LIABILITY

	Group 2024 Rs.'000	2023 Rs.'000	Company 2024 Rs.'000	2023 Rs.'000
(a) As at 01st April	513,536	955,426	163,799	123,617
Current service cost	38,503	66,297	10,665	9,213
Net interest on the net defined benefit liability (asset)	86,474	138,359	27,845	19,408
	124,977	204,658	38,510	28,621
Net Actuarial Gain / loss for the year	174,161	54,826	68,958	14,996
Payments made during the Year	(112,189)	(195,625)	(9,952)	(3,435)
	61,972	(140,798)	59,006	11,561
Payable for retired employees included under current liabilities	-	(46,915)	-	-
De-recognition on disposal of subsidiaries	-	(458,833)	-	-
As at 31st March	700,485	513,536	261,315	163,799

## Notes to the Financial Statements

### (b) Group

In order to illustrate the significance of the salary escalation rates and discount rates assumed in this valuation a sensitivity analysis for all employees of Lanka Walltiles PLC, Lanka Tiles PLC, Swistek Ceylon PLC, Swisstek Aluminium Limited, Uni Dil Packaging Ltd and Uni Dil packaging Solutions Ltd is as follows.

	2024 Rs.'000	2023 Rs.'000
<b>Discount Rate Sensitivity</b>		
Effect on DBO due to decrease in the discount rate by 1%	202,245	131,086
Effect on DBO due to increase in the discount rate by 1%	(182,507)	(121,836)
<b>Salary Escalation Rate Sensitivity</b>		
Effect on DBO due to decrease in the salary escalation rate by 1%	(182,966)	(122,996)
Effect on DBO due to increase in the salary escalation rate by 1%	206,796	133,457

### (c) Lanka Walltiles PLC - Company

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 Walltiles PLC is as follows;

	2024 Rs.'000	2023 Rs.'000
<b>Discount Rate Sensitivity</b>		
Effect on DBO due to decrease in the discount rate by 1%	19,157	10,496
Effect on DBO due to increase in the discount rate by 1%	(16,878)	(9,375)
<b>Salary Escalation Rate Sensitivity</b>		
Effect on DBO due to decrease in the salary escalation rate by 1%	(17,077)	(9,893)
Effect on DBO due to increase in the salary escalation rate by 1%	19,047	10,925

### (d) Distribution of Present value of define benefit obligation

Group	Less than a year Rs.'000	Between 1-2 years Rs.'000	Between 2- 5 years Rs.'000	Over year 5 Rs.'000	Total Rs.'000
<b>As at 31 March 2024</b>					
Defined Benefit Obligation	83,882	73,516	145,065	398,022	700,485

## Distribution of Present value of define benefit obligation

Company	Less than a year Rs.'000	Between1-2 years Rs.'000	Between 2- 5 years Rs.'000	Over year 5 Rs.'000	Total Rs.'000
<b>As at 31 March 2024</b>					
Defined Benefit Obligation	18,288	28,626	49,576	164,824	261,315

- (e) The Group uses market yields (at the end of the reporting period) on treasury bonds issued by the Government of Sri Lanka (T-bonds) to determine the discount rate, as disclosed in its accounting policy (refer Note 2.3.11).
- (f) Lanka Walltiles PLC  
The defined benefit liability as of 31 March 2024 was actuarially valued by Messrs. Actuarial and Management Consultants (Pvt) Ltd - qualified actuary.

The principal assumptions underlying the valuation are as follows;

	2024	2023
Discount rate (per annum)	12.50%	17.00%
Salary scale (per annum) - Executives	15.00%	15.00%
- Non Executives	12.00%	12.50%
Retirement Age	60 Years	60 Years
Staff Turnover ratio	7%	6%
Weighted Average duration of defined benefit obligation (Years)	9.00	11.47

- (g) **Lanka Tiles PLC**  
The defined benefit liability of Lanka Tiles PLC was actuarially valued by Messrs. Actuarial and Management Consultants (Pvt) Ltd qualified actuary on 31 March 2024.

Principal Actuarial Assumptions are as follows

Discount rate		12.50%	16.00%
Future salary increases	Executives	15.00%	15.00%
	Non Executives	12.00%	12.50%
Retirement Age		60 Years	60 Years
Weighted Average duration of defined benefit obligation (Years)		7.00	14.37

## Notes to the Financial Statements

### (h) Uni Dil Packaging Ltd and Uni Dil Packaging Solution Ltd

Messrs. Actuarial and Management Consultants (Pvt) Ltd., actuaries carried out an actuarial valuation for Uni Dil Packaging Ltd and Uni Dil Packaging Solution Ltd of the defined benefit plan gratuity as at 31 March 2024.

The valuation method used by the actuaries to value the benefit is the "projected Unit Credit Method".

		2024	2023
Discount rate p.a		12.25%	17.80%
Rate of salary increase		12.50%	12.50%
Staff turnover factor		9.00%	8.00%
Retirement age (Years)		60	60
Weighted Average duration of defined benefit obligation (Years)	Uni Dil Packaging Ltd	7.20	5.32
Weighted Average duration of defined benefit obligation (Years)	Uni Dil Packaging Solution Ltd	7.20	6.28

### (i) Swisstek Ceylon PLC

Gratuity liability based on the actuarial valuation carried out by Messrs. Actuarial and Management (Pvt) Ltd on 31 March 2024.

Principal Actuarial Assumptions are as follows

		2024	2023
Discount rate p.a		12.50%	18.00%
Future salary increases	Executives	15.00%	15.00%
	Non Executives	12.50%	12.50%
Retirement age (Years)		60	60
Weighted Average duration of defined benefit obligation (Years)		11.90	10.43

### (j) Swisstek Aluminium Limited

Gratuity liability based on the actuarial valuation carried out by Messrs. Actuarial and Management (Pvt) Ltd on 31 March 2024.

Principal Actuarial Assumptions are as follows

		2024	2023
Discount rate p.a		12.50%	18.00%
Future salary increases	Executives	15.00%	12.50%
	Non Executives	12.50%	13.00%
Retirement age (Years)		60	60
Weighted Average duration of defined benefit obligation (Years)		8.33	8.33

**20 TRADE AND OTHER PAYABLES**

	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Trade creditors	2,394,592	1,999,721	215,060	548,495
Sundry creditors including accrued expenses	2,496,457	2,586,445	443,979	681,038
Donations in respect of Tsunami fund	4,963	4,454	4,963	4,454
<b>Total</b>	<b>4,896,012</b>	<b>4,590,620</b>	<b>664,002</b>	<b>1,233,987</b>

**21 CONTRACT LIABILITIES**

	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
As at 1st April	111,798	113,660	9,972	19,591
As at 31st March	139,300	111,798	45,068	9,972

The contract liability primarily relates to the advance consideration received from customers, for which revenue is recognized overtime. This will be recognized as revenue when the company issues an invoice to the customer, which is expected to occur over the next year. The balance appeared in 31st March 2023 was fully recognised in the financial year 2023/24.

**22 AMOUNTS DUE TO RELATED PARTIES**

		Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Company	Relationship				
Lanka Tiles PLC	Subsidiary Company	-	-	819,956	1,297,906
Swisstek Ceylon PLC	Subsidiary Company	-	-	8,641	1,597
LWL Development (Pvt) Limited	Subsidiary Company	-	-	12,272	13,946
Royal Ceramics Lanka PLC	Parent Company	10,339	14,476	1,036	3,233
Uni Dil Packing solution Limited	Subsidiary Company	-	-	8,173	23,600
Lanka Ceramic PLC	Affiliated Company	105,211	191,933	72,670	174,253
Vallibel One PLC	Ultimate Parent Company	129,409	197,353	6,659	14,743
Vallibel Plantation Management Limited	Subsidiary Company	-	-	732,030	-
<b>Total</b>		<b>244,959</b>	<b>403,762</b>	<b>1,661,437</b>	<b>1,529,278</b>

## Notes to the Financial Statements

### 23 REVENUE

#### 23.1 Disaggregated revenue information

Set out below is the disaggregation of the Company's/ Group's revenue from contracts with customers:

	Group		Company	
	2024	2023	2024	2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Types of goods or service</b>				
Sale of Tiles & Associated Items	24,974,006	28,819,022	7,407,574	9,297,171
Sale of Packing Materials	8,005,063	9,379,147	-	-
Sale of Aluminum Products	7,264,795	5,256,843	-	-
<b>Total revenue from contract with customers</b>	<b>40,243,864</b>	<b>43,455,012</b>	<b>7,407,574</b>	<b>9,297,171</b>
<b>Geographical markets</b>				
Local	37,198,529	41,586,716	6,223,549	8,253,876
Foreign - Export	3,045,335	1,868,296	1,184,025	1,043,294
<b>Total revenue from contract with customers</b>	<b>40,243,864</b>	<b>43,455,012</b>	<b>7,407,574</b>	<b>9,297,171</b>
<b>Timing of revenue recognition</b>				
Goods transferred at a point in time	40,243,864	43,455,012	7,407,574	9,297,171
<b>Total revenue from contract with customers</b>	<b>40,243,864</b>	<b>43,455,012</b>	<b>7,407,574</b>	<b>9,297,171</b>

Segmental information is given in Note 35 to the financial statements.

#### 23.2 Contract balances

	GROUP		COMPANY	
	2024	2023	2024	2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Trade receivables (Note 11)	6,891,001	8,628,891	1,841,975	2,519,426
Contract assets (Note 12)	30,033	32,343	-	-
Contract liability (Note 21)	139,300	111,798	45,068	9,972

**24 OTHER INCOME**

	GROUP		COMPANY	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Income from investments in related Parties - Dividend	-	-	1,289,056	1,922,898
Rental income - Related parties	-	-	15,464	15,884
Disposal Gain/(Loss) on property, plant and equipment	27,103	1,000	(355)	1,000
Sundry income	345,296	362,367	8,998	9,406
Exchange gain / (loss)	-	59,211	-	(12,303)
	372,399	422,577	1,313,163	1,936,885

**25 FINANCE COST**

	GROUP		COMPANY	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Interest expense on overdrafts	232,598	378,574	97,499	113,214
Interest expense on bank loans	1,347,179	2,590,882	203,562	272,797
Finance charges on lease liabilities	18,356	15,983	5,416	4,533
Exchange loss/(gain)	187,108	383,720	69,581	-
<b>Total</b>	1,785,240	3,369,159	376,058	390,543

**26 FINANCE INCOME**

	GROUP		COMPANY	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Interest income	227,046	545,433	610	7,942
<b>Total</b>	227,046	545,433	610	7,942

## Notes to the Financial Statements

### 27 PROFIT BEFORE TAX

Is stated after Charging /(Crediting)

	GROUP		COMPANY	
	2024	2023	2024	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>Included in cost of sales</b>				
Depreciation and Amortization cost	898,204	810,773	202,787	191,520
Defined benefit plan costs - gratuity	49,130	52,949	(14,776)	14,054
Defined contribution plan costs - EPF & ETF	130,731	127,215	44,082	39,130
Other staff cost	2,429,896	2,398,011	467,202	537,165
<b>Included in administration expenses</b>				
Depreciation and Amortization cost	111,017	106,502	15,183	13,432
Amortization of Right of use Lease Asset	789	30,730	-	-
Defined benefit plan costs - gratuity	79,797	27,258	11,903	11,788
Defined contribution plan costs - EPF & ETF	46,031	42,273	9,815	8,192
Other staff cost	431,726	417,956	68,826	68,450
Audit Fee	20,536	12,847	2,016	1,753
Technical Fee	379,371	394,649	55,453	54,279
Social Security Contribution Levy	436,471	436,471	123,991	91,652
<b>Included in distribution cost</b>				
Depreciation and Amortization cost	74,328	53,693	27,733	21,319
Amortization of Right of use Lease Asset	61,938	25,469	20,661	25,469
Defined benefit plan costs - gratuity	10,045	10,187	2,873	2,779
Defined contribution plan costs - EPF & ETF	36,816	26,911	10,365	8,923
Other staff cost	437,975	457,393	85,871	148,864
Allowance for doubtful Debts	18,882	19,238	6,600	3,000

## 28 INCOME TAX EXPENSES

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

Year ended 31st March	GROUP		COMPANY	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
(a) Current income tax				
Current income tax charge	2,038,821	2,069,633	122,921	408,841
Under/(over) provision of current taxes in respect of prior years	(27,512)	31,346	-	-
Tax effect on Inter company Dividends	-	258,256	-	-
	2,011,309	2,359,235	122,921	408,841
(b) Deferred income tax				-
Deferred taxation charge/(reversal)	(109,751)	380,516	(46,382)	151,484
Income tax expense reported in the Income statement	1,901,558	2,739,751	76,539	560,326
(c) Deferred tax expense reported in the OCI	612,546	442,323	277,531	242,894
	2,514,104	3,182,074	354,071	803,220

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

Year ended 31st March	GROUP		COMPANY	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Accounting profit before income tax	5,423,674	7,560,985	1,620,333	3,508,837
Income considered as separate source of income	25,697	1,510,868	610	1,477,277
Income exempt from tax	(1,673,383)	(1,109,161)	(1,289,056)	-
Non deductible expenses	1,186,393	2,555,898	341,541	337,758
Deductible expenses	(1,181,492)	(3,152,578)	(258,979)	(1,714,641)
Total Statutory Income	3,780,889	7,366,011	414,449	3,609,232
Qualifying Payment Relief	-	(100)	-	-
<b>Net Taxable profit</b>	3,780,889	7,365,911	414,449	3,609,232
Taxable Profit	4,148,361	7,733,383	414,449	3,609,232
Taxable Loss	(367,472)	(367,472)	-	-
<b>Net Taxable profit</b>	3,780,889	7,365,911	414,449	3,609,232
<b>Current income tax expense</b>				
Taxation -14%	-	152,362	-	60,608
Taxation -18%	-	708,430	-	123,336
Taxation -24%	-	151,196	-	34,197
Taxation -30%	2,038,821	1,057,646	122,921	190,700
	2,038,821	2,069,634	122,921	408,841

## Notes to the Financial Statements

### 28.3 Movement of deferred tax expenses

Year ended 31st March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Capital Allowances	50,919	801,436	(23,050)	173,141
Retirement Benefit Liability	(8,593)	(58,724)	(12,874)	(11,155)
Carried Forward Tax Losses	(99,468)	(297,132)	-	-
Lease Liability	7,141	(2,729)	-	-
Provision for Obsolete and Slow Moving, Consumables and Spares & Others	(56,363)	(53,840)	(8,825)	(7,967)
Allowances for Doubtful Debts	(3,387)	(8,498)	(1,631)	(2,535)
Deferred taxation charge/(reversal)	(109,751)	380,516	(46,380)	151,483
<b>Deferred income tax reported in other comprehensive income</b>				
Revaluation Surplus	663,837	443,678	298,218	247,393
Retirement Benefit Liability	(51,291)	(1,355)	(20,687)	(4,499)
	612,546	442,323	277,531	242,894
<b>Effective Income Tax Rate</b>	50.70%	36.24%	23.10%	15.97%

### 28.4 Notes on income tax of Group companies

- (a) Lanka Walltiles PLC, Lanka Tiles PLC, Vallibel Plantation Management Ltd, Unidil Packaging Limited and Swisstek (Ceylon) PLC's statutory tax rate of above companies are as follows;

	2024	2023
Local sales and other profits	30%	30% ,24% & 18%
Qualified export profit	30%	14% & 30%

- (b) Swisstek Aluminum Ltd

Income tax exemption given for the Swisstek Aluminium Ltd has been ended by 01st September 2016 and company liable to pay tax at a rate of 20% on trade profit and 30% on other income.

## 29 EARNINGS PER SHARE

### 29.1 Earnings per share - basic

Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders of Lanka Wall-tiles 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	
	2024	2023	2024	2023
<b>Amounts used as the numerator:</b>				
Profit attributable to equity holders for basic earnings per share (Rs'000)	2,725,132	4,360,188	1,543,794	2,948,511
- from continuing operations - Rs	9.98	15.65	5.65	10.80
- from Discontinued operations - Rs	-	0.32	-	-

	GROUP		COMPANY	
	2024	2023	2024	2023
<b>Number of ordinary shares used as the denominator:</b>				
Weighted average number of ordinary shares in issue applicable to basic earnings per share	273,000	273,000	273,000	273,000

## 30 DIVIDENDS PAID

	GROUP		COMPANY	
	2024	2023	2024	2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Declared and paid during the year</b>				
Equity dividends on ordinary shares :				
Final 2022/23 (Rs. 0.90 per share)	245,700	791,700	245,700	791,700
First Interim 2023/24 (Rs. 4.00 per share)	1,092,000	1,719,900	1,092,000	1,719,900
	1,337,700	2,511,600	1,337,700	2,511,600
Dividend Payout Ratio (%)	49%	52%	87%	85%

## Notes to the Financial Statements

### 31. ASSETS PLEDGED

Following Assets have been pledged as security for liabilities, in addition to the items disclosed in Note 18.1 to these financial statements.

#### Lanka Tiles PLC

Bank overdrafts are secured primarily on inventories.

Lender	Facility	Limit - Rs.	Security
Hatton National Bank PLC	Import Loan	1,200,000,000	Immovable Property Inventories and Debtors
Standard Chartered Bank	Import Loan	70,000,000	Land and Building, Immovable Machinery and Debtors
		134,000,000	Inventories and Debtors
DFCC Bank PLC	Import Loan	1,250,000,000	Inventories and Debtors
Sampath Bank PLC	Import Loan	1,000,000,000	Corporate Bonds

#### Uni Dil Packaging Solutions Limited

Lender	Facility	Limit - Rs.	Security
Hatton National Bank PLC	Import Loan	570,000,000	Primary Mortgage Bond over the Company's Stock-in-trade and Book Debts
	Overdraft	30,000,000	
Hongkong and Shanghai Banking Corporation Limited	Import Loan	40,000,000	Corporate Guarantee from Uni Dil Packaging Limited
Seylan Bank PLC	Import Loan	100,000,000	Corporate Guarantee from Uni Dil Packaging Limited
	Overdraft	20,000,000	
DFCC Bank PLC	Import Loan	100,000,000	Primary concurrent Mortgage Bond for Rs 120,000,000/- ranking equal and parri passu with mortgage bond no 2365.
	Overdraft	20,000,000	

## Lanka Walltiles PLC

Lender	Facility	Limit - Rs.	Security
Sampath Bank PLC	Overdraft	60,000,000	Primary Mortgage Bond over the Company's Stock-in-trade and Book Debts
	Import Loan	80,000,000	
Seylan Bank PLC	Overdraft	10,000,000	Primary Mortgage Bond over the Company's Stock-in-trade and Book Debts
	Short Term Loan	500,000,000	
Union Bank of Colombo PLC	Overdraft	100,000,000	Primary Mortgage Bond over the Company's Stock-in-trade and Book Debts
	Short Term Loan	400,000,000	

## Swisstek Aluminum Limited

Lender	Facility	Limit - Rs.	Security
Hatton National Bank PLC	Import Loan	300,000,000	Primary Mortgage Bond over the Company's Stock-in-trade and Book Debts
DFCC Bank PLC	Import Loan	800,000,000	Secondary Mortgage Bond over the Company's Stock-in-trade and Book Debts

## Notes to the Financial Statements

**32 RELATED PARTY DISCLOSURES**

Details of significant related party disclosures are as follows

**32.1 COMPANY**

	Transactions with the Parent and ultimate Parent Company (Royal Ceramic Lanka PLC and Vallibel One PLC)				Transactions with Subsidiaries and Affiliate Companies				Total	
	2024 R. '000	2023 R. '000	2024 R. '000	2023 R. '000	2024 R. '000	2023 R. '000	2024 R. '000	2023 R. '000	2024 R. '000	2023 R. '000
As at 01st April	(17,976)	(15,868)	(1,463,678)	127,232	(1,481,654)	111,364				
Sale of Tiles/ (Sales returns)	-	-	23,775	-	23,775	-				
Purchase of raw materials	(277)	-	(221,068)	(809,481)	(221,345)	(809,481)				
Purchase of other items	56	(47)	-	-	56	(47)				
Sale of raw materials	-	1,471	13,032	6,477	13,032	7,948				
Settlements/(Recoveries) by the Company	74,823	75,304	2,502,787	528,345	2,577,610	603,649				
Rent received/(paid)	-	-	17,246	(11,048)	17,246	(11,048)				
Expenses apportioned	-	-	173,943	42,547	173,943	42,547				
Commission on sales	-	-	(11,441)	(6,714)	(11,441)	(6,714)				
Expenses incurred and transferred	-	-	(1,500,722)	(395,271)	(1,500,722)	(395,271)				
Credit Cards Collected On Behalf Of Subsidiary	-	-	(1,126,810)	(108,265)	(1,126,810)	(108,265)				
Term Loan	-	-	-	(837,500)	-	(837,500)				
Technical Fees	(64,321)	(78,836)	-	-	(64,321)	(78,836)				
<b>As at 31st March</b>	<b>(7,695)</b>	<b>(17,976)</b>	<b>(1,592,936)</b>	<b>(1,463,678)</b>	<b>(1,600,631)</b>	<b>(1,481,654)</b>				
Included Under										
Trade and other payable	-	-	-	(23,600)	-	(23,600)				
Amount due from related parties	-	-	60,806	724	60,806	724				
Amount due to related parties	(7,695)	(17,976)	(1,653,742)	(1,440,803)	(1,661,437)	(1,458,779)				
<b>Balance as at 31 March</b>	<b>(7,695)</b>	<b>(17,976)</b>	<b>(1,592,936)</b>	<b>(1,463,678)</b>	<b>(1,600,631)</b>	<b>(1,481,654)</b>				

The above subsidiaries and affiliates include following companies;

Company

- Lanka Tiles PLC
- Unidil Packaging Limited
- Vallibel Plantation Management Limited
- Horana Plantations PLC
- Swisstek Aluminum Limited
- Swisstek (Ceylon) PLC
- Rocell Bathware Limited
- LWL Development (Private) Limited
- Beyond Paradise Collection Limited
- Lanka Swisstek (Pvt) Limited
- LTL Development (Pvt) Limited
- Swisstek Development (Pvt) Limited
- Lanka Ceramics PLC
- LW Plantation Investment Limited
- Lankatiles USA Inc.,

### Terms and conditions with related parties

The 'Sales to' and 'Purchases from' related parties are made on commercial terms agreed with respective parties.

Outstanding balances as at the year end are unsecured, interest free and settlement occur in cash with in short Period of time.

Technical fees paid to Royal Ceramic Lanka PLC and Vallibel One PLC are for services rendered in providing technical advises to improve manufacturing process of Lanka Walltile PLC, Lanka Tiles PLC and Swisstek Aluminum Limited.

Credit cards collection & part of the settlement represents the sales proceeds of the subsidiaries received by the parent company 'and it will be settled by transferring of funds back to the relevant companies.

Commission on sales paid to Royal Ceramic Lanka PLC & Swisstek Ceylon PLC for the sales of tiles at their Owned location.

Lanka Tiles PLC provided a loan to Lanka Walltiles PLC at an interest rate of AWPLR + 0.5% per annum.

Vallibel Plantation Management Limited provided a loan to Lanka Walltiles PLC at an interest rate of AWPLR + 0.5% per annum.

## 32.2 Group - Related Party Transactions

### (a) Swisstek Aluminium Limited

	Transactions with the Parent and ultimate Parent Company		Transactions with Subsidiaries and Affiliate Companies		Total	
	2024	2023	2024	2023	2024	2023
<b>Nature of Transaction</b>						
Sale of goods	68,104	272,642	221,369	1,336,310	289,473	1,608,952
Purchase of goods	(3,585)	-	(480)	(2,083)	(4,065)	(2,083)
Expenses incurred by related parties	-	(5,015)	(18,464)	(5,489)	(18,464)	(10,504)
Expenses reimbursements	-	-	424	(944)	424	(944)
Settlements made (Receipt)	(42,088)	(352,523)	(50,314)	(1,601,638)	(92,402)	(1,954,161)
Payments made (Paid)	3,368	-	63	6,364	3,431	6,364
Rent income	-	-	3,574	-	3,574	-
Rent Expense	(6,386)	-	-	-	(6,386)	-
Loan	-	-	(50,000)	-	(50,000)	-

## Notes to the Financial Statements

### (b) Lanka Tiles PLC

	Transactions with the Parent and ultimate Parent Company		Transactions with Subsidiaries and Affiliate Companies		Total	
	2024	2023	2024	2023	2024	2023
Purchase of raw materials	-	(4,333)	(1,771,043)	(3,190,643)	(1,771,043)	(3,194,976)
Sale of raw materials & spares	11,621	17,581	18,632	30,781	30,253	48,362
Settlements/(Recoveries) by the Company	(1,685,220)	(391,095)	1,371,855	3,863,540	(313,365)	3,472,445
Rent received/(paid)	3,953	6,884	(12,997)	(2,900)	(9,044)	3,983
Expenses apportioned	399,220	514,589	68,185	87,207	467,405	601,796
Commission on sales	-	-	(50,986)	(37,724)	(50,986)	(37,724)
Expenses incurred and transferred - Paid	(441,948)	(222,434)	(21,499)	(317,661)	(463,447)	(540,095)
Credit Cards Collected On Behalf Of Subsidiary	1,126,810	666,292	-	-	1,126,810	666,292
Loan	-	837,500	50,000	-	50,000	837,500
Fund Transfer	315,666	145,000	-	96,722	315,666	241,722
Technical Fees	(207,068)	(210,431)	(25,859)	(35,551)	(232,927)	(245,982)

### (c) Swisstek (Ceylon) PLC

	Transactions with the Parent and ultimate Parent Company		Transactions with Subsidiaries and Affiliate Companies		Total	
	2024	2023	2024	2023	2024	2023
Purchase of other items	-	(2,363)	(123,572)	(294,362)	(123,572)	(296,724)
Settlements/(Recoveries) by the Company	718	2,777	134,289	180,533	135,007	183,310
Rent received/(paid)	6,612	6,382	26,277	23,329	32,889	29,711
Commission on sales	12,092	6,714	61,789	48,591	73,882	55,305
Expenses incurred and transferred	(442)	(929)	(19,138)	(78,017)	(19,580)	(78,946)
Sale of fixed assets	-	-	-	1,775	-	1,775
Sale of other items	-	-	1,062,246	1,775,030	1,062,246	1,775,030
Insurance Premium	-	-	2,523	1,962	2,523	1,962
Fund Transfer	-	-	32,561	-	32,561	-

### (d) Uni Dil Packaging Ltd

	Transactions with the Parent and ultimate Parent Company		Transactions with Subsidiaries and Affiliate Companies		Total	
	2024	2023	2024	2023	2024	2023
Sale/ (Sales returns)	-	-	485,090	879,863	485,090	879,863
Dividend (received)/Paid	321,296	603,571	-	-	321,296	603,571
Settlements/(Recoveries) by the Company	-	-	(651,150)	(879,586)	(651,150)	(879,586)
Expenses incurred and transferred - Paid	-	-	43,379	81,813	43,379	81,813
Technical Fees	59,350	67,112	-	-	59,350	67,112

## (e) Uni Dil Packaging Solutions Limited

	Transactions with the Parent and ultimate Parent Company		Transactions with Subsidiaries and Affiliate Companies		Total	
	2024	2023	2024	2023	2024	2023
Sale/ (Sales returns)	495,378	743,308	333,853	528,991	829,231	1,272,299
Purchase of raw materials	(470,743)	(860,107)	-	-	(470,743)	(860,107)
Dividend (received)/Paid	225,552	85,344	-	-	225,552	85,344
Settlements/(Recoveries) by the Company	(506,426)	(706,886)	(347,305)	(513,365)	(853,731)	(1,220,251)
Expenses incurred and transferred - Paid	(43,379)	(81,812)	-	-	(43,379)	(81,812)
Fund Transfer	635,470	866,199	-	-	635,470	866,199
Technical Fees	20,426	24,916	-	-	20,426	24,916

## (f) Transactions with key management personnel of the company

The key management personnel of the company are the members of its Board of Directors and that of its parent.

	GROUP		COMPANY	
	2024	2023	2024	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Short Term Employment Benefits	194,423	213,754	52,583	54,267
Post Employment Benefits	-	57,815	-	20,057
	194,423	271,568	52,583	74,324

**33 COMMITMENTS AND CONTINGENCIES**

## (a) Capital commitments

There were no significant capital commitments as at reporting date in the Company or Group except as detailed below, As at 31 March 2024, the Company had capital commitments of Rs.1,000 Mn for the proposed factory expansion project.

## (b) Lease commitments

a). Lanka Tiles PLC is committed to pay Rs. 14,808,000/- as rent per annual for the use of land & buildings situated in Nawala.

## (c) Contingencies

As at the reporting date, the Lanka Walltiles PLC has received assessments issued by the Department of Inland revenue in respect of Income tax, Value added tax and economic service charge totaling Rs. 46,988,405/- for the year of assessment 2008/09, 2009/10. The Company has appealed against the assessments in the appeal hearing branch.

The Directors believe, based on the information currently available, the ultimate resolution of such assessment is not likely to have a material adverse effect on the Company.

Accordingly no provision for liability has been made in these financial statements.

**34 EVENTS OCCURRING AFTER THE REPORTING PERIOD**

Subject to the approval of the shareholders at the Annual General Meeting, on 28th May 2024 by circular resolution, The Board of Directors has recommended the final dividend of Rs.0.70 per share for the year ended 31st March 2024.

Other than the above there have been no material events occurring after the reporting date that require adjustment or disclosure in the financial statements.

## Notes to the Financial Statements

## SEGMENTAL INFORMATION

	2024					2023					Total
	Tiles & associated items	Aluminium Products	Packing materials	Inter Segment Elimination	Total	Tiles & associated items	Aluminium Products	Plantation products	Packing materials	Inter Segment Elimination	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	
Sales to External Customers	24,974,006	7,264,795	8,005,063	-	40,243,864	28,819,022	5,256,843	-	9,379,147	-	43,455,012
Inter Segment Sales	1,422,169	-	119,593	(1,541,762)	-	-	-	-	706,583	(706,583)	-
Total Revenue	26,396,175	7,264,795	8,124,656	(1,541,762)	40,243,864	28,819,022	5,256,843	-	10,085,730	(706,583)	43,455,012
Gross Profit	10,465,515	1,130,983	1,840,476	-	13,436,974	12,935,425	1,280,277	-	2,288,322	-	16,504,024
Other Income	180,560	83,038	108,801	-	372,399	105,397	87,205	-	232,042	-	424,645
Distribution Costs	(3,243,876)	(652,186)	(297,896)	-	(4,193,958)	(3,428,513)	(581,823)	-	(304,277)	-	(4,314,613)
Administrative Expenses	(1,890,886)	(333,409)	(414,725)	-	(2,639,020)	(1,572,949)	(233,404)	-	(430,115)	-	(2,236,468)
Finance Cost	(904,138)	(664,010)	(217,092)	-	(1,785,240)	(919,366)	(1,877,423)	-	(572,369)	-	(3,369,159)
Finance Income	203,003	24,043	-	-	227,046	545,433	-	-	-	-	545,433
Share of net profit of associate	5,473	-	-	-	5,473	7,123	-	-	-	-	7,123
Profit Before Tax from continuing operations	4,815,651	(411,541)	1,019,563	-	5,423,674	7,672,550	(1,325,168)	-	1,213,603	-	7,560,985
Income Tax Expense	(1,876,835)	74,197	(98,920)	-	(1,901,558)	(2,870,709)	256,564	-	(125,607)	-	(2,739,751)
Profit for the Year from continuing operations	2,938,816	(337,344)	920,643	-	3,522,116	4,801,841	(1,068,604)	-	1,087,996	-	4,821,234
Profit for the year from discontinued operation	-	-	-	-	-	-	-	386,017	-	-	386,017.26
Segment Assets	42,568,330	7,499,651	5,433,895	(2,659,422)	52,842,454	35,141,425	7,377,511	-	5,431,845	(2,582,689)	45,368,091
Segment Liabilities	16,767,905	7,110,747	2,633,844	(180,816)	26,331,680	11,718,613	6,812,452	-	2,987,974	337,136	21,856,174
Other Segment Information											
Total cost incurred during the period to depreciation and amortization	950,145	110,147	101,554	-	1,161,846	985,398	133,564	-	97,406	-	1,216,368
Property, plant & equipment	5,449,888	54,642	161,807	-	5,666,337	2,590,245	134,792	-	194,992	-	2,920,029
Biological assets	-	-	-	-	-	-	-	-	-	-	282,555
trade debtors and inventory impairment	100,773	24,432	8,800	-	134,005	61,614	12,086	-	15,002	-	88,703
provision for retirement benefit	99,892	-	25,085	-	124,977	169,413	12,707	-	22,538	-	204,658
Reconciliation of net profit for the year											
Segment net profit for the year					3,522,116						5,207,251
Group net profit for the year					3,522,116						5,207,251
Reconciliation of assets											
Segment Assets					55,501,876						47,950,780
Inter- segment balance eliminations					(180,816)						337,136
Investment in subsidiary elimination					(2,478,606)						(2,919,825)
					52,842,454						45,368,091
Reconciliation of liabilities											
Segment Liabilities					26,512,496						21,519,038
Inter- segment balance eliminations					(180,816)						337,136
					26,331,680						21,856,174

### 36 MATERIAL PARTLY-OWNED SUBSIDIARIES

Financial information of subsidiaries that have material non-controlling interests is provided below:

Name	Country of incorporation	2024 Rs.'000	2023 Rs.'000
<b>Proportion of equity interest held by non-controlling interests:</b>			
Lanka Tiles PLC	Sri Lanka	31.78%	31.78%
Swisstek (Ceylon) PLC	Sri Lanka	55.91%	55.91%
Swisstek Aluminium Limited	Sri Lanka	61.48%	61.48%
Beyond Paradise Collection Limited	Sri Lanka	31.78%	31.78%
Lanka Swisstek (Private) Limited	India	65.21%	65.21%
LTL Development Limited	Sri Lanka	31.78%	31.78%
Swisstek Development Limited	Sri Lanka	55.91%	55.91%
Valley View Ceramics LLC	USA	41.90%	-
<b>Accumulated Balances of Material Non - Controlling Interest</b>			
Lanka Tiles PLC		4,281,754	3,674,723
Swisstek (Ceylon) PLC		1,033,718	892,950
Swisstek Aluminium Limited		143,794	252,088
Beyond Paradise Collection Limited		48,739	49,184
Lanka Swisstek (Private) Limited		43,302	1,221
LTL Development Limited		(224)	(152)
Swisstek Development Limited		(371)	(371)
Valley View Ceramics LLC		(184,199)	-
		5,366,513	4,879,643
<b>Profit allocated to Material Non - Controlling Interest</b>			
Lanka Tiles PLC		929,786	1,227,890
Horana Plantation PLC		-	83,330
Swisstek (Ceylon) PLC		123,495	196,965
Swisstek Aluminium Limited		(207,389)	(656,945)
Beyond Paradise Collection Limited		(445)	(4,330)
Lanka Swisstek (Private) Limited		(6,805)	284
LTL Development Limited		(72)	(45)
Swisstek Development Limited		-	(86)
Valley View Ceramics LLC		(41,585)	-
		796,986	847,063

The summarized financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

## Notes to the Financial Statements

### Summarized statement of profit or loss for year ended 31 March 2024

	Lanka Tiles PLC	Valley View Ceramics LLC	Swisstek (Ceylon) PLC	Swisstek Aluminium Limited	Beyond Paradise Collection Limited	Lanka Swisstek (Private) Limited	LTL Development (Pvt) Limited	Swisstek Development (Pvt) Limited
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Revenue	16,130,887	223,603	2,872,649	7,264,795	-	-	-	-
Cost of sales	(8,667,606)	(142,576)	(2,122,909)	(6,133,812)	-	-	-	-
Distribution costs	(2,085,527)	(60,758)	(191,054)	(652,186)	-	-	-	-
Administrative expenses	(1,159,316)	(116,211)	(126,714)	(333,409)	(2,602)	(9,452)	(226)	-
Finance costs	(287,775)	(12,755)	(227,178)	(664,010)	-	-	-	-
Profit before tax	4,190,841	(99,249)	326,439	(411,541)	-	-	-	-
Income tax	(1,219,351)	-	(105,568)	74,197	-	-	-	-
Profit for the year	2,971,491	(99,249)	220,871	(337,344)	(1,402)	(10,436)	(226)	-
Total comprehensive income	3,542,626	(118,370)	347,565	(176,154)	(1,402)	(24,423)	(226)	-
Attributable to non-controlling interests	929,786	(41,585)	123,495	(207,389)	(445)	(6,805)	(72)	-
Dividends paid to non-controlling interests	590,135	-	218,089	141,071	-	-	-	-

### Summarized statement of profit or loss for year ended 31 March 2023

	Lanka Tiles PLC	Valley View Ceramics LLC	Swisstek (Ceylon) PLC	Swisstek Aluminium Limited	Beyond Paradise Collection Limited	Lanka Swisstek (Private) Limited	LTL Development (Pvt) Limited	Swisstek Development (Pvt) Limited
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Revenue	18,684,042	-	3,741,283	5,256,843	-	-	-	-
Cost of sales	(10,256,396)	-	(2,816,587)	(3,976,566)	-	-	-	-
Distribution costs	(2,160,122)	-	(195,381)	(581,823)	-	-	-	-
Administrative expenses	(1,023,031)	-	(119,130)	(233,404)	(2,650)	(439)	(142)	(154)
Finance costs	(264,642)	-	(263,720)	(1,877,423)	-	-	-	-
Profit before tax	5,670,742	-	532,601	(1,325,168)	-	-	-	-
Income tax	(1,686,966)	-	(180,331)	256,564	-	-	-	-
Profit for the year	3,983,776	-	352,270	(1,068,604)	(13,625)	436	(142)	(154)
Total comprehensive income	3,861,934	-	274,855	(1,059,791)	(13,625)	3,728	(142)	(154)
Attributable to non-controlling interests	1,227,890	-	196,965	(656,945)	(4,330)	284	(45)	(86)
Dividends paid to non-controlling interests	590,135	-	218,089	141,071	-	-	-	-

## Summarized statement of financial position as at 31 March 2024

	Lanka Tiles PLC	Valley View Ceramics LLC	Swisstek (Ceylon) PLC	Swisstek Aluminium Limited	Beyond Paradise Collection Limited	Lanka Swisstek (Private) Limited	LTL Development (Pvt) Limited	Swisstek Development (Pvt) Limited
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Current Assets	10,043,065	725,860	1,380,827	5,487,829	984	48,596	-	-
Non- Current Assets	9,076,276	118	2,618,889	2,011,822	484,857	77,917	56,667	56,667
Current Liabilities	3,355,096	1,165,594	1,352,922	3,794,864	899	12,548	287	127
Non- Current Liabilities	1,834,210	-	448,396	3,315,883	67,584	-	-	-
Total equity	13,930,036	(439,617)	2,198,388	388,905	417,358	113,965	56,380	56,541
Attributable to:								
Equity holders of parent	9,503,070	(255,417)	969,269	149,821	284,722	39,651	38,462	24,929
Non-controlling interest	4,426,965	(184,200)	1,229,119	239,084	132,636	74,314	17,917	31,612

## Summarized financial position information for year ending 31 March 2023

	Lanka Tiles PLC	Valley View Ceramics LLC	Swisstek (Ceylon) PLC	Swisstek Aluminium Limited	Beyond Paradise Collection Limited	Lanka Swisstek (Private) Limited	LTL Development (Pvt) Limited	Swisstek Development (Pvt) Limited
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Current Assets	9,923,802	-	1,419,241	5,577,156	7,800	20,321	-	-
Non- Current Assets	7,686,783	-	2,454,768	1,800,356	484,857	-	56,667	56,667
Current Liabilities	3,791,946	-	1,537,194	6,658,328	6,313	71	61	127
Non- Current Liabilities	1,813,188	-	390,194	154,124	67,585	-	-	-
Total equity	12,005,447	-	1,946,625	565,059	418,760	20,250	56,606	56,540
Attributable to:								
Equity holders of parent	8,190,116	-	858,267	217,682	285,678	7,045	38,616	24,929
Non-controlling interest	3,815,331	-	1,088,358	347,376	133,082	13,205	17,989	31,612

## Notes to the Financial Statements

### Summarized cash flow information for year ending 31 March 2024

	Lanka Tiles PLC	Valley View Ceramics LLC	Swisstek (Ceylon) PLC	Swisstek Aluminium Limited	Beyond Paradise Collection Limited	Lanka Swisstek (Private) Limited	LTL Development (Pvt) Limited	Swisstek Development (Pvt) Limited
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Operating	2,772,773	(60,923)	387,256	(100,399)	-	(10,436)	(226)	-
Investing	(974,557)	(118)	(47,669)	(45,292)	-	-	-	-
Financing	(2,022,329)	67,662	(267,567)	123,895	-	-	-	-
Net increase / (decrease) in cash and cash equivalents	(224,113)	6,621	72,020	(21,796)	-	(10,436)	(226.00)	-

### Summarized cash flow information for year ending 31 March 2023

	Lanka Tiles PLC	Valley View Ceramics LLC	Swisstek (Ceylon) PLC	Swisstek Aluminium Limited	Beyond Paradise Collection Limited	Lanka Swisstek (Private) Limited	LTL Development (Pvt) Limited	Swisstek Development (Pvt) Limited
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Operating	(1,188,706)	-	152,312	(1,527,941)	-	(1,739)	(57,084)	-
Investing	(1,007,863)	-	(314,566)	(143,008)	-	-	-	-
Financing	(2,002,369)	-	(127,382)	1,733,518	-	-	57,084	-
Net increase / (decrease) in cash and cash equivalents	(4,198,938)	-	(289,636)	62,569	-	(1,739)	-	-

### 37 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 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	Carrying Amount		Fair value	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
<b>Financial Assets</b>				
Trade and Other Receivables	4,713,203	5,440,954	4,713,203	5,440,954
Amounts due from related parties	75,584	85,828	75,584	85,828
Contract Asset	30,033	32,343	30,033	32,343
Short term investments	4,963	4,454	4,963	4,454
Cash and cash equivalents	1,395,989	2,181,212	1,395,989	2,181,212
<b>Total</b>	<b>6,219,772</b>	<b>7,744,791</b>	<b>6,219,772</b>	<b>7,744,791</b>
<b>Financial Liabilities</b>				
Trade and Other Payables	2,399,555	2,004,175	2,399,555	2,004,175
Contract Liability	139,300	111,798	139,300	111,798
Loans and Borrowings- Current	8,385,765	12,221,073	8,385,765	12,221,074
Loans and Borrowings- Non Current	7,641,953	650,073	7,641,953	650,073
<b>Total</b>	<b>18,566,573</b>	<b>14,987,120</b>	<b>18,566,573</b>	<b>14,987,120</b>

Company	Carrying Amount		Fair value	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
<b>Financial Assets</b>				
Trade and Other Receivables	757,031	766,459	757,031	766,459
Amounts due from related parties	60,806	47,623	60,806	47,623
Short term investments	4,963	4,454	4,963	4,454
Cash and cash equivalents	134,443	150,297	134,443	150,297
<b>Total</b>	<b>957,243</b>	<b>968,833</b>	<b>957,243</b>	<b>968,833</b>
<b>Financial Liabilities</b>				
Trade and Other Payables	220,023	552,949	220,023	552,949
Contract Liability	45,068	9,972	45,068	9,972
Loans and Borrowings- Current	2,384,160	2,433,947	2,384,160	2,433,947
Loans and Borrowings- Non Current	4,081,465	10,072	4,081,465	10,072
<b>Total</b>	<b>6,730,716</b>	<b>3,006,940</b>	<b>6,730,716</b>	<b>3,006,940</b>

The following describes the methodologies and assumptions used to determine the fair values for those financial instruments which are not already recorded at fair value in the Financial Statements.

#### Assets for which Fair Value Approximates Carrying Value

For financial assets and financial liabilities that have a short term maturity (original maturities less than a year), it is assumed that the carrying amounts approximate their fair values.

Majority of the Interest-bearing loans and borrowings balances comprise floating rate instruments therefore fair value of the value due to banks approximate to the carrying value as at the reporting date.

#### Fixed Rate Financial Instruments

In fair valuing financial assets and financial liabilities with fixed rate , Average Weighted Primary Lending Rates published by the CBSL were used.

## Notes to the Financial Statements

### 38. FINANCIAL RISK MANAGEMENT

The Group activities are exposed to variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Group overall financial risk management Programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the company. Financial risk management is carried out through risk reviews, internal control systems, insurance programs and adherence to the company 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.

- (i) Foreign currency exchange risk – risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.
- (ii) Cash flow interest rate risk – risk that future cash flows associated with a financial instrument will fluctuate due to the change in interest rate.

#### Foreign currency/ exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The group operate internationally and are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and Euro.

Foreign exchange risk arises mainly as a result of foreign exchange gains/losses on translation of US dollar - denominated loans granted, trade receivables, trade creditors and Euro - denominated trade creditors.

The Group companies exposed to foreign currency-denominated payments with local currency revenues are adversely impacted to undue fluctuations in exchange rates.

Foreign currency sensitivity	Change in Percentage	Change in profit before tax Group Rs.'000	Company Rs.'000
<b>2024</b>	5%	92,084	2,031
	10%	184,168	4,062
	15%	276,252	6,093
	20%	368,336	8,123
	-10%	(184,168)	(4,062)
	-15%	(276,252)	(6,093)
	-20%	(368,336)	(8,123)
<b>2023</b>	5%	125,948	29,793
	10%	251,896	59,585
	15%	377,844	89,378
	20%	503,792	119,170
	-10%	(251,896)	(59,585)
	-15%	(377,844)	(89,378)
	-20%	(503,792)	(119,170)

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

The group borrowings comprise borrowings from financial institutions. The group 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.

Interest rate sensitivity	Change in Percentage	Change in profit before tax Group Rs.'000	Company Rs.'000
2024	6%	94,787	18,064
	4%	63,191	12,042
	2%	31,596	6,021
	-2%	(31,596)	(6,021)
	-4%	(63,191)	(12,042)
	-6%	(94,787)	(18,064)
2023	6%	773,976	148,064
	4%	515,984	98,709
	2%	257,992	49,355
	-2%	(257,992)	(49,355)
	-4%	(515,984)	(98,709)
	-6%	(773,976)	(148,064)

#### Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks, as well as credit exposures to customers, including outstanding receivables. Trade receivables are mainly secured with bank guarantees given by customers in favour of the company. Individual credit limits are set based on the amount of bank guarantee. The utilization of credit limits is regularly monitored.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

#### Liquidity risk

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

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

The table below summarises the maturity profile of the Group's financial liabilities at 31 March 2024 based on contractual undiscounted (principal plus interest) payments

#### Group

At 31 March 2024	Less than 3 months	Between 3 months and 1 year	Between year 1 and 2 year	Between year 2 and year 5	Over 5 years
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Interest Bearing Loans and Borrowings	5,529,376	2,439,282	3,078,296	6,440,968	-
Trade and other payables	4,896,012	-	-	-	-
Amounts due to related parties	244,959	-	-	-	-
Lease Liability of Right of Use Assets	30,048	95,397	50,773	14,559	-

## Notes to the Financial Statements

At 31 March 2023	Less than 3 months	Between 3 months and 1 year	Between year 1 and 2 year	Between year 2 and year 5	Over 5 years
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Interest Bearing Loans and Borrowings	7,192,853	6,471,980	396,386	407,914	-
Trade and other payables	4,590,620	-	-	-	-
Amounts due to related parties	403,762	-	-	-	-
Lease Liability of Right of Use Assets	10,275	34,719	50,016	54,442	-

### Company

At 31 March 2024	Less than 3 months	Between 3 months and 1 year	Between year 1 and 2 year	Between year 2 and year 5	Over 5 years
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Interest Bearing Loans and Borrowings	2,224,115	224,211	1,927,334	3,154,676	-
Trade and other payables	660,589	-	-	-	-
Amounts due to related parties	1,661,437	-	-	-	-
Lease Liability of Right of Use Assets	9,771	31,019	14,804	-	-

At 31 March 2023	Less than 3 months	Between 3 months and 1 year	Between year 1 and 2 year	Between year 2 and year 5	Over 5 years
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Interest Bearing Loans and Borrowings	2,586,960	20,145	-	-	-
Trade and other payables	1,233,987	-	-	-	-
Amounts due to related parties	1,529,278	-	-	-	-
Lease Liability of Right of Use Assets	5,735	19,415	26,735	33,629	-

### 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 maximize 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.

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

The gearing ratio as at 31 March is as follows:

	GROUP		COMPANY	
	2024	2023	2024	2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Borrowings	16,027,718	12,871,145	6,465,625	2,444,020
Total equity	26,510,773	23,511,917	8,234,546	7,367,032
Gearing ratio ; Debt to Equity	60%	55%	79%	33%

Supplementary Information

# Unfailing Credibility



# GRI Index

Statement of use	Lanka Walltiles PLC has reported in accordance with the GRI Standards for the period 1st April 2023 to 31st March 2024
GRI 1 used	GRI 1: Foundation 2021
"Applicable GRI Sector Standard(s)"	There is no applicable sector standard.

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
General disclosures						
GRI 2: General Disclosures 2021	2-1 Organizational details	5				
	2-2 Entities included in the organization’s sustainability reporting	4				
	2-3 Reporting period, frequency and contact point	3-4				
	2-4 Restatements of information	4				
	2-5 External assurance	98				
	2-6 Activities, value chain and other business relationships	7-8				
	2-7 Employees	53				
	2-8 Workers who are not employees	54-55				
	2-9 Governance structure and composition	74				
	2-10 Nomination and selection of the highest governance body	73-86				
	2-11 Chair of the highest governance body	73-86				
	2-12 Role of the highest governance body in overseeing the management of impacts	73-86				
	2-13 Delegation of responsibility for managing impacts	30				
	2-14 Role of the highest governance body in sustainability reporting	74				
	2-15 Conflicts of interest	77				
	2-16 Communication of critical concerns	13-15				
	2-17 Collective knowledge of the highest governance body	16-19				
	2-18 Evaluation of the performance of the highest governance body	11-12				
	2-19 Remuneration policies	88	GRI 2-19	Not Applicable	Not disclosed due to confidentiality concerns.	
	2-20 Process to determine remuneration	88				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	
	2-21 Annual total compensation ratio	88	GRI 2-21	Not Applicable	Not disclosed due to confidentiality concerns.
	2-22 Statement on sustainable development strategy	23			
	2-23 Policy commitments	3-4			
	2-24 Embedding policy commitments	73-86			
	2-25 Processes to remediate negative impacts	13,30			
	2-26 Mechanisms for seeking advice and raising concerns	73-86			
	2-27 Compliance with laws and regulations	79-84			
	2-28 Membership associations	77			
	2-29 Approach to stakeholder engagement	26			
	2-30 Collective bargaining agreements	57			
Material topics					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	28-29			
	3-2 List of material topics	28-29			
Economic performance					
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	9,25,58			
	201-2 Financial implications and other risks and opportunities due to climate change	34			
	201-3 Defined benefit plan obligations and other retirement plans	141			
	201-4 Financial assistance received from government		GRI 201-4	Not Applicable	No such assistance received from government.
Market presence					
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage		GRI 202-1	Not Applicable	Remuneration offered above minimum wage without considering gender.
	202-2 Proportion of senior management hired from the local community		GRI 202-2	Not Applicable	All managers hired from local community.
Indirect economic impacts					
GRI 3: Material Topics 2021	3-3 Management of material topics	28-29			
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	61-64			
	203-2 Significant indirect economic impacts	34			

## GRI Index

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Procurement practices						
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	25				
Anti-corruption						
GRI 205: Anti- corruption 2016	205-1 Operations assessed for risks related to corruption	30				
	205-2 Communication and training about anti-corruption policies and procedures		GRI 205-2	Not Available	The group does not track this information at present.	
	205-3 Confirmed incidents of corruption and actions taken		GRI 205-3	Not Applicable	Zero Incidents	
Tax						
GRI 207: Tax 2019	207-1 Approach to tax	116-171				
	207-2 Tax governance, control, and risk management	116-171				
	207-3 Stakeholder engagement and management of concerns related to tax	28-29				
	207-4 Country-by-country reporting		GRI 207-4	Not Applicable	Operating only locally	
Materials						
GRI 301: Materials 2016	301-1 Materials used by weight or volume	78				
	301-2 Recycled input materials used	80				
Energy						
GRI 302: Energy 2016	302-1 Energy consumption within the organization	78				
	302-2 Energy consumption outside of the organization		GRI 302-2	Not Available	The group does not track this information at present.	
	302-3 Energy intensity	78				
	302-4 Reduction of energy consumption	78-80				
	302-5 Reductions in energy requirements of products and services	78-80				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Water and effluents						
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	79				
	303-2 Management of water discharge-related impacts	79				
	303-3 Water withdrawal	79				
	303-4 Water discharge	79				
	303-5 Water consumption	79				
Emissions						
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	68-71				
	305-2 Energy indirect (Scope 2) GHG emissions	68-71				
	305-3 Other indirect (Scope 3) GHG emissions	68-71				
	305-4 GHG emissions intensity	68-71				
	305-5 Reduction of GHG emissions	68-71				
	305-6 Emissions of ozone-depleting substances (ODS)		GRI 305-6	Not Available	The group does not track this information at present.	
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions		GRI 305-7	Not Available	The group does not track this information at present.	
Waste						
GRI 306: Waste 2020	306-1 Waste generation and significant waste- related impacts	68-71				
	306-2 Management of significant waste-related impacts	68-71				
	306-3 Waste generated	68-71				
	306-4 Waste diverted from disposal	68-71				
	306-5 Waste directed to disposal	68-71				
Employment						
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	54				
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	55				
	401-3 Parental leave	57				

## GRI Index

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	
Occupational health and safety					
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	62			
	403-2 Hazard identification, risk assessment, and incident investigation	62			
	403-3 Occupational health services	62			
	403-4 Worker participation, consultation, and communication on occupational health and safety	62			
	403-5 Worker training on occupational health and safety	62			
	403-6 Promotion of worker health	62			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	62			
	403-8 Workers covered by an occupational health and safety management system	62			
	403-9 Work-related injuries	62			
	403-10 Work-related ill health	62			
Training and education					
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	63-64			
	404-2 Programs for upgrading employeeskills and transition assistance programs	63-64			
	404-3 Percentage of employees receiving regular performance and career development reviews	63-64			
Diversity and equal opportunity					
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	60			
	405-2 Ratio of basic salary and remuneration of women to men	64			
Non-discrimination					
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken		GRI 406-1	Not Applicable	No such incidents during the FY 2023/24

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	
Forced or compulsory labour					
GRI 3: Material Topics 2021	3-3 Management of material topics				
GRI 409: Forced or Compulsory Labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour		GRI 409-1	Not Available	The group does not track this information at present.
Local communities					
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	55-58			
	413-2 Operations with significant actual and potential negative impacts on local communities	58			
Supplier social assessment					
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	58-60			
	414-2 Negative social impacts in the supply chain and actions taken	58-60			
Customer health and safety					
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	58-60			
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services		GRI 416-2	Not Applicable	No such incidents during the FY 2023/24
Marketing and labelling					
GRI 417: Marketing and Labelling 2016	417-1 Requirements for product and service information and labelling	58-60			
	417-2 Incidents of non-compliance concerning product and service information and labelling		GRI 417-2	Not Applicable	No such incidents during the FY 2023/24
	417-3 Incidents of non-compliance concerning marketing communications		GRI 417-3	Not Applicable	No such incidents during the FY 2023/24
Customer privacy					
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data		GRI 418-1	Not Applicable	No such incidents during the FY 2023/24

## Five Year Summary - Statement of Profit or Loss

Group	2024 Rs.'000	2023 Rs.'000	2022 Rs.'000	2021 Rs.'000	2020 Rs.'000
<b>Continuing Operations</b>					
Revenue	40,243,864	43,455,012	37,293,878	29,423,381	19,929,709
Cost of Sales	(26,806,890)	(26,950,988)	(24,257,006)	(20,187,348)	(15,144,779)
Gross Profit	13,436,974	16,504,024	13,036,872	9,236,033	4,784,930
Other Income	372,399	422,577	603,280	231,906	165,489
Distribution Costs	(4,193,958)	(4,314,613)	(3,358,056)	(2,700,250)	(1,921,242)
Administrative Expenses	(2,639,020)	(2,236,468)	(1,482,995)	(1,332,035)	(1,055,957)
Other Operating Expenses	-	-	-	(100,951)	-
Finance Cost	(1,785,240)	(3,369,159)	(332,838)	(769,888)	(1,171,381)
Finance Income	227,046	545,433	188,592	20,814	1,837
Change in fair value of investment property	-	2,068	-	(3,186)	-
Share of net profit of associate	5,473	7,123	3,720	-	-
Profit / (Loss) Before Tax from Continuing Operations	5,423,674	7,560,985	8,658,576	4,582,442	803,676
Income Tax (Expense)/Reversal	(1,901,558)	(2,739,751)	(1,818,947)	(569,022)	(389,027)
Profit / (Loss) for the Year from Continuing Operations	3,522,116	4,821,234	6,839,628	4,013,420	414,649
<b>Discontinued Operations</b>					
Profit for the year from discontinued operations net of Tax	-	386,017	42,454	-	-
Profit for the Year	3,522,116	5,207,251	6,882,082	4,013,420	414,649
Profit attributable to:					
Equity holders of the parent	2,725,132	4,360,188	5,140,631	2,960,211	405,115
Non controlling interest	796,984	847,063	1,741,451	1,053,209	9,534
Profit for the year	3,522,116	5,207,251	6,882,082	4,013,420	414,649
Basic Earnings Per Share - Profit Attributable to Ordinary Equity Holders	9.98	15.65	18.75	10.84	1.48

Company	2024 Rs.'000	2023 Rs.'000	2022 Rs.'000	2021 Rs.'000	2020 Rs.'000
<b>Revenue</b>	7,407,574	9,297,171	8,058,545	5,988,521	3,493,619
Cost of Sales	(5,235,557)	(5,753,067)	(4,772,898)	(3,922,084)	(2,537,014)
Gross Profit	2,172,017	3,544,104	3,285,647	2,066,437	956,605
Other Income	1,313,163	1,936,885	1,690,070	823,986	36,823
Distribution Costs	(1,012,953)	(1,162,037)	(998,889)	(751,723)	(528,566)
Administrative Expenses	(476,446)	(427,514)	(289,316)	(211,241)	(185,660)
Other Operating Expenses	-	-	-	(40,989)	-
Finance Cost	(376,058)	(390,543)	(22,628)	(130,938)	(220,077)
Finance Income	610	7,942	5,594	-	-
Profit Before Tax	1,620,333	3,508,837	3,670,478	1,755,531	59,124
Income Tax (Expense)/Reversal	(76,539)	(560,326)	(587,498)	(138,013)	(21,099)
Profit for the Year	1,543,794	2,948,511	3,082,980	1,617,518	38,026
Profit attributable to:					
Equity holders of the parent	1,543,794	2,948,511	3,082,980	1,617,518	38,026
Profit for the year	1,543,794	2,948,511	3,082,980	1,617,518	38,026
Basic Earnings Per Share - Profit Attributable to Ordinary Equity Holders	5.65	10.80	11.29	5.92	0.14

## Five Year Summary - Statement of Financial Position

Group	2024 Rs.'000	2023 Rs.'000	2022 Rs.'000	2021 Rs.'000	2020 Rs.'000
<b>Non-current assets</b>					
Property, plant and equipment	25,072,909	18,159,208	18,973,756	17,798,601	16,884,149
Consumable biological assets	-	-	595,643	630,578	632,177
Investment Property	815,687	815,687	813,619	813,619	816,805
Intangible assets	349,491	172,253	57,721	35,814	37,113
Investments in associates	193,923	186,300	177,920	170,000	-
Long term receivables	-	-	-	-	27,285
Right of use assets	116,088	58,545	309,436	338,971	389,880
Deferred tax asset	185,169	146,833	-	-	-
	26,733,267	19,538,826	20,928,095	19,787,583	18,787,409
<b>Current assets</b>					
Inventories	17,711,617	14,896,538	8,388,233	6,484,986	10,226,419
Trade and other receivables	6,891,001	8,628,891	6,767,705	4,246,624	3,875,187
Contract Assets	30,033	32,343	29,342	40,164	38,079
Amounts due from related parties	75,584	85,827	52,533	63,324	48,450
Income tax receivable	-	-	17,586	49,231	30,336
Short term investments	4,963	4,454	4,008	3,877	3,754
Cash and cash equivalents	1,395,989	2,181,212	7,346,071	3,034,216	413,243
	26,109,187	25,829,265	22,605,478	13,922,422	14,635,468
<b>Total assets</b>	52,842,454	45,368,091	43,533,573	33,710,005	33,422,877
<b>EQUITY AND LIABILITIES</b>					
Equity attributable to equity holders of the parent					
Stated capital	787,765	787,765	787,765	787,765	787,765
Reserves	4,779,093	3,172,011	3,536,480	3,541,400	2,850,974
Retained earnings	15,577,401	14,672,498	13,492,885	10,242,050	7,982,331
Shareholders' funds	21,144,259	18,632,274	17,817,130	14,571,215	11,621,070
Non controlling interest	5,366,513	4,879,643	5,633,586	4,823,606	3,936,582
<b>Total equity</b>	26,510,773	23,511,917	23,450,716	19,394,821	15,557,652
<b>Non-current liabilities</b>					
Interest bearing liabilities	7,641,953	650,072	2,363,591	2,572,712	2,765,040
Deferred tax liabilities	3,378,079	2,836,942	1,996,380	1,879,638	2,421,476
Retirement benefit liability	700,485	513,536	912,379	1,071,475	975,933
Deferred income & Capital grants	-	-	113,324	118,995	122,832
	11,720,517	4,000,550	5,385,674	5,642,820	6,285,281
<b>Current liabilities</b>					
Trade and other payables	4,896,012	4,590,620	5,526,697	4,034,728	2,785,122
Contract liability	139,300	111,798	113,660	85,407	14,843
Income tax liabilities	945,128	528,371	778,669	497,320	45,924
Amounts due to related parties	244,959	403,762	121,365	85,957	90,903
Current portion of interest bearing liabilities	8,385,765	12,221,073	8,156,792	3,968,952	8,643,152
	14,611,164	17,855,624	14,697,183	8,672,364	11,579,944
<b>Total equity and liabilities</b>	52,842,454	45,368,091	43,533,573	33,710,005	33,422,877

Company	2024 Rs.'000	2023 Rs.'000	2022 Rs.'000	2021 Rs.'000	2020 Rs.'000
<b>Non-current assets</b>					
Property, plant and equipment	11,048,010	5,915,641	4,950,952	4,603,885	4,524,000
Intangible assets	32,127	34,449	-	-	-
Investments in subsidiaries	1,618,987	1,618,984	1,562,096	1,276,096	1,276,096
Right of use assets	54,606	20,189	45,658	33,785	57,885
	12,753,730	7,589,263	6,558,706	5,913,766	5,857,981
<b>Current assets</b>					
Inventories	3,923,894	3,549,810	1,479,947	1,410,768	2,762,580
Trade and other receivables	1,841,975	2,519,426	792,407	792,031	673,756
Amounts due from related parties	60,806	47,623	119,378	70,690	64,981
Short term investments	4,963	4,454	4,008	3,877	3,754
Cash and cash equivalents	134,443	150,297	1,029,771	279,697	47,776
	5,966,081	6,271,610	3,425,511	2,557,063	3,552,847
<b>Total assets</b>	18,719,811	13,860,873	9,984,217	8,470,829	9,410,828
<b>EQUITY AND LIABILITIES</b>					
Equity attributable to equity holders of the parent					
Stated capital	787,765	787,765	787,765	787,765	787,765
Reserves	2,506,339	1,810,498	2,057,891	2,057,891	1,812,082
Retained earnings	4,940,452	4,768,769	4,620,515	3,645,057	2,770,699
Shareholders' funds	8,234,556	7,367,032	7,466,171	6,490,713	5,370,546
<b>Total equity</b>	8,234,556	7,367,032	7,466,171	6,490,713	5,370,546
<b>Non-current liabilities</b>					
Interest bearing liabilities	4,081,465	10,072	6,586	39,922	72,735
Deferred tax liabilities	1,253,991	1,022,841	628,461	623,783	967,884
Retirement benefit liability	261,315	163,799	123,617	173,041	142,902
	5,596,771	1,196,712	758,664	836,746	1,183,521
<b>Current liabilities</b>					
Trade and other payables	660,589	1,233,987	1,094,960	635,763	483,266
Contract liability	45,068	9,972	19,591	30,350	-
Income tax liabilities	137,230	89,944	338,039	201,192	12,841
Amounts due to related parties	1,661,437	1,529,278	20,784	79,878	146,043
Current portion of interest bearing liabilities	2,384,160	2,433,948	286,008	196,187	2,214,611
	4,888,484	5,297,129	1,759,382	1,143,370	2,856,761
<b>Total equity and liabilities</b>	18,719,811	13,860,873	9,984,217	8,470,829	9,410,828

# Major Shareholders

## MAJOR 25 SHAREHOLDERS OF THE COMPANY

	NAME	31-03-2024		31-03-2023	
		NO OF SHARES	(%)	NO OF SHARES	(%)
1	ROYAL CERAMICS LANKA PLC	148,921,090	54.55	148,921,090	54.55
2	MR. A A PAGE	19,636,260	7.19	19,636,260	7.19
3	ARUNODHAYA INVESTMENTS (PRIVATE) LTD	6,313,345	2.31	6,313,345	2.31
4	ARUNODHAYA (PRIVATE) LTD	6,313,345	2.31	6,313,345	2.31
5	ARUNODHAYA INDUSTRIES (PRIVATE) LTD	6,313,345	2.31	6,313,345	2.31
6	SRI LANKA INSURANCE CORPORATION LTD-LIFE FUND	6,115,349	2.24	5,115,349	1.87
7	EMPLOYEES TRUST FUND BOARD	4,559,207	1.67	3,944,811	1.45
8	MRS. A SELLIAH	3,733,895	1.37	3,733,895	1.37
9	MRS. A KILASAPILLAI	3,486,670	1.28	3,486,670	1.28
10	AMANA BANK PLC/MR.MOHAMED NAYAZ DEEN	2,321,908	0.85	2,321,908	0.85
11	ANDYSEL PRIVATE LTD	2,100,000	0.77	2,100,000	0.77
12	MR. K. ARAVINTHAN	1,680,000	0.62	1,680,000	0.62
13	MR K A S R NISSANKA	1,506,204	0.55	1,506,204	0.55
14	MR S VASUDEVAN	1,000,000	0.37	1,000,449	0.37
15	SEYLAN BANK PLC/MOHAMED NAYAZ DEEN	957,182	0.35	957,182	0.35
16	SRI LANKA INSURANCE CORPORATION LTD-GENERAL FUND	935,240	0.34	935,240	0.34
17	EMFI CAPITAL LTD	902,500	0.33	910,000	0.33
18	AMES TILE & STONE LTD	887,250	0.33	887,250	0.33
19	HATTON NATIONAL BANK PLC/ARUNASALAM SITHAMPALAM	851,875	0.31	-	-
20	MIS M.A. RASHEDA NASREEN	800,000	0.29	824,281	0.30
21	SAMPATH BANK PLC/MR. S.M. DISSANAYAKE	687,464	0.25	705,919	0.26
22	ASSETLINE FINANCE LTD / BRITISH AMERICAN TECHNOLOGIES PVT LTD	625,000	0.23	-	-
23	MRS V. SARASWATHI & MR S. VASUDEVAN	564,000	0.21	1,000,000	0.37
24	NATIONAL SAVINGS BANK	544,999	0.20	-	-
25	MR. N. PUSPARAJ / MRS K PUSPARAJ	505,000	0.18	-	-
	SUB TOTAL	222,261,128	81.41	218,606,543	80.08
	OTHERS	50,738,872	18.59	54,393,457	19.92
	TOTAL	273,000,000	100.00	273,000,000	100.00

**SHARE DISTRIBUTION AS AT 31ST MARCH 2024**

From To	No of Holders	No of Shares	%
1-1,000	5,952	2,075,038	0.7601
1,001-10,000	8,543	15,742,617	5.7665
10,001-100,000	657	18,505,172	6.7785
100,001-1,000,000	77	23,676,555	8.6727
1,000,001 & Over	13	213,000,618	78.0222
<b>Total</b>	<b>15,242</b>	<b>273,000,000</b>	<b>100.0000</b>

**CATEGORIES OF SHAREHOLDERS**

Type	No. of share Holders	Holding	%
Local Individuals	14,747	71,543,513	26.2064
Local Institutions	422	198,992,613	72.8911
Foreign Individuals	71	674,124	0.2469
Foreign Institutions	2	1,789,750	0.6556
<b>Total</b>	<b>15,242</b>	<b>273,000,000</b>	<b>100.0000</b>

**DIRECTORS' & CEO'S SHAREHOLDING AS AT 31ST MARCH 2024**

Name of Director	No. of shares	%
Mr A M Weerasinghe	-	-
Mr J A P M Jayasekera	995	0.000
Dr. S Selliah	-	-
Mr T G Thoradeniya	-	-
Mr K D G Gunaratne	-	-
Ms A M L Page	-	-
Mr.M.W.R.N Somarathne Shares held in the following manner		
Mr.M.W.R.N Somarathne	40,000	0.015
Sampath Bank PLC/Mr.M.W.R.N Somarathne	60,000	0.022
Mr J D N Kekulawala	-	-
Mr S M Liyanage	-	-
Mr S R Jayaweera	-	-
Ms K A D B Perera	-	-

"The fractional shares of 210 arising from the Sub division were issued jointly in the names of Mr. A A Page and Mr. L De Chikera

The fractional shares of 2,445 arising from the Sub division of shares were issued jointly in the names of Mr. A A Page and Mr. J A P M Jayasekera.

## Major Shareholders

### SHARE PRICE FOR THE YEAR

Market price per share	2024	2023
Highest during the year	Rs. 57.00 (10-07-2023)	Rs. 86.50 (30-09-2022)
Lowest during the year	Rs. 42.00 (02-01-2024)	Rs. 35.00 (27-04-2022)
As at end of the year	Rs. 50.90 (28-03-2024)	Rs. 48.10 (31-03-2023)

### SHARE PRICE FOR THE YEAR

	2024
Number of Transactions during the year	22,460
Number of Shares traded during the year	23,503,396
Value of shares traded during the year (Rs.)	1,165,160,522.20

### PUBLIC HOLDING

#### Public Holding

	2024
The Percentage of shares held by the Pubic as at 31st March 2024	29.107%
No of public shareholders representing the above percentage	15,227
The float adjusted market capitalization as at 31st March 2024	Rs. 4,044,576,861.50

The Float adjusted market capitalization of the Company falls under Option 4 of Rule 7.13.1 (i) (a) of the Listing Rules of the Colombo Stock Exchange and the Company has complied with the minimum public holding requirement applicable under the said Option.

# Statement of Value Added

	2024 Rs.'000	%	2023 Rs.'000	%	2022 Rs.'000	%	2021 Rs.'000	%	2020 Rs.'000	%
Group										
Turnover	40,243,864		43,455,012		39,857,514		29,423,381		19,929,709	
Other Income	599,445		968,010		831,600		252,720		167,326	
Cost of material and services purchased	(28,421,438)		(25,243,619)		(27,258,990)		(20,605,995)		(14,013,881)	
Value Added	12,421,871		19,179,403		13,430,124		9,070,106		6,083,155	
To employees as remuneration	3,299,598	26.56	5,084,444	26.5	4,545,637	33.8	3,625,222	40.0	3,116,945	51.2
To providers funds as interest	1,579,777	12.72	3,703,767	19.3	473,901	3.5	769,888	8.5	1,171,381	19.3
To state as direct taxes	1,601,618	12.89	3,491,213	18.2	1,844,815	13.7	569,022	6.3	389,028	6.4
To shareholders as dividends	1,337,700	10.77	2,511,600	13.1	2,156,700	16.1	742,560	8.2	-	0.0
Depreciation	1,081,063	8.70	1,216,367	6.3	1,158,237	8.6	1,103,695	12.2	1,026,284	16.9
Reserves	3,522,116	28.35	3,172,012	16.5	3,250,834	24.2	2,259,719	24.9	379,516	6.2
<b>Total</b>	<b>12,421,871</b>	<b>100</b>	<b>19,179,403</b>	<b>100</b>	<b>13,430,124</b>	<b>100</b>	<b>9,070,106</b>	<b>100</b>	<b>6,083,155</b>	<b>100</b>

# Notice of Meeting

**NOTICE IS HEREBY GIVEN** that the Forty Seventh (47th) Annual General Meeting of Lanka Walltiles PLC will be held on 28th day of June 2024 at 1.30 p.m. at "Balmoral", The Kingsbury, No. 48, Janadhipathi Mawatha, Colombo 01 for the following purposes:

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 2024 and the Report of the Auditors thereon.
2. To declare a final dividend of Cents 70 per share as recommended by the Board of Directors.
3. To re-elect Mr. A M Weerasinghe, who retires by rotation in terms of Articles 103 and 104 of the Articles of Association, as a Director of the Company
4. To re-elect Dr. S Selliah, who retires by rotation in terms of Articles 103 and 104 of the Articles of Association, as a Director of the Company.
5. To re-elect Mr. T G Thoradeniya, who retires by rotation in terms of Articles 103 and 104 of the Articles of Association, as a Director of the Company.
6. To re-appoint Messrs Ernst & Young, Chartered Accountants, as the Auditors of the Company and to authorise the Directors to fix their remuneration.
7. To authorize the Directors to determine donations for the financial year ending 31st March 2025 and up to the date of the next Annual General Meeting.

By Order of the Board  
Lanka Walltiles PLC



P W Corporate Secretarial (Pvt) Ltd  
Director / Secretaries

30th May 2024  
At Colombo

## NOTES:

- 1) A shareholder entitled to attend and vote at the Meeting is entitled to appoint a Proxy, to attend and vote instead of him/her. A Proxy need not be a shareholder of the Company. A Form of Proxy is enclosed for this purpose.
- 2) The completed Form of Proxy should be deposited at the Registered Office of the Company, No. 215, Nawala Road, Narahenpita, Colombo 05 not less than forty-eight (48) hours before the time fixed for the commencement of the Meeting.

# Form of Proxy

\*I/We ..... of .....  
 ..... being a \*Shareholder /Shareholders of Lanka Walltiles PLC, do hereby appoint .....  
 ..... of ..... or failing him/her

Mr. Amarakone Mudiyanse Weerasinghe	or failing him*
Mr. Jayasekera Arachchige Panduka Mahendra Jayasekera	or failing him*
Dr. Sivakumar Selliah	or failing him*
Mr. Tharana Gangul Thoradeniya	or failing him*
Mr. Kalupathiranehalage Don Gamini Gunaratne	or failing him*
Ms. Anjalie Maryanne Letitia Page	or failing her*
Mr. Migel Wasam Rizvi Nandajith Somaratne	or failing him*
Mr. Joseph Dacius Nihal Kekulawala	or failing him*
Mr. Sameera Madushanka Liyanage	or failing him*
Mr. Sanjeewa Renuka Jayaweera	or failing him*
Ms. Kulappu Arachchige Donna Brindhiini Perera	or failing her*

as \*my/our proxy to represent me/us to speak and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 28th June 2024 at 1.30 p.m. and any adjournment thereof and at every poll which may be taken in consequence thereof.

	FOR	AGAINST
1. To declare a final dividend of Cents 70 per share as recommended by the Board of Directors.	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-elect Mr. A M Weerasinghe, who retires by rotation in terms of Articles 103 and 104 of the Articles of Association, as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect Dr. S Selliah who retires by rotation in terms of Articles 103 and 104 of the Articles of Association, as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-elect Mr. T G Thoradeniya who retires by rotation in terms of Articles 103 and 104 of the Articles of Association, as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-appoint Messrs Ernst & Young, Chartered Accountants, as the Auditors of the Company and to authorise the Directors to fix their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
6. To authorize the Directors to determine donations for the financial year ending 31st March 2025 and up to the date of the next Annual General Meeting.	<input type="checkbox"/>	<input type="checkbox"/>

Signed this..... day of ..... Two Thousand and Twenty Four (2024)

Signature

- 1) \*Please delete the inappropriate words.
- 2) Instructions as to completion are noted on the reverse hereof.

**INSTRUCTIONS AS TO COMPLETION**

1. The full name, National Identity Card / Passport / Company Registration number (as applicable) and the registered address of the shareholder appointing the Proxy and the relevant details of the Proxy [Full name, National Identity Card / Passport number and the address] should be legibly entered in the Form of Proxy which should be duly signed and dated.
2. The Proxy shall –
  - (a) In the case of an individual be signed by the shareholder or by his/her 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).
3. Please indicate with a 'X' how the Proxy should vote on each resolution. If no indication is given, the Proxy in his/her discretion will vote as he/she thinks fit.
4. To be valid, the completed Form of Proxy must be deposited with the Company at No. 215, Nawala Road, Narahenpita, Colombo 05, Sri Lanka 48 hours before the time fixed for the meeting.

# Corporate Information

## NAME OF THE COMPANY

Lanka Walltiles PLC

## LEGAL FORM

Lanka Walltiles PLC is a public limited liability company which was incorporated under the Companies Ordinance No.51 of 1938 as a public company on 24th day of September 1975. Pursuant to the requirements of the new Companies Act No. 7 of 2007, the Company was re-registered on 24th July 2007 and bears registration number PQ 55.

## DIRECTORS

Mr. A M Weerasinghe (Chairman)  
Mr. J A P M Jayasekera (Managing Director)  
Dr. S Selliah  
Mr. T G Thoradeniya  
Mr. K D G Gunaratne  
Ms. A M L Page  
Mr. M W R N Somaratne  
Mr. J D N Kekulawala  
Mr. S M Liyanage  
Mr. S R Jayaweera  
Ms. K A D B Perera

## REGISTERED OFFICE

215, Nawala Road, Narahenpita, Colombo 05  
Telephone : + 94 -11 - 2808050 / 2808001-3  
Facsimile : + 94 -11 - 2806232  
E-mail : info@lankatiles.com  
Website : www.lankatiles.com

## FACTORY

Meepe, Padukka  
Telephone : + 94 - 11 - 4309809  
Facsimile : + 94 - 11 - 2859168  
E-mail : meepe\_fac@lankatiles.com

## PARENT COMPANY

Royal Ceramics Lanka PLC  
No 20, R A De Mel Mawatha  
Colombo 03  
Telephone : + 94 - 11 - 4799400  
Facsimile : + 94 - 11 - 4720077  
Website : www.roccl.com

## SECRETARIES

P W Corporate Secretarial (Pvt) Ltd  
No. 3/17, Kynsey Road  
Colombo 08  
Telephone : + 94 -11 - 4640360-3  
Facsimile : + 94 -11 - 4740588  
E-mail : pwcs@pwcs.lk

## BANKERS

Commercial Bank of Ceylon PLC  
DFCC Bank PLC  
Bank of Ceylon  
Hongkong & Shanghai Banking Corp. Limited  
Hatton National Bank PLC  
Sampath Bank PLC  
Seylan Bank PLC  
Habib Bank Limited  
Pan Asia Banking Corporation PLC  
Union Bank of Colombo PLC

## AUDITORS

EY  
Chartered Accountants  
109, Galle Road,  
Colombo 03



LANKA WALLTILES PLC

215, Nawala Road, Narahenpita, Colombo 05, Sri Lanka.

Tel: (+94-11) 4526700, e-mail: [info@lankatiles.com](mailto:info@lankatiles.com)