Transforming Spaces for Generations

LANKATILES
Fine Living Redefined

LANKA WALLTILES PLC | Annual Report 2024/25

Scan Me
Lanka Walltiles PLC
Annual Report 2024/25

Transforming Spaces for Generations

For decades, Lanka Walltiles has helped shape the way Sri Lankans live, work, and dream. From first homes to forever homes, from quiet villages to bustling cities, our tiles have not just built spaces—but have become the backdrop to life's most meaningful moments.

At the heart of our craft lies a simple belief: great design doesn't just complete a space—it creates a legacy. That's why every collection is thoughtfully designed, blending heritage with innovation to create environments that are timeless, aspirational, and deeply personal.

Each tile we craft is a reflection of our enduring commitment to beauty, strength, and a sense of belonging. And as we look to the future, our promise remains the same: to be a trusted partner in shaping homes, identities, and experiences—transforming the everyday into something truly extraordinary, one generation and one space at a time.

LANKATILES
Fine Living Redefined

Contents

Scan QR code to visit our website

About The Report

We are pleased to present the eighth Integrated Annual Report of Lanka Walltiles PLC for the financial year ended 31st March 2025. This report provides a comprehensive overview of the company's financial and non-financial performance, reflecting our continued commitment to transparency, sustainability, and long-term value creation for our stakeholders.

In a year marked by significant macroeconomic challenges, including domestic economic volatility and global market uncertainty, we remained resilient, anchored by our core values of innovation, quality, and excellence. We navigated supply chain disruptions, fluctuating input costs, and rising competition from unregulated imports by executing a focused strategy centred on operational efficiency, customer-centric growth, and brand differentiation. In parallel, we encountered technical challenges associated with our factory expansion, including equipment commissioning delays, integration of advanced machinery, and alignment of new production lines with existing workflows, each requiring careful planning, skilled resource allocation, and close coordination across teams.

SCOPE AND BOUNDARY

This report provides a comprehensive overview of both financial and non-financial information essential for evaluating the performance of Lanka Walltiles PLC (the parent company) and its seventeen subsidiaries operating across three distinct sectors, collectively referred to as "the Group." Covering the financial year ended 31st March 2025, this report builds on the previous reporting cycle ended 31st March 2024 and includes relevant comparative data to ensure year-on-year performance analysis. The reporting boundaries for all financial and non-financial disclosures remain consistent across the entire Group, ensuring clarity, transparency, and comparability.

Reporting Frameworks and Principles

Financial Reporting

- Companies Act No.7 of 2007
- Listing Rules of the Colombo Stock Exchange
- Sri Lanka Accounting & Auditing Standards Act No 15 of 2015.
- 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

Sustainability Accounting Standards

- Construction material
- Containers and packaging
- Iron and steel producers

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 complaint with Sustainability Accounting Standards Board (SASB) which is integrated into the IFRS Sustainability Standards.

ASSURANCE

Assurance on financial statements has been provided by Messrs Ernst & Young, Chartered Accountants and their reports are set out on page 120 to 122.

SIGNIFICANT CHANGES AND RESTATEMENTS

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

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.

About The Report

GUIDING PRINCIPLES

Strategic focus and future orientation

This report offers an overview of our strategy and how it drives value creation over the short, medium, and long term, while also examining its impact on and use of various forms of capital.

Stakeholder relationships

This report provides insights into the nature and quality of our relationships with key stakeholders, emphasising how it identifies, addresses, and responds to their legitimate needs and interests.

Reliability and completeness

This report presents all material matters, both positive and negative, in a balanced manner and without material error.

Materiality

This report discloses key information on matters that significantly affect our capacity to create value over the short, medium, and long term.

Connectivity of information

This report presents a holistic view of the interconnected factors, relationships, and dependencies that influence the organisation's ability to create value over time.

Consistency and comparability

This report is presented on a consistent basis over time and in a manner that allows for comparison with other organisations, where relevant, to assess the organisation's ability to create value over time.

Conciseness

This report is presented concisely.

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 2025 is presented in accordance with the <IR> Framework 2021.

A M Weerasinghe
Chairman

J D N Kakulawala
Chairman Audit Committee

L P B Talwatte
Managing Director

Feedback and 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

Navigating Our Report

Capitals	Stakeholders
Financial Capital	Investors
Manufactured Capital	Customers
Intellectual Capital	Employees
Human Capital	Suppliers
Social and Relationship Capital	Community
Natural Capital	Regulators

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 in manufacturing premium floor and wall tiles under the renowned LANKATILES brand, the Lanka Walltiles Group has strategically diversified into several complementary industries, further strengthening its market position, and broadening its revenue base. This diversification strategy is aligned with the Group's long-term vision of building a resilient, multi-sector enterprise capable of sustaining growth in dynamic market environments. By investing in sectors that complement and support our primary operations, such as tile adhesives, aluminium products, and packaging solutions, we have created a vertically and horizontally integrated business model that enhances operational efficiency, value creation, and customer reach. These diversified business units not only reinforce our leadership within the construction and building materials industry but also provide additional avenues for innovation, synergies, and long-term sustainability.

TILES & ASSOCIATED PRODUCTS	ALUMINIUM	PACKAGING
Leads the local tile market with state-of-the-art manufacturing capabilities.	Produces premium aluminium extrusions, profiles, and advanced value-added aluminium products	One of Sri Lanka's leading manufacturers, trusted by globally renowned brands.
LANKATILES Fine Living Redefined; SWISSTEK FOR THE PERFECT FINISH	SWISSTEK ALUMINIUM FOR FUTURE-PROOF DESIGN; ALLURA INSPIRED BY DESIGN	UNIDIL THE LEADER IN PACKAGING

Scan QR Lanka Tiles

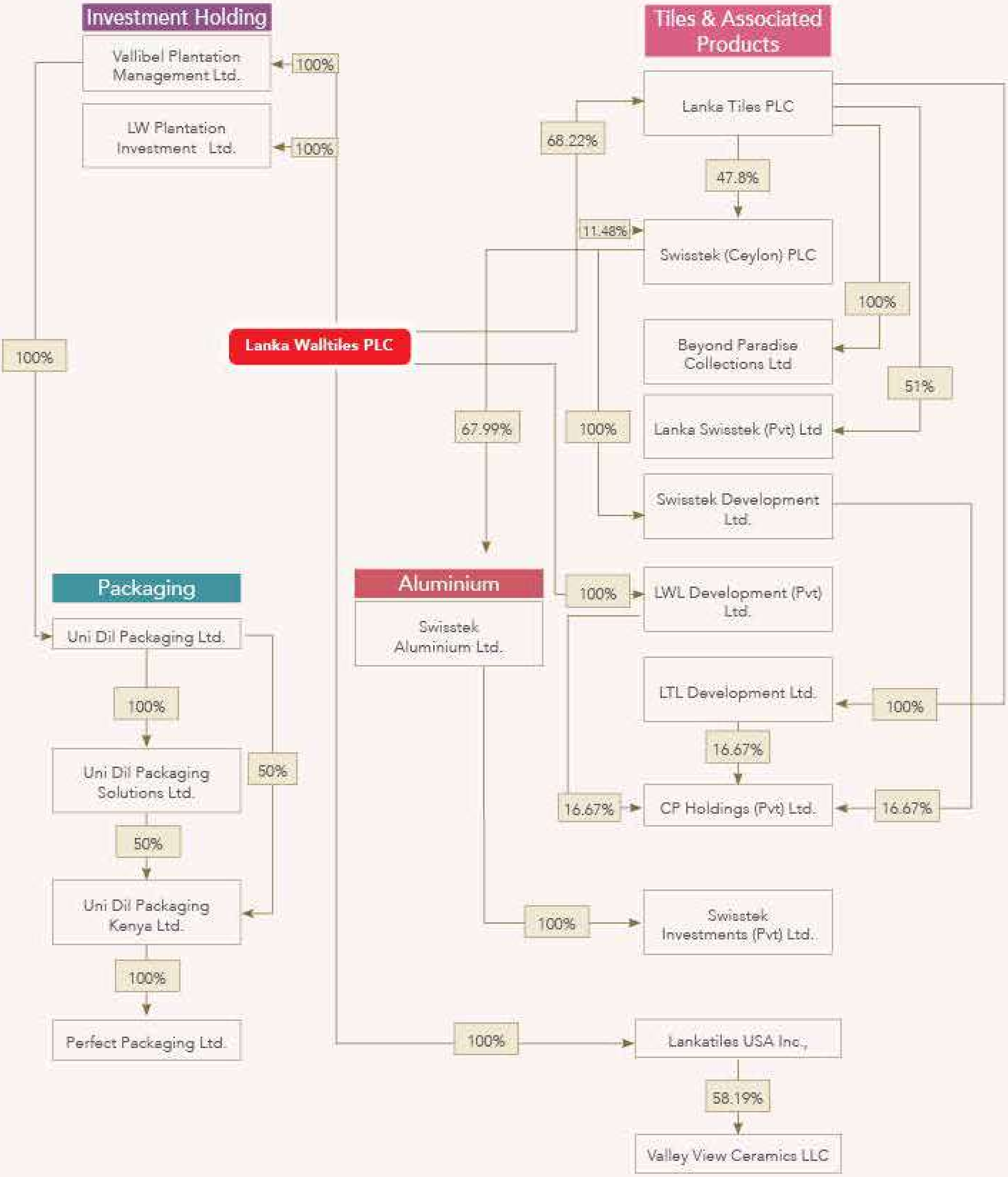
Scan QR Swisstek Ceylon Products

Scan QR Swisstek Aluminium

Scan QR LANKA SWISSTEK

Scan QR UNIDIL

Our Group Structure



Product Portfolio

SCAN ME
For More Details

Performance Highlights

FINANCIAL HIGHLIGHTS

	Unit	2024/25	2023/24	%
Financial Performance				
Revenue	Rs.Bn	42	40	5
Operating Expenses	Rs.Bn	38	34	12
Operating Profit	Rs.Bn	4	6	(33)
Profit Before Tax	Rs.Bn	2	6	(66)
Profit After Tax	Rs.Bn	2	4	(50)
Gross Profit Margin	%	26	33	(21)
Operating Profit Margin	%	9	15	(40)
Return to Shareholders				
Earnings Per Share	Rs.	3.43	9.98	(66)
Dividend Per Share	Rs.	2.4	4.9	(51)
Dividend Yield	%	5	10	(50)
Return on Equity	%	6	13	(54)
Price to Book value	Times	0.50	0.52	(4)
Market Capitalisation	Rs.Bn	13.8	13.9	(0.7)
Market Value per Share	Rs.	50.50	50.90	(0.8)
Growth and Stability				
Total Assets	Rs.Bn	59.4	52.8	13
Shareholder funds	Rs.Bn	21.2	21.1	1
Total debt	Rs.Bn	22	16	37
Inventory	Rs.Bn	20.6	17.7	16
Net Assets per Share	Rs.	101.53	97.11	5
Gearing ratio	%	44	37	19
Current Ratio	Times	1.45	1.79	(19)
Quick Assets Ratio	Times	0.46	0.57	(19)

Rs. 42 Bn
Revenue

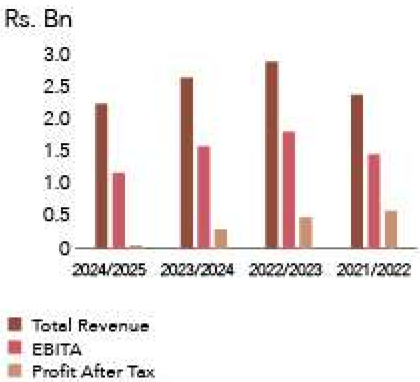
Rs. 13.9 Bn
Market Capitalisation

Rs. 59 Bn
Assets

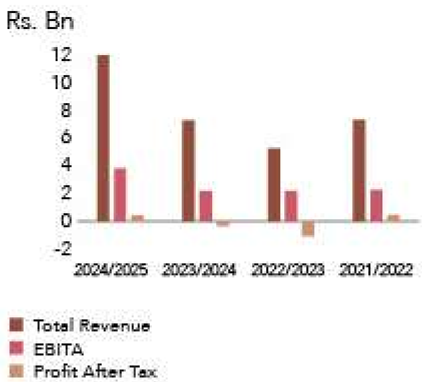
Rs.101.53
Net Assets per share

Rs.21 Bn
Shareholder Funds

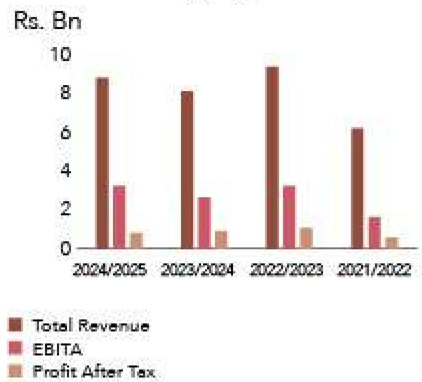
Tiles & Associated items



Aluminium Products



Packaging Sector



Tiles & Associated Items
For More Details

Aluminium Products
For More Details

Packaging Material
For More Details

Performance Highlights

NON-FINANCIAL HIGHLIGHTS

	Unit	2024/25	2023/24	%
Human Capital				
Employees	Nos	2,713	2,621	4
Employees Resigned	Nos	535	330	62
Training Hours	Hrs	18,528	18,215	2
Training Expenses	Mn	19	16	19
Recruits	Nos	627	519	20
Manufactured Capital				
Capex	Mn	3,513	5,666	(38)
No. of showrooms	Nos	56	53	6
Social and Relationship Capital				
Local suppliers	Nos	2,009	1,925	4
Payment to Local suppliers	Mn	23,487	24,428	(4)
Foreign Suppliers	Nos	216	224	(4)
Payments to foreign suppliers	Mn	13,061	15,353	(15)
Distributors	Nos	92	71	(29)
Franchisees	Nos	116	119	(3)
CSR Spend	Mn	3.2	4.3	(19)
Intellectual Capital				
Brand Value	Mn	2,084	2,084	0
No. of new designs	Nos	124	102	21
Natural Capital				
Material Consumption	MT	203,973	272,960	(25)
Energy consumption KWH	Mn	45	43	4
Water consumption	Litres	211,415,839	276,271482	(23)

124

New designs introduced during the year

Rs.5.9 Mn

Sqm of tile sales

788

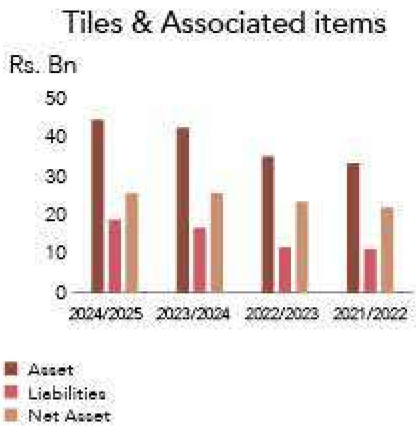
Number of customer touch points

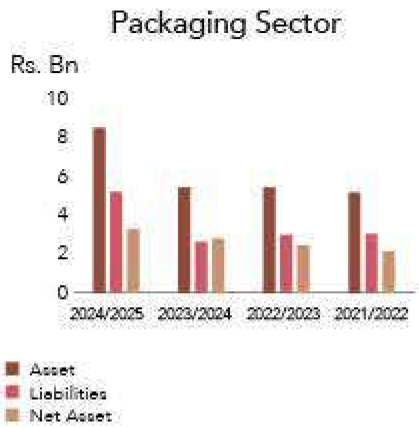
18,528

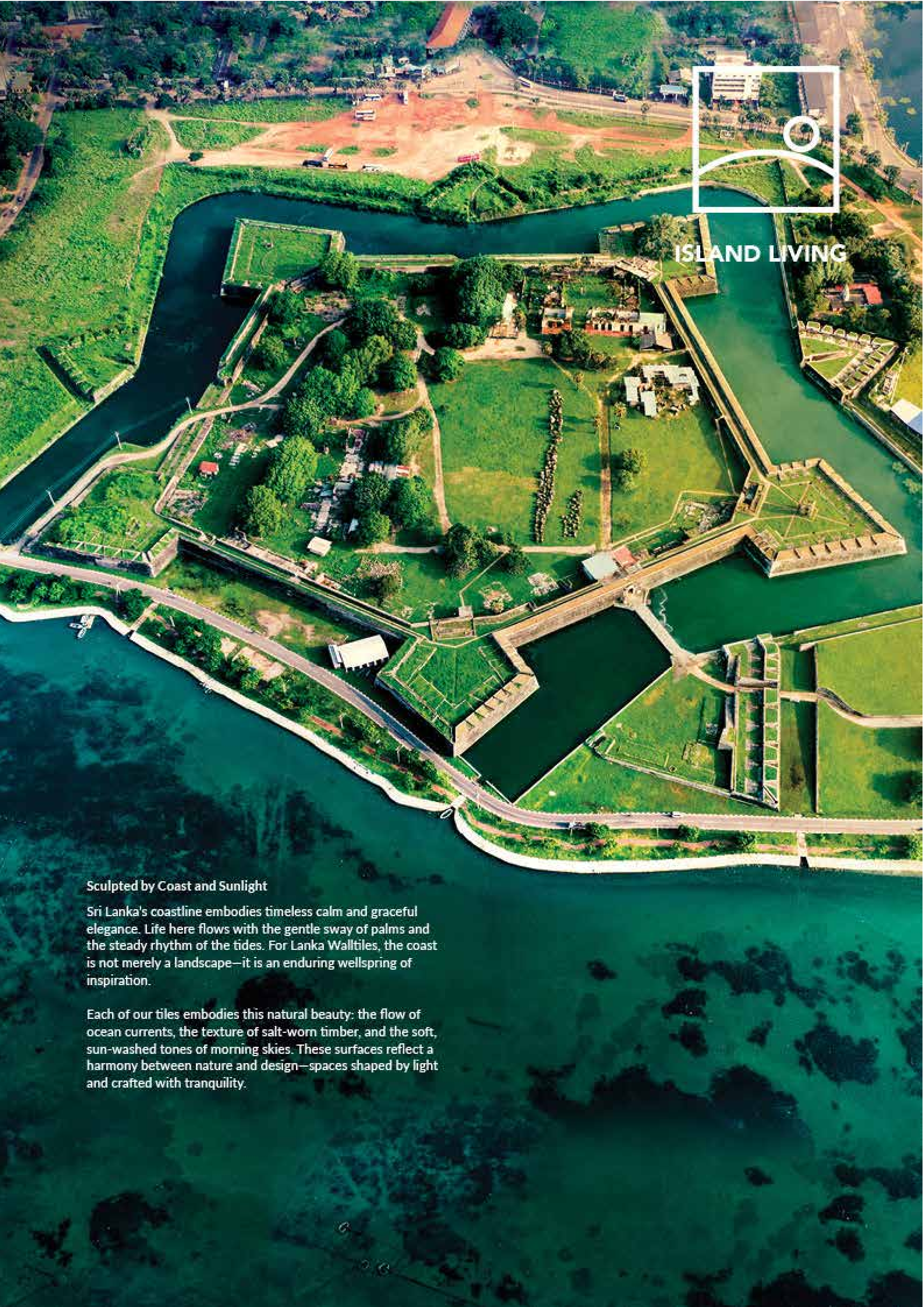
Training hours

Rs.2,084 Mn

Brand Value







ISLAND LIVING

Sculpted by Coast and Sunlight

Sri Lanka's coastline embodies timeless calm and graceful elegance. Life here flows with the gentle sway of palms and the steady rhythm of the tides. For Lanka Walltiles, the coast is not merely a landscape—it is an enduring wellspring of inspiration.

Each of our tiles embodies this natural beauty: the flow of ocean currents, the texture of salt-worn timber, and the soft, sun-washed tones of morning skies. These surfaces reflect a harmony between nature and design—spaces shaped by light and crafted with tranquility.

Key Milestone

1975

Lanka Walltiles PLC was established as an export-oriented joint venture with Japanese collaboration, marking the company's entry into the ceramic tile industry.

1976

The company set up its first manufacturing facility in Balangoda, initiating tile production in Sri Lanka.

1984

Lanka Tiles PLC was incorporated as a private limited company, expanding the group's footprint in the tile manufacturing sector.

1986

Lanka Tiles PLC was listed on the Colombo Stock Exchange, enhancing its corporate profile and access to capital.

1990

In line with government policy, all but one division of the state-owned Ceylon Ceramics Corporation was incorporated as Lanka Ceramic Limited, transitioning the company into the private sector.

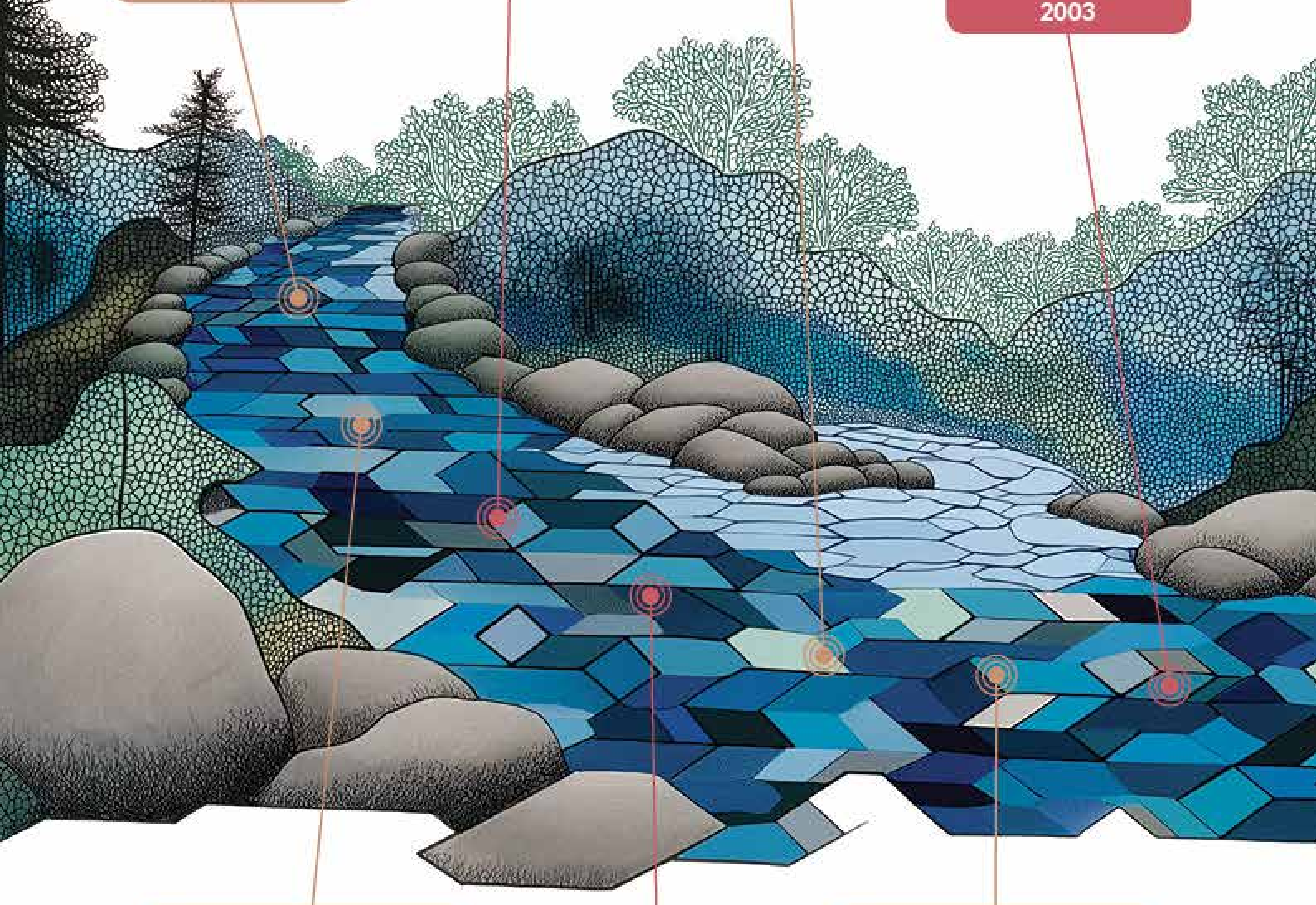
1994

Lanka Walltiles PLC became a publicly listed company on the Colombo Stock Exchange, broadening its shareholder base.

Commencement of the operations in Lanka Walltiles PLC Meepe Factory.

2003

Acquire Swisstek (Ceylon) PLC as a strategic investment.



2006

Uni Dil Packaging Ltd and Uni Dil Packaging Solutions Ltd became subsidiaries of Lanka Walltiles PLC.

2010

Cease the operations in Lanka Walltiles PLC - Balangoda Factory.

Acquisition of Swisstek Aluminium Ltd through Swisstek (Ceylon) PLC.

2013

Lanka Ceramic PLC, the parent company at this time, was acquired by Royal Ceramics Lanka PLC.

2017

Became a direct subsidiary of Royal Ceramics Lanka PLC

2023

Disposal of Horana Plantations PLC.

2024

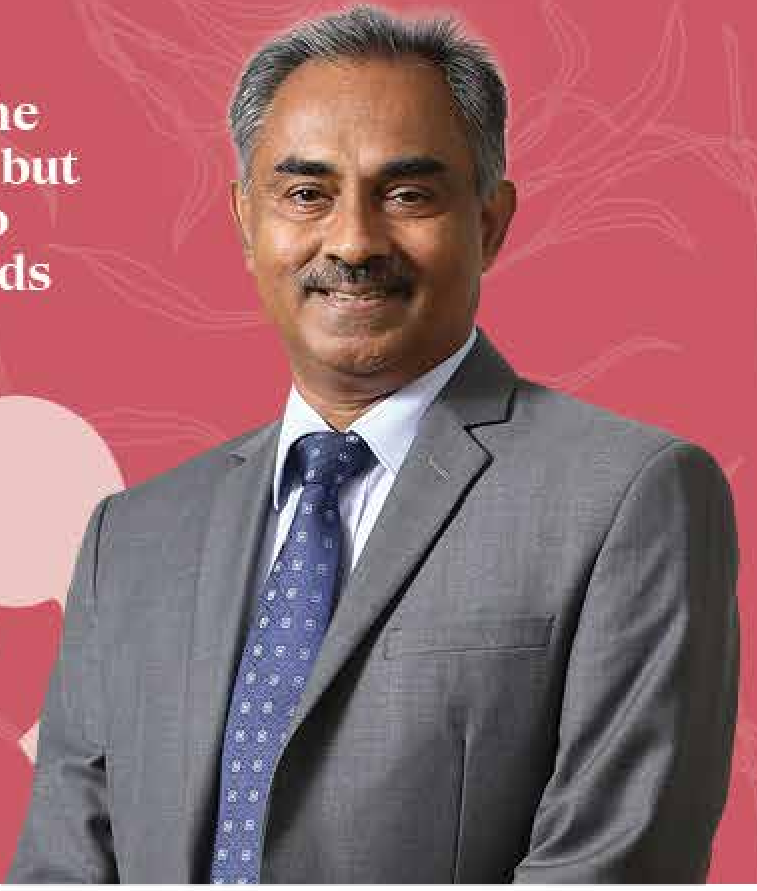
Acquire Valley View Ceramics LLC, a USA based subsidiary of Lanka Walltiles PLC and commence the operations of Lanka Swisstek Pvt Ltd, a Indian based subsidiary.

2025

Acquire Perfect Packaging Ltd, a Kenyan based subsidiary to enter into the African Market.

Chairman's Message

> 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.



Dear Shareholder,

I am pleased to report that Lanka Walltiles PLC Group delivered a resilient performance during the year, recording a Group Profit After Tax of Rs. 1.6 Bn despite ongoing challenges within the construction sector and tile manufacturing industry. The Group faced internal hurdles, notably technical difficulties during the commissioning of the newly expanded production facility in Meepe, which had a considerable impact on profitability. Nonetheless, this performance highlights our resilience, adaptability, and unwavering strategic focus.

TURBULENT OPERATING LANDSCAPE

Sri Lanka's economy showed signs of recovery in 2024, recording a positive GDP growth rate of 5% following two consecutive years of contraction. Despite the uncertainty typically associated with election years, marked by two national polls, economic stability prevailed, supported by the continuation of the IMF Extended Fund Facility under the newly elected government. The strong electoral mandate contributed to a more stable policy environment, fostering greater investor confidence.

Inflation trended downward throughout the year, turning negative by August 2024. This deflationary trend provided some relief to household budgets while declining interest rates helped stimulate investment sentiment. The external sector also saw improvement, with a marked increase in tourist arrivals and earnings, alongside growing worker remittances and export volumes, leading to enhanced foreign exchange inflows. However, the relaxation of import restrictions led to a sharp rise in imports, resulting in a widening trade deficit. This development had a significant impact on the tile industry, as the influx of low-cost imported tiles intensified competitive pressures in the domestic market. The absence of anti-dumping legislation continues to distort the competitive landscape in favour of importers, undermining the viability of local manufacturers. Adding to this imbalance, many tile importers operate outside the formal tax framework and are not VAT compliant, allowing them to offer significantly lower prices. This places VAT-registered local manufacturers at a distinct disadvantage, as they are unable to compete on price while continuing to meet their full tax obligations.

This challenge is further compounded by the prolonged downturn in the construction sector, which has dampened demand for domestically produced, high-quality tiles. The industry also bears the cost of maintaining robust sustainability practices, including adherence to environmental and social standards across the supply chain and the protection of employee rights, such as collective bargaining and union representation. While these principles reflect our long-term commitment to ethical and responsible manufacturing, there are currently no comparable safeguards applied to imported products, creating a significant imbalance in the market.

FOCUSED ON GROWTH

Sri Lanka is poised for a revival in construction activity in 2025, with growth anticipated in both commercial and residential sectors driven by rising demand. Furthermore, the housing renovation market is expected to gain momentum as household budgets ease, while the refurbishment of hotels presents additional avenues for expansion and value creation.

We are well-positioned to capitalise on the anticipated growth in the construction sector, as we approach the final stages of our major capacity expansion program at the Meepe production facility. While the year presented technical challenges, we have continued to invest significantly in enhancing our production capabilities and equipping our factories to produce tiles in contemporary designs and formats that align with current market preferences. We remain confident that these technical issues will be resolved in the near term, enabling the full commissioning of our production lines to meet the expected rise in demand.

In parallel, we have made notable progress in expanding our presence in international markets. I am confident that these strategic efforts will begin to yield positive results in the near future, further strengthening the Group's growth trajectory.

PERFORMANCE

The Group's performance reflects contributions from our key business segments: Tiles and Associated Products, Aluminium Products, and Packaging Materials. The challenges faced in the Tile segment were evident, with revenue declining by 15%, despite it remaining the largest contributor to Group revenue. However, this was partially offset by the robust performance of the Aluminium Products segment, which recorded an impressive 65% growth, and the Packaging Materials segment, which grew by 9%. As a result, the Group achieved a consolidated revenue growth of 4%, reaching Rs. 41.7 Bn for the year.

The Group recorded Profit before tax of Rs.2.7 Bn and Profit After Tax of Rs.1.6 Bn which were 51% and 54% below the previous year, reflecting the challenges stemming from low levels of construction activity and the influx of cheap imports. The key contributor to the Group's Profit before tax was Packing materials which accounted for 41% while Tiles and Aluminium Products contributed 37% and 22% respectively. All sectors contributed positively to the diminished bottom line, reflecting the resilience of the Group and strict control over manageable costs.

The Balance Sheet remains resilient with Net assets growth of 5% to Rs.27.7 Bn. Total assets of Rs.59.5 Bn are represented by Rs.27.4 Bn in Property Plant & Equipment and Rs.20.6 Bn in inventory. The 9% increase in property, plant, and equipment, reflects our ongoing expansion projects at Lanka Walltiles and the acquisition of Unidil's new Kenyan subsidiary. The increase in Total Assets has been largely financed by debt, resulting in the debt-equity ratio increasing from 60% as at 31st March 2024 increasing to 79% by 31st March 2025.

GOVERNANCE & SUSTAINABILITY

Mr. Mahendra Jayasekera, Managing Director, resigned on 1st of April 2025 after more than two decades of dedicated leadership. We take this opportunity to express our sincere appreciation for his invaluable contribution to the growth and success of the Group during his distinguished tenure.

We are pleased to welcome Mr. Priyantha Talwatte as the new Managing Director. He brings with him a wealth of experience, having led two leading banks in Sri Lanka. His extensive expertise in overseeing both retail banking operations and overall institutional leadership aligns well with the Group's strategic focus, particularly as we look to strengthen and expand our retail footprint in the years ahead.

During the year, Mr. S.M. Liyanage, Mr. K.D.G. Gunaratne, and Mr. T.G. Thoradeniya stepped down from the Board. We extend our deep appreciation for their invaluable contributions and the guidance they provided in steering the Group forward. We are pleased to welcome Mr. Y. Bhaskaran as a Non-Executive Director, along with Mr. B.D.S. Mendis and Mr. N.M. Pelpola as Independent Non-Executive Directors. Their appointments have further strengthened the Board's composition.

We completed compliance with the CSE Rule #9 on Corporate Governance and as part of this process, the Board Committees were reconstituted, and director roles were re-designated to align with the updated governance framework. The necessary policies have been published on the corporate website, and a summary of the Group's compliance with Section No. 9 is included in the Corporate Governance Report.

The Board also took note of the issuance of the Sri Lanka Financial Reporting Standard (SLFRS) on Sustainability, which sets out the framework for sustainability reporting in Sri Lanka. The new standard will be effective for reporting periods beginning on or after 1st January 2025. Lanka Walltiles PLC is

Chairman's Message

proactively preparing to align with these requirements, with the aim of ensuring full compliance ahead of mandatory adoption in the 2026/27 reporting cycle.

ROAD AHEAD

The global trade environment remains uncertain, primarily due to the recent imposition of tariffs on all imports by the U.S. administration, which has effectively shifted global trade dynamics towards more bilateral arrangements. Major economies, particularly China, have experienced rapid cycles of escalation and de-escalation in trade tensions, a trend now mirrored by other large markets. Smaller economies, meanwhile, have yet to benefit from reductions in tariffs and may be more exposed to the volatility and reconfiguration of global trade flows.

With our expanded production capacity now surpassing domestic demand, our strategic focus has shifted toward strengthening our presence in international markets. Several initiatives have already been undertaken in this regard, and we remain committed to building on this momentum. At the same time, we will continue to pursue growth opportunities in the local market by leveraging the strong brand equity of LANKATILES. Backed by enhanced production capacity and upgraded manufacturing capabilities, we are well-positioned to meet the evolving needs of customers both locally and globally, while reinforcing our competitiveness in an increasingly dynamic market landscape.

The Board will continue to closely monitor progress on its key strategic priorities for the year, which include driving export growth, effectively managing working capital and financial resources, retaining market leadership in the domestic segment, and ensuring prudent management of liquidity and capital.

ACKNOWLEDGMENTS

The Board and I commend the management and team at Lanka Walltiles for their dedication, resilience, and unwavering commitment in navigating a challenging year. I also extend my sincere appreciation to my fellow Board members for their continued guidance and strategic oversight. We are deeply grateful for the steadfast support of our stakeholders and look forward to continued collaboration as we pursue shared growth and long-term value creation.

A M Weerasinghe
Chairman

29th May 2025

URBAN

Lines of Life, Layers of Culture

Sri Lanka's cities are vibrant contrasts—where glass towers rise alongside centuries-old temples, and the hum of daily life weaves through quiet, hidden courtyards. Here, past and future coexist, each enriching the other's story.

At Lanka Walltiles, we capture this dynamic urban rhythm in our designs. Our collections reflect the strength of concrete, the subtle sheen of brushed metal, and the evolving geometry of city skylines. Each surface strikes a balance between form and function—mirroring spaces that are constantly evolving, yet firmly grounded.

Managing Director's Message

> The Group balance sheet recorded total asset growth of 13% to Rs.59.5 Bn due to investments in Plant and Machinery and increase in inventories.

Dear Stakeholder,

I am pleased to present the Lanka Walltiles Annual Report for the financial year 2024/25, following my appointment as the Managing Director in April 2025. I look forward to steering Lanka Walltiles toward its next phase of growth and value creation in the years ahead.

The Group delivered a resilient performance amidst a multitude of challenges during the year. While the Sri Lankan economy began to show signs of recovery, the pace of revival in the construction sector remained slow, directly affecting demand for building materials such as tiles. This was further compounded by a sharp increase in unregulated tile imports, which disrupted fair competition in the market. The absence of anti-dumping legislation, coupled with the prevalence of importers operating outside the formal tax framework, placed local manufacturers at a significant pricing disadvantage.

In addition to these external pressures, we also encountered internal challenges, most notably technical issues related to the expansion of our Meepe factory. These difficulties led to operational delays and production disruptions, limiting our ability to manufacture the intended product mix. As a result, the profitability of Lanka Walltiles was adversely impacted. These combined factors are clearly reflected in the performance of the Group's tile segment.

NAVIGATING CHALLENGES WITH CONFIDENCE AND PURPOSE

We are nearing the completion of the major expansion project initiated last year. While one of the new production lines has been successfully commissioned, the completion of the second line was delayed due to challenges encountered in transitioning from the previously used double-firing technique to a more advanced single-firing process. The shift required specialised technical knowledge, and the Group faced a skills gap in this area, necessitating the engagement of foreign expertise to support the transition. As a result, the project experienced significant delays and production disruptions. This, in turn, limited Lanka Walltiles' ability to deliver the planned product mix, negatively impacting both sales volumes and profitability during the year.

However, despite these challenges, we remain confident in completing the expansion project and restoring our manufacturing operations to full capacity. The upgraded facility will enable us to produce large-format tiles, which are in high demand both locally and internationally. Additionally, the transition to the single-firing process is expected to significantly improve production efficiency and strengthen the Group's ability to deliver a broader, more contemporary product range aligned with evolving market trends. To further enhance our production capabilities, we increased our floor tile production capacity from 3,000 sqm/day to 9,000 sqm/day, while Lanka Tiles PLC expanded its mosaic plant to cater to growing demand in this segment.

We also made significant progress in expanding our international footprint. A key milestone was the launch of our first overseas showroom in the Maldives, in partnership with Alba International Pvt Ltd, marking an important step in strengthening our brand presence beyond Sri Lanka. In the United States, both Lanka Walltiles and Lanka Tiles made rapid strides, including the establishment of a dedicated warehouse in Texas. We have successfully onboarded 12 major buyers who collectively represent approximately 70% of the U.S. tile market. We are confident that these initiatives will yield positive results in the near future and position the Group as a strong and competitive player in international markets.

SRI LANKA, ON THE ROAD TO RECOVERY

Sri Lanka's economy began to recover in 2024, achieving 5% GDP growth following two years of contraction. Economic stability was maintained despite two national elections, supported by the continuation of the IMF program and a strong policy mandate from the new government. Inflation declined sharply, turning negative by August, easing household pressures, while falling interest rates revived investment sentiment. The external sector benefited from increased tourism, remittances, and exports, though the surge in imports led to a widening trade deficit.

This surge in imports significantly impacted the tile industry, with low-cost imported tiles intensifying competition. The absence of anti-dumping regulations and the presence of non-VAT-compliant importers further disadvantaged local manufacturers, who continue to bear the full cost of tax compliance and sustainability commitments. Meanwhile, sluggish construction activity has further reduced demand for locally produced tiles, compounding the challenges faced by domestic manufacturers. In response, both Lanka Walltiles and Lanka Tiles were compelled to offer substantial discounts to avoid stock build-up and retain market share. While necessary, these measures adversely affected profitability during the year.

PERFORMANCE

The Group reported revenue of Rs. 41.7 Bn for the year, reflecting a moderate increase of 4% compared to Rs. 40.2 Bn in the previous year. The tile sector, which remains the Group's largest revenue contributor, recorded a 15% decline to Rs. 22.4 Bn. Both Lanka Walltiles and Lanka Tiles saw a reduction in revenue. Lanka Tiles reported a 2% increase in sales volume, but overall revenue declined due to price discounts offered to remain competitive. Lanka Walltiles experienced a 9% drop in sales volume, as technical challenges with the new production lines limited the availability of the right product mix, resulting in a 30% decline in revenue.

Despite these setbacks, the Group's performance was supported by strong growth from other business segments. UniDil Packaging posted a 9% increase in revenue, reaching Rs. 8.8 Bn, while Swisstek Aluminium delivered a notable 65% growth in revenue, driven mainly by higher export sales. These results helped offset some of the pressure from the tile sector and contributed positively to overall Group performance.

Consolidated gross profit declined to Rs. 10.8 Bn, reflecting margin compression and lower sales volume in the core segment. The tile sector's gross profit decreased by 38% to Rs. 6.5 Bn due to production delays and pricing pressures. The packaging sector reported a modest 4% increase in gross profit to Rs. 1.9 Bn, while the aluminium sector's gross profit more than doubled to Rs. 2.4 Bn, supported by operational efficiencies and increased sales.

Operating expenses increased by 7% to Rs. 7.3 Bn, influenced by expanded activities in packaging and aluminium, despite reduced expenses in the tile segment. Operating profit declined to Rs. 4.0 Bn from Rs. 7 Bn, with the tile sector's profit down 72% to Rs. 1.5 Bn. Packaging sector's operating profit remained steady at Rs. 1.3 Bn, and aluminium segment's rose nearly fourfold to Rs. 1.1 Bn.

The Group recorded a pre-tax profit of Rs. 2.7 Bn, a 51% decline from the previous year, with post-tax profit decreasing by 54% to Rs. 1.6 Bn, primarily due to reduced operating profitability. The tile segment reported a net profit of Rs. 392 Mn, representing an 87% decline. The packaging sector posted a net profit of Rs. 822 Mn, down 11% from the previous year. In contrast, the aluminium sector delivered a notable turnaround, recording a net profit of Rs. 418 Mn compared to a loss of Rs. 337 Mn in the prior year, driven by strong export led growth and improved operational efficiencies.

The Group's total assets increased by 12.5% to Rs. 59.5 Bn, primarily driven by a 9% rise in property, plant, and equipment, reflecting continued investments in the expansion of Lanka Walltiles and the acquisition of Unidil's operations in Kenya. Inventory levels rose by 13%, largely due to the accumulation of finished goods in the tile segment, as expanded production outpaced market demand. Additionally, the Group's cash balance recorded a notable decrease of 42%.

Managing Director's Message

As at year-end, 47% of the Group's balance sheet was funded by equity, while 37% was accounted for by interest-bearing liabilities. Borrowings increased by 36% during the year, primarily due to financing obtained for the expansion of Lanka Walltiles and the acquisition of Unidil's new Kenyan subsidiary. As a result, the Group's gearing ratio rose to 44%, compared to 37% in the previous year, reflecting the higher leverage associated with these strategic investments.

TALENT MANAGEMENT

We continued to invest in our people, who remain at the heart of our success. Attracting and retaining skilled technicians and professionals was a key challenge during the year. To address this, we made our remuneration packages more competitive and enhanced our recruitment processes. We also placed strong emphasis on developing future leaders through targeted training and development initiatives. Industrial relations remained positive and collaborative throughout the year.

OUR SOCIOECONOMIC IMPACT

We remain committed to reducing our environmental footprint, with efforts spanning technology upgrades to enhance efficiency and production yield, sustainable sourcing practices, investments in renewable energy, and ongoing innovation to reduce resource consumption. Our Group-wide cost-saving initiatives have also delivered meaningful results to date.

With a broad presence across the construction sector value chain, which contributes approximately 6% to the country's GDP, the Group plays a significant role in the national economy. We directly employ 2,713 individuals and provide indirect employment through our franchise partners and network of tilers, who are key stakeholders in our operations. We place strong emphasis on building the capacity of these stakeholders, equipping them with the skills needed to succeed and grow in their roles.

THE WAY FORWARD

Sri Lanka's construction sector is set to experience a revival in 2025, with strong growth expected across both commercial and residential markets fuelled by increasing demand. Additionally, the home renovation segment is likely to pick up pace as household incomes improve, while hotel refurbishments offer new opportunities for expansion and value creation.

We are strategically positioned to benefit from this growth, as we near completion of the major capacity expansion at our production facility. Although we faced some technical setbacks this year, we have maintained significant investments to upgrade our production capabilities, ensuring our factories can deliver tiles that meet modern design trends and market needs. We are optimistic that these challenges will be overcome soon, allowing us to fully utilise our expanded production capacity in response to rising demand.

At the same time, our efforts to broaden our footprint in international markets have gained momentum. I am confident that these initiatives will start delivering tangible results near future, further driving the Group's growth and market presence.

Effective management of production, including identifying the optimal product mix, along with working capital, will be critical as we expand our capacity. We will closely monitor developments and carefully assess various options for managing production flow to optimise both profitability and liquidity.

ACKNOWLEDGMENTS

I extend my sincere gratitude to the Board for their vision and guidance during what has been a challenging year. I also thank our investors and shareholders for their continued confidence in the Group as we work towards unlocking greater value. I commend the dedication and teamwork of all employees across the Lanka Walltiles Group, your commitment has been vital to our progress, and I look forward to your continued support as we work together to unlock new opportunities for growth. A special note of appreciation is extended to Mr. Mahendra Jayasekera, my predecessor, for ensuring a smooth leadership transition and for his outstanding contribution in guiding the Group to its position as an industry leader.

L P B Talwatte
Managing Director

29th May 2025

Board of Directors

MR. A M WEERASINGHE
Chairman / Non-Executive Director

MR. L P B TALWATTE
Managing Director / Executive Director

Founder of Royal Ceramics Lanka PLC in 1990 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 a Landed Proprietor.

Total No. of Companies Holding Directorship/Key Management positions: 16

He serves as Executive Chairman - Rocell Bathware Limited and Non-Executive Chairman of Lanka Ceramic PLC, Lanka Tiles PLC, Lanka Walltiles PLC, Singhe Hospitals PLC, Ever Paint and Chemical Industries (Private) Limited, TradeHuts (Pvt) Ltd, Weerasinghe Gems (Pvt) Ltd, Weerasinghe Property Development (Pvt) Ltd.

He is also a Non-Executive Director of Swisstek (Ceylon) PLC,Biscuits and Chocolate Company Ltd.

CP Holding (Pvt) Ltd, LC Plantation Projects (Pvt) Ltd, Rocell Properties Limited, Royal Ceramics Distributors (Private) Ltd, Swisstek Aluminium Ltd.

(Date of Appointment 15.03.2017)

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

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

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

He also served as CEO of SDB Bank, leading it through a challenging period immediately after the economic crisis.

Total No. of Companies Holding Directorship/ Key Management positions : 16

Mr. Talwatte serves as the Managing Director/ Executive Director of Lanka Walltiles PLC, Lanka Tiles PLC and Lanka Ceramic PLC.

He is a Non-Executive Independent Director at LB Finance PLC and Non-Executive Director of Beyond Paradise Collections Ltd, LWL Development (Pvt) Ltd, LTL Development Ltd, C P Holdings (Pvt) Ltd , L C Development (Pvt) Ltd, L C Plantation Projects Ltd, L W Plantation Investments Ltd, Uni Dil Packaging Limited, Uni Dil Packaging Solutions Limited, Vallibel Plantation Management Limited, Lanka Tiles USA Inc, Valley View Ceramics LLC.

(Date of Appointment 01.04.2025)

Board of Directors

MR. W R N SOMARATNE
Executive Director

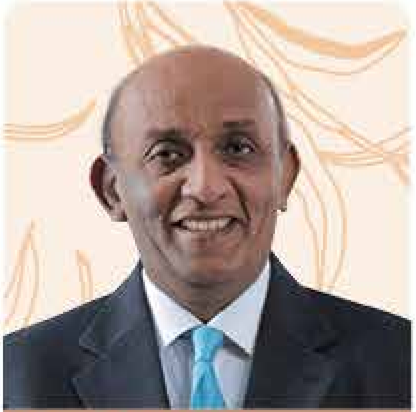
Mr. Somaratne is currently employed as the Director - Manufacturing for Royal Ceramics Group, and is responsible for the manufacturing operations of the Group. He has also served as an Independent Director of Hayleys Fabrics PLC for 12 years and retired in January 2024.

Total No. of Companies Holding Directorship/Key Management positions: 02

He holds directorships as 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. 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).

(Date of Appointment 11.03.2015)



DR. S SELLIAH
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 the 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.

Total No. of Companies Holding Directorship/Key Management positions: 13

Dr. Selliah serves on a non executive capacity in the following company Boards. Dr. Selliiah is the Chairman of JAT Holdings PLC and serves as a Director of Commercial Bank of Ceylon

PLC, Swisstek (Ceylon) PLC, Lanka Walltiles PLC, Lanka Tiles PLC,, ACL Cables PLC, Arunodhaya Private Ltd, Arunodhaya Industries (Pvt) 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.

(Date of Appointment 29.03.2003)

MS. A M L PAGE

Non-Executive Director

Ms. Anjalie Page holds a BSc (Hons) Psychology (First Class) from the University of Nottingham, United Kingdom and a 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.

Total No. of Companies Holding Directorship/Key Management positions: 03

She holds directorships as Non-Executive Director of Lanka Walltiles PLC and Lanka Ceramic PLC.

(Date of Appointment 01.10.2013)

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 a MBA from the University of Manchester.

Total No. of Companies Holding Directorship/Key Management positions: 09

He serves as 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.

(Date of Appointment 30.08.2016)

Board of Directors

MR. S R JAYAWEERA
Independent Non-Executive Director

Mr. Jayaweera was appointed to the Board in 2021 and also serves as a member of the Audit Committee. He 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.

Total No. of Companies Holding Directorship/Key Management positions: 03

He serves as Independent Non-Executive Director of Lanka Tiles PLC and Lanka Walltiles PLC and Non-Executive Director of Delmege Ltd.

(Date of Appointment 09.10.2020)

MS. K A D B PERERA
Non-Executive Director

Ms. Brindhiini Perera has earned a Masters 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.

Total No. of Companies Holding Directorship/Key Management positions: 17

She serves as 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, Vallibel One PLC, Lanka Walltiles PLC, The Fortress Resorts PLC,. Delmege Ltd, Otwo Biscuit (Private) Ltd, The Canbury Biscuit Company Ltd, Manatee Clothing Company (Pvt) Ltd and Dhammika & Priscilla Perera Foundation. She also serves on the Board of Eurocarb Products Ltd (UK).

(Date of Appointment 19.10.2022)

MRS. Y BHASKARAN
Non-Executive Director

Ms. Dinusha Bhaskaran is a Fellow of the Chartered Institute of Management Accountants UK (FCMA), Fellow of CPA Australia (FCPA) and an Associate Member of the Institute of Bankers, Sri Lanka. She is a Financial and Accounting professional currently serving as the Group Managing Director of Vallibel One PLC.

Total No. of Companies Holding Directorship/Key Management positions: 06

She also holds Directorships on the Boards of Delmege Ltd and Chairperson/Director of Greener Water Ltd. A Non – Executive Director of LB Finance PLC and a Member of the LB Finance PLC Audit Committee. In addition Mrs. Bhaskaran serves as a Non – Executive Director for Country Energy (Pvt) Ltd and Lanka Walltiles PLC.

Ms. Dinusha Bhaskaran has previously worked as a Financial Controller for several Melbourne based companies in Australia. She has in the past served as the Assistant General Manager (Finance & Planning) at Pan Asia Banking Corporation PLC.

She had the distinction of being awarded the most coveted award of Best Corporate Leader 2023 presented by WIM at the Top50 Professional & Career Women Global Awards.

(Date of Appointment 01.01.2025)

MR. B D S MENDIS

Independent Non-Executive Director

Mr. Mendis has a corporate career spanning over 30 years and is an innovative business leader with exceptional strategic, operational, marketing and people development experience and was a Director of Aitken Spence Group Ltd from 2007 to 2022. He has led as the Managing Director, companies in a variety of industries which include Fintech and Financial Services, Freight Forwarding, Logistics, Engineering and held Directorships in companies in ICT, Printing and Packaging, and Real Estate Industries in Sri Lanka. He also has experience working in the Retail industry in the United States.

Mr. Mendis holds a Bachelor of Science Degree (BSc), (Magna Cum Laude) from Slippery Rock University of Pennsylvania, USA, specialising in Marketing and Economics where he won the outstanding Undergraduate Student award in both Marketing and Economics in his final year 1992. He also holds a Master of Business Administration Degree (MBA) specialising in Marketing in 1993 from The University of Texas, USA.

Total No. of Companies Holding Directorship/Key Management positions: 03

Mr. Mendis has served on the Board of Directors of the American Chamber of Commerce in Sri Lanka and currently serves on the Board of The National Council for Child and Youth Welfare and is involved in mentoring and advising local small and medium enterprises.

He serves as an Independent Non Executive Director of Swisstek (Ceylon) PLC, Lanka Walltiles PLC and Vallibel Power Erathna PLC.

(Date of Appointment 01.01.2025)

MR. N M PELPOLA

Independent Non-Executive Director

Mr Naomal Pelpola is an eminent legal practitioner in Sri Lanka, having been admitted to the Bar in May 2002, with a versatile practice in the Courts of First Instance [District Court and Commercial Court] as well as in the Appellate Courts [Court of Appeal and Supreme Court].

Mr Pelpola specialises in the fields of Commercial Law, Banking Law, Business Law, Intellectual Property Law, Property Law, Labour Law and Family Law. He has extensive experience in alternate dispute resolution procedures [Arbitration] both in the capacity of Arbitrator, as well as Counsel and has on several occasions been appointed as Prosecuting Counsel for the Sri Lanka Institute of Architects [SLIA].

Mr Pelpola holds a Degree in Law [LLB] from the University of London, and a Masters in Law [LL.M] from the University of Colombo.

Total No. of Companies Holding Directorship/Key Management positions: 01

(Date of Appointment 01.01.2025)

Corporate Management

Priyantha Talawatte
Managing Director

Nandajith Somarathne
Director Manufacturing

Haresh Somashantha
Director Finance

Shirely Mahendra
Director Group Marketing

Sajeewani Amarasinghe
General Manager (Finance)

Nihal Kumarasinghe
Deputy General Manager (Plant)

Sujeewa Subasena
Assistant General Manager (Plant)

Prasad Keerthirathna
Assistant General Manager (IT)

Kaushalya Subasinghe
Assistant General Manager (Sales)

Stanly Yalegama
Assistant General Manager (Plant)

Daminda Perera
Group Head of Marketing

Anura Rathnayake
Group Business Development Manager

Athula Hewapathirana
Chief Human Resource officer

Kapila Ranathunga
Group Commercial Manager

Management Discussion & Analysis

Transforming Vision Into Reality

Lanka Walltiles' performance is driven by a clear and consistent vision—one that unites innovation, operational excellence, and sustainable growth. In a dynamic operating environment, we continue to align our strategy with market realities, customer expectations, and long-term value creation to shape a stronger, more resilient business for tomorrow.

Our Strategy

Lanka Walltiles PLC is navigating one of the most challenging periods in its operational history, marked by internal restructuring, shifting market dynamics, and global economic uncertainty. In response, our business strategy outlines a comprehensive plan to stabilise the Group, reposition its product and market focus, and build long-term resilience.

The strategy prioritises restoring profitability through operational efficiency, product realignment, and disciplined financial management. At the same time, it leverages emerging opportunities in export markets, particularly the USA and Canada, while addressing structural imbalances in the domestic landscape, including regulatory gaps and import competition.

Guided by a commitment to innovation, sustainability, and talent development, this plan seeks to transition Lanka Walltiles from recovery to sustainable growth, setting a clear course for long-term competitiveness and value creation.

STRATEGY

Operational Efficiency & Cost of Capital

- Cost-Per-Unit Rationalisation
- Capital Rebalancing

Cash Flow & Fund Management

- Liquidity Control
- Payment Term Negotiation
- Forex Risk Mitigation

Product Mix Optimisation

- Premium Product Focus
- Capacity Swap Model
- Flexible Production Lines

Organisational Resilience & Stabilisation

- Capacity Optimisation
- Knowledge Gap Management
- Leadership Development
- Retention Plans
- Cross-Functional Programs

Distribution Channel Optimisation

- Dealer Dependency Reduction
- Factory Outlet Expansion
- Export Logistics Strengthening

Product & Process Innovation

- Unique Capability Leverage
- Market-Fit Development

Governance & Stakeholder Engagement

- Regulatory Fairness Advocacy
- Compliance & Transparency

FOREST

Echoes of the Wilderness

Sri Lanka's forests—dense, fragrant, and timeless—hold a quiet wisdom that both inspires and grounds. From the shaded trails of Knuckles to the gentle hush of monsoon jungles, these natural sanctuaries are sacred realms.

Lanka Walltiles brings the rich textures of nature to life—twisting vines, weathered bark, and soft layers of moss. Each design honours the forest's enduring strength and peaceful stillness, infusing calm and depth into every space.

Business Model

Inputs

Financial Capital
- **Rs.59,469** Mn Assets
- **Rs. 31,722** Mn Liabilities
- **Rs.72,746** Mn Debt

Human Capital
- **2713** employees
- **627** new recruits
- **18,527** training hours

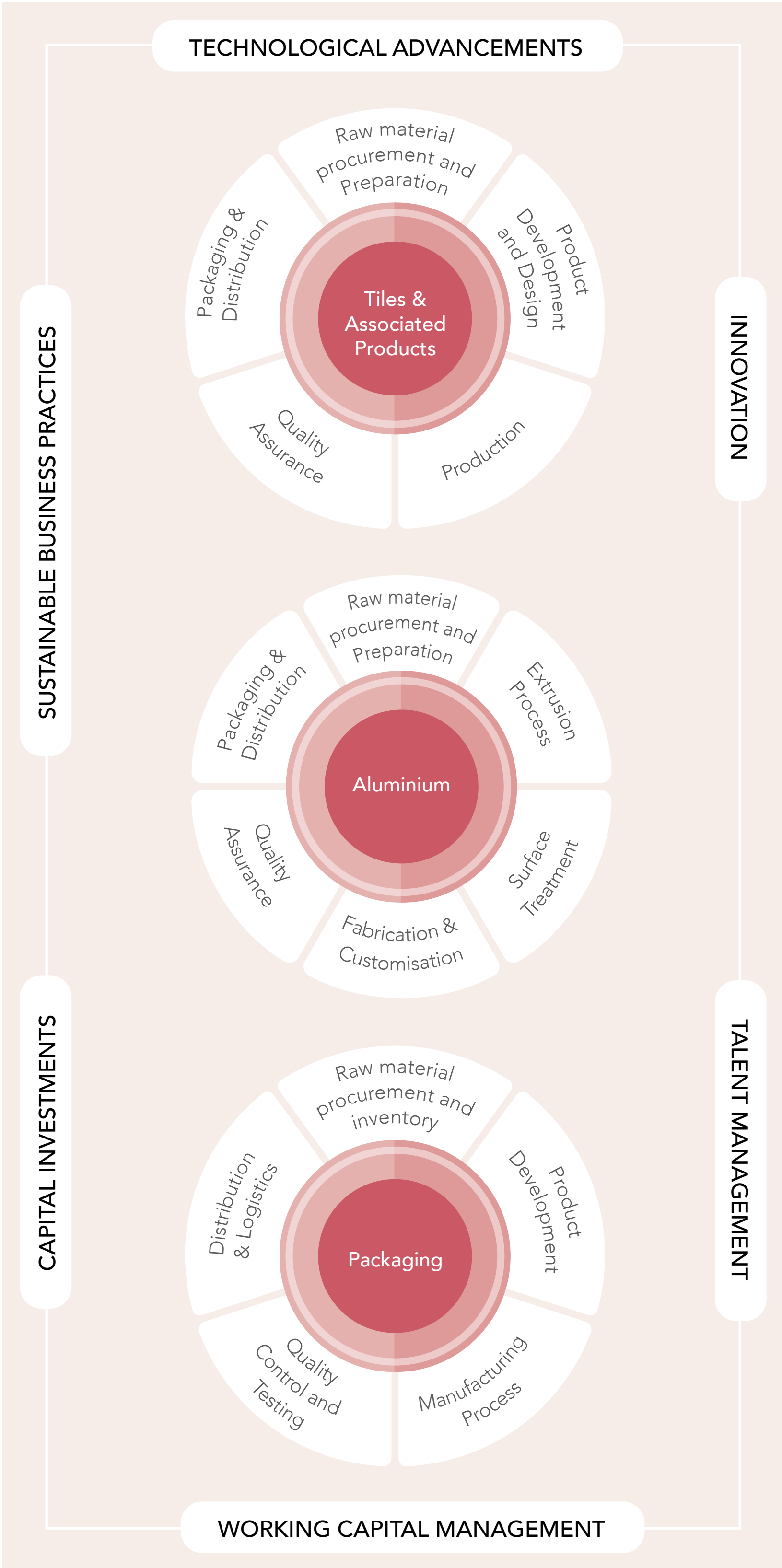
Manufactured Capital
- **Rs.22,340** Mn of PPE
- **Rs.2,841** MnCapex
- **56** showrooms

Social and Relationship Capital
- **2,009** Local suppliers
- **216** foreign suppliers
- **27** Distributors
- **54** Franchisees

Intellectual Capital
- **Rs.2,084 Mn** of brand value
- Systems & Processes
- Research & Development

Natural Capital
- **203,973 Mt** of material
- **Rs.5,546 Mn** of energy
- **211,415,839 Lts** water

Value Creation Process



Output

Tiles and Associated Products

5,557,304 SQM
of tiles

3,986 MT
of skim coat

50,531 MT
of Mortar

1,466 MT
of Grout

Aluminium

6,909 MT
of aluminium products

Packaging

26,049 MT
of corrugated cartons

3,659 MT
of paper sacks

Outcomes

Economic

Rs.4,219 Mn
paid as remuneration

Rs.36,548 Mn
paid to Suppliers

Rs.655 Mn
paid to equity holders

Income Tax payments of
Rs. 1.7 Bn.

Social

- Direct and indirect employment opportunities
- Community development initiatives

Environmental

23,435 MT
of waste discharged

110,218,799
Litres of water discharged

987,797 kwh
of renewable energy

Value Created

Shareholders

- Earnings per Share of **Rs.3.43**
- Dividend per Share of **Rs.2.40**

Customers

- Delivery of high quality, innovative designs
- Customer support

Employees

- Employee remuneration of **Rs.4,219 Mn**
- **Rs.19.4 Mn** investment in training and development
- Job security
- Healthy and safe workplace
- An inclusive workplace

Suppliers/business partners

- **Rs.23,487Mn** payments to local suppliers
- **Rs.13,061 Mn** payments to overseas suppliers
- **Rs.962 Mn** paid as commission

Communities

- Recruitment of **627** new employees
- CSR spend of **Rs.3.2 Mn**

Government

- Income Tax payments of **Rs.1 Bn**

Stakeholder Engagement

At Lanka Walltiles PLC, we believe that proactive and transparent stakeholder engagement is fundamental to sustainable value creation. By understanding the expectations, concerns, and priorities of our stakeholders, We ensure that our strategy, operations, and reporting reflect what truly matters to those who influence and are impacted by our business. Our stakeholder engagement process is structured, continuous, and grounded in the principles of inclusivity, responsiveness,

	Customers	Employees	Business Partners/Suppliers
Stakeholder Concerns	• A wide variety of products in terms of price, designs, colour, size and finish • Value for money • Convenience • Product availability • Customer service	• Competitive and attractive • Remuneration • Career progression and recognition • Job security • Fair and safe workplace • Healthy work-life balance • Opportunities for skill development	• Timely and competitive commission payments • Financial stability • Opportunities for business growth • Training opportunities • Rewards and other benefits
Modes of Engagement	• Island-wide show room network • Direct visits • Corporate website • Call centre • Tilers App • Trade fairs • Print/digital and social media	• A comprehensive training calendar • Open door policy • Staff meetings/ department meetings • Staff appraisals • Welfare activities/annual events • Corporate website	• Direct Meetings • Supplier Visits • Telephone/email communication • Dedicated service teams • Trade fairs • Training programs • Corporate website • Tilers' app • Annual events • Industry events
Our Strategy	• Comprehensive market research to understand customer preferences • Continuous expansion of product offerings • Continuous investments in technology and innovation to ensure superior quality • Island wide presence • Continuous training to showroom staff to enhance services offered	• Effective human resource management • Maintaining employee engagement • Competitive remuneration with annual revisions • Continuous training opportunities • Clear career paths with opportunities for progression • Maintaining strict safety standards in all workplaces • Fair workplace with equal opportunities for all	• Effective engagement • Timely payments • Offering competitive and fair payment terms • Providing training and growth opportunities • Maintaining mutually beneficial relationships • Industry collaboration • Ease of doing business
Highlights	• 5,557,304SQM of tiles • 6,909MT of aluminium products • 26,049MT of corrugated cartons • 3,659MT of paper sacks	• Rs.4,219 Mn paid as remuneration • 18,527 training hours • Rs.19 Mn investment in training • 31 promotions	• Rs.36,548 Mn Paid to suppliers • Rs.962 Mn paid as commission • 279 training programs

and materiality. We engage with a wide spectrum of stakeholders through both formal and informal channels to gather valuable insights that inform our strategic direction and sustainability initiatives. By maintaining open and meaningful communication, Lanka Walltiles remains agile and resilient, well-positioned to deliver long-term value to all stakeholders.

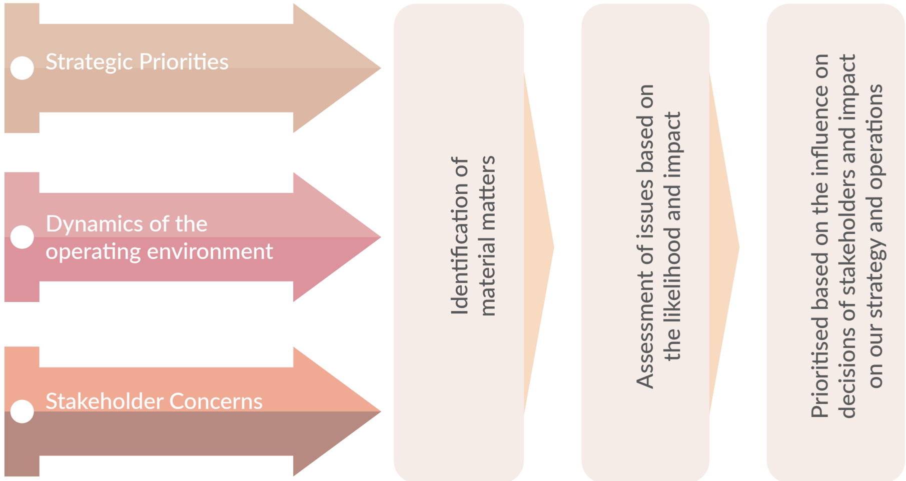
Investors	Regulator	Community
• Group's performance • Return on investments • Investment security • Financial Stability • Timely repayments • Transparency	• Compliance • Good Governance • Industry growth • Timely filing of returns • Maintaining a fair marketplace	• A fair market place • Transparent dealings • Sustainable business practices • Job creations • Community developments
• Annual General Meeting • Direct meetings • Press releases • Annual and quarterly financial statements • CSE disclosures • Corporate website • Access to Company Secretary	• Periodic filings • Meetings • Visits • Tax filings • Regulatory reporting disclosure • Reponses to proposals/letters • Industry collaborations • Corporate website	• CSR activities • Marketing and promotional events • Corporate website • Print/digital and social media
• Implementing a sound business strategy to achieve sustainable growth • Maintaining a strong and stable financial position • Effective management of resources • Comprehensive governance framework • Effective risk management framework	• Timely payments and disclosures • Good corporate governance • Effective Risk Management • Collaboration with industry bodies	• Good governance • Implementing sustainable business practices • Practicing ethical business dealings • Recruitment from local communities • CSR activities
• Rs. 655 Mn paid as dividends • Rs. 1,428 Mn paid as interest • Rs. 14Bn Market Capitalisation	• Rs. 1,693Mn paid in direct taxes • Rs. 7,031Mn export revenue • Industry collaborations	• 612 jobs created • 2713 direct employment opportunities • Rs. 3.2 Mn spent on CSR initiatives

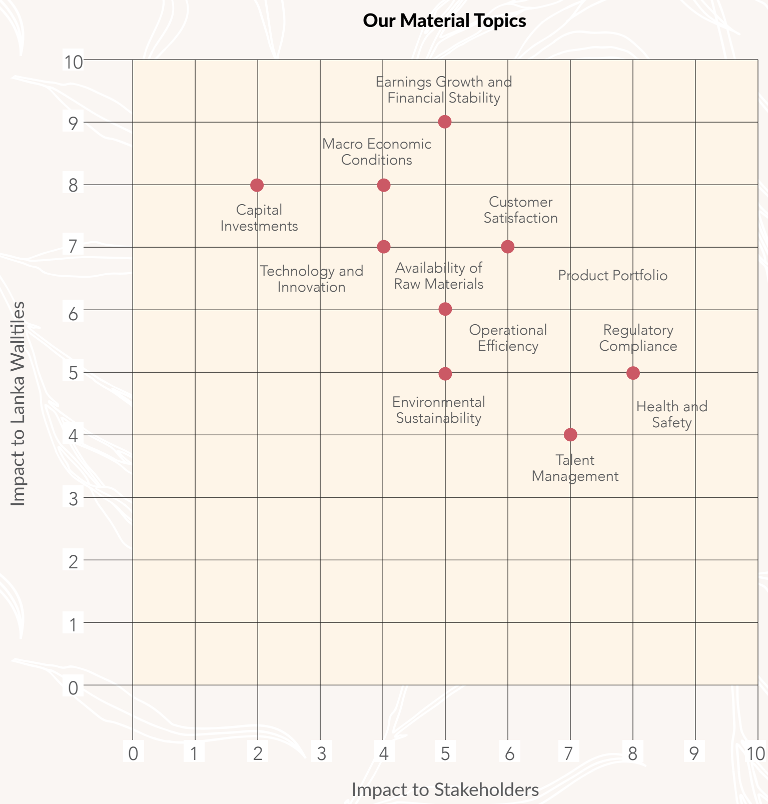
Materiality

Materiality is a core principle that guides our integrated reporting at Lanka Walltiles PLC. It helps us identify and concentrate on the environmental, social, governance, and economic issues that have the most significant impact on our ability to create long-term value, and that are most relevant to our stakeholders.

Our materiality assessment is a continuous process, shaped by regular engagement with key stakeholder groups, including employees, customers, investors, regulators, and the communities in which we operate. This ongoing dialogue enables us to prioritise issues that influence stakeholder decisions and align closely with our strategic goals.

By focusing on these material matters in our reporting, we strive to provide transparent and meaningful insights into our performance, risks, and opportunities. This ensures that our strategy remains not only responsive and responsible but also resilient in the face of change.





	Material Topic	Impact on our operations	Reference
1	Health and Safety	Ensures a safe work environment, reduces accidents, protects the workforce, and enhances productivity and compliance. It also strengthens employee morale and supports a responsible brand image.	Human Capital in Page 66 to 66
2	Macro Economic Conditions	Influences consumer demand, cost of imports, interest rates, and construction industry performance. All of which directly affect revenue, margins, and strategic planning.	Risk management in page 36 to 40
3	Product Portfolio	A diverse and innovative product range allows the company to meet varied customer needs, compete in different market segments, and reduce dependency on any single category.	Intellectual Capital in Page 80 to 83
4	Earnings Growth and Financial Stability	Provides the foundation for reinvestment, stakeholder confidence, and long-term resilience, especially during economic downturns or market volatility.	Financial Capital in Page 56 to 59
5	Availability of Raw Materials	Directly impacts production continuity and cost structures. Scarcity or price volatility in raw materials can disrupt operations and reduce margins.	Business Line Review in Page 45 to 54
6	Talent Management	Attracting, retaining, and developing skilled employees is critical for innovation, operational excellence, and leadership continuity.	Human Capital in Page 60 to 66
7	Customer Satisfaction	Drives repeat business, strengthens brand loyalty, and enhances the company's reputation. Essential for sustaining competitive advantage.	Social and Relationship Capital in Page 67 to 71
8	Capital Investments	Enables modernisation, expansion, and efficiency improvements. Strategic investments support long-term growth and operational scalability.	Financial Capital in Page 56 to 59
9	Regulatory Compliance	Helps avoid legal penalties, reputational risks, and operational disruptions. Compliance also supports ethical governance and stakeholder trust.	Corporate Governance in Page 89 to 105
10	Operational Efficiency	Improves cost competitiveness, product quality, and delivery timelines. Efficiency gains contribute directly to profitability and sustainability.	Business Line Review in Page 45 to 54
11	Environmental Sustainability	Reduces environmental impact, ensures regulatory alignment, and enhances the company's appeal to conscious consumers and ESG-focused investors.	Natural Capital in Page 84 to 87
12	Technology and Innovation	Supports product development, process automation, and customer experience. Innovation is vital for adapting to market trends and maintaining relevance.	Intellectual Capital in Page 80 to 83

Risk Management Review

OPPORTUNITIES & RISKS

Risk Landscape

The operating landscape for tile manufacturers changes significantly with the easing of import restrictions for tile imports. This changed the demand dynamics 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 in 2023 picked up activity during the year but is yet to gather momentum.

As can be seen from the adjacent chart, tile imports increased exponentially to unprecedented levels reflecting the scale of the issue and the severity of its impact on local tile manufacturers.

A significant presence across the value chain in the construction sector, the Group is impacted by the global supply chains, 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 2.8% in 2025 and by 3% in 2026.
- World Trade is also expected to increase by 1.8% after adjusting for the impact tariffs.
- While these are positive forecasts, risks are weighted to the downside due to geopolitical and geoeconomic threats

Country Economic Outlook

- Sri Lanka is expected to grow at 3.1% in the year ahead with the consolidation of a fragile economic recovery. Tourism is expected to continue the growth trend boosting the leisure industry. Growth in remittances, low interest rates and low inflation are expected to combine to boost housing and development. These changes are expected to boost consumer and investor confidence, boosting construction sector activity.

Construction Industry

- The construction sector is expected to revive although the key project promoter the government maybe 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 a key cost for tile manufacturing. After 2 years of adjusting rates, we expect energy prices to fluctuate within a relatively narrow band compared to the exceptional volatility of the recent past. Global oil prices are forecast to decline in 2025 which maybe 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.

Raw material availability

- As high volume materials are mined, the rainfall and rainy days affects the quality and availability of raw materials. Resource depletion is also a key factor. Recent innovations for new tile recipes have reduced the wastage which goes a long way to reduce the impact. Early purchase and storage also reduces the moisture levels. Additionally, the Group has purchased land with adequate deposits for a further 10 years.

Technology

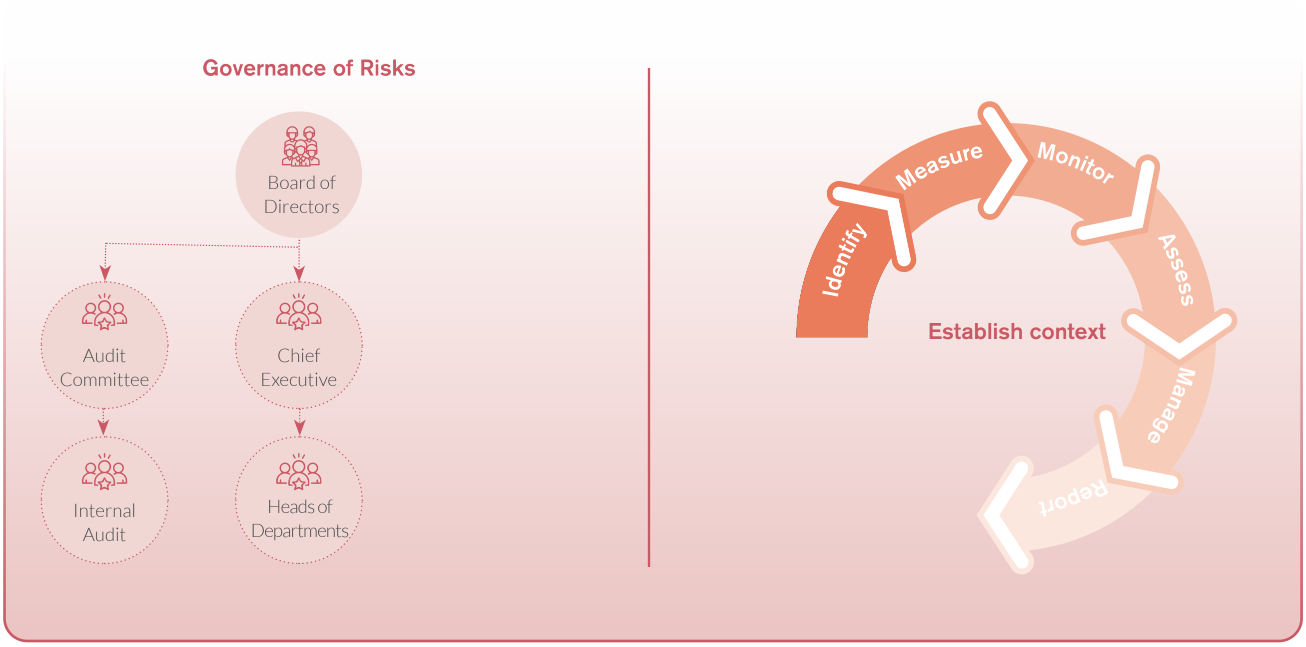
- The Group has invested significantly in state of the art technology, investing consistently in the recent past. This has significantly minimised the risk of technological obsolescence as we now have the ability to cater to large format tiles, mosaics and multiple sizes in between.

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.

OVERSIGHT OF RISK MANAGEMENT

The Board is ultimately responsible for risk management, with assistance from the Audit Committee, subsidiary Boards, and Senior Management. The Chief Executive Officer and Senior Management are tasked with executing an effective risk management process and ensuring that all employees understand their roles in managing risk. Risk is regularly discussed at Senior Management meetings, including the impacts of developments and mitigation plans, and is a consistent agenda item for the Board.



KEY RISKS

The top risks of the Lanka Walltiles Group are set out below, categorised in line with the parent company classification

Risk Management Review

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

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 during the year as the government sought to stimulate investing and economic growth.

Impact in 2024/25 - Interest rate movements were beneficial with most sectors reducing interest costs as rates declined.

Interest rate sensitivities

Change in basis points	Company Rs.Mn	Group Rs.Mn
0.5%	8,517	9,210
1.0%	17,034	18,420
1.5%	25,551	27,630
-0.5%	(8,517)	(9,210)
-1.0%	(17,034)	(18,420)
-1.5%	(25,551)	(27,630)

Mitigating Activities

- Repayment of Rs.6.8 Bn in loans by Group
- Leverage of Group at a comfortable 11%
- New borrowings of Rs.7.3 Bn at a lower rate.

FINANCIAL RISKS

Exchange Rate Risk

Movements – The rupee appreciated by 10% during 2024 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 4% from revenue.

	Further change in rupee vs USD	Company Change in PBT	Group Change in PBT
2025	5%	16,153	16,156
	10%	32,306	32,311
	15%	48,459	48,467
	-15%	(16,153)	(16,156)
	-10%	(32,306)	(32,311)
	-5%	(48,459)	(48,467)

Mitigating Activities

- Increased stocks of imported raw materials
- Forward exchange contracts when appropriate
- Growth of exports

Credit Risk	Total exposure to overall credit risk decreased. As distributors and franchise partners economic challenges eased, we normalised credit terms and strengthened credit controls. The Group maintains tight control over credit reinforced with 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 7% to 11% reflecting some liquidity constraints. However, we have doubled 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.

Diversification	The Group is primarily focused on the Sri Lankan market where it has enjoyed a leadership position for many years. Exports account for 4% of revenue. The Group is investing in developing new markets to drive growth of the top line.
Technology	The Group has invested in upgrading technology consistently over the past few years, ensuring it has cutting edge technology. The Group also uses Total Productive Maintenance to drive process efficiencies to existing technology, driving resource efficiency.
Innovation	Innovation is key in terms of design and manufacturing processes. Both are well integrated into the operations of the Group, institutionalising these aspects. We continue to work with technical partners to develop innovation pipelines and portfolio while we also work with technical consultant to develop new tile recipes which significantly enhance the resource efficiencies, vital to manage 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.

Risk Management Review

OPERATIONAL RISKS

The risk of a change in value caused by the fact that actual losses, incurred for inadequate or failed internal processes, people and systems, or from external events, differ from the expected losses

Health & Safety	Health and safety of employees is a key risk as 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.
Quality	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.
Fraud & Error	The Board, the Audit Committee and Internal audit are key pillars that support 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 programme 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

ENVIRONMENTAL RISKS

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

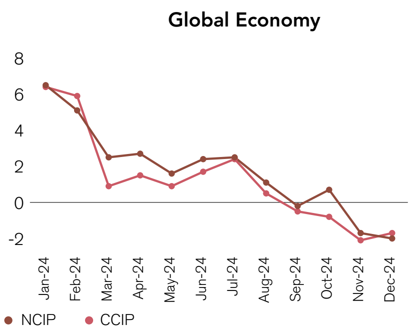
Compliance	All factories are required to comply with requirements of the Environment Protection License obtained for operation of factories from the Central Environment Authority.
Resource Depletion	Ball clay and feldspar are obtained from licensed suppliers approved by the Department of Geology and Mining. The Lanka Tiles Group verifies supplier licenses and has secured land with ball clay deposits for future use.
Energy	Energy is a significant cost for the Group. 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.
Emissions	Global warming is a growing concern, driving extreme weather and climate change that increase inequalities. Governments are ramping up regulations to shift towards low-carbon economies. The Group's ESG reporting and emission reduction efforts align with this trend. We monitor developments to identify necessary early actions.

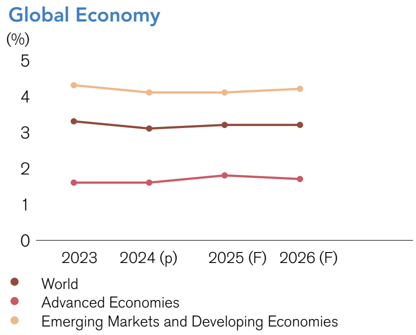
Operating Environment

GLOBAL ECONOMY

In 2024, the global economy demonstrated strong resilience while navigating a period of disinflation, driven largely by widespread and coordinated tightening of monetary policies across leading economies. Although the projected global growth rate of 3.2% is relatively modest compared to historical averages, signs of stabilisation are beginning to appear. Advanced economies are expected to expand by 1.8%, while emerging and developing nations are likely to see a more robust growth rate of 4.2%.

In many major markets, economic output is increasingly aligning with long-term potential, aiding in the gradual easing of inflation. However, the pace of disinflation slowed during the early months of 2024. While goods prices have stabilised or declined in some areas, inflation in the services sector remains high, largely due to strong wage growth as earnings adjust in response to the sharp inflation of 2021–2022. Global trade, as a share of world GDP, has remained stable despite ongoing geopolitical tensions. Still, early signs of geoeconomic fragmentation are starting to appear. Trade patterns are becoming more concentrated within geopolitical blocs, indicating a gradual but meaningful transformation in global trade dynamics.





Sri Lanka

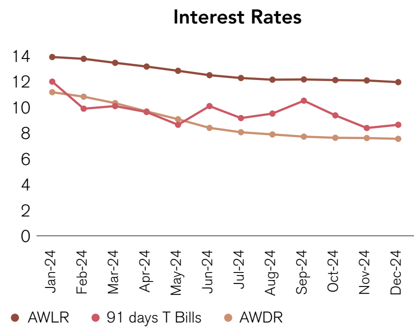
In 2024, Sri Lanka's economy demonstrated significant stabilisation and recovery, signalling a pivotal shift after the severe financial crisis of 2022. With real GDP expanding by 5.0%, its fastest annual growth since 2017, the country showed renewed economic vigor and a rise in investor optimism.

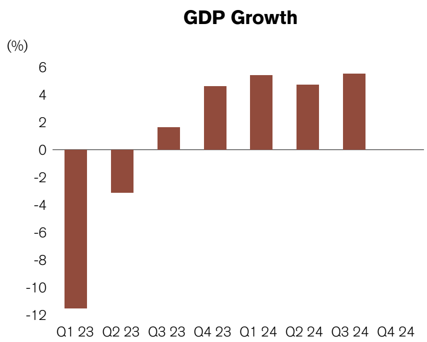
CREDIT RATING UPGRADE AND DEBT RESTRUCTURING

In a significant boost to the country's financial credibility, Moody's Investors Service upgraded Sri Lanka's long-term foreign currency issuer rating to 'Caa1' with a stable outlook. This followed the successful agreement on a $12.55 billion debt restructuring plan with international creditors. The rating upgrade reflects improved credit fundamentals, including reduced external vulnerabilities, enhanced government liquidity, and a clearer path toward macroeconomic stability.

Sectoral Performance and GDP Expansion

- The economy grew by 5.5% in Q3 2024, driven by strong performances across key sectors:
- Industrial Sector: Expanded by 10.8%, supported by a revival in the construction industry. The resumption of stalled infrastructure projects and settlement of government arrears contributed to this resurgence.
- Services Sector: Grew by 2.6%, underpinned by a rebound in tourism-related industries such as accommodation, food and beverage services, and transportation.
- Agricultural Sector: Recorded a 3% growth, mainly due to increased production in tea and livestock farming.





MONETARY POLICY AND INFLATION

In 2024, the Central Bank of Sri Lanka (CBSL) adopted a more accommodative monetary policy stance by introducing a unified policy interest rate of 8%, aimed at stimulating private sector credit and supporting economic recovery. Inflation dynamics shifted markedly, with the country transitioning from a high-inflation environment to deflationary conditions. Inflation remained in single digits throughout 2024, and by year-end, headline inflation had declined to -1.7%, driven by subdued domestic demand and easing supply-side pressures.

Risk Management Review

This trend continued into the first quarter of 2025. As of 31st March 2025, headline inflation remained in negative territory, indicating persistent deflationary pressures in the economy. While the CBSL maintained its policy stance to support recovery, private sector credit growth remained modest, reflecting cautious sentiment and underlying structural constraints in demand. The monetary authorities signalled continued vigilance in balancing price stability with the need to revive economic activity.

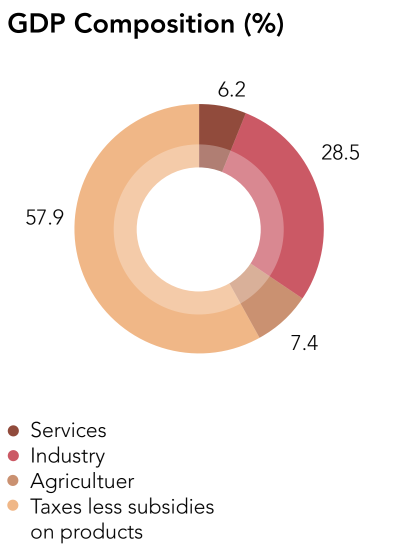
EXTERNAL SECTOR AND EXCHANGE RATE DEVELOPMENTS

Sri Lanka's external sector exhibited a mixed performance during 2024 and the first quarter of 2025. Foreign exchange reserves strengthened, supported by continued financial account inflows, assistance from multilateral and bilateral development partners, and the ongoing suspension of external debt repayments. These factors contributed to an improved balance of payments position and reinforced investor confidence.

However, the trade deficit continued to widen during this period. In the first quarter of 2025, import expenditure rose significantly, reflecting a sustained pickup in domestic demand, particularly for intermediate and investment goods. Export earnings, although stable, grew at a slower pace due to moderating global demand and lower prices for key export commodities such as tea and garments. As a result, the trade balance remained under pressure.

Workers' remittances and tourism receipts continued to recover gradually in Q1 2025, contributing positively to the current account. Tourist arrivals saw a year-on-year increase, benefiting from improved global mobility and domestic stability, although still below pre-crisis levels.

The Sri Lankan rupee appreciated by 10.7% in 2024, ending the year at Rs.292.5 per USD, driven by improved external buffers and strengthened macroeconomic sentiment. However, during the first quarter of 2025, the currency saw increased volatility. In January 2025, the rupee depreciated by 1.7%, followed by marginal fluctuations in February and March, reflecting changing global financial conditions, capital flow dynamics, and monetary policy shifts in major economies.



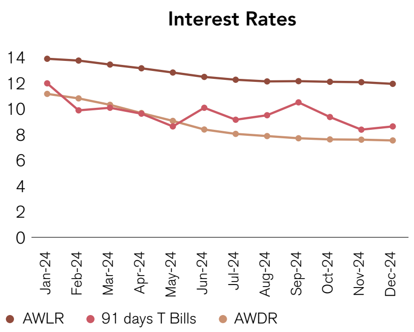
CONSTRUCTION SECTOR

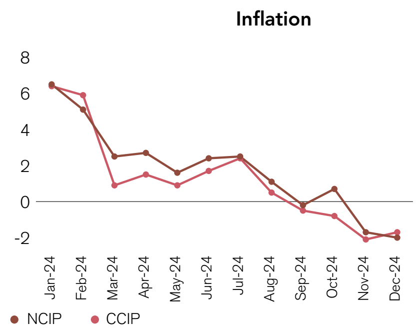
Sri Lanka's construction sector witnessed a robust recovery in 2024, marking a strong turnaround from the sharp contraction experienced in the previous year. This resurgence was driven by the gradual resumption of infrastructure development and private sector projects, supported by improving macroeconomic stability and policy certainty.

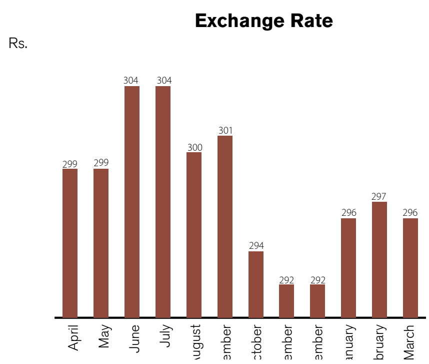
The sector recorded an impressive annual growth rate of 19.4%, a notable reversal from the 20.8% decline in 2023. This rebound reflects renewed confidence among developers, investors, and financial institutions, as well as a more conducive environment for capital-intensive activities. Construction contributed approximately 7% to overall GDP growth in 2024, reaffirming its pivotal role in Sri Lanka's broader economic recovery.

Credit flows to the construction sub-sector—the largest component of industrial activity—increased by 5.5%, signalling a moderate but steady revival in investment sentiment. Additionally, credit extended by Licensed Commercial Banks (LCBs) for housing projects grew by 8.5%, reflecting rising demand in the residential segment and a pickup in real estate development across urban and semi-urban areas.

Overall, the performance of the construction sector in 2024 underscores its potential as a key engine for economic growth, provided that supportive policies, financing access, and infrastructure planning continue in the medium term







DOMESTIC TILE SECTOR

Sri Lanka's tile manufacturing industry continues to be led by four major players: Royal Ceramics Lanka PLC, Lanka Tiles PLC, Lanka Walltiles PLC, and Mactiles Lanka (Pvt) Ltd. These companies have established strong brand equity and market presence, supported by extensive distribution networks and a reputation for high-quality ceramic and porcelain products.

In response to increased post-pandemic demand and earlier import restrictions, the industry undertook significant investments in capacity expansion and technological upgrades. Several of these projects reached completion during the year, enhancing production capabilities and positioning the sector for future scalability.

However, in 2024, the sector faced renewed challenges due to a moderation in construction activity, resulting in underutilised capacity. This mismatch between expanded supply and softened demand exerted financial pressure on manufacturers.

Further compounding the situation was the government's removal of import restrictions on tiles, which led to an influx of low-cost imports, primarily from China and India. These products, often priced below domestic offerings, intensified competitive pressures, especially in the absence of anti-dumping duties or protective tariffs.

The competitive landscape was further distorted by the presence of non-VAT-compliant importers, who circumvent fiscal obligations and offer products at significantly lower prices. In contrast, VAT-compliant domestic manufacturers continue to operate under full regulatory compliance, limiting their pricing flexibility.

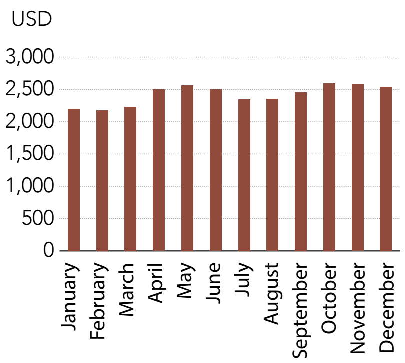
Meanwhile, rising production costs, driven by elevated energy tariffs, raw material costs, and wage pressures, continued to erode margins. Collectively, these factors pose considerable risks to the sustainability, market share, and profitability of local tile producers.

ALUMINIUM SECTOR

The aluminium extrusion industry in Sri Lanka is a key contributor to the construction and manufacturing sectors, producing a wide range of products such as window frames, curtain walls, and custom profiles. Driven by urban development and demand for modern, durable materials, the industry has seen steady growth. The industry has invested in advanced technologies and maintains high quality standards, with some expanding into international markets across South Asia, Africa, Middle East and USA. However, the industry faces challenges such as dependence on imported raw materials, rising energy costs, and competition from low-cost imports.

As a result of the slow growth in high-rise developments in the country, the construction sector has shifted its focus towards medium-scale projects and residential developments, leading to a rise in demand for architectural aluminium profiles and creating new market opportunities.

World Aluminium Prices

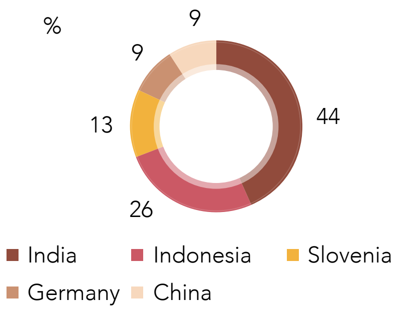


PACKAGING SECTOR

Sri Lanka's packaging industry is a vital sector that serves a wide range of industries, including food and beverage, pharmaceuticals, cosmetics, and consumer goods. The industry has experienced steady growth, driven by increasing domestic consumption, the rise of e-commerce, and the growing demand for sustainable packaging solutions. Key segments include flexible packaging, corrugated packaging, and rigid packaging.

The industry is increasingly adopting eco-friendly practices, with a focus on reducing plastic waste and exploring alternatives like biodegradable materials and recyclable packaging. Despite challenges like rising raw material costs and competition from imports, Sri Lanka's packaging industry remains resilient, supported by investments in technology, innovation, and infrastructure.

Paper Imports to the Sri Lanka



HERITAGE

Inspired by the Timeless

Sri Lanka's heritage is etched in stone and shaped by sacred geometry, living on through every carved doorway and temple wall. It is more than art—it is the very foundation of our identity.

Lanka Walltiles draws deeply from this legacy, crafting collections defined by timeless balance and intricate beauty. With symmetrical patterns, traditional craftsmanship, and textures that echo antiquity, each design honours the past while bringing heritage gracefully into the spaces of today.

Business Line Reviews

Transforming Insights into Impact

Shaping the future begins with understanding the present. At Lanka Walltiles, we translate this understanding into action—refining strategies, strengthening operations, and delivering performance that resonates beyond the bottom line. It's how we create meaningful, lasting impact across every line of business and for every generation we serve.

Tiles and Associated Products

The past year presented significant challenges for Lanka Walltiles, spanning macroeconomic volatility, industry headwinds, and technical complexities arising from our factory expansion initiatives. Nevertheless, we demonstrated resilience and agility in navigating these obstacles. Our flagship brand, LANKATILES, sustained our market leadership despite the demanding environment. We remain committed to innovation as a key driver of competitiveness and long-term value creation. In parallel, we continue to explore and expand into new market opportunities, both domestically and internationally, reinforcing our strategic focus on sustainable growth.

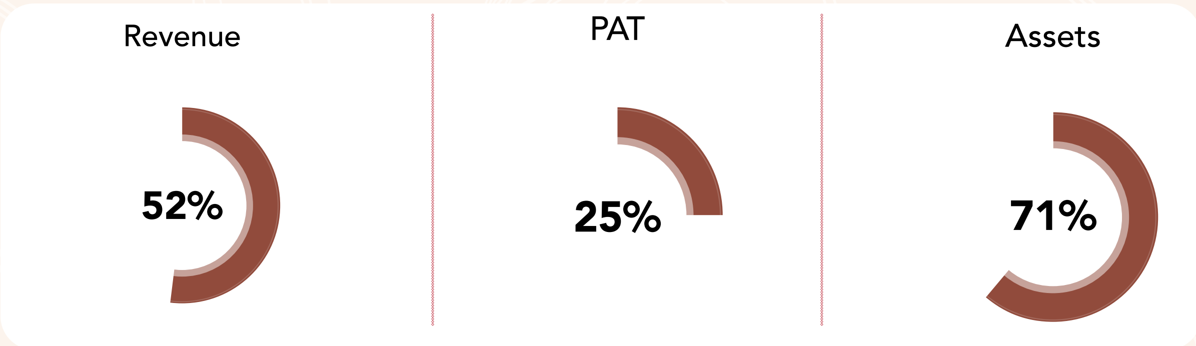
Strategic Priorities for the year

- Operational Stabilisation & Process Improvement.
- Export Market Development
- Human Capital & Knowledge Retention
- Brand Strengthening & Market Penetration
- Environmental Sustainability & Compliance
- Distribution Channel Expansion & Modernisation
- Supply Chain Resilience

Our Approach

- Address issues from the shift to single firing technology.
- Scale up exports to the USA and enhancing engagement
- Expand into new sizes and formats
- Dual-sourcing and alternative supplier strategy to prevent raw material shortages.
- Reduce waste through recycling and wastewater treatment.

SECTOR CONTRIBUTION TO THE GROUP



POLITICAL

The removal of the tile import ban in Sri Lanka has intensified local competition, affecting pricing power and market share for domestic manufacturers like Lanka Walltiles.

ECONOMIC

The global tile industry is facing contraction due to reduced construction activity, especially in the USA, currently at a 30-year low.

SOCIAL

With constrained disposable income, consumers are shifting toward lower-priced tiles, impacting our premium or export-focused products.

TECHNOLOGICAL

Transition from double to single firing led to significant operational issues, improper mix, quality inconsistencies, and inability to match demand in some markets.

ENVIRONMENTAL

We have invested in responsible sourcing, site rehabilitation, water treatment, and process waste reuse. Products themselves are eco-friendly due to recyclability and durability.

LEGAL

Local market legal inconsistency, like unregulated importers avoiding VAT, puts Lanka Walltiles at a disadvantage.

PERFORMANCE REVIEW

During the year, Lanka Walltiles operated in a rapidly changing and more competitive market landscape. The removal of the tile import ban led to a surge of imported tiles entering the domestic market, with many being sold by VAT-unregistered sellers, creating an uneven playing field for local producers. At the same time, increased local production capacity has caused an oversupply, further driving down prices and heightening industry-wide competition.

We also faced challenges marked by operational disruptions and strategic misalignments, this downturn was driven by delays and challenges in the company's expansion program, particularly the transition from double firing to single firing technology. While this shift aims to enhance long-term production efficiency and sustainability, it resulted in immediate disruptions to manufacturing processes, product mismatches, and being unable to cater to the market requirement.

Despite domestic headwinds, Lanka Walltiles made significant strides in expanding our international presence. The company successfully established a warehouse in Texas, USA, partnered with 12 major US tile buyers representing Major portion of the market. We also established our first ever overseas showroom by opening a flagship showroom in the Maldives in partnership with Alba International Pvt Ltd.

PRODUCT DEVELOPMENT

During the year, LANKATILES we placed strong emphasis on product innovation to drive differentiation and support our export-led growth strategy. The Group introduced a wide array of new products, including 38 new tile series from Lanka Walltiles PLC and Lanka Tiles PLC. These developments were aimed at catering to evolving consumer preferences and the specific requirements of international markets. Notably, new large-format porcelain tiles in sizes such as 600x1200mm, 1000x1000mm, 600x600mm, and 500x500mm were launched to appeal to premium segments. Additionally, new mosaic, trim, and field tiles were

Financial Capital			
(Rs.Mn)	2024/25	2023/24	%
Revenue	22,384	26,396	(15)
Profit after tax	392	2,938	(87)
Total Assets	44,654	42,568	5
Total Liabilities	18,869	16,767	13

Human Capital			
	2024/25	2023/24	%
Employees	1,572	1,521	3
Total Remuneration Rs.Mn	2,610	2,451	6
Training hours	11,153	11,611	(4)

Manufactured Capital			
	2024/25	2023/24	%
Manufacturing capacity Sqm Mn	8,596	8,101	6
Capacity utilisation	82%	75%	9
Capital investment Rs.Mn	2,841	5,793	(51)

Social and Relationship Capital			
	2024/25	2023/24	%
Suppliers	1,231	1,262	(2)
Own showrooms	02	2	0
Franchise showrooms	54	53	2
Hybrid and factory outlets	21	19	11
Dealers and distributors	68	54	26
Tiler club members	5084	4740	7

Natural Capital			
	2024/25	2023/24	%
Material consumption	164,244	184,217	(11)
Water consumption Lts	182,960,523	246,506,929	(26)
Energy consumption Kwh Mn	34	34	0

Intellectual Capital
SLS ISO 14001
SLS ISO 9001
CE Mark Certificate
SLS1181
Green Label Certificate
ISO 27001

Tiles and Associated Products

developed to enhance design flexibility and aesthetic appeal, especially for export markets like the USA. These innovations reflect a strategic shift toward high-end, customised, and sustainable products that align with global trends and strengthen the company's competitive positioning.

STRENGTHENING OUR DISTRIBUTION CHANNEL

Domestically, We opened a new showroom in Boralesgamuwa, while four existing showrooms in Kandy, Kiribathgoda, Jaffna, and Matale were relocated to more strategic locations to increase visibility and foot traffic. Additionally, two showrooms, Athurugiriya and Welimada were renovated to offer an improved retail experience. On the international front, a brand-new showroom was launched in the Maldives in collaboration with Alba International, marking a key milestone in the Group's regional growth. Alongside physical expansions, Lanka Walltiles focused on developing a more robust distribution network through franchised dealer channels, factory outlets, project-based sales, and direct channels. These efforts were aimed at deepening market penetration, boosting retail performance, and creating greater value for distributors across both local and global markets.

HUMAN CAPITAL

We prioritised human capital development as a strategic pillar during the year, recognising the need to rebuild organisational strength following a period of significant leadership and talent turnover. The Group implemented a comprehensive range of initiatives focused on employee development, well-being, engagement, and succession planning. Structured onboarding and technical training programs were introduced to upskill employees and integrate new hires effectively. Leadership development initiatives and a Learning Management System (LMS) were deployed to nurture future leaders and foster a culture of continuous learning.

OPERATIONAL EFFICIENCY AND COST SAVING INITIATIVES

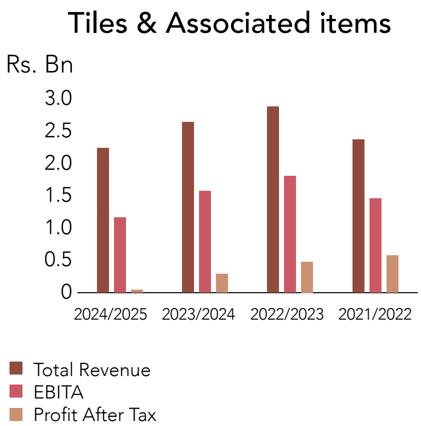
Lanka Walltiles focused on improving operational efficiency and reducing costs through several strategic initiatives. The company implemented a TPM program to boost productivity and minimise downtime, while a new SAP ERP system streamlined processes and reduced manual errors. Cost savings were achieved through spend analysis, supplier consolidation, and onboarding local suppliers to reduce import dependency. Energy efficiency improvements, including the shift to single firing and PL 7 burners, helped cut fuel costs. These efforts collectively strengthened the Group's cost structure and supported more sustainable, lean operations.

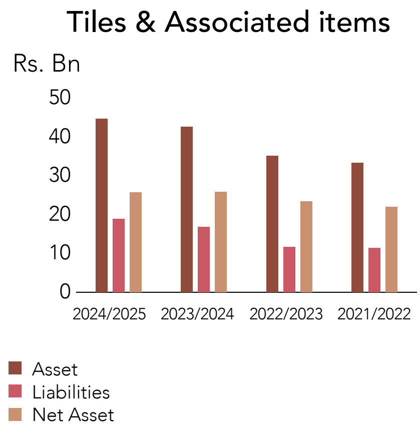
FINANCIAL PERFORMANCE

- The tile sector recorded Rs. 22.4 Bn in revenue for year, reflecting a decline of 15% compared to the previous year, largely due to reduced demand, increased competition from imports, and pricing pressures.
- Despite the drop in revenue, Cost of Sales only increased. As a result, Gross Profit declined sharply by 38%, from Rs. 10.5 Bn in the previous year to Rs. 6.5Bn.
- Distribution Costs of the tile sector decreased slightly to Rs. 3.1 Bn, reflecting efforts to optimise logistics or scale down operations while Administrative Expenses show slight rise to Rs. 1.9 Bn. These cost reductions helped partially cushion the impact of the declining gross profit.
- Finance Costs fell by 25 % and Finance Income fell by 43 % to Rs. 117Mn due to lower cash reserves and declining interest yields.
- PBT dropped sharply from Rs. 4.8Bn to Rs. 984 Mn

OUTLOOK

In 2025/26, Lanka Walltiles is set to expand our production capacity by commissioning additional output at Plant B, introducing new tile sizes, and strengthening our local and international market presence. The company plans to enhance our digital marketing and e-commerce capabilities, focus on luxury and sustainable products, and expand our distribution network both locally and globally, with an emphasis on high-potential markets like the USA, Australia, and East Africa. Additionally, Lanka Walltiles aims to improve operational efficiency, maintain a value-based pricing strategy, and invest in talent retention to adapt to economic shifts. Sustainability will remain a priority with the expansion of eco-friendly products, adherence to environmental standards, and continued efforts to reduce our carbon footprint. These strategies aim to position the company for growth, improved profitability, and a stronger brand presence in both existing and new markets.





SCAN ME

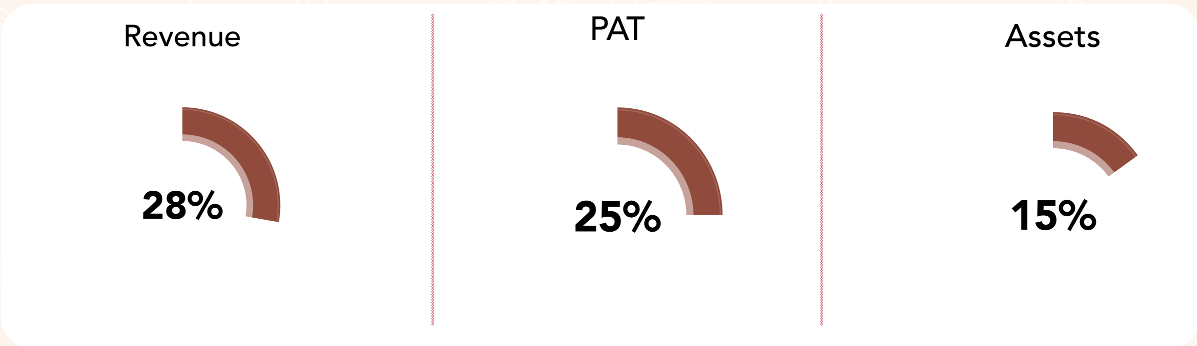
Aluminium

Swisstek Aluminium stands among Sri Lanka's top aluminium extrusion companies, known for our wide-ranging and innovative product offerings. Our achievements are underpinned by rigorous quality control and a continuous drive for innovation, leading to a durable and high-performing product portfolio.

Despite a slowdown in the construction sector, our emphasis on product innovation has supported continued growth. By creating tailored, high-performance aluminium solutions that address shifting market demands, we've maintained our resilience, meeting contemporary construction needs, energy efficiency standards, and design expectations.

Strategic Priorities for the year	Our Approach
• Strengthen Position in Renewable Energy Sector • Urbanisation and Medium-Scale Residential Projects • International Market Expansion • Product Innovation & Development • Operational Efficiency & Cost Optimisation	• Expanded solar distribution network by 50%. • Introduced floating solar system solutions. • Focused project team on residential and medium-rise markets. • Commissioned fabrication plant in Bangalore. • Expanded to USA and UK markets, offering value-added services like CNC machining, welding, and in-house assembly.

SECTOR CONTRIBUTION TO THE GROUP



POLITICAL

Sri Lanka's government promotes solar energy adoption through subsidies and concessional loans, boosting demand for aluminium solar structures.

ECONOMIC

Inflation has impacted both material costs and consumer spending. Swisstek Aluminium responded with cost optimisation and focusing on high-margin products.

SOCIAL

Increasing demand for apartments and commercial spaces in urban centres is driving architectural aluminium usage.

TECHNOLOGICAL

Investment in new products like pivot doors, solar railings, and SlimLine folding doors demonstrates strong R&D capability.

ENVIRONMENTAL

All products certified by the Green Building Council of Sri Lanka, emphasising sustainability.

LEGAL

Must comply with local and international environmental laws and product safety standards.

Aluminium

PERFORMANCE REVIEW

During the year under review, the gradual recovery of the construction sector, combined with our initiatives to boost export sales, began yielding encouraging results. Nevertheless, we continued to face several challenges, including economic volatility, inflation, and exchange rate fluctuations, all of which affected profitability. Heightened competition and a growing preference for lower-cost alternatives further added to the pressure. Despite these difficulties, Swisstek Aluminium demonstrated resilience by pursuing strategic measures to enhance market presence, manage costs efficiently, and explore new regional opportunities. Our unwavering focus on innovation, sustainability, and operational excellence was key in overcoming these challenges and preparing for future growth.

Our flexible approach and dedication to product innovation allowed us to seize new opportunities within the industry. Notably, the solar structures segment emerged as a significant growth area, driven by escalating electricity costs and supported by government incentives and concessional financing. Swisstek Aluminium responded by supplying aluminium profiles for solar installations and actively promoting solar-related products, making a meaningful impact on our revenue.

Further, Sri Lanka's rapid urban development has fuelled demand for residential, commercial, and apartment projects, boosting the need for architectural aluminium profiles. As the industry shifts from large-scale high-rise buildings to more moderate residential and mid-sized projects, we adapted by emphasising our Superior Class and Slim Line product lines. To further increase market reach, we conducted targeted outreach sessions with architects, ensuring our offerings stay relevant to current industry trends.

Financial Capital			
(Rs.Mn)	2024/25	2023/24	%
Revenue	11,983	7,265	65
Profit after tax	418	(337)	224
Total Assets	9,373	7,500	25
Total Liabilities	7,651	7,110	8

Human Capital			
	2024/25	2023/24	%
Employees	577	484	19
Total Remuneration Rs.Mn	922	477	93
Training hours	5,558	4,510	23

Manufactured Capital			
	2024/25	2023/24	%
Manufacturing capacity Sqm Mn	8,400	8,400	0
Capacity utilisation %	80	48	67
Capital investment Rs.Mn	163	96	70

Social and Relationship Capital			
	2024/25	2023/24	%
Suppliers	273	364	(25)
Own showrooms	1	1	0
Franchise showrooms	10	12	(17)
Dealers and consignment agents	204	343	(41)
Aluminium fabricators	1,993	1,207	65

Natural Capital			
	2024/25	2023/24	%
Material consumption MT	9,233	4,893	89
Water discharged Lts Mn	23	15	53
Energy consumption Kwh Mn	6.7	5.4	24

Intellectual Capital
ISO 5001:2018
ISO 14001:2015
ISO 9001:2015
SLS 1410:2011
Qualicoat certificate
Qualicoat Sea side Certificate
Jotun Approved Applicator
Green Labelled Product

Despite emerging opportunities, the company encountered several headwinds. The depreciation of the US Dollar, combined with a 248 % increase in export sales, adversely affected profitability as the appreciation of the local currency reduced earnings. On the domestic front, a 51 % rise in sales led to weaker repayment capacity among trade debtors, increasing credit exposure and prompting the need for enhanced bank guarantees.

PRODUCT DEVELOPMENT

Swisstek Aluminium continued to prioritise innovation in product development to meet evolving market demands. A key focus has been on creating high-performance, customised aluminium solutions that support modern construction trends, energy efficiency, and aesthetic preferences. In response to rising energy costs, we expanded our product portfolio to include aluminium profiles for solar structures, tapping into growing demand supported by government incentives and concessional financing.

Additionally, to align with shifts in construction toward medium-scale and residential projects, we promoted our Superior Class and Slim Line series, designed for modern architectural needs. Strategic engagement with architects through targeted awareness programs has further strengthened product relevance and market penetration.

HUMAN CAPITAL

During the year, Swisstek Aluminium focused on strengthening our human capital through targeted training and development programs, especially for technical staff and supervisors. Leadership development initiatives were also introduced to build future managerial capacity. The company promoted a performance-driven culture with internal promotions and incentives, while prioritising employee well-being through health, safety, and wellness programs. These efforts supported a more skilled, engaged, and resilient workforce aligned with the company's strategic goals.

OPERATIONAL EFFICIENCY AND COST SAVING INITIATIVES

We implemented several operational efficiency and cost-saving initiatives during the year. These included over 1,400 Kaizen projects and 5,000 training hours to improve productivity. Key cost-saving measures, such as equipment upgrades and process improvements, delivered savings of LKR 156 Mn. Participation in Vallibel One Group's Operational Excellence Program further reinforced lean practices, while the LCSE (Learning, Challenging, Supporting, Evolving) culture promoted continuous improvement and employee engagement in driving efficiencies across operations.

FINANCIAL PERFORMANCE

- Swisstek Aluminium reported a revenue of Rs. 12 Bn, recording an impressive growth of 65% compared to the previous year. This growth was driven by robust performances from both local sales and export sales. Local sales for year amounted to Rs.9.9 Bn, while exports amounted to Rs. 2.1 Bn, recording growth rates of 284% and 51% respectively.
- The sector reported a gross profit of Rs. 2.4 Bn with the Gross Profit Margin improving to 20% from previous years 16%.
- Administrative expenses increased by 65% to reach to Rs. 548.6 Mn.
- Finance expenses saw a decline by 22% but remained high as the company short term borrowings continued to be high due to weak working capital position.
- The sector achieved a Profit After Tax of Rs. 418 Mn , marking a turnaround after experiencing 2 consecutive years of losses.

OUTLOOK

The outlook for the 2025/26 financial year is optimistic for Swisstek Aluminium, driven by planned capacity expansions, product innovation, and market diversification. Key investments include capacity enhancements across extrusion, anodising, and powder coating lines, along with the introduction of new technologies like robotic welding and CNC machinery to support value-added exports. The company aims to launch innovative products such as pivot doors, SlimLine wardrobes, and folding door systems to meet evolving market demands. Geographically, Swisstek plans to deepen our presence in India, the USA, and the UK, while also entering new segments like furniture. These initiatives are expected to strengthen the company's competitive edge and support sustainable growth.

SCAN ME

Packaging

Founded in 1994, Unidil Sri Lanka has established itself as a leading provider of packaging solutions, specialising in paper sacks and corrugated cartons. The company is renowned for offering high-quality, eco-friendly packaging products tailored to the needs of a wide range of industries. Currently, Unidil holds an 18% market share in corrugated cartons and a 40% share in paper sacks.

The year under review marked a significant achievement for Unidil with the successful acquisition of M/s. Perfect Packaging Ltd in Kenya, resulting in a 100% takeover and rebranding it as Unidil Packaging Kenya Ltd. This strategic acquisition bolstered our brand presence and expanded our global footprint.

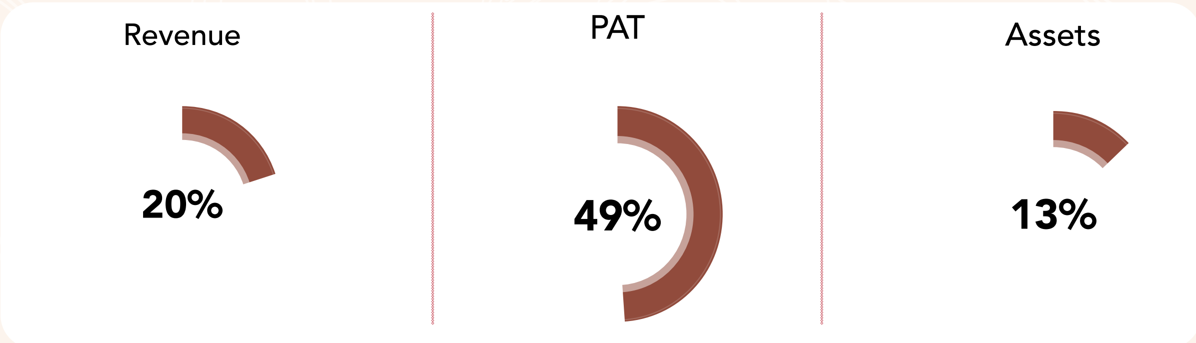
Strategic Priorities for the year

- Technological Innovation and Product Development
- Market Expansion & Export Growth
- Cost Optimisation and Profitability
- Human Capital Development & Employee Engagement
- Sustainability & Environmental Responsibility

Our Approach

- Establishment of Uni Dil Packaging Kenya Ltd to cater to the East African market, with a focus on key clients like Gold Crown Foods and Del Monte.
- The company obtained an ISO-accredited Carbon Footprint Verified Organisation Certification and is committed to reducing carbon emissions by 15%.
- Investment in R&D to create innovative products that meet evolving consumer and industry needs, like Offset Inner Cartons, Anti-Static Cartons, and Paper Pallets.

SECTOR CONTRIBUTION TO THE GROUP



POLITICAL

The recent economic crises and political instability in Sri Lanka have impacted operations. Political instability can disrupt the supply chain, lead to higher input costs, and cause difficulties in import/export processes.

ECONOMIC

Fluctuating raw material costs, especially due to economic downturns, can significantly impact profit margins. Uni Dil has responded by optimising our pricing strategy and focusing on cost-cutting measures.

SOCIAL

There is a growing demand for eco-friendly and sustainable packaging solutions. Consumers and businesses are increasingly prioritising companies that offer products with lower environmental impact.

TECHNOLOGICAL

Rapid technological advancements in manufacturing and packaging are transforming the industry. Automation, digitalisation, and innovations in packaging materials are crucial for staying competitive.

ENVIRONMENTAL

Increasing global awareness of climate change and sustainability pressures companies to adopt environmentally friendly practices.

LEGAL

There are increasingly stringent regulations related to packaging waste management, environmental impact, and sustainability. Companies are required to comply with international standards, including those for the reduction of carbon footprints and the use of sustainable materials.

PERFORMANCE REVIEW

The gradual recovery of export industries provided vital support to the packaging sector. In an intensely competitive market, Unidil continued to adapt to changing conditions, including technological innovations, shifting consumer preferences, economic fluctuations, and regulatory developments.

Strategically, Unidil capitalised on emerging opportunities and made significant strides in global expansion with the establishment of our first international subsidiary, Unidil Packaging Kenya Ltd, in Nairobi. This expansion has allowed us to serve key East African clients such as Gold Crown Foods, United Aryan EPZ, Keda Ceramic, and Del Monte. In addition, we expanded our export markets to include Rwanda, Uganda, Malawi, and India, further enhancing our international presence.

Despite these advancements, we faced challenges from economic volatility, political factors, and supply chain disruptions. The recent economic crisis required us to make strategic adjustments to ensure a stable raw material supply, while increasing material and energy costs led to necessary price hikes. Operating in a price-sensitive market, Unidil remained focused on maintaining affordability and customer satisfaction. To offset the rising input costs, we implemented cost-saving measures, optimised pricing strategies, and focused on continuous improvements to uphold product quality. Investments in research and development ensured we could respond to evolving consumer needs while maintaining operational excellence.

Financial Capital			
(Rs.Mn)	2024/25	2023/24	%
Revenue	8,829	8,124	9
Profit after tax	822	921	(11)
Total Assets	8,516	5,433	57
Total Liabilities	5,210	2,634	89

Human Capital			
	2024/25	2023/24	%
Employees	564	494	14
Total Remuneration Rs.Mn	687	533	29
Training hours	1,817	2,094	(13)

Manufactured Capital			
	2024/25	2023/24	%
Manufacturing capacity Sqm Mn	33,000	33,000	0
Capacity utilisation	93%	64%	45
Capital investment Rs.Mn	489	162	202

Social and Relationship Capital			
	2024/25	2023/24	%
Customers	375	352	7
Suppliers	629	544	16

Natural Capital			
	2024/25	2023/24	%
Material consumption	30,496	23,850	28
Water discharged Lts 000’	16,928	16,515	3
Energy consumption Rs Mn	164	147	12

Intellectual Capital
ISO 9001
ISO 14001
ISO 22000
WRAP Certification
HACCP
SMETA Certification

PRODUCT DEVELOPMENT

Uni Dil's product development strategy focuses on innovation, sustainability, and market expansion. The company has introduced a wide range of eco-friendly packaging solutions tailored to industries such as tea, FMCG, and electronics, with an emphasis on recyclable, biodegradable materials. Investments in research and development have enabled Uni Dil to create new products like offset inner cartons and anti-static packaging, while also introducing sustainable practices like the Circular Economy Concept and waste paper recycling.

HUMAN CAPITAL

Uni Dil places a strong emphasis on human capital, recognising its critical role in driving productivity, innovation, and overall business success. The company invests in skill enhancement programs, such as lean manufacturing and technology training, to ensure employees are equipped with the necessary expertise to adapt to changing market demands. Uni Dil promotes a positive work culture, focusing on employee well-being, engagement, and retention through fair compensation, job stability,

Packaging

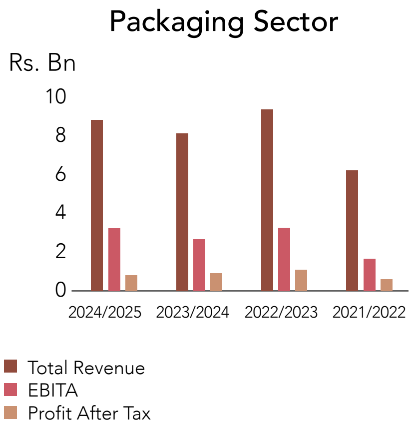
and recognition. The company was recognised as a Great Place to Work, achieving an 89% satisfaction score and ranking among the top workplaces in Sri Lanka.

OPERATIONAL EFFICIENCY AND COST SAVING INITIATIVES

Uni Dil drives operational efficiency and cost-saving initiatives through a combination of process automation, lean manufacturing, and strategic sourcing. By implementing automated systems and machinery, such as the Automatic Flute Laminator and UV Varnishing Machines, we have boosted production efficiency while reducing labour costs. Additionally, Uni Dil practices lean manufacturing to eliminate waste and optimise resource usage. We also focus on cost-effective sourcing, including local suppliers, and maintain safety stock to mitigate market fluctuations. Energy efficiency is another priority, with 65% of energy needs met through solar power. Furthermore, sustainability efforts like waste recycling through Eco Pack Solutions not only reduce environmental impact but also contribute to long-term cost savings. These initiatives collectively ensure Uni Dil remains competitive while managing costs effectively.

FINANCIAL PERFORMANCE

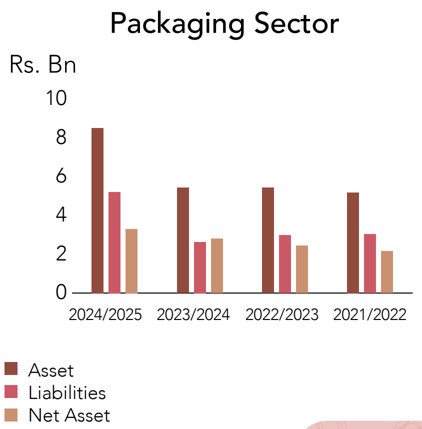
- Revenue improved by 9% to reach Rs. 8.8 Bn, driven by both volume and prices. Domestic sales accounted for 13% and amounted for Rs. 5.3 Mn, the remaining was accounted for by indirect exports.
- Gross profit increased by 4% , in line with the revenue and our continuous efforts in cost saving.
- Distribution expenses saw an increase of 26 % on the back of improved sales while administrative expenses also increased by 47%.
- Finance expenses decreased by 20%
- Packaging sector reported a net profit of Rs. 822 Mn, a decline of 11% compared to net profit of Rs. 921 Mn reported in the previous year.



OUTLOOK

Plans are in motion to enhance production capacity in Kenya through the installation of advanced machinery, alongside efforts to expand market presence into Tanzania, Togo, Ghana, and Egypt. Product innovation remains a core focus, with the development of E & B cartons designed for improved print quality and the introduction of low GSM paper for middle layers, both aimed at reinforcing the company's competitive advantage.

With a strategic focus on export-driven growth and continuous product innovation, Unidil Packaging remains firmly committed to sustainable development, operational excellence, and expanding our global footprint in the years to come.



SCAN ME

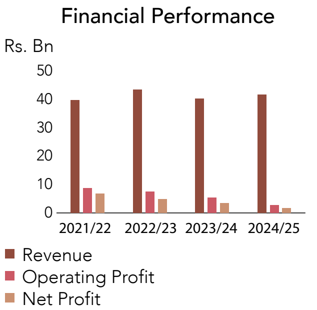
Capital Management Reports

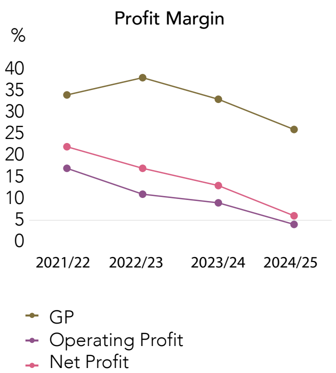
Transforming Value into Growth

At Lanka Walltiles, effective capital management is central to how we create long-term value. Our focus is not just on preserving value, but on transforming it—fuelling growth, strengthening returns, and building a foundation that supports our ambitions for the future. In doing so, we reinforce stakeholder confidence and drive impact across generations.

Financial Capital

During the year, the Group navigated a challenging operating environment with resilience. The Tile segment remained profitable, though performance was significantly impacted by adverse market conditions and internal operational difficulties. The Packaging segment continued to pursue growth opportunities, resulting in moderate improvements in both revenue and earnings. Notably, the Aluminium segment delivered a strong turnaround, driven by robust export performance, recording a profit of Rs. 418 million and marking a return to profitability.





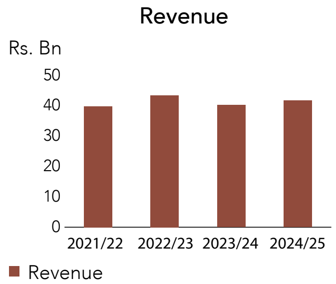
Lanka Walltiles PLC			
(Rs.Mn)	2024/25	2023/24	%
Revenue	5,207	7,408	(30)
Profit after tax	246	1,544	(84)
Assets	20,655	18,723	10
Liabilities	12,868	10,489	35
ROA (%)	1	8	(86)
ROE(%)	3	19	(84)

Tiles & Associated Products Sector			
(Rs.Mn)	2024/25	2023/24	%
Revenue	22,384	26,396	(15)
Profit after tax	392	2,938	(87)
Assets	44,654	42,567	5
Liabilities	18,898	16,767	13
ROA (%)	1	7	(87)

Packaging Sector			
(Rs.Mn)	2024/25	2023/24	%
Revenue	8,830	8,125	9
Profit after tax	822	921	(11)
Assets	8,516	5,434	57
Liabilities	5,210	2,634	98
ROA (%)	10	17	(41)

Aluminium Sector			
(Rs.Mn)	2024/25	2023/24	%
Revenue	11,983	7,265	65
Profit after tax	418	(337)	224
Assets	9,373	7,500	25
Liabilities	7,651	7,110	8
ROA (%)	4	(4)	211

Group			
(Rs.Mn)	2024/25	2023/24	%
Revenue	41,729	40,244	4
Profit after tax	1,632	3,522	(54)
Assets	59,469	52,842	13
Liabilities	31,751	26331	21
ROA (%)	3	7	(61)
ROE (%)	6	13	(54)



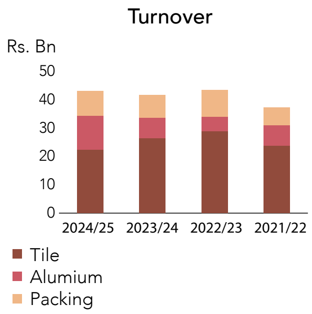
REVENUE

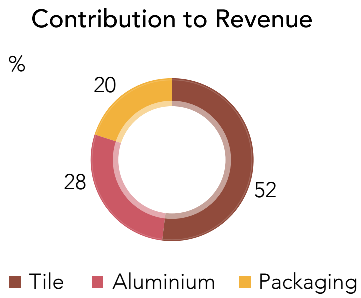
The Group reported revenue of Rs. 41.7 Bn, reflecting a marginal growth of 4% from the previous year's figure of Rs. 40.2 Bn.

- The Tile sector, the Group's largest revenue contributor, generated Rs. 22.4 Bn, accounting for 49% of total Group revenue. This represents a 15% decline compared to the previous year, with both Lanka Walltiles and Lanka Tiles reporting revenue contractions. The sector faced significant challenges due to subdued demand and an oversupplied market, driven by expanded local manufacturing capacity and an influx of lower-priced imports, which intensified competition for domestic producers. Lanka Walltiles experienced a 9% drop in sales volume, while Lanka Tiles recorded a modest 2% volume growth. However, revenue for Lanka Tiles declined as the company had to offer substantial discounts to retain market share amid competitive pressures.
- The Packaging sector recorded a solid 21% growth in sales volume during the year, reflecting strong demand for its products. However, revenue growth was limited to 9%, reaching Rs. 8.8 Bn, as the industry remains highly competitive and price-sensitive. Despite the increase in volume, pricing pressures and intense market competition constrained the sector's ability to translate volume gains into proportional revenue growth.
- The Aluminium sector delivered an impressive performance during the year, with revenue increasing by 65% to reach Rs. 12 Bn. This growth was primarily driven by a substantial 74% rise in sales volume, largely fuelled by a strong uptick in export sales. The sector's robust performance highlights its expanding market presence and growing competitiveness in international markets.

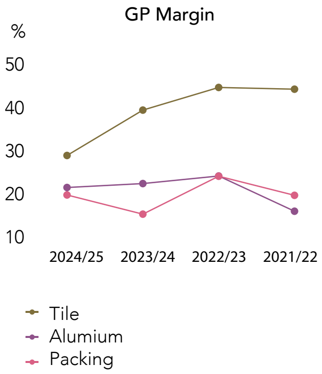
GROSS PROFIT

The Group reported a consolidated gross profit of Rs. 10.8 Bn, down from Rs. 13.4 Bn in the previous year, reflecting the combined impact of margin compression and lower sales volumes, despite significant cost-saving measures implemented across all business segments. The Tile sector, which remains the largest contributor to gross profit, saw a 60% year-on-year decline, with profit falling to Rs. 6.5 from Rs. 10.5 Bn. This downturn was mainly driven by reduced sales volumes and intense pricing pressures. The Company (Lanka Walltiles) was particularly affected, experiencing substantial margin erosion due to delays in commissioning one of its two expanded production lines, along with technical difficulties in the operational line, which led to significant production disruptions. The Packaging sector recorded a gross profit of Rs. 1.92 Bn, reflecting a modest 4% year-on-year increase. However, margins remained under pressure due to the intensely competitive and price-sensitive nature of the industry. In contrast, the Aluminium sector demonstrated a strong recovery in margins, with gross profit more than doubling to Rs. 2.4 Bn from Rs. 1.13 Bn. This improvement was driven by robust revenue growth and enhanced production efficiency, achieved through focused operational improvement initiatives.





Financial Capital



OPERATING EXPENSES AND OPERATING PROFIT

The Tile sector recorded a slight decline in operating expenses, primarily due to a reduction in costs associated with lower sales volumes. In contrast, the Packaging sector reported a 10% increase in operating expenses, reflecting the impact of expanded operational activities. Similarly, the Aluminium sector saw a 56% rise in operating costs, consistent with its strong sales growth and increased production scale. As a result of these dynamics across business segments, the Group's total operating expenses rose to Rs. 7.3 Bn, marking an 8% increase compared to the previous year.

The Group reported an operating profit of Rs. 3.9 Bn for the year, a decline from Rs. 6.9 Bn recorded in the previous year, largely due to reduced sales and margin pressures in the core segments. The Tile sector experienced a significant drop in operating profit, falling 72% to Rs. 1.5 Bn, reflecting the combined impact of lower revenue and contracting margins. The Packaging sector posted an operating profit of Rs. 1,3 Bn, remaining broadly flat compared to Rs. 1.2 Bn in the prior year. The Aluminium sector delivered a standout performance, with operating profit increasing 80% to Rs. 1.1 Bn, supported by robust revenue growth and margin expansion.

FINANCE COST

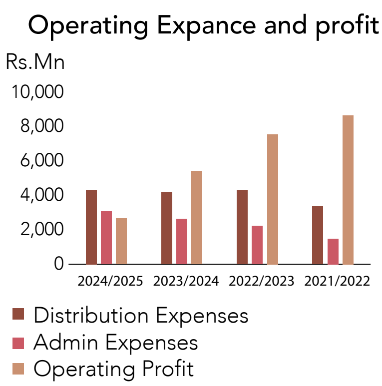
The Group's total borrowings rose by Rs. 5.8 Bn, or 36%, reaching Rs. 21.7 Bn during the year. This increase was primarily driven by a Rs. 4.6 Bn loan obtained to finance the expansion project at Lanka Walltiles and Rs. 1.7 Bn in borrowings by Unidil, used for the acquisition of operations in Kenya and to meet working capital needs. Despite the increase in overall debt levels, the Group's net finance cost declined by 23% to Rs. 1.4 Bn.

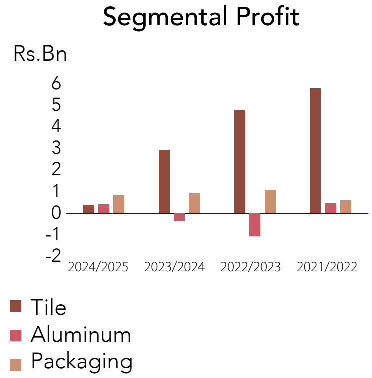
On a sectoral basis, finance costs declined across the board. The Tile sector saw a 25% reduction in finance costs to Rs. 676 Mn, The Packaging sector also benefited from lower finance costs, down 20% to Rs. 175 Mn, and the Aluminium sector saw a 22% drop, with finance costs totalling Rs. 521 Mn.

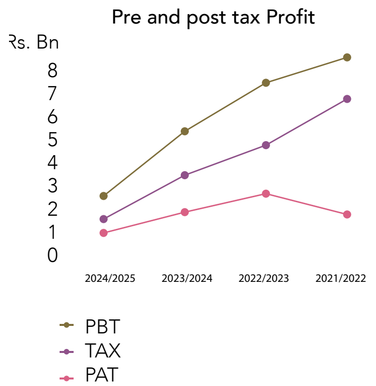
PRE AND POST TAX PROFITS

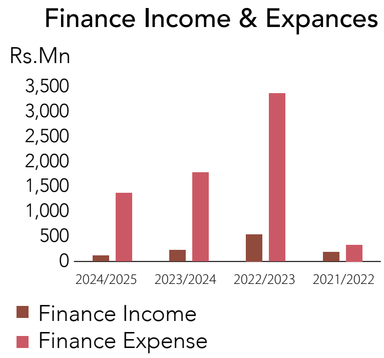
The Group reported a pre-tax profit of Rs. 2.7 Bn, reflecting a 51% decline compared to the previous year. Post-tax profit fell by 54% to Rs. 1.6 Bn, primarily due to lower operating profits.

The tile segment contributed Rs. 392 Mn in net profit, marking a 87% year-on-year decrease. The packaging sector posted a net profit of Rs. 822 Mn, a decline of 11%. The aluminium sector delivered a strong turnaround, reporting a profit of Rs. 418 Mn compared to a loss of Rs. 337 Mn in the prior year.

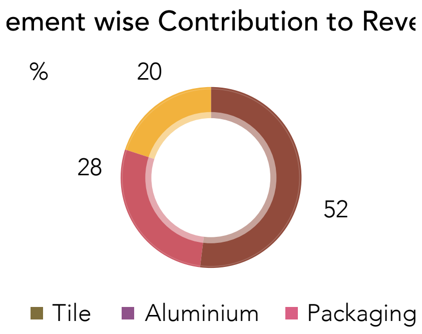


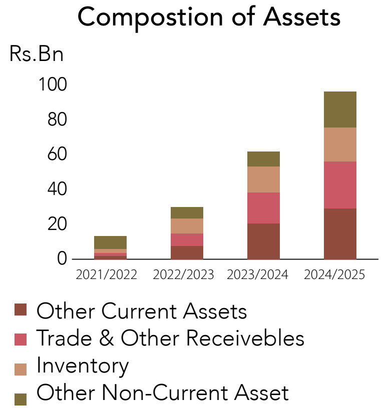


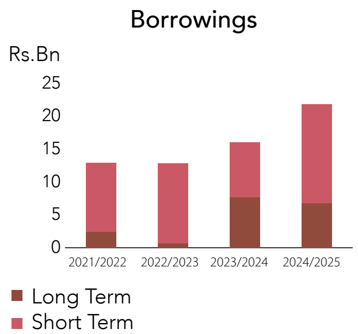


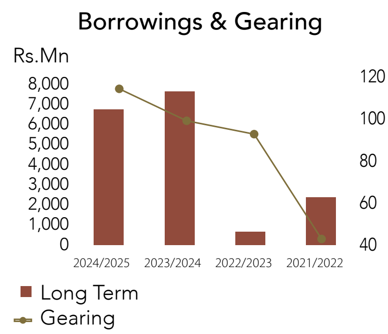


FINANCIAL POSITION AND STABILITY









(Rs.Mn)	2024/25	2023/24	%
Property, plant & Machinery	27,437	25,072	9
Trade and Other Receivables	7,674	6,891	11
Inventories	20,630	17,712	16
Cash & cash equivalents	1,878	1,396	35
Shareholders' Fund	21,266	21,144	0
Interest bearing loans and borrowings	21,819	16,028	36

The Group's total assets grew by 12.5% to Rs. 59.47 Bn, driven by a 9% increase in property, plant, and equipment, reflecting ongoing expansion projects at Lanka Walltiles and the acquisition of Unidil's new Kenyan subsidiary. Inventory levels remained elevated, rising by a further 16% due to the accumulation of finished goods in the tile sector, stemming from increased production capacity amid subdued market demand. Additionally, the Group's cash balance saw a significant increase of 35%.

47% of the Group's balance sheet is funded by equity and 37% is accounted for by interest bearing liabilities. Borrowings increased by 36% during the year on the back of funding obtained to finance the expansion plans for Lanka Walltiles and acquisition of new Kenyan subsidiary of Unidil. This led to an increase in gearing ratio to 54% from last year's 37%

As at 31 March 2025, the Group's balance sheet reflects its strategic emphasis on long-term growth, supported by substantial investments in capacity expansion and regional diversification initiatives. These growth efforts, however, have been accompanied by a significant increase in working capital requirements, particularly visible in the elevated inventory levels driven by higher production and softer demand in the tile sector. Liquidity pressures have also emerged, evidenced by a notable rise in short-term borrowings. Nevertheless, the steady growth in both equity and total assets highlights the Group's solid financial foundation.

CASH FLOW

For the year ended 31 March 2025, the Group reported a sharp decline in operating cash flows, with net cash generated from operating activities dropping a outflow 1.2 Bn from a inflow of Rs. 4 Bn in the prior year. This was primarily driven by reduced profitability and increased working capital requirements, notably due to inventory buildup in the tile sector. Investing activities resulted in a net outflow of Rs. 3.7 Bn, largely attributed to Rs. 4.3 Bn in capital expenditure related to capacity expansions at Lanka Walltiles and the acquisition of UniDil's Kenyan operations. Financing activities reflected significant movement, with Rs. 36.6 Bn raised through borrowings and Rs. 32.1 Bn repaid during the year.

RETURN TO SHAREHOLDERS

As a result of reduced profitability, both earnings per share (EPS) and dividends per share (DPS) declined by 66% each. The company's share price also slightly feel largely reflecting the broader underperformance of the Colombo Stock Exchange, which was impacted by weak investor sentiment and a decline in real income levels. At the end of the financial year, the company's market capitalisation stood at Rs. 13.8 Bn, underscoring the challenges faced by the equity market and the operating environment.

Human Capital

Our people have been a cornerstone of the Group's stability and progress during a year marked by uncertainty. Their expertise, resilience, and shared sense of purpose have enabled us to navigate volatility with confidence. We remain committed to investing in a holistic employee value proposition that aligns individual growth with our long-term strategic goals, ensuring we build a sustainable, future-ready workforce.

FOCAL AREAS IN 2024/25

Recruitment & Retention Initiatives

Enhancing the recruitment process through an Applicant Tracking System.

Compensation and Benefits

Implementing a competitive compensation and benefits framework designed to attract, motivate, and retain top talent.

Training and Development

Establishment of an Internal Training Faculty aimed at identifying and closing skill gaps across all employee levels.

Prioritise Digitalisation

Implementing a structured digital PMS to track goals, performance metrics, and developmental feedback.

Rs. 4,219Mn
Paid as remuneration

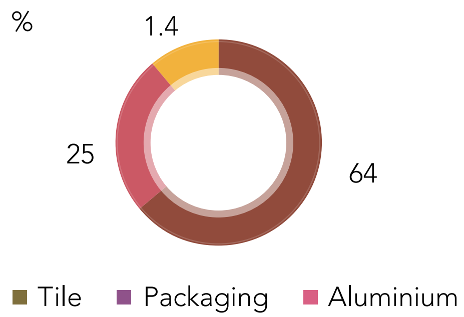
627Nos
New recruits

31
Promotions

18,527
Training hours

Rs. 19Mn
Investment in training

Employees by Sector



MANAGEMENT APPROACH

Lanka Walltiles adopts a strategic and holistic approach to managing our human capital, recognising employees as a key driver of its sustained success. The Group emphasises talent development, continuous training, and performance-based incentives to foster a motivated and skilled workforce. By aligning human resource practices with corporate goals, Lanka Walltiles ensures that employee engagement, productivity, and innovation are consistently prioritised. In addition, we are committed to promoting diversity and inclusion within its workforce, valuing varied perspectives and experiences as essential to driving creativity and better decision-making. Management actively works to create an inclusive work environment where individuals from different backgrounds feel respected, supported, and empowered to contribute fully.

Lanka Walltiles has a comprehensive policy framework to manage and enhance our human resources and all employees are given adequate notice of any significant operational changes.

HR Policies

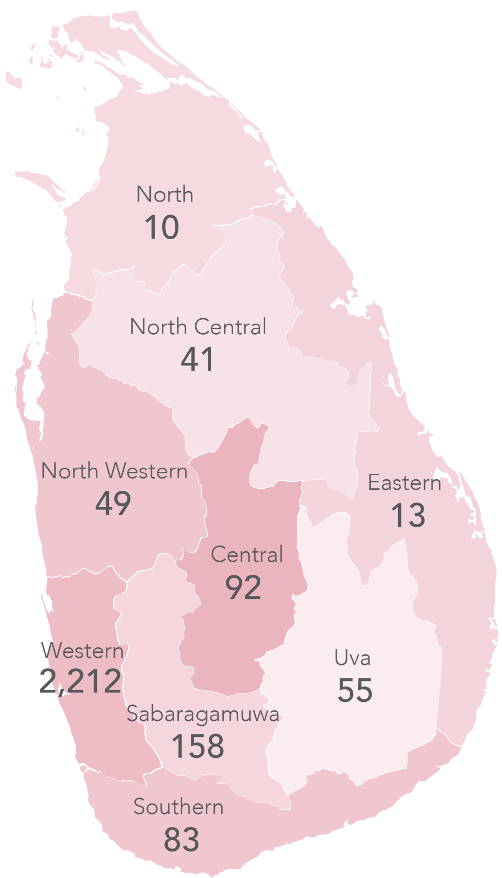
- Recruitment Policy
- Qualification Allowance Policy
- Loan Policy
- Gratuity and Retirement Policy
- Leave and Attendance Policy
- Performance Management Policy
- Disciplinary Policy
- Health and Safety Policy

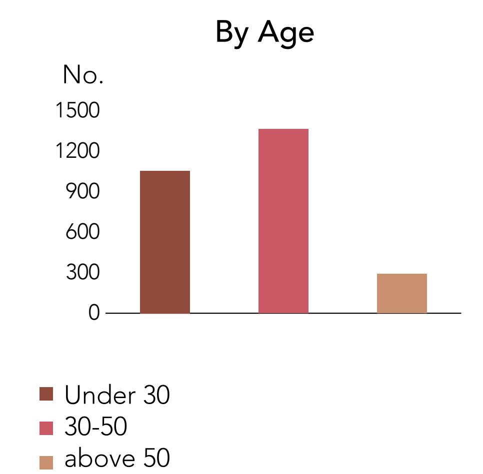
TEAM PROFILE

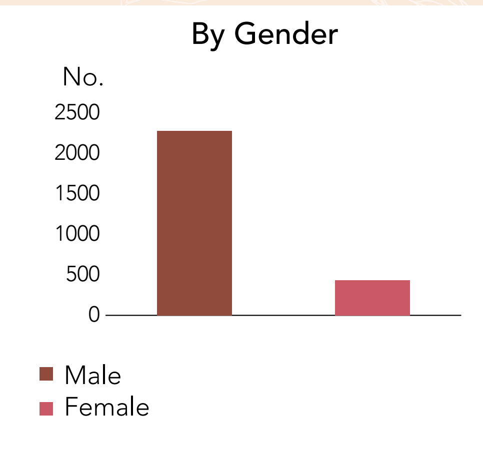
The Group has a total of 2,713 employees working across the three sectors, with 72% of them being employed on a permanent basis while the remaining are employed on contract basis. A substantial number of our employees are hired from the local communities where we operate, underscoring our dedication to regional economic development and inclusive growth. We ensure that all employees receive timely notice of any major operational changes.

While the majority of our workforce consists of full-time employees, we also engage a significant number of outsourced personnel for specific production-related tasks.

By Region







Human Capital

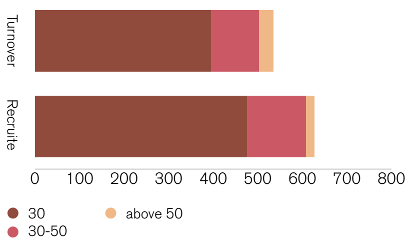
EMPLOYEE TURNOVER

During the year, 627 new employees were recruited to strengthen our team's capabilities and fill existing vacancies while 535 employees left employment for various reasons. Our recruitment process is carefully structured to uphold transparency and objectivity, involving a comprehensive series of assessments and interviews to identify the most qualified candidates.

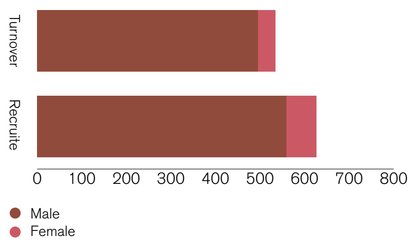
The retention rate increased/declined to 90% (2023/24: 87%), influenced by widespread talent migration trends observed across the country.

A graphical representation of employee inflows and outflows is provided below.

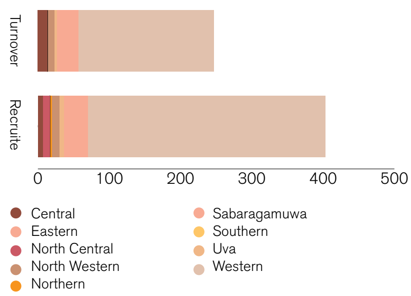
By Age



By Gender



By Regiaon



EMPLOYEE REMUNERATION AND OTHER BENEFITS

Our rewards framework includes fixed and variable compensation, a comprehensive range of benefits, investments in training and development, and clear opportunities for career advancement. All remuneration packages are fully compliant with applicable labour laws, ensuring that entry-level compensation meets or exceeds the statutory minimum wage. Notably, there were no incidents of noncompliance during the year.

Despite a challenging operating environment, necessary salary adjustments were implemented across all sectors to ensure talent retention. Total staff costs for the year amounted to Rs. 4,219 Mn (2023/24: Rs. 3,299Mn).

Beyond direct remuneration, we offer a range of additional benefits and rewards comprising both fixed and performance-linked components. These initiatives are designed to attract and retain top talent, enhance employee motivation, and sustain high morale throughout the organisation.

Fixed Pay	Variable Pay
• Basic Salary	• Production and attendance allowance
• Qualification Allowance	• Sales incentives and over time

Reimbursable expenses	Retirement benefits
• Festival advance	• EPF/ETF
• Education course fees	• Gratuity

Other benefits	
• Medical insurance scheme	• Uniforms
• Maternity leave	• Tile benefits
• Monthly production and attendance incentives.	• Fuel & Transport for selected employees
• Funeral Assistance	• Annual book parcels for employees' children

PERFORMANCE MANAGEMENT AND RECOGNITION

We have implemented a structured performance management system that is increasingly supported by digital tools, including a Performance Management System (PMS), Learning Management System (LMS). Regular performance and career development reviews are conducted across all employee categories and genders, ensuring alignment with both individual and organisational goals. These reviews play a critical role in identifying training and development needs through tools such as skill matrices and performance appraisals. The outcomes directly inform employee development plans and guide decisions related to promotions, role changes, and targeted training programs.

The Group places strong emphasis on recognising both individual and team achievements. Individual contributions are acknowledged through salary increments, promotions, formal grading systems, and Kaizen awards for innovation and improvement. Team efforts are similarly celebrated, particularly in areas such as safety enhancements and process optimisation, often recognised through collective Kaizen initiatives. Furthermore, employees who exemplify the organisation's core values receive special recognition, reinforcing a workplace culture grounded in excellence, integrity, and continuous improvement.

Fixed Pay	2024/25	2023/24
Total investment in training – Rs.Million	19	16
Total No. of training hours	18528	11578
No. of employees received training	6239	6240
Average hours of training per employee	3	2

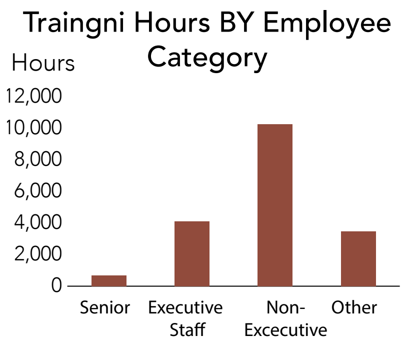
TRAINING AND DEVELOPMENT

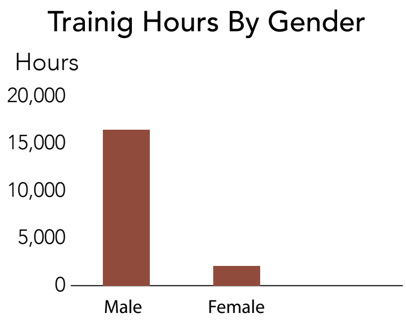
Lanka Walltiles maintains a comprehensive training and development program aimed at enhancing employee skills, closing competency gaps, and supporting career growth. Training needs are identified through multiple channels, including performance appraisals, skill matrix assessments, section-wise evaluations, and pillar-based reviews.

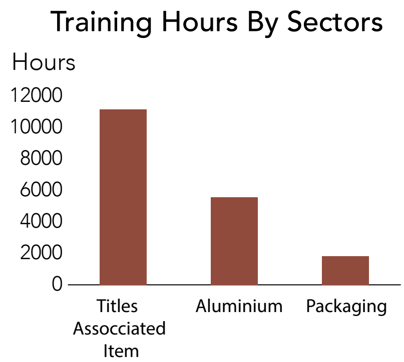
These inputs ensure that training initiatives are both targeted and aligned with organisational goals.

Employees are provided with a wide range of training opportunities, covering technical, operational, and soft skills. Additionally, orientation and on-the-job training are provided to new recruits to ensure smooth onboarding and integration.

On average, employees received 3 hours of training during the reporting period. Training is also linked to performance management outcomes, enabling a continuous feedback loop that supports individual growth and organisational excellence. This structured approach reflects the company's commitment to building a capable, future-ready workforce.







Human Capital

Technical & Functional Training
Microsoft Power BI
SAP Training
Diploma in Ceramic Technology
Foreign Tile Design Training
Operational Excellence Baseline Assessment Training
Lost Cost Methodology
Awareness Session for Attendance System (HRIS)
Awareness Session for New Version of H-Senid System (HRIS)
Exim Training Program
Factory Visits

Leadership & Management
HR Conference
Train the Trainer Program
Transforming People Intent into Brand Synergy
Decision Making in the Age of Big Data & Negotiation
Principles of Project Management
Leadership Skill Development
Visual Management

Compliance & Quality
Workshop on Internal Auditing for ISO 9001:2015 QMS
Awareness of ISO 14001
Certificate Course in Labour Law & Industrial Relations
Certificate Course in Quality Management
Calibration of Monitoring & Measuring Devices

Productivity & Continuous Improvement
3S & Autonomous Maintenance (AM) Step 1 & 2
Productivity Improvement through 5S & 3R Concept
Basic Computer Knowledge

Health & Safety
Fire Fighting Training
First Aid Training Program
Industrial Safety Training

Soft Skills & Other Programs
Orientation Program (for new recruits)
Employee Motivation Program
Personal Branding Training Session
Digital Evolution – Transformative Innovations in AI and Security

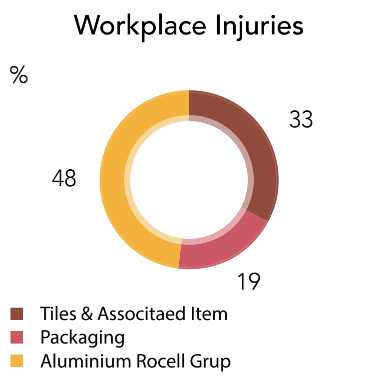
EMPLOYEE HEALTH AND SAFETY

	2024/25	2023/24
Work related injuries	52	67
Total recordable incident rate (TRIR)	1%	1%

Given the nature of our operations, ensuring the safety, well-being, and engagement of our workforce remains a top priority for the Group. We are committed to fostering a safe and positive work environment through the implementation of comprehensive health and safety protocols across all manufacturing facilities. These measures are designed not only to mitigate workplace risks but also to promote a culture of continuous improvement and vigilance.

All our facilities adhere to internationally recognised standards, including the Occupational Health and Safety Assessment Series (OHSAS) certification, reinforcing our dedication to high safety benchmarks. Dedicated health and safety committees operate at each site, tasked with enforcing safety protocols, conducting regular audits, and monitoring compliance. These committees are further supported by trained fire response and first aid teams, ensuring our preparedness for emergency situations.

Our commitment is further strengthened through the integration of Total Productive Maintenance (TPM) practices across the Group, which support a proactive and structured approach to workplace safety. Employees are actively encouraged to participate in the development and improvement of the health and safety system. Their suggestions are acknowledged and rewarded, particularly through Kaizen initiatives. This inclusive process not only improves safety but also strengthens engagement. Beyond occupational services, employees have access to non-occupational medical care through the insurance scheme and the regular visits from an in-house doctor, providing a holistic approach to employee wellness.



Preventive Measures and Health Services	Hazard Identification and Risk Mitigation	Training and Awareness
• Comprehensive Medical Insurance Scheme for all confirmed employees. • On-site doctor consultations available five working days per week to address employee health concerns. • Regular fogging treatments to prevent mosquito-borne illnesses such as dengue. • Eye care programs including organised eye camps • First aid kits and medical supplies maintained at all operational sites. • Funeral assistance and additional support for employees in times of need.	• Daily factory operational meetings to discuss Occupational Safety, Health, and Environment (OSHE) risks and preventive measures. • Monthly safety meetings with executive teams to evaluate site-wide safety practices. • Pre-planned safety walks conducted by executives to proactively identify and resolve safety issues. • Mobile App system introduced to report unsafe acts, conditions, and near misses in real-time. • Hazard Analysis and Risk Assessments (HARA) performed with employee participation to ensure transparency and ownership. • Kaizen initiatives encouraged for safety improvements, with recognition for impactful ideas.	• Industrial Safety Training sessions conducted regularly. • Fire Fighting Training Programs to build emergency response capacity. • First Aid Training Programs to equip employees with basic life-saving skills. • ISO 14001 awareness sessions to ensure environmental and safety standards compliance. • Ongoing safety awareness campaigns to reinforce a safety-first culture across all levels of the workforce.

INDUSTRIAL RELATIONS

Maintaining a harmonious and transparent relationship with our employees is fundamental to the Group's operational success. In line with this commitment, our industrial relations framework is built on open communication, mutual respect, and proactive engagement with employee representatives.

Approximately 65 % of our workforce is represented by trade unions, reflecting the importance we place on collective dialogue. To foster strong partnerships and address workforce concerns promptly, we conduct regular monthly union and staff meetings. These sessions serve as an essential platform for discussing workplace matters, negotiating collective concerns, and reinforcing shared goals.

During the reporting period, no industrial disputes or incidents were recorded, underscoring the effectiveness of our engagement strategies and the stability of our labour relations. Lanka Walltiles has a collective agreement in place, effective from October 1, 2023 to September 30, 2026, which outlines agreed terms on wages, benefits, and working conditions.

EMPLOYEE ENGAGEMENT

We are committed to cultivating a culture of unity and collaboration among our employees. By maintaining an open-door policy, we foster open communication and encourage active participation, ensuring that every employee feels heard and valued. To gain meaningful insights into employee sentiment, we conducted employee surveys, which provided valuable feedback on workplace satisfaction and areas for improvement. This input helps shape our engagement strategy and ensure alignment with employee expectations.

A diverse range of engagement activities was organised to strengthen team spirit and encourage camaraderie, including,

- Annual company trip
- Volleyball tournaments
- Employee family day
- Birthday celebrations
- Religious observances.

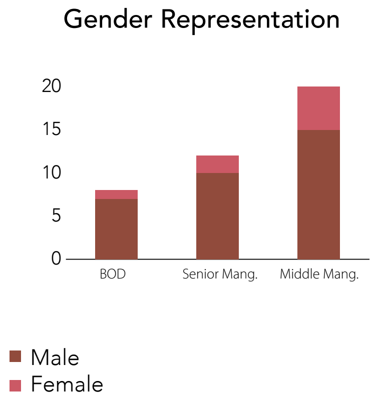
GRIEVANCE HANDLING

A structured grievance procedure is established to manage all complaints and is clearly communicated to all staff. Employees are encouraged to discuss any work-related concerns with their direct supervisors. Our open-door policy supports and promotes open communication, allowing employees to raise issues freely. Concerns can be reported not only to line managers but also directly to the HR department or the Managing Director. Our detailed grievance policy aligns with the best practices recommended by OHSAS 18001. All complaints are handled with strict confidentiality and resolved through a formal, systematic process.

Human Capital

DIVERSITY AND INCLUSION

Lanka Walltiles PLC is committed to fostering a diverse and inclusive workplace, grounded in the principles of equality, fairness, and non-discrimination. As an equal opportunity employer, the company ensures that all employees—regardless of gender, ethnicity, religion, or other protected characteristics—are treated equitably in recruitment, compensation, training, and career advancement. The organisation maintains a 1:1 basic salary ratio between men and women and upholds policies that support gender parity, such as a gender pay equity policy and a sexual harassment policy. With a diverse workforce representing various age groups and provinces, Lanka Walltiles PLC actively promotes inclusion through regionally balanced recruitment, accessible training for all, and employee engagement initiatives. Structured grievance mechanisms and inclusive health and safety practices further reinforce a supportive work environment where all employees are encouraged to contribute and succeed based on merit.



	2024/25	2023/24
Employees entitled to Maternity leave	433	351
Employees on Maternity leave	40	27
Employees who returned after Maternity leave	45	30
Employees still in employment 12 months after returning on Maternity leave	25	5

Initiatives to ensure diversity and inclusion at Lanka Walltiles,

Equal Opportunity Employment:	Recruitment, promotions, and training are based on merit, without discrimination based on gender, ethnicity, religion, or other characteristics.
Gender Pay Equity:	Maintains a 1:1 basic salary ratio between male and female employees.
Diversity & Inclusion Policies:	Established formal policies on diversity, inclusion, gender parity, and prevention of sexual harassment.
Structured Grievance Mechanism:	Multi-level grievance handling process from immediate supervisor to Chief Human Resources Officer.
Inclusive Training Access:	Equal access to training and development programmes across all employee categories and genders.
Monitoring & Reporting:	Tracks gender ratios in recruitment, promotions, training participation, and retention after maternity leave.
Health & Safety Inclusion:	All employees have equal access to safety programmes, medical insurance, doctor consultations, and wellness initiatives.
Employee Engagement Activities:	Organises events such as family days, religious activities, sports events, and birthday celebrations to build an inclusive culture.
Regional Inclusion:	Recruits employees from all provinces, supporting regional diversity.
Support for Working Parents:	Provides parental leave and monitors return-to-work and retention of women post-maternity.
Supportive Work Culture:	Encourages employee suggestions for improvement (e.g., safety ideas/Kaizens) and recognises contributions regardless of role or background.

Social & Relationship Capital

Social and relationship capital is a vital asset for Lanka Walltiles PLC, enabling us to build strong, trust-based connections with key stakeholders including customers, distributors, suppliers, employees, communities, and regulatory bodies. These relationships underpin customer loyalty, enhance brand reputation, and ensure efficient operations through reliable supply chains and committed dealer networks. Engagement with local communities and regulatory authorities supports the company's social license to operate. Collectively, these relationships contribute to our resilience, market competitiveness, and sustainable value creation.

FOCAL AREAS IN 2024/25

Elevating brand awareness and strengthening customer loyalty

Introduction of a design-centric selling approach, where personalised mood boards and consultations helped customers visualise their space.

Customer-Centric Product Development

Development of specialised tile collections to cater to high-end and export markets.

Supplier Collaboration for Innovation

Worked with suppliers to co-develop innovative and sustainable tile finishes and glazes.

Improved Accessibility & Service Delivery

Opened a new showroom in Boralesgamuwa, relocated 4 and renovated 2 showrooms to enhance brand presence and customer access.

124

New designs introduced during the year

Rs.5.9Mn

Sqm of tile sales

788

Number of customer touch points

Rs.42 Bn

Revenue

Rs.2,084Mn

Brand Value

Social & Relationship Capital

Value delivered to our stakeholders			
To Customers	**To Suppliers**	**To Community**	**To Regulator**
• 5.5 Mn SQM of tiles • 6,909 Mt Aluminium Products • 26,049 MT corrugated boxes • 3,659 MT of paper sacks • 55,983 MT of skim coat and Motar	• Rs.23,487 Mn paid to local suppliers • Rs.13,061 Mn paid to foreign suppliers • Timely payments • Collaborations for industry growth	• Direct and indirect employment opportunities • CSR spend of Rs.3.5 Mn	• Rs. 1.6 Bn paid as Income taxes • Total revenue of Rs. 41.7 Bn.

MANAGING CUSTOMER RELATIONSHIPS

The Group serves a broad and diverse customer base, reflecting our strong presence across multiple industries and market segments. A deep and continuously evolving understanding of our customers' needs remains fundamental to sustaining our competitive advantage and driving long-term value creation.

During the year, we reinforced our commitment to customer-centricity by adopting a structured, multi-channel engagement strategy. This included:

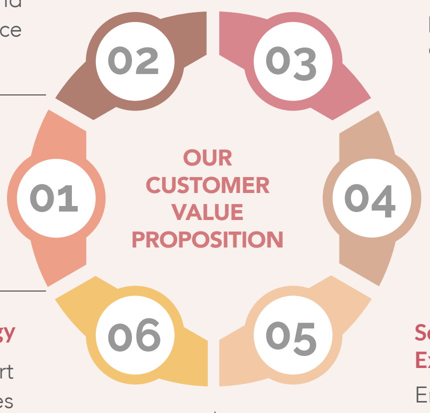
- Direct interactions with customers across touchpoints
- Comprehensive market research and demand forecasting
- Regular surveys and structured feedback mechanisms

These initiatives enabled us to stay attuned to dynamic market conditions, shifting consumer preferences, and evolving demand patterns. The insights gained were instrumental in guiding product innovation, enhancing service delivery, and ensuring our offerings remained relevant, differentiated, and aligned with customer expectations.

Our ability to respond proactively to these insights reinforces our reputation as a trusted partner, delivering high-quality, sustainable solutions that create meaningful value for our customers across local and international markets.

Illustrated below are our customer touch points across multiple sectors.

Tiles		Aluminium	Packaging
• 02 own showrooms • 54 franchise showrooms • 18 factory outlets • 41 Dealers • Hybrid showrooms • Tiler Club • Call Centres	• 30 Distributors • Android and iOS Apps • Print, digital and social media • Websites • Exhibitions	• 1 own showroom • 185 dealer • 10 franchise showrooms • 17 consignment agents • 1,993 aluminium fabricators • Print, digital and social media • Websites • Exhibitions	• B2B customers • Trade fairs



01 Strong Brand Trust

Sri Lanka's trusted and most reputed brands

02 Excellent After-Sales Support

Professional consultation and installation advice

03 High-Quality Products

Durable and sustainable products produced under stringent quality control measures

04 Wide Product Range

Diverse tiles for various applications and budgets

05 Seamless Customer Experience

Enhanced access and service through island wide showrooms

06 Innovation & Technology

State-of-the-art manufacturing facilities and innovating practices

At Lanka Walltiles, our value proposition is centred on delivering design-led, high-quality interior solutions that seamlessly blend aesthetics, durability, and functionality. We adopt an integrated approach that spans advanced manufacturing capabilities, ongoing product innovation, and exceptional customer service to meet the evolving needs of a diverse clientele across residential, commercial, and international markets.

Our commitment to excellence is reinforced through state-of-the-art production technologies and stringent quality assurance protocols, ensuring that every product meets global standards for safety, performance, and visual appeal. Continuous investment in R&D enables us to anticipate design trends and customer preferences, supporting the development of premium, differentiated offerings that stand out in competitive markets.

During the year, we further strengthened our brand presence and customer engagement by introducing an enhanced product portfolio and expanding our showroom network.

Customer health and safety remain paramount. We maintain rigorous quality control at every stage of production and ensure all products comply with applicable regulatory requirements. Transparent pricing practices, coupled with a zero-incident record for non-compliance during the reporting period, underscore our dedication to responsible business conduct and long-term customer trust.

By aligning operational excellence with customer-centric strategies, we continue to position ourselves as a trusted partner in delivering refined, innovative, and sustainable interior solutions.

NEW PRODUCTS INTRODUCED DURING THE YEAR

- 30x60 cm Porcelain Tiles
- New Mosaic Trims
- Field Tiles
- 600x1200 mm
- 1000x1000 mm
- 600x600 mm
- 500x500 mm

MANAGING SUPPLIER RELATIONSHIPS

Lanka Walltiles PLC manages our supplier relationships with a strategic, performance-oriented, and sustainability-driven approach. By fostering strong partnerships, continuous improvement, and responsible sourcing, we ensure that our robust supply chain aligned with our operational, environmental, and growth objectives.

Strategic Sourcing and Supplier Segmentation

- Long-Term Partnerships: Established long-term relationships with key global suppliers (e.g., Sacmi Imola, Colorobbia, Keda) to ensure consistent access to high-quality machinery and raw materials.
- Diversification: Uses a multi-supplier strategy across different countries (Italy, Spain, China) to reduce dependency on any single supplier or region.

	2024/25	2023/24
No. of local suppliers Nos	2,009	1,925
No. of foreign suppliers Nos	216	224
Payments to local suppliers Rs.Mn	23,487	244,28
Payments to foreign suppliers Rs.Mn	13,061	15,535

Social & Relationship Capital

- New Supplier Onboarding: Regularly identifies and qualifies new suppliers (e.g., Zibo Juncera, China) to remain cost-competitive and agile.

Supplier Collaboration and Innovation

- Collaborates with suppliers to co-develop materials and improve processes, including:
- New product innovations (e.g., mosaic trims, new tile finishes)
- More sustainable formulations that reduce material use and environmental impact.
- Machinery suppliers work closely with Lanka Walltiles to introduce advanced technologies like the shift from double firing to single firing, reducing energy usage.

Supplier Evaluation and Performance Monitoring

- Uses data from ERP systems to monitor supplier performance across:
- Quality
- On-time delivery
- Responsiveness
- Performance insights are used to allocate volumes and determine long-term engagement.

Cost Management and Value Engineering

- Conducts regular spend analysis to identify high-cost categories and renegotiate pricing.
- Consolidates purchases for better economies of scale.
- Implements strategic sourcing practices—like benchmarking global prices and exploring local alternatives—to optimise procurement costs.

Ensuring Supply Continuity

- Maintains a dual sourcing strategy for key raw materials and spare parts.
- Develops backup domestic and international suppliers to prevent disruptions.
- Requires suppliers to submit trial batches before large-scale supply, minimising rejection rates and transportation waste.

Sustainability and Responsible Sourcing

- Instructs suppliers to follow eco-friendly practices, including:
- Site rehabilitation after mining
- Avoiding indiscriminate dumping
- Prefers working with licensed and environmentally compliant raw material suppliers.
- Tests materials before approving mining areas—reducing unnecessary environmental impact.

Lanka Walltiles PLC follows a structured, multi-criteria supplier selection process to ensure reliability, quality, cost-effectiveness, and alignment with sustainability and compliance standards. Below is an overview of the process:

Define Requirements
Identify exact needs, volume, specifications, and compliance

Search for Suppliers
Review existing base and search new potential suppliers

Screen Potential Suppliers
Evaluate technical capability, quality, financial stability, and compliance

Assess Sustainability
Verify environmental labour, and ethical sourcing practices

Negotiate Terms
Analyse and negotiate pricing, payment, and support

Test and Validate
Conduct lab tests and trial production runs

Formalise Partnership
Sign contract with SLAs, delivery terms, and penalties

Track KPIs
Regularly monitor quality, delivery, and responsiveness

Annual Evaluation
Review performance, set improvement targets, and add new suppliers

STRATEGIC PARTNERSHIPS AND INDUSTRY COLLABORATIONS

We maintain active partnerships with prominent industry bodies to play a constructive role in shaping the future of the tile and ceramics sector. These collaborations enable us to contribute to the advancement of industry benchmarks, advocate for sustainable practices, and foster innovation across the value chain.

Through our engagement, our team members benefit from valuable opportunities to share insights, exchange technical knowledge, and stay abreast of global best practices. This ongoing participation reinforces our commitment to industry leadership, continuous learning, and excellence—while supporting the collective progress of the sector.

COMMUNITY ENGAGEMENT

Supporting the communities where we operate is a fundamental aspect of our corporate responsibility. We adopt a comprehensive approach that integrates both social and environmental sustainability. Socially, we invest in initiatives that enhance education, healthcare, and economic development, directly contributing to improved living standards. We also prioritise local hiring to stimulate economic stability and job creation. Environmentally, we are committed to minimising our ecological impact through responsible resource use and conservation efforts. These combined actions reflect our long-standing commitment to generating lasting, positive value for the communities we engage with.

Listed below are the community development projects undertaken this year,

Manufactured Capital

As a leading manufacturer of premium ceramic and porcelain products in Sri Lanka, the Group places strong emphasis on its manufacturing capital as a cornerstone of value creation. This includes substantial investments in advanced infrastructure, cutting-edge machinery, and world-class production facilities. During the year under review, the Group encountered significant technical challenges related to the expansion project at our Meepe facility. These issues resulted in notable interruptions and delays in the production process.

The total manufactured capital of the Group amounts to Rs. 22.6 Bn

3.0 Mn Sqm
Capacity expansion

Rs. 3.5 Bn
Capital expenditure

2
Overseas Plant

56
Nos showrooms

FOCAL AREAS IN 2024/25

Competition of the Expansion project in Meepe facility

Technical issued faced in moving from double firing technique to single firing, causing severe interruptions. Commissioned only one of the two production lines

Expansion into floor tile segment

Carried out expansion on floor tile production plant to increase the capacity from 3000sqm/day to 9000sqm/day.

Enhancing operational efficiencies to maintain profitability

Striving to achieve the optimum product mix to achieve cost efficiencies while catering to evolving market need.

Expansion of showroom Network

Opened a new showroom in Boralesgamuwa, relocated 4 and renovated 2 showrooms to enhance brand presence and customer access.

Segmental Analysis of Groups' Manufactured Capital

Rs.Mn	2024/25	2023/24
Tiles & associated products	19,263	15,764
Aluminium	1,580	1,784
Packaging	1,497	1,376
Total	22,340	18,924
Depreciation charge		
Tiles & associated products	1999	893
Aluminium	178	105
Packaging	221	101
Total	2,398	1099

ENHANCING OUR MANUFACTURED CAPITAL

The Group strategically allocates substantial financial resources to strengthen its manufacturing capabilities, reinforcing its competitive position in the market. All expansion initiatives are overseen by the Board, with careful consideration given to market demand, evolving design trends, technological advancements, and anticipated returns on investment. This disciplined approach ensures that decision-making remains aligned with the Group's long-term growth objectives while sustaining our leadership within the industry.

In line with our long-term growth strategy, Lanka Walltiles commenced a large-scale expansion project at the Meepe manufacturing facility during the financial year 2022/23. This initiative was designed to significantly enhance production capacity, targeting an output of 13,500Sqm per day. As of the reporting period, the project is nearing completion, with one of the two new production lines commissioned during the year.

The expansion also marked a strategic transition from a double-fired to a single-fired manufacturing process, aimed at improving efficiency and reducing energy consumption. However, this shift presented a range of technical challenges that disrupted operations and impacted overall production stability. In response, the Group engaged international technical experts to provide specialised training and support to our local teams, facilitating knowledge transfer and operational adaptation.

Despite these interventions, production yields were constrained during the year, primarily due to persistent complications in the new plant setup that hindered the consistent delivery of our targeted product portfolio. Addressing these operational challenges and achieving full optimisation of the new facility remain top priorities in the year ahead, as we work toward unlocking the full potential of this strategic investment.

Further, we also expanded the floor tile manufacturing capacity up to 9000sqm/day.

Lanka Walltiles Group enter the Indian market through its subsidiary Lanka Swisstek Pvt Ltd. LANKA SWISSTEK is setting a new benchmark for innovative tile and aluminium solutions, seamlessly integrating sophisticated design with cutting-edge technology to elevate residential and commercial spaces. Based in Bangalore, we are driven by a mission to transform urban landscapes across India through precision-engineered products that inspire and endure. Drawing from over a century of combined expertise, we merge the pioneering craftsmanship of LANKATILES rooted in Sri Lankan heritage and globally recognised for its innovative tile solutions with advanced technologies to enhance the built environment.

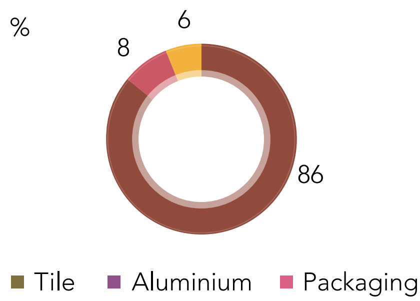
Leveraging the strengths of SWISSTEK ALUMINIUM, a leader in aluminium extrusion, we deliver high-performance, customisable solutions with exceptional quality across global markets. Further enriched by the excellence of ALUCO, a European leader in aluminium extrusions and fabrication, our collective expertise spans over 35 countries. Together, we bring world-class engineering and craftsmanship to life, ensuring that our solutions not only meet but exceed client expectations in every project, from luxury villas to large-scale commercial developments.

Furthermore, the group expanded its global presence through its fully owned subsidiary, Perfect Packaging Ltd which is among the leading manufacturers of corrugated cartons and packing materials in Nairobi, the company was established in the year 2019 which has made its mark throughout Kenya the for exceptional products and services. We have always believed in keeping your packaging standards high and become your only packaging partner for years to come. Offering the widest range of packaging materials such as RSC Boxes, Die Cut Boxes, Food board/Duplex Board Boxes, Heavy Duty Boxes, Flower Boxes, Fruits and Vegetables Trays, 2-PLY SFK rolls with printing as per requirements etc.... Our high-quality raw materials not only offer you value for money but make sure that your expensive stock is safe while transporting or shipping. Our bespoke services and customer satisfaction have made us one of the largest and prominent exporters, suppliers, distributors and packing house manufacturers in Nairobi.

Manufactured Capital

Manufactured Capital by Type	
	(Rs.Mn)
Plant & Machinery	10,916
Buildings	6,340
Motor Vehicles	250
Electricity Distribution	799
Office Equipment	763
Other	3273
Total	22,340

Segment Analysis



Segmental Analysis of Groups' Manufactured Capital		
Rs.Mn	2024/25	2023/24
Tiles & associated products	19,263	15,764
Aluminium	1,580	1,784
Packaging	1,497	1,376
Total	22,340	18,924

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	3,413,457 Sqm
Capacity Utilisation	83%

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	5,626,250Sqm
Capacity Utilisation	92%

Tiles and Associated Products

Ballummahara – Swisstek (Ceylon) PLC

Produce tile grouts, tile mortar and decorative pebbles.

Current Capacity	91200Mt
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 bweading.	
Current Capacity	8400Mt
Capacity Utilisation	80%

Packaging	
Dekatana – Unidil Packaging	
Produces corrugated packaging and paper sacks for various industry requirements.	
Current Capacity	33000Mt
Capacity Utilisation	64%

Perfect packaging Limited Kenya

Lanka Swisstek Private Limited India

OUR SHOWROOMS

In alignment with our customer-centric strategy and commitment to strengthening brand presence, Lanka Walltiles together with Lanka Tiles continued to invest in the expansion and modernisation of its retail showroom network during the year. These initiatives were designed to elevate the overall customer experience, enhance accessibility, and effectively showcase our comprehensive product portfolio within contemporary, visually engaging retail environments.

During the year, a new showroom was opened in Boralesgamuwa, further extending our footprint in high-potential urban markets. Additionally, four existing showrooms were strategically relocated to more prominent and accessible locations in Kandy, Kiribathgoda, Jaffna, and Matale, in response to evolving market trends and shifting customer traffic patterns.

To ensure consistency in brand presentation and to support an enhanced retail experience, major refurbishments were carried out at the Athurugiriya and Welimada showrooms. These renovations incorporated modern design elements and updated visual merchandising standards, positioning the outlets to attract higher customer engagement and improve conversion rates. Collectively, these efforts are expected to contribute meaningfully to brand equity, customer loyalty, and revenue growth.

Manufactured Capital

MAP WITH SHOWROOMS

Expansion to Maldives

As part of our strategic focus on strengthening our export footprint and enhancing global brand visibility, The Group achieved a key milestone with the inauguration of a branded showroom in the Maldives. This initiative was undertaken in partnership with our international distributor, Alba International Pvt Ltd, and represents a significant step forward in our efforts to penetrate high-growth international markets.

The new showroom has been thoughtfully designed to deliver an immersive brand experience, showcasing a curated selection of our premium ceramic and porcelain tile collections. Tailored to meet the aesthetic and functional demands of the Maldivian market—particularly within the fast-growing hospitality and construction sectors—the showroom enhances our ability to serve international clients more effectively and reinforces Lanka Tiles' position as a trusted global brand in surface solutions.

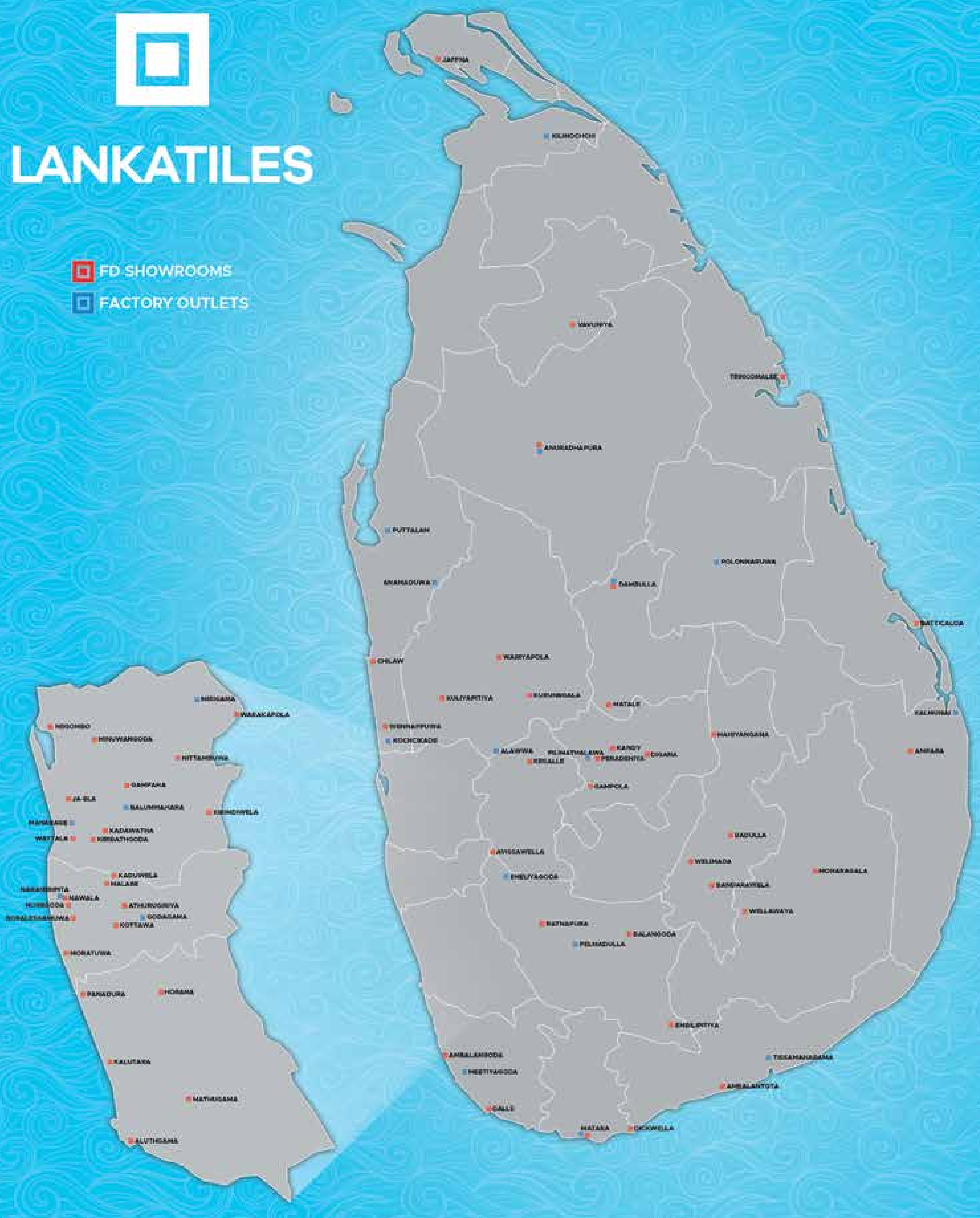
FRANCHISE DEALER CHANNEL

NO	LOCATION	SHOWROOM ADDRESS
1	ATHURUGIRIYA	No. 182, Pore, Athurugiriya
2	AVISSAWELLA	No. 260 , Kiriwandala , Awissawella
3	BORALESGAMUWA	No.128, Divulapitiya, Borelasgamuwa
4	CHILAW	No.160, Colombo Road, Maikkulama , Chilaw.
5	GAMPAHA	No. 23, Queens Marys Road, Gampaha
6	JA ELA	No. 351, Colombo Road, Weligampitiya, Ja-Ela
7	KADAWATHA	No. 572/A, Kandy Road, Ranmuthugala, Kadawatha.
8	KADUWELA	No. 160/10/U, Bandarawatta, Biyagama, Kaduwela.
9	KEGALLE	No. 714/A,Kandy Road, Meepitiya, Kegalle.
10	KIRIBATHGODA	No.199, Kandy Road, Kiribathgoda
11	KIRIDIWELA	No 65 Nugahenawaththa,Kiridiwela.
12	KOTTAWA	No.327, Highlevel Road, Makubura , Kottawa, Pannipitiya
13	KULIYAPITIYA	No.220, Hettipola Road Kuliyapitiya.
14	KURUNEGALA	No.250, Negombo Road, Kurunagala.
15	MALABE	No. 302/6, Kaduwela Rd, Koswatta, Thalangama North
16	MINUWANGODA	No. 88,Air Port Road, Boragodawatta, Minuwangoda
17	MORATUWA	No. 468, Galle Road, Rawathawatta , Moratuwa
18	NEGAMBO	No: 495, Colombo Road, Negombo
19	NITTAMBUWA	No.02/1,Kandy Road,Nittambuwa.
20	WARAKAPOLA	No. 229 A, Kandy Road, Dummala Deniya, Warakapola.
21	WARIYAPOLA	No.221, Kurunagala Road, Wariyapola.
22	WATTALA	No. 580, Negombo Road, Mabola, Watta
23	WENNAPPUWA	No. 350/A, Chilaw Road, Kolinjadija, Wennappuwa.
24	ALUTHGAMA	No. 409, Galle Road, Aluthgama.
25	AMBALANGODA	No. 10, Main Street, Ambalangoda
26	AMBALANTOTA	U K G Mahagedara Tissa Road, Dehigahalanda, Ambalanthota
27	BADULLA	No.315, Passara Road, Badulla
28	BALANGODA	No.350g,Ratnapura Road,Balagahamula Rd,Balangoda
29	BANDARAWELA	No. 482, Badulla Road, Bandarawela.
30	DICKWELLA	No. 97/19, Thangalle Matara Main Rd, Dickwella.
31	EMBILIPITIYA	No. 365, Rice Boutique, Pallegama, Embilipitiya
32	GALLE	No. 357/B/3, Dangedara, Galle

NO	LOCATION	SHOWROOM ADDRESS
33	HORANA	No. 580,Galledadugoda, Panadura Road, Horana
34	KALUTARA	No. 365, Galle Road,Kalutara South, Kaluthara
35	MATARA	No. 247,Kotuwegoda,Matara
36	MATHUGAMA	No.206, Agalawatta Road, Mathugama
37	MONARAGALA	No: 132/1,Wellawaya Road,Monaragala
38	PANADURA	No. 04, Sri Medananda Road, Panadura (Facing Galle Road)
39	RATNAPURA	No 28, Main Road, Batugedara, Rathnapura
40	WELIMADA	No. 90 Badulla Road,Welimada
41	WELLAWAYA	Weerasekaragama, Wellawaya
42	AMPARA	No: 774, Brown Junction, Kalmunai Road, Ampara.
43	ANURADHAPURA	No. 20/1,Thibirikadawala,Jayanthi Mawath,Anuradhapura
44	BATTICALOA	No. 384b, New Kalmunai Road, Navatkudha, Batticaloa.
45	DAMBULLA	No. 27, Kurunegala Rd, Dambulla
46	DIGANA	No. 61/4, Mahiyagana Road, Digana,Rajawella
47	GAMPOLA	No. 98,A, Nawalapitiya Road, Gampola
48	JAFFNA	No. 212, Kadaramadam Junction , Palali Road, Jaffna.
49	KANDY	No.130,Uda Mahayyawa, Kandy
50	MAHIYANGANAYA	No. 44 1/2, Padiyathalawa Road, Mahiyanganaya.
51	MATALE	No. 857,Trincomalee Street, Mandandawala, Matale
52	PERADENIYA	No. 255,Udaeriyagama, Peradeniya.
53	TRINCOMALEE	No. 485 Kandy Road Abepura, Trioncomalee
54	VAVUNIYA	No. 58, Jaffna Road, Vavunia

FACTORY OUTLET CHANNEL

NO	LOCATION	FACTORY OUTLET ADDRESS
1	EHELIYAGODA	Rathnapura Road, Bendaluwa,Parakaduwa
2	GODAGAMA	No. 774A, Highlevel Road, Panagoda, Homagama.
3	MAHABAGE	No.431, Negombo Road, Welisara, Ragama.
4	MATARA	No. 12, St.Thomas mawatha, Matara.
5	MEETIYAGODA	2nd Kaolin Refinery, Lanka Ceramic PLC, Meetiyagoda
6	MIRIGAMA	No. 3/M, Negombo Road, Rendapola, Mirigama.
7	TISSAMAHARAMA	Saranda Building, Hambanthota Road,Tissamaharama
8	ALAWWA	No 87/A, Colombo Road, Wariyagoda, Alawwa
9	ANAMADUWA	No, 43 Chilaw Road Anamaduwa
10	ANURADHAPURA	74/4, Niwaththaka Chethiya Rd, Anuradhapura
11	DAMBULLA	No 689, Anuradapura Road, Dambulla.
12	KALMUNAI	No. 306/B, Batticaloa Rd, Pandiruppu 2C, Kalmunai
13	KANDY	No. 369E Colombo Rd,Embilmegama,Pilimathalawa
14	KILINOCHCHI	No. 175, Karadipokku Junction A9. Road Kilinochchi.
15	POLONNARUWA	No. 173/1, Palugasdamana, Polonnaruwa
16	KOCHCHIKADE	No. 533/1,Chillaw Road, Walihena,Kochchikade
17	PELMADULLA	No. 222,Gurudola Road,Gurudola,Pelmadulla
18	PUTTALAM	No.188, Puttalam Road,Thalgaskanda,Palavi
19	BELUMMAHARA	Belummahara,Imbulgoda


LANKATILES
FD SHOWROOMS
FACTORY OUTLETS
JAFFNA
KILINOCHCHI
VAVUNIYA
TRINCOMALEE
ANURADHAPURA
PUTTALAM
POLONNARUWA
DAMBULLA
BATTICALOA
CHILAW
WARIYAPOLA
KULIYAPITIYA
KURUNEGALA
MATALE
KALMUNAI
WENNAPPUWA
KOCHCHIKADE
MAHIYANGANA
ALAWWA
PILIMATHALAWA
KANDY
DIGANA
KEGALLE
PERADENIYA
AMPARA
GAMPOLA
BADULLA
AVISSAWELLA
WELIMADA
MONARAGALA
EHELIYAGODA
BANDARAWELA
WELLAWAYA
RATNAPURA
BALANGODA
PELMADULLA
EMBILIPITIYA
AMBALANGODA
TISSAMAHARAMA
MEETIYAGODA
AMBALANTOTA
GALLE
MATARA
DICKWELLA
MIRIGAMA
WARAKAPOLA
NEGOMBO
MINUWANGODA
NITTAMBUWA
GAMPAHA
JA-ELA
KIRINDIWELA
KADAWATHA
WATTALA
KIRIBATHGODA
KADUWELA
MALABE
NARAHENPITA
NAWALA
NUGEGODA
ATHURUGIRIYA
GODAGAMA
KOTTAWA
MORATUWA
PANADURA
HORANA
KALUTARA
MATHUGAMA
ALUTHGAMA

MOUNTAIN

Between Earth and Sky

Rising through mist and cloud, Sri Lanka's mountains stand as a bridge between earth and sky—where cool breezes whisper, layered ridges stretch endlessly, and expansive silences renew the spirit. From the tranquil hills of Nuwara Eliya to the vast plateaus of Horton Plains, these highlands inspire a profound sense of elevation and connection.

Lanka Walltiles draws from the textures of striated stone, warm earth tones, and soft mineral grays—infusing spaces with grounded elegance and a breath of refreshing openness.

Intellectual Capital

The intangible assets within our group form the foundation of our long-term success, playing a vital role in sustaining our competitive advantage and strengthening our market leadership.

Our flagship brand, Lanka Tiles, remains a market leader in the domestic arena, symbolising the strength of our brand and the trust we have earned from consumers. Our continued success reflects our ability to connect with customers and respond effectively to shifting market dynamics while maintaining a position of prominence.

Equally vital to our success is the outstanding talent and deep expertise of our team. Their collective experience, combined with our culture of innovation and our robust, continuously evolving systems and processes, gives us a strategic edge.

As the Group expands and diversifies across both local and international markets, our intellectual capital remains a key driver, enhancing operational efficiency, fuelling product innovation, and reinforcing our leadership in an increasingly competitive landscape.

FOCAL AREAS IN 2024/25

Enhancing our brand presence and loyalty

Marketing strategy focused on elevating brand awareness, strengthening customer loyalty, and market penetration through a combination of traditional and digital marketing channels.

Customer-Centric Innovation

Campaigns strategically crafted to reach specific customer segments, aligning with their unique interests, preferences, and lifestyles.

Digitisation

Implementation of new ERP (SAP) and reduce errors and processing time.

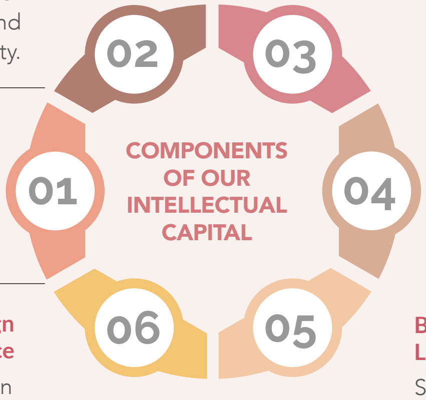
Regulatory and ESG compliance

Comply with international quality and environmental standards to enhance trust and competitiveness.

Rs. 2,084 Mn
Brand Value

124
New designs introduced during the year

Rs. 19.4Mn
Investment in Training and Development



01 Operational Excellence

Commitment to efficiency and high performance.

02 Systems and Processes

Advanced systems for operational control and scalability.

03 Knowledge and Expertise

Specialised workforce skills driving competitive advantage.

04 Certifications

Adherence to global standards for quality and safety.

05 Brand Equity and Market Leadership

Strong brands with market dominance and customer trust.

06 Innovation and Design Excellence

Cutting-edge design aligning with global trends.

BRAND VISIBILITY AND MARKET LEADERSHIP

The LANKATILES brand stands as the Company's most valuable asset and a foundational pillar of our continued success. With a brand valuation of Rs. 2,084 million by Brand Finance Sri Lanka, LANKATILES is proudly recognised as one of the nation's Most Valued Consumer Brands.

Strengthening brand visibility remained a key strategic priority. Recognising that robust brand recognition is critical to sustaining market leadership both locally and internationally, we adopted a comprehensive, multi-channel marketing approach. This included a dynamic blend of traditional and digital media, strategic influencer partnerships, and enhanced online engagement. As a result, The Group significantly expanded our presence across multiple customer touchpoints, reinforcing our identity as a trusted, design-centric brand synonymous with innovation and quality.

Key initiatives to enhance brand visibility include,

- Rolled out a nationwide brand campaign titled "Sri Lanka at the heart of everything we do", aimed at fostering emotional connection and national pride.
- Implemented an integrated 360-degree marketing strategy encompassing television, radio, print, digital, and outdoor media to maximise reach.
- Launched region-specific campaigns tailored to local market dynamics, enhancing relevance and penetration.
- Collaborated with influential industry professionals, including architects, contractors, and interior designers, to amplify brand advocacy and engage niche audiences.
- Promoted newly launched product collections through precision-targeted digital campaigns aligned with customer lifestyle insights.
- Achieved engagement with over 2.5 million users through strengthened social media presence across Facebook, Instagram, and YouTube.
- Redesigned the corporate website to improve product discoverability, user experience, and visitor interaction.
- Expanded international footprint by inaugurating a new showroom in the Maldives, in partnership with Alba International.

INNOVATION AND DESIGN EXCELLENCE

We continue to prioritise both product and process innovation as key drivers of our competitive advantage, ensuring value creation at every stage of the customer journey. By integrating cutting-edge design, sustainable practices, and digital transformation, the Group remains agile and responsive to the evolving needs of both local and international markets.

Intellectual Capital

Product Innovation	Process Innovation
• Export Market-Oriented Products • Developed new formats and designs specifically tailored for international markets: • 30x60 cm porcelain tiles. • New mosaic trims and field tiles to enhance design flexibility and customisation for project clients abroad.	• Shifted from double firing to single firing for floor tiles, improving energy efficiency, reducing production time, and lowering operational costs while maintaining product quality. • Converted dual fuel burners to PLG burners, increasing combustion efficiency and reducing emissions. • Enhanced kiln performance and thermal efficiency through better process controls and equipment adjustments.

OPERATIONAL EXCELLENCE

Operational excellence remains a fundamental pillar of our business strategy, driving enhanced efficiency, uncompromising product quality, and elevated customer satisfaction. Through an ongoing commitment to continuous improvement and strategic capital investments, we have optimised our operational processes, resulting in greater efficiency, cost reductions, and a fortified competitive position in the market.

Highlights of operational excellence during the year included:

Process Optimisation & Efficiency Improvements

- Transitioned from double firing to single firing in floor tile production, significantly reducing energy consumption and production time.
- Optimised kiln performance and thermal efficiency through process engineering enhancements.

Technology Integration & Automation

- Launched real-time process monitoring systems to track operational metrics and proactively address inefficiencies.

Total Productive Maintenance (TPM) & Operational Excellence Programs.

- Continued rollout of TPM and OE programs to
- Minimise equipment downtime
- Enhance machine utilisation
- Foster a culture of continuous improvement on the production floor

Strategic Sourcing & Cost Management

- Conducted comprehensive spend analysis to identify high-cost areas and drive procurement efficiencies.
- Onboarded new local suppliers offering competitive pricing while maintaining quality, leading to notable input cost savings.

Energy & Resource Efficiency

- Converted dual-fuel burners to PLG burners, improving combustion efficiency and reducing the plant's carbon footprint.
- Advanced water treatment and recycling processes, contributing to resource conservation.

Data-Driven Decision Making

- Initiated deployment of a cloud-based data analytics platform to enable deeper insights, performance tracking, and operational forecasting.

Systems and Processes

As part of our commitment to operational excellence and long-term resilience, Lanka Walltiles undertook significant enhancements in systems and processes during the year. These initiatives were aimed at improving efficiency, ensuring greater integration across functions, and supporting data-driven decision-making.

ERP Implementation (SAP Integration)

- Successfully implemented SAP ERP across core functions to streamline operations, improve data accuracy, and enable real-time performance monitoring.
- Enhanced cross-functional collaboration and inventory management through improved visibility of supply chain and production workflows.

Real-Time Process Monitoring Systems

- Introduced digitised monitoring tools on the production floor to track key performance indicators (KPIs) in real time.
- Enabled early detection of process deviations, reducing downtime and improving product consistency.

Automation and Digitisation of Routine Processes

- Automated repetitive administrative and manufacturing processes to improve speed, reduce manual errors, and lower operational costs.
- Enhanced digital documentation and reporting frameworks across departments.

Knowledge and Expertise

Our people are the foundation of our innovation, quality, and customer-centric excellence. We recognise that the strength of our workforce is critical to sustaining our competitive edge and achieving long-term business success. As such, we are deeply committed to cultivating a skilled, motivated, and future-ready team.

We foster a culture of continuous learning, where employees at all levels are empowered to expand their knowledge, enhance their capabilities, and grow professionally. Our comprehensive Employee Value Proposition is strategically designed to attract, develop, and retain high-calibre talent while ensuring alignment with the Company's evolving strategic goals.

Key Workforce Development Initiatives,

- Regular training programs are conducted to upskill our workforce, keeping them abreast of the latest industry trends, technologies, and compliance requirements.
- Our employees actively contribute to ongoing R&D initiatives, helping develop dynamic, contemporary, and environmentally conscious product solutions.
- Performance-based incentives and long-service awards help us retain experienced professionals and celebrate technical excellence within the organisation.
- We invest in advanced digital tools and platforms that support real-time knowledge sharing, collaboration, and process optimisation.
- Structured programs identify and nurture high-potential individuals, preparing them for critical leadership roles and ensuring continuity in key positions.

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	Unidill Packaging Ltd
SLS ISO 14001 Certificate of the Environmental Management System by the Sri Lanka Standards Institution	✓	✓			✓
SLS ISO 9001 Quality Management Certification	✓	✓	✓	✓	✓
SLS 1181 Certificate of Conformity issued by Sri Lanka Standard Institute	✓	✓			
Green SL Labelling System Certificate for environmental performance issued by the Green Building Council of Sri Lanka	✓	✓			
ISO 22000: 2018 Food Safety Management Systems and HACCP Certification					✓
SLS 1474 Certification Food safety related risk					✓
SLS 1492 Certification Food safety related risk					✓
SLS 1410 Certificate of conformity issued by Sri Lanka Standard Institution for Swisstek Aluminium brand extruded aluminium alloy profiles					✓
Qualicoat Certification Authorisation to use the quality sign of 'Qualicoat'					✓
SLS 1375 certification for Tile adhesive Certification for Tile adhesive			✓		
SLS 1376 certification for Tile adhesive Certification for Tile adhesive			✓		
Certification for assurance of socially responsible production					✓
Certification for Food Safety Management Systems					✓
CE Mark Certification	✓	✓			
SLS ISO 45001 Certificate		✓			

Natural Capital

We recognise the significant environmental impact associated with our operations, given the nature of our businesses and our reliance on natural resources. As such, we are committed to the responsible and efficient use of these finite resources while ensuring that waste is managed and discharged with the utmost care. Our goal is to continuously reduce our environmental footprint by embracing sustainable business practices and implementing innovative, eco-friendly solutions across all areas of operation. Through these efforts, we aim to protect and preserve the environment for future generations while enhancing the long-term resilience and sustainability of our Group.

45%
Reduced energy intensity

4,892MT
of Recycled material

18%
Renewable Energy usage increase

Rs. 5.5Bn
KWH of renewable energy generated

FOCAL AREAS IN 2024/25

Raw Material Stewardship

Continuous reformulation to reduce material usage without compromising quality.

Energy Management and Efficiency

Introduction of energy recovery from kiln exhausts to address the high reliance on LPG.

Emissions Management

Emission reduction linked to energy-saving projects like kiln heat recovery and solar installations.

Waste Reduction and Circular Economy

- Strong reuse practices with over 5,077 MT of material recycled during the year.
- Material-specific waste segregation and recycling.

OUR APPROACH TO MANAGING NATURAL CAPITAL

At Lanka Walltiles, we are deeply committed to reducing the environmental footprint of our operations by ensuring the responsible and sustainable management of natural resources. This commitment is driven by our recognition of the critical role that environmental stewardship plays in safeguarding the well-being of current and future generations. Our environmental strategy is structured around the globally recognised ISO 14001:2015 Environmental Management System standard. This standard provides a robust and systematic framework that guides the development, implementation, monitoring, and continuous improvement of our environmental initiatives across all operational areas.

In alignment with this framework, we have established a comprehensive governance structure that oversees the sustainable use, protection, and regeneration of natural capital, such as water resources, mineral reserves, land ecosystems, and biodiversity, within the scope of our certification. This structure integrates well-defined environmental policies, regulatory compliance measures, detailed environmental impact assessments, and informed decision-making protocols. It is designed to proactively identify and mitigate environmental risks while promoting the responsible use of natural assets.

Our goal is to achieve a harmonious balance between industrial growth and ecological preservation. We strive to meet the material and economic needs of society without compromising the resilience and vitality of the ecosystems that support life. Through this approach, we aim to ensure the long-term sustainability and health of natural systems, in line with both national regulations and international best practices.

MATERIAL CONSUMPTION

As part of our commitment to sustainable operations, we place significant emphasis on the responsible consumption of materials throughout our value chain. We recognise that the extraction, processing, and use of raw materials, such as clay, feldspar, silica, and other natural inputs, can have substantial environmental implications. Therefore, we strive to optimise material efficiency by reducing waste, promoting reuse and recycling, and selecting sustainable alternatives wherever feasible.

Our approach to material consumption is aligned with the principles of resource efficiency and circular economy. We continuously evaluate our material inputs to minimise dependency on non-renewable resources and reduce our overall environmental footprint. This includes adopting technologies and production methods that enable precise material usage, minimising offcuts and reject rates during manufacturing, and repurposing production byproducts.

Additionally, we conduct periodic material flow analyses to monitor usage patterns and identify areas for improvement. Through this process, we aim to reduce the intensity of material consumption per unit of production, thereby enhancing both environmental performance and operational efficiency.

Ultimately, our goal is to integrate sustainable material management practices into every stage of our operations, ensuring that we meet production demands while preserving natural resources for future generations.

Our Monetised Natural Capital

The Group owns a significant land base, including mining land and other freehold properties utilised for various commercial purposes, such as manufacturing plants, showrooms, and warehouses. Among these, the Group holds over 105 acres of mining land, which is crucial to the long-term sustainability of our core business operations. This land plays a key role in fulfilling our in-house clay requirements, ensuring a stable and reliable supply chain, and bolstering our operational resilience. By securing these essential resources, we are better positioned to manage operational continuity and reduce potential supply disruptions, reinforcing the strength and stability of our business for years to come.

Material Consumption by Type (MT)

Type	2024/25	2023/24
Renewable		
Chemicals	715	481
Constarch	866	436
Ink	107	82
Paper	29,523	23,332
Powder	105	111
Total	31,316	24,442
Non-renewable		
Billets	8,413	4856
Ball clay	41,215	49,377
Feldspar	64,079	74,380
Cement	20,993	14,295
Kaolin	14,187	14,881
Silica sand	23,566	31,068
Frit	204	216
Total	172,657	189,073

Non renewable Material Usage by sector

Sector	Unit	2024/25	2023/24	%
Tiles & Associated Products	Mt	164,244	184,217	(11)
Aluminium	Mt	9233	5448	69
Packaging	Mt	30,496	23,850	28
Total	Mt	203,973	213,515	(4)

Natural Capital

ENERGY MANAGEMENT

Given the energy-intensive nature of our operations, especially following recent expansions in production capacity and increased process automation, energy management has become a strategic priority for Lanka Walltiles. Our approach focuses on optimising energy consumption, minimising energy wastage, and integrating renewable energy sources where feasible, in line with our commitment to environmental responsibility and long-term sustainability.

We have implemented a series of green initiatives designed to improve energy efficiency and reduce our environmental impact. These initiatives include:

- Adoption of energy-efficient technologies, such as the installation of high-efficiency LPG burners.
- Productivity and process enhancements to reduce energy use per unit of production.
- Implementation of an energy recovery system that captures waste heat from kiln exhausts for reuse in drying processes.
- On-site solar power generation, contributing 1.5 MW to the national grid, supporting clean energy goals.
- Monitoring and analysis of energy data via measuring devices at storage and consumption points to detect abnormalities and take corrective action.

Our efforts are continuously reviewed and adjusted through monthly evaluations at the Director level, ensuring alignment with our broader sustainability goals.

MANAGING WATER CONSUMPTION AND EFFLUENTS

Managing our water consumption remains a strategic priority for the Group, given our substantial water footprint and the critical water stress conditions in Sri Lanka. We are actively working to reduce the volume of water withdrawn for our operations by minimising wastage and maximising the reuse of treated water from our processes. This initiative is integral to our sustainability framework and supports the preservation of vital water resources within the communities we operate.

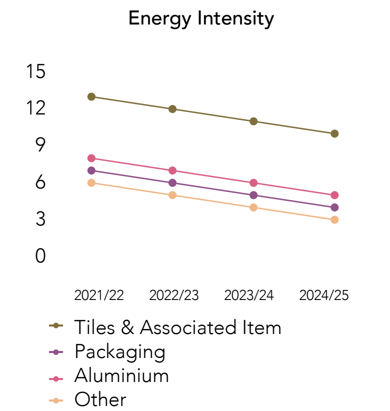
To ensure responsible water management, all wastewater generated across our operations undergoes comprehensive treatment before discharge or reuse. Each facility is equipped with advanced effluent treatment plants that meet or exceed regulatory standards. This enables us to treat nearly 100% of discharged water, which is either recycled or reintegrated into our production processes, significantly reducing our environmental impact.

The installation and operation of effluent treatment systems across all our sites reflect our unwavering commitment to effective wastewater management and environmental stewardship.

Energy Intensity by Sector				
Sector	Unit	2024/25	2023/24	%
Tiles & Associated Products	GJ/SQM	9	10	(10)
Grouts& Mortar	GJ/MT	23	28	(18)
Aluminium	GJ/MT	1,146	2,313	(50)
Packaging	GJ/MT	249	244	2

Energy Consumption by Type			
Type	Unit (000)	2024/25	2023/24
Renewable			
Firewood/Biomass	Kg	3,592	2,813
Solar power	KWh	988	935
Non-renewable			
Diesel	Litre	552	514
Furnace oil	Litre	462	386
LPG	Kg	16,375	17,874
Purchased electricity from CEB	KWh	43,900	42,356
Kerosene	Litre	75	130

Water Intensity By Sector				
Sector	Unit	2024/25	2023/24	%
Tiles & Associated Products	Litres/SQM	31	47	(34)
Grouts& Mortar	Litres/MT	178	236	(25)
Aluminium	Litres/MT	685	2,066	(67)
Packaging	Litres/MT	956	1,004	(5)



Water withdrawal by source (Mn Litres)		
Type	2024/25	2023/24
Ground water	98	113
Municipal water	10	16
Surface water	81	125
Third party supply	23	22
Total	211	276

Volume of water discharge by destination		
Type	2024/25 Litres Mn	2023/24 Litres Mn
Municipality sewerage, drainage lines	8	5
Recycled through Effluent treatment	32	31
To ground through soakage pits	22	23
To rivers, lakes, wetlands	47	38
Other		
Total	110	97

Waste generated by Sector				
Sector	Unit	2024/25	2023/24	%
Tiles & Associated Products	MT	21,445	21,831	(1.8)
Aluminium	Mt	-	-	
Packaging	MT	1990	455	(77)

Emission	2024/25	2023/24	%
Gross direct (Scope 1) GHG emissions tCO2e	52,384	55,929	(7)
Energy indirect (Scope 2) GHG emissions tCO2e	22,594	22,965	(2)
Total Emissions offset and/ or reduced tCO2e	2,344	2,439	(4)

WASTE DISPOSAL

We are committed to upholding responsible waste management through the implementation of systematic waste segregation practices that adhere to all relevant regulatory guidelines and industry benchmarks. To maintain high standards of compliance, we conduct regular internal audits that rigorously monitor adherence to these protocols.

The Group's primary waste streams include paper, aluminium billets, and general solid waste. Over the reporting period, a total of 23,435 metric tons of solid waste was generated, with the tiles and associated products segment accounting for 92% of the overall volume.

Hazardous waste is managed through certified third-party service providers to ensure safe and compliant disposal. Meanwhile, non-hazardous materials such as paper and organic waste are either sold, recycled, or repurposed. During the year, 9,969 metric tons of waste were successfully converted into reusable resources, with segregated food waste, for instance, being redirected for use as animal feed.

Our integrated approach reflects our ongoing commitment to minimising environmental impact and promoting circular economy principles across our operations.

EMISSION MANAGEMENT

As a responsible manufacturer, the Group remains firmly committed to reducing our environmental impact, with a strong focus on managing greenhouse gas (GHG) emissions. Operating within the energy-intensive ceramic industry, where processes such as firing, drying, and glazing demand substantial energy, we recognise our role in addressing climate change. In response, we have embedded robust emission control measures across our operations, aligning our manufacturing practices with broader sustainability and environmental protection goals.

Reducing our carbon footprint has been a strategic priority across the Group. A key milestone during the year was the successful Carbon Footprint Verification obtained by our subsidiaries, Unidil Packaging and Swisstek Aluminium. This achievement reflects our dedication to lowering emissions not only within production but also across packaging and logistics—further reinforcing our commitment to sustainability throughout the entire value chain.

COMPLIANCE

The Group maintains full compliance with all applicable environmental regulations set forth by the Central Environmental Authority. All our manufacturing facilities have been issued Environmental Protection Licenses, which are subject to annual review through rigorous internal audits and compliance reporting mechanisms.

During the reporting period, there were no fines or penalties incurred for violations of environmental laws or regulations—underscoring our commitment to operational integrity and environmental responsibility.

Outlined below are the environmental compliance-related certifications we adhered to during the financial year 2024/25:

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

SPIRITUAL

Spaces That Breathe

In Sri Lanka, the sacred is woven into everyday life—through quiet rituals, morning chants, and the stillness of calm waters. This presence brings balance, peace, and clarity to all it touches.

Lanka Walltiles embraces this serene spirit with designs that embody gentle forms, meditative patterns, and natural simplicity. More than mere surfaces, these tiles create spaces that breathe, inviting calm and sanctuary into every environment.

Corporate Governance

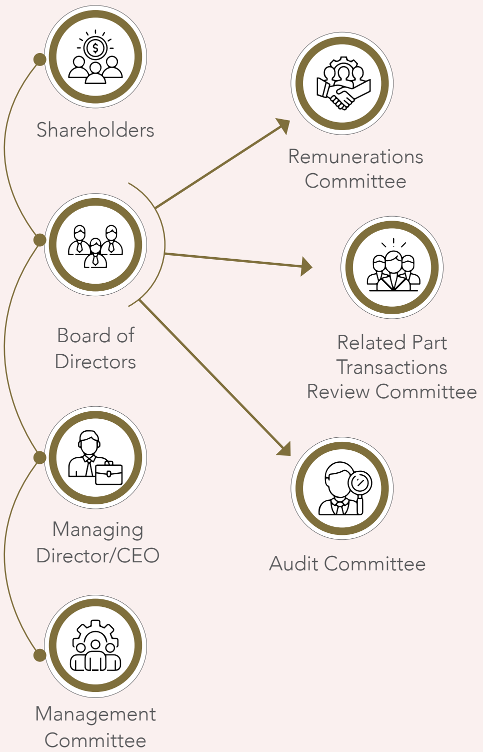
Transforming Principles into Practice

Enduring legacies are built on trust—and trust begins with principled action. At Lanka Walltiles, governance is not just a framework; it's a lived commitment to integrity, transparency, and accountability. By embedding strong values into every decision, we ensure that our progress is responsible, our leadership is ethical, and our impact extends beyond today—laying the groundwork for a future that is as resilient as it is inspiring.

Corporate Governance

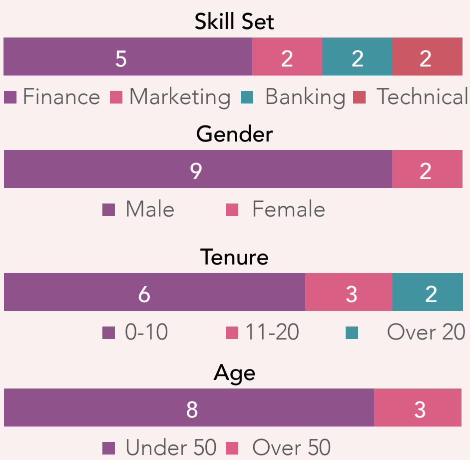
CORPORATE GOVERNANCE

The Board of Directors holds overall responsibility for guiding the strategic direction, overseeing risk management, internal controls, financial reporting, and the operations of the Lanka Walltiles Group. A strong governance framework, comprising policies, systems, procedures, and regular reporting, enables the Board to carry out its responsibilities effectively. These structures



Board Composition as at 31st March 2025

Executive Directors	1
Non-Independent Non-Executive Directors	6
Independent Non-Executive Directors	4



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

support a resilient business model aimed at delivering long-term value to stakeholders. The governance approach is continuously updated to remain aligned with evolving legal, regulatory, and internal requirements, ensuring its relevance and effectiveness in a dynamic business environment. During this period of leadership transition, the Board undertakes additional responsibilities to ensure a smooth handover of executive leadership. This includes offering strategic guidance and oversight, as well as providing the necessary support to maintain stability and continuity across all operational areas.

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

Functions of the Board

- Provide guidance for strategy formulation
- Ensure compliance with legal and regulatory requirements
- Establish a comprehensive system of internal controls
- Establish a corporate governance framework integrating ESG principles
- Establish a Risk Management Framework.
- Ensure integrity of financial and ESG reporting

Governance Highlights for 2024/25

- Transition of Managing Director's post
- Reconstitution of Committees of the Board
- Establishment of Nominations and Governance Committee
- Re-designation of directors
- Publishing of Board Approved policies on company website
- Approval of interim dividend of Rs.1.70 per share

Corporate Governance

Committee	Audit Committee (Refer page 106 for the Report)	Related party Transactions Review Committee (Refer page 110 for the Report)	Nominations and Governance Committee (Refer page 108 for the Report)	Remunerations Committee (Refer page 107 for the Report)
Composition	02 Independent Directors 01 Non Executive Director	02 Independent Directors 01 Non Executive Director	02 Independent Directors 01 Non Executive Director	02 Independent Directors 01 Non Executive Director
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	• 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.	• Overseeing the selection, appointment, and re-election of board members, CEO/MD, and Key Management Personnel (KMPs) • Evaluating Performance and Re-election of Directors: • Ensuring board effectiveness through self-assessment and monitoring corporate governance practices	• The Committee assists the Board in determining a suitable remuneration package.

BOARD COMPOSITION

The Board of Directors currently comprises 2 executive directors and 9 non- executive directors of whom 4 are independent. Collectively the Board has financial acumen, industry knowledge, marketing and technical knowledge necessary to provide strategic direction, ensure compliance and manage foreseeable risks

As at March 31st2025 the Board of Directors were as follows:

Director	Status	Changes during 2024/25
A M Weerasinghe	Non- Executive Chairman	
L P B Talwatte	Managing Director	Appointed with effect from 01.04.2025
J A P M Jayasekera	Executive	Resigned with effect from 01.04.2025
M W R N Somaratne	Executive	Appointed as Executive Director from 01.05.2025
A M L Page	Non-Executive Director	Redesignated as Non-Executive Director w.e.f.01.01. 2025
Dr. S Selliah	Non-Executive Director	Redesignated as Non-Executive Director w.e.f.01.01. 2025
J D N Kekulawala	Independent Non-Executive Director	
S R Jayaweera	Independent Non-Executive Director	
K A D B Perera	Non-Executive Director	
Y Bhaskaran	Non-Executive Director	Appointed with effect from 1.01.2025
B D S Mendis	Independent Non-Executive Director	Appointed with effect from 1.01.2025
N M Pelpola	Independent Non-Executive Director	Appointed with effect from 1.01.2025
T G Thoradeniya	Non-Executive Director	Resigned with effect from 31.12.2024
K D G Gunaratne	Independent Non-Executive Director	Resigned with effect from 31.12.2024
S M Liyanage	Non-Executive Director	Resigned with effect from 31.12.2024

APPOINTMENT, RE-ELECTION AND RETIREMENT

Directors are appointed by shareholders at the Annual General Meeting and a separate resolution is framed for each separate nominee and circulated to shareholders along with notice of the meeting. One third of directors retire annually at the AGM and may offer themselves for re-election if they meet the criteria set by the Nominations & Governance Committee. The Board may fill any casual vacancy during the year. Directors appointed in this manner are required to offer themselves for re-election at the next AGM. The Nominations and Governance Committee assist the Board in finding suitable candidates for such appointments. In terms of the Articles of Association of the Company, Directors may resign from their position anytime by delivering a written notice of resignation to the Registered Office of the Company.

DETERMINING INDEPENDENCE OF NON-EXECUTIVE DIRECTORS

Independent directors are required to provide a declaration annually which is reviewed by the Nominations & Governance Committee to determine the independence of directors.

In terms of section 9.8.3 of the Listing Rules, all Non Executive Directors have submitted declarations of their Independence/Non Independence in conformity with Appendix 9A of the Rules.

In terms of the criteria specified there in and as recommended by the Nominations & Governance Committee, the Board has determined that Messrs. Mr. J D N Kekulawala, Mr. S R Jayaweera, Mr. B D S Mendis, and Mr. N M Pelpola meets the criteria for an Independent Director and would continue to be so during the ensuing year until their independence is impaired against any of the criteria set out in Rule 9.8.3 for which an immediate market announcement would be made

ROLE OF CHAIRMAN & MANAGING DIRECTOR

The Chairman and Managing Director have separate roles to ensure balanced power. The Chairman is a non-executive director and is responsible for the orderly conduct of meetings and ensuring that sufficient oversight is exercised over the operations of the Group. The Board appoints the Managing Director, who implements strategic plans and drives performance within a set framework. The Board receives quarterly reports from the Managing Director on regulatory compliance.

ROLE OF THE COMPANY SECRETARY

P W Corporate Secretarial (Pvt) Ltd provides company secretarial services, including organising meetings, distributing Board documents, taking minutes, and filing required submissions. They advise directors on board protocols and legal duties. They also coordinate Annual General Meetings, Extraordinary General Meetings, shareholder communications, and disclosures to the Colombo Stock Exchange. The Board collectively decides on their appointment and dismissal.

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 interests are disclosed on page 21 to 25. 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 who approve the transactions and ensure appropriate disclosures in line with regulatory requirements. Related party transactions are disclosed in Note 32 to the financial statements on page 174.

EFFECTIVE MEETINGS

Board meetings are held quarterly 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 Directors/ CEO. Relevant Board papers are circulated to the Directors seven days prior to the meeting allowing sufficient time 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

Director	Attendance				
	Board Meetings	Nominations & Governance Committee*	Audit Committee	Remuneration Committee	Related Party Transactions Review Committee
A M Weerasinghe	9/9	-	-	-	-
L P B Talwatte (appointed on 01.01.2025)	-	-	-	-	-
J A P M Jayasekera	9/9	-	-	-	-
M W R N Somaratne	8/9	-	-	-	-
A M L Page	7/9	-	-	-	-
Dr. S Selliah	9/9	-	5/5	-	3/3
J. D. N Kekulawala	9/9	-	5/5	-	3/3
S R Jayaweera	9/9	-	2/2	-	1/1
K A D B Perera	8/9	-	-	-	-
Y Bhaskaran	2/2	-	-	-	-
B D S Mendis	2/2	-	-	-	-
N M Pelpola	2/2	-	-	-	1/1
T G Thoradeniya	3/9	-	0/5	-	0/3
K D G Gunaratne	6/9	-	-	-	-
S M Liyanage	7/9	-	-	-	-
S H Amarasekera (Director of Royal Ceramics Lanka PLC)	-	-	-	1/1	-
R N Asirwatham (Director of Royal Ceramics Lanka PLC)	-	-	-	1/1	-
L N De S Wijeyeratne (Director of Royal Ceramics Lanka PLC)	-	-	-	1/1	-

*Committee was formed on 01st October 2024. No meetings were held during the period. Decisions were carried out via circular resolutions.

REMUNERATION POLICY

The Board is assisted by the Remuneration Committee in determining remuneration of Executive Directors, Non-Executive Directors, KMP and others. Remuneration policy is designed to attract and retain the skills, capabilities and experience required to pursue business objectives. Remuneration of KMP and Executive Directors are linked to the performance of the Group. Please refer page 107 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.

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 recommends the financial statements for approval by the Board. The following reports set out further information required by the Code:

- The Directors' Report on pages 111 to 116 (including the declaration that the company is a going concern)
- The Statement of Directors' Responsibility on page 118
- Report of the Auditors on pages 120 to 122

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 the whether the 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 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 harmonisation 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.

Quarterly

- Quarterly financial statements via the CSE website
- Press releases

Annually

- Annual Report & Notice of meeting via CSE
- Direct mailers to shareholders of Annual Report and Notice of Meeting
- Annual General Meeting
- Press release
- Dividends

Ad-hoc

- Notices to CSE
- Press releases
- Circulars to shareholders

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 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.

COMPLIANCE WITH THE CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE ISSUED BY THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SRI LANKA

Reference to ICASL Code	Corporate Governance Principle	How we comply	Compliance Status
A.	Directors		
A.1	The Board		
A. 1.1	Board Meetings	9 scheduled Board meetings were held. The Board may call for special meetings to be held as deemed necessary	✓
A1.2	Role of the Board	• Focus in 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 monthly meetings. • Approving of major capital expenditure • Approving borrowings • Ensures that effective internal control and risk management framework is in place	✓

Corporate Governance

Reference to ICASL Code	Corporate Governance Principle	How we comply	Compliance Status
A. 1.3	Compliance with laws and access to independent professional advice	The Board has put in a policy framework and internal controls to facilitate compliance with laws. Additionally, Board members have the right to request for independent professional advice with the costs borne by the Company on matters set before the Board.	✓
A 1.4	Access to advice from the Company Secretary Indemnifying the Board, Directors and key management personnel	All directors have access to the advice of the Company Secretary.	✓
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 via circular when required or on urgency. Board decisions are also recorded at Meetings and such are minuted and entered in the Minute Book.	✓
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 training opportunities are made available.	✓
A. 2.0	Segregation of Roles of Chairman & CEO	Please refer Chairman and Managing Director I page 14 to 18	
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	Presence of Non-Executive Directors Independence of Non-Executive Directors	Please refer Board composition on page 111	✓
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 required as the Chairman is a Non-Executive Director	✓

Reference to ICASL Code	Corporate Governance Principle	How we comply	Compliance Status
A.5.9	Chairman meeting with the Non-Executive Directors	When required the Executive Directors and Members of staff are excused from meetings	✓
A.5.10	Recording concerns	Concerns of directors are recorded in minutes 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. The Chairman ensures that sufficient information is provided to Directors on matters on the agenda and Directors also have the ability to seek more information from Senior Management of the Company via the Company Secretary or the CEO/MD.	✓
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	The Nominations & Governance Committee is entrusted in seeking suitable Board Members as well as Key Management Personnel for the Company. Additionally the Committee reviews the re-elections of casual appointments made during the year prior to recommending them to the shareholders at the AGM . All new Board appointments are informed to the CSE as per existing regulations. Appointments are approved by the Board of Directors.	✓
A.7.3	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 1/3rd of the directors present 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 21	✓
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.	✓
B.	Directors' Remuneration		
B.1	Remuneration Procedure		

Corporate Governance

Reference to ICASL Code	Corporate Governance Principle	How we comply	Compliance Status
B.1.1	Set up a Remuneration Committee with agreed terms of reference	Refer Directors' Remuneration on page 107 The Report of the Remuneration Committee on page 107 gives the composition of the Committee and a description of its activities during the year.	✓
B.1.2	Remuneration Committee to consist of Non-Executive Directors only	Consists of Two Independent Non-Executive Directors and one Non Executive Director	✓
B.1.3	List names of Remuneration Committee in Annual Report	Please refer page 107	✓
B.1.4	Determination of the remuneration of the Non-Executive Directors	Remuneration of the Non-Executive Directors is reviewed by the committee and 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		
.B2.1/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		
B.2.7	Designing schemes of performance-based remuneration	Refer the Report of the Remuneration Committee on page 107	✓
B.2.8/B.2.9	Early Termination of Directors	There is no compensation for early termination of non-executive directors.	✓
B.3	Disclosure of Remuneration		
B.3.1	Disclosure of Remuneration	Report of the Remuneration Committee on page 107 Note 32 in the financial statements on page 179	✓
Relations with Shareholders			
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 working 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.	✓

Reference to ICASL Code	Corporate Governance Principle	How we comply	Compliance Status
C.2	Communications with shareholders		
C.2.1 to C.2.7	Communications with Shareholders	The AGM and EGM (if any) are used as the method for communicating with the shareholders. All quarterly and annual financial information and other important matters as required for by the Act and the Listing Rules are shared by way of disclosures through the CSE. The Company Secretaries/Registrars are the main contact people for the shareholders. All major concerns of the shareholders are brought to the notice of the Board at the AGM and at Board/Subcommittee meetings. All queries of shareholders are answered at the AGM and all shareholders are given the opportunity to express their views/concerns.	✓
C.3	Major & Material Transactions		
C.3.1 & C.3.2	Disclosure of Major Transactions	There were no matters which were identified as Major Transactions during the year as such no disclosure has been made in this regard. In the event there are Major Transactions, relevant disclosures and relevant shareholder approvals are obtained.	✓
D. Accountability & Audit			
D.1.1	Annual Report	Refer Accountability & Audit on page 99 ro 118	✓
D.1.2	Interim and price sensitive reports to public and regulators	In preparing annual and quarterly Financial Statements, the Company complies with the requirements of the; • Companies Act No. 07 of 2007, • Sri Lanka Accounting Standards and • Listing Rules of the Colombo Stock Exchange. The annual and interim Financial Statements were published within the time periods prescribed by the Listing Rules of the Colombo Stock Exchange.	✓
D.1.3	CEO/CFO Declaration	The Statement of Financial contains a declaration by the Deputy Chairman & Managing Director and the Chief Financial Officer.	✓
D.!.4	Directors' Report declarations	Refer Annual Report of the Board of Directors on page 111.	✓
D.1.5	Statements on responsibilities for preparation of Financial statements and internal control.	Refer the following: • Statement of Board responsibility for preparation of financial statements – page 100 • Statement from Auditors on their reporting responsibilities – page 119 • Statement on Internal Control – page 120	✓

Corporate Governance

Reference to ICASL Code	Corporate Governance Principle	How we comply	Compliance Status
D.1.6	Management discussion & analysis	Refer annual report pages from 28 to 43 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	Refer the following disclosures on Related Party Transactions: • Related party transactions Review Committee Report on page 110 • Annual Report of the Board of Directors on page 111 • Note 32 to the financial statements	✓
D.2	Risk Management & Internal Control		
D.2.1	Monitor, review and report on financial, operational and compliance risk and internal control systems	The following reports provide details on compliance with these requirements: • Risk Report on page 36 • Risk & Internal Control on page 36 • Directors' Statement on Internal Controls on page 38 • Audit Committee Report on page 106	✓
D.2.2	Confirm assessment of the principal risks of the company		✓
D.2.3	Internal Audit		✓
D.2.4	Require Audit Committee to carry out reviews of & Board responsibility for disclosures		✓
D.2.5	Compliance with Directors' responsibilities as set out by the Code		✓
D.3	Audit Committee		
D.3.1	Establish an Audit Committee comprising wholly of Non-Executive directors of which at least 2 must be independent	Audit Committee comprises 03 non-executive directors of whom 02 are independent. Refer Audit Committee on page 106.	✓
D.3.2	Written Terms of Reference for Audit Committee	The Audit Committee has a written Terms of Reference summarised in the Audit Committee Report on page 106.	✓
D.3.3	Disclosures	The Audit Committee Report with required disclosures are given on page 106.	✓
D.4	Related Party Transactions Review Committee		
D.4.1/D.4.2/ D.4.3 9.3.2	Related Party Transactions Review Committee	Refer • Related Party Transactions Review Committee on page 110 • Report of the Related Party Transactions Review Committee on page 110	✓
D.5	Code of Business Conduct & Ethics		
D.5.1	Board declaration for compliance with Code	Refer Code of Ethics on pages 95 to 105.	✓
D.5.2	Price sensitive information	Material and price sensitive information is promptly disclosed to the CSE by the Company Secretaries.	✓

Reference to ICASL Code	Corporate Governance Principle	How we comply	Compliance Status
D.5.3	Monitor Share purchase by Directors/ KMPs	Refer the Related Party Transactions Committee Report on page 110.	✓
D.5.4	Chairman's statement	Refer the Chairman's Message on Corporate Governance on page 15 and The Board of Directors' Statement on Internal Controls on page 40 .	✓
D.6	Corporate Governance disclosures	The Corporate Governance Report on pages 89 and 105 together with its Annexes comply with this requirement.	✓
E. Institutional Investors			
E.1.1	Institutional investors	The proxies of the major institutional investors, such as the major shareholder are obtained.	✓
E.2	Evaluation of Governance Disclosures	Information required for evaluation of governance structures is provided in the Annual Report.	✓
F. Other Investors			
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 198	✓
G. Internet of things and cybersecurity			
G.1	Identify connectivity and related cyber risks	The Company has implemented a cybersecurity policy and has robust cybersecurity risk management process and has a designated Chief Information Security Officer in place.	✓
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		✓
G.5	Disclosures in Annual Report		✓
H. Environment, Society & Governance			
H	Environment, society and governance	Refer ESG Reporting from page 56 to page 87	✓
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.	The Company identified and assessed the impact of its SRROs and CRROs which has been reviewed by the Board and is set out on page 30 to 40. The relevant SASBs for each industry was within the Group was considered in determining the	✓
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	The corporate governance report from page 90 to 105 provides information in this regard.	✓

Corporate Governance

Reference to ICASL Code	Corporate Governance Principle	How we comply	Compliance Status
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, recognising, managing and measuring on all pertinent aspects of sustainability using financial and non-financial measures.		✓
I. Special Considerations for Listed Companies			
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 have been published and can be accessed via this link https://www.lankatiles.com/about-lankatiles/	✓
I.2	Listed entities shall establish and maintain a formal policy governing matters relating to the board of directors.		✓

SECTION 9 – CORPORATE GOVERNANCE

Rule Ref	Disclosure Requirement	Compliance Status
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
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	An SID has not been appointed by the company
9.6.4	Rationale for appointing SID	There was no requirement to appoint a SID
9.7.5	Statement on Directors and CEO satisfying Fit and Proper Assessment Criteria Any non-compliance/s and remedial action taken	✓

Rule Ref	Disclosure Requirement	Compliance Status
9.8.5	Names of Directors determined to be 'independent'	✓
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	✓
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.	✓

Corporate Governance

Rule Ref	Disclosure Requirement	Compliance Status
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	✓
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	✓
9.14.8 (2)	Recurrent RPT exceeding 10% of the gross revenue/income (in the specified format) Name of the RP Relationship Nature of RPT Value of aggregate RPT Value as % of gross income Terms and Conditions	✓
9.14.8 (3)	Related Party Transactions Review Committee Report Names of the Directors comprising the Committee Statement that committee has reviewed RPTs and communicated comments/observations to the Board Policies and procedures adopted by the Committee	✓
9.14.8 (4)	Affirmative declaration by the Board of Directors on compliance with RPT Rules or negative statement to that effect.	

Rule Ref	Disclosure Requirement	Compliance Status
9.16	Additional disclosures by Board of Directors Declaration on following • All material interests in contracts and have refrained from voting on matters in which they were materially interested • Reviewed of the internal controls covering financial, operational and compliance controls and risk management and obtained reasonable assurance of their effectiveness and successful adherence, and, if unable to make any of these declarations an explanation on why it is unable to do so; • Made themselves aware of applicable laws, rules and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions; • Disclosure of relevant areas of any material non-compliance with law or regulation and any fines, which are material, imposed by any government or regulatory authority in any jurisdiction where the Entity has operations.	✓

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 Committee was last reconstituted on 1st January 2025. The current committee members are as follows.

Mr. J. D. N. Kekulawala
Chairman - Independent Non - Executive

Dr. S. Selliah
Committee Member Non - Executive

Mr. S. R. Jayaweera
Committee Member Independent Non - Executive

Mr. T G Thoradeniya - Non Executive Director also held membership in the committee during the year and ceased to be the member.

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

The Company Secretary - P W Corporate Secretarial (Pvt) Ltd 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
4. Mr. S R Jayaweera	2/2

FUNCTIONS PERFORMED BY THE AUDIT COMMITTEE

a. The Committee reviewed the Interim financial statements that were published for financial year 2024/25 and the audited financial statements of financial year 2024/25. 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. Deloitte 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.

The scope of function on responsibilities are adequately set out in the terms of reference of the committee which has been approved by the board and is reviewed annually.

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.

COMPLIANCE

Representations and assurances were obtained from M/s. E&Y, Chartered Accountants and the management team on the entities finances and operations including assurances regarding provisions for possible liabilities. Compliance reports were reviewed to ensure adherence to statutory requirements, including CSE Rules, Sri Lanka Financial Reporting Standards, and the Companies Act No. 07 of 2007. Regular updates on HR and legal compliance matters were also obtained. Ethics and Good Governance

The Committee emphasised ethical standards among employees, reinforcing policies on Business Conduct, Whistleblowing, and Anti-Bribery & Corruption. Training programs were conducted to ensure awareness, and confidential procedures were in place for independent investigations of whistleblowing reports.

J. D. N. Kekulawala
Chairman - Audit Committee

29th May 2025

Remuneration Committee Report

ROLE OF THE REMUNERATION COMMITTEE

The Remuneration Committee of the Parent entity Royal Ceramics Lanka PLC functioned as the Remuneration Committee of the Company until 30th September 2024. A separate Remuneration Committee was formed for Lanka Walltiles PLC effective 1st October 2024. The Remuneration Committee is a sub -committee of the Board, to which it is accountable. The Committee evaluates the performance of the Company Boards, its Chief Executive Officers, Key Management Personnel and executive staff against the set objectives and goals, and determines the remuneration policy of the Company for all levels of employees.

COMPOSITION OF THE REMUNERATION COMMITTEE

The Committee was last reconstituted on 1st January 2025. The current committee members are as follows.

1.Mr. S R Jayaweera Independent Non-Executive Director - Chairman

2. Ms. Y Bhaskaran Independent Non-Executive Director

3. Mr. J D N Kekulawala Independent Non-Executive Director

The following Directors also held membership in the committee during the year and ceased to be members

1. Mr. S H Amarasekera - Independent Non-Executive Director
2. Mr. R N Asirwatham - Independent Non-Executive Director
3. Mr. L N De S Wijeyeratne - Independent Non-Executive Director
4. Mr. A M Weerasinghe - Non-Executive Director

The Managing Director attends the Committee meeting by invitation. The Company Secretary - P W Corporate Secretarial (Pvt) Ltd 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.

1.Mr. S R Jayaweera	-
2. Ms. Y Bhaskaran	-
3. Mr. J D N Kekulawala	-
4. Mr. S H Amarasekera	1/1
5. Mr. R N Asirwatham	1/1
6. Mr. L N De S Wijeyeratne	1/1
7. Mr. A M Weerasinghe	-

FUNCTIONS PERFORMED BY THE REMUNERATION COMMITTEE

a. 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 177 of the Annual Report under key management remuneration.

b. 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.

c. 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.

d. 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.

e. Ensuring that staff costs are within the budget set by the Board, and are sustainable over time.

REMUNERATION POLICY

The Group's remuneration policy aims to attract, motive and retain a highly qualified and experienced executive team while ensuring competitive rewards aligned with industry standards. Compensation packages are structured to reflect each employee's expertise and contributions, considering business performance and shareholder returns.

DISCLOSURE ON DIRECTOR REMUNERATION

The aggregate amount of remuneration paid to the Directors of the Company during the year is disclosed in Note 32 of the Financial Statements in this Annual Report.

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 R Jayaweera
Chairman of the Remuneration Committee

29th May 2025

Nomination And Governance Committee Report 2024/25

COMPOSITION

The Nomination and Governance Committee of Lanka Walltiles PLCwas established on October 1, 2024, by the Board of Directors. The primary purpose of the Committee is to ensure that the Board has the appropriate balance of skills, experience, knowledge, and independence to function effectively. Additionally, the Committee evaluates the required diversity to serve the best interests of the Company and ensures the Board's composition supports this diversity.

The Committee was last reconstituted on 1st January 2025. The Committee now comprises two Independent Non-Executive Directors and one Non-Executive Director, in compliance with Section 9.11 of the CSE Listing Rules.

As of March 31, 2025, the Committee consists of the following members:

Name of Director	Directorship Status
Mr. B D S Mendis (Chairman)	Independent Non-Executive
Ms. K A D B Perera	Non-Executive
Mr. S R Jayaweera	Independent Non-Executive

The following Directors functioned as Members of the Committee intermittently during the year and ceased upon reconstitution

- Mr. K D G Gunaratne
- Mr. A. M. Weerasinghe
- Dr. S. Selliah

The NGC operates under a Board approved Terms of Reference (TOR) defining its scope, authority, duties and matters. All members are Non-Executive Directors and maintain independence, free from business, operational, personal, or other relationships that may compromise their unbiased judgment. The Chairman is an Independent Non Executive Director. PW Corporate Secretarial (Private) Limited serves as the Secretary to the Committee.

There were no meetings held during the period, matters were carried out via Circular Resolutions. The Committee has evaluated the appointments of 04 Directors including the Managing Director during the period under review

FUNCTIONS OF THE COMMITTEE

1. Evaluate the appointment of Directors to the Board of Directors and Board Committees of the Listed Entity. However, a member of the Nominations and Governance Committee shall not participate in decisions relating to his/her own appointment.

2. Establish and maintain a set of criteria for selection of Directors such as the academic/professional qualifications, skills, experience and key attributes required for eligibility, taking into consideration the nature of the business of the Entity and industry specific requirements.

3. Establish and maintain a formal and transparent procedure to evaluate, select and appoint/re-appoint Directors of the Listed Entity

4. Consider and recommend (or not recommend) the re-appointment/re-election of current Directors taking into account; the combined knowledge, experience, performance and contribution made by the Director to meet the strategic demands of the Listed Entity and the discharge of the Board's overall responsibilities; and, the number of directorships held by the Director in other listed and unlisted companies and other principal commitments.

5. Establish and maintain a suitable process for the periodic evaluation of the performance of Board of Directors and the CEO/Managing Director of the Entity to ensure that their responsibilities are satisfactorily discharged.

6. Develop succession plan for Board of Directors and Key Management Personnel of the Listed Entity.

7. Review the structure, size and composition of the Board and Board Committees with regard to effective discharge of duties and responsibilities.

8. Review and recommend the overall corporate governance framework of the Listed Entity taking into account the Listing Rules of the Exchange, other applicable regulatory requirements and industry/international best practices.

9. Periodically review and update the corporate Governance Policies / Framework of the Entity in line with the regulatory and legal developments relating to same, as a best practice.

10. Receive reports from the Management on compliance with the corporate governance framework of the Entity including the Entity's compliance with provisions of the SEC Act, Listing Rules of the Exchange and other applicable laws, together with any deviations/non-compliances and the rational for same.

ROLE OF THE NOMINATION AND GOVERNANCE COMMITTEE

The main role of the Committee is to ensure that Directors/KRPs of the Company are fit and proper persons to hold office as per the criteria set out in the Listing Rules of the Colombo Stock Exchange and other relevant Statutes. The Company strives to maintain Board diversity in the range of experience, skills, age, and gender which are essential factors for effective Board performance; the profiles of the Directors capturing details are available on pages 21 to 25 of this report.

The NGC's TOR's have been formulated in line with Section 9 of the Colombo Stock Exchange rules on Corporate Governance and on Fitness and Propriety. TOR's are reviewed annually by the Board and appropriate changes made as needed to reflect compliance requirements and best practices.

The Policy for Board of Directors Selection, Appointment, Nomination, Re-Election, and Continuation outline the procedures for nominating and appointing directors to the Board. As set out in its TOR, the NGC assists the Board of Directors in fulfilling its oversight responsibility;

The Company is in the process of formulating structured Induction programs/ orientation programs to be conducted for newly appointed Directors as well as on a continuous basis on corporate governance, Listing Rules, securities market regulations and other applicable laws and regulations. However the Managing Director provides an overview of the operational and governance structure as well as organisational awareness on company matters to the Board Members at each meeting.

The Committee updates the Board on Processes adopted by the Listed Entity to inform the Independent Directors of major issues relating to the Entity. During the year, there were no major issues reported. The Company ensures Independent Directors are informed through a structured communication framework, including regular Board and Committee meetings, with detailed agendas and relevant documents shared in advance. Directors receive periodic updates on key financial, operational, and strategic matters, with direct access to senior management. Special briefings address critical issues, and a secure online portal provides ongoing access to important updates.

ACTIVITIES 2023/24

Pursuant to Article 110 of the Company's Articles of Association, the NGC carried out a fit and proper assessment of new Board Members - Ms. Y. Bhaskaran, Mr. B D S Mendis, Mr. N M Pelpola and Mr. L P B Talwatte. Accordingly, all 04 new Directors were deemed Fit and Proper and as such eligible for re-election at the 1st Annual General Meeting following their appointment. Accordingly, shareholders will be invited to re-elect them at the upcoming Annual General Meeting.

In Terms of Article 103 of the Articles of the Association of the company, 1/3rd of the Directors are subject to retirement by rotation annually. Accordingly Ms. A M S Page and Mr. J D N Kekulawala will be subject to retirement by rotation at the oncoming Annual General Meeting

Disclosed in terms of Corporate Governance Rules 9.11.6 (g) - Information of Directors who are proposed to be re-elected at the Annual General Meeting 2025.

Name of Director	Date of first Appointment	Date of last re-appointment		
Ms. Y. Bhaskaran Member - Remuneration Committee	01.01.2025	1st re-appointment	Directorships/ Chairpersonships and other principal commitments both present and those held over the preceding three years in other Listed Entities appear under profiles of each Director appearing on page No. 21 to 25	None of the Directors have any relationships including close family relationships between the candidate and the directors, the Listed Entity or its shareholders holding more than ten per-centum (10%) of the shares of the Listed Entity
Mr. B D S Mendis Chairman - Nominations and Governance Committee	01.01.2025	1st re-appointment		
Mr. N M Pelpola Member - Related Party Transactions Review Committee	01.01.2025	1st re-appointment		
Mr. L. P. B. Talwatte No Sub Committee membership	01.04.2025	1st re-appointment		
Ms. A M L Page No Sub Committee membership	01.10.2013	2022		
Mr. J D N Kekulawala Chairman - Audit Committee Member - Remuneration Committee Member - Related Party Transactions Review Committee	30.08.2016	2022		

DECLARATION

The Committee diligently adheres to the corporate governance standards outlined in the Listing Rules of the CSE, ensuring full compliance with each provision.

Declarations were submitted by Board Members under Appendix 9A of the Listing Rules and following this review, it was ascertained that the Independent Directors of the Board, namely Mr. J D N Kekulawala, Mr. S R Jayaweera, Mr. B D S Mendis and Mr. N M Pelpola effectively met the criteria for assessing independence.

In terms of Section 9.7.4 of the Listing Rules, declarations have been obtained from the 10 Directors as at 31st March 2025 confirming that each of them have continuously satisfied the Fit and Proper Assessment Criteria set out in these Rules during the financial year concerned and satisfies the said criteria as at the date of such confirmation. The Fit and Proper Assessment has been carried out for the Managing Director upon his appointment. The committee confirms that the Directors and the Managing Director of the Listed Entity satisfy the Fit and Proper Assessment Criteria stipulated in the Listing Rules of the Colombo Stock Exchange.

The Committee has evaluated the performance of Board of Directors of the Entity to ensure that their responsibilities are satisfactorily discharged and will continue to improve such evaluation processes in line with the Company requirements in future.

Mr. B D S Mendis
Chairman
Nomination and Governance Committee

29th May 2025

Related party Transactions Review Committee Report

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

a) Ensure that the Company complies with the rules set out in the Listing Rules.

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

c) Perform other activities related to the Charter as requested by the Board.

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

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

f) Review the 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 Committee was last reconstituted on 1st January 2025. The current committee members are as follows.

1.Mr. S R Jayaweera Independent Non-Executive Director - Chairman

2. Mr. J D N Kekulawala Independent Non-Executive Director

3. Mr. N M Pelpola Independent Non-Executive Director

The following Directors also held membership in the committee during the year and ceased to be members

1. Dr. S Selliah - Non- Executive Director

2. Mr. T G Thoradeniya Non-Executive Director

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 3 meetings during the year and the attendance of the members at the meeting are as follows.

1.Mr. S R Jayaweera	1/1
2. Mr. J D N Kekulawala	3/3
3. Mr. N M Pelpola	1/1
4. Dr. S Selliah	3/3
5. Mr. T G Thoradeniya	0/3

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 Board in respect of each related party transaction proposed to be entered into other than the exceptions given in Listing Rule. 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 2024/25. In terms of Rule 9.14 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 Notes 32 the Financial Statements, on pages of this Annual Report.

DECLARATION

The Committee confirms that it has reviewed all Related Party Transactions during the financial year and has communicated its comments/ observations to the Board of Directors

S R Jayaweera
Chairman - Related Party Transactions Review Committee

29th May 2025

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 consolidated financial statements of the Company and its subsidiaries (collectively referred to as 'the Group') for the year ended 31st March 2025 as set out on page 120 to 180

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 principal 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 and porcelain tiles for export and local markets and holding investments.

During the year,

(i) Unidil Packaging Ltd and Unidil Packaging Solutions Ltd which are the subsidiaries of the company, invested equally 100% of the voting shares of Unidil Packaging Kenya Ltd, a non-listed company based in Kenya for a consideration of Rs. 90 Mn. Unidil Packaging Ltd and Unidil Packaging Solutions Ltd invested in Unidil Packaging Kenya Ltd, to gain access to the Kenyan market.

(ii) Subsequently, Unidil Packaging Kenya Ltd invested 100% of the voting shares of Perfect Packaging Ltd, a non-listed company based in Kenya for a consideration of Rs. 60.5 Mn.Unidil Packaging Kenya Ltd invested in Perfect Packaging Ltd, to gain access to the Kenyan market

Principal activities of the subsidiaries are given in Note 6.2 to the Financial Statements on page 149

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 pages 123.

Summarised financial results

Year ended 31st March	2025 Rs.'000	2024 Rs.'000
Revenue	41,728,620	40,243,864
Total comprehensive Income for the year	1,632,042	3,552,116

Independent Auditors' Report

The Report of the Independent Auditors on the Financial Statements of the Company is given on page 120 to 122

Accounting Policies

The accounting policies adopted by the company in the preparation of the financial statements are given on pages 128 to 138 which are consistent with those of previous period.

Directors

The names of the Directors who held office as at the end of the accounting period and upto date are given below and their brief profiles appear on pages 21 to 25

Executive Directors

Mr. J A P M Jayasekera	Director/ Former Managing Director (Resigned w.e.f 01.04.2025)
Mr. L P B Talwatte	Director/Managing Director (Appointed on 01.04.2025)
Mr.M W R N Somarathne	Director /Re-designated as Executive director on 01.05.2025

Non - Executive Directors

Mr. A M Weerasinghe	Chairman
Dr. S Selliah	Director
Ms. A M L Page	Director
Ms. K A D B Perera	Director
Ms. Y Bhaskaran	Director

Independent Non - Executive Directors

Mr. J D N Kekulawala	Director
Mr. S R Jayaweera	Director
Mr. B D S Mendis	Director
Mr. N M Pelpola	Director

Redesignation of Board Members

Ms. A M L Page and Dr. S Selliah who served as Independent Non - Executive

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

Directors were re-designated as Non - Executive Directors with effect from 1st January 2025.

Mr. M W R N Somaratne who served as a Non-Executive Director was re-designated as an Executive Director on 01st May 2025.

Resignations of Board Members

Mr. J A P M Jayasekera - Director/ Managing Director, resigned from the Board and Company on the 1st of April 2025.

Mr K D G Gunaratne - Independent Non-Executive Director and Mr. T G Thoradeniya and Mr. S M Liyanage, Non-Executive Directors tendered resignations with effect from 31st December 2024.

Appointments of Board Members

Ms Y Bhaskaran was appointed as a Non-Executive Director of the Company and Mr. B D S Mendis and N M Pelpola were appointed as Independent Non-Executive Directors of the Company with effect from 1st January 2025.

Mr. L. P. B. Talwatte was appointed as the Managing Director/Director from 1st April 2025.

Re-Elections of Board Members

Ms. A M L Page and Mr. J D N Kekulawala 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.

Ms. Y. Bhaskaran, Mr. B D S Mendis, Mr. N M Pelpola and Mr. L P B Talwatte being Directors appointed to the Board since the last Annual General Meeting will retire in terms of Article 110 of the Articles of Association and being eligible are recommended by the Directors for re-election by the shareholders.

Fit and Proper Assessment of Directors

In terms of Rule 9.7.4 of the Listing Rules of the Colombo Stock Exchange, Declarations have been obtained from the continuing Directors confirming 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.

Directors appointed during the year satisfied the Fit and Proper Assessment Criteria upon their appointment date. Further the Managing Director upon his appointment has submitted the Declaration confirming satisfaction of the Fit and Proper Assessment Criteria as at 1st April 2025.

The Fit and Proper Assessment Criteria of the newly appointed Directors/ Managing Director were reviewed and recommended by the Nomination & Governance Committee as at their appointment dates.

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 21 and 25

(iii) Criteria for determining Independence of Directors

In terms of section 9.8.3 of the Listing Rules, all Non Executive Directors have submitted declarations of their Independence/Non Independence in conformity with Appendix 9A of the Rules.

In terms of the criteria specified there in, the Board has determined that Mr. J D N Kekulawala, Mr. S R Jayaweera, Mr. B D S Mendis, and Mr. N M Pelpola meets the criteria for an Independent Director and would continue to be so during the ensuing year until their independence is impaired against any of the criteria set out in Rule 9.8.3 for which an immediate market announcement would be made.

Directors of the subsidiary Companies

Subsidiary Companies

Lanka Tiles PLC

Mr. A M Weerasinghe
Mr. J A P M Jayasekera - Resigned on 01.04.2025
Mr. L. P. B. Talwatte (Managing Director-appointed 01.04.2025)
Dr. S Selliah
Mr. T G Thoradeniya
Ms. A M L Page
Mr. J A R N Adhihetty
Mr. S R Jayaweera
Mr. J R Gunaratne
Ms. K A D B Perera
Mr. H. Somashantha

Swisstek (Ceylon) PLC

Mr. S H Amarasekera
Mr. J A P M Jayasekera - Resigned on 01.04.2025
Mr. L A D N Perera- Chief Executive Officer appointed on 21st May 2025
Mr. A M Weerasinghe
Mr. J K A Sirinatha
Dr. S Selliah
Mr. A S Mahendra
Mr. K D G Gunaratne
Mr. C U Weerawardena
Mr. R M M J Ratnayake
Mr. B D S Mendis

Beyond Paradise Collections Ltd

Mr. M H Jamaldeen
Mr. K D H Perera
Mr. J A P M Jayasekera- Resigned on 01.04.2025
Mr. A M Weerasinghe
Mr. L. P. B. Talwatte - appointed 01.04.2025

Lanka Swisstek Private Limited

Mr. A M Weerasinghe
Mr. J A P M Jayasekera - Resigned on 01.04.2025
Mr. A M Weerasinghe
Mr. Karan Singhvi
Mr. Praveen Kumar Singhvi

Swisstek Development Ltd

Mr. K D A Perera
Mr. J A P M Jayasekera - Resigned on 01.04.2025
Mr. A M Weerasinghe
Mr. L P B Talwatte - appointed 01.04.2025

LWL Development (Pvt) Ltd

Mr. K D A Perera
Mr. J A P M Jayasekera - Resigned on

01.04.2025
Mr. L P B Talwatte - appointed 01.04.2025

LTL Development Ltd

Mr. K D A Perera
Mr. J A P M Jayasekera - Resigned on 01.04.2025
Mr. A M Weerasinghe
Mr. L P B Talwatte - appointed 01.04.2025

Swisstek Investment (Pvt) Ltd

Mr. J A P M Jayasekera - Resigned on 01.04.2025
Mr. A M Weerasinghe

Vallibel Plantation Management Limited

Mr. A M Weerasinghe
Mr. J A P M Jayasekera - Resigned on 01.04.2025
Mr. T G Thoradeniya
Mr. A S Mahendra

L W Plantation Investment Ltd

Mr. A M Weerasinghe
Mr. J A P M Jayasekera - Resigned on 01.04.2025

Uni Dil Packaging Limited

Mr. D B Gamalath
Mr. J A P M Jayasekera - Resigned on 01.04.2025
Mr. T G Thoradeniya
Mr. H Somashantha
Dr. N T Bogahalande
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 - Resigned on 01.04.2025
Mr. C U Weerawardena

Lanka Tiles USA Inc

Mr. A M Weerasinghe
Mr. J A P M Jayasekera- Resigned on 01.04.2025
Mr. L P B Talwatte - appointed 01.04.2025

Valley View Ceramics LLC

Mr. J A P M Jayasekera - Resigned on 01.04.2025
Mr. A M Weerasinghe
Mr. Benjamin Malloy
Mr. L P B Talwatte - appointed 01.04.2025

Uni Dil Packaging Kenya Limited

Mr. S M Liyanage
Mr. H Somshantha

Perfect Packaging Limited

Mr. S M Liyanage
Mr. H Somshantha

Interests Register

The Company maintains an Interests Register in terms of the Companies Act, No. 7 of 2007.

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

The 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 2025.

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

Directors' Remuneration

The Directors' remuneration is disclosed under key management personnel compensation in Note 32 to the Financial Statements on page 174

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. 4.95 Mn (2024 – Rs.3.6 Mn) is payable by the Company to the Auditors for the year under review comprising Rs 2.1 Mn (2024 – Rs 2.0 Mn) as audit fees and Rs 2.85 Mn (2024 Rs 1.6 Mn) for non-audit services.

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

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 provider 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

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

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 170.

Stated Capital

The Stated Capital of the Company as at 31st March 2025 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 2025 and 31st March 2024 are as follows.

	Shareholding at as at 31/03/2024 Nos	Shareholding at as at 31/03/2025 Nos
Mr. A M Weerasinghe	-	-
Mr. J A P M Jayasekera*	995	995
Mr L P B Talwatte ** (Managing Director)	-	
Dr. S Selliah-		
Ms. A M L Page		
Mr. J D N Kekulawala-		
Mr. M W R N Somarathne		
M W R N Somarathne	40,000	40,000
Sampath Bank PLC/ Mr. M W R N Somarathne	60,000	60,000
Mr. S R Jayaweera		
Ms. K A D B Perera		
Ms Y Bhaskaran		-
B D S Mendis		
N M Pelpola		

* Resigned on 01.04.2025
** appointed on 01.04.2025

Land holdings

The net book value of property, plant and equipment of the Company as at the reporting date amounted to Rs.12,733 Mn (2024 – Rs 11,048 Mn.)

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

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

Location	No of Buildings 31.03.2025	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.

Shareholders

There were 14,821 shareholders registered as at 31st March 2025 (15,242 shareholders as at 31st March 2024). The details of distribution are given on page 199 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 are given on page 198 under Share Information.

Employment Policy

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

As at 31st March 2025 562 persons were in employment (562 persons as at 31st March 2024) in the Company.

Reserves

The reserves of the Company with the movements during the year are given in Note 17 to the Financial Statements on page 160.

Capital Expenditure

The total capital expenditure during the year amounted to Rs Rs. 3,536 Mn on property, plant and equipment compared to Rs.5,523 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
Rs. 109 Mn and all other related movements are disclosed in Note 5 to the Financial Statements.

Dividends

A Final dividend of Rs.0.70 per share for the year ended 31st March 2024 was recommended by the Board on 28th May 2024 subject to the concurrence of the shareholders. The requisite resolution was unanimously passed by the shareholders at the Annual General Meeting held on 28th June 2024.The Dividend was paid to the Shareholders by 18th of July 2024 in accordance with the timelines set out in the Listing Rules.

An interim dividend of Rs.1.70 per share for the year ending 31st March 2025 was declared by the Board on 5th March 2025. The Dividend was paid to the Shareholders by 4th of April 2025 in accordance with the timelines set out in the Listing Rules.

Substantial Shareholdings

The Company is controlled by Royal Ceramics Lanka PLC which
holds 54.55 % (2024- 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 2025 are given in Notes 6 to the Financial Statements on pages 148 to 152

Public Holding

29.107% (2024 – 29.107%) of the issued shares of the Company are held by the public.

Donations

The Company did not make donations during the year under review. (For 2024 - Rs. 1.1 Mn)

Group

The subsidiaries made donations amounted to Rs 0.6 Mn during the year under review. (2024 – Rs 4.6 Mn)

Risk Management

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

Specific steps taken by the Company in managing the risks are detailed in the section on Risk Management on pages 36

Statutory Payments

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

Contingent Liabilities

Except as disclosed in Note 33 to the Financial Statements on page 177 there were no material Contingent Liabilities as at the reporting 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 90 to105 explains the measures adopted by the Company during the year.

The Board of Directors confirms that the Company has complied with Section 7 of the Listing Rules on Continuous Listing Requirements and Section 9 of the Listing Rules on Corporate Governance (as applicable) during the Financial year and as at the end of the reporting date.

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 2025.

The Audit Committee, Related Party Transactions Review Committee, Remuneration Committee and the Nominations and Governance Committee function as Board Sub-Committees. The committees were last reconstituted on the 1st of January 2025. These Committees comprise Directors who possess the requisite qualifications and experience, and the composition of the said Committees is as follows.

Audit Committee

Mr Nihal Kekulawala Chairman
Independent Non-Executive Director
Dr. Sivakumar Selliah
Non-Executive Director
Mr Sanjeewa Jayaweera
Independent Non-Executive Director

Remuneration Committee

Mr Sanjeewa Jayaweera Chairman
Independent Non-Executive Director
Ms Dinusha Bhaskaran
Non-Executive Director
Mr Nihal Kekulawala
Independent Non-Executive Director

Related Party Transactions Review Committee

Mr Sanieerwa Jayaweera Chairman
Independent Non-Executive Director
Mr Nihal Kekulawala
Independent Non-Executive Director
Mr Naomal Pelpola
Independent Non-Executive Director

Nominations and Governance Committee

Mr Dinesh Mendis Chairman
Independent Non-Executive Director
Mr Sanjeewa Jayaweera
Independent Non-Executive Director
Ms. Brindhini Perera
Non-Executive Director

Policies maintained by the Company

In line with Section 9.2 of the Listing Rules on corporate Governance, the Company has established the following policies which are disclosed in the company website www.lankatiles.com

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

(b) Policy on Board Committees

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

(d) Policy on Remuneration

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

(f) Policy on Risk management and Internal controls

(g) Policy on Relations with Shareholders and Investors

(h) Policy on Environmental, Social and Governance Sustainability

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

(j) Policy on Corporate Disclosures

(k) Policy on Whistleblowing

(l) Policy on Anti-Bribery and Corruption

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

The Company would be reviewing and updating the policies to align with corporate requirements on a regular basis. There were no changes to the policies during the year.

The company believes in effective communication and relations with shareholders and investors and brings to the attention of the Board any major issues and concerns of the stakeholders. The Company maintains a Board approved Policy on relations with shareholders and investors for such. The policy defines the process to make all Directors aware of major issues and concerns of shareholders in the event such instances occur.

The Company has appointed the following officer for any communication with shareholders/ investors.

Ms. Sajeewani Amarasinghe
General Manager (Finance)

Corporate Social Responsibility

The Company continued its Corporate Social Responsibility Programme,

Environmental Protection

After making adequate enquiries from the management, the Directors are satisfied that the Company operates in a manner that minimises 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

The financial statements are prepared on going concern principles. After making adequate enquires from the management, 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.

Special Business To Be Transacted At The Annual General Meeting - Amendments To The Articles Of Association

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

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

(b) Currently, the minimum number of Directors shall not be less than three (03) or more than eleven (11). The recent amendments to Listing Rules require the minimum number to be increased to five (05). Whilst the Directors have proposed that the maximum number of Directors be increased to 14. The proposed amendment to the number of Directors is to be in line with the new Rule, and the amendment as proposed by the Board.

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

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

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

Annual General Meeting

The Notice of the Forty Eighth (48th) Annual General Meeting appears on page 202

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

A.M Weerasinghe
Chairman

L P B Talwatte
Managing Director

P W Corporate Secretarial (Pvt) Ltd
Secretaries

29th May 2025

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 statues 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.

L P B Talwatte
Managing Director

H Somashantha
Director Finance

29th May 2025

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.

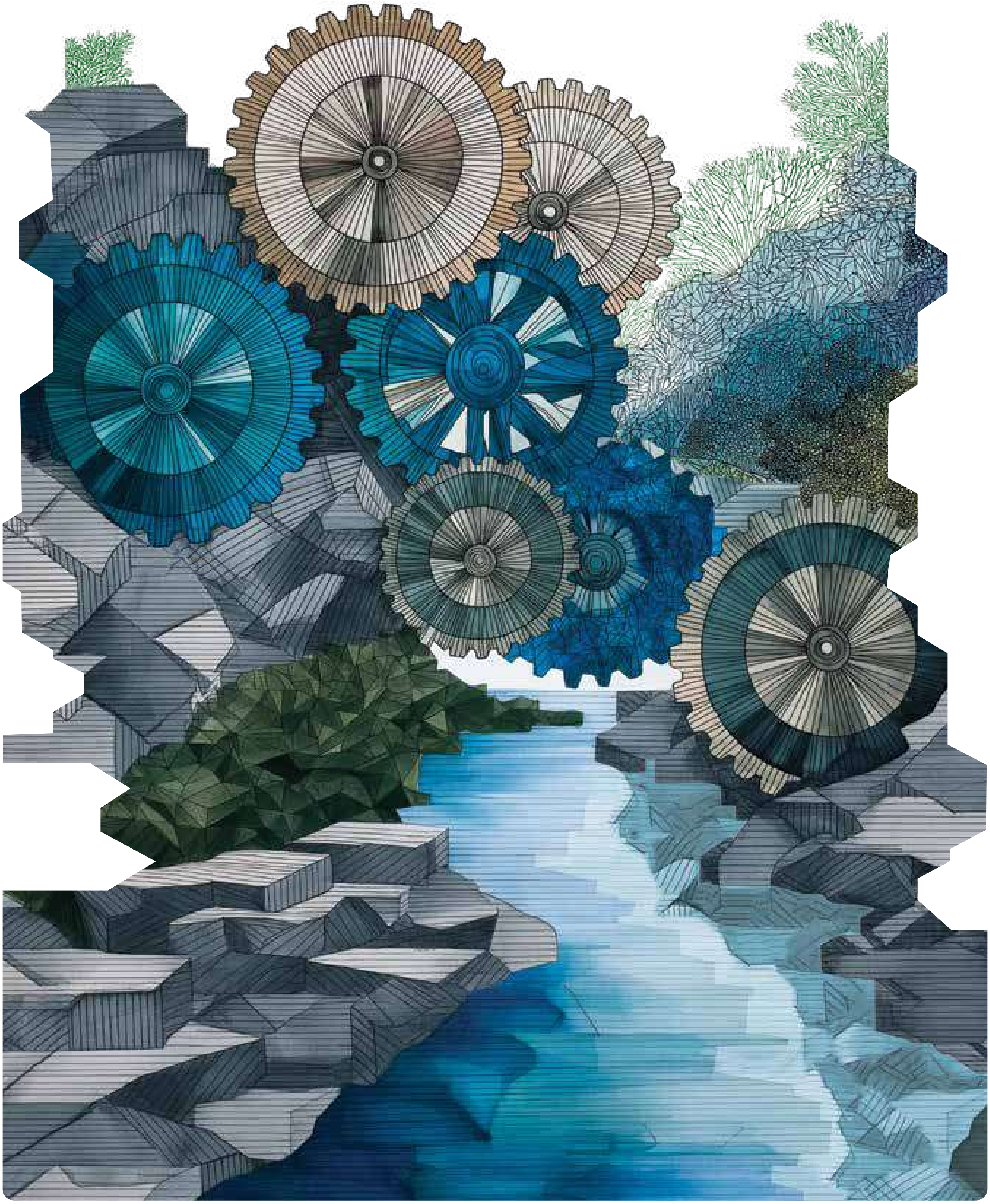
The Directors continue to adopt the going concern basis in preparing the financial statements. The Directors, after making inquiries and review of the Company's Business Plan for the financial year 2025/26, including cash flows and borrowing facilities, consider that the Company has adequate resources to continue in operation.

By Order of the Board
LANKA WALLTILES PLC

P W Corporate Secretarial (Pvt) Ltd
Secretaries

29th May 2025

Financial Statements



Transforming Performance into Confidence

At Lanka Walltiles, our financial reporting goes beyond compliance; it is a reflection of our unwavering commitment to transparency and accountability. Through clear, accurate, and audited disclosures, we build the confidence of our stakeholders and reinforce the trust that has carried us across generations—turning performance into a foundation for future growth.

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
Fax : +94 11 768 7869
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 2025, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

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

BASIS FOR OPINION

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

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

Key audit matter	How our audit addressed the Matter
Existence and carrying value of Inventories	
As at 31 March 2025, the carrying value of inventories amounted to Rs. 20,630 Mn net of a provision of Rs. 512 Mn for slowing-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: • Materiality of the reported amount, which represents 35% of the Group's total assets. • Inventories being held at multiple locations. • 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.	Our audit procedures included the following key procedures: • 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. • 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. • Tested whether inventory was stated at the lower of cost and net realizable value, by comparing cost with subsequent selling prices. • 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. We also assessed the adequacy of the disclosures made in notes 10, 2.3.5 and 2.2.2 to the financial statements.

Other information included in the Group's 2024/25 Annual Report

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

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

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

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

Independent Auditor's Report

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

Report on Other Legal and Regulatory Requirements

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

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

Ernst & Young

29th May 2025
Colombo

Statement of Financial Position

As at 31 March 2025	Note	Group 2025 Rs.'000	Group 2024 Rs.'000	Company 2025 Rs.'000	Company 2024 Rs.'000
ASSETS					
Non-current assets					
Property, plant and equipment	3	27,436,661	25,072,909	12,733,087	11,048,010
Investment properties	4	815,687	815,687	-	-
Intangible assets	5	439,099	349,491	29,806	32,127
Investments in subsidiaries	6	-	-	1,696,035	1,618,987
Investments in associates	7	200,392	193,923	-	-
Right of use assets	8	153,426	116,088	22,328	54,606
Deferred tax asset	9	145,569	185,169	-	-
		29,190,834	26,733,267	14,481,256	12,753,730
Current assets					
Inventories	10	20,629,587	17,711,617	4,818,622	3,923,894
Trade and other receivables	11	7,673,909	6,891,001	951,943	1,841,975
Contract assets	12	-	30,033	-	-
Amounts due from related parties	13	90,698	75,584	309,302	60,806
Short term investments	14	5,294	4,963	5,294	4,963
Cash and cash equivalents	15	1,878,493	1,395,989	88,648	137,856
		30,277,981	26,109,187	6,173,809	5,969,494
Total assets		59,468,815	52,842,454	20,655,065	18,723,224
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	4,779,093	2,506,339	2,506,339
Retained earnings		15,698,921	15,577,401	4,493,040	4,940,452
Shareholders' funds		21,265,779	21,144,259	7,787,144	8,234,556
Non controlling interest		6,451,762	5,366,513	-	-
Total equity		27,717,541	26,510,773	7,787,144	8,234,556
Non-current liabilities					
Interest bearing liabilities	18	6,737,645	7,641,953	3,576,984	4,081,465
Deferred tax liabilities	9	3,251,302	3,378,079	1,067,937	1,253,991
Retirement benefit liability	19	880,383	700,485	321,381	261,315
		10,869,330	11,720,517	4,966,302	5,596,771
Current liabilities					
Trade and other payables	20	5,174,449	4,896,012	795,884	664,002
Contract liability	21	182,853	139,300	52,951	45,068
Income tax liabilities		210,601	945,128	560	137,230
Amounts due to related parties	22	233,156	244,959	1,260,584	1,661,437
Interest bearing liabilities	18	15,080,885	8,385,765	5,791,640	2,384,160
		20,881,944	14,611,164	7,901,619	4,891,897
Total equity and liabilities		59,468,815	52,842,454	20,655,065	18,723,224

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

H. Somashantha
Director Finance

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

L.P.B. Talwatte
Managing Director

A. M. Weerasinghe
Chairman

The accounting policies and notes on pages 128 to 186 form an integral part of the financial statements.
Figures in brackets indicate deductions.

29th May 2025
Colombo

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March	Note	Group 2025 Rs.'000	Group 2024 Rs.'000	Company 2025 Rs.'000	Company 2024 Rs.'000
Revenue from contracts with customers	23	41,728,620	40,243,864	5,206,950	7,407,574
Cost of Sales		(30,885,687)	(26,806,890)	(4,176,287)	(5,235,557)
Gross Profit		10,842,933	13,436,974	1,030,663	2,172,017
Other Income	24	457,486	372,399	741,364	1,313,163
Distribution Costs		(4,329,765)	(4,193,958)	(922,494)	(1,012,953)
Administrative Expenses		(3,059,995)	(2,639,020)	(410,650)	(476,446)
Finance Cost	25	(1,371,686)	(1,785,240)	(361,298)	(376,058)
Finance Income	26	117,023	227,046	359	610
Share of net profit of associate	7	5,077	5,473	-	-
Profit Before Tax	27	2,661,073	5,423,674	77,944	1,620,333
Income Tax Expense	28	(1,029,031)	(1,901,558)	168,369	(76,539)
Profit for the Year		1,632,042	3,522,116	246,313	1,543,794
Other Comprehensive Income					
Net Other Comprehensive Income /(loss) not to be reclassified to profit or loss in subsequent periods					
Revaluation of Land and Building	3	-	2,270,919	-	994,059
Actuarial Gain/ (Loss) on Retirement Benefit Liability	19	(100,967)	(174,161)	(55,036)	(68,958)
Deferred tax on components of other comprehensive income		30,097	(612,546)	16,511	(277,531)
Share of other Comprehensive Income of associate	7	1,392	2,150	-	-
Net Other Comprehensive Income/(loss) that will not be reclassified to profit or loss in subsequent periods		(69,478)	1,486,362	(38,525)	647,570
Net Other Comprehensive Income may be reclassified to profit or loss in subsequent periods (net of tax):					
Foreign currency translation differences of foreign operations		25,525	(33,108)	-	-
Other Comprehensive Income/(loss) for the Year,		(43,953)	1,453,254	(38,525)	647,570
Total Comprehensive Income for the Year, net of tax		1,588,089	4,975,370	207,788	2,191,364
Profit attributable to :					
Equity holders of the parent		935,418	2,725,132	246,313	1,543,794
Non controlling interest		696,624	796,984	-	-
Profit for the year		1,632,042	3,522,116	246,313	1,543,794
Total comprehensive income attributable to :					
Equity holders of the parent		892,123	3,844,078	207,788	2,191,364
Non controlling interest		695,966	1,131,292	-	-
Total Comprehensive Income for the Year		1,588,089	4,975,370	207,788	2,191,364
Basic Earnings Per Share - Profit Attributable to Ordinary Equity Holders	29	3.43	9.98	0.90	5.65

The accounting policies and notes on pages 128 to 186 form an integral part of the financial statements.
Figures in brackets indicate deductions.

Statement of Changes in Equity

As at 31st March	Stated capital Rs.'000	Revaluation reserve Rs.'000	Retained earnings Rs.'000	Total Rs.'000	Non controlling interest Rs.'000	Total Rs.'000
GROUP						
Balance as at 1st April 2023	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)
Balance as at 31st March 2024	787,765	4,779,093	15,577,401	21,144,259	5,366,513	26,510,773
Profit for the Year	-	-	935,418	935,418	696,624	1,632,042
Other Comprehensive Income	-	-	(43,295)	(43,295)	(658)	(43,953)
Total Comprehensive Income	-	-	892,123	892,123	695,966	1,588,089
Transfer of Control to the Non Controlling Interest	-	-	(145,556)	(145,556)	145,556	-
Proceeds on issue of shares to minority shareholders	-	-	-	-	557,017	557,017
Dividends						
Final 2023/24	-	-	(191,100)	(191,100)	-	(191,100)
First Interim 2024/25	-	-	(464,100)	(464,100)	-	(464,100)
	-	-	(655,200)	(655,200)	-	(655,200)
Dividends to non controlling interest	-	-	30,152	30,152	(313,290)	(283,138)
Balance as at 31st March 2025	787,765	4,779,093	15,698,921	21,265,779	6,451,762	27,717,541

The accounting policies and notes on pages 128 to 186 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
COMPANY				
Balance as at 1st April 2023	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	2,191,363
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)
Balance as at 31st March 2024	787,765	2,506,339	4,940,452	8,234,556
Profit for the Year	-	-	246,313	246,313
Other Comprehensive Income	-	-	(38,525)	(38,525)
Total Comprehensive Income	-	-	207,788	207,788
Dividends				
Final 2023/24	-	-	(191,100)	(191,100)
First Interim 2024/25	-	-	(464,100)	(464,100)
	-	-	(655,200)	(655,200)
Balance as at 31st March 2025	787,766	2,506,339	4,493,040	7,787,144

The accounting policies and notes on pages 128 to 186 form an integral part of the financial statements.

Figures in brackets indicate deductions.

Statement of Cash Flow

For the year ended 31 March	Note	Group 2025 Rs.'000	Group 2024 Rs.'000	Company 2025 Rs.'000	Company 2024 Rs.'000
CASH FLOW FROM OPERATING ACTIVITIES					
Profit before tax		2,661,073	5,423,674	77,944	1,620,333
Adjustments for					
Depreciation & amortization		1,273,199	1,099,120	386,312	245,703
Amortization of Right of use Lease Assets	8	111,642	62,726	32,278	20,661
Income from investments		-	-	-	(1,289,056)
(Profit)/Loss on sale of property, plant & equipment	24	313	(27,103)	986	355
Interest income	26	(117,023)	(227,046)	(359)	(610)
Finance costs	25	1,453,107	1,598,133	361,298	376,058
Provision for retirement benefit obligations	19	115,927	124,977	17,099	38,510
Allowance/ (reversal) for obsolete and slow moving inventories	10	31,347	115,749	-	(53)
Allowance for impairment of trade receivable	11	39,329	18,256	-	5,438
Foreign exchange (gain)/ loss		(81,421)	184,102	(21,572)	-
Inventory Written off		-	(4,858)	-	(3,240)
Gain on Bargain Purchase		(15,149)	-	-	-
Share of net profit of associate	7	(5,078)	(5,473)	-	-
Operating profit/(loss) before working capital changes		5,467,266	8,362,257	853,986	1,014,099
Working capital adjustments:					
(Increase)/ decrease in inventories		(2,922,371)	(2,394,522)	(894,728)	(370,791)
(Increase)/ decrease in trade and other receivables		(640,673)	1,246,840	890,032	672,013
(Increase) /decrease in due from related parties		(15,114)	10,243	(248,496)	(13,183)
Increase/ (decrease) in due to related parties		(11,803)	(158,803)	(400,852)	132,159
Increase /(decrease) in trade and other payables		(52,786)	199,038	144,724	(540,057)
Increase/ (decrease) in investments		331	(509)	331	(512)
Cash generated from/(used in) operations		1,824,850	7,264,545	344,997	893,728
Interest received		117,023	227,046	359	610
Finance costs paid		(1,371,686)	(1,763,879)	(361,298)	(376,058)
Retirement benefit plan costs paid	19	(36,996)	(112,189)	(12,068)	(9,952)
Income tax paid		(1,692,637)	(1,601,618)	(124,900)	(75,641)
Net cash flows from/(used in) operating activities		(1,159,447)	4,013,905	(152,910)	432,687
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES					
Acquisition of property, plant & equipment	3	(3,513,545)	(5,666,337)	(2,071,611)	(4,377,370)
Acquisition of Intangible assets	5	(108,903)	(15,007)	-	-
(Acquisition) / disposal of investments		-	695,180	(77,048)	-
Proceeds from sale of property, plant & equipment		2,972	24,068	1,558	500
Income from investment		-	-	-	1,289,056
Net cash outflow from acquisition of a subsidiary	6	(58,592)	(3,315)	-	-
Net cash flows from/(used in) investing activities		(3,678,068)	(4,965,411)	(2,147,101)	(3,087,814)
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES					
Interest bearing loans & borrowings obtained		36,631,317	24,681,369	9,473,673	7,657,642
Repayment of interest bearing borrowings		(32,100,654)	(21,912,011)	(7,282,952)	(3,592,437)
Repayment of Lease liability		(95,471)	(72,801)	(19,536)	(19,855)
Dividends paid - on Ordinary Shares	26	(655,200)	(1,337,700)	(655,200)	(1,337,700)
Dividend paid to non controlling interest		(283,138)	(553,270)	-	-
Proceeds on issue of shares to minority shareholders		557,017	58,007	-	-
Dividend write back		-	13,860	-	13,860
Net cash flows from/(used in) financing activities		4,053,872	877,454	1,515,985	2,721,510
Net increase/(decrease) in cash and cash equivalents		(783,644)	(74,052)	(784,026)	66,383
Foreign exchange difference arising on translation of foreign operation		25,525	(33,108)	-	-
Cash and cash equivalents at the beginning of the year	15	180,167	287,327	(345,420)	(411,803)
Cash and cash equivalents at the end of the year	15	(577,954)	180,167	(1,129,445)	(345,420)

The accounting policies and the notes on pages 128 to 186 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 & porcelain tiles 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 2025 was authorized for issue in accordance with a resolution of the Board of Directors on 29 May 2025.

2. MATERIAL ACCOUNTING POLICIES

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 2025, based on available information, the management has assessed the prevailing and anticipated effects of the current economic conditions on the Group and the appropriateness of the use of the going concern basis. It is the view of the management 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 despite the ongoing effects of the prevailing 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 2025.

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.

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.

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 recognized 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.

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."

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 recognize 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

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 2025.

Subsidiaries and equity accounted investees are disclosed in Note 6 & 7 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

Notes to the Financial Statements

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.

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 lifetime 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 19 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 and 4 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)

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 MATERIAL 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.

Notes to the Financial Statements

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 37 to the financial statements.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

All assets and liabilities for which fair value is measured or disclosed in the Financial Statements are categorized within the fair value hierarchy, described as follows,

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

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

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

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

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

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

2.3.3 Taxation

Current taxes

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

Notes to the Financial Statements

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 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 substation right, then the asset in not identified.
- The Group has right to obtain substantially all of the economic benefits of asset throughout the period of use; and
- The Group has right to direct the use of the asset. The Group has this right when it has decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either;
- 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 underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment and are in the range of 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.

Notes to the Financial Statements

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 commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

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 2025.

Funding Arrangements

The Gratuity liability is not externally funded.

(b) Defined Contribution Plans- Employees' Provident Fund and Employees' Trust Fund.

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

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

2.3.12 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or 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. 23. 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.

Notes to the Financial Statements

Net gains and losses of a revenue nature on the disposal of property, plant & equipment and other non- current assets including investments have been accounted for in the statement of total comprehensive income, having deducted from proceeds on disposal, the carrying amount of the assets and related selling expenses. On disposal of re-valued property, amount remaining in revaluation reserve relating to that asset is transferred directly to retained earnings.

Gains and losses arising from incidental activities to main revenue generating activities and those arising from a group of similar transactions which are not material, are aggregated, reported and presented on a net basis.

2.3.14 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 2025

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.

SLFRS 17 Insurance Contracts

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

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

SLFRS 17 is effective for annual reporting periods beginning on or after 1 January 2026

Lack of exchangeability – Amendments to LKAS 21

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

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

The amendments are effective for annual periods beginning on or after 1 January 2025

3 PROPERTY, PLANT & EQUIPMENT

3.1 Net book value of assets

	Group		Company	
	2025 Rs'000	2024 Rs'000	2025 Rs'000	2024 Rs'000
At cost				
Plant and Machinery	10,293,078	5,935,446	4,131,623	913,396
Water Supply, Electricity Distribution Scheme	602,839	409,435	549,516	235,575
Tools, Implements, Furniture & Fittings and Electrical Appliances	584,177	527,175	143,587	109,992
Transport & Communication Equipment	186,296	212,066	58,135	59,164
	11,666,390	7,084,122	4,882,861	1,318,127
At Valuation				
Freehold Land	6,157,297	6,157,297	2,779,499	2,779,499
Buildings	6,340,247	5,632,934	2,274,869	1,682,803
	12,497,544	11,790,231	5,054,368	5,780,429
Capital Work in Progress	3,272,728	6,198,555	2,795,858	5,267,581
Net Book Value	27,436,661	25,072,909	12,733,087	11,048,010

3.2 GROUP

(a) Gross Carrying Amounts

	Balance as at 01.04.2024 Rs.'000	Additions Rs.'000	Acquisition of Subsidiary Rs.'000	Disposals/ Transfers Rs.'000	Balance as at 31.03.2025 Rs.'000
At Cost					
Plant and Machinery	12,852,280	4,798,787	239,011	(57,146)	17,832,931
Water Supply, Electricity Distribution Scheme	902,110	389,174	-	-	1,291,284
Tools, Implements, Furniture & Fittings and Electrical Appliances	1,572,057	241,057	12,613	(18,170)	1,807,558
Transport & Communication Equipment	538,382	20,408	18,338	(856)	576,272
	15,864,829	5,449,427	269,962	(76,172)	21,508,045

Notes to the Financial Statements

	Balance as at 01.04.2024 Rs.'000	Additions Rs.'000	Acquisition of Subsidiary Rs.'000	Disposals/ Transfers Rs.'000	Balance as at 31.03.2025 Rs.'000
At Valuation					
Freehold Land	6,157,297	-	-	-	6,157,297
Buildings	5,900,206	795,340	-	22,500	6,718,047
	12,057,503	795,340	-	22,500	12,875,344

	Balance as at 01.04.2024 Rs.'000	Additions Rs.'000	Acquisition of Subsidiary Rs.'000	Disposals/ Transfers Rs.'000	Balance as at 31.03.2025 Rs.'000
In the Course of Construction					
Capital Work In Progress - Buildings & Others	6,198,555	2,841,461	-	(5,767,288)	3,272,728
	6,198,555	2,841,461	-	(5,767,288)	3,272,728
Total	34,120,888	9,086,228	269,962	(5,820,960)	37,656,117

(b) Depreciation

	Balance as at 01.04.2024 Rs.'000	Additions Rs.'000	Disposals/ Transfers Rs.'000	Balance as at 31.03.2025 Rs.'000
At Cost				
Plant and Machinery	6,916,834	629,872	(6,852)	7,539,854
Water Supply, Electricity Distribution Scheme	492,675	249,539	(53,769)	688,445
Tools, Implements, Furniture & Fittings and Electrical Appliances	1,044,882	199,417	(20,918)	1,223,381
Transport & Communication Equipment	326,316	64,548	(888)	389,976
Total	8,780,706	1,143,376	(82,427)	9,841,656
At Valuation				
Buildings	267,272	110,528	-	377,800
	267,272	110,528	-	377,800
Total	9,047,979	1,253,904	(82,427)	10,219,455

(c) Net book value of assets	25,072,909	8,102,286	(5,738,533)	27,436,661

(d) Fixed assets include fully depreciated assets, the cost of which at the reporting date amounted to Rs. 4,700.8 Mn (2024 - Rs.3,691.8Mn)

(e) During the financial year, the Group acquired property, plant & equipment to the aggregate value of Rs.3,513.5 Mn. (2024- Rs. 5,666.3 Mn). Cash payments amounting to Rs. 3,513.5 Mn (2024- Rs. 5,666.3Mn).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/ per sqft	Fair Value measurement (Level 3) Rs.000
	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 evidences	" 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 evidences	" Rs. 126,000/- to 231,000/- per perch "	222,692
		Land Adjacent to the Factory Premises , Jaltara , Ranala	25,604 sq	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-sqft-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/ per sqft	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	32103 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., Weliweriya	85.0 Perches	Mr. D.G.Newton	31 March 2024	Market based evidence	Rs. 600,000/- per perch	51,000
		Land at Ratupaswela	2446.0 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 sqft	226,422
		No: 177/6, New Kandy Rd., Weliweriya	27,170 Sq.ft.	Mr. D.G.Newton	31 March 2024	Contractors Method	Rs. 2,850/- to 3,250/- per sqft	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	4944 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.Fathithu	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.Fathithu	31 March 2024	Contractors Method	Rs.1250/- 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 ;

	2025 Years	2024 Years
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 01.04.2024 Rs.'000	Additions Rs.'000	Disposals/ Transfers Rs.'000	Balance as at 31.03.2025 Rs.'000
At Cost				
Plant and Machinery	2,701,181	3,463,275	(71,108)	6,093,347
Water Supply, Electricity Distribution Scheme	378,192	363,434	-	741,626
Tools, Implements, Furniture & Fittings and Electrical Appliances	374,385	76,063	(32)	450,417
Transport & Communication Equipment	169,101	5,934	-	175,035
	3,622,859	3,908,706	(71,140)	7,460,425

	Balance as at 01.04.2024 Rs.'000	Additions Rs.'000	Balance as at 31.03.2025 Rs.'000
At Valuation			
Freehold Land	2,779,499	-	2,779,499
Buildings	1,682,803	652,714	2,335,517
	4,462,302	652,714	5,115,016

	Balance as at 01.04.2024 Rs.'000	Additions Rs.'000	Disposals/ Transfers/ Write-off Rs.'000	Balance as at 31.03.2025 Rs.'000
In the Course of Construction				
Capital Work In Progress Plant & Machinery and Building	5,267,581	2,089,698	(4,561,421)	2,795,858
	5,267,581	2,089,698	(4,561,421)	2,795,858
Total	13,352,742	6,651,117	(4,632,561)	15,371,299

Notes to the Financial Statements

(b) Depreciation

At Cost	Balance as at 01.04.2024 Rs.'000	Additions Rs.'000	Disposals/ Transfers/ Write-off Rs.'000	Balance as at 31.03.2025 Rs.'000
Buildings	-	60,648	-	60,648
Plant and Machinery	1,787,785	227,708	(53,769)	1,961,724
Water Supply, Electricity Distribution Scheme	142,617	49,493	-	192,110
Tools, Implements, Furniture & Fittings and Electrical Appliances	264,393	42,469	(32)	306,830
Transport & Communication Equipment	109,937	6,963	-	116,900
Total	2,304,732	387,281	(53,801)	2,638,212

(c)

Net book value of assets	11,048,010	6,263,837	(4,578,760)	12,733,087

(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 reference evidence and the details of the valuations are indicated below.

A reassessment of the fair valuation was obtained from the same independent professional valuer who determined that there would have been no substantial material change in the fair value between the last revaluation date and reporting date.

Location	Extent	Independent Valuer	Valuation Date	Valuation Details	Significant unobservable input : price per perch/ acre/range / per sq.ft	Fair Value measurement (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
	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
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
	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 4,377/- per square feet	1,463,514

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. 2,071.6 Mn (2024- Rs.4,377.3Mn). Cash payments amounting to Rs. 2,071.6 Mn. (2024- Rs.4,377.3Mn)

(f) Fixed assets include fully depreciated assets which are still in use of which the cost at the reporting date amounted to Rs. 1,369 Mn (2024 - Rs.1,096.4Mn).

(g) The company / group capitalized total of Rs. 616 Mn (2024- Rs. 444 Mn) as the borrowing cost in the proposed expansion project at the equal rate of the respective bank borrowings (12% - 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.

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 reflects 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
	2025 Rs.'000	2025 Rs.'000	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2025 Rs.'000	2025 Rs.'000	2024 Rs.'000
Freehold Land	2,366,802	-	2,366,802	2,366,802	473,428	-	473,428	473,428
Building	2,895,616	(746,655)	2,148,961	2,499,262	1,155,073	(340,870)	814,203	200,757
	5,262,418	(746,655)	4,515,763	4,866,064	1,628,501	(340,870)	1,287,631	674,185

4 INVESTMENT PROPERTY

	Group		Company	
	2025 Rs'000	2024 Rs'000	2025 Rs'000	2024 Rs'000
As at 01st April	815,687	815,687	-	-
As at 31st March	815,687	815,687	-	-

Notes to the Financial Statements

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 2024/25 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 / per sqft	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
		Waradala Village, Divulapitiya, Gampha	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
2	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 Mar 2024	KPMG Real Estate & Valuation Services (Private) Limited	Market based evidence	Rs.5800/- 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.

5 INTANGIBLE ASSETS

5.1 Value of the intangible assets

	Group		Company	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Goodwill on business combination (Note 5.2)	199,858	199,858	-	-
Other intangible assets (Note 5.3)	239,241	149,633	29,806	32,127
	439,099	349,491	29,806	32,127

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	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
As at 01st April	199,858	19,570	-	-
Acquisition of a subsidiary (Note 6.3)	-	180,288	-	-
As at 31st Mach	199,858	199,858	-	-

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

	Group		Company	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Lanka Tiles PLC	19,570	19,570	-	-
Valley View Ceramics LLC	180,288	180,288	-	-
	199,858	199,858	-	-

(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 (33%) preceding the budgeted year adjusted for projected market conditions.

Discount rates

The discount rate used is the risk free rate (8.5%) , 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 1% growth rate in the cash flow beyond the seven-year period.

5.3 Other Intangible Assets

	Group		Company	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
As at 1 April	149,633	152,683	32,127	34,449
Additions	108,902	15,007	-	-
Amortization charge	(19,294)	(18,057)	(2,321)	(2,322)
As at 31 March	239,241	149,633	29,806	32,127
Cost	306,233	196,125	35,030	35,030
Accumulated amortization	(66,992)	(46,492)	(5,224)	(2,903)
Net book amount	239,241	149,633	29,806	32,127

Notes to the Financial Statements

6 INVESTMENTS IN SUBSIDIARIES

6.1 Company

		Number of Shares'000		Holding		Cost	Market Value Directors' Valuation	Cost	Market Value Directors' Valuation
		2025	2024	2025 %	2024 %	2025 Rs.'000	2025 Rs.'000	2024 Rs.'000	2024 Rs.'000
6.1	Subsidiary								
A)	Quoted								
	Lanka Tiles PLC	180,946	180,946	68.22	68.22	935,958	9,173,961	935,958	9,354,907
	Swisstek (Ceylon) PLC	15,706	15,706	11.48	11.48	41,247	731,911	41,247	299,989
	Total Quoted Investment in Subsidiary					977,205	9,905,872	977,205	9,654,896

		Number of Shares'000		Holding		Cost	Market Value Directors' Valuation	Cost	Market Value Directors' Valuation
		2025	2024	2025 %	2024 %	2025 Rs.'000	2025 Rs.'000	2024 Rs.'000	2024 Rs.'000
B)	Non-quoted								
	Vallibel Plantation Management Limited	10,336	10,336	100	100	298,891	298,891	298,891	298,891
	LWL Development Limited	28,600	28,600	100	100	286,000	286,000	286,000	286,000
	LW Plantation Limited	5,689	5,689	100	100	56,888	56,888	56,888	56,888
	*Lankatiles USA Inc.,	1	1	100	100	77,051	77,051	3	3
	Total Non-quoted Investments in Subsidiaries					718,830	718,830	641,782	641,782
	Total Net Carrying Value of Investments in Subsidiaries					1,696,035		1,618,987	

*Lanka Walltiles PLC further invested Rs.77Mn on its 100% owned subsidiary, Lankatiles USA Inc.,

6.2 Details of those companies in which Lanka Walltiles PLC, held a controlling interest, as at 31 March 2025 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					
		2025	2024	2025	2024				
1)	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
2)	Vallibel Plantation Management Ltd	100.00	100.00	100.00	100.00	Investment Holding	M/s KPMG	No 400, Deans Road,Colombo 10,	Sri Lanka
3)	Uni-Dil Packaging Ltd	100.00	100.00	-	-	Manufacture and sale of cartons for packing	M/s KPMG	Narampola Road, Moragala, Dekatana.	Sri Lanka
4)	Uni-Dil Packaging Solutions Ltd	100.00	100.00	-	-	Manufacture and sale of paper sacks	M/s KPMG	Narampola Road, Moragala, Dekatana.	Sri Lanka
5)	Swisstek (Ceylon) PLC	44.09*	44.09*	11.48	11.48	Manufacture and sale of tile	M/s KPMG	N0 215, Nawala Road, Narahenpita, Colombo 05	Sri Lanka
6)	Swisstek Aluminium Ltd	25.90**	38.53*	-	-	Manufacture and sale of aluminium extrusions	M/s. Ernst & Young	No. 76/7,Pahala Dompe, Dompe,	Sri Lanka
7)	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
8)	Beyond Paradise Collection Limited	68.22	68.22	-	-	Property Holding Company	M/s. Ernst & Young	N0 215, Nawala Road, Narahenpita, Colombo 05	Sri Lanka
9)	Lanka Swisstek (Private) Limited	34.79*	34.79*	-	-	Aluminium Fabrication	M/s. Vasan And Sampath LLP	No 196, A1, Bommasandra Industrial Area, Banglo	India
10)	LTL Development Ltd	68.22	68.22	-	-	Property Holding Company	M/s. Ernst & Young	N0 215, Nawala Road, Narahenpita, Colombo 05	Sri Lanka
11)	Swisstek Development Ltd	44.09	44.09	-	-	Property Holding Company	M/s KPMG	N0 215, Nawala Road, Narahenpita, Colombo 05	Sri Lanka
12)	LW Plantation Investment Ltd	100.00	100.00	100.00	100.0	Property Holding Company	M/s. Ernst & Young	N0 215, Nawala Road, Narahenpita, Colombo 05	Sri Lanka
13)	Lankatiles USA Inc	100.00	100.00	100.00	100.0	Holding Company	Weaver (Reviewer)	5502, Windmier Circle, Dallas, USA	USA
14)	Valley view Ceramics LLC	58.10	58.10	-	-	Distribution of Tiles in USA	Weaver (Reviewer)	35 W Frontage raod, Suite 110, Denton	USA
15)	Unidil Packaging Kenya Ltd	100.00	-	-	-	Holding Company	RSM Eastern Africa LLP	P.O Box 10643. G.P.O. Nairobi	Kenya
16)	Perfect Packaging Ltd	100.00	-	-	-	Manufacture and sale of packing materials	RSM Eastern Africa LLP	P.O Box 10259. G.P.O. Nairobi	Kenya

Notes to the Financial Statements

*The company has a controlling interest in these investee companies without a majority of the voting rights on the basis that Lanka Walltiles PLC has power for the purpose of consolidation due to the fact that Lanka Walltiles Group hold majority of voting rights through a combination of direct and indirect shareholding.

** Right Issue of Swisstek Aluminium Ltd

During the year Board of Directors of Swisstek Alurninium Ltd approved a Rights Issue of shares at Rs.11/- per share in the proportion of 16 shares for every 29 shares held by a shareholder, with right of renunciation. to raise a sum of Rs.849,121,026/- to be utilized for capacity expansion and to reduce the gearing levels whereby Swisstek (Ceylon) PLC was provisionally, allotted 67,498,246 Rights shares with the right of renunciation.

Considering the cash flow forecasts, Swisstek (Ceylon) PLC accepted the rights in respect of 22,721 ,272 shares only, and invested a sum of Rs.249,999,992/- in 22,727,272 ordinary shares of Swisstek Aluminium Ltd, on 28th March 2025. The remaining rights entitlement of Swisstek (Ceylon) PLC was offered to and renounced in favour of the ultimate parent entity, Vallibel One PLC.

As of 28th March 2025. Swisstek Aluminium Ltd received a subscription amounting to Rs.807,017,926/- in respect of 73.365,266 shares, and as per the terms of the Rights Issue, 73,365,266 shares were allotted by the subsidiary, thereby increasing its Stated Capital to Rs. 1,409,064,609/- represented by 213,376,121 shares.

Pursuant thereto, Swisstek (Ceylon) PLC's holding in Swisstek Aluminium Ltd is reduced to 67.987% based on the subscription received as of 31st March 2025, resulted to reduce the effective holding in Swisstek Aluminium Ltd by Lanka Walltiles PLC is reduced to 25.90% from the previous year 38.53%. If the remaining minority shareholders of Swisstek Aluminium Ltd accept their rights, Swisstek (Ceylon) PLC's holding will be further reduced to 66.772%.

However, the company has a controlling interest in Swisstek Aluminum Ltd without a majority of the voting rights on the basis that Lanka Walltiles PLC has power for the purpose of consolidation due to the fact that Lanka Walltiles Group hold majority of voting rights through a combination of direct and indirect shareholding.

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
Assets	
Other current assets	751,524
Cash and Cash Equivalents	13,137
	764,661
Liabilities	
Current Liabilities	492,397
Non Current Liabilities	593,510
	1,085,907
Total Identifiable Net Assets at Fair Value	(321,246)
Non-controlling interest measured at fair value	157,411
Goodwill Arising on Acquisition	180,288
Purchase Consideration Transferred	16,452
Cash Flow on Acquisition	
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 2025, 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 Cermemics LLC contributed Rs.223Mn to the group revenue and Rs.99Mn as loss from continuing operations to the Group.

(e) The net assets of Valley View Ceramics LLC as at the acquisition date were provisionally determined, pending the final assessment of their fair values. However, no adjustments were required to the provisionally recognized goodwill during the financial year 2024/25.

Notes to the Financial Statements

6.4 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.

On 27 August 2024, Unidil Packaging Ltd and Unidil Packaging Solutions Ltd invested equally 100% of the voting shares of Unidil Packaging Kenya Ltd, a non-listed company based in Kenya for a consideration of LKR 90 Mn. Unidil Packaging Ltd and Unidil Packaging Solutions Ltd invested in Unidil Packaging Kenya Ltd, to gain access to the Kenyan market.

On 27 December 2024, Unidil Packaging Kenya Ltd invested 100% of the voting shares of Perfect Packaging Ltd, a non-listed company based in Kenya for a consideration of LKR 60.5 Mn.Unidil Packaging Kenya Ltd invested in Perfect Packaging Ltd, to gain access to the Kenyan market. The company incurred Rs.27.3Mn in relation to the acquisition and recognized in the profit and loss statement.

The fair values of the identifiable assets and liabilities of Perfect Packaging Limited as at the date of the acquisition were:

	Fair value Recognized on Acquisition date Rs.000
Assets	
Non Current Assets	
Property plant & Equipment	269,962
Deffered Tax Assets	37,541
	307,503
Current Assets	
Other current Assets	178,477
Cash & cash Equivalents	1,918
	180,395
	487,898
Liabilities	
Non current liabilities	
Current liabilities	412,239
	412,239
Total identifiable net assets at fair value	75,659
Goodwill/(gain on bargaining purchase)	(15,148)
Net purchase consideration	60,511
Net cash acquired	1,918
Net cash outflow on acquisition	58,592

7 INVESTMENTS IN ASSOCIATES

(a) Group

	Holding		Carrying Value		Cost	
	2025 %	2024 %	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Non-quoted Investments						
C P Holdings (Private) Limited	35.39%	35.39%	200,392	193,923	170,000	170,000

(b) Movement in Investments in Associates

	Carrying Value	
	2025 Rs.'000	2024 Rs.'000
As at 01st April	193,923	186,300
Share of net profit of associate	5,077	5,473
Share of other Comprehensive Income of associate	1,392	2,150
As at 31 March	200,392	193,923

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

	2025 Rs.'000	2024 Rs.'000
Current Assets	30,831	22,554
Non Current Assets	422,928	408,338
Current liabilities	2,214	2,087
Non current liabilities	25,825	21,364
Net Assets	425,720	407,441

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

	2025 Rs.'000	2024 Rs.'000
Revenue	14,038	15,216
Gross Profit	5,324	6,826
Net Profit	14,347	15,467
Other Comprehensive Income	3,933	6,074
Total Comprehensive Income	18,280	21,541

Notes to the Financial Statements

(e) Detail of this Company in which Lanka Walltiles PLC, held as Associates as at 31 March 2025 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	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Land	10,635	11,155	8,660	9,180
Building	142,791	104,933	13,668	45,426
	153,426	116,088	22,328	54,606

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	Total Rs.'000
Right of Use Asset			
As at 31 March 2023	12,463	46,082	58,545
Additions	-	120,269	120,269
Less: Amortization Expense	(1,308)	(61,418)	(62,726)
De-recognition	-	-	-
As at 31 March 2024	11,155	104,933	116,088
As at 1 April 2024	11,155	104,933	116,088
Additions	-	148,980	148,980
De-recognition	-	(9,450)	(9,450)
Less: Amortization Expense	(520)	(101,672)	(102,192)
As at 31 March 2025	10,635	142,791	153,426

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 2023	9,700	10,489	20,189
Additions	-	-	55,078
Less: Amortization Expense	(520)	(20,141)	(20,661)
As at 31 March 2024	9,180	45,426	54,606
As at 1 April 2024	9,180	45,426	54,606
Less: Amortization Expense	(520)	(31,758)	(32,278)
As at 31 March 2025	8,660	13,668	22,328

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

	Group		Company	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Amortization expense of right-of-use assets	102,192	62,726	32,276	20,661
Interest expense on lease liabilities	24,003	18,350	9,151	5,416
Expense relating to short-term leases (included in cost of sales)	86,145	57,814	28,331	25,271
Total amount recognized in profit or loss	212,340	138,890	69,758	51,348

	Group		Company	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Lease Liability -Current	77,779	78,749	15,404	37,944
Lease Liability -Non Current	-	-	-	-
Payable With in One to Five Years	68,765	48,173	13,218	13,218
	146,544	126,922	28,622	51,162

9 DEFERRED TAX

	Group		Company	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Deferred tax asset (Note 9.1)	145,569	185,169	-	-
Deferred tax liability (Note 9.2)	3,251,302	3,378,079	1,067,937	1,253,991

9.1 Deferred Tax Asset

(a)

	Group	
	2025 Rs.'000	2024 Rs.'000
As at 01st April	185,169	146,833
Deferred tax (charge) / reversal	(78,572)	83,444
Deferred tax release on components of other comprehensive income	1,431	(45,108)
Deferred tax asset on the business acquisition	37,541	-
As at 31st March	145,569	185,169

Notes to the Financial Statements

(b) Deferred tax asset comprises of:

	Group 2025 Rs.'000	Group 2024 Rs.'000
Deferred Tax Liability		
Capital Allowances	(211,095)	(170,587)
Revaluation Surplus	(114,960)	(63,762)
Deferred Tax Assets		
Retirement Benefit Liability	14,337	10,934
Carried Forward Tax Losses	443,041	396,600
Provision for Inventory & Debtor	14,246	11,984
	145,569	185,169

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. These tax losses under the Inland Revenue Act No. 24 of 2017 can be carried forward up to six years. These deferred tax assests are from Swisstek Aluminium Ltd and Perfect Packaging Ltd.

9.2 Deferred tax liability

(a)

	Group		Company	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
As at 01st April	3,378,079	2,836,942	1,253,991	1,022,841
Charge/ (Reversal) Recognized in Profit or Loss				
- Arising on During the Year Movement	(98,111)	(26,301)	(169,543)	(46,382)
Charge/ (Reversal) Recognized in Other Comprehensive Income				
- Arising on During the Year Movement	(28,666)	567,438	(16,511)	277,531
As at 31st March	3,251,302	3,378,079	1,067,937	1,253,991

(b) Deferred tax liability comprises of:

	Group		Company	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Deferred Tax Liability				
Capital Allowances	2,062,175	1,841,417	584,287	420,359
Revaluation surplus	1,792,386	1,792,386	947,528	947,528
Revaluation surplus on Investment Property	122,098	122,098	-	-
Lease Liability	873	2,559	1,888	-
Deferred Tax Assets				
Retirement Benefit Liability	(229,769)	(193,742)	(96,414)	(78,394)
Carried Forward Tax Losses	(335,629)	-	(335,629)	
Provision for Obsolete and Slow Moving, Consumables, Spares and others	(145,132)	(166,439)	(25,651)	(28,630)
Allowances for Doubtful Debts	(15,700)	(20,200)	(8,072)	(6,872)
	3,251,302	3,378,079	1,067,937	1,253,991

10 INVENTORIES

	Group		Company	
	2025 Rs '000	2024 Rs '000	2025 Rs '000	2024 Rs.'000
Raw materials	7,919,299	7,323,234	730,544	613,705
Work in progress	1,138,993	1,078,188	-	65,623
Finished Goods	10,532,750	7,106,219	3,281,884	1,344,176
Trading Stock	515,625	882,845	186,621	435,733
Goods in transit	-	43,729	-	-
Consumables and spares	1,035,344	1,758,479	701,256	1,530,618
Allowances for slow moving stocks (Note 10.1)	(512,424)	(481,077)	(81,683)	(65,961)
Total	20,629,587	17,711,617	4,818,622	3,923,894

10.1 Allowances for slow moving stock

	Group		Company	
	2025 Rs '000	2024 Rs '000	2025 Rs '000	2024 Rs.'000
As at 01st April	481,077	365,328	65,961	66,014
Charge during the year	31,347	115,749	15,722	-
Write off during the year	-	-	-	(53)
As at 31st March	512,424	481,077	81,683	65,961

11 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2025 Rs '000	2024 Rs '000	2025 Rs '000	2024 Rs.'000
Trade receivables	5,131,238	4,606,158	536,464	767,326
Less : Impairment of trade receivables (Note 11.1)	(212,995)	(173,666)	(26,908)	(22,908)
	4,918,243	4,432,492	509,556	744,418
Advance, prepayments and other receivables	2,742,351	2,445,896	429,072	1,084,944
Loans to company employees	13,315	12,613	13,315	12,613
Total	7,673,909	6,891,001	951,943	1,841,975

11.1 Impairment of trade receivables

	Group		Company	
	2025 Rs '000	2024 Rs '000	2025 Rs '000	2024 Rs.'000
As at 01st April	173,666	155,410	22,908	17,470
Provided during the year	42,214	19,089	4,000	5,438
Utilized/reversed during the year	(2,885)	(833)	-	-
As at 31st March	212,995	173,666	26,908	22,908

Notes to the Financial Statements

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

Group	Neither past due nor impaired	< 3 Months	3- 12 Months	> 1 Year	Impaired	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
2025	2,999,177	1,434,215	348,871	135,980	212,995	5,131,238
2024	1,778,373	2,183,407	468,756	58,058	117,564	4,606,158

Company				Past due but not impaired		
	Neither past due nor impaired	< 3 Months	3- 12 Months	> 1 Year	Impaired	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
2025	164,175	187,077	116,189	40,090	26,908	536,464
2024	415,327	264,766	71,867	-	15,266	767,326

12 CONTRACT ASSETS

	Group		Company	
	2025	2024	2025	2024
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
As at 1st April	30,033	32,343	-	-
During the year recognized	(30,033)	(2,310)	-	-
As at 31st March	-	30,033	-	-

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	
		2025	2024	2025	2024
Company	Relationship	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Lanka Ceramic PLC	Affiliated Company	28	1,061	-	-
Swisstek Aluminium Limited	Subsidiary company	-	-	42,469	27,809
Rocell Bathware Limited	Affiliated Company	4,320	18,380	-	9,033
LW Plantation (Pvt) Limited	Subsidiary company	-	-	353	189
Royal Ceramics Lanka PLC	Parent Company	85,781	56,143	-	-
Horana plantation PLC	Affiliated Company	569	-	-	-
Lanka Tiles USA Inc.	Subsidiary company	-	-	134,106	19,633
Lanka Swisstek (Pvt) Limited	Subsidiary company	-	-	23,409	4,142
Valley View Ceramics Llc	Subsidiary company	-	-	105,351	-
Beyond Paradise Collection Ltd	Subsidiary company	-	-	3,614	-
Total		90,698	75,584	309,302	60,806

14 SHORT TERM INVESTMENTS

	Group		Company	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Deposit of Tsunami donations	5,294	4,963	5,294	4,963
	5,294	4,963	5,294	4,963

15 CASH AND CASH EQUIVALENTS

Components of cash and cash equivalents

	Group		Company	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Favourable cash & cash equivalents balance				
Cash & bank balances	1,878,493	1,395,889	88,648	137,856
	1,878,493	1,395,889	88,648	137,856
Unfavourable cash & cash equivalent balances				
Bank overdrafts	(2,456,446)	(1,215,822)	(1,218,094)	(483,276)
Total cash and cash equivalents for the purpose of cash flow statement	(577,954)	180,067	(1,129,446)	(345,420)

16 STATED CAPITAL

(a) Value of issued & fully paid shares

	Group		Company	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 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	
	2025 '000	2024 '000	2025 '000	2024 '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.

Notes to the Financial Statements

17 RESERVES

	Group		Company	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Revaluation reserve (Note 17.1)	4,779,093	4,779,093	2,506,339	2,506,339
Total	4,779,093	4,779,093	2,506,339	2,506,339

17.1 Revaluation reserve

	Group		Company	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
On Property Plant & Equipment				
As at 01 April	4,779,093	3,172,011	2,506,339	1,810,497
Revaluation of freehold land and building net of deferred tax	-	1,607,082	-	695,841
As at 31 March	4,779,093	4,779,093	2,506,339	2,506,339

18 INTEREST BEARING LIABILITIES

	Group		Company	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Non Current				
Long term loans (Note 18.1)	6,659,866	7,593,780	3,563,766	4,068,247
Lease Liability (Note 18.2)	77,779	48,173	13,218	13,218
Total	6,737,645	7,641,953	3,576,984	4,081,465
Current				
Long term loans (Note 18.1)	1,888,866	1,102,985	718,073	218,413
Lease Liability (Note 18.2)	68,765	78,749	15,404	37,944
Short term loans (Note 18.3)	10,666,809	5,988,209	3,840,069	1,644,527
Bank overdrafts (Note 15)	2,456,446	1,215,822	1,218,094	483,276
Total	15,080,885	8,385,765	5,791,640	2,384,160

18.1 Long term loans

(a) Long term loans movement

	Group 2025 Rs.'000	Group 2024 Rs.'000	Company 2025 Rs.'000	Company 2024 Rs.'000
As at 01st April	8,696,765	1,059,821	4,286,660	-
Loans obtained	899,051	8,151,912	160,000	4,300,000
Exchange gain/(loss)	(98)	(2,202)	-	-
Repayments	(1,046,987)	(512,766)	(164,821)	(13,340)
As at 31st March	8,548,732	8,696,765	4,281,839	4,286,660
Amount payable within 12 months	1,888,866	1,102,985	718,073	218,413
Amount payable after 12 months	6,659,866	7,593,780	3,563,766	4,068,247
Total	8,548,732	8,696,765	4,281,839	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 31.03.2025 Rs '000	Balance as at 31.03.2024 Rs '000
Lanka Walltiles PLC						
Commercial Bank of Ceylon PLC	72 monthly instalments (12 month Grace period)	3,660,000	11.50%	"KAHATAGAHAHENA" land, and the plants and machinery located thereon are mortgaged	3,602,199	3,500,000
Commercial Bank of Ceylon PLC	72 monthly instalments (12 month Grace period)	800,000	11.50%	"KAHATAGAHAHENA" land, and the plants and machinery located thereon are mortgaged	679,640	786,660
Total					4,281,839	4,286,660
Lanka Tiles PLC						
DFCC Bank PLC	72 monthly instalments (12 month Grace period)	1,500,000	AWPLR+0.75%	'A primary mortgage plant and machinery amounting to Rs.1500 Mn	166,667	418,290
Total					166,667	418,290
Uni-Dil Packaging Limited						
Standard Chartered Bank	54 monthly instalments	17,744	7.75%(fixed)	Mortgage bond for USD 50,000 over Movable Machinery	-	12,518
Commercial Bank of Ceylon PLC	54 monthly instalments	70,755	7.75%(fixed)	Solar System & related equipment	23,585	39,308
Hatton National Bank PLC	36 monthly instalments	60,000	AWPLR+0.5%	Clean	-	6,668
Peoples Bank	36 monthly instalments	100,000	AWPLR	Clean	44,400	77,760

Notes to the Financial Statements

Financial Institution	Repayment terms	Principal Rs.'000	Interest rate per annum	Security	Balance as at 31.03.2025 Rs '000	Balance as at 31.03.2024 Rs '000
Total					67,985	136,254
Uni-Dil Packaging Solution Limited						
Commercial Bank of Ceylon PLC	54 monthly instalments	17,744	7.75% (Fixed)	Solar System & related equipment	6,558	10,506
Peoples Bank	36 monthly instalments	100,000	AWPLR	Clean	44,400	77,760
Total					50,958	88,266
Uni Dil Packaging Kenya Limited						
Hatton National Bank PLC	54 monthly instalments	USD 1.4 Mn	3M SOFR+4%	Corporate Guarantee of Uni Dil Packaging Limited & Uni Dil Packaging Solutions Ltd	356,551	-
Total					356,551	-
Swisstek (Ceylon) PLC						
DFCC Bank PLC	60 monthly instalments	110,000	AWPLR+1.25%	Mortgage over Land, Building, Plant & Machinery , Stocks and Book debts	-	17,413
Bank of Ceylon	60 monthly instalments	382,500	AWPLR+1%	Mortage over land and Buildings situated at Balummahara	369,167	-
Total					369,167	17,413
Swisstek Aluminium Limited						
Commercial Bank of Ceylon PLC	60 monthly instalments, After a 24 months grace period.	156,529	AWPR+1.4%	Mortgage over Solar Panel Equipment	70,399	101,719
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.	1,907,920	2,000,000
DFCC Bank PLC	48 instalments with 3 months 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.	73,534	98,198
Seylan Bank PLC	48 instalments with 6 months Grace period,	1,065,000	AWPLR+ 1%	Mortgage Bond for Rs.660 over stock & debtors	789,872	1,064,872
Nations Trust Bank PLC	36 instalments	489,000	AWPLR	Primary Mortgage Bond over stocks and Book Debts of SAL for Rs. 600 MN.	413,842	485,094
Total					3,255,566	3,749,883

18.2 Lease Liability

(a) Group

	Land Rs.'000	Building Rs.'000	Total Rs.'000
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)
As at 31 March 2024	2,580	124,343	126,922
As at 1 April 2024	2,580	124,343	126,922
Additions	-	115,093	115,093
Interest Expense	259	23,744	24,003
Less: Payments	(1,200)	(118,274)	(119,474)
As at 31 March 2025	1,639	144,906	146,544

(b) Company

	Building Rs.'000	Total Rs.'000
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)
As at 31 March 2024	51,161	51,161
As at 1 April 2024	51,161	51,161
Interest Expense	9,151	9,151
Less: Payments	(31,690)	(31,690)
As at 31 March 2025	28,622	28,622

(c) Maturities of lease liability

	Group		Company	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Lease Liability -Current	68,765	78,749	15,404	37,944
Lease Liability -Non Current	77,779	48,173	13,218	13,218
	146,544	126,922	28,622	51,162

Notes to the Financial Statements

18.3 Short term loans

(a) Short term loans movement

	Group		Company	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Balance as at 01st April	5,988,209	9,837,985	1,644,527	1,865,982
Loans obtained	35,732,266	16,529,456	9,313,673	3,357,642
Acquisition of subsidiaries	-	1,017,811	-	-
Repayments	(31,053,667)	(21,397,043)	(7,118,131)	(3,579,097)
Balance as at 31st March	10,666,809	5,988,209	3,840,069	1,644,527

19 RETIREMENT BENEFIT LIABILITY

		Group		Company	
		2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
(a)	As at 01st April	700,485	513,536	261,315	163,799
	Current service cost	63,294	38,503	16,026	10,665
	Net interest on the net defined benefit liability (asset)	52,634	86,474	1,073	27,845
		816,412	638,513	321,381	261,315
	Net Actuarial Gain / loss for the year	100,968	174,161	55,036	68,958
	Payments made during the Year	(36,997)	(112,189)	(12,069)	(9,952)
		880,383	700,485	321,381	261,315

(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,Swisteck Ceylon PLC, Swisstek Aluminium Limited, Uni-Dil Packaging Ltd and Uni-Dil Packaging Solutions Ltd is as follows.

	2025 Rs.'000	2024 Rs.'000
Discount Rate Sensitivity		
Effect on DBO due to decrease in the discount rate by 1%	177,017	202,245
Effect on DBO due to increase in the discount rate by 1%	(196,439)	(182,507)
Salary Escalation Rate Sensitivity		
Effect on DBO due to decrease in the salary escalation rate by 1%	(196,382)	(182,966)
Effect on DBO due to increase in the salary escalation rate by 1%	176,215	206,796

(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;

	2025 Rs.'000	2024 Rs.'000
Discount Rate Sensitivity		
Effect on DBO due to decrease in the discount rate by 1%	32,108	19,157
Effect on DBO due to increase in the discount rate by 1%	(37,480)	(16,878)
Salary Escalation Rate Sensitivity		
Effect on DBO due to decrease in the salary escalation rate by 1%	(36,559)	(17,077)
Effect on DBO due to increase in the salary escalation rate by 1%	31,948	19,047

(d) Distribution of Present value of defined benefit obligation

Group	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
As at 31 March 2025					
Defined Benefit Obligation	70,128	67,673	131,888	610,694	880,383

Distribution of Present value of defined 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
As at 31 March 2025					
Defined Benefit Obligation	9,822	23,829	42,786	244,944	321,381

(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 2025 was actuarially valued by Messrs. Actuarial and Management Consultants (Pvt) Ltd - qualified actuary.

The principal assumptions underlying the valuation are as follows;

	2025	2024
Discount rate (per annum)	11%	12.50%
Salary scale (per annum) - Executives	15%	15%
- Non Executives	13%	12%
Retirement Age	60 Years	60 Years
Staff Turnover ratio	7%	7%
Weighted Average duration of defined benefit obligation (Years)	12.00	9.00

Notes to the Financial Statements

(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 2025.

Principal Actuarial Assumptions are as follows

		2025	2024
Discount rate		11.00%	12.50%
Future salary increases	Executives	15.00%	15.00%
	Non Executives	12.50%	12.00%
Retirement Age		60 Years	60 Years
Weighted Average duration of defined benefit obligation (Years)		9.70	7.00

(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 2025.

		2025	2024
Discount rate p.a		11.00%	12.25%
Rate of salary increase		11.00%	12.50%
Staff turnover factor		7.00%	9.00%
Retirement age (Years)		60	60
Weighted Average duration of defined benefit obligation (Years)	Uni Dil Packaging Ltd	7.20	7.2
Weighted Average duration of defined benefit obligation (Years)	Uni Dil Packaging Solution Ltd	7.20	7.2

(i) Swisstek Ceylon PLC

Gratuity liability based on the actuarial valuation carried out by Messrs. Actuarial and Management (Pvt) Ltd on 31 March 2025.

Principal Actuarial Assumptions are as follows

		2025	2024
Discount rate p.a		11%	12.50%
Future salary increases	Executives	15%	15%
	Non Executives	8%	12.50%
Retirement age (Years)		60	60
Weighted Average duration of defined benefit obligation (Years)		9.6	11.9

(j) Swisstek Aluminium Limited

Gratuity liability based on the actuarial valuation carried out by Messrs. Actuarial and Management (Pvt) Ltd on 31 March 2025.

Principal Actuarial Assumptions are as follows

		2025	2024
Discount rate p.a		11%	12.50%
Future salary increases	Executives	15%	15%
	Non Executives	22%	12.50%
Retirement age (Years)		60	60
Weighted Average duration of defined benefit obligation (Years)		4.50	8.33

20 TRADE AND OTHER PAYABLES

	Group		Company	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Trade creditors	3,370,053	2,394,592	594,804	215,060
Sundry creditors including accrued expenses	1,799,101	2,496,457	195,786	443,979
Donations in respect of Tsunami fund	5,294	4,963	5,294	4,963
Total	5,174,449	4,896,012	795,884	664,002

21 CONTRACT LIABILITIES

	Group		Company	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
As at 1st April	139,300	111,798	45,068	9,972
As at 31st March	182,853	139,300	52,951	45,068

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 2024 was fully recognised in the financial year 2024/25.

Notes to the Financial Statements

22 AMOUNTS DUE TO RELATED PARTIES

		Group		Company	
Company	Relationship	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Lanka Tiles PLC	Subsidiary Company	-	-	404,209	819,956
Swisstek Ceylon PLC	Subsidiary Company	-	-	11,218	8,641
LWL Development (Pvt) Limited	Subsidiary Company	-	-	4,841	12,272
Royal Ceramics Lanka PLC	Parent Company	2,831	10,339	120	1,036
Uni Dil Packing solution Limited	Subsidiary Company	-	-	13,243	8,173
Lanka Ceramic PLC	Affiliated Company	74,880	105,211	56,237	72,670
Vallibel One PLC	Ultimate Parent Company	155,428	129,409	9,918	6,659
Vallibel Plantation Management Limited	Subsidiary Company	-	-	760,797	732,030
Total		233,156	244,959	1,260,584	1,661,437

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	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Types of goods or service				
Sale of Tiles & Associated Items	21,048,645	24,974,006	5,206,950	7,407,574
Sale of Packing Materials	8,697,323	8,005,063	-	-
Sale of Aluminum Products	11,982,652	7,264,795	-	-
Total revenue from contract with customers	41,728,620	40,243,864	5,206,950	7,407,574
Geographical markets				
Local	34,697,256	37,198,529	4,244,457	6,223,549
Foreign - Export	7,031,364	3,045,335	962,493	1,184,025
Total revenue from contract with customers	41,728,620	40,243,864	5,206,950	7,407,574
Timing of revenue recognition				
Goods transferred at a point in time	41,728,620	40,243,864	5,206,950	7,407,574
Total revenue from contract with customers	41,728,620	40,243,864	5,206,950	7,407,574

Segmental information is given in Note 35 to the financial statements.

23.2 Contract balances

	GROUP		COMPANY	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Trade receivables (Note 11)	7,673,909	6,891,001	951,943	1,841,975
Contract assets (Note 12)	-	30,033	-	-
Contract liability (Note 21)	182,853	139,300	52,951	45,068

24 OTHER INCOME

	GROUP		COMPANY	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Income from investments in related Parties - Dividend	-	-	699,693	1,289,056
Rental income - Related parties	-	-	29,982	15,464
Disposal Gain/(Loss) on property, plant and equipment	(313)	27,103	(986)	(355)
Sundry income	442,651	345,296	12,675	8,998
Gain on Bargain Purchase	15,148	-	-	-
	457,486	372,399	741,364	1,313,163

25 FINANCE COST

	GROUP		COMPANY	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Interest expense on overdrafts	164,092	232,598	85,529	97,499
Interest expense on bank loans	1,265,269	1,347,179	288,190	203,562
Finance charges on lease liabilities	24,003	18,356	9,151	5,416
Exchange loss/(gain)	(81,678)	187,108	(21,572)	69,581
Total	1,371,686	1,785,240	361,298	376,058

26 FINANCE INCOME

	GROUP		COMPANY	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Interest income	117,023	227,046	359	610
Total	117,023	227,046	359	610

Notes to the Financial Statements

27 PROFIT BEFORE TAX

Is stated after Charging /(Crediting)

	GROUP		COMPANY	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Included in cost of sales				
Depreciation and Amortization cost	1,119,431	898,204	337,476	202,787
Defined benefit plan costs - gratuity	74,250	49,130	36,067	14,776
Defined contribution plan costs - EPF & ETF	114,251	130,731	45,180	44,082
Other staff cost	2,912,412	2,429,896	665,390	467,202
Included in administration expenses				
Depreciation and Amortization cost	64,989	111,017	12,095	15,183
Defined benefit plan costs - gratuity	77,952	79,797	33,195	11,903
Defined contribution plan costs - EPF & ETF	43,084	46,031	8,503	9,815
Other staff cost	569,778	431,726	89,772	68,826
Audit Fee	26,607	20,536	2,140	2,016
Technical Fee	383,456	379,371	40,473	55,453
Social Security Contribution Levy	711,968	436,471	87,464	123,991
Included in distribution cost				
Depreciation and Amortization cost	110,208	74,328	36,741	27,733
Defined benefit plan costs - gratuity	10,430	10,045	2,873	2,873
Defined contribution plan costs - EPF & ETF	38,677	36,816	9,478	10,365
Other staff cost	507,946	437,975	91,347	85,871
Allowance for doubtful Debts	31,614	18,882	4,000	6,600

28 INCOME TAX EXPENSES

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

	GROUP		COMPANY	
Year ended 31st March	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
(a) Current income tax				
Current income tax charge	1,033,330	2,038,821	-	122,921
Under/(over) provision of current taxes in respect of prior years	15,239	(27,512)	1,174	-
(b) Deferred income tax				
Deferred taxation charge/(reversal)	(19,538)	(109,751)	(169,543)	(46,382)
Income tax expense reported in the Income statement	1,029,031	1,901,558	(168,369)	76,539
(c) Deferred tax expense reported in the OCI	30,097	612,546	(16,511)	277,531
	1,059,128	2,514,104	184,880	354,071

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

Year ended 31st March	GROUP 2025 Rs.'000	GROUP 2024 Rs.'000	COMPANY 2025 Rs.'000	COMPANY 2024 Rs.'000
Accounting profit before income tax	2,661,073	5,423,674	77,944	1,620,333
Income considered as separate source of income	(117,023)	(25,697)	(359)	610
Income exempt from tax	-	-	(699,693)	(1,289,056)
Non deductible expenses	3,838,482	1,186,393	440,132	341,541
Deductible expenses	(2,410,367)	(2,854,875)	(1,003,944)	(258,979)
Total Statutory Income	3,972,165	3,780,889	(1,185,920)	414,449
Net Taxable profit	3,972,165	3,780,889	(1,185,921)	414,449
Taxable Profit	4,934,739	4,148,361	-	414,449
Taxable Loss	(1,185,921)	(367,472)	(1,185,921)	-
Net Taxable profit	3,972,165	3,780,889	(1,185,921)	414,449
Current income tax expense				
Taxation -20%	40,289	8,720	-	-
Taxation -30%	993,041	2,030,101	-	122,921
	1,033,330	2,038,821	-	122,921

28.3 Movement of deferred tax expenses

Year ended 31st March	Group 2025 Rs.'000	Group 2024 Rs.'000	Company 2025 Rs.'000	Company 2024 Rs.'000
Capital Allowances	(329,980)	50,919	(163,928)	(23,050)
Retirement Benefit Liability	(36,027)	(8,593)	1,509	(12,874)
Carried Forward Tax Losses	325,229	(99,468)	335,629	-
Lease Liability	(1,686)	7,141	(1,888)	-
Provision for Obsolete and Slow Moving, Consumables, Spares & Others	21,307	(56,363)	(2,979)	(8,825)
Allowances for Doubtful Debts	4,500	(3,387)	1,200	(1,631)
Deferred taxation charge/(reversal)	(19,538)	(109,751)	169,543	(46,380)
"Deferred income tax reported in other comprehensive income"				
Revaluation Surplus	-	663,837	-	298,218
Retirement Benefit Liability	30,097	(51,291)	16,511	(20,687)
	30,097	612,546	16,511	277,531
Effective Income Tax Rate	39.8%	46.4%	237.2%	21.9%

Notes to the Financial Statements

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;

	2025	2024
Local sales and other profits	30%	30%
Qualified export profit	30%	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 Walltiles PLC by the weighted average number of ordinary shares outstanding during the year.

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

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

	GROUP		COMPANY	
	2025	2024	2025	2024
Amounts used as the numerator:				
Profit attributable to equity holders for basic earnings per share (Rs'000)	935,418	2,725,132	246,313	1,543,794
- from Discontinued operations - Rs	3.43	9.98	0.90	5.65

	GROUP		COMPANY	
	2025	2024	2025	2024
Number of ordinary shares used as the denominator:				
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	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Declared and paid during the year				
Equity dividends on ordinary shares :				
Final 2023/24 (Rs. 0.70 per share)	191,100	245,700	191,100	245,700
First Interim 2024/25 (Rs. 1.70 per share)	464,100	1,092,000	464,100	1,092,000
	655,200	1,337,700	655,200	1,337,700
Dividend Payout Ratio (%)	40%	49%	266%	87%

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
Seylan Bank PLC	Short Term Loan	200,000,000	Inventories and Debtors
	Overdraft	10,000,000	Inventories and Debtors
Sampath Bank PLC	Import Loan	250,000,000	Inventories and Debtors
Bank of Ceylon	Overdraft	150,000,000	Inventories and Debtors
Union Bank of Colombo PLC	Short Term Loan	400,000,000	Inventories and Debtors
	Overdraft	100,000,000	Inventories and Debtors

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

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	
	2025 R. '000	2024 R. '000	2025 R. '000	2024 R. '000	2025 R. '000	2024 R. '000
As at 01st April	(7,695)	(17,976)	(1,530,668)	(1,463,678)	(1,538,363)	(1,481,654)
Sale of Tiles/ (Sales returns)		-	101,611	23,775	101,611	23,775
Purchase of raw materials	(158)	(277)	(160,223)	(221,068)	(160,381)	(221,345)
Purchase of other items		56		-	-	56
Sale of raw materials		-	33,692	13,032	33,692	13,032
Settlements/(Recoveries) by the Company	36,853	74,823	909,338	1,375,977	946,191	1,450,800
Rent received/(paid)		-	(14,202)	17,246	(14,202)	17,246
Expenses apportioned	41	-	195,621	173,943	195,662	173,943
Commission on sales		-	(12,871)	(11,441)	(12,871)	(11,441)
Expenses incurred and transferred	(1,669)	-	(406,127)	(1,500,722)	(407,796)	(1,500,722)
Technical Fees	(37,410)	(64,321)		-	(37,410)	(64,321)
As at 31st March	(10,038)	(7,695)	(883,829)	(1,592,936)	(893,867)	(1,600,631)

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.
- Hayleys Travels & Tours (Private) Limited
- Hayleys Agriculture Holding Limited
- Hayleys Electronic Lighting (Private) Limited
- Hayleys Industrial Solutions (Private) Limited
- Delmage Freight Services (Private) Limited
- Valley View Ceramics Lanka LLC

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	
	2025	2024	2025	2024	2025	2024
Nature of Transaction						
Sale of goods	62,588	68,104	88,999	221,369	151,587	289,473
Purchase of goods	(6,980)	(3,585)	(191)	(480)	(7,171)	(4,065)
Expenses incurred by related	(30)	-	(18,931)	(18,464)	(18,961)	(18,464)
Expenses reimbursements		-	1,277	424	1,277	424
Settlements made (Receipt)	(63,796)	(42,088)	(5,234)	(50,314)	(69,030)	(92,402)
Payments made (Paid)	7,167	3,368	477	63	7,644	3,431
Rent income		-	2,487	3,574	2,487	3,574
Rent Expense	(3,193)	(6,386)		-	(3,193)	(6,386)
Loan	-	-	(1,622)	(50,000)	(1,622)	(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	
	2025	2024	2025	2024	2025	2024
Purchase of raw materials	(19,651)	-	847,305	(1,771,043)	827,654	(1,771,043)
Sale of raw materials & spares	485,279	11,621	(307,099)	18,632	178,180	30,253
Settlements/(Recoveries) by the Company	1,815,141	(1,685,220)	(695,454)	1,371,855	1,119,687	(313,365)
Rent received/(paid)	656	3,953	17,188	(12,997)	17,844	(9,044)
Expenses apportioned	(1,453,919)	399,220	33,368	68,185	(1,420,551)	467,405
Commission on sales		-	59,588	(50,986)	59,588	(50,986)
Expenses incurred and transferred - Paid	(85,693)	(441,948)	28,974	(21,499)	(56,719)	(463,447)
Credit Cards Collected On Behalf Of Subsidiary	(927,980)	1,126,810	-	-	(927,980)	1,126,810
Loan	-	-	-	50,000	-	50,000
Fund Transfer	-	315,666	-	-	-	315,666
Technical Fees	(230,362)	(207,068)	26,146	(25,859)	(204,216)	(232,927)

(c) Swisstek (Ceylon) PLC

	Transactions with the Parent and ultimate Parent Company		Transactions with Subsidiaries and Affiliate Companies		Total	
	2025	2024	2025	2024	2025	2024
Purchase of other items	-	-	(82,016)	(123,572)	(82,016)	(123,572)
Settlements/(Recoveries) by the Company	458	718	101,151	134,289	101,609	135,007
Rent received/(paid)	6,163	6,612	21,222	26,277	27,385	32,889
Commission on sales	12,871	12,092	72,889	61,789	85,760	73,882
Expenses incurred and transferred	(308)	(442)	(18,834)	(19,138)	(19,143)	(19,580)
Sale of other items	2,310	-	1,174,920	1,062,246	1,177,230	1,062,246
Insurance Premium	-	-	(4,323)	2,523	(4,323)	2,523
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	
	2025	2024	2025	2024	2025	2024
Sale/ (Sales returns)	-	-	468,551	485,090	468,551	485,090
Dividend (received)/Paid	(309,739)	321,296		-	(309,739)	321,296
Settlements/(Recoveries) by the Company		-	(151,734)	(651,150)	(151,734)	(651,150)
Expenses incurred and transferred - Paid		-	173,789	43,379	173,789	43,379
Technical Fees	98,447	59,350	-	-	98,447	59,350

(e) Uni Dil Packaging Solutions Limited

	Transactions with the Parent and ultimate Parent Company		Transactions with Subsidiaries and Affiliate Companies		Total	
	2025	2024	2025	2024	2025	2024
Sale/ (Sales returns)	-	495,378	814,354	333,853	814,354	829,231
Purchase of raw materials	(451,986)	(470,743)		-	(451,986)	(470,743)
Dividend (received)/Paid	90,934	225,552		-	90,934	225,552
"Settlements/(Recoveries) by the Company Expenses incurred and"		(506,426)	(853,734)	(347,305)	(853,734)	(853,731)
transferred - Paid	117,216	(43,379)		-	117,216	(43,379)
Fund Transfer	155,348	635,470		-	155,348	635,470
Technical Fees	27,960	20,426		-	27,960	20,426

(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	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Short Term Employment Benefits	253,788	194,423	58,112	52,583
	253,788	194,423	58,112	52,583

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 2025, the Company had capital commitments of Rs.300 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

There have been no other material events occurring after the reporting date that require adjustment or disclosure in the financial statements.

35 SEGMENTAL INFORMATION

	2025					2024				
	Tiles & associated items Rs.'000	Aluminium Products Rs.'000	Packing materials Rs.'000	Inter Segment Elimination Rs.'000	Total Rs.'000	Tiles & associated items Rs.'000	Aluminium Products Rs.'000	Packing materials Rs.'000	Inter Segment Elimination Rs.'000	Total Rs.'000
Sales to External Customers	21,048,645	11,982,652	8,697,323	-	41,728,620	24,974,006	7,264,795	8,005,063	-	40,243,864
Inter Segment Sales	1,335,637	-	132,608	(1,468,245)	-	1,422,169	-	119,593	(1,541,762)	-
Total Revenue	22,384,283	11,982,652	8,829,931	(1,468,245)	41,728,620	26,396,175	7,264,795	8,124,656	(1,541,762)	40,243,864
Gross Profit	6,525,043	2,398,253	1,919,637	-	10,842,933	10,465,515	1,130,983	1,840,476	-	13,436,974
Other Income	65,047	52,444	339,996	-	457,486	180,560	83,038	108,801	-	372,399
Distribution Costs	(3,149,667)	(806,671)	(373,428)	-	(4,329,765)	(3,243,876)	(652,186)	(297,896)	-	(4,193,958)
Administrative Expenses	(1,902,424)	(548,641)	(608,931)	-	(3,059,995)	(1,890,886)	(333,409)	(414,725)	-	(2,639,020)
Finance Cost	(675,667)	(521,260)	(174,758)	-	(1,371,686)	(904,138)	(664,010)	(217,092)	-	(1,785,240)
Finance Income	116,610	413	-	-	117,023	203,003	24,043	-	-	227,046
Share of net profit of associate	5,077	-	-	-	5,077	5,473	-	-	-	5,473
Profit Before Tax	984,020	574,538	1,102,516	-	2,661,073	4,815,651	(411,541)	1,019,563	-	5,423,674
Income Tax Expense	(591,824)	(156,546)	(280,661)	-	(1,029,031)	(1,876,835)	74,197	(98,920)	-	(1,901,558)
Profit for the Year	392,195	417,992	821,855	-	1,632,042	2,938,816	(337,344)	920,643		3,522,116
Segment Assets	44,654,193	9,373,356	8,516,275	(3,075,008)	59,468,816	42,568,330	7,499,651	5,433,895	(2,659,422)	52,842,454
Segment Liabilities	18,898,212	7,651,199	5,209,910	(57,807)	31,751,275	16,767,905	7,110,747	2,633,844	(180,816)	26,331,680
Other Segment Information										
Total cost incurred during the period to:										
Depreciation and amortization	1,073,049	193,063	118,728	-	1,384,841	950,145	110,147	101,554		1,161,846
Property, plant & equipment	2,879,831	234,865	398,849	-	3,513,545	5,449,888	54,642	161,807		5,666,337
Trade debtors and inventory impairment	21,526	44,357	4,793	-	70,676	100,773	24,432	8,800		134,005
Provision for retirement benefit	71,711	16,647	27,569	-	115,927	99,892	-	25,085		124,977
Reconciliation of net profit for the year										
Segment net profit for the year					1,632,042					3,522,116
Group net profit for the year					1,632,042					3,522,116
Reconciliation of assets										
Segment Assets					62,543,824					55,501,876
Inter- segment balance eliminations					(57,807)					(180,816)
Investment in subsidiary elimination					(3,017,201)					(2,478,606)
					59,468,816					52,842,454
Reconciliation of liabilities										
Segment Liabilities					31,809,082					26,512,496
Inter- segment balance eliminations					(57,807)					(180,816)
					31,751,275					26,331,680

36 MATERIAL PARTLY-OWNED SUBSIDIARIES

Financial information of subsidiaries that have material non-controlling interests is provided below:

Name	Country of incorporation	2025 Rs.'000	2024 Rs.'000
Proportion of equity interest held by non-controlling interests:			
Lanka Tiles PLC	Sri Lanka	31.78%	31.78%
Swisstek (Ceylon) PLC	Sri Lanka	55.91%	55.91%
Swisstek Aluminium Limited	Sri Lanka	70.03%	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%	41.90%

Name	2025 Rs.'000	2024 Rs.'000
Accumulated Balances of Material Non - Controlling Interest		
Lanka Tiles PLC	4,397,028	4,281,754
Swisstek (Ceylon) PLC	1,147,701	1,033,718
Swisstek Aluminium Limited	1,157,923	143,794
Beyond Paradise Collection Limited	48,201	48,739
Lanka Swisstek (Private) Limited	(18,332)	43,302
LTL Development Limited	(299)	(224)
Swisstek Development Limited	(575)	(371)
Valley View Ceramics LLC	(279,883)	(184,199)
	6,451,763	5,366,513

Name	2025 Rs.'000	2024 Rs.'000
Profit allocated to Material Non - Controlling Interest		
Lanka Tiles PLC	317,606	929,786
Swisstek (Ceylon) PLC	224,941	123,495
Swisstek Aluminium Limited	311,557	(207,389)
Beyond Paradise Collection Limited	(538)	(445)
Lanka Swisstek (Private) Limited	(61,634)	(6,805)
LTL Development Limited	(75)	(72)
Swisstek Development Limited	(204)	-
Valley View Ceramics LLC	(95,684)	(41,585)
	695,966	796,986

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 2025

	Lanka Tiles PLC Rs.'000	Valley View Ceramics LLC Rs.'000	Swisstek (Ceylon) PLC Rs.'000	Swisstek Aluminium Limited Rs.'000	Beyond Paradise Collection Limited Rs.'000	Lanka Swisstek (Private) Limited Rs.'000	LTL Development (Pvt) Limited Rs.'000	Swisstek Development (Pvt) Limited Rs.'000
Revenue	13,130,450	626,776	3,382,152	11,945,042	-	37,609	-	-
Cost of sales	(8,832,732)	(387,565)	(2,348,961)	(9,543,153)	-	(41,245)	-	-
Other Income	43,510	39,624	123,033	50,932	1,200	1,511	-	-
Distribution costs	(1,903,153)	(200,623)	(289,376)	(798,203)	-	(8,468)	-	-
Administrative Expenses	(1,017,731)	(305,129)	(189,167)	(473,485)	(2,894)	(77,287)	(237)	(365)
Finance costs	(62,107)	(28,811)	(107,176)	(514,210)	-	(6,637)	-	-
Profit before tax	1,358,237	(255,729)	570,504	666,924	-	(94,517)	-	-
Income tax	(442,559)	-	(164,829)	(156,546)	-	-	-	-
Profit for the year	915,679	(255,729)	405,675	510,378	(1,694)	(94,517)	(237)	(365)
Total comprehensive Income / (Loss)	893,405	(228,363)	402,944	504,655	(1,694)	(94,517)	(237)	(365)
Attributable to non-controlling Interest	317,606	(95,684)	311,557	311,557	(538)	(61,634)	(75)	(204)
Dividends paid to non-controlling Interest	202,332	-	110,957	-	-	-	-	-

Summarized statement of profit or loss for year ended 31 March 2024

	Lanka Tiles PLC Rs.'000	Valley View Ceramics LLC Rs.'000	Swisstek (Ceylon) PLC Rs.'000	Swisstek Aluminium Limited Rs.'000	Beyond Paradise Collection Limited Rs.'000	Lanka Swisstek (Private) Limited Rs.'000	LTL Development (Pvt) Limited Rs.'000	Swisstek Development (Pvt) Limited 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)	(664,028)	-	-	-	-
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 / (Loss)	3,542,626	(118,370)	347,565	(176,154)	(1,402)	(24,423)	(226)	-
Attributable to non-controlling Interest	929,786	(41,585)	123,495	(207,389)	(445)	(6,805)	(72)	-
Dividends paid to non-controlling Interest	590,135	-	218,089	-	-	-	-	-

Summarized statement of financial position as at 31 March 2025

	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	10,163,313	758,015	1,550,079	7,115,769	-	127,294	-	-
Non- Current Assets	9,960,109	17,162	2,958,614	2,018,160	488,278	112,133	56,667	56,667
Current Liabilities	3,279,709	1,443,157	1,301,403	4,878,199	5,029	219,979	524	491
Non- Current Liabilities	1,812,207	-	750,827	2,553,022	67,584	-	-	-
Total equity	15,031,506	(667,980)	2,456,463	1,702,707	415,664	19,448	56,143	56,176
Attributable to:								
Equity holders of parent	10,634,478	(388,097)	1,308,762	544,784	367,464	37,781	56,442	56,751
Non-controlling Interest	4,397,028	(279,883)	1,147,701	1,157,923	48,201	(18,332)	(299)	(575)

Summarized financial position 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
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

Notes to the Financial Statements

Summarized cash flow information for year ending 31 March 2025

	Lanka Tiles PLC Rs.'000	Valley View Ceramics LLC Rs.'000	Swisstek (Ceylon) PLC Rs.'000	Swisstek Aluminium Limited Rs.'000	Beyond Paradise Collection Limited Rs.'000	Lanka Swisstek (Private) Limited Rs.'000	LTL Development (Pvt) Limited Rs.'000	Swisstek Development (Pvt) Limited Rs.'000
Net cash flows from/(used in) operating activities	801,023	140,433	491,387	(493,429)	3,420	(85,304)	-	-
Net cash flows from/(used in) investing activities	(584,204)	(17,044)	(358,348)	(181,123)	(3,420)	(55,199)	-	-
Net cash flows from/(used in) financing activities	(339,366)	(156,972)	(42,238)	515,505	-	71,613	-	-
Net increase / (decrease) in cash and cash equivalents	(122,547)	(33,583)	90,802	(159,048)	-	(68,890)	-	-

Summarized cash flow information for year ending 31 March 2024

	Lanka Tiles PLC Rs.'000	Valley View Ceramics LLC Rs.'000	Swisstek (Ceylon) PLC Rs.'000	Swisstek Aluminium Limited Rs.'000	Beyond Paradise Collection Limited Rs.'000	Lanka Swisstek (Private) Limited Rs.'000	LTL Development (Pvt) Limited Rs.'000	Swisstek Development (Pvt) Limited Rs.'000
Net cash flows from/(used in) operating activities	2,772,773	(60,923)	387,256	(100,399)	-	(10,436)	(226)	-
Net cash flows from/(used in) investing activities	(974,557)	(118)	(47,669)	(45,292)	-	-	-	-
Net cash flows from/(used in) financing activities	(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)	-

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 2025 Rs.'000	Carrying Amount 2024 Rs.'000	Fair value 2025 Rs.'000	Fair value 2024 Rs.'000
Financial Assets				
Trade and Other Receivables	5,131,238	4,606,158	5,131,238	4,713,203
Amounts due from related parties	90,698	75,584	90,698	75,584
Contract Asset	-	30,033	-	30,033
Short term investments	5,294	4,963	5,294	4,963
Cash and cash equivalents	1,878,493	1,395,989	1,878,493	1,395,989
Total	7,105,723	6,219,772	7,105,723	6,219,772
Financial Liabilities				
Trade and Other Payables	3,375,347	2,399,555	3,370,053	2,399,555
Contract Liability	182,853	139,300	182,853	139,300
Loans and Borrowings- Current	15,080,885	8,385,765	15,080,885	8,385,765
Loans and Borrowings- Non Current	6,737,645	7,641,953	6,737,645	7,641,953
Total	25,371,436	18,566,573	25,371,436	18,566,573

Company	Carrying Amount 2025 Rs.'000	Carrying Amount 2024 Rs.'000	Fair value 2025 Rs.'000	Fair value 2024 Rs.'000
Financial Assets				
Trade and Other Receivables	536,464	767,326	536,464	757,031
Amounts due from related parties	309,302	60,806	309,302	60,806
Short term investments	5,294	4,963	5,294	4,963
Cash and cash equivalents	88,648	137,856	88,648	134,443
Total	939,708	957,243	939,708	957,243
Financial Liabilities				
Trade and Other Payables	600,098	220,023	594,804	220,023
Contract Liability	52,951	45,068	52,951	45,068
Loans and Borrowings- Current	5,791,640	2,384,160	5,791,640	2,384,160
Loans and Borrowings- Non Current	3,576,984	4,081,465	3,576,984	4,081,465
Total	10,016,379	6,730,716	10,016,379	6,730,716

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.

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
2025	5%	108,895	2,124
	10%	217,790	4,249
	15%	326,685	6,373
	20%	435,580	8,498
	-10%	(217,790)	(4,249)
	-15%	(326,685)	(6,373)
	-20%	(435,580)	(8,498)
2024	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)

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
2025	6%	85,693	22,423
	4%	57,129	14,949
	2%	28,564	7,474
	-2%	(28,564)	(7,474)
	-4%	(57,129)	(14,949)
	-6%	(85,693)	(22,423)
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)

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 2025 based on contractual undiscounted (principal plus interest) payments.

Group

At 31 March 2025	Less than 3 months Rs.'000	Between 3 months and 1 year Rs.'000	Between year 1 and 2 year Rs.'000	Between year 2 and year 5 Rs.'000	Over 5 years Rs.'000
Interest Bearing Loans and Borrowings	7,117,941	6,608,280	1,144,280	3,352,759	-
Trade and other payables	5,174,449	-	-	-	-
Amounts due to related parties	236,156	-	-	-	-
Lease Liability of Right of Use Assets	11,962	76,728	78,305	-	-

Notes to the Financial Statements

At 31 March 2024	Less than 3 months Rs.'000	Between 3 months and 1 year Rs.'000	Between year 1 and 2 year Rs.'000	Between year 2 and year 5 Rs.'000	Over 5 years 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	-

Company

At 31 March 2025	Less than 3 months Rs.'000	Between 3 months and 1 year Rs.'000	Between year 1 and 2 year Rs.'000	Between year 2 and year 5 Rs.'000	Over 5 years Rs.'000
Interest Bearing Loans and Borrowings	5,058,163	557,500	743,333	2,230,000	-
Trade and other payables	778,200	-	-	-	-
Amounts due to related parties	1,260,584	-	-	-	-
Lease Liability of Right of Use Assets	4,890	14,670	9,062	-	-

At 31 March 2024	Less than 3 months Rs.'000	Between 3 months and 1 year Rs.'000	Between year 1 and 2 year Rs.'000	Between year 2 and year 5 Rs.'000	Over 5 years 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	-	-

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.

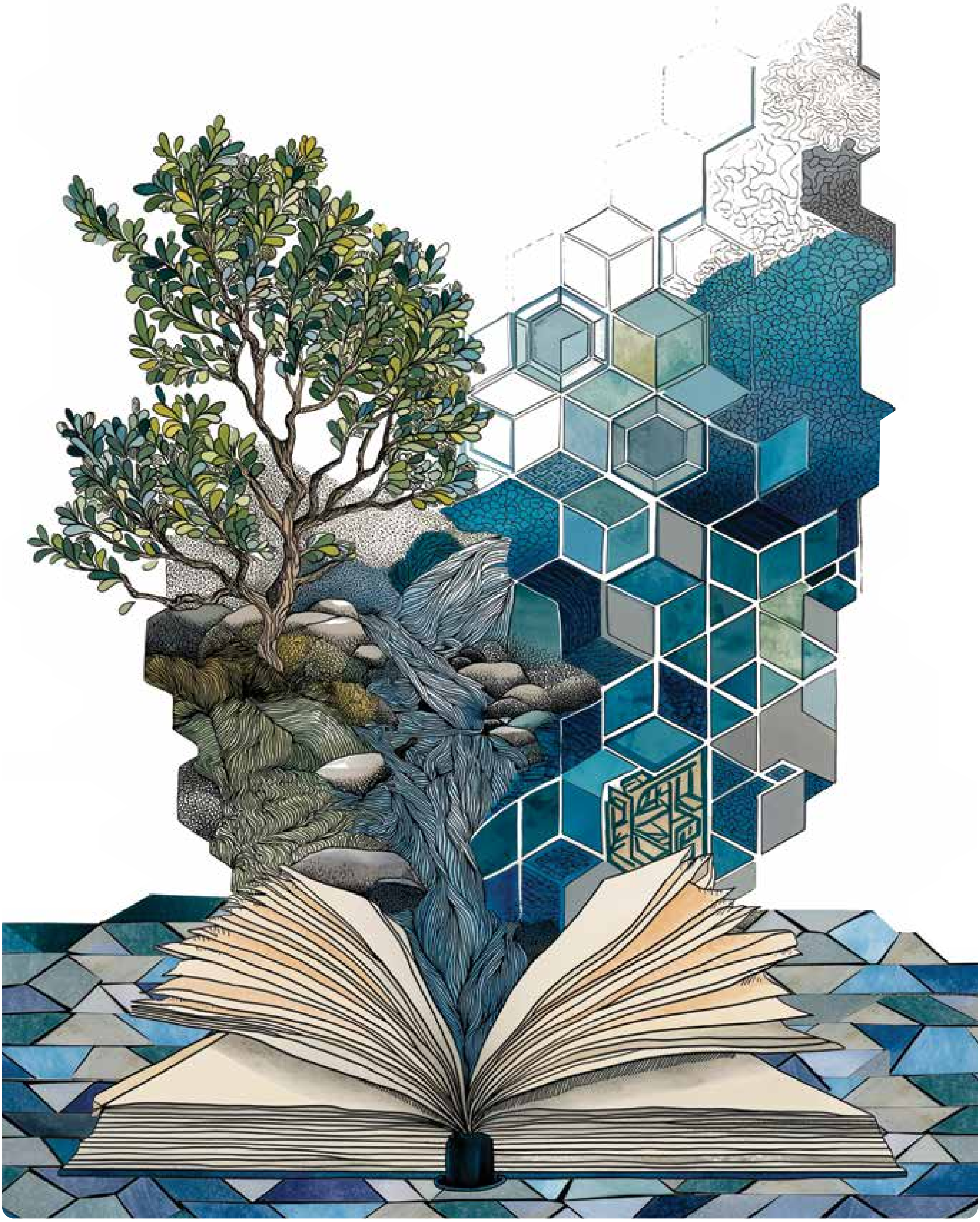
The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the group may or may not make dividend payments to shareholders, return capital to shareholders or issue new shares or other instruments.

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	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Borrowings	21,671,987	15,900,796	9,340,002	6,414,463
Total equity	27,717,541	26,510,773	7,787,144	8,234,546
Gearing ratio ; Debt to Equity	44%	37%	55%	44%

Supplementary Information



Transforming Figures into Foresight

Each figure represents more than just a metric—it reflects the journey taken and the path ahead. Through purposeful analysis and clear interpretation, Lanka Tiles transforms performance data into strategic foresight, creating lasting value for generations to come.

GRI Index

Statement of use	Lanka Walltiles PLC has reported in accordance with the GRI Standards for the period 1st April 2024 to 31st March 2025
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	120				
	2-6 Activities, value chain and other business relationships	32				
	2-7 Employees	60				
	2-8 Workers who are not employees	61				
	2-9 Governance structure and composition	66				
	2-10 Nomination and selection of the highest governance body	90				
	2-11 Chair of the highest governance body	89-105				
	2-12 Role of the highest governance body in overseeing the management of impacts	89-105				
	2-13 Delegation of responsibility for managing impacts	36				
	2-14 Role of the highest governance body in sustainability reporting	90				
	2-15 Conflicts of interest	92				
	2-16 Communication of critical concerns	18-20				
	2-17 Collective knowledge of the highest governance body	21-25				
	2-18 Evaluation of the performance of the highest governance body	14-16				
	2-19 Remuneration policies	107	GRI 2-19	Not Applicable	Not disclosed due to confidentiality concerns.	
	2-20 Process to determine remuneration	107				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
	2-21 Annual total compensation ratio	107	GRI 2-21	Not Applicable	Not disclosed due to confidentiality concerns.	
	2-22 Statement on sustainable development strategy	28				
	2-23 Policy commitments	3-4				
	2-24 Embedding policy commitments	89-105				
	2-25 Processes to remediate negative impacts	18-36				
	2-26 Mechanisms for seeking advice and raising concerns	89-102				
	2-27 Compliance with laws and regulations	95-105				
	2-28 Membership associations	93				
	2-29 Approach to stakeholder engagement	32				
	2-30 Collective bargaining agreements	65				
Material topics						
GRI 3: Material Topics 2021	3-1 Process to determine material topics	34-35				
	3-2 List of material topics	34-65				
Economic performance						
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	9-31-67				
	201-2 Financial implications and other risks and opportunities due to climate change	41				
	201-3 Defined benefit plan obligations and other retirement plans	165				
	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	34-35				
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	72-75				
	203-2 Significant indirect economic impacts	41				

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	31				
Anti-corruption						
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	36				
	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	
Tax138						
GRI 207: Tax 2019	207-1 Approach to tax	138-191				
	207-2 Tax governance, control, and risk management	138-191				
	207-3 Stakeholder engagement and management of concerns related to tax	34-35				
	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	84				
	301-2 Recycled input materials used	87				
Energy						
GRI 302: Energy 2016	302-1 Energy consumption within the organization	86				
	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	84-87				
	302-4 Reduction of energy consumption	84-87				
	302-5 Reductions in energy requirements of products and services	84-87				

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	86				
	303-2 Management of water discharge-related impacts	87				
	303-3 Water withdrawal	86				
	303-4 Water discharge	87				
	303-5 Water consumption	86				
Emissions						
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	84-87				
	305-2 Energy indirect (Scope 2) GHG emissions	84-87				
	305-3 Other indirect (Scope 3) GHG emissions	84-87				
	305-4 GHG emissions intensity	84-87				
	305-5 Reduction of GHG emissions	84-90				
	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	84-87				
	306-2 Management of significant waste-related impacts	84-87				
	306-3 Waste generated	84-87				
	306-4 Waste diverted from disposal	84-87				
	306-5 Waste directed to disposal	84-87				
Employment						
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	60-65				
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	60-65				
	401-3 Parental leave					

GRI Index

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Occupational health and safety						
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	64				
	403-2 Hazard identification, risk assessment, and incident investigation	64				
	403-3 Occupational health services	64				
	403-4 Worker participation, consultation, and communication on occupational health and safety	64				
	403-5 Worker training on occupational health and safety	64				
	403-6 Promotion of worker health	64				
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	64				
	403-8 Workers covered by an occupational health and safety management system	64				
	403-9 Work-related injuries	64				
	403-10 Work-related ill health	64				
Training and education						
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	63				
	404-2 Programs for upgrading employeeskills and transition assistance programs	63				
	404-3 Percentage of employees receiving regular performance and career development reviews	63				
Diversity and equal opportunity						
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	61				
	405-2 Ratio of basic salary and remuneration of women to men	62				
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 2024/24	

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
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	67-71				
	413-2 Operations with significant actual and potential negative impacts on local communities	67-71				
Supplier social assessment						
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	67-71				
	414-2 Negative social impacts in the supply chain and actions taken	67-71				
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	67-71				
	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 2024/24	
Marketing and labelling						
GRI 417: Marketing and Labelling 2016	417-1 Requirements for product and service information and labelling	67-71				
	417-2 Incidents of non-compliance concerning product and service information and labelling	67-71	GRI 417-2	Not Applicable	No such incidents during the FY 2024/24	
	417-3 Incidents of non-compliance concerning marketing communications	67-71	GRI 417-3	Not Applicable	No such incidents during the FY 2024/24	
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 2024/24	

Five Year Summary - Statement of Profit or Loss

Group	2025 Rs.'000	2024 Rs.'000	2023 Rs.'000	2022 Rs.'000	2021 Rs.'000
Continuing Operations					
Revenue	41,728,620	40,243,864	43,455,012	37,293,878	29,423,381
Cost of Sales	(30,885,687)	(26,806,890)	(26,950,988)	(24,257,006)	(20,187,348)
Gross Profit	10,842,933	13,436,974	16,504,024	13,036,872	9,236,033
Other Income	457,486	372,399	422,577	603,280	231,906
Distribution Costs	(4,329,765)	(4,193,958)	(4,314,613)	(3,358,056)	(2,700,250)
Administrative Expenses	(3,059,995)	(2,639,020)	(2,236,468)	(1,482,995)	(1,332,035)
Other Operating Expenses	-	-	-	-	(100,951)
Finance Cost	(1,371,686)	(1,785,240)	(3,369,159)	(332,838)	(769,888)
Finance Income	117,023	227,046	545,433	188,592	20,814
Change in fair value of investment property	-	-	2,068	-	(3,186)
Share of net profit of associate	5,077	5,473	7,123	3,720	-
Profit / (Loss) Before Tax from Continuing Operations	2,661,073	5,423,674	7,560,985	8,658,576	4,582,442
Income Tax (Expense)/Reversal	(1,029,031)	(1,901,558)	(2,739,751)	(1,818,947)	(569,022)
Profit / (Loss)for the Year from Continuing Operations	1,632,042	3,522,116	4,821,234	6,839,628	4,013,420
Discontinued Operations					
Profit for the year from discontinued operations net of Tax	-	-	386,017	42,454	-
Profit for the Year	1,632,042	3,522,116	5,207,251	6,882,082	4,013,420
Profit attributable to:					
Equity holders of the parent	935,418	2,725,132	4,360,188	5,140,631	2,960,211
Non controlling interest	696,624	796,984	847,063	1,741,451	1,053,209
Profit for the year	1,632,042	3,522,116	5,207,251	6,882,082	4,013,420
Basic Earnings Per Share - Profit Attributable to Ordinary Equity Holders	3.43	9.98	15.65	18.75	10.84

Company	2025 Rs.'000	2024 Rs.'000	2023 Rs.'000	2022 Rs.'000	2021 Rs.'000
Revenue	5,206,950	7,407,574	9,297,171	8,058,545	5,988,521
Cost of Sales	(4,176,287)	(5,235,557)	(5,753,067)	(4,772,898)	(3,922,084)
Gross Profit	1,030,663	2,172,017	3,544,104	3,285,647	2,066,437
Other Income	741,364	1,313,163	1,936,885	1,690,070	823,986
Distribution Costs	(922,494)	(1,012,953)	(1,162,037)	(998,889)	(751,723)
Administrative Expenses	(410,650)	(476,446)	(427,514)	(289,316)	(211,241)
Other Operating Expenses	-	-	-	-	(40,989)
Finance Cost	(361,298)	(376,058)	(390,543)	(22,628)	(130,938)
Finance Income	359	610	7,942	5,594	-
Profit Before Tax	77,944	1,620,333	3,508,837	3,670,478	1,755,531
Income Tax (Expense)/Reversal	168,369	(76,539)	(560,326)	(587,498)	(138,013)
Profit for the Year	246,313	1,543,794	2,948,511	3,082,980	1,617,518
Profit attributable to:					
Equity holders of the parent	246,313	1,543,794	2,948,511	3,082,980	1,617,518
Profit for the year	246,313	1,543,794	2,948,511	3,082,980	1,617,518
Basic Earnings Per Share - Profit Attributable to Ordinary Equity Holders	0.90	5.65	10.80	11.29	5.92

Five Year Summary - Statement of Financial Position

Group	2025 Rs.'000	2024 Rs.'000	2023 Rs.'000	2022 Rs.'000	2021 Rs.'000
Non-current assets					
Property, plant and equipment	27,436,661	25,072,909	18,159,208	18,973,756	17,798,601
Consumable bilogical assets	-	-	-	595,643	630,578
Investment Property	815,687	815,687	815,687	813,619	813,619
Intangible assets	439,099	349,491	172,253	57,721	35,814
Investments in associates	200,392	193,923	186,300	177,920	170,000
Right of use assets	153,426	116,088	58,545	309,436	338,971
Deferred tax asset	145,569	185,169	146,833	-	-
	29,190,834	26,733,267	19,538,826	20,928,095	19,787,583
Current assets					
Inventories	20,629,587	17,711,617	14,896,538	8,388,233	6,484,986
Trade and other receivables	7,673,909	6,891,001	8,628,891	6,767,705	4,246,624
Contract Assets	-	30,033	32,343	29,342	40,164
Amounts due from related parties	90,698	75,584	85,827	52,533	63,324
Income tax receivable	-	-	-	17,586	49,231
Short term investments	5,294	4,963	4,454	4,008	3,877
Cash and cash equivalents	1,878,493	1,395,989	2,181,212	7,346,071	3,034,216
	30,277,982	26,109,187	25,829,265	22,605,478	13,922,422
Total assets	59,468,816	52,842,454	45,368,091	43,533,573	33,710,005
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent					
Stated capital	787,765	787,765	787,765	787,765	787,765
Reserves	4,779,093	4,779,093	3,172,011	3,536,480	3,541,400
Retained earnings	15,698,920	15,577,401	14,672,498	13,492,885	10,242,050
Shareholders' funds	21,265,778	21,144,259	18,632,274	17,817,130	14,571,215
Non controlling interest	6,451,763	5,366,513	4,879,643	5,633,586	4,823,606
Total equity	27,717,541	26,510,772	23,511,917	23,450,716	19,394,821
Non-current liabilities					
Interest bearing liabilities	6,737,645	7,641,953	650,072	2,363,591	2,572,712
Deferred tax liabilities	3,251,302	3,378,079	2,836,942	1,996,380	1,879,638
Retirement benefit liability	880,383	700,485	513,536	912,379	1,071,475
Deferred income & Capital grants	-	-	-	113,324	118,995
	10,869,331	11,720,517	4,000,550	5,385,674	5,642,820
Current liabilities					
Trade and other payables	5,224,210	4,896,012	4,590,620	5,526,697	4,034,728
Contract liability	182,853	139,300	111,798	113,660	85,407
Income tax liabilities	210,602	945,128	528,371	778,669	497,320
Amounts due to related parties	183,395	244,959	403,762	121,365	85,957
Current portion of interest bearing liabilities	15,080,885	8,385,765	12,221,073	8,156,792	3,968,952
	20,881,944	14,611,164	17,855,624	14,697,183	8,672,364
Total equity and liabilities	59,468,816	52,842,454	45,368,091	43,533,573	33,710,005

Company	2025 Rs.'000	2024 Rs.'000	2023 Rs.'000	2022 Rs.'000	2021 Rs.'000
Non-current assets					
Property, plant and equipment	12,733,087	11,048,010	5,915,641	4,950,952	4,603,885
Intangible assets	29,806	32,127	34,449	-	-
Investments in subsidiaries	1,696,035	1,618,987	1,618,984	1,562,096	1,276,096
Right of use assets	22,328	54,606	20,189	45,658	33,785
	14,481,256	12,753,730	7,589,263	6,558,706	5,913,766
Current assets					
Inventories	4,818,622	3,923,894	3,549,810	1,479,947	1,410,768
Trade and other receivables	951,943	1,841,975	2,519,426	792,407	792,031
Amounts due from related parties	309,302	60,806	47,623	119,378	70,690
Short term investments	5,294	4,963	4,454	4,008	3,877
Cash and cash equivalents	88,648	137,856	150,297	1,029,771	279,697
	6,173,809	5,969,494	6,271,610	3,425,511	2,557,063
Total assets	20,655,065	18,723,224	13,860,873	9,984,217	8,470,829
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent					
Stated capital	787,765	787,765	787,765	787,765	787,765
Reserves	2,506,339	2,506,339	1,810,498	2,057,891	2,057,891
Retained earnings	4,493,040	4,940,452	4,768,769	4,620,515	3,645,057
Shareholders' funds	7,787,144	8,234,556	7,367,032	7,466,171	6,490,713
Total equity	7,787,144	8,234,556	7,367,032	7,466,171	6,490,713
Non-current liabilities					
Interest bearing liabilities	3,576,984	4,081,465	10,072	6,586	39,922
Deferred tax liabilities	1,067,937	1,253,991	1,022,841	628,461	623,783
Retirement benefit liability	321,381	261,315	163,799	123,617	173,041
	4,966,302	5,596,771	1,196,712	758,664	836,746
Current liabilities					
Trade and other payables	795,884	664,002	1,233,987	1,094,960	635,763
Contract liability	52,951	45,068	9,972	19,591	30,350
Income tax liabilities	559	137,230	89,944	338,039	201,192
Amounts due to related parties	1,260,584	1,661,437	1,529,278	20,784	79,878
Current portion of interest bearing liabilities	5,791,640	2,384,160	2,433,948	286,008	196,187
	7,901,618	4,891,897	5,297,129	1,759,382	1,143,370
Total equity and liabilities	20,655,064	18,723,224	13,860,873	9,984,217	8,470,829

Shareholder Information

MAJOR 25 SHAREHOLDERS OF THE COMPANY

	NAME	31-03-2025 NO OF SHARES	31-03-2025 (%)	31-03-2024 NO OF SHARES	31-03-2024 (%)
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 (PRIVATE) LIMITED	6,313,345	2.31	6,313,345	2.31
4	ARUNODHAYA INDUSTRIES (PRIVATE) LIMITED	6,313,345	2.31	6,313,345	2.31
5	ARUNODHAYA INVESTMENTS (PRIVATE) LIMITED	6,313,345	2.31	6,313,345	2.31
6	SRI LANKA INSURANCE CORPORATION LTD-LIFE FUND	6,115,349	2.24	6,115,349	2.24
7	EMPLOYEES TRUST FUND BOARD	4,559,207	1.67	4,559,207	1.67
8	MRS. A. SELLIAH	3,733,895	1.37	3,733,895	1.37
9	MRS. A. KAILASAPILLAI	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 LIMITED	2,100,000	0.77	2,100,000	0.77
12	SEYLAN BANK PLC/MOHAMED NAYAZ DEEN	1,808,244	0.66	957,182	0.35
13	MR. K. ARAVINTHAN	1,680,000	0.62	1,680,000	0.62
14	MR. K.A.S.R. NISSANKA	1,506,204	0.55	1,506,204	0.55
15	MR. S. VASUDEVAN	1,066,626	0.39	1,000,000	0.37
16	MRS. Y.W.S.R. YATANWALA	1,000,230	0.37	-	-
17	MRS. S. VASUDEVAN & MR. S.VASUDEVAN	1,000,059	0.37	564,000	0.21
18	SRI LANKA INSURANCE CORPORATION LTD-GENERAL FUND	935,240	0.34	935,240	0.34
19	SEYLAN BANK PLC/PHANTOM INVESTMENTS (PVT) LTD	907,786	0.33	-	-
20	HATTON NATIONAL BANK PLC/ARUNASALAM SITHAMPALAM	851,875	0.31	851,875	0.31
21	AMES TILE & STONE LTD	837,250	0.31	887,250	0.33
22	ASSETLINE FINANCE LIMITED/BRITISH AMERICAN TECHNOLOGIES PVT LTD	625,000	0.23	625,000	0.23
23	MRS. F.T. SHAFIE	600,000	0.22	-	-
24	RANAVAV HOLDINGS (PVT) LTD	538,941	0.20	-	-
25	MR. P.A.D. RUWAN UDAYANGANA PUSHPAKUMARA	529,779	0.19	-	-
	SUB TOTAL	223,701,648	81.94	218,821,165	80.16
	OTHERS	49,298,352	18.06	54,178,835	19.84
	TOTAL	273,000,000	100.00	273,000,000	100.00

SHARE DISTRIBUTION AS AT 31ST MARCH 2025

From To	No of Holders	No of Shares	%
1-1,000	5,775	1,962,236	0.719
1,001-10,000	8,321	15,128,926	5.542
10,001-100,000	636	18,282,267	6.697
100,001-1,000,000	72	19,750,794	7.235
1,000,001 & Over	17	217,875,777	79.808
Total	14,821	273,000,000	100.000

CATEGORIES OF SHAREHOLDERS

Type	No. of share Holders	Holding	%
Local Individuals	14,391	73,149,032	26.795
Local Institutions	366	198,590,720	72.744
Foreign Individuals	63	422,998	0.155
Foreign Institutions	1	837,250	0.307
Total	14,821	273,000,000	100.000

DIRECTORS' & CEO'S SHAREHOLDING AS AT 31ST MARCH 2025

Name of Director	No. of shares	%
Mr A M Weerasinghe	-	-
Mr J A P M Jayasekera	995	0.000
Dr. S Selliah	-	-
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 R Jayaweera	-	-
Ms K A D Brindhiini Perera	-	-
Mrs. Y Bhaskaran	-	-
Mr. B D S Mendis	1,050	0.000
Mr. N M Pelpola	-	-

The fractional shares of 210 arising from the Sub Division of shares 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.

Shareholder Information

SHARE PRICE FOR THE YEAR

Market price per share	2025	2024
Highest during the year	Rs. 62.00 (21-01-2025)	Rs. 57.00 (10-07-2023)
Lowest during the year	Rs. 45.00 (01-11-2024)	Rs. 42.00 (02-01-2024)
As at end of the year	Rs. 50.50 (28-03-2025)	Rs. 50.90 (28-03-2024)

SHARE PRICE FOR THE YEAR

	2025
Number of Transactions during the year	23,304
Number of Shares traded during the year	29,005,724
Value of shares traded during the year (Rs.)	1,572,991,174.80

PUBLIC HOLDING

Public Holding

	2025
The Percentage of shares held by the Pubic as at 31st March 2025 – 29.1063%	29.107%
No of public shareholders representing the above percentage- 14,805	15,227
The float adjusted market capitalization as at 31st March 2025 is Rs. 4,012,739,342.50	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

	2025 Rs.'000	%	2024 Rs.'000	%	2023 Rs.'000	%	2022 Rs.'000	%	2021 Rs.'000	%
Group										
Turnover	41,728,620		40,243,864		43,455,012		39,857,514		29,423,381	
Other Income	490,795		599,445		968,010		831,600		252,720	
Cost of material and services purchased	(33,423,362)		(28,419,526)		(25,243,619)		(27,258,990)		(20,605,995)	
Value Added	8,796,053		12,423,783		19,179,403		13,430,124		9,070,106	
To employees as remuneration	2,789,247	31.71	3,299,598	26.6	5,084,444	26.5	4,545,637	33.8	3,625,222	40.0
To providers funds as interest	1,428,223	16.24	1,579,777	12.7	3,703,767	19.3	473,901	3.5	769,888	8.5
To state as direct taxes	1,692,637	19.24	1,601,618	12.9	3,491,213	18.2	1,844,815	13.7	569,022	6.3
To shareholders as dividends	655,200	7.45	1,337,700	10.8	2,511,600	13.1	2,156,700	16.1	742,560	8.2
Depreciation	1,253,904	14.26	1,081,063	8.7	1,216,367	6.3	1,158,237	8.6	1,103,695	12.2
Reserves	976,842	11.11	3,524,028	28.4	3,172,012	16.5	3,250,834	24.2	2,259,719	24.9
Total	8,796,053	100.00	12,423,783	100	19,179,403	100	13,430,124	100.0	9,070,106	100.0

Notice of Meeting

NOTICE IS HEREBY GIVEN THAT the Forty Eighth (48th) Annual General Meeting of Lanka Walltiles PLC will be held on 30th June 2025 at 1.30 p.m. at 'The Winchester', The Kingsbury Hotel, 48, Janadhipathi Mawatha, Colombo 01 for the following purposes:

1. Ordinary Business

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

1.2 To re-elect Ms. Anjalie Maryanne Letitia Page, who retires by rotation in terms of Articles 103 and 104 of the Articles of Association, as a Director of the Company.

1.3 To re-elect Mr. Joseph Dacius Nihal Kekulawala, who retires by rotation in terms of Articles 103 and 104 of the Articles of Association, as a Director of the Company.

1.4 To re-elect as a Director, Ms. Yogadinusha Bhaskaran, who was appointed to the Board since the last Annual General Meeting, in terms of Article 110 of the Articles of Association.

1.5 To re-elect as a Director, Mr. Balapuwaduge Dinesh Shamindra Mendis, who was appointed to the Board since the last Annual General Meeting, in terms of Article 110 of the Articles of Association.

1.6 To re-elect as a Director, Mr. Naomal Michael Pelpola, who was appointed to the Board since the last Annual General Meeting, in terms of Article 110 of the Articles of Association.

1.7 To re-elect as a Director, Mr. Lakshitha Priyantha Bandara Talwatte, who was appointed to the Board since the last Annual General Meeting, in terms of Article 110 of the Articles of Association.

1.8 To re-appoint Messrs Ernst & Young, Chartered Accountants, as the Auditors of the Company and to authorize the Directors to fix their remuneration.

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

2. Special Business

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

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

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

'' METHODS OF HOLDING GENERAL MEETINGS

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

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

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

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

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

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

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

(4)

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

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

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

(2) by the deletion of Article 84 in its entirety and the substitution therefor of the following new Article 84 ;

'' The Directors shall not be less than five (5) or more than fourteen (14) in number. The Company may from time to time, by Special Resolution, increase or reduce the number of Directors. "

(3) by the deletion of Articles 124 under the existing heading, 'Alternate Directors' in its entirety and the substitution therefor of the following new Article 124;

'' ALTERNATE DIRECTORS

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

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

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

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

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

(iv) An Alternate Director shall (on his giving an address for such notice to be served on him) be entitled to receive notices of all meetings of the Board and to attend and vote as a Director at any such meeting at which the Director appointing him is not personally present, and generally to perform all the functions of his appointer as a Director in the absence of such appointer, due to the reasons stated in Article 124(i) hereof, including the signing of resolutions in writing to be passed by circulation under Article 120 hereof.

Notice of Meeting

(v) Subject to Article 124(i) hereof, an Alternate Director shall ipso facto cease to be an Alternate Director on the occurrence of any of the following events:

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

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

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

(vi) A Director shall not vote on the question of the approval of an Alternate Director to act for him, or on the question of the termination of the appointment of such an Alternate under Article 124(v)(c). He shall also not be counted to determine the quorum at meetings when such matters are voted on.

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

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

(4) by the deletion of Article 170(ii) in its entirety and the substitution therefor of the following new Article 170(ii);

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

(5) by the inclusion of the following paragraph immediately after the word "newspapers" in the existing Article 174;

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

By order of the Board
LANKA WALLTILES PLC

P W Corporate Secretarial (Pvt) Ltd
Secretaries

At Colombo
29th May 2025

Notes:

1. A shareholder is entitled to appoint a Proxy to attend and vote at the meeting on his/her behalf.
2. A Proxy need not be a shareholder of the Company.
3. A Form of Proxy accompanies this Notice.
4. The completed Form of Proxy should be deposited at the Registered Office of the Company, No. 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*..……………………………………………………………………...............................……...……................. (NIC /

Passport / Company Reg. No. ……..……..…………………….) of…………....…………………… …………………………………………….............

being a shareholder / shareholders of LANKA WALLTILES PLC hereby appoint ……………………………………………….……….........

(NIC/Passport No.……………………...….) of …………………………...…………...or failing him/her.

Mr. Amarakoon Mudiyanselage Weerasinghe	or failing him*
Mr. Lakshitha Priyantha Bandara Talwatte	or failing him*
Dr. Sivakumar Selliah	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. Sanjeewa Renuka Jayaweera	or failing him*
Ms. Kulappu Arachchige Donna Brindhiini Perera	or failing her*
Ms. Yogadinusha Bhaskaran	or failing her*
Mr. Balapuwaduge Dinesh Shamindra Mendis	or failing him*
Mr. Naomal Michael Pelpola	

as my/our* proxy to represent and speak and vote as indicated hereunder for me/us* and on my/our* behalf at the Forty Eighth (48th) Annual General Meeting of the Company to be held on 30th June 2025 at 1.30 p.m. and at every poll which may be taken in consequence of the aforesaid Meeting and at any adjournment thereof.

1. Ordinary Business

		FOR	AGAINST
1.	To re-elect Ms. A M L Page as a Director of the Company.		
2.	To re-elect Mr. J D N Kekulawala as a Director of the Company.		
3.	To re-elect Ms. Y Bhaskaran as a Director of the Company.		
4.	To re-elect Mr. B D S Mendis as a Director of the Company.		
5.	To re-elect Mr. N M Pelpola as a Director of the Company		
6.	To re-elect Mr. L P B Talwatte as a Director of the Company		
7.	To re-appoint Messrs Ernst & Young, Chartered Accountants, the retiring Auditors and to authorize the Directors to determine their remuneration.		
8.	To authorize the Directors to determine donations for the year ending 31st March 2026 and up to the date of the next Annual General Meeting.		

2. Special Business

		FOR	AGAINST
1.	To pass the Special Resolution as set out in item 2.1 of the Notice of Meeting		

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

……………………………
Signature of Shareholder/s

*Please delete what is inapplicable.

Notes:

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

Form of Proxy

INSTRUCTIONS AS TO COMPLETION

1. The full name, National Identity Card number and the registered address of the shareholder appointing the Proxy and the relevant details of the Proxy should be legibly entered in the Form of Proxy which should be duly signed and dated.

2. The completed Proxy should be deposited at the Registered Office of the Company, No. 215, Nawala Road, Narahenpita, Colombo 05 not later than 48 hours before the time fixed for the commencement of the Meeting.

3. The Proxy shall –

   (a) In the case of an individual be signed by the shareholder or by his attorney, and if signed by an attorney, a notarially certified copy of the Power of Attorney should be attached to the completed Proxy if it has not already been registered with the Company.

   (b) In the case of a company or corporate / statutory body either be under its Common Seal or signed by its Attorney or by an Officer on behalf of the Company or corporate / statutory body in accordance with its Articles of Association or the Constitution or the Statute. (as applicable)

4. Please indicate with a 'X' how the Proxy should vote on each resolution. If no indication is given, the Proxy in his discretion will vote as he thinks fit.

Notes

Notes

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. 7of 2007, the Company was re-registered on 24th July 2007 and bears registration number PQ 55.

DIRECTORS
Mr. A M Weerasinghe (Chairman)
Mr. L P B Talwatte - Managing Director
(Appointed w.e.f 01 April2025)
Mr. J A P M Jayasekera - Former Managing Director
(Resigned w.e.f 01 April 2025)
Mr. M W R N Somaratne - Director Manufacturing
(Appointed w.e.f.01.May 2025)
Dr. S Selliah
Mr. T G Thoradeniya (Resigned w.e.f. 31st Dec 2024)
Mr. K D G Gunaratne (Resigned w.e.f. 31st Dec 2024)
Ms. A M L Page
Mr. J D N Kekulawala
Mr. S M Liyanage (Resigned w.e.f. 31st Dec 2024)
Mr. S R Jayaweera
Ms. K A D B Perera
Mr. B D S Mendis (Appointed w.e.f. 01st Jan 2025)
Ms. Y Bhaskaran (Appointed w.e.f. 01st Jan 2025)
Mr. N M Pelpola (Appointed w.e.f. 01st Jan 2025)

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

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.rocell.com

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

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

Designed & produced by
emagewise
Digital Plates & Printing by Aitken Spence Printing & Packaging (Pvt) Ltd

LANKATILES

Fine Living Redefined

LANKA WALLTILES PLC

215, Nawala Road, Narahenpita, Colombo 05, Sri Lanka.

Tel: (+94-11) 4526700, e-mail: info@lankatiles.com