EXPANSIVE FUTURES

SWISSTEK (CEYLON) PLC
Integrated Annual Report 2022/23

SWISSTEK (CEYLON) PLC

EXPANSIVE FUTURES

Looking ahead into the future, we have expanded our portfolio of offerings and strengthened our research and development capabilities. We are geared to harness new opportunities and possibilities by expanding our products across a wide spectrum of construction solutions. By introducing new concepts, we hope to enhance living spaces across the spectrums of fixing, finishing and beautification.

The definitive steps we have taken over the years validate our ability to evolve and be proactive in the face of dynamic business externalities. Our strong fundamentals and robust values systems fortify us with the strength to navigate uncertainty with courage. Our refreshed brand strategy positions us to capture future market opportunities across expansive futures.

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"By diversifying our portfolio, we managed to minimise the impact of the economic downfall on the company to a certain extent and ensure sustainable operations. We also focused on managing our margins without passing the inflationary cost increase to the customer. As a result, even under reducing profit conditions, we were able to retain and even slightly improve our market share."

OUR JOURNEY ACROSS MANY DIMENSIONS OF VALUE

ABOUT THIS REPORT

Swisstek (Ceylon) PLC

ANNUAL REPORT 2022/23

Reporting Concepts

In preparation of this report we have given consideration to the following <IR> Principles.

- Consistency
- Accuracy and Completeness
- Connectivity of Information
- Balance

Reporting Principles

FINANCIAL REPORTING

- Sri Lanka Financial Reporting Standards
- Companies Act No. 7 of 2007
- GRI Standards issued by the Global Reporting Initiative in 2020

NARRATIVE REPORTING

- Integrated Reporting Framework of the International Integrated Reporting Council (IIRC)
- Preparer's Guide to Integrated Corporate Reporting" issued by the Institute of Chartered Accountants of Sri Lanka

CORPORATE GOVERNANCE

- Listing Requirements of the Colombo Stock Exchange
- Code of Best Practice on Corporate Governance issued by the SEC and Institute of Chartered Accountants of Sri Lanka.

Feedback

We value your feedback as it enables us to continuously improve our reporting and encourage your comments to be sent to:

General Manager (Finance)
Swisstek (Ceylon) PLC
215, Nawala Road, Narahenpita,
Colombo-5.

Digital View

The Annual Report is available on our official website, www.swisstekceylon.com

Swisstek (Ceylon) PLC and its subsidiaries (herein after referred to as the "Group") present to you its sixth Integrated Annual Report. This report is the primary publication to the stakeholders of the Group and had been prepared in accordance with the Integrated Reporting Framework published by the International Integrated Reporting Council.

Scope and Boundary

This Report covers the operations of Swisstek (Ceylon) PLC and its subsidiaries Swisstek Aluminium Ltd. and Swisstek Development Ltd. for the period 1 April 2022 to 31 March 2023 which is the Group's annual reporting cycle. Our Report focuses on aspects that are deemed to be material and relevant to the Group's operations and to our key stakeholders. The process for determining materiality is described on page 26 of this Report. The financial and non-financial information presented herein represents consolidated figures for the Company and its subsidiaries unless otherwise stated. There were no significant changes to the Company's size, structure, shareholding or supply chain during the year under review and no significant re-statement of previously reported economic, social or environmental information.

External Assurance

The Group has obtained an independent opinion on the Financial Statements from its External Auditors Messrs KPMG which is set out on page 68 of this report.

Forward looking Statements

Our Report includes forward-looking statements, which discusses the possible future financial position and results of the Group's operations. These statements however involve an element of risk and uncertainty. We do not undertake to update or revise these statements publicly in the event of a change of circumstances.

Directors Responsibility

Swisstek (Ceylon) PLC's Board of Directors is ultimately responsible for ensuring the integrity of this Report. We hereby confirm that this Report addresses all relevant material matters and fairly represents the Group's integrated performance. The Report is approved and authorised for publication.

Signed on behalf of the Board,

S H Amarasekera
Chairman

J A P M Jayasekera
Managing Director

ABOUT US

Swisstek Ceylon PLC is a leading supplier of tile grout and mortar in Sri Lanka. It is also Sri Lanka's pioneer wood flooring supplier, offering a range of solutions to the residential and commercial segments under the renowned SWISS PARKETT brand. Since inception, innovation has been the prime focus of the company and this coupled with our state-of-the-art technology, up to date knowledge and passion for performance have ensured continuous growth in the industry.

Swisstek is a part of the Lanka Walltiles Group, one of Sri Lanka's leading tile manufacturers. The company owns an 87.38% stake in its subsidiary Swisstek Aluminium Ltd. which has a strong presence in the aluminium extrusions market and manufactures a range of products including prefabricated windows under the Swisstek brand.

Our products

Finishing	Description
Tile Adhesive 	Swisstek Tile Adhesive is manufactured in accordance with international standards and the ISO 9001:2015 quality management system. Also, Swisstek tile adhesive is the only SLS certified product of its kind available in the Sri Lankan market. The company conducts frequent inspections in independent laboratories to maintain the premium standards of its output. Swisstek's Tile Adhesive can ideally be used for the installation of ceramic and porcelain tiles, granite, marble and other materials used on both walls and floors. The product is formulated with cement, ceramic fillers, polymer and a unique binding agent, all of which improve the product's resistance to water while increasing strength and longevity.
Skim Coat 	Skim coat is a textured compound, used to smooth-out surfaces of walls prior to painting. Swisstek Skim Coat is certified good quality with international standards for both interior and exterior application. It's smooth texture, is a result of its water-based compound mixture, which is produced in the white colour, making it versatile for any surface and ideal to meet any expectations of the customers.
Grout & Grout Sealer 	With 20 colours for the customer to choose from, Swisstek Tile Grout is ISO certified and is the only SLS Certified product of its kind available in the Sri Lankan market. The company adheres to the highest quality standards in its creation and conducts regular examinations within independent laboratories to verify that all guidelines are followed. Swisstek Grout Sealer is a water-based penetrating coating liquid that was formulated to protect sanded and unsanded grout joints against moisture and stains. The customer is assured that the lines running in between tiles remain clean and crisp by properly applying this transparent solution along the grout lines.

ABOUT US

Finishing	Description
Waterproofer 	Swisstek Aqua Shield 2K Waterproofer, a top-of-the-line solution that guarantees to keep structures protected against water damage. Formulated with a cementitious base and expertly blended with graded aggregates and specially designed acrylic additives, Swisstek Aqua Shield 2K Waterproofer is a true testament to advanced waterproofing technology. Swisstek Aqua Shield is perfect for safeguarding concrete slabs, rooftops, columns, retaining walls, bases, foundations, pile caps, swimming pools, water tanks, bathrooms and kitchens from the harmful effects of water exposure.
Silicone 	Swisstek Silicone is designed to deliver exceptional results with its cutting-edge formula that offers unmatched sealing capabilities. Swisstek Silicone is created with the finest materials to provide higher tensile strength and excellent adhesion, which guarantees the surfaces are fully protected from any water leakages (100% waterproof). Swisstek Silicone is a non-acidic neutral silicone which is recommended for many surfaces and resistant to mold, yellowing or any surface discolorations.
Quick Flow 	Swisstek Quick Flow is a cement-based levelling mortar that is used on concrete floors prior to the application of materials like carpet, vinyl, tiles and parquet. When combined with water, it can be used on concrete floors as a thin layer levelling and scraping mortar. It is a highly efficient product that is very simple to use. When cured, it offers a seamless, level ground for installing a multitude of floor coverings.
Beautification	**Description**
Decorative Pebbles 	Swisstek Decorative Pebbles are used to add beauty and decorate acquariums or any other comfort space. These pebbles come in a diverse fashion of vibrant colour and picturesque beauty and available in five different colors of crystal white, black, ivory, grey and pink. These stones are designed to transform spaces into one that is elegant and has a pop of colour. These stones can be used for both interior and exterior and are of the highest quality in Sri Lanka.

Cleaning	Description
Tile Cleaner 	Swisstek heavy-dirt tile cleaner is formulated to maintain the natural beauty of tiled surface after installation. It assures all types of tiles and even products such as marble are preserved in their almost original appearance by efficiently removing heavy dust and dirt.

Swisstek Roof Master	Description
SWISSTEK ROOF MASTER	Swisstek Roof Master is committed to offer contemporary solutions with proper Zinc Aluminum composition materials to the construction industry of Sri Lanka. The Roof Master product range includes roofing, cladding, purlins, gutters and other required accessories. Steel products have gained fame for their superiority in the Sri Lankan market within a short period as it conforms to international standards. In this spectrum Zinc Aluminum compound becomes an effective protection layer on the steel base material to prevent penetration of corrosive factors.

Swiss Parkett	Description
Swissparkett	Transcending centuries of style, Swisstek wood flooring is the ultimate choice for a perfect finish to give a luxurious touch to your space. Customers may choose from a range of different options and clothe their home in elegance that speaks volumes of classic interior and supreme durability. Swisstek wood flooring is one of the highest quality flooring options available in Sri Lanka providing nothing but the best for your spaces. It is sustainable and eco-friendly introducing an era of class and signature style into customer homes.

Swisstek Aluminium	Description
SWISSTEK ALUMINIUM	Swisstek Aluminium is one of the leading commercial and industrial Aluminium extrusion profile manufacturers in Sri Lanka. Using breakthrough innovation and expert capabilities to meet international standards to produce sustainable and high-quality products for residential and architectural requirements.

ABOUT US

Production facilities

Company	Production focus	Production capacity	Sold Quantity
Swisstek (Ceylon) PLC - Balummahara Factory Complex. 	Mortar, Grout, Skim Coat	85,000 MT	54,234 MT
Swisstek Aluminium Ltd. - Dompe Factory Complex 	Aluminium extrusions	8,400 MT	2,766 MT

Our contribution

People

Rs. 512 Mn
Payments to employees

Rs. 0.7 Mn
invested in training

91%
retention rate

Planet

1,896 MT of Aluminium Scrap/ Secondary billets used in our production process.
Development of environmentally friendly products.

Inculcating environmentally responsible practices down our supply chain.

Customers and suppliers

10 new products
launched during the year

3,000+ customer touchpoints

1,771 suppliers

Value distribution

Employees – **31%**	Government – **5%**	Shareholders – **12%**	Lenders - **71%**
Rs. 731 Mn As Salaries & other benefits	**Rs. 120 Mn** As Taxes	**Rs. 274 Mn** As Dividend	**Rs. 1,682 Mn** Lenders of capital as interest

OUR VISION

To be the leading manufacturer of Tile Grout, Tile Mortar and Decorative Pebbles in Sri Lanka whilst supplying wooden flooring to enhance the range of flooring products available through other Group Companies.

OUR MISSION

The production and marketing of exceptional quality products at optimum affordability.

KEY MILESTONES

1967

The Company was incorporated as Parquet (Ceylon) Ltd to manufacture mosaic flooring using offcut of local Teak.

Entered into technical collaboration with Bauwerk AG of Switzerland and introduced the brand "SWISSPARKETT" to the local flooring market.

1972

Ventured into the export of mosaic flooring & block Parquet manufactured in local species Teak, Kumbuk & Panakka.

1983

Listed in the Colombo Stock Exchange.

1987

Became the first Company in the region to introduce Rubberwood for flooring to the international market. (UK, USA, Germany, Netherlands, Switzerland, Spain, Greece, Australia, India, Pakistan, Norway, Belgium, Korea).

Became the first Company to obtain the Forest Stewardship Council Certificate (FSC).

Received the prestigious Presidential Export Award for Excellence in the Wood sector.

2003

Became a member of the Lanka Walltile Group of Companies.

2009

The main line of business was changed from the manufacture & sale of wooden flooring to the manufacture & sale of Tile Mortar and Tile Grout. The manufacture of wooden flooring was discontinued although imported wooden flooring continued to be sold locally.

2010

The Company acquired Ceykor Aluminium Industries Ltd. expanding its operations to include the manufacture & sale of Aluminium Extrusions.

2011

The Company name was changed from Parquet (Ceylon) PLC to Swisstek (Ceylon) PLC. The name of the subsidiary Ceykor Aluminium Industries Ltd was changed to Swisstek Aluminium Ltd.

"SWISSTEK" Brand name was introduced for Tile Mortar & Tile Grout and used for Decorative Pebbles, Skim Coat & Tile Cleaner products added to the range, subsequently. Imported wooden flooring continues to be marketed locally under the "SWISSPARKETT" Brand name. Aluminium products sold by the subsidiary are marketed under the "SWISSTEK ALUMINIUM" brand name.

2013

Vallibel One PLC became the Company's ultimate parent Company.

2015

Was awarded the ISO 9001 certificate for manufacture of Tile Mortar, by the Sri Lanka Standards Institute.

Invested in a Rs. 170 Mn plant to increase the manufacture of Tile Mortar.

2019

Swisstek Aluminium obtained 'QUALICOAT' Certification - the Gold standard for Powder Coated Aluminium.

Swisstek timber flooring bags the biggest contract in Sri Lanka for timber flooring from the 'Waterfront' project.

2020

Swisstek Aluminium signs contract with ETEM to sell its system in Sri Lanka.

Increase warehouse and logistic capacity.

Introduces new products QUICK FLOW and GROUT SEALER to the market together with ladders and Fabricated Doors.

2021

Strengthened e-commerce platform.

Swisstek was awarded the timber flooring project at Prime Grand Residencies, Ward Place, Colombo-07.

2022

Swisstek Aluminium became the No. 1 Aluminium Extrusions supplier in Sri Lanka.

Swisstek (Ceylon) became the No. 1 Mortar supplier in Sri Lanka.

Swisstek (Ceylon) and Swisstek Aluminium recognized a Great Place to Work.

2023

Swisstek entered into Zink Aluminium roofing products under new Sub brand – Swisstek Roof Master.

Expanded the product portfolio in to water proofing solutions with Cementous and silicone-based products.

OUR VALUE CREATION STORY

RECAP OF OUR PERFORMANCE

PERFORMANCE HIGHLIGHTS 2022/23

Financial Highlights

		GROUP		COMPANY	
		2022/23	2021/22	2022/23	2021/22
Financial Performance					
Revenue	Rs.Million	8,970	9,534	3,741	2,390
Gross Profit	Rs.Million	2,215	2,141	925	672
Operating Expenses	Rs.Million	1,141	1,036	315	233
Operating Profit	Rs.Million	1,263	1,231	735	786
Pre-Tax Profit/(Loss)	Rs.Million	(779)	1,143	547	843
Taxation	Rs.Million	(76)	243	180	147
Profit/(Loss) for The Year	Rs.Million	(703)	900	367	696
GP Margin	%	25	22	25	28
OP Margin	%	14	13	20	33
Net Profit/(Loss) Margin	%	(8)	9	10	29
Return on Average Equity	%	(25)	27	18	35
Financial Position					
Total Assets	Rs.Million	10,911	10,721	3,920	3,522
Non-Current Assets	Rs.Million	3,923	3,704	2,501	2,233
Current Assets	Rs.Million	6,987	7,017	1,419	1,289
Shareholders' Funds	Rs.Million	2,244	3,155	1,993	1,977
Borrowings	Rs.Million	6,724	4,669	1,166	880
Gearing Ratio	Times	0.18	0.30	0.20	0.27
Interest Cover	Times	0.59	5.79	2.79	11.71
Current Ratio	Times	0.85	1.09	0.92	1.28
Quick Asset Ratio	Times	0.29	0.65	0.57	1.03
Investor Information					
Earnings Per Share	Rs.	(4.15)	6.16	2.68	5.09
Dividend Per Share	Rs.	2.00	2.98	2.00	2.85
Net Asset Value Per Share	Rs.	16.91	24.55	14.56	14.44
Market Value Per Share	Rs.	14.10	22.10	14.1	22.1
Market Capitalisation	Rs.Million	1,930	3,025	1,930	3,025
P/E Ratio	Times	(3.40)	3.59	5.26	4.34
Dividend Pay Out	%	172	48	75	56
Dividend Cover	Times	0.58	2.07	1.34	1.78

Non - Financial Highlights

Human Capital

		GROUP	
		2022/23	2021/22
Total employees	No.	**481**	516
Payments to employees	Rs. Million	**512**	522
Employee retention rate	%	**91**	88
Female representation	%	**9**	10
New recruits	No.	**75**	221
Investment in training	Rs. Million	**0.71**	0.81
Total training hours	Hours	**2,419**	84
Average training hours/employee	Hours	**5.0**	0.2
Workplace injuries	No.	**18**	26
Union representation	%	**39**	36

Manufactured Capital

		GROUP	
		2022/23	2021/22
Property, plant and equipment	Rs. Million	**3,580**	3,368
Investment in capex	Rs. Million	**401**	797
Production volume (Aluminium + Cement based produts)	MT	**63,224**	65,976

Intellectual Capital

		GROUP	
		2022/23	2021/22
R&D investment	Rs. Million	**8**	6
New products launched	No.	**10**	9
Average length of employee service	Years	**8**	10

Social and Relationship Capital

		GROUP	
		2022/23	2021/22
Payments to suppliers	Rs. Million	**10,476**	8,049
Proportional spending to local suppliers	%	**49**	59
CSR beneficiaries	No.	**350**	800
Investment in CSR	Rs. Million	**0.30**	5.90

Natural capital

		GROUP	
		2022/23	2021/22
Raw material consumption	MT	**50,189**	55,170
Energy consumption	GJ	**53,322**	80,897
Energy intensity	GJ per unit	**2.98**	4.99
Water consumption	M3	**9,653**	51,135
Solid waste generation	MT	**57**	156
Carbon footprint	tCO_2e	**6,409**	10,333

CHAIRMAN'S REVIEW

"The business has shown commendable resilience and agility in the year, with Group sales reaching Rs. 8.9Bn. The Group was quick to seize emerging opportunities especially in the tile product market enabling it to achieve a significant growth in this segment and maintain its market position".

Dear Shareholder,

Welcome to the 56th Annual General Meeting of Swisstek Ceylon PLC. I am happy to present to you our sixth integrated annual report and the audited financial statements for the year ended 31st March 2023 which sets out our performance together with the challenges encountered, opportunities seized and how risks were managed during the year. The year 2022 was one wrought with uncertainty and a rather unusual year in our 56-year history as we navigated through a battered economy with scarcities, soaring commodity prices leading to elevated inflation and high interest rates. Despite the challenges it is also appropriate to remember that every crisis provides opportunities as well and as an agile organisation we adapted to the challenging business conditions to deliver value to our stakeholder with strength and resilience. Armed with the experiences of the past year we stand confident about our prospects of emerging from the turbulence with a more resilient business model.

Operating context

The Sri Lankan economy recorded a contraction of 7.8% in 2022 with all three key sectors agricultural, industrial and services reporting a decline. Though there were no pandemic related disruptions, the year under review endured significant trials and macro-economic pressures on account of a weak external financing position, mostly during the first half of the year, which led to a severe fuel shortage, scarcity of essential commodities and disruptions to power supply. The resultant economic turmoil, further aggravated by unprecedented levels of inflation and interest rates, gave rise to public anxiety and political upheaval.

Global and domestic supply-side disruptions continued to exert inflationary pressures on the economy, severely inhibiting the purchasing power of consumers and impacting business performance. Inflation, as measured by the National Consumer Price Index, peaked at 73.7% in September 2022, with a gradual reduction thereafter.

The dearth of foreign exchange remained a serious concern as surmounting levels of foreign debt, a widening trade deficit and the slower than anticipated recovery of foreign exchange inflows contributed towards a deterioration of the external financing position. This, among others, prompted the CBSL to accommodate a flexible exchange rate regime from March 2022 onwards, which resulted in an immediate depreciation of the Rupee. Amidst this foreign exchange crisis, the country announced an external debt service suspension in April 2022 and subsequently approached the International Monetary Fund for relief funding while appointing financial and legal advisors to restructure the outstanding debt.

Amidst this backdrop, the construction industry suffered a massive hit as the increased cost of raw materials, soaring inflation, import restrictions and the depreciation of the Sri Lankan rupee made it increasingly difficult for contractors to price up new projects and to meet existing project budgets. However, on a positive note the demand for locally manufactured building materials continued to benefit from import restrictions aimed at supporting import substitution in the local manufacturing sector.

The Sri Lankan government together with the CBSL implemented various policy reforms including a contractionary monetary policy stance and fiscal tightening, with an increase in both direct and indirect taxes to bridge the budget deficit to contain the impact of the above. In response to the increasing inflation the CBSL announced multiple adjustments leading to the rapid escalation of market interest rates. Market reflective pricing adjustments were also established for fuel and LP gas whilst multiple upward revisions to electricity tariffs were implemented. Even though these policies presented significant adjustment in costs in the short-term, they supported the containment of demand-side excessive price pressures, improved foreign exchange liquidity and minimised external and fiscal sector stresses, helping to restore the macro-economic balance.

Delivering value to our stakeholders

We remain committed to supporting and enhancing the quality and value delivered to our stakeholders. We understand that our operations, our products, as well as our investments in innovation and the community have a wider positive impact on the economy. By fuelling economic growth, generating jobs, providing effective and sustainable solutions for our customers, investing in research and development, building a talented, diverse and dedicated team of employees and collaborating with clients and partners, we are making positive, measurable contributions to the communities, the broader society and our planet.

The business has shown commendable resilience and agility in the year, with Group sales reaching Rs. 8.9Bn. The Group was quick to seize emerging opportunities especially in the tile product market enabling it to achieve a significant growth in this segment and maintain its market position. While the costs of operating in the midst of a socio-economic crisis have been significant, we have strengthened our relationship with customers and built a stronger business for our shareholders. We continued to strengthen our digital infrastructure and internal processes in order to increase the efficiency and productivity of our business.

Our people have shown remarkable courage during the year, and we made it a point to keep them satisfied and motivated in the midst of all the turmoil. Continuous engagement and increased remuneration were two of our key human resource focus areas as we aimed to provide our fullest support to our staff who have been nothing but an immense source of strength for the organisation.

Governance focus

The Board devoted a significant amount of time on performance oversight and risk management functions given the increased volatility of the business landscape and the need to focus on business recovery. The Board also placed increasing emphasis on the safety of our employees and on managing liquidity pressure, the competitive environment and supply chain implications.

Dividends

For the year under review, the company paid as dividends, Rs. 1.10 per share as interim dividend for the current year, which was paid in 06th April 2023.

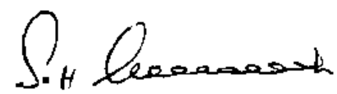
A final dividend of Rs. 0.20 per share has been proposed to be approved by the shareholders at the next annual general meeting.

Our prospects

As a company, we are adjusting to a new reality, while also dealing with other far-reaching changes taking place around us. Looking back and reflecting on a rather eventful 12 months, I am pleased with the value that we created and the progress we made together under difficult circumstances. The immediate task will be to lead our business through the economic crisis and to get our operations back on track. To this end we will focus on improving our stability and performance in the upcoming year and build on what we have achieved so far. We are aware that urgent action is required to uplift the financial performance of the Group and aim to drive significant changes to deliver positive change. We will continue to actively manage our risks and capital position to maintain a robust balance sheet, as we navigate through the uncertainty created by the current geopolitical situation. Managing debt and related interest costs will remain a key priority to strengthen the balance sheet and our financial performance. We are hopeful that the economic conditions will improve in the medium to long term and will continue to move towards the achievement of our long-term strategies focused on achieving operational excellence, product and geographical diversification, people development and sustainability.

Appreciations

I would like to take this opportunity to express my gratitude to my colleagues on the Board for their consistent support and guidance in this extremely challenging year. I also extend my gratitude to the Managing Director, and all employees of Swisstek for going the extra mile this year with dedication, courage and a promising attitude. I also take this opportunity to thank all our business partners, suppliers, and stakeholders who have partnered with us in our journey of growth.



S H Amarasekera
Chairman

31st May 2023

MANAGING DIRECTOR'S MESSAGE

"By diversifying our portfolio, we managed to minimise the impact of the economic downfall on the company to a certain extent and ensure sustainable operations. We also focused on managing our margins without passing the inflationary cost increase to the customer. As a result, even under conditions of reduced profit, we were able to retain and even slightly improve our market share".

Throughout its history, Swisstek has focused on delivering innovative products and creating enduring impressions of quality. The last couple of years posed a range of challenges to businesses and economies across the world. Our company too was impacted by the ripple effects of the pandemic and the unprecedented socio-economic challenges that emerged subsequently. However, we stood resilient and weathered the storm with our agility, prudence and ability to adapt to the changing environment. This was only made possible by the foundations we have established and strengthened over the years including the trust of our customers, strong manufacturing capabilities, robust distribution network, adoption of technology and a passionate workforce. Since our inception, we have been a company driven by our purpose to deliver high-quality products to consumers while creating sustainable value for all shareholders. With the support of our foundations, we are ready to navigate through the tough times ahead and guide ourselves into a future of profitability and sustainability.

How we performed

The year under review began on a promising note as the country had to a considerable extent controlled the spread of the pandemic, leading to positive signs of economic revival. However, as the year unfolded, the country was thrust into a deep economic crisis driven by long standing structural weaknesses, leading to a severe shortage in foreign exchange, a persistent increase in inflation and unprecedented political upheavals. The domestic construction sector, which faced multiple setbacks following the suspension of government funded projects, soaring raw material costs and import restrictions witnessed a significant contraction in 2022. The dollar crunch, which became more pronounced in March 2022, caused extensive shortages of construction materials, forcing developers and individuals to either postpone or abandon their projects altogether, casting a chill on the industry and thereby the overall growth of the economy.

Against this backdrop the company too suffered a setback with a drop in turnover and profitability compared to the previous year. We ended the year recording a revenue of Rs. 8.9Bn denoting a drop of 6% compared to the previous year which is rather commendable in the highly volatile environment in which we operated. This drop in revenue was mainly a result of the deep contraction in the construction sector, with many public and private construction sector activities coming to a grinding halt. The aluminium segment which is the highest contributor to the Group revenue marked a decline of 28% during the year recording Rs. 5.3Bn as at the end of the year compared to the previous year's revenue of Rs. 7.3Bn. The tile related products however witnessed an impressive growth of 77% during 2022/23 contributing to 38% of the total revenue of the Group. In order to mitigate the impact of the declining sales we introduced several new products including a silicon sealant and a 2K water proofing solution. By diversifying our portfolio, we managed to minimise the impact of the economic downfall on the company to a certain extent and ensure sustainable operations. We also focused on managing our margins without passing the inflationary cost increase to the customer. As a result, even under conditions of reduced profits, we were able to retain and even slightly improve our market share.

While we were able to achieve a marginal growth of 3% in operating profits as a result of reduced direct costs and stringent cost control strategies, the exponential increase in finance costs, in line with the rising market interest rates severely impact our overall profitability. Amidst these challenging external conditions, we concluded the financial year with a net loss of Rs. 703Mn.

The Group's total asset base improved by 2% during the year to Rs. 10.9Bn from Rs. 10.7Bn mainly due to the increase in the non-current assets. Inventory, which holds the largest share of assets, comprising mainly of work in progress and finished goods, increased to Rs. 4.6Mn during the year. On the liability side, our borrowings increased to meet our working capital requirements leading to a significant rise in finance costs.

Despite these challenging circumstances I am proud to note that we were able to successfully complete the Waterfront Properties timber flooring project, Sri Lanka's largest timber flooring project. We were able to execute this seamlessly without any delays which stands in good stead for our future operations demonstrating our capability to capture such opportunities and deliver superior products. We also undertook the Prime Grand timber flooring project which also was completed without any delays. Thus, I am confident that the company is well positioned to undertake bigger projects in the construction industry in the upcoming years and elevate its position in the market as a leading supplier of selected manufacturing materials.

During the year we also made an extra effort to enhance our social media presence. We significantly reduced the advertising spend on print and electronic media and directed more investments towards social media marketing to retain our market position and attract new customers.

Looking out for our people

Our people and their experience and skills represent our company's most valued asset. We remain committed to maintaining a culture in which the health, safety and well-being of all our employees is an integral part of our business. We continued to work towards fostering an environment where everyone feels they belong and have opportunities to advance. Given our focus on creating a culture of continuous improvement we continued to provide regular trainings programmes and awareness sessions to strengthen the skills and capabilities of our staff. We worked together as an organisation to bring in additional measures and policies to protect our dedicated workforce, while meeting our customers' critical needs.

We were quite aware of the fact that the external economic conditions were causing pressure on our employees and did our best to ensure that their standard of living was not severely impacted. We made it a point to provide a generous increase in their remuneration package in order to keep them satisfied and support them through the challenging times. Our strategic focus on maintaining a lean operation without being burdened by unnecessary overheads made it possible for us to elevate the value provided to our staff and create an enabling environment and take the organisation to the next level.

Focus on sustainability

If we want to succeed in our ambitions, we must understand the decisions we make today will not only have a profound impact on our business but also on the future of the planet. Thus, at Swisstek, we are constantly exploring ways to make all areas of our operations more environmentally sustainable. As a heavy user of natural resources, especially silica sand, we make it a point to inculcate responsible attitudes among our employees as well our suppliers. We do so by raising awareness on responsible mining practices, emphasising on the importance of complying with the laws and regulations and advising on proper rehabilitation of mined pits to prevent them from being environmental hazards.

Within our internal operations we have inculcated more sustainable energy and waste management practices during the year under review. In light of the fuel crisis which emerged during the year, we made arrangements to sun-dry the silica sand that we use as raw material instead of using fuel powered dryers. While reducing the consumption of non-renewable energy this decision also led to a considerable saving in costs as well.

We also partnered with the Sri Lanka's Atomic Energy Board, which promotes peaceful applications of nuclear science and technology for national development in areas such as health, industry, environment and agriculture. We are working in collaboration with them to produce a filler product using the waste polythene that we are currently sending to external recycling plants. This will make our organisation a zero-waste facility.

Furthermore, we are looking to establish a partnership with the National Engineering Research and Development Centre to be a part of the 2050 Roadmap for Sustainable Housing Construction. We plan on developing any new product in our portfolio to be in line with their construction requirements so that we can be among the primary providers for materials to construct sustainable housing.

Outlook

Given the IMF's predictions for Sri Lanka's economic growth being a negative 3% in 2023, our economy has a long way to go in terms of recovery and revival. In this context we do not intend to expand our capacity but will rather look to diversify our product range to make sure that we are not anchored down in one segment. We aim to widen our portfolio with new and improved products based on consumer demand and preferences and bring in revenue to keep the company's operation profitable.

The learnings from the pandemic have made us more resolute than ever. In the years ahead, while we remain focused on strengthening our core categories, we are committed to further expand our portfolio of offerings and strengthen research and development capabilities. As we look to 2023 and beyond, we will strive to capture new opportunities and accelerate profitable growth by targeting segments and products where we can provide significant value to our customers.

Appreciations

I would like to take this opportunity to extend my appreciation and gratitude to the Chairman and the Board of Directors for their valuable counsel and continued confidence placed in me and my team.

I am also deeply grateful to the entire team at Swisstek for their commitment and dedication in driving our business forward during these turbulent times. The year 2022 was challenging on many fronts, but it also demonstrated how resilient we are as a team and how we can pull together during the toughest of times. It is indeed a privilege to be a part of such a dynamic team. In conclusion, I would also like to thank our customers, partners, and other stakeholders for their continued patronage, support and encouragement.

J A P M Jayasekera
Managing Director

31st May 2023

BOARD OF DIRECTORS

MR. S H AMARASEKERA
Chairman

Mr Harsha Amarasekera, President's Counsel is a leading luminary in the legal profession in Sri Lanka having a wide practice in the Original Courts as well as in the Appellate Courts. His fields of expertise include Commercial Law, Business Law, Securities Law, Banking Law and Intellectual Property Law. Mr Amarasekera also has significant experience in arbitration and cross-national disputes.

Mr Amarasekera was admitted to the Bar in November 1987 and took oath as a President's Counsel in November 2012.

Mr Amarasekera was appointed to the Board as an Independent, Non-Executive Chairman on 01st September 2018.

He serves as an Independent Director in several companies listed on the Colombo Stock Exchange including Sampath Bank PLC, CIC Holdings PLC, Swisstek Aluminium Ltd., Vallibel One PLC, Vallibel Power Erathna PLC, Royal Ceramics Lanka PLC and CIC Agri Business (Private) Limited as Chairman. He is also a Non-Executive Independent Director of Expolanka Holdings PLC, Ambeon Capital PLC and Hayleys Leisure PLC.

MR. J A P M JAYASEKERA
Managing Director

Mahendra Jayasekera is the Managing Director of Lanka Walltiles PLC, Lanka Tiles PLC and Swisstek Aluminium Ltd. He is the Chairman of Sri Lanka Cost and Management Accounting Standards Board.

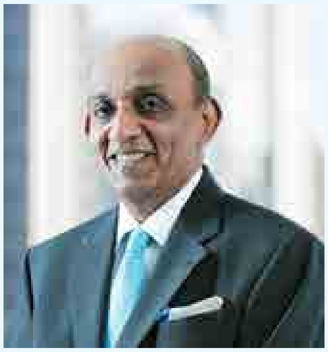
He has an honours degree in Business Administration from the University of Sri Jayawardenapura and is a fellow member of the Institute of Chartered Accountants of Sri Lanka. He holds a Master of Arts in Buddhist Studies (Distinction Pass) from the University of Kelaniya.

He is the President of the Colombo Young Men's Buddhist Association.

MR. J K A SIRINATHA
Director

Mr. Aravinda Sirinatha holds a Master's Degree in Business Administration, a Bachelor's Degree in Management and has also completed the Intermediate level exams held by the Institute of Chartered Accountants of Sri Lanka.

He holds 25 years' experience in the fields of Finance, Manufacturing, Supply Chain Management and Sales and Marketing. He is a Director of Everpaint and Chemical Industries (Pvt) Ltd. He currently serves as the Head of Sales and Administration of Royal Ceramics Lanka PLC and on the board of LB Managements Services (Private) Ltd., Delmege Freight Services (Private) Ltd and Delmege Air Services Ltd.



DR. SIVAKUMAR SELLIAH
Director

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

Dr. Selliah is currently the Chairman of JAT Holdings PLC. He is also the Deputy Chairman of Asiri Hospital Holdings PLC, Asiri Surgical Hospital PLC and Central Hospitals Private Ltd. He also serves on the following listed companies as a Director: Lanka Tiles PLC, Commercial Bank of Ceylon PLC, Lanka Walltiles PLC, ACL Cables PLC, HNB Assurance PLC. 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 of the University of Colombo in the past.

MR. A M WEERASINGHE

Director

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

In addition to the above, he is the Chairman of Singhe Hospitals PLC, Lanka Walltiles PLC, Lanka Tiles PLC, Weerasinghe Property Development (Pvt) Ltd., Trade Huts (Pvt) Ltd. and Weerasinghe Gems (Pvt) Ltd. He also serves as a Director of Swisstek Aluminum Limited.

MR. A S MAHENDRA

Director

Mr. A S Mahendra is the Director - Group Marketing of Lanka Walltiles PLC and Lanka Tiles PLC both companies quoted on the Colombo Stock Exchange. He is a Director of Swisstek Aluminium Ltd. He has 35 years of working experience in the field of Sales and Marketing. He holds an MBA in Marketing from the University of Colombo and a Post Graduate Diploma from the Chartered Institute of Marketing. He is a Chartered Marketer and a member of the Chartered Institute of Marketing – UK.

MR. K D G GUNARATNE

Director

Ar present he serves as Chairman of Lanka Hotels and Residencies Pvt. Ltd., (Sheraton Colombo), Board Member of Regnis Lanka PLC, Singer Industries (Ceylon) PLC, Dipped Products PLC, Lanka Walltiles PLC, Lanka Tiles PLC, Lanka Ceramic PLC and Horana Plantations PLC, Hayleys PLC, SLIIT International (Pvt.) Ltd. Previously he has served as Vice Chairman of the National Water Supply and Drainage Board.

MR. C U WEERAWARDENA

Director

Mr. Chethiya Umagiliya is a focused entrepreneur with 18 years experience in the Gem Industry and in the Real Estate business. He has a wide experience in various businesses and also in business management.

Currently he is a Director of Uni Dil Packaging Ltd, Uni Dil Packaging Solutions Lid., Swisstek Aluminium Ltd., the Fortress Resorts PLC and also of Pan Asia Bank.

SENIOR MANAGEMENT TEAM

Mr. J A P M Jayasekera
Managing Director

Mr. Shirley Mahendra
Director - Group Marketing

Mr. Daminda Perera
Chief Operating Officer

Mr. Dayal de Silva
General Manager - Timber Operations

Ms. Sajeewani Amarasinghe
General Manager - Finance

Ms. Wajira Nanayakkara
Deputy General Manager - Plant and Technical

Mr. Prasad Keerthirathne
Asst. General Manger - IT

Ms. Kaushalya Sudasinghe
Asst. General Manager - Sales

Mr. B A M Thilakasiri
Group Stores Manager

Mr. Anura Ratnayake
Group Business Development - Manager

Mr. Athula Hewapathirana
Group Human Resource Manager

Mr. Kapila Ranatunga
Group Commercial Manager

Mr. Nilanga Fernando
Group Financial Accountant

Mr. Wijayananda Dissanayake
Manager - Sales and Marketing

ENHANCING AND PRESERVING VALUE THROUGH OUR STRATEGY

MANAGEMENT DISCUSSION AND ANALYSIS

STRATEGY

Our Value Creation Model

Our following value creation model depicts how we created sustainable value for our stakeholders by strategically leveraging our capital inputs.

VALUE DRIVERS

CAPITAL INPUTS

Financial Capital

Shareholders funds **Rs. 2,243 Mn**

Debt **Rs. 6,724 Mn**

Manufactured Capital

Manufacturing plants **3**

Human Capital

Employees **481**

Social and Relationship Capital

Supplier relationships**: 1,771**

Distributors**: 41**

Dealer outlets**: 190**

Franchisees**: 90**

Intellectual Capital

Tacit knowledge

systems, processes and standards

R & D capabilities and brands

Natural Capital

Raw materials: **50,189 MT**

Water use: **9,653 m³**

Energy consumption: **53,322 GJ**

VALUE CREATION PROCESS

TRANSFORMING OUR CAPITAL INPUTS

Our Vision

To be the leading manufacturer of Tile Grout, Tile Mortar and Decorative Pebbles in Sri Lanka whilst supplying wooden flooring to enhance the range of flooring products available through other group Companies.

Raw Material Sourcing

Procurement of raw material

Manufacturing Process

Manufacture of a range of products including Tile mortar, Grout, Pebbles, Aluminium extrusins extrusions

Distribution of Products

Distribution of products through extensive dealer network

Strategic Priorities

OPERATIONAL EXCELLENCE (Page 27)	PEOPLE DEVELOPMENT (Page 27)
PRODUCT AND GEOGRAPHICAL DIVERSIFICATION (Page 27)	SUSTAINABILITY (Page 27)

Governance and Risk Management

(Page 45 - 56)

VALUE DELIVERED

OUTPUTS

Revenue:
Rs. 8,970 Mn

Operating Profit (EBIT):
Rs.1,263 Mn

Net Assets Per Share:
Rs.16.91

Dividend per share:
Rs. 2.00

Payments to employees:
Rs. 512 Mn

Investment in training and development:
Rs. 0.71 Mn

Payments to suppliers:
Rs. 10,476 Mn

Investments in community engagement:
Rs. 0.30 Mn

Effluent discharge:
18,465 m^3

OUTCOMES

Shareholders

Sustainable returns
(Refer Financial capital on page 31)

Customers

Innovative products
Increased customer convenience
(Refer Social and Relationship Capital Report on page 38)

Employees

Opportunities for career progression and skill development in a dynamic environment
(Refer Human Capital Report on page 35)

Suppliers

Stronger partnerships
(Refer Social and Relationship Capital Report on page 38)

Community

Mutually beneficial relationships with the communities we operate in
(Refer Social and Relationship Capital Report on page 38)

CONTRIBUTION TO SDG's

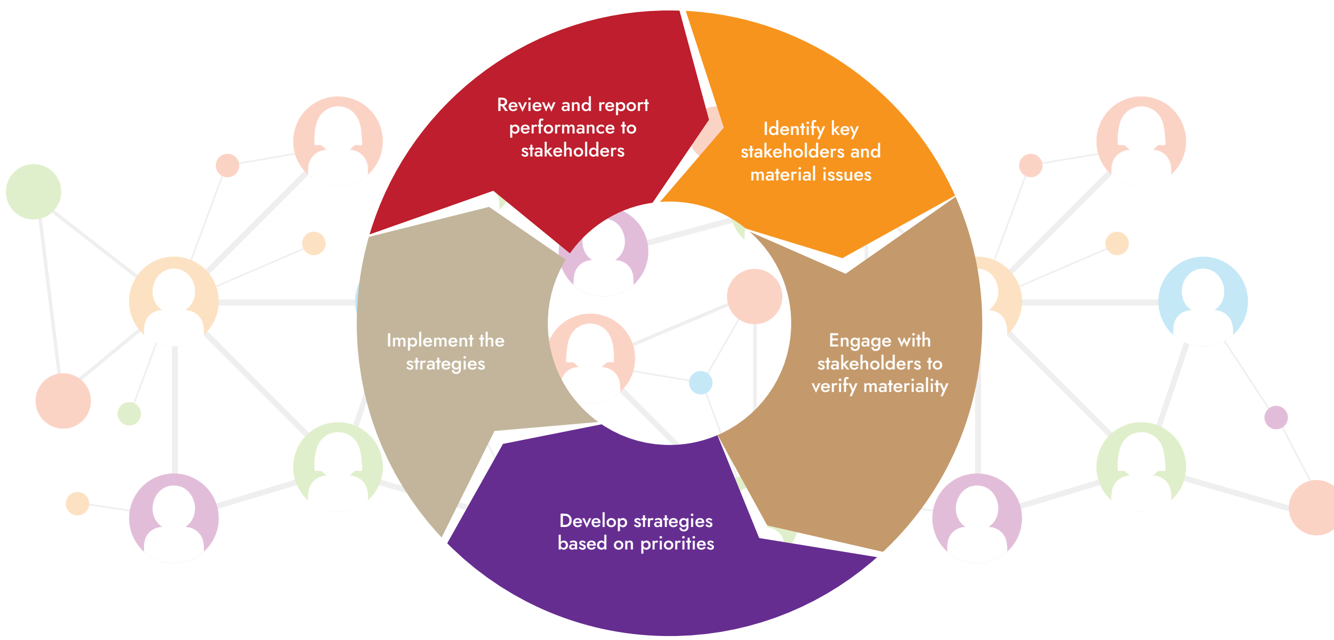
8
9
4
17
13

STAKEHOLDER ENGAGEMENT

We value our stakeholders and strive to maintain strong business relationships with them. In order to assess and address the needs of our stakeholders which evolve and change regularly, we need to ensure that we are constantly engaged in formal and informal communication with them to comprehensively assess and address their needs. We have incorporated these communication channels into our day-to-day business activities which helps us to engage with them on a regular basis.

This constant feedback mechanism also enables us to collect data for materiality assessments to help make necessary modifications to our business practices and to refine our strategic direction to better align with the needs, issues, concerns and suggestions of our stakeholders.

Stakeholder Engagement Process



Stakeholder Group	Engagement mechanisms	Key concerns addressed	Our response
SHAREHOLDERS AND INVESTORS	◆ AGM ◆ Annual Report and quarterly financial statements ◆ Announcements at the Colombo Stock Exchange ◆ Corporate website	◆ Our ongoing financial performance ◆ Business resilience ◆ Sustainability of business growth ◆ Corporate governance and risk management	◆ Committed to increasing revenue ◆ Prudent management of outflows ◆ Regular improvements to risk and governance practices
EMPLOYEES	◆ Annual performance appraisals ◆ Regularly conducted employee satisfaction surveys ◆ Multi-level staff meetings ◆ Recognition and award ceremonies.	◆ Health and safety ◆ Job security ◆ Attractive remuneration ◆ Opportunities for training and development ◆ Career progression and succession	◆ Annual increments ◆ Specialised training programmes for staff members ◆ Recreational facilities, annual outings and get-togethers ◆ Non-discrimination policy ◆ Medical insurance

Stakeholder Group	Engagement mechanisms	Key concerns addressed	Our response
CUSTOMERS	◆ Customer satisfaction survey ◆ One-to-one engagement ◆ Customer hotline	◆ Product quality ◆ Value for money ◆ Accessibility and Supply reliability ◆ Product innovation ◆ Customer service	◆ New product formulations and developments catering to emerging needs ◆ Consideration of customers' concerns on affordability in determining pricing
BUSINESS PARTNERS	◆ Annual Reviews ◆ Conferences, industry fora ◆ Supplier site visits	◆ Sustainable business growth ◆ Product quality ◆ Availability of product ◆ Timely settlement of dues	◆ Ongoing and proactive communication ◆ Timely payments ◆ Prudent pricing policies
COMMUNITY	◆ Ongoing CSR projects ◆ Hotline to address community complaints	◆ Impact on environment from operations ◆ Responsible sourcing ◆ Community investment	◆ Researching and developing environmentally friendly products ◆ Increased the capacity of our dust extraction units to recycle 100% of the cement and silica dust. ◆ Strict adherence to standards specified by the Central Environmental Authority ◆ Extended help to families living in the areas surrounding the factory.

MATERIALITY AND MATERIAL TOPICS

Materiality assessment is a vital element of our value creation process as it ensures that we remain focused on what really matters to our stakeholders. Our material topics are the aspects of our operation that have a significant economic, environmental and social impact or which substantively influence the assessments and decisions of stakeholders. Material matters are identified based on our interactions with stakeholders and an evaluation and prioritisation of their concerns. The material matters thus identified form the basis of our strategy and reporting.

Material matters identified during the year and the level of significance is depicted in the table below;

	Material topic	Corresponding GRI Topic
CRITICAL	Economic Performance	GRI 201 Economic Performance
	Raw Material Management	GRI 301 Materials
	Cost Management	GRI 302 Energy
	Supply Chain Management	GRI 204 Procurement Practices GRI 308 Supplier Environmental Assessment GRI 414 Supplier Social Assessment
	Employee Productivity	GRI 404 Training and Education
	Attraction and Retention of Employees	GRI 401 Employment
HIGH IMPACT	Employee Health and Safety	GRI 403: Occupational Health and Safety
	Product Development	GRI 416 Customer Health and Safety
	Employee Management and Labour Relations	GRI 402 Labour Management Relations GRI 405 Diversity and Equal Opportunity GRI 406 Non-Discrimination GRI 407 Freedom of Association and Collective Bargaining
	Distribution Channel Efficiency	GRI 417 Marketing and Labelling
SIGNIFICANT	Managing our Environmental Impacts	GRI 303 Water and Effluents GRI 305 Emissions GRI 306 Waste
	Community Engagement	GRI 413 Local Communities
	Regulatory Compliance	GRI 307 Environmental Compliance GRI 419 Socio-Economic Compliance

OUR STRATEGY

We recognise the importance of taking well calculated strategic decisions to heighten our business potential. We already have the privilege of being an industry leader enjoying a majority market share in the tile adhesive market in Sri Lanka. We aim to be the pioneers in new innovations and have built our own laboratory facilities for research and development to produce new products which are in line with our sustainability philosophy.

Strategy	Operational Excellence	Product and Geographical Diversification	People Development	Sustainable Operations
Key initiatives	New machinery purchased for the production of Skim Coat and Tile Mortar. Repaired and renovated the factory and office buildings. Improvements to factory layout for maximum efficiency. Zero waste policy implemented with new avenues for recycling.	Expanded distribution network. Development of new sustainable building materials. Introduction of 10 new products to our portfolio.	Increased variable compensation benefits to cope with the current situation. Training provided geared towards mental wellness.	Utilising waste material for product development. Expansion of a green fence surrounding the factory. Utilising sun drying methods to minimise energy consumption. Evaluating the suppliers raw material sourcing to prevent an environmental impact.
Impact	Operating profit: Rs.1263 Mn ROCE: 46.5% Cost to income ratio: 86%	Customer growth: 15%	Retention ratio: 91% Training hours/employee: 5 hours Promotions: 17	Investment in technology: Rs. 8 Mn Investment in CSR: Rs. 0.3 Mn
Challenges	Macro-economic instability High inflation Elevated interest rates Government policy changes	With the economic crisis customers are more price sensitive not quality conscious. Shifting their mind set is a challenge as SWISSTEK is always a high quality product.	Health and safety Shortage of fuel leading to travel issues	Implications of climate change
Capitals impacted				
Stakeholders impacted				
Contribution to SDG				
Plans for 2023/24	Main focous of the year 2023/24 is to drive penatration of the newly introduced products in the market while continuing the efforts of new product development.			

Financial Capital | Manufactured Capital | Human Capital | Social and Relationship Capital

Intellectual Capital | Natural Capital

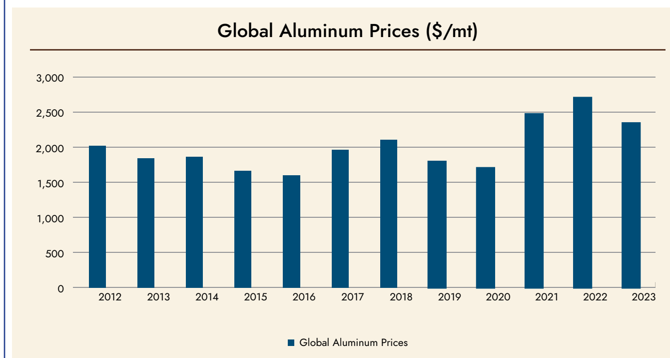
Shareholders and investor | Customers | Employees | Community | Business Partners

OPERATING ENVIRONMENT

Global economy

As we move into 2023, we mark a year filled with many adverse occurrences that directly affected the global economy as a whole. With all the countries still slowly recovering from the effects of the Covid-19 pandemic which pushed the economy into turmoil, we were thrust into the middle of a war in the European region. Fuel and food prices soared while the cost of living increased by unbearable proportions and many countries faced shortages of necessary items.

This substantial increase in energy and raw material costs caused the price of aluminium to rise by more than $1000/MT being the highest cost per Metric Tonne of aluminium ever witnessed. This was worsened considerably by the reduction in the production capacity of China, the largest producer of aluminium globally. Disruptions in supply caused by transportation limitations and the reduction in the total output of aluminium by countries such as Australia, has been detrimental to the industry as a whole.



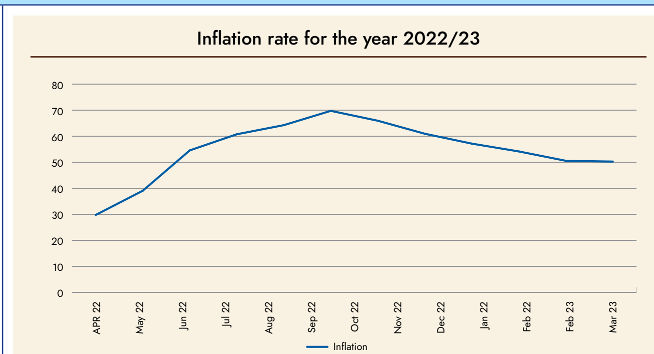
Sri Lankan economy

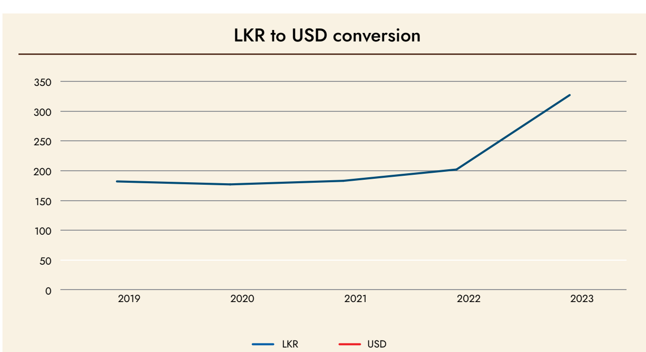
In early 2022, Sri Lanka started to experience severe shortages of basics such as fuel, food and energy. This lack of basic necessities alongside severe political unrest and sustained fiscal disparities and external sector imbalances, thrust the whole economy into dire straits.

Macro-economic volatility

The rising inflation and falling GDP indicate that Sri Lanka is indeed on a fast path to poverty. According to the Asian Development Bank, the GDP of Sri Lanka which was -7.8% in 2022, is expected to rise to around -3.0% in 2023.

The value of the rupee fell to its worst ever figures in 2022. During the period from November 2022 to April 2023, the highest value the rupee recorded against the dollar was Rs. 368.83 on 20th November 2022 and the lowest was Rs. 31629 on 30th April 2023, with an average of Rs, 352.97 over this period.





Risks and opportunities

High volatility on RM prices
Increased borrowing costs
Rising inflation to impact profit margins

Our response

More rigour in sales and operations while planing to optimise the working capital management.
Maximising the portfolio to drive high margin products to increase profitability.

Regulatory developments

In order to counter the effects of the growing macro economic crisis, the government of Sri Lanka made several policy changes in the 2022 budget. The proposals were aimed at moving from a trading economy towards a production economy focused on green practices driven by technology and innovation while focusing on the export of goods & services and import substitution in identified sectors. The expected outcome of these proposals were to reduce the reliance on foreign debt and reduce foreign currency outflows.

A significant change which directly affected the aluminium industry prior to the 2022 budget was the ban made on the export of scrap metal in order to redirect it to domestic use and to prevent foreign currency flowing out of the country on the purchases of scrap metal. The ban was implemented in 2020 and is in force to date as it remained in line with the objectives of the new budget proposal. The increase in energy and fuel costs also impacted the cost of production and the processing of aluminium as it is a high energy consuming industrial process.

Risks and opportunities

Opportunity to promote more environmentally friendly production of aluminium by using scrap material (secondary production) instead of using the raw material Bauxite (primary production) which uses more energy to process and has more waste (approximately 2-2.5 tonnes of solid waste per tonne of aluminium produced)

Opportunity for more state support as the country moves from a trading economy to a production economy which supports manufacturing.

Risk of higher production costs due to rising energy and fuel costs.

Risk of lowered revenue due to the ban on the export of scrap metals.

Our response

- Swisstek has pioneered the website www.metals.lk; an online portal that facilitates the sale of scrap metals in the country. The website developed by Swisstek for the Ministry of Industries Industrial Development Board (IDB), facilitates the process of buying and selling scrap metal such as aluminium, brass, and copper, more efficiently for manufacturers island wide.

Environmental concerns

The manufacturing process of aluminium has a significant impact on the environment. The process in which primary aluminium is produced was developed in 1886 and remains unchanged to this day. However, aluminium being a nonferrous metal is corrosion resistant and maintenance free, making it an ideal material across many spheres of the global industry. Scrap aluminium is also 100% recyclable and can be used an infinite number of times saving 95% of energy compared to primary aluminium thereby largely reducing emissions and making a positive impact on air pollution.

With climate change being one of the most pressing issues we are currently facing, aluminium manufacturers are increasingly incorporating more modern and environmentally friendly technologies which enable more energy efficient production. Furthermore, automation-driven optimisations are also increasingly generating savings in energy consumption. Manufacturers are also researching cutting-edge technologies such as inert anodes which could be used ad infinitum and potentially allow aluminium producers to stop using carbon anodes altogether.

Risks and opportunities

Opportunity to use scrap metal to produce secondary aluminium to cut costs and reduce the environmental impact.

Opportunity to stay updated on the development of the inert anode process to be pioneers of the technology in Sri Lanka.

Opportunity to create more collection points to gather scrap metals and recyclable aluminium consumer goods through CSR projects to source the raw material needed to create secondary aluminium.

Our response

- Recycling of aluminium scrap.
- Recycle 100% of the cement and silica dust that we produce.
- Implemented measures to develop environmentally friendly products.
- Sun-dry the silica sand that we use as raw material instead of using fuel powered dryers.

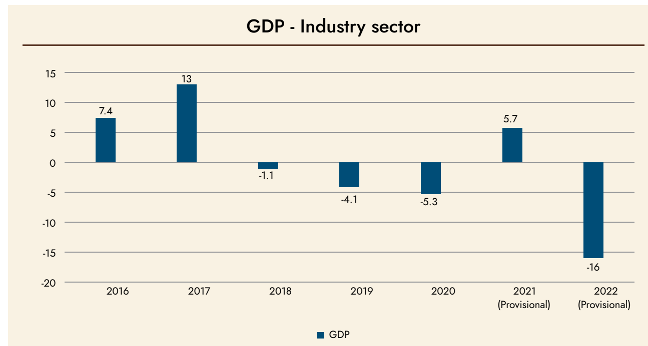
OPERATING ENVIRONMENT

Construction industry performance and outlook

The construction industry, a sub-sector of the industrial sector, had a severe reduction in performance in 2022 when compared to 2021. The GDP of the sector fell to 7.7% from 9%, causing a negative growth of -20.9%, and a -1.9% contribution to the total growth of the economy.

According to the CBSL Annual Report, despite the efforts made by the government to support the industrial sector, there was a -16% contraction recorded which was brought about by the lowered performance of construction and manufacturing activities, resulting from a scarcity of raw materials, increased input costs, fuel shortages, and prolonged and unpredictable power outages.

The economic pressures are expected to continue in the short to medium term which will therefore exert continued pressure on the construction industry in the upcoming year.



FINANCIAL CAPITAL

CAPITAL MANAGEMENT

OUR FINANCIAL CAPITAL INCLUDING SHAREHOLDERS EQUITY AND DEBT PLAYS A CRUCIAL ROLE IN ENSURING THAT ALL OTHER CAPITALS ACHIEVE THEIR DESIRED OUTCOMES AND ENABLES US TO DELIVER VALUE TO OUR SHAREHOLDERS WHILE ENSURING THE SUSTAINABILITY OF THE BUSINESS.

GOALS 2022/23

The financial year under review was a challenging one mainly due to the contraction in economic activity, particularly the construction industry. In this backdrop we worked towards maintaining our market position and product margins.

KEY PERFORMANCE INDICATORS

Revenue Rs. **8.97 Bn** | **Total assets Rs. 10.9 Bn** | Net asset value per share **Rs. 16.91** | Market capitalisation as at 31st March 2023 **Rs. 1,930 Mn**

ACHIEVEMENTS DURING THE YEAR

During the year we introduced two new products with the intention of diversifying our portfolio and minimising our concentration risk. Despite the market volatility we succeeded in maintaining our gross margins while absorbing and managing cost pressures. The restrictions imposed on imports also created an opportunity for us to record a growth in our tile products.

GOALS FOR 2023/24

In the face of continuing economic and market challenges our aim is to focus on improving the financial performance of the company which serves to enhance our reputation in the industry and meet the needs of all key stakeholders.

Management approach

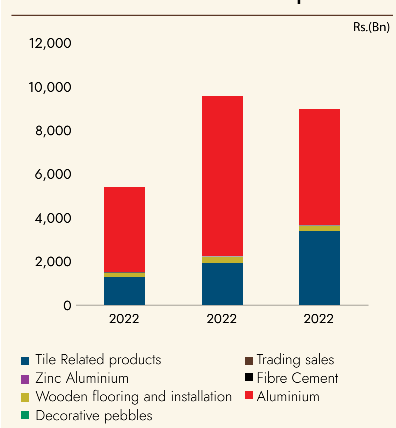
For the financial year under review, the management's fundamental focus was on optimising operational expenses to mitigate the effects of external factors that resulted in rising production and operational costs. Furthermore, the allocation of financial resources was directed towards areas where the impact was most significant to the business and the returns were the highest, not only in terms of financial benefits but also in social and environmental returns. As a responsible corporate we also remain committed to continuously enhancing the accuracy and transparency of our financial reporting while adhering to regulatory compliance and industry best practices.

Financial performance

Revenue

The Company recorded a revenue of Rs. 8.9Bn for the year under review, denoting a drop of 6% compared to the previous year's revenue of Rs. 9.5Bn. This drop in revenue was mainly a result of the deep contraction in the construction sector, with many public and private construction sector activities being postponed or abandoned. The aluminium segment which is the highest contributor to the Group revenue marked a decline of 28% during the year recording Rs. 5.3Bn as at the end of the year compared to the previous year's revenue of Rs. 7.3Bn. The tile related products however witnessed an impressive growth of 77% during 2022/23 contributing to 38% of the total revenue of the Group. In order to mitigate the impact of the declining sales in our core aluminium segment we introduced several new products including a silicon sealant and a 2K water proofing solution during the year under review.

Revenue Growth and Composition



Cost of sales

During the year, prices of goods and services rose sharply as a result of the economic crisis which exacerbated economic conditions and access to various essential goods and services, mainly fuel and electricity. The management ensured

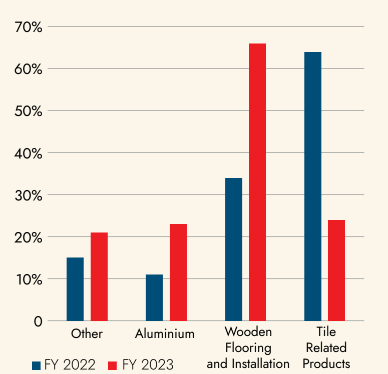
FINANCIAL CAPITAL

smooth and continuous operations at factories whilst sourcing the required resources and optimising operational expenses to withstand the sudden price spikes. However, due to the drop in demand our production slowed down leading to a reduction in the cost of sales. Accordingly, as at the end of 31st March 2023 our cost of sales stood at Rs. 6.7Bn marking a decrease of 9% compared to the previous year.

Gross profits

The gross profit for the year under review, increased marginally by 3% to Rs. 2.2Bn compared to Rs. 2.1 Bn recorded in the previous year. The increase was mainly due to the decline in the cost of sales under an environment of reduced production.

Gross Margin by Segment



Operating costs

Administration expenses includes items such as salaries and related expenses, electricity cost, vehicle fuel and maintenance costs, factory and building maintenance costs and depreciation. During the year, administration cost increased by 10% to Rs. 351Mn from Rs. 319Mn recorded in the previous year. The increment was mainly due to the increase in staff cost coupled with the unprecedented increase in prices due to high inflation. Selling and distribution costs also increase during the year recording Rs. 777Mn compared to the prior year's cost of Rs. 686Mn.

Finance expenses

Finance costs recorded a considerable increase during the year under review in line with the increase in market interest rates. Furthermore, additional short-term loans were obtained during the year for working capital financing which also contributed to higher finance costs. Accordingly, as at 31st March 2023 finance costs of the Group stood at Rs. 2.1Bn recording an exponential growth compared to the previous year.

Net profit/(loss)

Operating under challenging circumstances, and as a result of elevated finance costs the Group ended the year with a net loss of Rs. 702Mn.

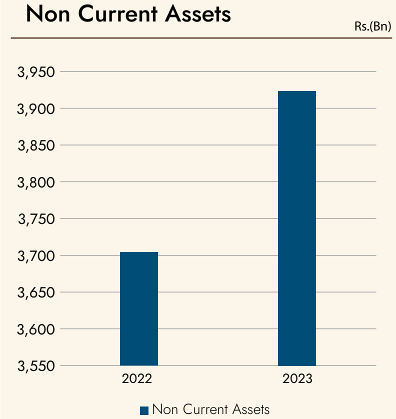
Financial position

Total assets

The Company's total asset base as of 31st March 2023 improved by 2% to Rs. 10.9Bn from Rs. 10.7Bn as of 31st March 2022 mainly due to the increase in the non-current assets.

Inventory holds the largest proportion of the Group's assets accounting for 42%, followed by property, plant and equipment which covers 33% of the total assets. Inventory, which mainly comprised of work in progress and finished goods, increased to Rs. 4.6Mn (2021/22 Rs. 2.8Mn) for the year ended 31st March 2023. The Company invested Rs. 251 Mn during the year on property, plant and machinery. Investment property consisting of a retail tile sales center and three warehouses leased to Group companies Lanka Tile PLC, Lanka Walltiles PLC and Royal Ceramics Lanka PLC also marked a marginal increase during the year.

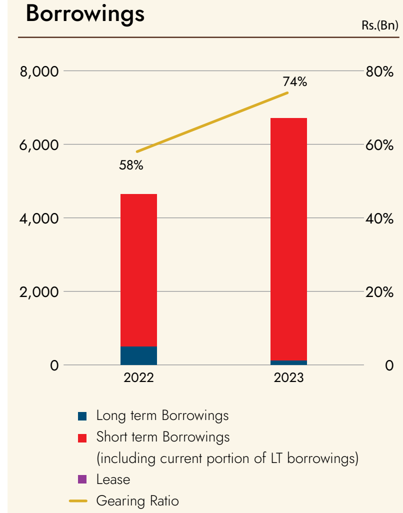
Non Current Assets



Total liabilities

Total liabilities increased during the year to Rs. 8.6Bn from Rs. 7.3Bn recorded as at the prior year end. A significant portion of the total liabilities relates to current liabilities. Short term loans which account for a significant portion of the total liabilities increased by 68% to manage the Group's working capital requirements, recording Rs.5.8Bn as at year end. The increase in borrowings led to an increase in the gearing ratio (defined as total debt/total debt + equity) which stood at 74% as at 31st March 2023 compared to 58% as at the prior year end.

Borrowings



Equity

Total equity amounted to Rs. 2.2Bn as at 31st March 2023 marking a 31% decline compared to the previous year, mainly as a result of the loss incurred during the year which reduced the Group's retained earnings. Share capital remained unchanged during the year.

MANUFACTURED CAPITAL

OUR MANUFACTURED CAPITAL CONSISTS MAINLY OF THE SUPPLY CHAIN INFRASTRUCTURE; OUR OFFICES, WAREHOUSES, FACTORIES, DISTRIBUTION CENTRES, LOGISTICS, ETC. OUR WELL-STRUCTURED NETWORK OF MANUFACTURED CAPITAL HELPED US IN BEING PREPARED TO MEET CUSTOMER DEMANDS EVEN IN TIMES WHEN WE WERE OPERATING UNDER THE PRESSURES OF THE ECONOMIC CRISIS.

GOALS 2022/23

Our vision for the foreseeable future will be centered on sustainability. With this in mind we have plans to develop new environmentally friendly, sustainably produced finishing products namely; an Epoxy based grout and an Acrylic based skim coat. We wish to capitalise on the growing condominium market. Approximately 500 square meters of condominium space is added each year. With our collaboration efforts with the National Engineering and Research Development center (NERD center) We hope to develop sustainable materials to be utilised in their 2050 Sustainable Housing Construction Roadmap. We are aiming at being the primary supplier of sustainable building materials by gearing all our product development plans in line with the NERD center requirements.

KEY PERFORMANCE INDICATORS

Investment in acquiring a Zinc Aluminium manufacturing plant **Rs. 95 Mn**

Investment in a new laboratory for inhouse testing of raw materials and research and development purposes **Rs. 30 Mn**

Total savings from sand-drying process improvement- **Rs. 2 Mn**

Total investment in PPE- **Rs. 401 Mn**

ACHIEVEMENTS DURING THE YEAR

Even during the economic crisis where employees were under immense pressure, we managed to keep the plant running with a very low average downtime.

We were able to unceasingly source our materials required for production in spite of the rising cost of local and imported raw materials due to our goodwill with our suppliers.

Amidst the cashflow issues, the company successfully acquired a Zinc Aluminium Manufacturing plant for an investment of **Rs. 95 Mn**. All required machines were installed and subsequently the plant commenced operations.

We greatly enhanced our production capacity by investing in Skim Coat and Tile Mortar machinery. Plant optimisation - The layout of the factory was restructured to save electricity and minimise breakdowns.

GOALS FOR 2023/24

Our vision for the foreseeable future will be centered on sustainability. With this in mind we have plans to develop new environmentally friendly, sustainably produced finishing products. Namely, an Epoxy based grout and an Acrylic based skim coat.

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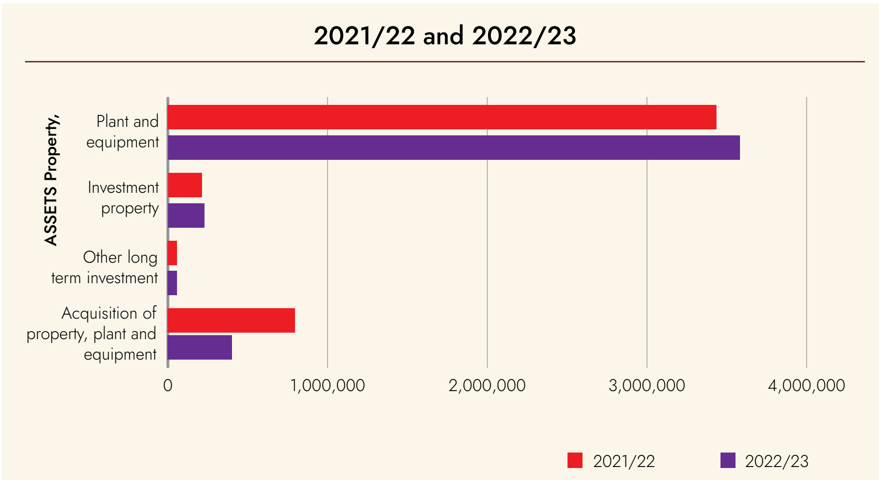
Overview

We invested considerably in maintenance activities during the financial year, along with many additions that would help us to reduce our overall cost in future.

Renovation/ Investment activity	Value (Rs. Million)
Zinc Aluminum machinery	**95**
Roof repairs	**28.9**
Road repairs (Paving and carpeting)	**13.9**
Repairs to boundary and retaining walls	**7.4**
Front office renovation	**5**
Laboratory construction	**30**
Skim coat machinery	**9.5**
Tile Mortar machinery	**34**

MANUFACTURED CAPITAL



Our physical infrastructure

Swisstek Ceylon

- Motar, Grout and Skim Coat plant in Balummahara and Zinc Aluminum plant in Weliweriya
- 4 Warehouses
- Outlet for tile sales at Belummahara 1 showroom

Production Facilities

Warehouses

Showrooms

Swisstek Aluminium

- Aluminium extrusions manufacturing plant in Dompe
- 2 Warehouses
- 1 Showroom

Our organization geared all our activities heavily towards creating a manufacturing environment founded on the principle of sustainability. We did some major repairs to our infrastructure and also built a new laboratory which would eliminate our dependence on outside facilities to test the integrity of our raw material used in production and it would fast track the lab work needed in our research and development.

Although last year we took an initiative to install solar panels, the nature of our environment made it impossible to operate the panels. The dust from our manufacturing caused the panels to malfunction unceasingly. However, the sun drying facilities that we have incorporated to replace fuel powered dryers have balanced the disparity.

Breakdown of Property Plant and Equipment

	N.B V as at 31.03.2023	As a % of total PPE
Freehold Land	1,326,772	37%
Buildings	1,074,188	30%
Plant and Machinery	1,010,917	28%
Machinery under Lease	19,460	1%
Factory Electrification	52,303	1%
Furniture & Fittings	11,751	0%
Motor Vehicles	18,570	1%
Office Equipment	24,754	1%
Road Way	20,282	1%
Tools & Equipment	21,500	1%
Total PPE	**3,580,497**	

HUMAN CAPITAL

ONE OF OUR MAJOR VALUE DRIVERS IS OUR HUMAN CAPITAL RESOURCE. WE CONSIDER IT AS AN ASSET THAT INCREASES PRODUCTIVITY AND BY EXTENSION PROFITABILITY. WE PROMOTE WE PROMOTE A WORKPLACE THAT ALLOWS OUR EMPLOYEES TO REACH THEIR GREATEST POTENTIAL. WORKING WITH INTEGRITY AND PROTECTING THE HEALTH AND SAFETY OF OUR EMPLOYEES ARE TOP PRIORITIES AND WE CONTINUE TO WORK TIRELESSLY TO CREATE A CONDUCIVE WORKPLACE WITH TRANSPARENCY AND FAIRNESS AT EVERY STAGE OF THE EMPLOYMENT LIFECYCLE, FROM RECRUITMENT AND SELECTION, REMUNERATION AND BENEFITS AND PERFORMANCE EVALUATION TO TRAINING AND PROMOTIONS.

GOALS 2022/23

At Swisstek, the wellbeing and comfort of our employees is at the forefront of our decision making. We strive to create an environment in which our employees thrive and perform to the best of their ability.

KEY PERFORMANCE INDICATORS

Retention ratio over **91%** | Payments to Employees **Rs. 512 Mn** | Revenue per employee **Rs. 19 Mn**

ACHIEVEMENTS DURING THE YEAR

We managed to keep our employee turnover rate down to 15%, which is a high achievement in this economy where many employees across all industries were leaving their jobs to seek higher salaries to manage the rising cost of living. Furthermore, we organised 03 training programmes to upskill our staff. In the light of the global financial crisis and rising cost of living, we also increased our employee overall compensation through incentives and bonuses.

GOALS FOR 2023/24

Our ambition is to further reduce our production costs by implementing a total productivity management strategy and we hope to implement measures that will enable us to operate with zero breakdowns in our machinery and zero defects in our products. In order to do this, we require the support of our employees, and we are planning to invest further in their wellbeing and compensation to ensure positive mindsets in our workplace so that our employees will commit 100% to their tasks. Accordingly, we have a plan to conduct spiritual training sessions along with outbound training to further enhance the health and wellbeing of our employees.

We have also taken measures to improve the safety of our production environment and hope to obtain the Operational Health and Safety Certification for our organisation during the upcoming year.

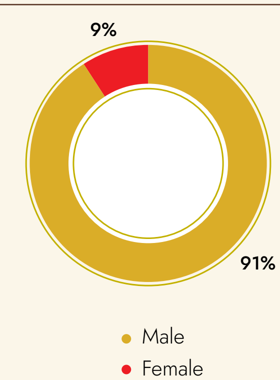
Management approach

In managing our human capital we have implemented a family based culture within the organisation. Our employees are free to approach the management for any issues or requests which we discuss and then provide them with solutions to the best of our abilities.

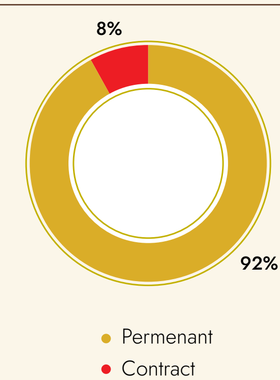
Team profile

Our organisation operates in a male dominant industry. As such 91% of our employees are male and 9% are female. Our total employee count at the end of the financial year stood at 481 - including our factories and warehouses and management. 92% of the staff are employed on a permanent basis while 8% are on contract basis (outsourced).

Gender



Employment Type



HUMAN
CAPITAL

Emlpoyees by Gender

436	45	481
Male	Female	Total

HR governance and policies

Our communication has been structured on a top-down approach. However, we operate under an open-door policy in which our employees are able to approach the Management at any time with grievances and complaints or suggestions. We have a non-discrimination policy strictly in force. There were no reports or complaints made in this regard during the year.

For our female employees, we have made special allowances and have given them specific appraisal forms so as to maintain equality. We have increased their salary up to industry standards and have not shown any discrimination even though our company has a male dominated population.

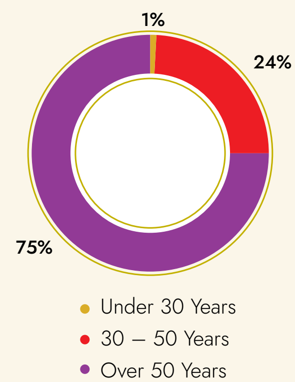
As a production-oriented environment where dangerous and tough situations can arise, we consider the safety of the staff as a primary responsibility and upon conducting a safety survey we identified a few lapses and took immediate measures to resolve the same. All staff members are provided with safety equipment to be worn during operational hours.

All laws and regulations were strictly followed, and we can report that there were no incidents or breaches of laws or policies during the year.

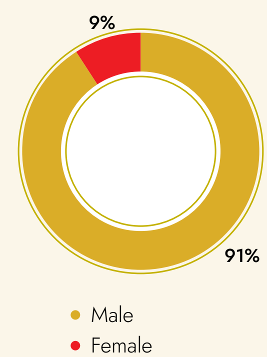
Staff mobility

We had a large number of applicants during the year, however we recruited based on our predictions of future requirements only. We had only a 9% turnover rate. Our number of staff members decreased to 481 from 516 as of last year.

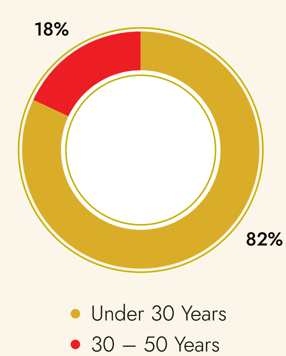
New Recruits by Age



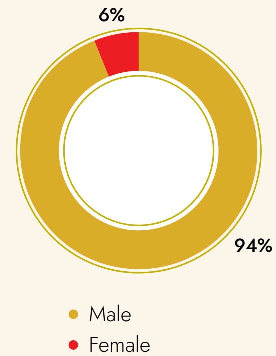
New Recruits by Gender



Turnover by Age



Turnover by Gender



Learning and development

The main training which was provided to all our staff members during the year was for 5S methodologies and Kaizen practices. We have focussed mainly on cost saving and waste reduction, so we felt that incorporating these philosophies into our employee mindset would help us to move toward our goals positively.

As for specialised training, our financial section employees were directed to special training focussed on taxation policies which changed drastically during the various government movements which happened last year.

We also have digitalized learning management system through which our employees can access training videos according to their grade and positions. We hope to further develop this system in the future to streamline live training sessions which can be attended online and which will be more convenient for employees.

Average training hours per employee- 5.0	Total investment in training and development Rs. 708,071	Total training hours- 2,419

2,265:154
Male : Female
Training hours
by employment category

Rewards and benefits

With the instability in the political system which diminished the purchasing power of our employees, we felt compelled to adjust their compensations as our employees are of primary importance to our business. We left the fixed allowances largely unchanged, but we increased their variable compensation through the adjustment of their bonus, incentives and attendance bonus. We provided transport to our employees during the fuel crisis. As we are unable to continue the option to work from home due to the nature of our operations, we added flexible working hours to better accommodate the requirements of employees.

Performance management

Our employees have now been given instructions about operating under a Reward Management Concept. We have introduced a grading system where we grant points to our employees according to their performance and achievements throughout the year in accordance with their goals and objectives. We have awarded long service appreciation and are hoping to introduce a Kaizen Practices Award to encourage employees to follow Kaizen best practices.

We have also initiated the process of automating our attendance system which will be accessible through leave management process. The dashboard feature will help us to measure attendance and align our reward systems accordingly. A dedicated HR person has been recruited to fine-tune our HR policy and ensure the smooth functioning of the performance and reward mechanisms.

Health and safety

Our employees are all covered under a comprehensive medical policy. With the initiative of the Management, each year we channel a doctor to give our employees full health check-ups that are paid for by the company. The employees can even claim for spectacles through insurance claims. As the health and safety of the employees are of prime importance, we have a special vehicle readily available at all times to transport an injured employee to the nearest hospital at a moment's notice. All the employees are issued safety equipment to be worn at all times during the production process.

The environment is carefully controlled to avoid environmental hazards such as excessive dust which cause medical complications to staff. The dust extraction machines are adjusted on a daily basis to ensure proper filtration.

WORK RELATED INJURIES AND FATALITIES

Rate per 100 workers **4%**

Total work related injuries **18**

Total work related fatalities **Nil**

Lost working days **Nil**

Key causes of injuries

Exposure to toxic material / dust

Falling

Equipment malfunctions during handling

Effective communication and engagement

Our employees have always been welcome to approach the Management with queries or grievances through an open-door policy. We sent a policy document to all employees detailing our top-down communication protocol but encouraged them to maintain the family based culture within the organisation and feel free to approach the Management at any time.

Labour relations

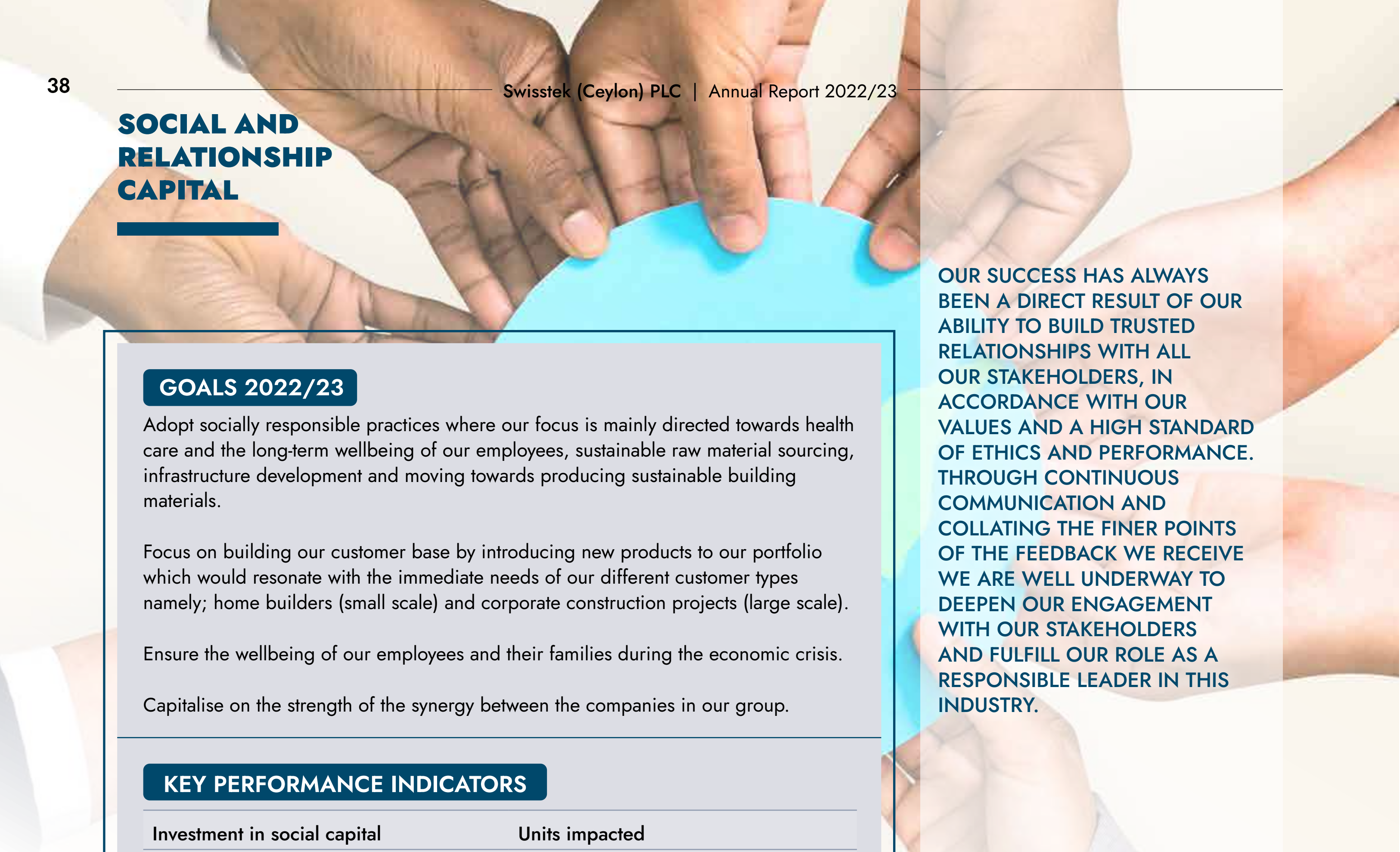
We do not have any active labour unions within Swisstek Ceylon PLC, however, 36% of our employees belonging to Swisstek Aluminium Ltd. are members of the Inter Company Employee Union (ICEU). We had no reported labour disputes this past year and we communicate frequently with the unions to understand and address any concerns in a timely and satisfactory manner to ensure continued positive labour relations within our organisation.

Diversity and inclusion

As this is a male dominant industry, we have a large percentage of male employees when compared to female. 91% of our employees are male and the remainder are female (9%).

We have offered equal opportunities to all employees, and we have policies in place to ensure that employees of all genders and capabilities get a fair return for their efforts and contribution to the organisation. The employee assessment forms are also differentiated according to their gender so that assessments can be made without any discrimination.

There were no employees who availed of maternity leave benefits during the year.



SOCIAL AND RELATIONSHIP CAPITAL

GOALS 2022/23

Adopt socially responsible practices where our focus is mainly directed towards health care and the long-term wellbeing of our employees, sustainable raw material sourcing, infrastructure development and moving towards producing sustainable building materials.

Focus on building our customer base by introducing new products to our portfolio which would resonate with the immediate needs of our different customer types namely; home builders (small scale) and corporate construction projects (large scale).

Ensure the wellbeing of our employees and their families during the economic crisis.

Capitalise on the strength of the synergy between the companies in our group.

KEY PERFORMANCE INDICATORS

Investment in social capital	Units impacted
Providing dry rations to families of employees during the crisis	Number of employees and their family members - 200
Adding new distribution centres to our network	Number of centres - 450
Expanding our supplier network	Number of new suppliers - 563

ACHIEVEMENTS DURING THE YEAR

We successfully introduced two new products to our portfolio during the year- 2K waterproofing solution and a new variety of Silicon. Our market share in the tile adhesive section has expanded to 40% and we are the only tile adhesive brand to be awarded the SLSI standard.

Our complaint tracker system has ensured that we have kept our unresolved complaints to a minimum and out of the 11 complaints received since 1st April 2022, there are no outstanding as at the date of publishing this report.

We also managed to keep up production and there were no instances even during the crisis where we were unable to fulfil any orders.

GOALS FOR 2023/24

Our goals in terms of building our social capital include expanding our dealer network to reach all areas of the country.
We hope to maintain a zero-complaint framework where we have a network of suppliers who give us the best locally sourced and imported raw materials to produce zero defect products and have a flawless logistical arrangement so that there are no delays in deliveries.

OUR SUCCESS HAS ALWAYS BEEN A DIRECT RESULT OF OUR ABILITY TO BUILD TRUSTED RELATIONSHIPS WITH ALL OUR STAKEHOLDERS, IN ACCORDANCE WITH OUR VALUES AND A HIGH STANDARD OF ETHICS AND PERFORMANCE. THROUGH CONTINUOUS COMMUNICATION AND COLLATING THE FINER POINTS OF THE FEEDBACK WE RECEIVE WE ARE WELL UNDERWAY TO DEEPEN OUR ENGAGEMENT WITH OUR STAKEHOLDERS AND FULFILL OUR ROLE AS A RESPONSIBLE LEADER IN THIS INDUSTRY.

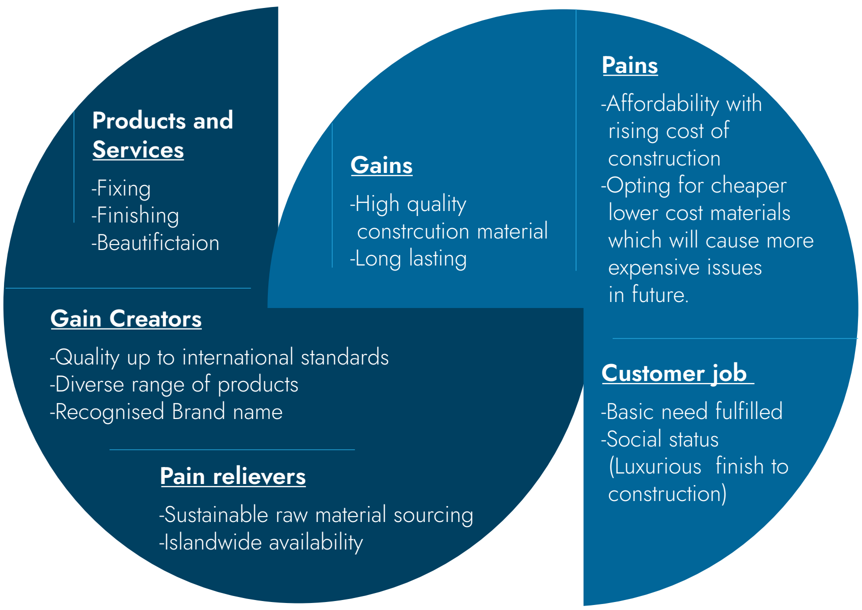
Management approach

In managing our social capital, we aim to foster the goodwill of our internal and external stakeholders by manufacturing our products in line with international standards so that any investment made in our company will be synonymous with trust as the products will deliver the expected value.

A wide variety of people and groups are affected by the decisions that we make as we are engaged in business with a substantial network of individuals and organisations. Thus, we strive to make a positive social, economic and environmental contribution to the communities in which we operate.

Fostering Customer Relationships

Our best-in-class products, coupled with exceptional quality, availability, reliability and safety, have helped us forge enduring relationships with our customers. This has resulted in their continued preference for us whenever new business prospects arise.



Customer profile

Our customers are home builders. This is our primary customer segment. Our main focus is on providing quality fixing, finishing and beautification products for housing constructions. Our other customer segment is the corporate or large scale construction companies. We also cater to specialised experts such as tilers, the invisible forces behind architects and structural engineers who have used our products and experienced the satisfaction given by high quality.

During the last year we were able to successfully introduce two new products to the market.

2K waterproofing solution	A new variety of Silicon

Product stewardship

We have taken the initiative to place environmental protection at the forefront of our strategies for the future. This is part of the extended product responsibility (EPR) we hold for our manufacturing activities. Product stewardship calls on those in the product life cycle; manufacturers, retailers, users, and disposers, to share responsibility for reducing the environmental impacts of products. Therefore, we have joined with authorities on the subject to help create sustainable products produced from renewable resources with a reduced carbon footprint. We also aim to be the primary sustainable building material supplier in 2050 by joining with government initiated projects as they produce model houses according to the Sustainable Housing Construction Roadmap.

Marketing communications

We ensure that the raw materials used for our products have no hazardous impact on the health and safety of our customers. All our products are labelled with safety instructions and other relevant information is clearly indicated on the packaging. During the year there were no instances of non-compliance pertaining to regulations or standards relating to customer safety, product labelling or marketing communications.

Engaging with suppliers

We maintain long term, positive and engaging relationships with our suppliers who we trust to provide us with the best quality materials and timely shipments. In turn we maintain our business with them by making the payments regularly and being repeat customers.

No. of local suppliers	1,479
Payments made to local suppliers	Rs.5,181 Mn

Supplier evaluation

As we are in the process of becoming a more environmentally friendly manufacturing plant, when selecting our suppliers we evaluate them thoroughly on their practices and sustainability plans so that the environment is not affected by extension of our purchase from them. During the year 25 suppliers were engaged after going through the evaluation and there were no identified negative social or environmental impacts in the supply chain.

Community upliftment

In the past year under review, our community support efforts were more geared towards the welfare and wellbeing of our own employees as they found themselves facing difficult situations economically. We provided them with dry rations and helped them to manage their work-life-balance successfully by giving them flexible working hour options.

We also extended help to families who are living in the areas surrounding the factory. But no significant CSR projects were done in addition to these given the difficult circumstances which prevailed.

Compliance

Measure of Compliance	Status
Negative environmental impacts in the supply chain and actions taken	None
Operations and suppliers at significant risk for incidents of child labour	None
Operations and suppliers at significant risk for incidents of forced or compulsory labour	None
Negative social impacts on society, the environment, labour practices or human rights in the supply chain and actions taken	None
Incidents of non- compliance concerning the health and safety impacts of products and services	None
Non-compliance with laws and regulations in the social and economic arena	None

INTELLECTUAL CAPITAL

INTELLECTUAL CAPITAL GOES BEYOND JUST THE VALUE OF AN ORGANISATION'S HUMAN CAPITAL AND ENCOMPASSES ALL INTANGIBLE ASSETS THAT PROVIDE A COMPETITIVE ADVANTAGE. IT TAKES A COMPREHENSIVE APPROACH TO ASSESSING EVERY ASPECT OF A BUSINESS THAT CONTRIBUTES TO ITS SUCCESS. WE COUNT THE SKILLS OF OUR EMPLOYEES, OUR BRAND NAMES, AND OUR STREAMLINED PROCESSES AS OUR MAIN INTELLECTUAL CAPITAL RESOURCES.

GOALS 2022/23

Our brand names continue to be our biggest strength in the industry. As at date we hold 40% of the tile adhesive market in the country thanks to our dedication to quality and perfection. We remain the only company to hold an SLSI Standard Certification for a tile adhesive brand.

KEY PERFORMANCE INDICATORS

We have a complaints management system which tracks complaints made by customers until their resolution. We have successfully attended to and resolved 100% of all complaints regarding made during the year.
During the year we received only 11 complaints with regard to the quality of our product.

ACHIEVEMENTS DURING THE YEAR

In order to keep up the quality and streamline the process of manufacturing we have constructed our own in-house laboratory so that we can conduct the testing of our raw materials on the premises which saves time and guarantees an accurate test result.
We developed two new products during the year - 2K waterproofing solution and a new variety of silicon.

GOALS FOR 2023/24

We hope to further improve the presence of our brand by joining in with the government initiated 2050 Sustainable Housing Construction Roadmap. We hope to be able to develop our brand to be recognised islandwide as a supplier of sustainable construction materials.

Our investments in the training and development of our employees will be increased as we hope to incorporate more people-oriented training to help ease and learn to manage the stress that our employees are undergoing due to the current situation in the country.

We will be conducting more CSR projects in the upcoming year focussed on reforestation and looking into the welfare of the people who are living in the areas surrounding our factory premises.

Management approach

We have adopted the Total Productivity Management practice within our organisation. Through these management principles, we hope to utilise all of our intellectual capital to their maximum efficiency to boost our profits and growth, and also to realign our business practices to achieve zero waste and sustainability.

Our brand

Our brands, namely, Swisstek Ceylon PLC, Swisstek Aluminium Ltd. and Allura are at the core of our organisational strengths. We have established our name in the fixing, finishing and beautification market to the extent that we are the number one choice of customers from the smallest home builder to the larger corporate contractors.

Knowledge and Skills

The knowledge and experience of our employees are a valuable asset to our business. We encourage and grow this learning through constant training and development programmes, and we foster a learning rich environment where we have invested heavily in our LMS system to analyse the needs of our employees and provide them with training which is most suited to their roles and requirements.

Research and Development

Research is at the heart of ensuring the quality of our products. Development of new products to add to our product line is our primary concern to stay in line with the growing needs of the industry. In order to facilitate research and development we constructed a laboratory on our premises run by experts to fulfil all our R&D needs inside an efficient, quality controlled environment. Our newly developed products have been introduced in line with sustainability and environment conservation.

Systems, processes and certifications

Our systems, processes and certifications help consumers to recognise quality and safety of our products and customers to find us and do business with us.

Swisstek (Ceylon) PLC	Swisstek Aluminium Ltd.
ISO 9001:2008 for tile mortar and tile grout ISO 9001:2015 for tile mortar, tile grout and skim coat. SLS Certification for Swisstek Tile adhesives and grout range.	QUALICOAT Certification ISO 9000 Certification ISO 9001:2015 Certification SLS1410:2011 Certification

Group synergies

The combined strength of our brand names has ensured us a front line position in the Fixing, Finishing and Beautification market in Sri Lanka. Our name is synonymous with quality and we have made a commitment across companies to excellence in manufacturing and service quality.

Awards

Swisstek Aluminium has been awarded the GREEN SL Certification by the Green Building Council of Sri Lanka (GBCSL), proving that sustainability is at the heart of our manufacturing in its entire range of aluminum extrusion products.

Swisstek Aluminium was also ranked among CPM's Top 10 Companies with 'Best Management Practices' in 2022 when we excelled in all aspects under the theme 'Back to Business in the New Normal'. This award was given as our company excelled in the categories of IT, finance, marketing, engineering and HR showing an all-round commitment to excellence.

As a group, we have been awarded the prestigious 'Great Place to Work' award for our best practices in handling our employees. Our 'People first' culture has resulted in happy employees who are committed to their work and the organisation. To quote Richard Branson, 'Our passion is to take care of our employees who will in turn take good care of our customers'.

Our Brands

SWISSTEK

SWISSTEK (CEYLON) PLC

SWISSTEK

ALUMINIUM

FOR THE PERFECT FINISH

ALLURA

INSPIRED BY DESIGN

NATURAL CAPITAL

GOALS 2022/23

The goals we set at the start of the year were to improve our processes to minimise and reduce wastage. Also, we had a target of increasing the percentage of recycled products used in our manufacturing process as a green initiative.

KEY PERFORMANCE INDICATORS

- 1,896 MT of Aluminium Scrap/ Secondary billets used in our production process
- 63% reduction of waste

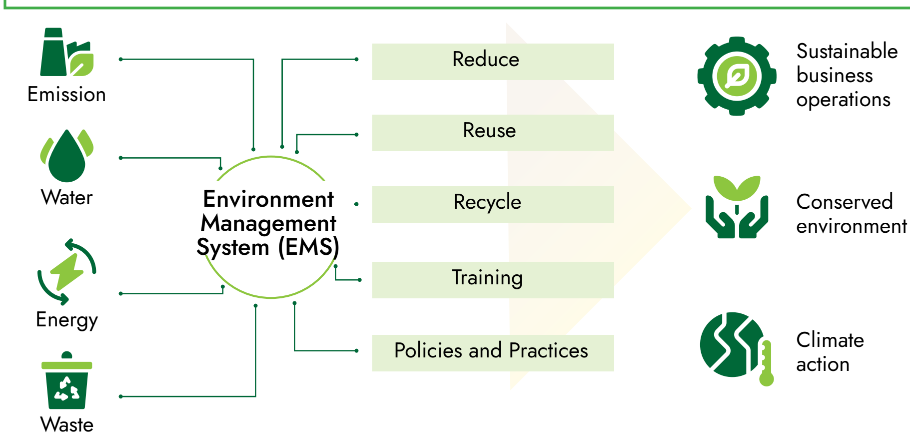
ACHIEVEMENTS DURING THE YEAR

- Achieved zero dry waste by initiating the recycling of 100% of the silica sand dust and cement dust generated through our production activities using dust extraction units.
- We sell all the polythene waste which are remnants from our packaging to recycling plants.
- Zero impact to water systems - No water is used in the production processes of any of our products and we have no disposals which end up in sewers or water systems.
- Waste management protocols implemented successfully.
- As a part of our commitment to sustainability, we have implemented measures to develop environmentally friendly products that prioritise the use of petroleum by-products (Epoxy based) and silica sand over cement-based alternatives.

GOALS FOR 2023/24

We have partnered with the Sri Lanka's Atomic Energy Board, which promotes peaceful applications of nuclear science and technology for national development in areas such as health, industry, environment and agriculture. We are in collaboration with them to produce a filler product using the waste polythene that we are currently sending to external recycling plants. This will make our organisation a zero-waste facility.

Furthermore, we are hoping to build a partnership with the NERD center (National Engineering Research and Development Center) to be a part of the 2050 Roadmap for Sustainable Housing Construction. We plan on developing any new product in our portfolio to be in line with their construction requirements so that we can be among the primary providers for materials to construct sustainable housing.



NATURAL CAPITAL ASSETS ARE DEFINED AS THE NATURAL ASSETS AND THE ECOSYSTEM GOODS AND SERVICES THAT THOSE ASSETS PROVIDE. THESE ARE THE RAW MATERIALS THAT WE ACQUIRE FROM NATURE TO CONDUCT OUR MANUFACTURING ACTIVITIES. AS ALL OUR ACTIVITIES ARE BASED SOLELY ON MANUFACTURING MATERIALS FOR FIXING, FINISHING AND BEAUTIFICATION WHICH ARE PRODUCED USING NATURAL RAW MATERIALS, OUR FOCUS IS DIRECTED HEAVILY TOWARDS THE BEST MANAGEMENT PRACTICES WHEN IT COMES TO NATURAL CAPITAL.

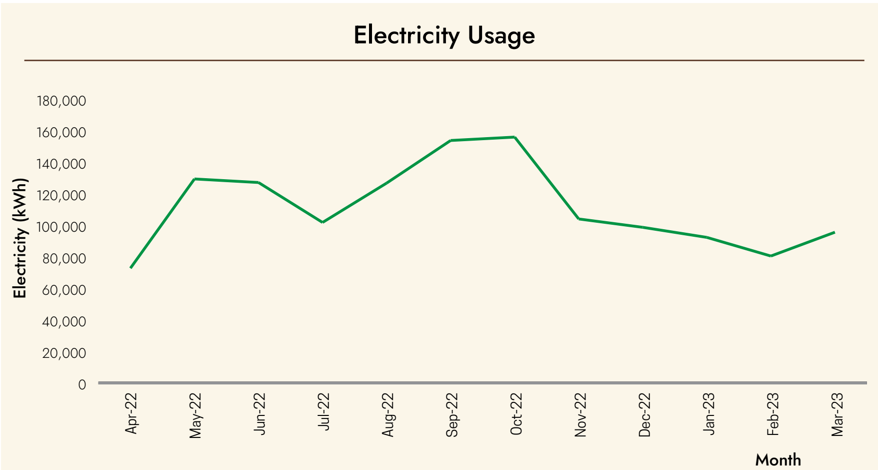
Management approach

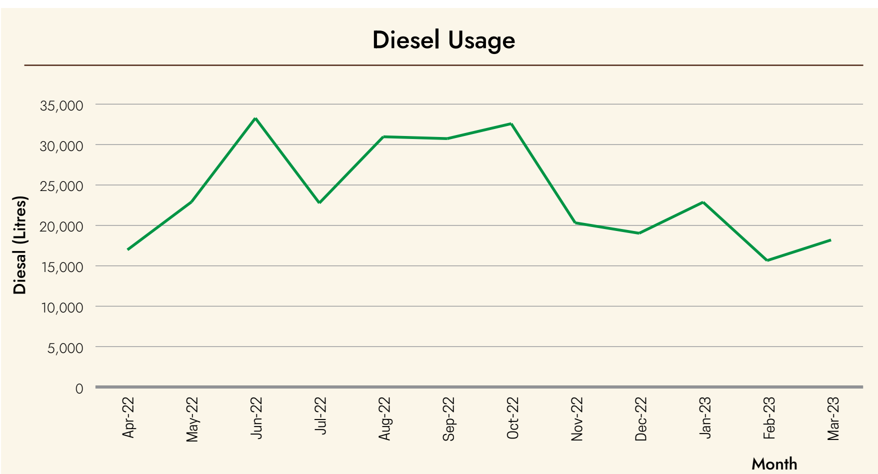
As a responsible business entity, Swisstek understands the impact of its business operations on the ecosystem and has resolutely adopted appropriate environmental practices to minimize the negative impact. This includes the formulation of policies for better management of environmental issues towards long-term sustainability and success of its business. Swisstek has consistently maintained policies to optimize the usage of energy, water, and other natural resources.

Managing our impacts

Energy management

The energy used for our production activities are three phase electricity and fuel (Diesel) Energy consumption for the year amounted to 53,322 GJ. While we attempted to utilise solar panels to reduce the usage of non-renewable energy sources during the previous year, the dust which emanated from our production activities seemingly had a negative impact on the panels. Thus, we suspended our plans to expand this initiative during the year under review.





In light of the energy crisis we faced during the year, in order to reduce consumption of non-renewable energy, we made arrangements to sun-dry the silica sand that we use as raw material. By reducing the usage of fuel powered dryers we have made a saving of approximately Rs. 2Mn during the year.

Water management

We engage in various initiatives that help us monitor the amount of water we use and minimise consumption across all our operations. As a company, we are primarily engaged in processing dry materials for producing our products and we are not a highly intense consumer of water. Therefore is not such a material topic for us. However, we remain committed to ensuring we have efficient water management strategies in place.

Waste management

We have continued to develop our waste reduction initiatives, as we work towards entrenching the circular economy into our operations; keeping resources in use for as long as possible, extracting the maximum value from them, then recovering and regenerating products and materials at the end of their service life. We have taken several initiatives in all aspects of our business to reduce the waste that is produced through our manufacturing activities as outlined below.

- Increased the capacity of our dust extraction units to recycle 100% of the cement and silica dust that we produce.
- Develop processes that can utilise our waste polythene as a base material to develop a new filler product.
- Sludge from aluminium extrusions released to a third party through a fully equipped sludge yard.

Waste type	Percentage recycled
Cement Dust	17.88 MT (for 2022/23 FY)
Silica Dust	
Polythene (Remnants of packaging)	1,500 bags (for two months)

Emissions and effluents

We follow the Air Clarity Standard as specified by the Central Environmental Authority and we have had no warnings or issues with regard to the emissions and effluents from our production processes.

We continue to strengthen our emissions management process and monitor Scope 1, 2 and 3 emissions from our manufacturing processes and business activities. The comparions given below shows. the improvement of emission due to the incorporation of proper dust extraction system.

NATURAL CAPITAL

Category	2022/23	TSPM Standard	2021/22	TSPM standard
D1-D2	33	450	133	450
D3-D4	67	450	166	450

DI	Crushing plant 2
D2 & D3	External boundary area
D 4	Crushing plant 1

Building awareness

We see the need and urgency to go beyond our limits and drive a positive change through our environmental endeavours. We have taken the initiative to provide training to our employees on the 5S standard which fosters a zero-waste policy. We provide Kaizen practices awards to the employees who best follow and uphold the values of these systems which in turn encourages them to think green.

Environmental compliance

We comply with all the local regulations pertaining to the environment and there were no incidents of non-compliance during the year under review.

Emissions Generated

		TCo2
Emissions	305-1 Direct (Scope 1) GHG emissions	3,024
	Energy indirect (Scope 2) GHG emissions	3,060
	Energy indirect (Scope 2) GHG emissions	325

Emissions Management

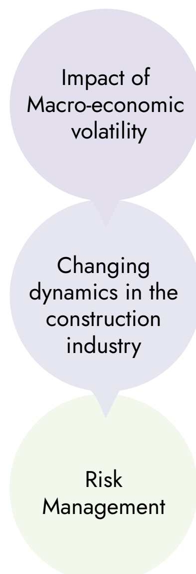
- Gradual transition to renewable energy to reduce carbon emissions
- Ongoing investments in energy efficient technology to reduce carbon emissions
- We were able to reduce GHG emission by 3,924 TCo2 (38%) compared to the financial year 21/22.

CORPORATE GOVERNANCE

Sound and robust governance practices enables the Group to align itself with value-driven objectives whilst enhancing accountability, strong risk and performance management, transparency and effective leadership. The organisation's policy and governance frameworks are broadly aligned to that of its Parent Group, Lanka Walltiles PLC, which ensures integrity, transparency and management accountability by providing a strong foundation for driving performance in a responsible manner.

Board Focus Areas

The financial year 2022/23 was marked by unprecedented challenges in the local operating environment. With the economic crisis, the Sri Lankan Rupee depreciated sharply, and the shortage of dollars led to several import restrictions which affected our business operations directly. The Board of Directors of Swisstek Ceylon PLC played a critical role in introducing sound risk management practices and ensuring supply chain maintenance, as well as charting the path towards the future by seizing emerging opportunities.



Governance framework and structure

The Board of Directors hold the primary responsibility in ensuring that Swisstek Group applies sound corporate governance principles, safeguards its reputation and balances conflicting stakeholder needs when driving its strategic aspirations.

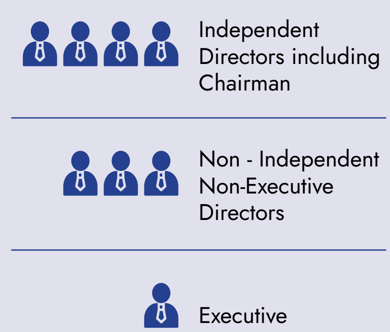
Internal mechanisms	External mechanisms
Articles of Association	Companies Act No 7 of 2007
Board and Sub-Committee Charters	Listing requirements of the Colombo Stock Exchange
Comprehensive suite of policies and procedures	Code of Best Practice on Corporate Governance 2017 issues by CA Sri Lanka
Risk Management	Integrated Reporting Framework of the International Integrated Reporting Committee
	GRI Standards published by the Global Reporting Initiative

The Board delegates functions warranting greater attention to the Remuneration Committee and is assisted in the discharge of duties by the Audit Committee and Related Party Transactions Review Committee of the Parent Group, Lanka Walltiles PLC. Daily management of the Swisstek Group and implementation of the Group's strategic plan has been delegated to the Managing Director who leads the Management. Regular reporting on key matters enables effective oversight by the Board.

Competent Leadership

Board composition: The Board comprises of 8 Directors, half of whom are deemed independent.

Board Composition

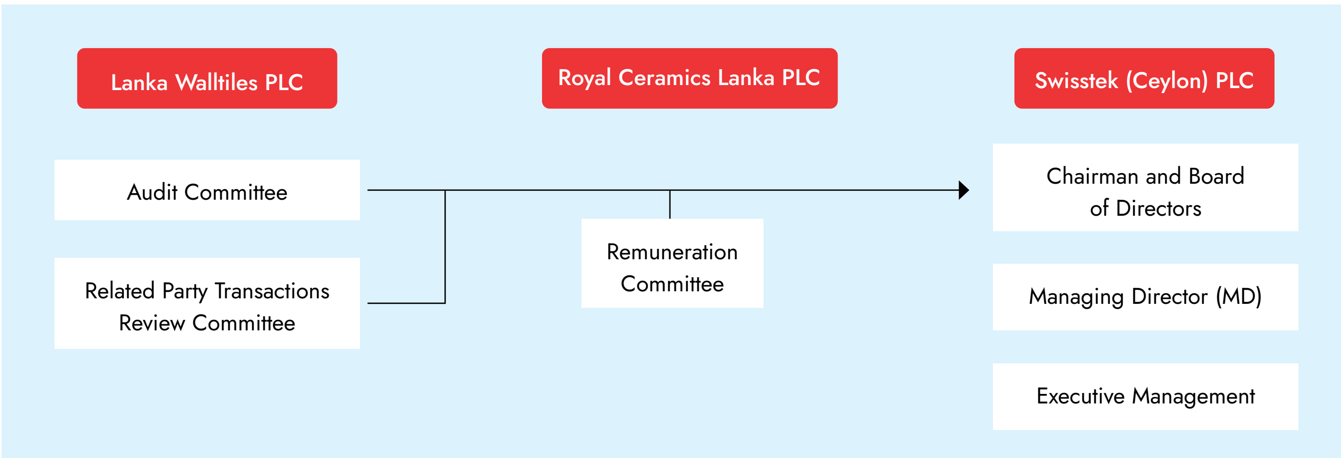


Skills and Experience of the Board

The Board brings in a wealth of diverse experience in the fields of management, business administration, finance, economics, marketing and human resources. All Directors possess the skills, expertise and knowledge complemented with a high sense of integrity and independent judgement. Further details of their qualifications and experience are provided under the Board Profiles section of the Annual Report

CORPORATE GOVERNANCE

Governance Structure



Director Independence

Definition

Independence is determined against criteria as set out in the Listing Rules of the Colombo Stock Exchange and in compliance with schedule K of the Code.

Assessment

Independent assessment of directors is conducted annually by the Board, based on annual declaration and other information submitted by Non Executive Directors

Outcome

Dr. S Selliah and Mr. K D G Gunaratne are Independent Non Executive Directors of Lanka Walltiles PLC. However, considering the fact that they are not actively involved in the management of Lanka Walltiles PLC and they do not directly hold a significant percentage of shares in Swisstek (Ceylon) PLC, the Board is of the view that their independence is not compromised. Accordingly, the Board has determined that Dr. S Selliah, Mr. K D G Gunaratne, Mr. S H Amarasekera and Mr. C U Weerawardana are 'independent' Directors as per the criteria set out in the Listing Rules of the Colombo Stock Exchange

Board Responsibilities

The Board determines overall strategy and provides oversight for the implementation of the same. The Board also provides ethical and effective leadership to the organisation and bears ultimate responsibility for the performance of the Company. Key responsibilities are summarised alongside.

The Directors and Key Management Personnel are indemnified by the Company in respect of liabilities incurred as a result of their office, in terms of Section 218 of the Companies Act.

Key Responsibilities of the Board of Directors

- Provide strategic direction
- Monitor implementation of strategy
- Set corporate values and promote ethical behaviour
- Establish systems of risk management, internal control and compliance
- Be responsive to the needs of society
- Meet shareholders, employees and other stakeholders' obligations, balancing their interests in a fair manner
- Present a balanced and understandable assessment of the Company's position and prospects
- Safeguard assets and ensure legitimate use
- Ensure succession planning and the continued ability of Swisstek (Ceylon) PLC to operate without any disruption

Board Sub-Committee	Areas of Oversight	Composition	Further Information
Audit Committee	Financial Reporting Internal Controls Internal Audit External Audit	The Audit Committee of the parent company Lanka Walltiles PLC acts as the Audit Committee of Swisstek (Ceylon) PLC, in compliance with section 7.10.6 of the listing rules of the Colombo Stock Exchange.	Report of the Audit Committee on page 64
Remuneration Committee	Remuneration policy for Directors and Key Management Personnel Remuneration structure Performance evaluation Succession planning	The Remuneration Committee of the Royal Ceramics Lanka PLC acts as the Remuneration Committee of Swisstek (Ceylon) PLC, in compliance with Sect 7.10.5 of the listing rules of the Colombo Stock Exchange.	Report of the Remuneration Committee on page 63
Related Party Transactions Review Committee	Review of related party transactions	The Related Party Transactions Review Committee of the parent company Lanka Walltiles PLC acts as the Related Party Transactions Review Committee of Swisstek (Ceylon) PLC, in compliance with section 9.2.3 of the listing rules of the Colombo Stock Exchange.	Report of the Related Party Transactions Review Committee on page 65

Roles of Chairman and MD

The role of Chairman is separate from that of the Managing Director (MD).The role of the Chairman and MD are segregated to ensure that no one individual has unfettered powers in the decision-making process. The Chairman leads the Board, preserving good corporate governance. The MD is an Executive Director appointed by the Board and is accountable for implementation of the strategic plan and driving performance.

Chairman's Responsibilities include	MD's Responsibilities include
Setting the ethical tone for the Board and the organisation Setting the Board's agendas, in consultation with the Company Secretary and the MD. Building and maintaining stakeholder trust and confidence. Ensuring effective participation of all Board members during Board meetings. Facilitating and encouraging discussions amongst all Directors of matters set before the Board and ensuring a balance of power is maintained within the Board. Monitoring the effectiveness of the Board.	Appointing the executive management team and assessing their performance. Developing organisation strategy for consideration and approval by the Board. Developing and recommending to the Board the Organization's budget supporting long-term strategy. Monitoring and reporting to the Board on organisation performance. Establishing an organizational structure appropriate for the execution of strategy. Ensuring a culture based on the organisation's values

Company Secretary

Secretarial services to the Board are provided by P W Corporate Secretarial (Pvt). Ltd. The Secretaries and the Management keep the Board informed of new laws and revisions, regulations and requirements coming into effect which are relevant to them as individual Directors and collectively to the Board. All Directors have access to the advice and services of the Company Secretaries.

Appointment, re-election and resignation

Pursuant to the Articles of Association of the Company, one third of the Directors will retire from office each year and are eligible for re-election. New Directors and Directors eligible for re-election, are appointed by the shareholders at the Annual General Meeting, based on recommendations made by the Board. The Board, assesses the combined knowledge and skills of the Board and the strategic input required when evaluating nominees.

CORPORATE GOVERNANCE

A Director appointed by the Board to fill a casual vacancy during the year, will be proposed for election by the shareholders at the next AGM. Appointments and resignations of Directors are communicated to the CSE and shareholders through press releases. Notification of appointments includes a brief resume of the director.

Re-elections during FY 2021/22

Mr. S H Amarasekera who retired in terms of Article No.103 and 104 of the Articles of Association was re-elected as a director at the Annual General Meeting held on 29th June 2022

Mr. C U Weerawardena who retired in terms of Article No.103 and 104 of the Articles of Association was re-elected as a director at the Annual General Meeting held on 29th June 2022.

Meetings & Minutes

Board meetings are held on monthly basis. Audit Committee and Related Party Transactions Review Committee meetings meanwhile are held on a quarterly basis, with the flexibility to arrange ad-hoc meetings to supplement these when required. The Chairman holds informal meetings with Non-Executive Directors as and when required.

The Chairman sets the Board agenda, assisted by the Company Secretaries and MD. Agenda and Board papers are circulated 7 days prior to the meeting, allowing members sufficient time to review the documents.

Resolutions concerning business matters may be passed by circulation, within regulations. However, if a single Director deems it necessary that such resolution must be decided at a Board meeting not by circulation, the Chairman shall put the resolution to be decided in a meeting.

Minutes are circulated to Directors and formally approved at the subsequent Board meeting. Directors' concerns regarding matters which are not resolved unanimously are recorded in the minutes.

Meeting and Attendence

Directors	Status	Board	Audit	Related Party Transactions Review	Remuneration Committee
Mr. S H Amarasekera (Director of Royal Ceramics Lanka PLC)	INED	10/10	-	-	1/1
Mr. J A P M Jayasekera	ED	10/10	-	-	-
Mr. J A K Sirinatha	NED	08/10	-	-	-
Dr. S Selliah	INED	09/10	4/4	4/4	-
Mr. A M Weerasinghe	NED	08/10	-	-	-
Mr. A S Mahendra	NED	10/10	-	-	-
Mr. K D G Gunaratne	INED	07/10	-	-	-
Mr. C U Weerawardena	INED	10/10	-	-	-
Mr. J D N Kekulawala (Parent company Board member)	INED	-	4/4	4/4	-
Mr. T G Thoradeniya (Parent company Board member)	NED	-	3/4	3/4	-
Mr. R N Asirwatham (Director of Royal Ceramics Lanka PLC)	INED	-	-	-	1/1
Mr. L N De S Wijeyeratne (Director of Royal Ceramics Lanka PLC)	INED	-	-	-	1/1

Other Business Commitments / Related Party Transactions / Conflicts of Interests

Directors declare their business interests at appointment and quarterly thereafter. Details are maintained in a Register by the Company Secretary and tabled at the next Board meeting. The Register is available for inspection in terms of the Companies Act. Key appointments of the directors are included in their profiles on pages 18 - 19. Board members are required to refrain from matters of self-interest and to bring independent judgement to the decision-making process.

The Related Party Transactions Review Committee (RPTRC) of the Parent Company, Lanka Walltiles PLC functions as the RPTRC of Swisstek and considers all transactions that require approval, in line with the Group's Related Party Transactions Policy and in compliance with regulations. Related party transactions are disclosed in Note 31.2 to the Financial Statements on pages 123 - 125. Refer RPTRC report on page 65.

The Board is aware of other commitments of its directors and is satisfied that all directors allocate sufficient time to enable them to discharge their duties and responsibilities.

Induction and Training for Directors

The induction process for directors includes an orientation pack with all relevant external and internal regulation documents and a tour of the factory premises upon appointment and ongoing training opportunities to further their knowledge and expertise. Directors also undertake training and professional development in their personal capacity to support them to carry out their duties as Directors.

Board access to information and resources

Regular presentations by the MD and the Executive Management on relevant matters ensure that the Board is regularly updated of developments impacting Swisstek. Directors also have unrestricted access to management and organisation information, as well as the resources required to discharge their duties and responsibilities effectively. Access to independent professional advice, co-ordinated through the Company Secretaries, is available to Directors at the company expense.

Board Appraisal

An evaluation of Board effectiveness is conducted annually. The annual Board appraisal is lead by the Board Chairman and administered by the Company Secretaries. Directors assess their collective performance against key drivers of effectiveness including achievement of corporate objectives, implementation of strategy, risk management, internal controls, compliance with laws and balancing stakeholder requirements. Collated results are made available to the Remuneration Committee who make recommendations to the Board on areas for improvement.

Board appraisal criteria

- ☑ achievement of corporate objectives
- ☑ implementation of strategy
- ☑ risk management,
- ☑ internal controls,
- ☑ compliance with laws
- ☑ balancing stakeholder requirements

Appraisal of MD

The performance of MD is evaluated annually by the Board. Performance is assessed against short, medium and long-term objectives of Swisstek which are agreed with the MD at the beginning of the year. Performance is reviewed at the end of the financial year taking into account the operating environment and remuneration is revised based on performance.

Responsible and Fair Remuneration

Remuneration Policy

The Group Remuneration Policy aims to attract, retain and motivate high quality employees while meeting regulatory requirements and market expectations.

The Remuneration Committee (RC) is responsible for making recommendations to the Board regarding the remuneration of the Executive Director, Non-Executive Directors (including Independent Directors) and Key Management Personnel (KMP) within agreed terms of reference and in accordance with the remuneration policy.

Level and Make Up of Remuneration

The remuneration of Executive Directors and KMP comprises two components, fixed remuneration and variable remuneration consisting of an annual performance bonus that is dependent on corporate and individual performance. Remuneration of Non-executive and Independent Directors is fixed, reviewed annually and determined based on market practices.

The aggregate remuneration paid to Directors in for FY 2022/23 is Rs. 17 Mn.

CORPORATE
GOVERNANCE

Accountability

The Board is accountable for Swisstek Group's activities and for presenting a fair, balanced and understandable assessment of the Group's position and prospects to stakeholders. The Board ensures accountability to stakeholders through various means as explained below.

Code of Business Conduct and Ethics	Swisstek is bound by the Code of Business Conduct and Ethics developed by Lanka Walltiles PLC (Parent Company) for the Group and is committed to conducting its business operations with honesty, integrity and with respect to the rights and interests of all stakeholders. The Code of Conduct applies to all Directors and employees. The Board is not aware of any material violations of any of the provisions of the Code by any Director or employee of Swisstek.
Compliance	Directors are conscious of their duty to comply with relevant laws, regulations, internal controls and approved policies. Swisstek is compliant with all relevant legal and statutory requirements.
Major or Material Transactions	Material transactions entered into during the year trading of imported machinery to Lanka Tiles PLC. Details of these transactions are included in Note 31.2 of the financial statements. (Related party transactions)
Risk Management and Internal control	The Board is responsible for formulating and implementing effective risk management and internal control systems to safeguard shareholder interests and the assets of the Company. These systems cover all controls, including financial, operational and compliance and are monitored and regularly reviewed for effectiveness by the Board. The Lanka Walltiles Group Audit Committee is supported by the Internal Audit function, in the discharge of these duties. The internal audit function has been outsourced to M/s. BDO Partners. The Committee reviews the monthly internal audit reports submitted concerning the adequacy and effectiveness of the risk management and internal control systems in place.
Financial and business reporting	A balanced and understandable assessment of Swisstek Group's financial position, performance and prospects is presented by the Board through the Company Annual Report. Interim Quarterly Reports have also been published on a timely basis. All statutory requirements have been complied with and the reports have been reviewed and recommended by the Audit Committee and approved by the Board of Directors, prior to publication. Apart from the Annual Report, the following reports set out further information required by the Code: The Directors' Report on page 57 The Statement of Directors' Responsibility on page 61 Report of the Auditors on page 68
External Auditor	The External auditor provides reasonable assurance that the financial statements are free from material mis-statements and prepared according to an accounting framework. The Auditors submit a statement annually confirming their independence in relation to the external audit. The Lanka Walltiles Group Audit Committee makes recommendations to the Board for the appointment, re-appointment or removal of the External Auditor subject to the provision of the Companies Act and in-line with professional & ethical standards. The Committee monitors and reviews the External Auditor's independence, objectivity and the effectiveness of the audit process considering relevant professional and regulatory requirements. In the assignment of non-audit services to External Auditors, the Committee ensures that the external auditor has the necessary skills and experience for the assignment and ascertains that independence and objectivity of the External Auditor in carrying out his duties and responsibilities will not be impaired.

Shareholders Relations

Communication with shareholders

The Company encourages effective communication with shareholders who are engaged through multiple channels of communication, including the AGM (detailed below), Annual Report, Interim Financial Statements, press releases, social media platforms and announcements to the CSE. The Board remains committed to ensuring fair disclosure of information, with emphasis on the integrity, timeliness and relevance of the information provided.

Shareholders also have the opportunity to ask questions, comment or make suggestions to the Board through the Company Secretaries whose contact details are provided on the inner back cover of this Report.

Constructive use of the Annual General Meeting (AGM)

The AGM is the main mechanism for the Board to interact with shareholders and provides an opportunity for shareholders' views to be heard. All shareholders are encouraged to participate at the AGMs and exercise their voting rights. 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 a minimum 15 days prior to the AGM allowing for all the shareholders to attend the AGM. A separate resolution for each item of business, ensures shareholders vote on each issue, separately. Voting procedures at the AGM are circulated to the shareholders in advance.

The Chairman, Board members and External Auditors are present at the AGM and available to answer any queries.

Sustainability Reporting

The Group continues to emphasise sustainable development and value creation and reports on its progress annually. Activities undertaken in recognition of its responsibility as a corporate citizen are presented in the Integrated Annual Report as follows;

- Economic sustainability/ Finance Capital on Page 31
- The Environment – Natural Capital on Page 42
- Labour Practice –Human Capital on Page 35
- Society – Social and Relationship Capital on Page 38
- Product responsibility - Social and Relationship Capital on Page 38

Sustainability Reporting Guidelines adopted

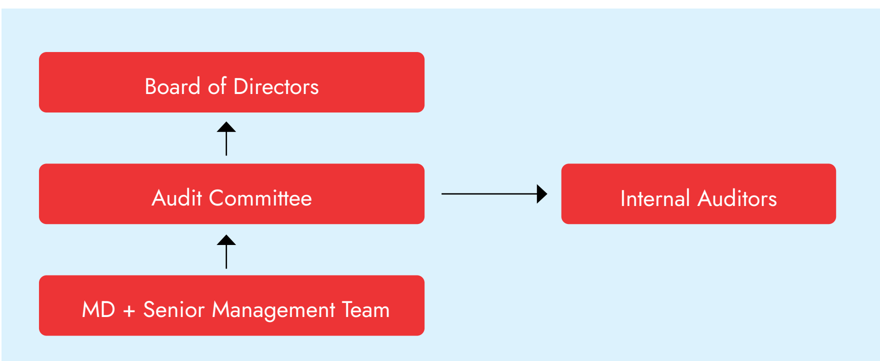
- ☑ Integrated Reporting Framework of the International Integrated Reporting Council
- ☑ GRI guidelines on Sustainability Reporting

RISK MANAGEMENT

The importance of effective risk management has significantly increased in the recent years. Navigating our way through unprecedented events such as the pandemic and economic and political instability has not been easy. However, our comprehensive risk management framework has allowed us to cautiously steer our way through these events whilst ensuring the achievement of our strategic objectives is not disrupted.

Risk governance

In a dynamic, ever-evolving environment, assessing and mitigating potential risks are integral to our continuity and long-term success. The Board of Directors holds ultimate responsibility for managing the Group's risks in an efficient and effective manner while the (Lanka Walltiles Group) Audit Committee assists the Board in the discharge of duties and has oversight responsibility for matters relating to risk and internal control. The Internal Audit function carried out by M/s. BDO Partners, supports the Audit Committee in performing its assurance role through regular reviews and recommendations on the robustness of the internal control systems in place. The Senior Management provides regular reports to the Board to ensure that potential threats are identified, measured, monitored and managed.



Our approach to risk management

Risk and opportunity often go hand in hand and taking contemplated risk is part of our normal business process. We consider ourselves as 'risk aware' with a risk management process which involves the systematic identification, evaluation and mitigation of risks that have the potential to impact our strategic objectives, service delivery and assets. Risk cannot be fully eliminated and the systems and procedures that we have established allow the risks we face to be identified and understood so they can be better managed in order to reduce the potential impact and likelihood. The Group's approach to risk management is aligned to its parent entity and is based on the globally accepted three-lines of defence model which drives accountability of risk identification and management across the organisation.

Board of Directors

	1st Line of Defense	2nd Line of Defense	3rd Line of Defense
Role	Business Units and line employees	Board of Directors and Audit Committee	Internal Audit
Responsibility	Identification of day-to-day risks	Centralised oversight and independently challenges the first line	Independent Assurance by M/S BDO Partners
Activities	◆ Primary responsibility for identifying, managing and reporting risk ◆ Ensuring risk exposures are maintained within approved limits ◆ Appropriate response at the frontline	◆ Develop and implementation of the risk management framework, policies, systems, procedures and tools ◆ Ongoing monitoring of emerging risks by the Audit Committee and Board of Directors	◆ Review the effectiveness of risk management practices and internal control framework ◆ Confirm level of compliance ◆ Identify gaps, control weaknesses in processes and bring to the attention of the Board Audit Committee

RISK MANAGEMENT

Principal Risks in 2022/23

The Group's risk landscape changed dramatically during the year, given the unprecedented operating conditions that prevailed. The following discussion provides an overview of the Group's top risks in terms of impact and likelihood.

Macro-economic vulnerabilities	High	Link to strategy: Operational Excellence
A volatile local and global economic environment poses uncertainty for market-driven variables. The Sri Lankan economy faced an unprecedented crisis in 2022, triggered by a rapid depletion of foreign currency reserves which resulted in the country defaulting on its international debt settlements for the first time in history.	**Impact** ◆ Adverse impact on profits due to higher finance costs ◆ Escalation of costs of the Group's imported raw materials with the sharp depreciation of the rupee and rising inflation, thereby pressurising profit margins ◆ Lower disposable income, adversely affecting residential and commercial construction activity and reflecting in a decline in demand for Swisstek products.	**Mitigation** ◆ Monitoring economic trends and outlook on an ongoing basis, giving due consideration when formulating strategic corporate plans. ◆ Pursuit of growth opportunities in exports markets, where possible to allow a natural hedge. ◆ Placing forward exchange rate contracts. ◆ Product diversification through development of a range of value-added products. ◆ Timely price revisions in consideration of demand dynamics.
Shortage of foreign currency liquidity	**High**	**Link to strategy: Operational Excellence**
During 2022 Sri Lanka faced a crippling shortage of foreign currency, which rendered it extremely challenging for manufacturers relying on imported raw materials to ensure continuity of supply.	**Impact** ◆ Supply chain disruptions impacting the company's production	**Mitigation** ◆ Increasing reliance on recycled aluminium which is sourced locally ◆ Proactive engagement with banks in opening letters of credit and facilitating imports
Global aluminium prices	**High**	**Link to strategy: Operational Excellence**
The fluctuations in the price of aluminium can have a significant impact on the profitability of our business.	**Impact** ◆ Given the intense competition in the aluminium profile industry, we are compelled to pass on cost escalations to customers. Therefore, increases in aluminium prices result in price pressure.	**Mitigation** ◆ Continued monitoring of global prices trends and effectively managing working capital cycles to reduce implications on profit margins.

Competition	High	Link to strategy: Product and Geographical Diversification
Intensified competition due to oversupply of (aluminium) and competition from cheaper alternatives (tile related products). However, restrictions on the imports of tiles and aluminium products, have augured well for local manufacturers such as ourselves offering opportunities for growth.	**Impact**	**Mitigation**
	◆ Pressure on volumes and margins through price competition.	◆ Development of a range of value-added products which command a higher margin. ◆ Leverage on the network of Group companies to pursue increased penetration. ◆ Expansion of distribution channels to increase accessibility to market. ◆ Pursuit of growth opportunities in export markets through new customer acquisitions and increased penetration.
Human resource risk	**Moderate**	**Link to strategy: People Development**
The mass exodus of skilled workers continues to impact employee retention and turnover. The pandemic and other operational hazards increase our vulnerability to health and safety risks.	**Impact**	**Mitigation**
	◆ Loss of skilled workers impact our productivity and efficiency. ◆ Difficulties in attracting new skilled labour ◆ Delay in achieving the Group's strategic aspirations	◆ Offering competitive remuneration and benefits ◆ Promoting a positive work culture ◆ Provision of adequate protective gear ◆ Conducting monthly worker - management health and safety meetings
Innovation	**Moderate**	**Link to strategy: Product and Geographical Diversification**
Ability to innovate and create value added products that appeal to consumer trends	**Impact**	**Mitigation**
	◆ Evolving customer demands and the market is a risk that may impact our profitability	◆ Retain qualified and experienced talent to operate the R&D centre ◆ Enhancement of employee product knowledge and R&D skills through training and increased exposure
Product quality	**Low**	**Link to strategy: Operational Excellence**
Maintain consistent and high product quality	**Impact**	**Mitigation**
	◆ Decline in product quality will impact reputation, profitability and growth	◆ Conform to certifications ◆ Stringent product testing at own laboratories ◆ Quality control processes throughout the value chain ◆ Monitoring of customer complaints

RISK
MANAGEMENT

Machine breakdowns	Low	Link to strategy: Operational Excellence
Breakdowns in machinery and equipment could lead to disruptions in production	**Impact** ◆ Affects continuity of operations and profitability	**Mitigation** ◆ All plant and machinery is purchased from reliable suppliers. ◆ Regular upkeep and maintenance of plant and machinery.
Climate change implications	**Moderate**	**Link to strategy: Sustainable Operations**
Implications of climate change and failure to address these dynamics can impact the business particularly with natural disasters and erratic weather conditions affecting sectors across the economy.	**Impact** ◆ Natural resource depletion is a risk faced all over the world which can eventually impact our immediate environment as well as operations.	**Mitigation** ◆ Driving environmentally friendly, sustainable initiatives. ◆ Use of recycled aluminium.

Statement of Risk Management and Internal Control Adequacy

The Board confirms that an effective risk management and internal control framework and an ongoing process is in place to minimise all potential risks and its probability of impact to the Company and its business. The Board also confirms all risks were reviewed using internal and external parties and were deliberated upon by the Board and whether necessary corrective actions were taken. The Board assures the reliability of financial statements presented herein has been done in according with applicable accounting standards and regulatory requirements and training in to account all risk factors. The Board declares that it has not found any significant risks that may impact the operation of the business as a going-concern or will impact the finance stability or the business materially.

S H Amarasekera
Chairman

J A P M Jayasekera
Managing Director

31 May 2023

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

The Directors of Swisstek (Ceylon) PLC have pleasure in presenting their Annual Report together with the Audited Financial Statements of the Company for the year ended 31st March 2023.

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.

General

Swisstek (Ceylon) PLC is a public limited liability company which was incorporated under the Companies Ordinance No.51 of 1938 as a public company on 12th day of July 1967. Pursuant to the requirements of the new Companies Act No. 7 of 2007, the Company was re-registered on 6th June 2008 and bears registration number PQ155.

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

The main activity of Swisstek (Ceylon) PLC, which remained unchanged during the year, is the manufacture and sale of Tile Grout and Mortar. 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 68 - 127.

Summarised Financial Results

	GROUP		COMPANY	
Year ended 31st March	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Revenue	8,970,024	9,534,168	3,741,282	2,390,434
Profit/(Loss) for the year	(702,689)	899,539	367,022	696,144

Auditors' Report

The Report of the Auditors on the Financial Statements of the Company is given on page 68

Accounting Policies

The Accounting Policies adopted by the Company in the preparation of the Financial Statements are given on pages 77 - 91 which are consistent with those of the previous period.

Directors

The names of the Directors who held office as at the end of the accounting period are given below and their brief profiles appear on pages 18 - 19

Executive Directors

Mr. J A P M Jayaskera
Managing Director

Non - Executive Directors

*Mr. S H Amarasekera -
Chairman

*Dr. S Selliah

Mr. J K A Sirinatha

Mr. A M Weerasinghe

Mr. A S Mahendra

*Mr. K D G Gunaratne

*Mr. C U Weerawardena

*Independent Non-Executive Director
Dr. S Selliah and Mr. A M Weerasinghe retire by rotation at the conclusion of 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.

Directors of Subsidiary Companies

Swisstek Aluminium Ltd.

Mr. S H Amarasekera

Mr. A M Weerasinghe

Mr. J A P M Jayasekera

Mr. A S Mahendra

Mr. B T T Roche
(Resigned w.e.f 30th September 2022)

Dr. S Selliah
(Resigned w.e.f 27th January 2023)

Mr. T G Thoradeniya

Mr. C U Weerawardena

Mr. S M Liyanage

Swisstek Development Ltd

Mr. K D A Perera

Mr. J A P M Jayasekera

Mr. A M Weerasinghe

Swisstek Investment (Pvt) Ltd

Mr. J A P M Jayasekera

Mr. A M Weerasinghe

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

Interests Register

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

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

The relevant interests of Directors in the shares of the Company as at 31st March 2023 as recorded in the Interests Register are given in this Report under Directors' shareholding.

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 2023.

Directors' Remuneration

The Directors' remuneration is disclosed in Note 31.3 to the Financial Statements on page 125.

Directors' Interests in Contracts

The Directors' interests in contracts are included with the related party disclosures in Note 31.1 to the Financial Statements.

The Company carried out transactions in the ordinary course of its business at commercial rates with 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.

Auditors

Messrs KPMG, Chartered Accountants served as the Auditors during the year under review. Based on the written representations made by the Auditors, they do not have any interest in the Company other than as Auditors and Tax Consultants.

The Audit fee payable to the Auditors for the year under review is Rs.705,000 (2022 – Rs 613,000/-)

A fee of Rs. 241,625 (2022 Rs. 210,109/-) is also payable to the Auditors for tax compliance services provided during the year.

The Auditors have expressed their willingness to continue in office. The Audit Committee at a meeting held on 19th May 2023 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.

Independence of Auditors

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

Stated Capital

The Stated Capital of the Company is Rs 368,256,000 represented by 136,860,000 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 2023 and 31st March 2022 are as follows.

Directors	Shareholding as at 31/03/2023	Shareholding as at 31/03/2022
Mr. S H Amarasekera	-	-
Mr. J A P M Jayasekera	**75,000**	75,000
Mr. J K A Sirinatha	-	-
Dr. S Selliah	-	-
Mr. A M Weerasinghe	**263,142**	-
Mr. A S Mahendra	-	-
Mr. K D G Gunaratne	-	-
Mr. C U Weerawardena	-	-

Major Shareholders, Distribution Schedule and other information

Information on the twenty five largest shareholders of the Company, distribution schedule of the number of shareholders, percentage of shares held by the public, market values per share as per the Listing Rules of the Colombo Stock Exchange are given on pages 128 - 129 under Investor Information.

Reserves

The movement of reserves during the year are given under the Statement of Changes in Equity on page 74 (Statement of Changes in Equity).

Land holdings

The book value of property, plant and equipment as at the balance sheet date amounted to Rs. 1,955 Mn (2022 – Rs. 1,766 Mn)

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

Location	No. of buildings	Land in Extent (perches)	Valuation Rs. '000
Factory Complex, Belummahara, Belummahara, Imbulgoda	18.00	984.50	941,989
No:334/5, Colombo Road, Belummahara, Imbulgoda	1.00	20.00	12,000
No: 288/26, Colombo Road, Belummahara, Imbulgoda	-	81.60	51,000
No: 177/6, New Kandy Rd., Weliweriya	1.00	84.50	117,224
Land at Belummahara	-	0.96	814
Warehouse-Nedungamuwa, Ratupaswela	8.0	2,446.00	412,585
	28.00	**3,617.56**	**1,535,611**

The movement of fixed assets during the year is given in Note 13 to the financial statements.

Property, Plant and Equipment

Details and movements of property, plant and equipment are given under Note 13 to the Financial Statements on pages 98 - 103.

Capital Expenditure

The total capital expenditure during the year amounted to Rs. 251 Mn compared to Rs. 461 Mn incurred in the previous year. Details of movement in property, plant and equipment and capital work-in-progress are given under Note 13.1 to the financial statements.

Donations

The Company has not made donations during the year under review.

Dividends

The Board declared an interim dividend of Rs. 1/10 for per share for the year under review on 3rd March 2023.

The Directors recommended a final dividend of Rs.0.20 per share for the year under review subject to obtaining a certificate of solvency from the auditors and approval by the shareholders at the forthcoming Annual General Meeting.

Corporate Governance

Corporate Governance practices and principles with respect to the Management and Operations of the Company are set out on pages 45 - 51.

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

Audit Committee

Mr. J D N Kekulawala
Chairman

Dr. S Selliah

Mr. T G Thoradeniya

Remuneration Committee

Mr. S H Amarasekera -
Chairman

Mr. R N Asiriwatham

Mr. L N De S Wijeyeratne

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

Related Party Transaction Review Committee

Dr. S Selliah - Chairman

Mr. J D N Kekulawala

Mr. T G Thoradeniya

Events Occurring After the Reporting Date

On 29th May 2023 by circular resolution, The Board of Directors has recommended the final dividend of twenty cents (Rs.0.20) per share for the year ended 31st March 2023.

Other than the above there are no material events which occurred after the reporting date that require adjustment or disclosure in the financial statements.

Annual General Meeting

The Annual General Meeting will be held by way of electronic means on 30th June 2023 at 1.30 p.m.

The Notice of the Annual General Meeting appears on page 146.

By Order of the Board

Swisstek (Ceylon) PLC

S H Amarasekera
Chairman

J A P M Jayasekera
Managing Director

P W Corporate Secretarial (Pvt) Ltd
Secretaries

31st May 2023
Colombo

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 and 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 specified the form and content of Financial Statements and any other requirement 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 judgements 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' are making inquiries and reviews of the Company's business plan for the Financial Year 2022/2023 including cash flows and borrowing facilities and consider the Company has adequate resources to continue in operation.

By Order of the Board
Swisstek (Ceylon) PLC

P W Corporate Secretarial (Pvt) Ltd
Secretaries

31 May 2023

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 judgments 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. KPMG, Chartered Accountants. 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 to 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.

S U Amarasinghe
General Manager (Finance)

J A P M Jayasekera
Managing Director

31 May 2023

REMUNERATION COMMITTEE REPORT

Role of the Remuneration Committee

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

Composition of the Remuneration Committee

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

Mr. S H Amarasekera	Chairman
Mr. R N Asirwatham	Committee Member - Independent Non-Executive
Mr. L N De S Wijeyeratne	Committee Member - Independent Non-Executive

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

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

Meetings

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

Mr. S H Amarasekera	1/1
Mr. R N Asirwatham	1/1
Mr. L N De S Wijeyeratne	1/1

Functions Performed by the Remuneration Committee

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 125 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. And it also ensures that employees are adequately compensated based on their performance and contribution for the period under review and future potential.

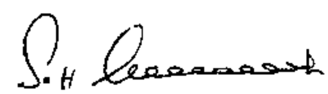
c. Constructing a specific remuneration policy and remuneration framework that enables the Company to attract and retain a high quality and representative staff in its operations and do this inter alia with reference to appropriate market rates where these are relevant and benchmarking specific categories 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.

Conclusion

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



S H Amarasekera
Chairman - Remuneration Committee

31 May 2023

AUDIT COMMITTEE REPORT

Role of the Audit Committee

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

Composition of the Audit Committee

The Audit Committee comprised of the following three Non-Executive Directors of Lanka Walltiles PLC.

Mr. J D N Kekulawala	Chairman - Independent Non-Executive
Dr. S Selliah	Committee Member - Independent Non-Executive
Mr. T G Thoradeniya	Committee Member- Non-Executive

The Managing Director and the General Manager – Finance attend the meetings at the invitation of the Audit Committee. The Company Secretary functions as the Secretary to the Audit Committee. Representatives of the Company, external auditors and internal auditors also attend Audit Committee meetings by invitation.

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

Meetings

The Audit Committee met 04 times during the year. The attendance of the members at the meeting is as follows.

Mr. J D N Kekulawala	4/4
Dr. S Selliah	4/4
Mr. T G Thoradeniya	3/4

Functions performed by the Audit Committee

a. The Committee reviewed the provisional financial statements that were published for financial year 2022/23 and the audited financial statements of financial year 2022/23. 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 monthly internal audit reports. The internal audit function is carried out by M/s. BDO Partners. The Internal audits are done on a process based audit framework to improve process performance and control.

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

d. The Non-Audit Services provided by the External Auditor were also reviewed and the Committee was of the view that such services did not impair with their independence and were not within the category of services identified as restricted under the guidelines for listed companies on Audit and Audit Committees issued by the Securities and Exchange Commission of Sri Lanka.

e. The Audit Committee in conjunction with the Managing Director of the Company reviewed the Company's disclosure controls and procedures and internal control over financial reporting.

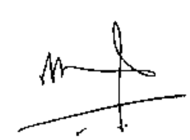
f. The Audit Committee reviewed the Company's framework and practices with respect to risk assessment and risk management, including discussing with Management of the Company's major financial risk exposures and the steps that have been taken to monitor and control such exposures.

g. The Audit Committee reviewed the Company's arrangement for the confidential receipt, retention and treatment of complaints alleging fraud, received from any sources and pertaining to accounting, internal controls or other such matters and assured the confidentiality to whistle-blowing employees. It also reviewed the Company's procedures for detecting and preventing fraud and bribery and receiving reports on non-compliance and reviewed the procedure for receiving and dealing with "Non-Compliance with Laws and Regulations (NOCLAR) referred by Professional Accountants.

h. Performed other activities related to this Charter as requested by the Board of Directors. Oversaw special investigations as needed. Reviewed and assessed the adequacy of the committee Charter annually and requested board approval for proposed changes, and ensured appropriate disclosure as may be required by law or regulations.

Conclusion

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



J D N Kekulawala
Chairman - Audit Committee

31 May 2023

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 Swisstek (Ceylon) 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 the key responsibilities 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 Related Party Transactions Review Committee comprises of the following Directors of the Parent Company Lanka Walltiles PLC who is the parent Company of Swisstek (Ceylon) PLC.

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

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 four meetings during the year one in each quarter. The attendance of the members at the meeting as follows;

Dr. S Selliah	4/4
Mr. J D N Kekulawa-la	4/4
Mr. T G Thoradeniya	3/4

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

Review of Related Party Transactions

The Committee reviewed all related party transactions of the Company for the financial year 2022/23. In terms of Rule 9.3.2 of the Listing Rules of the Colombo Stock Exchange on related party transactions the non-recurrent transaction entered into during the year include Lanka Tiles PLC issuing a Corporate Guarantee for Rs. 250 Mn to Sampath Bank PLC as security for credit facilities. The relevant details were included in the announcement made to the Colombo Stock Exchange on 12th July 2022.

In the opinion of the Committee, the terms of these transactions were not more favourable to the related parties than those generally available to the public. The details of related party transactions entered into during the year are given in Note 31.2 to the Financial Statements, on page 123 of this Annual Report.

Declaration

A declaration by the Board of Directors on compliance with the rules pertaining to Related Party Transactions appears on the report of the Board of Directors on page 57 of this Annual Report.

Dr. S Selliah
Chairman - Related Party Transactions Review Committee

31 May 2023

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
P. O. Box 186,
Colombo 00300, Sri Lanka.

Tel : +94 - 11 542 6426
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TO THE SHAREHOLDERS OF SWISSTEK (CEYLON) PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Swisstek (Ceylon) PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31st March 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information as set out on page 72 to 127.

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 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 judgment, were of most significance in our audit of the Company financial statements and consolidated financial statements of the current period. These matters were addressed in the context of our audit of the Company financial statements and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG

1. Management assessment of the Group's ability to continue as going concern	
Risk Description	Our Response
The Group incurred net loss of Rs. 702 million during the year ended 31st March 2023 and, as of that date, the Group's current liabilities exceeded its current assets by Rs. 1,208 million.Further, the current liabilities of the Group include short term loans amounting to Rs. 6,584 million and amounts due to related parties amounting to Rs. 247 million, which are due within 12 months from 31st March. In adopting the going concern basis of preparation of the financial statements, the directors have reviewed the Group's cash flow projections prepared by the management and continuous financial support from its parent company. The cash flow projections were based on management's assumptions and estimation of future cash inflows and outflows, also taking into consideration the impact of economic crisis related estimate uncertainty. We identified the management assessment of the Group's ability to continue as going concern as a key audit matter because the cash flow projections referred to above involves consideration of future events and circumstances which are inherently uncertain, and effect of those uncertainties may significantly impact the resulting accounting estimates. Therefore, the assessment requires the exercise of significant management judgement in assessing future cash inflows and outflows which could be subject to potential management bias.	Our audit procedures included ◆ Obtaining the Group's cash flow projections covering period of not less than twelve months from the reporting period end date and evaluating these key assumptions used in preparing the projections. ◆ Evaluating the support and ability to provide support from the parent company in order to meet the liabilities of the Subsidiary as and when they fall due and payable. ◆ Assessing the adequacy of disclosures in the financial statements in relation to the Company's ability to continue as going concern with reference to the requirements of the prevailing accounting standards.
2. Valuation of Investment Properties	
Risk Description	Our Response
As described in Note 3.6. (Accounting policies) and Note 16 Financial statement disclosures, the Group recorded the fair value of investment properties amounted to Rs. 226.7 Mn as at 31st March 2023. The fair value of these properties were determined by professional external valuers engaged by the management. The valuation of the properties requires the application of significant judgment and estimation in the selection of the appropriate valuation methodology to be used and in estimating the key assumptions applied. These key assumptions include market comparable used, taking into consideration for differences such as location, size and tenure. A change in the key assumptions will have an impact on the valuation.	Our audit procedures included. ◆ Assessing the objectivity, independence, competence and qualifications of the external Valuer. ◆ With the assistance of our own KPMG valuation specialists assessing the key assumptions applied and conclusions made in deriving the fair value of the property and comparing the same with evidence of current market values. In addition to that, we have assessed the valuation methodologies with reference to recognized industry standards. ◆ Assessing the adequacy of the disclosures in the financial statements, including the description and appropriateness of the inherent degree of subjectivity and key assumptions in the estimates.

INDEPENDENT AUDITOR'S REPORT

KPMG

3. Carrying Value of Inventories	
As described in Note 3.7. (Accounting policies) and Note 17 Financial statement disclosures, The Group recorded the carrying value of inventories amount to Rs. 4,594.6 Mn as at 31 March 2023. The Group has significant levels of inventory and judgment is exercised with regard to categorization of stock as obsolete and/ or slow moving to be considered for provision; estimates are then involved in arriving at provisions against cost in respect of slow moving and obsolete inventories to arrive at valuation based on lower of cost and net realizable value. Given the level of judgments and estimates involved this is considered to be a key audit risk.	Our audit procedures included, ◆ Obtaining an understanding and assessing the design, implementation and operating effectiveness of the key internal controls, management has established in arriving at criteria used for provision computations and to ensure the accuracy of the impairment provision. ◆ Evaluating the net realizable value used for provision computation for the selected sample covering significant inventory categories. ◆ Assessing the adequacy of inventory provisions held for slow moving and/or obsolete inventory by recalculating items included within the provision to ensure the accuracy of provision. ◆ Assessing whether the Group policies had been consistently applied and the adequacy of the Group's disclosures in respect of the Judgment and estimates made in respect of inventory provisioning. ◆ Attending stock counts as at the year-end. In addition, assessing the effectiveness of the physical count controls in operation at count location to identify damaged stocks, and expired stocks that are written off in a timely manner to assess the existence of inventory.
4. Recoverability of Trade Receivable	
As described in Note 3.8 (accounting policies) and Note 18 Financial statement disclosures, the Group recorded Trade and other receivable amounting to Rs. 1,819 Mn as at 31 March 2023. The Group has significant levels of trade receivable and judgment is exercised with regard to calculation of the Impairment provision requires a significant level of judgment as it sells products to a wide customer base The recoverability of trade receivables is dependent on the credit worthiness of customers and their ability to settle the amounts due. Given the level of judgments and estimates involved this is considered to be a key audit risk	Our audit procedures included. ◆ Obtaining an understanding and assessing the design, implementation and operating effectiveness of management key internal control over the credit control and approval processes. ◆ Testing the adequacy of the provisions for impairment recorded against trade receivable balances, based on `Expected Credit loss' model as per `SLFRS 09', as well as the reasonability of the model methodology. ◆ Assessing whether the Group's policies had been consistently applied and the adequacy of the Group's disclosures in respect of Credit risk.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

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 judgment 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 Company and the Group's internal control.
- 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 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 ethical requirements in accordance with the Code of Ethics 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, related safeguards.

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

Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is FCA 2618.

CHARTERED ACCOUNTANTS

Colombo, Sri Lanka
31st May 2023

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st March,		Group		Company	
		2023	2022	2023	2022
	Note	Rs.000	Rs.000	Rs.000	Rs.000
Revenue	6.	**8,970,024**	9,534,168	**3,741,282**	2,390,434
Cost of sales		**(6,754,901)**	(7,393,190)	**(2,816,587)**	(1,718,337)
Gross profit		**2,215,123**	2,140,978	**924,695**	672,097
Other income	7.	**189,079**	126,109	**124,340**	346,454
Administrative expenses		**(351,255)**	(319,409)	**(117,697)**	(81,475)
Selling and distribution expenses		**(776,647)**	(685,842)	**(195,381)**	(139,508)
Other expenses	8.	**(13,093)**	(30,759)	**(1,432)**	(11,845)
Results from operating activities		**1,263,207**	1,231,077	**734,525**	785,723
Finance income	9.1	**99,013**	124,141	**76,547**	124,141
Finance cost	9.2	**(2,141,143)**	(212,691)	**(263,720)**	(67,125)
Net Finance cost		**(2,042,130)**	(88,550)	**(187,173)**	57,016
Profit/(Loss) before tax	10.	**(778,923)**	1,142,527	**547,352**	842,739
Income tax expense	11.	**76,234**	(242,988)	**(180,330)**	(146,595)
Profit/(Loss) for the year		**(702,689)**	899,539	**367,022**	696,144
Other comprehensive income/(loss) :					
Items that will not be reclassified to profit or loss					
Remeasurements of defined benefit liability	24.2	**12,131**	5,181	**162**	3,649
Deferred tax on Other Comprehensive Income	11.1	**(49)**	(983)	**(49)**	(707)
Effect of change in tax rates	11.1	**(80,684)**	-	**(77,529)**	-
Other comprehensive income/(loss) for the period		**(68,602)**	4,198	**(77,416)**	2,942
Total comprehensive income for the period		**(771,291)**	903,737	**289,606**	699,086
Profit/(Loss) Attributable to;					
Owners of the company		**(567,831)**	842,603	**367,022**	696,144
Non controlling interest		**(134,858)**	56,936	**-**	-
Profit/(Loss) for the year		**(702,689)**	899,539	**367,022**	696,144
Total comprehensive income/(loss) attributable to:					
Owners of the company		**(637,545)**	846,642	**289,606**	699,086
Non controlling interest		**(133,746)**	57,095	**-**	-
Total comprehensive income/(loss) for the year		**(771,291)**	903,737	**289,606**	699,086
Basic earnings/(loss) per share	12.	**(4.15)**	6.16	**2.68**	5.09

The notes on Page 77 to 127 are an integral part of the financial statements.

Figures in brackets indicate deductions

STATEMENT OF FINANCIAL POSITION

For the year ended 31st March,		Group		Company	
		2023	2022	2023	2022
	Note	Rs.000	Rs.000	Rs.000	Rs.000
Assets					
Property, plant and equipment	13	**3,580,497**	3,367,796	**1,955,108**	1,765,909
Capital work-in-progress	13.1	**33,794**	42,929	**31,744**	24,973
Intangible Assets	13.2	**26,323**	24,749	**244**	515
Investment in subsidiary	14	**-**	-	**286,988**	229,784
Other long term Investments	15	**56,667**	56,667	**-**	-
Investment property	16	**226,735**	211,985	**226,735**	211,985
Non current assets		**3,924,016**	3,704,126	**2,500,819**	2,233,166
Inventories	17	**4,594,619**	2,848,174	**539,615**	255,997
Trade and other receivables	18	**1,793,908**	3,559,029	**576,778**	559,922
Contract Assets	19.1	**32,343**	29,343	**32,343**	29,343
Amounts due from related parties	20	**7,155**	4,789	**7,155**	65,133
Cash and cash equivalents	21.1	**559,431**	575,657	**263,351**	378,320
Current assets		**6,987,456**	7,016,992	**1,419,242**	1,288,715
Total assets		**10,911,472**	10,721,118	**3,920,061**	3,521,881
Equity					
Stated capital	22	**368,256**	368,256	**368,256**	368,256
Reserves	23	**719,412**	796,942	**617,094**	694,623
Retained Earnings		**1,156,195**	1,989,932	**1,007,323**	913,908
Equity attributable to owners of the company		**2,243,863**	3,155,130	**1,992,673**	1,976,787
Non controlling interest		**70,931**	204,676	**-**	-
Total equity		**2,314,794**	3,359,806	**1,992,673**	1,976,787
Liabilities					
Retirement benefits Obligation	24	**49,002**	49,052	**12,870**	10,953
Lease liability	25.4	**16,270**	21,576	**-**	-
Deferred tax liability	11.2	**215,578**	369,555	**362,411**	224,629
Loans and borrowings	25.2	**119,132**	494,071	**17,413**	304,208
Non current liabilities		**399,982**	934,254	**392,694**	539,790
Trade and other payables	26	**1,333,428**	2,124,998	**328,081**	354,544
Contract liabilities	19.2	**-**	3,836	**-**	3,836
Loans & borrowings	25.1	**109,715**	223,819	**28,395**	123,819
Short term loans	27	**5,783,092**	3,445,118	**837,866**	344,318
Amounts due to related parties	28.1	**247,354**	40,679	**34,233**	1,677
Lease liability	25.4	**5,306**	4,083	**-**	-
Tax payable		**26,992**	104,557	**23,763**	69,420
Bank overdrafts	21.2	**690,809**	479,968	**282,356**	107,690
Current liabilities		**8,196,696**	6,427,058	**1,534,694**	1,005,304
Total liabilities		**8,596,678**	7,361,312	**1,927,388**	1,545,094
		10,911,472	10,721,118	**3,920,061**	3,521,881

The notes on Page 77 to 127 are an integral part of the financial statements.

Figures in brackets indicate deductions

It is certified that the financial statements have been prepared in compliance with the requirements of Companies Act No.7 of 2007.

S U Amarasinghe
General Manager (Finance)

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.

Approved for and on behalf of the Board of Directors :

S H Amarasekara
Chairman

J A P M Jayasekera
Managing Director

31st May 2023
Colombo

STATEMENT OF CHANGES IN EQUITY

Group

For the year ended 31st March,	Note	Stated capital Rs.000	Revaluation reserve Rs.000	Capital redemption reserve Rs.000	General reserve Rs.000	Retained earnings / (losses) Rs.000	Total Rs.000	Non-con trolling interest Rs.000	Total equity Rs.000
Balance as at 31 March 2021		368,256	776,978	121	19,842	1,533,341	2,698,538	182,392	2,880,930
- Profit for the year		-	-	-	-	842,603	842,603	56,937	899,539
Other comprehensive income									
- Defined benefit plan actuarial gains/(losses)		-	-	-	-	4,987	4,987	193	5,180
- Deferred tax on other comprehensive income		-	-	-	-	(948)	(948)	(35)	(983)
		-	-	-	-	4,039	4,039	159	4,197
Tranections with owners of the Company									
- Dividend paid (Note 22.1)		-	-	-	-	(390,051)	(390,051)	(34,810)	(424,861)
Balance as at 31 March 2022		368,256	776,978	121	19,842	1,989,932	3,155,129	204,677	3,359,805
- Profit for the year		-	-	-	-	(567,831)	(567,831)	(134,858)	(702,689)
Other comprehensive income									
- Defined benefit plan actuarial gains/(losses)		-	-	-	-	10,620	10,620	1,510	12,131
- Deferred tax on other comprehensive income		-	(77,529)	-	-	(2,806)	(80,335)	(398)	(80,733)
		-	(77,529)	-	-	7,814	(69,715)	1,112	(68,602)
Tranections with owners of the Company									
- Dividend paid (Note 22.1)		-	-	-	-	(273,720)	(273,720)	-	(273,720)
Balance as at 31 March 2023		368,256	699,449	121	19,842	1,156,195	2,243,863	70,931	2,314,794

The notes on Page 77 to 127 are an integral part of the financial statements.

Figures in brackets indicate deductions

Company For the year ended 31st March,	Note	Stated capital Rs.000	Revaluation reserve Rs.000	Capital redemption reserve Rs.000	General reserve Rs.000	Retained earnings / (losses) Rs.000	Total equity Rs.000
Balance as at 31 March 2021		368,256	674,660	121	19,842	604,873	1,667,752
- Profit for the year		-	-	-	-	696,145	696,145
Other comprehensive income							
- Defined benefit plan actuarial gains/(losses)		-	-	-	-	3,648	3,648
- Deferred tax on other comprehensive income		-	-	-	-	(707)	(707)
		-	-	-	-	2,942	2,942
Tranections with owners of the Company							
- Dividend paid (Note 22.1)		-	-	-	-	(390,051)	(390,051)
Balance as at 31 March 2022		368,256	674,660	121	19,842	913,908	1,976,787
- Profit for the year		-	-	-	-	367,022	367,022
Other comprehensive income							
- Defined benefit plan actuarial gains/(losses)		-	-	-	-	162	162
- Deferred tax on other comprehensive income		-	(77,529)	-	-	(49)	(77,578)
		-	(77,529)	-	-	113	(77,416)
Tranections with owners of the Company							
- Dividend paid (Note 22.1)		-	-	-	-	(273,720)	(273,720)
Balance as at 31 March 2023		368,256	597,131	121	19,842	1,007,323	1,992,673

The notes on Page 77 to 127 are an integral part of the financial statements.

Figures in brackets indicate deductions

STATEMENT OF CASH FLOWS

For the year ended 31st March,		Group		Company	
		2023	2022	2023	2022
	Note	Rs.000	Rs.000	Rs.000	Rs.000
Profit/(Loss) before taxation		**(778,923)**	1,142,527	**547,352**	842,739
Adjustments For;					
Depreciation of Property Plant and Equipment	13	**188,284**	159,133	**61,393**	50,559
Amortization	13.2	**4,072**	3,131	**271**	840
Inventory write off		**314**	-	**314**	-
Inventory provision	17.1	**11,969**	24,176	**865**	6,261
Interest income	9.1	**(41,504)**	(8,982)	**(19,038)**	(8,982)
Provision on retirement benefit obligation	24.1	**15,971**	9,868	**3,266**	1,712
Dividend Income	7	**-**	-	**-**	(241,011)
Interest expense		**1,655,340**	212,691	**263,720**	67,125
(Profit)/Loss on sale of property, plant & equipment	7	**-**	495	**-**	(85)
(Gain)/Loss on revaluation of investment property	16	**(14,750)**	(31,300)	**(14,750)**	(31,300)
Provision for impairment of trade receivables	18	**810**	6,584	**254**	5,584
Exchange loss/(gain)		**(61,808)**	(15,559)	**(61,808)**	(11,790)
Changes in;					
- Trade and other payables		**(1,054,998)**	1,109,912	**(21,127)**	61,045
- Amounts due to related parties		**206,676**	37,975	**32,555**	(1,028)
- Inventories		**(1,764,934)**	(1,281,833)	**(284,796)**	(20,004)
- Trade and other receivables		**1,763,333**	(2,012,071)	**(18,088)**	(91,450)
- Amounts due from related parties		**(2,365)**	9,885	**57,978**	2,548
- Contract Asset	19.1	**(3,000)**	10,822	**(3,000)**	10,822
- Contract Liability	19.2	**(3,836)**	(24,197)	**(3,836)**	(24,197)
Cash generated from/(used in) operating activities		**120,651**	(646,743)	**541,525**	619,388
Interest paid		**(1,363,546)**	(212,691)	**(241,283)**	(61,230)
Income tax paid		**(236,043)**	(123,425)	**(165,781)**	(86,375)
Gratuity payment	24	**(3,890)**	(1,145)	**(1,187)**	(180)
Net cash generated from/(used in) operating activities		**(1,482,828)**	(984,004)	**133,274**	471,603
Cash flows from investing activities					
Acquisition of property, plant and equipment	13	**(367,602)**	(544,126)	**(233,082)**	(461,309)
Addition to Construction Work In Progress	13.1	**(24,279)**	(121,374)	**(24,279)**	(24,030)
Proceeds on disposal of property, plant & equipment		**-**	1,049	**-**	129
Investment in Subsidiary		**-**	-	**(57,204)**	-
Dividend Income	7	**-**	-	**-**	241,011
Net cash generated from/(used in) investing activities		**(391,881)**	(664,451)	**(314,565)**	(244,199)
Cash flows from financing activities					
Dividend paid		**(238,711)**	(424,861)	**(238,711)**	(379,338)
Interest income	9.1	**41,504**	8,982	**19,038**	8,982
Loan obtained		**9,578,489**	16,255,584	**1,992,989**	1,844,220
Repayment of borrowings		**(7,733,640)**	(13,981,951)	**(1,881,660)**	(1,478,842)
Net cash generated from/(used in) financing activities		**1,647,643**	1,857,754	**(108,344)**	(4,978)
Net increase/(decrease) in cash and cash equivalents		**(227,066)**	209,299	**(289,635)**	222,426
Cash & cash equivalents at the beginning of the year		**95,689**	(113,617)	**270,630**	48,204
Cash & cash equivalents at the end of the year	21	**(131,378)**	95,689	**(19,005)**	270,630

The notes on Page 77 to 127 are an integral part of the financial statements.

Figures in brackets indicate deductions

NOTES TO THE FINANCIAL STATEMENTS

1) Reporting entity

Swisstek (Ceylon) PLC (the "Company") is a public limited liability Company incorporated and domiciled in Sri Lanka. The ordinary shares of the Company are listed on the Colombo Stock Exchange of Sri Lanka. The address of the Company's registered office is No.215, Nawala Road, Narahenpita, Colombo 05.

The Consolidated Financial Statements of Swisstek (Ceylon) PLC as at and for the year ended 31 March 2022 encompass the Company and its subsidiaries (together referred to as the "Group").

Descriptions of the nature of the operations and principal activities of the Company, and its Subsidiaries are given on note 3.1.

Lanka Walltiles PLC is the immediate parent of Swisstek (Ceylon) PLC and the ultimate parent is Vallibel One PLC.

The financial statements of all Companies in the Group are prepared for a common financial year, which ends on 31 March.

2) Basis of preparation

2.1 Statement of compliance

The Consolidated Financial Statements of the Group and the separate Financial Statements of the Companies have been prepared and presented in accordance with the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, which requires compliance with Sri Lanka Accounting Standards (SLFRS's and LKAS's) issued by the Institute of Chartered Accountants of Sri Lanka (ICASL), and with the requirements of the Companies Act No. 7 of 2007.

The Board of Directors is responsible for the preparation and presentation of the Financial Statements of the Company and its Subsidiaries as per provisions of Companies Act No. 07 of 2007 and the Sri Lanka Accounting Standards (SLFRSs/LKASs).

The Board of Directors acknowledges this responsibility as set out in the 'Statement of Directors' Responsibility for Financial Statements', 'Annual Report of the Board of Directors' and in the statement appearing with the Statement of Financial Position of this Annual Report.

The financial statements were authorized for issue by the directors on 31st May 2023.

2.2 Basis of measurement

The Financial Statements have been prepared on the historical cost basis except for the following:

Fair Value through Other Comprehensive Income (FVOCI) financial assets are measured at fair value.

The liability for defined benefit obligation is actuarially valued and recognized at the present value of the defined benefit obligation.

Land and building measured at cost at the time of acquisition and subsequently at revaluation.

Investment property is measured at fair value.

2.3 Functional and presentation currency

The Consolidated Financial Statements are presented in Sri Lankan Rupees (LKR), which is the Group's functional currency. All financial information presented in Sri Lankan Rupees have been given to the nearest thousand, unless stated otherwise.

2.4 Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with SLFRSs requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In particular, Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the Financial Statements are described in the following notes:

Note 11.2 – Deferred tax

Note 13 – Property Plant and Equipment

Note 24– Retirement benefits obligation

Note 33 & 34 – Commitment and contingencies

Note 16 – Investment Property

Note 18 – Impairment of Trade Receivables

Note 6 – Revenue Recognition

Note 36 – Impact from rapid changes in Macro Economic Factors

2.5 Measurement of Fair Value

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non- financial assets and liabilities.

SLFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transactions between market participants at the measurement date.

NOTES TO THE FINANCIAL STATEMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transactions between market participants at the measurement date which takes into account a market participants ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

A Fair value measurement requires an entity to determine all the following;

1. The particular asset or liability that is the subject of the measurement
2. For a non-financial asset, the valuation premise that is appropriate for the measurement (Consistently with its highest and best use).
3. The principal (or most advantageous) market for the asset or liability.
4. The valuation technique(s) appropriate for the measurement, considering the availability of data with which to develop inputs that represent the assumptions that market participants would use when pricing the asset or liability and the level of the fair value hierarchy within which the inputs are categorized.

Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, observable market transactions and market information might not be available. However, the objective of a fair value measurement in both cases is the same to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (i.e. an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability).

When a price for an identical asset or liability is not observable, an entity measures fair value using another valuation technique that maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Because fair value is a market-based measurement, it is measured using the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk. As a result, an entity's intention to hold an asset or to settle or otherwise fulfill a liability is not relevant when measuring fair value.

When an asset is acquired or a liability is assumed in an exchange transaction for that asset or liability, the transaction price is the price paid to acquire the asset or received to assume the liability (an entry price). In contrast, the fair value of the asset or liability is the price that would be received to sell the asset or paid to transfer the liability (an exit price).

2.5.1 Determination of fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumption and other risks affecting the specific instrument.

Level 1 - Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e.as prices) or indirectly (i.e. derived from prices); and

Level 3 - Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

2.6 Materiality and aggregation

Each material class of similar items is presented separately in the financial statements. Items of a dissimilar nature or function are presented separately, unless they are immaterial.

2.7 Going Concern

The management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future and confirms that they do not intend either to liquidate or to cease operations of the Group. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the Financial Statements of the Group continue to be prepared on a going concern basis.

3) Significant accounting policies

The accounting policies set out below have been applied consistently to all the periods presented in these Consolidated Financial Statements and have been applied consistently by the Group, unless otherwise stated.

3.1 Basis of Consolidation

The consolidated financial statements (referred to as the "Group") Comprise the financial statements of the Company and its subsidiaries prepared in terms of Sri Lanka Accounting Standard (SLFRS-10) Consolidated Financial Statement and share of profit or loss.

Swisstek Aluminium Ltd. manufactures and sells aluminium extrusions and allied products through a network of dealers and distributors.

Swisstek Development Ltd. is a property holding company that is operated for investment purposes.

Subsidiaries are disclosed in note 14 to the consolidated financial statements.

3.1.1 Business Combination

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

As per the requirements of Sri Lanka Accounting Standard (SLFRS 3) - Business Combinations when the Group acquires a business it assesses the financial assets and liabilities assumed under classifications or designations on the basis of the contractual terms, economic conditions, its operating or accounting policies and other pertinent conditions exist at the acquisition date as at the acquisition date, which is the date on which control is transferred to the Group. Control exists when the Group has the power, directly or indirectly to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable and other contractual arrangements.

The Group measures goodwill at the acquisition date as the fair value of the consideration transferred plus the recognized amount of any non-controlling interests in the acquire plus if the business combination achieved in stages, the fair value of the pre-existing interest in the acquire less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured and settlement is accounted within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in the income statement.

The goodwill arising on acquisition of subsidiaries is presented as an intangible asset.

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.

If the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity acquired exceed the cost of the acquisition of the entity, the surplus, which is a gain on bargain purchase is recognised immediately in the consolidated income statement.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash generating unit retained.

3.1.2 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

3.1.3 Non- controlling interest

Non-controlling interests are measured at their proportionate share of acquirer's identifiable net assets at the date of acquisition. Changes in the Group interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

3.1.4 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra- group transactions, are eliminated in preparing the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

3.2 Foreign currency

3.2.1 Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognized in statement of profit or loss and other comprehensive income. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

3.3 Financial instruments

(a) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(b) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI - debt investment; FVOCI - equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount of outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets - Business model assessment:

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

how the performance of the portfolio is evaluated and reported to the Group's management;

the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for de recognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets -Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets - Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(c) Impairment policy

(i) Non-derivative financial assets

Financial instruments and contract assets

The Group recognises loss allowances for Expected Credit Losses (ECLs) on:

- Financial assets measured at amortised cost;
- Debt investments measured at FVOCI; and
- Contract assets.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables is always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 45 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 135 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 135 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market tor a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in OCI.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures to recovery of amounts due.

Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest Group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Groups of assets (the "cash-generating unit").

The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.4 Property, plant & equipment

3.4.1 Recognition and measurement

Items of property, plant & equipment are measured at cost less accumulated depreciation and

NOTES TO THE FINANCIAL STATEMENTS

accumulated impairment losses, if any. Land and buildings are stated at fair value.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

A revaluation of land and building is done when there is a substantial difference between the fair value and the carrying amount of the land, and is undertaken by professionally qualified valuers every 3 years.

Increases in the carrying amount on revaluation are credited to the revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same individual asset are charged against revaluation reserve directly in equity. All other decreases are expensed in profit and loss.

3.4.2 Subsequent costs

The cost of replacing part of an item of property, plant & equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant & equipment are recognized in profit and loss as incurred.

3.4.3 Derecognition

The carrying amount of an item of property, plant and equipment is derecognized on disposal. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within "other income" in profit or loss.

When replacement costs are recognized in the carrying amount of an item of property, plant and equipment, the remaining carrying amount of the replaced part is derecognized. Major inspection costs are capitalized. At each such capitalization, the remaining carrying amount of the previous cost of inspections is derecognized.

3.4.4 Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost/valuation, less its residual value. Fully depreciated property, plant and equipment are retained in the financial statements until such time when they are no longer in use. Depreciation is recognized in profit and loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant & equipment. Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized. Leased assets are depreciated over the shorter of the lease term and the useful lives of equivalent owned assets unless it is reasonably certain that the Group will have ownership by the end of the lease term. Land is not depreciated.

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. The estimated useful lives for the current and comparative periods are as follows. Estimates in respect of certain item of property, plant and equipment were revised with effect from 1 April 2014.

The estimated useful lives for the assets are as follows.

Buildings	5 to 50 years
Plant & machinery	5 to 20 years
Factory Electrification	5 to 20 years
Furniture & fittings	5-10 years
Motor vehicles	5 years
Office Equipment	4 - 5 years
Road way	25 years
Tools & Equipment	2 - 5 years

3.4.5 Intangible assets

An intangible asset is an identifiable non monitory asset without physical substance held for use in the production or supply of goods or services, or for administrative purpose.

An intangible asset is recognized if it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably in accordance with LKAS 38 -"Intangible Assets". Accordingly, these assets are stated at cost less accumulated amortization and accumulated impairment losses in the statement of financial position.

3.4.5.1 Computer Software

Computer software are amortised over their estimated useful economic life on a straight-line basis. They are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The estimated useful lives for the current and comparative periods is 5 to 15 years years.

Amortization methods, useful lives and residual values are reviewed at each reporting date.

De-recognition

An intangible asset is derecognized on disposal or when no future economic benefits are expected from its use and subsequent disposal.

3.5 Leases

Recognition and initial measurement (As a lessee)

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease 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 uses the definition of a lease in SLFRS 16.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand- alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot

be readily determined, and the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of- use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

3.6 Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment property is initially measured at cost and subsequently at fair value with any change therein recognized in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for its intended use, and capitalized borrowing cost.

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as investment property on transfer. Any gain arising on this remeasurement is recognized in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognized in other comprehensive income and presented in the revaluation reserve in equity. Any loss is recognized in other comprehensive income and presented in the revaluation reserve in equity to the extent that an amount had previously been included in the revaluation reserve relating to the specific property, with any remaining loss recognized immediately in profit or loss.

3.7 Inventories

Inventories are measured at the lower of cost and net realisable value, after making the 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 than estimated cost of completion and the estimated cost necessary to make the sale.

The cost of inventory is determined on the basis of weighted average. In the case of manufactured products, cost includes direct expenditure and appropriate proportion of fixed production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and selling expenses.

3.8 Trade and other receivables

Trade and other receivables are stated at their estimated realisable amounts.

3.9 Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances. Bank overdrafts that are repayable on demand and form an integral part of the cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

3.10 Liabilities and Provisions

Liabilities classified as current liabilities on the Statement of financial position are those which fall due for payment on demand or within one year from the reporting date. Non-current liabilities are those balances that fall due for payment later than one year from the reporting date.

All known liabilities have been accounted for in preparing the financial statements.

3.10.1 Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risk specific to the liability. Unwinding of discount is recognized as finance cost.

3.10.2 Employee benefits

3.10.2.1 Defined benefit plan

Defined Benefit Plan is a post-employment benefit plan other than Defined Contribution Plan. The liability recognized in the statement of financial position in respect of Defined Benefit Plan is the present value of the defined benefit obligation at the statement of financial position date. The defined benefit obligation is calculated annually by independent actuaries, using projected unit credit 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 apply to the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability. The assumptions based on which the results of the actuarial valuation were determined are included in the note 24 to the Financial Statements. This liability is not externally funded and the item is grouped under non-current liabilities in the statement of financial position. However, under the Payment of Gratuity Act No. 12 of 1983 the liability to an employee arises only on completion of five years of continued service.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

The Group recognizes all actuarial gains and losses arising from defined benefit plans in other comprehensive income and expenses related to defined benefit plans in staff expenses in profit or loss.

3.10.2.2 Defined contribution plan

Defined Contribution Plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay any further amounts. Obligations for contributions to Employees Provident Fund (EPF) and Employees Trust Fund (ETF) covering all employees are recognised as an expense in profit or loss as incurred.

The Group and employees contribute 12% and 8% respectively of the salary of each employee to the Employees' Provident Fund managed by the Central Bank of Sri Lanka. The Company contribute 3% of the salary of each employee to the Employees' Trust Fund managed by Central Bank of Sri Lanka.

3.10.2.3 Short-Term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.11 Commitments and contingencies

Commitments and contingent liabilities of the Group are disclosed in note 34 of the Financial Statements.

3.12 Trade and other payables

Trade and other payables are stated at their cost.

3.13 Stated Capital

As per the Companies Act No. 07 of 2007, section 58 (1), stated capital in relation to a Company means the total of all amounts received by the Company or due and payable to the Company in respect of the issue of shares and in respect of call in arrears. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with LKAS 12.

3.14 Statement of profit or loss and other comprehensive income

For the purpose of presentation of the Statement of Profit or Loss and Other Comprehensive Income, the function of expenses method is adopted, as it represents fairly the elements of Group performance.

3.15.1 Revenue recognition

3.15.1.1 Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of product / service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under SLFRS 15
1) Sale of Manufacturing and Trading Goods.	The Group engaged in varieties of sale of goods in Tile related products, Decorative pebbles and Trading sales of Aluminum and Fiber Cement.	The revenue is recognized based on the identified performance obligation. The transaction price is allocated to performance obligations and recognized the revenue in point in time upon analysis of each sale of goods.
2) Sale of Timber with installation services	The Group supply Timber to customers with installation services embedded in the contract.	The supply of Timber is recognized at the point of deliver the goods to the customer and the revenue for installation services is recognized over installation period for the transactions that consumes a significant time period for installation. The revenue is recognized at a point in a time either for the transactions which consumes an insignificant installation period or for the transactions where the installation services provided on the same day of delivery of goods.

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3.15.2 Other Income

3.15.2.1 Rental income

Rent income from investment property is recognized in profit or loss on a straight-line basis over the term of the lease.

3.15.2.2 Commission income

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the commission made by the Group.

3.15.2.3 Finance income and expenses

The Group's finance income and finance cost include:

- Interest income from loans granted
- Dividend income
- Interest expense from borrowings
- Interest expense arising from leases
- Foreign exchange gain / (loss)

Interest income or expense is recognised using the effective interest method.

Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method. However, borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that takes a substantial period of time to get ready for its intended use or sale, are capitalized as part of the asset.

Foreign currency gains and losses on financial assets and financial liabilities are reported an a net basis as either finance income or finance cost depending on whether foreign currency movement are in a net gain or net loss position.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- The gross carrying amount of the financial asset; or
- The amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

3.15.3 Expenses

All expenditure incurred in the running of the business has been charged to income in arriving at the profit for the year. Repairs and renewals are charged to profit and loss in the year in which the expenditure is incurred.

Provision have also been made for impairment of financial assets, all known liabilities and depreciation on property, plant and equipment.

Expenditure incurred for the purpose of acquiring, expanding or improving assets of a permanent nature by means of which to carry on the business or for the purpose of increasing the earning capacity of the business has been treated as capital expenditure.

Repairs and renewals are charged to the income statement in the year in which the expenditure is incurred. The profit earned by the Group is before income tax expense and after making provision for all known liabilities and for the depreciation of property, plant & equipment.

3.16 Taxation

3.16.1 Income Tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity or other comprehensive income.

3.16.2 Current Taxation

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

The provision for income tax on the Group's operation is based on the elements of income and expenditures reported in the Financial Statements and computed with in accordance with the provisions of the Inland Revenue (Amendment) Act, No. 45 of 2022.

Taxation for the current and previous periods to the extent unpaid is recognised as a liability in the financial statements. When the amount of taxation already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset in the financial statements.

3.16.3 Deferred Taxation

Deferred tax is recognised using the reporting method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized based on the level of future taxable profit forecasts and tax planning strategy.

3.17 Events after the reporting period

The materiality of the events after the reporting date has been considered and where appropriate adjustments or disclosures have been made in the note 35 of the Financial Statements.

3.18 Earnings per share

The Group presents basic earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period.

3.19 Comparative information

Except when a standard permits or requires otherwise, comparative information is disclosed in respect of the previous period. Where the presentation or classification of items in the financial statements are amended, comparative amounts are reclassified unless it is impracticable.

3.20 Segmental reporting

Segment results that are reported to the decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Group's headquarters), head office expenses, and tax assets and liabilities. Inter-segment transfers are based on fair market prices. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant & equipment and intangible assets other than goodwill.

The Group comprises the following main business segments;

a) Tile related products

b) Wooden flooring & installation

c) Aluminium (Subsidiary)

3.21 Related Party Transactions

Disclosure has been made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies/ decisions of the other, irrespective of whether a price is being charged. The relevant details are disclosed in the note 31 of the Financial Statements.

3.22 Statement of cash flows

The cash flow statement has been prepared using the 'indirect method' in accordance with Sri Lanka Accounting Standard - LKAS 7 on 'Statement of Cash Flows'. Cash and cash equivalent comprise cash in hand and cash at bank that are readily convertible to known amount of cash and subject to an insignificant risk of change in value.

Interest received and dividends received are classified as investing cash flows, while dividend paid is classified as financing cash flows and interest paid is classified under the operating cash flows for the purpose of presentation of Cash Flow Statement. Bank overdrafts that are repayable on demand and forming an integral part of the Group's cash management are included as a component of cash and cash equivalent for the purpose of the Statement of Cash Flows.

3.23 New Accounting Standards issued but not effective as at the Reporting date.

A number of new standards are effective for annual periods beginning after 1st April 2023 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

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

The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases. The amendments apply for annual reporting periods beginning on or after 1 January 2023.

The following new and amended standards are not expected to have a significant impact on the Company's financial statements.

- Definition of Accounting Estimates (Amendments to LKAS 8)

The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. Additionally, the amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an entity develops an accounting estimate to achieve the objective set out by an accounting

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policy. The amendment applies to annual reporting periods beginning on or after 1 January 2023.

- Classification of Liabilities as Current or Non-current (Amendments to LKAS 1). The amendment applies to annual reporting periods beginning on or after 1 January 2023

The amendments in Classification of Liabilities as Current or Noncurrent (Amendments to LKAS 1) affect only the presentation of liabilities in the statement of financial position not the amount or\ timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those item

The Key amendments are as follows:

- the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. The classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. The standard also clarifies that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The Group does not anticipate this amended to have a significant impact.

- Disclosure of Accounting Policies (Amendments to LKAS 1). The amendment applies to annual reporting period beginning on or after 1 January 2023

The key amendments include,

- requiring companies to disclose their material accounting policies rather than their significant accounting policies.

- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and

- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a Group's financial statements. The Group does not anticipate this amended to have a significant impact.

4. Financial risk management

Overview

In the course of its business, the Group is exposed to a number risks arising from its use of financial instruments, including:

- Credit risk – See Note 29.1.1
- Liquidity risk - See Note 29.1.2
- Market risk (currency risk & interest rate risk) - See Note 29.1.3

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group audit committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

4.1 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers.

The Group is exposed to credit risk on trade and other receivables.

Trade and other receivables

The creditworthiness of each customer is evaluated prior to sanctioning credit facilities. Appropriate procedures for follow-up and recovery are in place to monitor credit risk.

4.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Group's reputation.

4.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to a change in foreign exchange rates.

Interest rate risk

The principal risk to which non – trading portfolios are exposed is the loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates.

4.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity. The primary responsibility for the development and implementation of controls to address operational risk is assigned to management. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

Requirements for appropriate segregation of duties, including the independent authorisation of transactions;

- Requirements for the reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal requirements;
- Documentation of controls and procedures;
- Development of contingency plans;
- Training and professional development;
- Ethical and business standards;
- Risk mitigation, including insurance where this is effective.

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5 Segment Information

Information about reportable segments for the year ended 31 March 2023;

For the year ended 31st March,	Tile related products Rs.000	Wooden flooring and installation Rs.000	Aluminium Rs.000	Other Rs.000	Total Rs.000
Total segment revenue	**3,389,353**	**231,135**	**5,299,931**	**49,605**	**8,970,025**
Total segment cost of sales	**(2,568,365)**	**(78,741)**	**(4,068,690)**	**(39,104)**	**(6,754,901)**
Segment gross profits	**820,988**	**152,394**	**1,231,241**	**10,501**	**2,215,124**
Other income					**189,079**
Administration expenses					**(351,255)**
Distribution expenses					**(776,648)**
Other expenses					**(13,093)**
Net Finance cost					**(2,042,130)**
PBT					**(778,923)**
Income tax expense					**76,234**

Information about reportable segments for the year ended 31 March 2022;

For the year ended 31st March,	Tile related products Rs.000	Wooden flooring and installation Rs.000	Aluminium Rs.000	Other Rs.000	Total Rs.000
Total segment revenue	1,915,684	253,372	7,322,202	42,911	9,534,168
Total segment cost of sales	(682,481)	(167,278)	(6,507,054)	(36,376)	(7,393,190)
Segment gross profits	1,233,203	86,094	815,148	6,535	2,140,978
Other income					126,109
Administration expenses					(319,409)
Distribution expenses					(685,842)
Other expenses					(30,759)
Net Finance cost					(88,550)
PBT					1,142,527
Income tax expense					(242,988)

The segment assets and liabilities and capital expenditure for the year ended are as follows.

As at 31 March 2023	Tile related products	Wooden flooring and installation	Aluminium	Other	Total
Assets	**3,620,200**	**246,877**	**6,990,899**	**52,984**	**10,911,473**
Liabilities	**1,779,954**	**121,383**	**6,668,777**	**26,051**	**8,596,679**
Capital expenditure	**233,030**	**52**	**134,520**	**-**	**367,602**
As at 31 March 2022					
Assets	3,050,141	403,417	7,199,239	68,322	10,721,119
Liabilities	1,338,135	176,984	5,816,220	29,974	7,361,313
Capital expenditure	461,142	167	336,109	-	797,418

		Group		Company	
	For the year ended 31st March,	2023 Rs.000	2022 Rs.000	2023 Rs.000	2022 Rs.000
6.	**Revenue**				
	Tile related products	**3,389,353**	1,915,684	**3,389,353**	1,915,684
	Zink Aluminium	**14,223**	-	**14,223**	-
	Wooden flooring & installation	**231,135**	253,372	**231,135**	253,372
	Decorative pebbles	**29,394**	27,710	**29,394**	27,710
	Trading sales	**18,925**	14,093	**18,925**	14,093
	Fibre Cement	**1,286**	1,107	**1,286**	1,107
	Aluminium	**5,285,708**	7,322,202	**56,966**	178,468
		8,970,024	9,534,168	**3,741,282**	2,390,434
6.1.	**Disaggregation of revenue based on timing**				
	Revenue recognized in pointing time	**8,738,889**	9,280,796	**3,510,147**	2,137,062
	Revenue recognized in over time	**231,135**	253,372	**231,135**	253,372
		8,970,024	9,534,168	**3,741,282**	2,390,434

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For the year ended 31st March,	Group 2023 Rs.000	Group 2022 Rs.000	Company 2023 Rs.000	Company 2022 Rs.000
7. Other income				
Gain/(Loss) on disposal of property, plant & equipment	-	(495)	-	85
Increase in fair value of investment property	**14,750**	31,300	**14,750**	31,300
Rent income	**28,145**	23,506	**22,611**	21,326
Sales commission	**48,780**	46,667	**48,780**	46,667
Dividend Income	-	-	-	241,011
Sundry income	**97,404**	25,131	**38,199**	6,065
	189,079	126,109	**124,340**	346,454

For the year ended 31st March,	Group 2023 Rs.000	Group 2022 Rs.000	Company 2023 Rs.000	Company 2022 Rs.000
8. Other expenses				
Provision for obsolete and slow moving inventory	**11,969**	24,175	**864**	6,261
Inventory Write off	**314**	-	**314**	-
Debtors provision	**810**	6,584	**254**	5,584
	13,093	30,759	**1,432**	11,845

For the year ended 31st March,	Group 2023 Rs.000	Group 2022 Rs.000	Company 2023 Rs.000	Company 2022 Rs.000
9. Net finance cost				
9.1 Finance income				
Interest income	**41,504**	8,982	**19,038**	8,982
Foreign exchange gain	**57,509**	115,159	**57,509**	115,159
	99,013	124,141	**76,547**	124,141
9.2 Finance cost				
Interest expenses on short term borrowings	**1,470,414**	179,126	**189,449**	51,703
Bank overdraft interest & charges	**184,925**	33,565	**74,271**	15,422
Foreign exchange loss	**485,804**	-	**-**	-
	2,141,143	212,691	**263,720**	67,125
Net finance Income/(cost) recognized in profit or loss	**(2,042,130)**	(88,550)	**(187,173)**	57,016

For the year ended 31st March,	Group 2023 Rs.000	Group 2022 Rs.000	Company 2023 Rs.000	Company 2022 Rs.000
10. Profit before taxation				
Is stated after charging all expenses including the following;				
Directors' emoluments	**12,925**	12,542	**2,290**	2,230
Auditors' remuneration - Company Auditors	**705**	613	**705**	613
- Subsidiary Auditors	**818**	545	**-**	-
Non audit services	**5,731**	315	**422**	445
Salaries, wages and other related cost	**512,259**	522,424	**128,605**	115,879
Defined benefit plan cost - Retirement gratuity	**15,973**	9,868	**3,266**	1,712
Defined contribution plan cost - EPF & ETF	**27,899**	27,974	**10,449**	7,537
Depreciation on property plant and equipment	**188,284**	159,973	**61,393**	51,399
Provision/ (Reversal) Obsolete Inventory	**11,969**	24,176	**864**	6,261
Provision/ (Reversal) of Impairment of Trade Receivables	**810**	6,584	**254**	5,584
Amortization of Intangible Assets	**4,072**	3131	**271**	840

For the year ended 31st March,	Group 2023 Rs.000	Group 2022 Rs.000	Company 2023 Rs.000	Company 2022 Rs.000
11. Income Tax Expense/(Reversal)				
Current Tax Expenses				
Current tax expense	**135,942**	205,638	**128,202**	129,157
Deferred tax (reversal)/ charge for the year (Note 11.1)	**22,203**	197,439	**14,461**	120,960
Effects of changes in tax rates (Note 11.1)	**(256,913)**	(160,682)	**45,744**	(104,115)
Adjustment for prior years	**22,534**	594	**(8,077)**	594
	(76,234)	242,988	**180,330**	146,596

In accordance with the provisions of the Inland Revenue (Amendment) Act No 24 of 2017, the Company is liable for Income Tax at the rate of 14% for Exports, 18% Bussiness Income and 24% on its Trading income up to September 2022 and From October onwards the company liable for Income Tax at the rate of 30% for all sourse of Income.

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For the year ended 31st March,	Group 2023 Rs.000	Group 2022 Rs.000	Company 2023 Rs.000	Company 2022 Rs.000
Reconciliation of the accounting profit and the income tax expense				
Profit/ (Lost) before taxation	**(778,923)**	1,142,527	**547,351**	842,739
Aggregate disallowed expenses and income	**1,348,561**	470,364	**190,629**	255,521
Aggregate allowed Items	**(406,511)**	(454,178)	**(208,577)**	(334,445)
Taxable Income	**163,127**	1,158,713	**529,403**	763,815
Income tax at 14% - Diviend Income	**-**	33,742	**-**	33,742
Income tax at 14% - Export Income	**226**	486	**226**	486
Income tax at 18% - Manufacturing Income	**30,394**	144,014	**30,394**	67,532
Income tax at 24% - Servise & Other	**40,393**	27,397	**40,393**	27,397
Income tax at 20% - Servise & Other	**7,741**	-	**-**	-
Income tax at 30%	**57,189**	-	**57,189**	-
Total Income Tax Expense for the year	**135,943**	205,639	**128,202**	129,157
11.1 **Movement in deferred tax balance during the year**				
Balance at the beginning of the year	**369,555**	331,816	**224,628**	207,077
(Reversed)/originated during the year	**22,203**	197,439	**14,461**	120,959
Effect of change in tax rates -Recognised in Profit or Loss	**(256,913)**	(160,682)	**45,744**	(104,115)
Recognised in other comprehensive income	**77,045**	-	**77,529**	-
Originated during the year - recognised in other comprehensive income	**3,688**	982	**49**	708
Balance at the end of the year	**215,578**	369,555	**362,411**	224,629

11.2 Deferred tax provision / reversal for the year

Deferred tax assets and liabilities are attributable to the following:

	Group				Company			
	2023		2022		2023		2022	
	Temporary Difference	Deferred Tax	Temporary Difference	Deferred Tax	Temporary Difference	Deferred Tax	Temporary Difference	Deferred Tax
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Deferred tax assets								
Employee benefits	**50,969**	**11,088**	**49,053**	8,980	**12,870**	**3,861**	**10,953**	2,122
Inventory provision	**22,813**	**6,844**	**21,949**	4,251	**22,813**	**6,844**	**21,949**	4,251
Provision for impairment receivable of trade receivables-Collective	**47,893**	**11,101**	**47,639**	8,765	**14,114**	**4,234**	**13,860**	2,685
Tax losses	**-**	**297,132**	**-**	-	**-**	**-**	**-**	-
	121,675	**326,165**	**118,641**	21,996	**49,797**	**14,939**	**46,762**	9,058
Deferred tax liabilities								
Property,plant and equipment - Other than Land	**(1,215,851)**	**(266,039)**	**(1,179,197)**	(216,395)	**(338,820)**	**(101,646)**	**(302,167)**	(58,530)
Investment Property	**(189,675)**	**(56,902)**	**(174,925)**	(33,883)	**(189,675)**	**(56,902)**	**(174,925)**	(33,883)
Land carried at Revaluation	**(729,340)**	**(218,802)**	**(729,340)**	(141,273)	**(729,340)**	**(218,802)**	**(729,340)**	(141,273)
	(2,134,866)	**(541,743)**	**(2,083,462)**	(391,551)	**(1,257,835)**	**(377,350)**	**(1,206,431)**	(233,686)
Net deferred tax asset/ (liability)	**(2,013,191)**	**(215,578)**	**(1,964,821)**	(369,555)	**(1,208,038)**	**(362,411)**	**(1,159,670)**	(224,629)

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12. Earnings per share

The calculation of the earnings per share is based on the profit attributable to ordinary shareholders divided by the weighted average number ordinary shares in issue during the year.

Year ended 31 March,	Group		Company	
	2023	2022	2023	2022
	Rs.000	Rs.000	Rs.000	Rs.000
Profit/(Loss) attributable to ordinary shareholders (Rs. 000)	**(567,831)**	842,603	**367,022**	696,144
Weighted average number of ordinary shares	**136,860,000**	136,860,000	**136,860,000**	136,860,000
Earnings/(Loss) per share (Rs.)	**(4.15)**	6.16	**2.68**	5.09
Weighted average number of ordinary shares				
Issued ordinary shares	**136,860,000**	136,860,000	**136,860,000**	136,860,000
Weighted average number of ordinary shares in issue during the year	**136,860,000**	136,860,000	**136,860,000**	136,860,000

13 Property, plant & equipment

Swisstek (Ceylon) PLC

(a) The lands and buildings have been revalued by an Independent Chartered valuer, Mr. D.G.Newton, on 31 March 2021 on contractor's method as follows. The said valuation has been incorporated in the financial statements and the surplus arising from the revaluation was recognized under reserves and in 2022, a reassessment of the valuation was performed by the same valuer and no significant changes to the revalued carrying amount as at 31 March 2023.

(b) The entire land is classified as property plant and equipment since the portion of the land held for company's use and the land on which investment property is situated is not clearly demarcated and cannot be sold separately.

(c) The carrying amount of the lands if carried at cost is as follows.

	Land in Extent (perches)	Cost	Carrying value as at 31.03.2023	Carrying value as at 31.03.2022
		Rs.000	Rs.000	Rs.000
Swisstek (Ceylon) PLC				
Factory Complex, Belummahara, Imbulgoda	984.50	1,381	**1,381**	1,381
No:334/5, Colombo Road, Belummahara, Imbulgoda	20.00	5,753	**5,753**	5,753
No: 288/26, Colombo Road, Belummahara, Imbulgoda	81.60	38,080	**38,080**	38,080
No: 177/6, New Kandy Rd., Weliweriya	84.50	37,961	**37,961**	37,961
Land at Ratupaswela	2,446.00	285,648	**285,648**	285,648
Land at Belummahara	0.96	814	**814**	814
	3,617.56	369,637	**369,637**	369,637
Swisstel Aluminium Limited				
Land at Pahala Dompe, Dompe Lot 01	R02-P17.7	12,212	**12,212**	12,212
Land at Pahala Dompe, Dompe Lot 02	A9-R1-P15.9	201,838	**201,838**	201,838
Land at Pahala Dompe, Dompe Lot 03	A0-R2-P5.2	4,260	**4,260**	4,260
		218,310	**218,310**	218,310

(d) The carrying amount of the buildings if carried at cost is as follows. Swisstek (Ceylon) PLC

	Extent/floor Area	No. of buildings	Cost	Accumulated depreciation	Carrying value as at 31.03.2023	Carrying value as at 31.03.2022
			Rs.000	Rs.000	Rs.000	Rs.000
Swisstek (Ceylon) PLC						
Factory Complex, Belummahara, Imbulgoda	62,530 Sq.ft.	17	172,533	8,127	**164,405**	83,736
Factory Complex, Belummahara, Imbulgoda - Crushing Plant 2 and other additions	7,000 sq.ft	1	43,758	4,549	**39,208**	42,443
No: 177/6, New Kandy Rd., Weliweriya	27,170 Sq.ft.	1	79,569	6,970	**72,599**	70,031
Building at Ratupaswela			168,343	7,922	**160,421**	129,987
			464,203	27,568	**436,633**	326,197
Swisstel Aluminium Limited						
Building at Pahala Dompe, Dompe	171,861 Sq.ft	2	654,856	27,219	**627,637**	552,005
			654,856	27,219	**627,637**	552,005

NOTES TO THE FINANCIAL STATEMENTS

(e) Land and Building carried at revalued amount.

Swisstek (Ceylon) PLC Address	Type of property	No. of buildings	Extent	Valuation Technique	Carrying value as at 31.03.2023	Fair value as at 31.03.2023
Factory Complex, Belummahara, Imbulgoda	Land	-	984.5 Perches	Market based evidence	**738,375**	**738,375**
No: 288/26, Colombo Road, Belummahara, Imbulgoda	Land	-	81.6 perches	Market based evidence	**51,000**	**51,000**
No:334/5, Colombo Road, Belummahara, Imbulgoda	Land	-	20 Perches	Market based evidence	**12,000**	**12,000**
No: 177/6, New Kandy Rd., Weliweriya	Land	-	85.0 Perches	Market based evidence	**44,625**	**44,625**
Land at Ratupaswela	Land	-	2,446.0 Perches	Market based evidence	**252,163**	**252,163**
Land at Belummahara	Land	-	0.96 Perches	Market based evidence	**814**	**814**
Factory Complex, Belummahara, Imbulgoda	Buildings	18	62,530 sq.ft	Contractors Method	**203,614**	**203,614**
No: 177/6, New Kandy Rd., Weliweriya	Building	1	27,170 Sq.ft.	Contractors Method	**72,599**	**72,599**
Nadungamuwa, Ratupaswela	Building	8	50,085 Sq.ft	Depreciated replacement cost	**160,421**	**160,421**
					1,569,096	**1,569,096**
Swisstel Aluminium Limited						
Land at Pahala Dompe, Dompe Lot 01	Land	-	R02-P17.7	Market based evidence	**12,213**	**12,213**
Land at Pahala Dompe, Dompe Lot 02	Land	-	A9-R1-P15.9	Market based evidence	**201,839**	**201,839**
Land at Pahala Dompe, Dompe Lot 03	Land	-	A0-R2-P5.	Market based evidence	**4,260**	**4,260**
Land at Pahala Dompe, Dompe Lot 04	Land	-	A0-R2-P32	Market based evidence	**9,485**	**9,485**
Building at Pahala Dompe, Dompe	Buildings	2	171,861 Sq.ft	Contractors Method	**627,638**	**627,638**
					855,435	**855,435**

Group

Description	Freehold Land Rs.000	Buildings Rs.000	Plant & Machinery Rs.000	Machinery under Lease Rs.000	Factory Electrification Rs.000	Furniture & Fittings Rs.000	Motor Vehicles Rs.000	Office Equipments Rs.000	Road Way Rs.000	Tools & Equipments Rs.000	Total Rs.000
Cost/ Revaluation											
As at 01 April 2021	1,064,310	821,177	1,462,793	31,265	27,324	18,278	76,512	42,197	6,741	33,137	3,583,734
Additions during the year	295,947	152,134	38,514	4,374	142	2,853	6,894	27,594	1,605	12,713	542,771
Transfers from CWIP	-	86,369	166,922	-	-	-	-	-		-	253,291
Disposals/transfers	(33,485)	-	-	-	-	-	(3,923)	(25)	-	(78)	(37,511)
As at 31 March 2022	1,326,772	1,059,680	1,668,229	35,640	27,467	21,132	79,483	69,767	8,346	45,772	4,342,286
Additions during the year	**-**	**56,965**	**214,582**	**-**	**42,674**	**7,977**	**8,228**	**8,329**	**12,713**	**16,133**	**367,602**
Transfers from CWIP	**-**	**17,371**	**16,012**	**-**	**-**	**-**	**-**	**-**		**-**	**33,383**
As at 31 March 2023	**1,326,772**	**1,134,015**	**1,898,823**	**35,640**	**70,141**	**29,109**	**87,711**	**78,096**	**21,059**	**61,905**	**4,743,271**
Accumulated depreciation											
As at 01 April 2021	-	-	689,146	8,666	11,265	12,044	47,297	25,157	208	24,054	817,838
Charge for the Year	-	25,830	94,540	3,346	3,175	2,428	11,652	11,300	-	6,771	159,133
Disposals/Transfers	-	-	-	-	-	-	(2,423)	(5)	-	(54)	(2,482)
As at 31 March 2022	-	25,830	783,686	12,012	14,441	14,472	56,526	36,544	208	30,771	974,490
Charge for the Year	**-**	**33,997**	**104,221**	**4,167**	**3,397**	**2,884**	**12,615**	**16,798**	**569**	**9,635**	**188,285**
As at 31 March 2023	**-**	**59,828**	**887,907**	**16,180**	**17,838**	**17,356**	**69,141**	**53,342**	**777**	**40,405**	**1,162,774**
As at 31 March 2022	1,326,772	1,033,850	884,543	23,628	13,026	6,660	22,956	33,223	8,138	15,001	3,367,796
As at 31 March 2023	**1,326,772**	**1,074,188**	**1,010,917**	**19,460**	**52,303**	**11,751**	**18,570**	**24,754**	**20,282**	**21,500**	**3,580,497**

Property, plant and equipment of the group consists of fully depreciated assets with a value of Rs. 140,681,617/- (2022 - Rs.108,323,884/-) as at the year end.

NOTES TO THE FINANCIAL STATEMENTS

Company

Description	Freehold Land Rs.000	Buildings Rs.000	Plant & Machinery Rs.000	Factory Electrification Rs.000	Furniture & Fittings Rs.000	Motor Vehicles Rs.000	Office Equipments Rs.000	Road Way Rs.000	Tools & Equipments Rs.000	Total Rs.000
Cost/ Revaluation										
As at 1st April 2021	846,000	246,822	337,600	27,323	5,261	35,055	14,428	6,741	12,076	1,531,307
Additions during the year	286,462	152,134	8,515	142	1,142	6,894	2,280	1,605	2,135	461,309
Disposals/transfers	(33,485)	-	-	-	-	-	(25)	-	(78)	(33,588)
As at 31 March 2022	1,098,977	398,956	346,115	27,465	6,403	41,949	16,683	8,346	14,133	1,959,028
Additions during the year	**-**	**47,875**	**139,261**	**6,771**	**6,091**	**8,228**	**4,047**	**12,713**	**8,096**	**233,082**
Transfers from CWIP	**-**	**17,371**	**138**	**-**	**-**	**-**	**-**	**-**	**-**	**17,508**
As at 31 March 2023	**1,098,977**	**464,202**	**485,513**	**34,237**	**12,494**	**50,177**	**20,730**	**21,059**	**22,229**	**2,209,618**
Accumulated depreciation										
As at 1st April 2021	-	-	87,679	11,265	4,046	20,612	8,999	207	9,239	142,616
Charge for the Year	-	13,093	23,151	3,175	621	6,010	1,972	-	3,105	50,559
Disposals/Transfers	-	-	-	-	-	-	(5)	-	(54)	(59)
As at 31 March 2022	-	13,093	110,830	14,440	4,667	26,622	10,967	207	12,290	193,117
Charge for the Year	**-**	**14,475**	**27,908**	**3,332**	**1,026**	**7,335**	**2,422**	**569**	**4,325**	**61,393**
As at 31 March 2023	**-**	**27,568**	**138,738**	**17,772**	**5,693**	**33,957**	**13,389**	**777**	**16,616**	**254,510**
As at 31 March 2022	1,098,977	385,863	235,285	13,026	1,736	15,327	5,716	8,139	1,843	1,765,909
As at 31 March 2023	**1,098,977**	**436,634**	**346,774**	**16,465**	**6,801**	**16,220**	**7,341**	**20,282**	**5,613**	**1,955,108**

Property, plant and equipment of the company consists of fully depreciated assets with a value of Rs. 58,606,569/- (2021- Rs. 48,722,186/-) as at the year end.

There were no items of property, plant and equipment pledged as securities for liabilities as at the reporting date other than the ones disclosed in Note 25.3 of these financial statements.

There were no restrictions existed on title of property, plant and equipment of the Company and Group as at the reporting date.

There was no temporary idle property, plant and equipment as at the reporting date.

The amount or expenditures recognized in the carrying amount of property, plant and equipment in course of Construction is disclosed in Note 13.1 in these financial statements.

There was no compensation receivable from third parties for items of property, plant and equipment that were impaired, lost or given up as at the reporting date.

There were no property, plant and equipment retired from active use at the reporting date..

As at 31st March,	Group 2023 Rs.000	Group 2022 Rs.000	Company 2023 Rs.000	Company 2022 Rs.000
13.1 Capital work - in - progress				
Balance as at the beginning of the year	**42,929**	174,846	**24,973**	943
Cost incurred during the year	**24,279**	121,374	**24,279**	24,030
During the year transferred to PPE	**(33,414)**	(253,291)	**(17,508)**	-
Balance as at 31 March	**33,794**	42,929	**31,744**	24,973

As at 31st March,	Group 2023 Rs.000	Group 2022 Rs.000	Company 2023 Rs.000	Company 2022 Rs.000
13.2 Intangible Assets				
Cost				
As at 01 April	**37,432**	13,751	**1,355**	-
Additions during the year	**5,646**	23,681	**-**	1,355
As at 31 March	**43,078**	37,432	**1,355**	1,355
Accumulated amortization				
As at 01 April	**12,683**	9,552	**840**	-
Amortization for the Year	**4,072**	3,131	**271**	840
As at 31 March	**16,755**	12,683	**1,111**	840
Net book value	**26,323**	24,749	**244**	515

13.3 Comparative Information

The Company has erronously recorded the Intangible assets of Swisstek (Ceylon) PLC in the financial year 21/22. This was corrected in accordance with Sri Lanka Accounting Standards -LKAS 08" Accounting Policies, Changes in Accounting Estimates and Errors". Since the adjustment to the Statement of Financial Position is immaterial, the statement of Financial Position have not been presented in respect of above restatement.

	Restated Rs.000	Previously Reported Rs.000	Difference Rs.000
Statement of Financial Position - As at 31.03.2022			
Property, plant and equipment	**1,765,909**	**1,766,425**	**(516)**
Intangible Assets	**516**	**-**	**516**

NOTES TO THE FINANCIAL STATEMENTS

As at 31st March,	No of shares As at 31-03-2023	Holding %	Cost As at 31-03-2023 Rs.000	No of shares As at 31-03-2022	Holding %	Cost As at 31-03-2022 Rs.000
14. Investment in subsidiary						
Swisstek Aluminium Ltd.	**122,340,570**	87.38%	**229,784**	122,340,570	87.38%	229,784
Swisstek Development Ltd.	**5,720,350**	100%	**57,204**	1.00	100%	0.01
			286,988			229,784

As at 31st March,	Group 2023 Rs.000	Group 2022 Rs.000	Company 2023 Rs.000	Company 2022 Rs.000
15. Other Long Term Investments				
CP Holding (Private) Limited	**56,667**	56,667	**-**	-
	56,667	56,667	**-**	-

As at 31st March,	Group 2023 Rs.000	Group 2022 Rs.000	Company 2023 Rs.000	Company 2022 Rs.000
16 Investment property				
Cost/ Revaluation				
Balance as at 1 April	**211,985**	147,200	**211,985**	147,200
Investment property completed during the year	**-**	33,485	**-**	33,485
Change in fair value	**14,750**	31,300	**14,750**	31,300
Balance as at 31 March	**226,735**	211,985	**226,735**	211,985

Investment property consists of a retail tiles sales centre and three stores/warehouses. These are leased to Lanka Tiles PLC (LT), Lanka Walltiles PLC (LW) and Royal Ceremic Lanka PLC (RCL).

The carrying amount of Investment Property is the fair value of the property as determined by a registered independent valuer Mr. D.G.Newton on 31 March 2023.

Address	Type of property	Occupying party	Extent	Cost Rs.000	Date of Valuation	Fair Value 2023 Rs.000	Fair Value 2022 Rs.000
Factory Complex, Belummahara, Imbulgoda	Tile Stores	LT /LW	26,000 sq.ft	5,663	31-Mar-23	134,111	125,386
Factory Complex, Belummahara, Imbulgoda	Sales center	LT /LW/RCL	4900 sq.ft	14,053	31-Mar-23	46,939	43,885
Factory Complex, Belummahara, Imbulgoda	Open Shed	LW	3400 sq.ft	6,277	31-Mar-23	12,527	11,712
Factory Complex, Belummahara, Imbulgoda	Warehouse	RCL	5,000 sq.ft	11,067	31-Mar-23	33,159	31,002
				37,060		226,735	211,985

As at 31st March,	Group 2023 Rs.000	Group 2022 Rs.000	Company 2023 Rs.000	Company 2022 Rs.000
17 Inventories				
Spares and consumables	**630,873**	285,166	**32,918**	25,291
Raw material	**956,064**	1,213,825	**269,780**	159,443
Work in progress	**1,447,006**	237,585	**59,765**	12,666
Finished goods	**1,531,063**	1,095,398	**103,770**	46,782
Goods in transit	**96,195**	70,813	**96,195**	33,763
Less: Provision for obsolete and slow moving items - (Note17.1)	**(66,582)**	(54,613)	**(22,813)**	(21,949)
	4,594,619	2,848,174	**539,615**	255,997
Note 17.1 - Provision for obsolete and slow moving items				
Balance as at 1 April	**54,613**	30,438	**21,949**	15,688
Provision made/(reversal) during the year	**11,969**	24,175	**864**	6,261
Balance as at 31 March	**66,582**	54,613	**22,813**	21,949
18 Trade and other receivables				
Trade receivables - Others	**1,154,282**	1,978,705	**333,800**	241,195
- Related parties (Note 18.1)	**237,877**	412,568	**233,912**	318,251
	1,392,159	2,391,273	**567,712**	559,446
Less : Provision for impairment of trade debtors	**(48,449)**	(47,639)	**(14,114)**	(13,860)
Deposits, advances, prepayments & other recoverables	**450,198**	1,199,406	**23,180**	14,336
Tax recoverables	**-**	15,989	**-**	-
	1,793,908	3,559,029	**576,778**	559,922
18.1 - Trade receivables - Related parties				
Lanka Tiles PLC	**226,185**	387,056	**226,185**	301,561
Lanka Walltiles PLC	**-**	1,846	**-**	-
Royal Ceremics Lanka PLC	**11,692**	20,278	**7,727**	16,690
Lanka Ceramics PLC	**-**	3,388	**-**	-
	237,877	412,568	**233,912**	318,251

NOTES TO THE
FINANCIAL STATEMENTS

As at 31st March,	Group 2023 Rs.000	Group 2022 Rs.000	Company 2023 Rs.000	Company 2022 Rs.000
19 Contract Asset and Liabilities				
19.1 Contract Asset				
As at 1st April	**29,343**	40,165	**29,343**	40,165
During the year recognized	**3,000**	(10,822)	**3,000**	(10,822)
As at 31st March	**32,343**	29,343	**32,343**	29,343

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

As at 31st March,	Group 2023 Rs.000	Group 2022 Rs.000	Company 2023 Rs.000	Company 2022 Rs.000
19.2 Contract Liabilities				
As at 1st April	**3,836**	28,033	**3,836**	28,033
During the year recognized	**(3,836)**	(24,197)	**(3,836)**	(24,197)
As at 31st March	**-**	3,836	**-**	3,836

The contract liability primarily relates to the advance consideration received from customers for Supply of timber and installation of timber flooring, 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.

As at 31st March,	Group 2023 Rs.000	Group 2022 Rs.000	Company 2023 Rs.000	Company 2022 Rs.000
20 Amount due from related parties				
Swisstek Aluminium Ltd.	**-**	-	**-**	3,275
Lanka Walltiles PLC	**2,120**	554	**2,120**	554
Royal Ceremics PLC	**3,139**	3,729	**3,139**	3,729
Rocel Bathware Ltd.	**1,884**	506	**1,884**	507
Swisstek Development Ltd.	**12**	-	**12**	57,068
	7,155	4,789	**7,155**	65,133

	As at 31st March,	Group 2023 Rs.000	Group 2022 Rs.000	Company 2023 Rs.000	Company 2022 Rs.000
21	**Cash and cash equivalents**				
21.1	**Favourable Balances**				
	Cash in hand	**550**	400	**550**	400
	Cash at banks	**558,881**	575,257	**262,801**	377,920
	Cash and cash equivalents	**559,431**	575,657	**263,351**	378,320
21.2	**Unfavourable Balance**				
	Bank overdrafts	**(690,809)**	(479,968)	**(282,356)**	(107,690)
	Cash & cash equivalents for the purpose of cash flow statement	**(131,378)**	95,689	**(19,005)**	270,630

		2023 No. of Shares	2023 Rs.000	2022 No. of Shares	2022 Rs.000
22	**Stated capital - Company**				
	Balance at at 1st April	**136,860,000**	**368,256**	**136,860,000**	368,256
	Balance as at 31st March	**136,860,000**	**368,256**	**136,860,000**	368,256

		2023 Rs.000	2022 Rs.000	2023 Rs.000	2022 Rs.000
22.1	**Dividend paid;**				
	Rs. 1/- per 136,860,000 ordinary shares	-	136,860		136,860
	Rs. -/80 per 136,860,000 ordinary shares	-	109,488		109,488
	Rs. 1/05 per 136,860,000 ordinary shares	-	143,703		143,703
	Rs. -/90 per 136,860,000 ordinary shares	**123,174**		**123,174**	
	Rs. 1/10 per 136,860,000 ordinary shares	**150,546**		**150,546**	
	Rs. -/50- per 17,670,284 ordinary shares	-	8,835	-	-
	Rs. -/47- per 17,670,284 ordinary shares	-	8,305	-	-
	Rs. 1/- per 17,670,284 ordinary shares	-	17,670	-	-
		273,720	424,861	**273,720**	390,051

The holders of the ordinary shares are entitled to receive dividend as declared from time to time and are entitled to one vote per share individual present at meeting of the shareholders or one vote per share in the case of a poll.

NOTES TO THE FINANCIAL STATEMENTS

	As at 31st March,	Group 2023 Rs.000	Group 2022 Rs.000	Company 2023 Rs.000	Company 2022 Rs.000
23	**Reserves**				
a)	**Revaluation reserve (23.1)**				
	As at 1 April	**776,978**	776,978	**674,660**	674,660
	Net of deferred tax effect on land and building	**(77,529)**	-	**(77,529)**	-
	As at 31 March	**699,449**	776,978	**597,131**	674,660
b)	**Capital redemption reserve (23.2)**	**121**	121	**121**	121
c)	**General reserve (23.3)**	**19,842**	19,842	**19,842**	19,842
	Total	**719,412**	796,941	**617,094**	694,623

23.1 The revaluation reserve relates to property, plant and equipment which has been revalued by the Group.

23.2 The capital redemption reserve is created for the purpose of repurchasing shares back from shareholders. This fund is not used to distribute dividend or any other purpos

23.3 The general reserves relates to retained earnings set aside by the group.

	As at 31st March,	Group 2023 Rs.000	Group 2022 Rs.000	Company 2023 Rs.000	Company 2022 Rs.000
24	**Employee benefits**				
	Movement in present value of the defined benefit obligation				
	Defined benefit obligation at 1 April	**49,052**	45,509	**10,953**	13,070
	Current service cost and interest (24.1)	**15,971**	9,869	**3,266**	1,712
	Actuarial (gain)/ losses in other comprehensive income (24.2)	**(12,131)**	(5,181)	**(162)**	(3,649)
	Payment during the year	**(3,890)**	(1,145)	**(1,187)**	(180)
	Defined benefit obligation at 31 March	**49,002**	49,052	**12,870**	10,953
24.1	**Expenses recognized in profit or loss**				
	Past Service Cost	-	(1,025)	-	(335)
	Current service cost	**7,337**	7,018	**1,623**	1,133
	Interest cost	**8,634**	3,186	**1,643**	915
		15,971	9,869	**3,266**	1,712
24.2	**Actuarial (gain)/loss recognized in other comprehensive income**				
	Actuarial (gain) or loss	**(12,131)**	(5,181)	**(162)**	(3,649)
		(12,131)	(5,181)	**(162)**	(3,649)

As per the guidelines issued by the Institute of Chartered Accountants of Sri Lanka, the discount rates have been adjusted to convert the coupon bearing yield to a zero coupon yield to match the characteristics of the gratuity payment liability and the resulting yield to maturity for the purpose of valuing employee benefit obligations as per LKAS 19. Further, the salary increment rate of 15% is considered appropriate to be in line with the Company's targeted future salary increments when taking into account the current market conditions and inflation rate.

	2023	2022
Swisstek (Ceylon) PLC		
1. Discount rate (the rate used to discount the future cash flows in order to determine the present value)	**17.0%**	15.0%
2. Future salary increase	**15.0%**	10.4%
3. Staff Turn Over	**4.0%**	4.0%
4. Weighted Average duration of defined benefit obligation (Years)	**13.20**	13.70
Swisstek Aluminium Ltd.		
1. Discount rate (the rate used to discount the future cash flows in order to determine the present value)	**18.0%**	15.0%
2. Future salary increase	**15.5%**	13.0%
3. Staff Turn Over	**14.0%**	14.0%
4. Weighted Average duration of defined benefit obligation (Years)	**6.20**	6.85

	Swisstek Aluminium Ltd.		Swisstek (Ceylon) PLC	
As at 31st March,	2023	2022	2023	2022
Retairment Age				
Male	**60**	60	**60**	60
Female	**60**	60	**60**	60
No of Employees				
Male	**340**	385	**96**	81
Female	**31**	37	**14**	13
Total	**371**	422	**110**	94

According to the Termination of Employment of Workmen (Special Provisions) (Amendment) Act, No.29 of 2021 the minimum retirement age of an employee has been changed to 60 years from 55 Years with effect from 17th November 2021.

In addition to above, assumptions regarding future mortality are based on published statistics and mortality tables.

24.3 Sensitivity of Assumptions Employed in Actuarial Valuation

The following table demonstrates the sensitivity to a reasonably possible change in the key assumptions employed with all other variables held constant in the employment benefit liability measurement.

The sensitivity of the Statement of profit or loss and other comprehensive income and Statement of Financial Position is the effect of the assumed changes in discount rate and salary increment rate on the profit or loss and employment benefit obligation for the year.

NOTES TO THE FINANCIAL STATEMENTS

Company

		2023		2022	
Increase/ Decrease) in discount rate	Increase/ (Decrease) in salary increment rate	Effect on charge to the Statement of profit or loss and other comprehensive income Rs.000	Effect on employee benefit obligation Rs.000	Effect on charge to the Statement of profit or loss and other comprehensive income Rs.000	Effect on employee benefit obligation Rs.000
1%	*	**1,079**	**(1,079)**	956	(956)
-1%	*	**(1,236)**	**1,236**	(1,098)	1,098
*	1%	**(1,309)**	**1,309**	(1,154)	1,154
*	-1%	**1,079**	**(1,079)**	1,018	(1,018)

Subsidiary

		2023		2022	
Increase/ Decrease) in discount rate	Increase/ (Decrease) in salary increment rate	Effect on charge to the Statement of profit or loss and other comprehensive income Rs.000	Effect on employee benefit obligation Rs.000	Effect on charge to the Statement of profit or loss and other comprehensive income Rs.000	Effect on employee benefit obligation Rs.000
1%	*	**1,801**	**(1,801)**	2,098	(2,098)
-1%	*	**(1,993)**	**1,993**	(2,345)	2,345
*	1%	**(2,221)**	**2,221**	(2,492)	2,492
*	-1%	**2,032**	**(2,032)**	2,267	(2,267)

		Group		Company	
	As at 31st March,	2023 Rs.000	2022 Rs.000	2023 Rs.000	2022 Rs.000
25	**Loans & borrowings**				
	Movement in interest bearing loans & borrowings				
	Balance at the beginning of the year	**717,889**	434,027	**428,027**	188,049
	Loans obtained during the year	**-**	490,654	**-**	334,125
	Repayments made during the year	**(489,042)**	(206,791)	**(382,219)**	(94,147)
	Balance at the end of the year	**228,847**	717,890	**45,808**	428,027
25.1	Amount falling due within one year	**109,715**	223,819	**28,395**	123,819
25.2	Amount falling due after one year	**119,132**	494,071	**17,413**	304,208

25.3 Bank loans

Lender	Interest rate	Security	Group 2023 Amount payable within one year Rs. 000	Group 2023 Amount payable after one year Rs. 000	Group 2022 Amount payable within one year Rs. 000	Group 2022 Amount payable after one year Rs. 000	Company 2023 Amount payable within one year Rs. 000	Company 2023 Amount payable after one year Rs. 000	Company 2022 Amount payable within one year Rs. 000	Company 2022 Amount payable after one year Rs. 000
Bank of Ceylon	AWPLR + 1.5%	Mortgage over immovable property at Belummahara, Imbulgoda.	-	-	28,323	-	-	-	28,323	-
Bank of Ceylon	7.75 % Fixed	Loan Agreemnent	-	-	64,600	258,400	-	-	64,600	258,400
DFCC Bank	AWPLR	Mortgage over Land, Building, Plant & Machinery , Stocks and Book debts owned by Swisstek Aluminium Ltd.	**102,215**	**119,132**	120,895	218,170	**20,895**	**17,413**	20,896	28,308
			7,500	-	10,000	17,500	**7,500**	-	10,000	17,500
			109,715	**119,132**	223,819	494,070	**28,395**	**17,413**	123,819	304,208

There are no covenants placed by the loan providers for the above mentioned loans.

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	As at 31st March,	Group 2023 Rs.000	Group 2022 Rs.000	Company 2023 Rs.000	Company 2022 Rs.000
25.4	**Lease liability**				
	Balance at the beginning of the year	**25,659**	25,870	**-**	-
	Lease Expense	**2,752**	5,866	**-**	-
	Less: Payments	**(6,835)**	(6,077)	**-**	-
	Balance as at end of the year	**21,576**	25,659	**-**	-
	Amount payable within 12 months	**5,306**	4,083	**-**	-
	Amount payable after 12 months	**16,270**	21,576	**-**	-

	As at 31st March,	Group 2023 Rs.000	Group 2022 Rs.000	Company 2023 Rs.000	Company 2022 Rs.000
26	**Trade and other payables**				
	Trade payables '- Others	**553,175**	1,020,281	**160,006**	136,160
	'- Related parties (Note 26.1)	**1,835**	1,295	**4,601**	82,408
		555,010	1,021,576	**164,607**	218,567
	EPF / ETF payable	**5,480**	4,623	**1,442**	1,085
	Bank loan interest payable	**320,356**	28,561	**9,293**	5,894
	Accruals & other payables	**313,783**	1,016,940	**117,248**	119,301
	VAT/WHT payable	**138,799**	53,298	**35,491**	9,696
		1,333,428	2,124,998	**328,081**	354,544
26.1	**Trade Payables - Related parties**				
	Swisstek Aluminium Ltd.	**-**	-	**2,766**	81,113
	Unidil Packaging Ltd.	**1,835**	1,295	**1,835**	1,295
		1,835	1,295	**4,601**	82,408

	As at 31st March,	Group 2023 Rs.000	Group 2022 Rs.000	Company 2023 Rs.000	Company 2022 Rs.000
27	**Short term loans**				
	Balance at the beginning of the year	**3,445,119**	1,455,136	**344,318**	218,918
	Loans obtained during the year	**9,575,736**	15,759,064	**1,992,989**	1,510,096
	Repayments made during the year	**(7,237,763)**	(13,769,081)	**(1,499,441)**	(1,384,695)
	Balance at the end of the year	**5,783,092**	3,445,118	**837,866**	344,318

Short Term loans have been obtained for Working capital financing from BOC,COM,UB, DFCC, SEYLAN,SAMPATH banks and are repayable within 3 to 6 months.

	As at 31st March,	Group		Company	
		2023 Rs.000	2022 Rs.000	2023 Rs.000	2022 Rs.000
28	**Amounts due to related companies and Lease Liability**				
28.1	**Amount due to related companies**				
	Lanka Tiles PLC	**193,007**	18,361	**30,999**	1,617
	Delmage Forsyth & Co. Ltd.	**29,620**	60	**-**	60
	Lanka Ceramic PLC	**2,469**		**-**	-
	Swisstek Aluminium Ltd.	**-**	-	**3,234**	-
	Vallibel One PLC	**22,258**	22,258		
		247,354	40,679	**34,233**	1,677

	As at 31st March,		Group		Company	
			2023 Rs.000	2022 Rs.000	2023 Rs.000	2022 Rs.000
29	**Financial Instrument**					
	Other Long Term Investment	15	**56,667**	56,667	**-**	-
	Trade Receivables	18	**1,343,711**	2,343,635	**553,598**	545,586
	Contract Assets	19.1	**32,343**	29,343	**32,343**	29,343
	Amount Due from Related Parties	20	**7,155**	4,789	**7,155**	65,133
			1,439,876	2,434,434	**593,096**	640,062
	Cash and Cash Equivalent	21.1	**559,431**	575,657	**263,351**	378,320
	Total		**1,999,307**	3,010,091	**856,447**	1,018,382
	Financial Liabilities					
	Loans and Borrowings	25	**228,847**	717,889	**45,808**	428,027
	Short Term Loans	27	**5,783,092**	3,445,119	**837,866**	344,318
	Lease Liability	25.4	**21,575**	25,658	**-**	-
	Trade and Other Payable	26	**875,367**	1,050,137	**173,900**	224,461
	Amount Due to Related Party	28.1	**247,355**	40,679	**34,232**	1,677
	Bank Overdraft	21.2	**690,809**	479,968	**282,356**	107,690
	Total		**7,847,045**	5,759,450	**1,374,162**	1,106,173

NOTES TO THE FINANCIAL STATEMENTS

29.1 Financial Risk Management

Overview

The Group has exposure to the following risks from its use of financial instruments:

Credit risk

- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these financial statements.

29.1.1 Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counter party to a financial instrument fails to meet its contractual obligation, and arise principally from the Group's receivables from customers.

Carrying amount of financial assets represents the maximum credit exposure.

The maximum exposure to credit risk at the reporting date was as follows;

As at 31st March,	Group		Company	
	2023 Rs.000	2022 Rs.000	2023 Rs.000	2022 Rs.000
Carrying value				
Trade Receivable	**1,343,711**	2,343,635	**553,598**	545,586
Contract Assets	**32,343**	29,343	**32,343**	29,343
Amounts due from related parties	**7,154**	4,789	**7,154**	65,133
Cash & cash equivalents	**558,881**	575,257	**262,801**	377,920

Management of Credit Risk

Trade & Other Receivables

The group has a well-established credit control policy & process to minimize credit risk. Customers are categorized according to the segments and credits limit have been fixed as per the bank guarantees given by the respective customer. Transactions will be started only when the company receives the bank guarantees from the customers and further invoicing will be done only for the customers whose oustanding balance do not exceed the credit limit.

Impairment losses

The aging of trade and other receivables at the reporting date that were not impaired was as follows;

As at 31st March,	Group		Company	
	2023 Rs.000	2022 Rs.000	2023 Rs.000	2022 Rs.000
Carrying value				
Below 30 days	**853,952**	1,063,201	**387,214**	338,257
30 - 45 days	**214,534**	527,046	**129,745**	115,543
46 - 60 days	**93,886**	379,758	**22,643**	51,295
Over 61 days	**229,788**	421,269	**28,111**	54,351
Less: provision made	**(48,449)**	(47,639)	**(14,114)**	(13,860)
	1,343,711	2,343,635	**553,598**	545,586

The movement in the provision for impairment in respect of trade and other receivables during the year was as follows.

	Impairment	
	Group	Company
Balance at 31 March 2021	41,055	8,276
Impairment loss recognised	6,584	5,584
Balance at 31 March 2022	47,639	13,860
Impairment loss recognised	**810**	**254**
Balance at 31 March 2023	**48,449**	**14,114**

The Group believes that the unimpaired amounts that are past due by more than 45 days are still to be collected in full, based on historic payment behaviour and extensive analysis of customer credit risk. Based on the Group's monitoring of customer credit risk, the Group believes that, except as indicated above, no impairment allowance is necessary in respect of trade receivables not past due.

29.1.2 Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions,without incurring unacceptable losses or risking damage to the Group's reputation. Due to the current uncertain economic condition in Sri Lanka, the interest rates has been slightly increased and as a result of that the company has exposed to a risk that significantly affects.(Please refer the note 36)

The following are the contractual maturities of financial liabilities, including estimated interest:

The maturity analysis of Liabilities - Group

As at 31 March 2023	Carrying value Rs.000	Current Upto 1 year Rs.000	Non Current Upto 2 years Rs.000	Upto 5 years Rs.000	Above 5 years Rs.000
Bank overdrafts	**690,809**	**690,809**	-	-	-
Bank borrowings	**5,603,486**	**6,759,303**	**71,391**	**152,227**	-
Lease Liability	**21,576**	**6,539**	**5,059**	**27,713**	-
Trade and Other Payable	**875,367**	**875,367**	-	-	-

As at 31 March 2022	Carrying value Rs.000	Current Upto 1 year Rs.000	Non Current Upto 2 years Rs.000	Upto 5 years Rs.000	Above 5 years Rs.000
Bank overdrafts	479,968	479,968	-	-	-
Bank borrowings	4,163,007	4,274,270	142,175	227,326	46,166
Lease Liability	25,658	4,511	7,409	23,565	-
Trade and Other Payable	1,050,137	1,050,137	-	-	-

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The maturity analysis of Liabilities - Company

As at 31 March 2023	Carrying value Rs.000	Current Upto 1 year Rs.000	Non Current Upto 2 years Rs.000	Upto 5 years Rs.000	Above 5 years Rs.000
Bank overdrafts	**282,356**	**282,356**	-	-	-
Bank borrowings	**883,674**	**1,067,641**	**25,508**	-	-
Trade and Other Payable	**173,901**	**173,901**	-	-	

As at 31 March 2022	Carrying value Rs.000	Current Upto 1 year Rs.000	Non Current Upto 2 years Rs.000	Upto 5 years Rs.000	Above 5 years Rs.000
Bank overdrafts	107,690	107,690	-	-	-
Bank borrowings	772,345	737,386	21,175	90,286	46,166
Trade and Other Payable	224,461	224,461	-	-	

As per the information of Fitch Rating Sri Lanka, the credit ratings of our financial intitutions are BOC(AA-),COM(AA-), DFCC(A+), SEYLAN(A), SAMPATH(AA-) & UB(BBB-).

29.1.3 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates etc.; will effect the Group's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the returns.

(i) Currency Risk

The risk that the fair value or future cash flows of a financial instrument fluctuation due to changes in foreign exchange rates. The Group is exposed to currency risk on sales, purchases, borrowings and investments that are denominated in a currency other than the functional currency which is Sri Lankan Rupees (LKR).Since The Sri Lankan Rupee witnessed a significant depreciation against the US Dollar & Euro

The risk is minimized by hedging the currency either by hedge Internaly by a matching sales and purchases or matching assets and liabilities of the same currency and amounts.

The principal exchange rates used by the Group for conversion of foreign currency balances and transactions, for the year as follows :

Currency		Closing rate	
	Average rate	Selling	Buying
U. S. Dollar	327.14	336.01	318.28

Sensitivity Analysis

A strengthening or weakening of Sri Lankan Rupees as indicated below, against the major foreign currencies as at 31st March 2023 would have increased/(decreased) the equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

Increase/(Decrease) in Principal Exchange rates

As at 31st March,		Effect on Profit before Tax Strengthen (Rs. '000)	Effect on Profit before Tax Weakening (Rs. '000)	Effect on Equity net of Tax Strengthen (Rs. '000)	Effect on Equity net of Tax Weakening (Rs. '000)
U. S. Dollar	(10% Movement)	29,171	(29,171)	19,559	(19,559)
	(15% Movement)	43,756	(43,756)	29,339	(29,339)
	(20% Movement)	58,342	(58,342)	39,118	(39,118)
As at 31.03.2022					
U. S. Dollar	(10% Movement)	38,076	(38,076)	29,981	(29,981)
	(15% Movement)	57,113	(57,113)	44,971	(44,971)
	(20% Movement)	76,151	(76,151)	59,961	(59,961)

29.1 Financial Risk Management (Contd.)

(ii) Interest Rate Risk

The principal risk to which non-trading portfolios are exposed is the loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. Considering the current economic uncertainities of the country the group expose to a higher interst rate risk.

At the end of the reporting period the interest rate profile of the Group's/company's interst-bearing financial instruments as reported to the management of the company was as follows;

	Group		Company	
	Nominal amount		Nominal amount	
Rs.'000	2023	2022	2023	2022
Variable rate instruments				
Financial liabilities	**(6,702,749)**	(4,642,977)	**(1,166,030)**	(880,035)
	(6,702,749)	(4,642,977)	**(1,166,030)**	(880,035)

A reasonable possible change of 700 basis points in interest rates at the reporting date would have increased (decreased) profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular, foreign currency exchange rates, remain constant.

NOTES TO THE FINANCIAL STATEMENTS

	Impact on Profit befor tax			
	Group		Company	
	2023 Rs.000	2022 Rs.000	2023 Rs.000	2022 Rs.000
Variable rate instruments				
700 bp increase	**(9,575)**	(6,633)	**(1,666)**	(1,257)
700 bp decrease	**9,575**	6,633	**1,666**	1,257

	Impact on Profit befor tax			
	Group		Company	
	2023 Rs.000	2022 Rs.000	2023 Rs.000	2022 Rs.000
Variable rate instruments				
700 bp increase	**(10,513)**	(5,223)	**(2,215)**	(990)
700 bp decrease	**10,513**	5,223	**2,215**	990

Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group monitors the return on capital, which the company defines as result from operating activities divided by total shareholders' equity. The Group also monitors the level of dividends to ordinary shareholders.

The company's debt to adjusted capital ratio at the end of the reporting period was as follows.

	Group		Company	
	2023 Rs.000	2022 Rs.000	2023 Rs.000	2022 Rs.000
Total liabilities	**8,596,165**	7,361,313	**1,927,388**	1,545,093
Less: cash and cash equivalents	**559,431**	575,657	**263,351**	378,320
Net debt	**8,036,734**	6,785,656	**1,664,037**	1,166,772
Total equity	**2,314,794**	3,359,806	**1,992,672**	1,976,787
Net debt to equity ratio at 31 March	**3.47**	2.02	**0.84**	0.59

There were no changes in the Group's approach to capital management during the year.

The Group is not subject to externally imposed capital requirements.

30 Carrying amount and Fair Value of Financial Instrument

30.1 Carrying amount of Financial Instrument

The Carrying amount of financial assets and liabilities, shown in the Statement of Financial Position, are as follows.

Group

2023	Note	Fair value through profit or loss	Fair value through OCI-equity	Fair value through OCI-debt	Amortised Cost*	Other financial liabilities *	Total
Financial Assets							
Trade receivables	**18**	-	-	-	1,343,710	-	1,343,710
Amounts due from related parties	**20**	-	-	-	7,155	-	7,155
Contract assets	**19.1**	-	-	-	32,343	-	32,343
		-	**-**	**-**	**1,383,208**	**-**	**1,383,208**
Cash and cash equivalents	**21.1**	-	-	-	559,431	-	559,431
		-	**-**	**-**	**1,942,639**	**-**	**1,942,639**
Financial Liabilities							
Loans and borrowings	**25.2**	-	-	-	-	228,847	228,847
Short term loans	**27**	-	-	-	-	5,783,092	5,783,092
Trade and other payables	**26**	-	-	-	-	875,365	875,365
Amounts due to related parties	**28.1**	-	-	-	-	247,355	247,355
Lease Liability	**25.4**	-	-	-	-	21,575	21,575
Bank overdraft	**21.2**	-	-	-	-	690,809	690,809
		-	**-**	**-**	**-**	**7,847,043**	**7,847,043**

2022	Note	Fair value through profit or loss	Fair value through OCI-equity	Fair value through OCI-debt	Amortised Cost* Rs.000	Other financial liabilities *	Total
Financial Assets							
Trade receivables	**18**	-	-	-	2,343,635	-	2,343,635
Amounts due from related parties	**20**	-	-	-	4,789	-	4,789
Contract assets	**19.1**	-	-	-	29,343	-	29,343
		-	**-**	**-**	**2,377,767**	**-**	**2,377,767**
Cash and cash equivalents	**21.1**	-	-	-	575,657	-	575,657
		-	**-**	**-**	**2,953,424**	**-**	**2,953,424**
Financial Liabilities							
Loans and borrowings	**25.2**	-	-	-	-	717,889	717,889
Short term loans	**27**	-	-	-	-	3,445,119	3,445,119
Trade and other payables	**26**	-	-	-	-	1,050,137	1,050,137
Amounts due to related parties	**28.1**	-	-	-	-	40,679	40,679
Lease Liability	**25.4**	-	-	-	-	25,658	25,658
Bank overdraft	**21.2**	-	-	-	-	479,968	479,968
		-	**-**	**-**	**-**	**5,759,450**	**5,759,450**

NOTES TO THE FINANCIAL STATEMENTS

Company

2023	Note	Fair value through profit or loss Rs.000	Fair value through OCI-equity Rs.000	Fair value through OCI-debt Rs.000	Amortised Cost Rs.000	Other financial liabilities Rs.000	Total Rs.000
Financial Assets							
Trade receivables	**18**	-	-	-	553,598	-	553,598
Amounts due from related parties	**20**	-	-	-	7,155	-	7,155
Contract Asset	**19.1**	-	-	-	32,343	-	32,343
		-	-	-	**593,096**	-	**593,096**
Cash and cash equivalents	**21.1**	-	-	-	263,351	-	263,351
		-	-	-	**856,447**	-	**856,447**
Financial Liabilities							
Loans and borrowings	**25.2**	-	-	-	-	45,808	45,808
Short term loans	**27**	-	-	-	-	837,866	837,866
Trade and other payables	**26**	-	-	-	-	173,902	173,902
Amounts due to related parties	**28.1**	-	-	-	-	34,232	34,232
Bank overdraft	**21.2**	-	-	-	-	282,356	282,356
		-	-	-	-	**1,374,164**	**1,374,164**

2022	Note	Fair value through profit or loss Rs.000	Fair value through OCI-equity Rs.000	Fair value through OCI-debt Rs.000	Amortised Cost Rs.000	Other financial liabilities Rs.000	Total Rs.000
Financial Assets							
Trade receivables	**18**	-	-	-	545,586	-	545,586
Amounts due from related parties	**20**	-	-	-	65,133	-	65,133
Contract Asset	**19.1**	-	-	-	29,343	-	29,343
		-	-	-	**640,062**	-	**640,062**
Cash and cash equivalents	**21.1**	-	-	-	378,320	-	378,320
		-	-	-	**1,018,382**	-	**1,018,382**
Financial Liabilities							
Loans and borrowings	**25.2**	-	-	-	-	428,027	428,027
Short term loans	**27**	-	-	-	-	344,318	344,318
Trade and other payables	**26**	-	-	-	-	224,461	224,461
Amounts due to related parties	**28.1**	-	-	-	-	1,677	1,677
Bank overdraft	**21.2**	-	-	-	-	107,690	107,690
		-	-	-	-	**1,106,173**	**1,106,173**

The group does not anticipate the fair value of the above to be significantly different to their carrying values and considers the impact as not material for the disclosure.

30 Carrying amount and Fair Value of Financial Instrument (Cont)

30.2 Fair value Hierarchy for Assets Carried at fair value

The table below analyses non financial assets measured at fair value at the end of the reporting period,by the level of the fair value hierarchy.

Further for current year the fair value disclosure of lease liability is also not required.

Group

2023	Note	Level 1 Rs.000	Level 2 Rs.000	Level 3 Rs.000	Total Rs.000
Investment property	**16**	**-**	**-**	**226,735**	**226,735**
Freehold land and building	**13**	**-**	**-**	**2,460,787**	**2,460,787**

2022	Note	Level 1 Rs.000	Level 2 Rs.000	Level 3 Rs.000	Total Rs.000
Investment property	**16**	-	-	211,985	211,985
Freehold land and building	**13**	-	-	2,386,451	2,386,451

Company

2023	Note	Level 1 Rs.000	Level 2 Rs.000	Level 3 Rs.000	Total Rs.000
Investment property	**16**	**-**	**-**	**226,735**	**226,735**
Freehold land and building	**13**	**-**	**-**	**1,563,179**	**1,563,179**

2022	Note	Level 1 Rs.000	Level 2 Rs.000	Level 3 Rs.000	Total Rs.000
Investment property	**16**	-	-	211,985	211,985
Freehold land and building	**13**	-	-	1,497,933	1,497,933

Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring the fair value of Land and investment property , as well as the significant unobservable inputs used.

NOTES TO THE FINANCIAL STATEMENTS

	Location	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Swisstek (Ceylon) PLC				
Investment property				
Factory Complex	Belummahara	Investment method	A reasonable rent that the property could fetch in its existing use is estimated on the basis of rent paid to comparable properties.	" The estimated fair value would increase/decrease if expected market rentals get high/low. "
			The net income deliverable worked out taking away the usual "outgoings" that have to be met from such gross income at 20%	
			The net income determined is capitalized at an "years purchase" estimated based on the type of property, its existing use and the rate of return on investment expected from the type of property is 22.	
Property plant and equipment				
Land and building	Belummahara	Contractor's method	"Considering the location, extent and site characteristics the land value is determined by adopting rates from Rs. 350,000 to Rs. 650,000 per perch. The building value is determined by adopting rates from Rs. 250 to Rs. 2500 per sq.ft."	" The estimated fair value would increase/decrease if the market value of the land or building gets high/low. "

31 Related parties

31.1 Directorates of directors in related companies

The Directors of the company are also directors of the following related Companies which Swisstek (Ceylon) PLC has had business transactions, in the ordinary course of business.

	Mr. H S Amarasekara (Chairman)	Mr. J A P M Jayasekera (Managing Director)	Dr. S Selliah	Mr.A M Weerasinghe	J K A Sirinatha	Mr. A S Mahendra	Mr. K D G Gunaratne	Mr. C U Weerawardene
Lanka Tiles PLC	X	X	X	X	-	-	-	X
Lanka Walltiles PLC	X	X	X	X	-	-	X	-
Uni Dil Packaging Ltd.	-	X	-	-	-	-	-	-
Swisstek Aluminium Ltd.	X	X	X	X	X	X	-	X
Royal Ceremic Lanka PLC	X	-	-	X	-	-	-	-
Rocell Bathware Ltd.	X	-	-	X	-	-	-	-

Details of transactions with related parties in the ordinary course of business are set out below:-

31.2 Transactions with related companies

	Name of the Company	Relationship	Nature of the Transaction	Group		Company	
				2023	2022	2023	2022
				Rs.000	Rs.000	Rs.000	Rs.000
a.	Lanka Walltiles PLC	Parent company	Sales commission income	**6,714**	8,346	**6,714**	8,346
			Warehouse rental income	**6,382**	6,019	**6,382**	6,019
			Management fee reimbursement	**2,026**	1,740	**2,026**	1,740
			Reimb. of expenses	**(1,204)**	(320)	**(613)**	(320)
			Office maintainance	**(136)**	(130)	**(136)**	(130)
			Microsoft licence fees	**(180)**	(172)	**(180)**	(172)
			Purchase of Goods	**(2,363)**	-	**(2,363)**	-
			Sale of goods - Aluminium	**275,397**	-	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

	Name of the Company	Relationship	Nature of the Transaction	Group		Company	
				2023	2022	2023	2022
				Rs.000	Rs.000	Rs.000	Rs.000
b.	Lanka Tiles PLC	Related company	Tile mortar sales	**1,483,093**	763,101	**1,483,093**	763,101
			Tile grout Sales	**78,299**	78,844	**78,299**	78,844
			Decorative pebbles, Skim coat & Tile Cleaner	**78,874**	61,889	**78,874**	61,889
			Purchase of Goods	**(25,771)**	(5,840)	**(23,688)**	(5,840)
			Receipts of funds	**(3,211,102)**	(903,125)	**(2,062,462)**	(903,125)
			Operational & administration expenses	**(72,150)**	(10,196)	**(66,485)**	(10,196)
			Management Fees Reimbursement	**(6,979)**	(5,994)	**(6,979)**	(5,994)
			Reimb on SLT rental	**(582)**	(428)	**(582)**	(428)
			Reimbursement of operational expense	**16,603**	18,946	**16,603**	18,946
			Rent Income	**15,467**	10,627	**14,430**	9,590
			Computer Maintainance Fees Charged	**(3,971)**	(3,369)	**(3,971)**	(3,369)
			Sales commission income	**34,965**	31,692	**34,965**	31,692
			Trading Of Imported Machinery	**284,714**	-	**1,775**	-
			Imports Facilitaion Charges	**1,775**			
			Sale of goods - Aluminium	**925,856**	201,105		
c.	Royal Ceremic Lanka PLC	Related company	Sale of Goods	**212,145**	62,007	**134,765**	62,007
			Sales commission income	**11,161**	8,802	**11,161**	8,802
			Reimbursement of Security Expences	**989**	989	**989**	989
			Warehouse rental income	**9,121**	7,175	**4,770**	4,498
			Administration expenses	**(353)**	(124,098)	**-**	2,254
			Reimbursement of operational expense	**177**	-	**-**	-
d.	Rocell Bathware Ltd.	Related company	Commission on Sales	**41,965**	1,643	**2,466**	1,643
e.	Unidil Packaging Ltd.	Related company	Purchase of corrugated boxes	**(8,739)**	(9,767)	**(8,739)**	(9,767)

	Name of the Company	Relationship	Nature of the Transaction	Group		Company	
				2023 Rs.000	2022 Rs.000	2023 Rs.000	2022 Rs.000
f.	Swisstek Aluminium Ltd.	Subsidiary	Administration expenses	-	30	-	30
			Rent Income	**4,129**	2,925	**4,129**	2,925
			Purchase of goods	**(261,935)**	(185,372)	**(261,935)**	(185,372)
g.	Lanka Ceramic PLC	Related company	Sale of goods	**18,178**	-	-	-
			Rent income	**2,013**	-	-	-
			Administration expenses	**1,866**	1,866	-	-
h.	Vallibel One PLC	Related company	Technical fees	**22,258**	22,258	-	-
i.	Venigros (Pvt) Ltd.	Related company	Purchase of Land & Building	-	268,967	-	268,967
j.	Dipped Products PLC	Related company	Purchase of Land	-	131,033	-	131,033

All the transactions entered with these related parties are priced on arm's length basis under normal commercial terms & conditions.

31.3 Transactions with key management personnel

According to LKAS 24 " Related Party Disclosure", Key Management Personnel, are those having authority and responsibility for planning. Directing and controlling the activities of the entity. Accordingly, the Board of Directors (including Executive and Non-Executive Directors) have been classified as Key Management Personnel of the Company and the Group. Following transactions have been occurred with the key Management Personnel during the period.

(i) Loans given to directors

No loans have been given to the directors of the group.

(ii) Key management personnel compensation

	Group		Company	
	2023 Rs.000	2022 Rs.000	2023 Rs.000	2022 Rs.000
Director fees	**12,925**	11,576	**2,290**	2,230
Salary and allowances	**4,207**	2,945	**4,207**	2,945
	17,132	14,521	**6,497**	5,175

This note should be read in conjuction with Notes 17, 18,24 and 26 to these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

32 Non controlling interest

The following table summarises the information relating to subsidiary that has material Non Controlling Interest (NCI).

	Swisstek Aluminium Ltd.	
31st March	2023 Rs.000	2022 Rs.000
NCI Percentage	**12.62%**	12.62%
Non current assets	**1,800,356**	1,644,079
Current assets	**5,577,155**	5,878,393
Non current liabilities	**(154,125)**	(394,465)
Current liabilities	**(6,658,330)**	(5,506,174)
Net assets	**565,057**	1,621,833
Carrying amount of NCI	**71,310**	204,675
Revenue	**5,256,843**	7,314,749
Profit	**(1,068,604)**	451,158
OCI	**8,813**	1,256
Total comprehensive income	**(1,059,791)**	452,414
Profit allocated to NCI	**(134,858)**	56,936
OCI allocated to NCI	**1,112**	159
Cash flows from operating activities	**195,191**	181,709
Cash flows from investing activities	**15,304**	25,959
Cash flows from financing activities	**218,391**	171,204
Net increase (decrease) in cash and cash equivalents	**7,896**	(36,465)

33 Capital expenditure commitments

There were no material capital commitments as at the reporting date.

34 Commitments and contingencies

There are no commitments and contingencies.

35 Events after the reporting date

Subject to the approval of the shareholders at the Annual General Meeting, On 29 May 2023 The Board of Directors has recommended the final dividend of Twenty Cents (Rs.0.20) per share for the year ended 31st March 2023.

Other than above there are no material events occurred after the reporting date that require adjustment or disclosure in the financial statements.

36 Impact of Current Economic Condition.

36.1 Current Economic Condition of the Country

During the first half of 2022 all key sectors contracted, amid shortages of inputs and supply chain disruptions with the economic crisis. Year-on-year headline inflation reached an unprecedented 69.8 percent in September 2022, due largely to high food inflation of 94.9 percent. This reflects the impact of rising global commodity prices, monetization of the fiscal deficit and currency depreciation. From October 2022 onwards the year-on-year headline inflation rate started to drop slightly whereas in March 2023 the year-on-year inflation rate is 50.3 percent. The outlook for the global economy took a positive turn in the first half of 2023 as inflationary pressures began to ease, but ongoing political tensions and domestic challenges in key markets are slowing any return to sustained growth of the business.

Further, global energy prices returning to levels last seen prior to the invasion of Ukraine, combined with easing commodity and food prices, have helped put further downward pressure on inflation for the rest of 2023.

36.2 Impact to the Company

The Management assessed the current economic conditions, in preparation of financial statements and is of the view that Company has appropriate processes in place to identify and take necessary actions to minimise any unfavorable business impact. Lack of foreign exchange liquidity in the banking sector has resulted in delayed foreign supplier payments whether for capital or consumable goods creating challenges in sustaining the smooth business operations. However, Company has taken necessary measures to face such challenges to ensure continous operations.

As per the accounting policies, the Company reviewed the carrying values of property, plant and equipment, intangible assets, inventory, trade and other receivables as at the reporting date, especially the impact the current economic condition could have on these assets and determined that no impairment is necessary. Further, the Company also reviewed the medium term business plans and is satisfied that necessary procedures are in place to mitigate any adverse impact on the operations and to safeguard assets.

Hence, the Board of Directors, is of the view that the economic conditions in the country have not significantly impacted Company performance for the year under review. The Board is satisfied that the Company has business plans with adequate resources to continue the business and mitigate the risks for the next 12 months from the date of approval of these financial statements.

37. Going Concern.

The Group incurred net loss of Rs. 702 million during the year ended 31st March 2023 (2022: profit of Rs.900 million) and, as of that date, the Group's current liabilities exceeded its current assets by Rs. 1,208 million (2022: current liabilities not exceeding current assets LKR -590 Mn.) Further, the current liabilities of the Group include short term loans amounting to Rs. 6,584 million (2022: Rs. 4,149 million and amounts due to related parties amounting to Rs. 247 million (2022: Rs. 41 million), which are due within 12 months from 31st March 2023.

The Board of Directors have made an assessment of the Group's ability to continue as a going concern. The Financial Statements have been prepared on the going concern basis because the Board of Directors have assessed the sources of funding available and growth plans. In assessing the appropriateness of the use of going concern basis of accounting in the preparation of financial statements, the Board of Directors conducted a comprehensive review of the Group's affairs including, but not limited to:

- The cash flow forecast of the Company for the period up to next 12 months.
- The Group's ability of settling the outstanding bank loans, statutory payables and other liabilities when they fall due and payable.
- The continued support of the parent company.

As a consequence of the above, the Board of Directors firmly believe that the Group will be able to continue as a going concern into the foreseeable future and, accordingly, the Financial Statements of the Group have been prepared on a going concern basis without making adjustments that may be required to the recorded assets and the classification of liabilities if the Group is unable to continue as a going concern.

INVESTOR INFORMATION

Share Distribution as at 31st March 2023

From	To	No of Holders	No of Shares	%
1	1,000	**1,837**	**602,195**	**0.44**
1,001	10,000	**1,279**	**5,238,415**	**3.828**
10,001	100,000	**491**	**15,600,122**	**11.398**
100,001	1,000,000	**74**	**22,936,794**	**16.759**
Over 1,000,000		**4**	**92,482,474**	**67.575**
		3,685	**136,860,000**	**100.000**

Categories of Shareholders

Local Individuals	**3,443**	**29,901,155**	**21.85**
Local Institutions	**224**	**106,523,121**	**77.83**
Foreign Individuals	**16**	**135,724**	**0.10**
Foreign Institutions	**2**	**300,000**	**0.22**
	3,685	**136,860,000**	**100.00**

Twenty Five Major Shareholders of the Company as at 31-03-2023

		31-03-2023		31-03-2022	
	NAME	NO. OF SHARES	%	NO OF SHARES	%
1	LANKA TILES PLC	**65,425,900**	**47.805**	65,425,900	47.805
2	LANKA WALLTILES PLC	**15,706,250**	**11.476**	15,706,250	11.476
3	ROYAL CERAMICS LANKA PLC.	**9,413,065**	**6.878**	9,413,065	6.878
4	MRS V. SARASWATHI	**1,937,259**	**1.416**	2,027,600	1.482
5	ARUNODHAYA INVESTMENTS (PRIVATE) LIMITED	**1,000,000**	**0.731**	1,000,000	0.731
6	ARUNODHAYA (PRIVATE) LIMITED	**1,000,000**	**0.731**	1,000,000	0.731
7	ARUNODHAYA INDUSTRIES (PRIVATE) LIMITED	**1,000,000**	**0.731**	1,000,000	0.731
8	ANDYSEL PRIVATE LIMITED	**1,000,000**	**0.731**	1,000,000	0.731
9	MR S.D.S. GUNASEKARA	**780,491**	**0.570**	0.00	0.00
10	DEUTSCHE BANK AG AS TRUSTEE TO ASSETLINE INCOME PLUS GROWTH FUND	**750,000**	**0.548**	100,000	0.073
11	HATTON NATIONAL BANK PLC/ANUJA CHAMILA JAYASINGHE	**700,000**	**0.511**	965,181	0.705
12	MERCHANT BANK OF SRI LANKA & FINANCE PLC/ACQUEST PVT LTS	**700,000**	**0.511**	625,000	0.457
13	AMANA BANK PLC/HI-LINE TOWERS PVT LIMITED	**688,014**	**0.503**	277,780	0.203
14	MRS M.S. JAYEWARDENE	**630,000**	**0.460**	610,000	0.446
15	MR A.A. PAGE	**625,000**	**0.457**	625,000	0.457
16	DR A.A.M. DHARMADASA	**604,429**	**0.442**	93,331	0.068
17	BANK OF CEYLON NO. 1 ACCOUNT	**567,798**	**0.415**	567,798	0.415
18	AMBEON HOLDINGS PLC	**553,419**	**0.404**	553,419	0.404
19	MR A.R.W.S.B. RANAWANA	**534,000**	**0.390**	0.00	0.00

		31-03-2023		31-03-2022	
	NAME	NO. OF SHARES	%	NO OF SHARES	%
20	AMBEON CAPITAL PLC	**498,311**	**0.364**	498,311	0.364
21	COMMERCIAL BANK OF CEYLON PLC./ M R H GALAPPATTI	**466,780**	**0.341**	466,780	0.341
22	MR M.A. ZAREEN	**380,408**	**0.278**	22,000	0.016
23	MRS S. BALENDRA	**375,653**	**0.274**	375,653	0.274
24	MR S.A. COORAY & MR P.T. COORAY & MRS S. NUGAPITIYA	**375,000**	**0.274**	0.00	0.00
25	MR R.T.N. RANATUNGA	**356,380**	**0.260**	356,380	0.260
	SUB TOTAL	**106,068,157**	**77.501**	102,709,448	75.047
	OTHER 3,660 SHAREHOLDERS	**30,791,843**	**22.499**	34,150,552	24.953
	TOTAL	**136,860,000**	**100.000**	136,860,000	100.000

Directors' and Ceo's Shareholding as at 31-03-2023

	Names of Directors	No of Shares	%
1	Mr S H Amarasekera	-	-
2	Mr. J A P M Jayasekera	**75,000**	**0.055**
3	Mr. J K A Sirinatha	-	-
4	Dr S Selliah	-	-
5	Mr. A M Weerasinghe	**263,142**	**0.192**
6	Mr A S Mahendra	-	-
7	Mr K D G Gunaratne	-	-
8	Mr C U Weerawardena	-	-

Share Prices for the Year

	As at 31/03/2023	As at 31/03/2022
Highest during the year	**Rs.25.30 (29-09-2022)**	Rs.52.00 (20-01-2022)
Lowest during the year	**Rs.11.90 (07-06-2022)**	Rs.21.00 (30-03-2022) Rs.21.00 (01-04-2021)
Last traded price	**Rs.14.10 (31-03-2023)**	Rs.22.10 (31-03-2022)

Number of Transactions during the year - 24,049
Number of Shares traded during the year - 62,478,782
Value of shares traded during the year (Rs.) - 1,083,070,119.90

PUBLIC HOLDING

- The Percentage of shares held by the Pubic as at 31st March 2023 – 30.419%
- No of public shareholders representing the above percentage- 3,675
- The float adjusted market capitalization as at 31st March 2023 is Rs. 587,006,166.30

The Float adjusted market capitalization of the Company falls under Option 5 of Rule 7.14.1 (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.

FIVE YEAR SUMMARY OF FINANCIAL POSITION

Group

As at 31st March,	2023 Rs.000	2022 Rs.000	2021 Rs.000	2020 Rs.000	2019 Rs.000	2018 Rs.000
Assets						
Property, plant and equipment	**3,614,292**	3,410,725	2,940,743	2,697,484	2,666,865	2,452,723
Intangible Assets	**26,323**	24,749	4,199	6,312	8,425	-
Other long term investment	**56,667**	56,667	56,667	93	90	-
Investment property	**226,735**	211,985	147,200	142,000	142,000	134,000
Non Current Assets	**3,924,016**	3,704,126	3,148,809	2,845,889	2,817,380	2,586,723
Inventories	**4,594,619**	2,848,174	1,597,285	1,802,539	2,138,897	1,605,099
Trade and other receivables	**1,793,908**	3,559,029	1,553,544	1,244,606	1,349,589	1,163,618
Contract Assets	**32,343**	29,343	40,165	38,079	58,269	-
Tax receivables	**-**	-	4,294	4,294	4,294	95
Amounts due from related parties	**7,155**	4,789	14,675	19,314	5,962	9,160
Cash and cash equivalents	**559,431**	575,657	217,164	155,342	130,086	65,632
Current Assets	**6,987,456**	7,016,992	3,427,125	3,264,174	3,687,097	2,843,605
Total Assets	**10,911,472**	10,721,118	6,575,935	6,110,063	6,504,477	5,430,327
Equity						
Stated capital	**368,256**	368,256	368,256	368,256	368,256	368,256
Reserves	**719,412**	796,942	796,941	624,735	624,735	616,134
Retained Earnings	**1,156,195**	1,989,932	1,533,341	1,126,282	955,007	991,577
Equity attributable to owners of the company	**2,243,863**	3,155,130	2,698,539	2,119,273	1,947,998	1,975,967
Non controlling interest	**70,931**	204,676	182,392	148,123	153,313	167,647
Total Equity	**2,314,794**	3,359,806	2,880,930	2,267,396	2,101,311	2,143,615
Liabilities						
Retirement benefits obligation	**49,002**	49,052	45,509	31,952	23,185	20,647
Lease liability	**16,270**	21,576	23,623	25,870	-	-
Deferred tax liability	**215,578**	369,555	331,816	316,383	316,298	309,877
Loans and borrowings	**119,132**	494,071	249,469	447,924	621,421	590,260
Non Current Liabilities	**399,982**	934,254	650,417	822,128	960,904	920,784
Trade and other payables	**1,333,428**	2,124,998	1,015,086	466,653	694,941	959,761
Contract liabilities	**-**	3,836	28,033	14,843	79,177	
Loans & borrowings	**109,715**	223,819	184,558	206,131	222,253	183,832
Short term loans	**5,783,092**	3,445,118	1,455,136	1,686,885	1,967,282	1,027,766
Amounts due to related parties	**247,354**	40,679	2,705	75,680	7,220	4,620
Borrowings - related party	**-**	-	-	-	-	21,797
Lease liability	**5,306**	4,083	2,247	1,907	-	-
Tax payable	**26,992**	104,557	26,043	30,876	1,022	2,698
Bank overdrafts	**690,809**	479,968	330,781	543,875	478,792	165,534
Current Liabilities	**8,196,696**	6,427,058	3,044,589	3,026,849	3,450,687	2,366,007
Total Liabilities	**8,596,678**	7,361,312	3,695,006	3,848,977	4,411,591	3,286,791
Total Equity and Liabilities	**10,911,472**	10,721,118	6,575,936	6,116,374	6,512,903	5,430,407
Shares in issue at end of the year	**136,860,000**	136,860,000	136,860,000	136,860,000	136,860,000	136,860,000
Shares in issue at end of the year	**136,860,000**	136,860,000	136,860,000	27,372,000	27,372,000	27,372,000
Net Assets per share at the end of the year	**16.40**	23.05	19.72	15.48	14.23	14.44
Market price per share at the end of the year	**14.30**	22.80	21.60	27.00	38.40	59.30
Market capitalization at the end of the year	**1,957.10**	3,120.41	2,956.18	739.04	1,051.08	1,623.16

FIVE YEAR SUMMERY OF INCOME STATEMENT

Group

For the year ended 31 March,	2023 Rs.000	2022 Rs.000	2021 Rs.000	2020 Rs.000	2019 Rs.000	2018 Rs.000
Revenue	**8,970,025**	9,534,168	5,393,229	4,634,962	4,294,027	4,077,367
Cost of Sales	**(6,754,901)**	(7,393,190)	(3,874,454)	(3,661,346)	(3,472,085)	(2,888,763)
Gross Profit	**2,215,124**	2,140,978	1,518,775	973,616	821,942	1,188,604
Other Income	**189,078**	126,109	91,336	99,339	95,663	92,421
Administration Expenses	**(351,255)**	(319,409)	(190,494)	(124,151)	(229,117)	(199,289)
Distribution Expenses	**(776,648)**	(686,842)	(410,451)	(321,571)	(262,591)	(446,650)
Other Expenses	**(13,093)**	(30,759)	(34,173)	(16,740)	(5,568)	(5,036)
Results from operating activities	**1,263,206**	1,231,077	974,993	610,493	420,329	630,050
Net Finance Cost	**(2,042,130)**	(88,550)	(221,837)	(377,783)	(403,600)	(145,262)
Profit/(Loss) before Tax	**(778,923)**	1,142,527	753,156	232,710	16,729	484,788
Tax expense	**76,233**	(242,988)	(112,666)	(64,937)	(15,979)	(106,718)
Profit/(Loss) for the year	**(702,690)**	899,539	640,490	167,773	750	378,069
Other comprehensive income/(loss):						
Gain on revaluation of land and buildings	**-**	-	128,005	-	12,304	56,289
Defined benefit plan actuarial gains / (losses)	**12,131**	5,181	(6,555)	(2,173)	2,374	(156)
Deferred tax on other comprehensive income	**(80,733)**	(983)	45,190	485	(2,987)	(200,300)
Other comprehensive income for the period	**(68,603)**	4,198	166,640	(1,688)	11,691	(144,168)
Total comprehensive income/(loss) for the period	**(771,292)**	903,737	807,130	166,086	12,441	233,902

STATEMENT OF VALUE ADDED

Group

As at 31st March,	2023	2022	2021	2020	2019	2018
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Sales	**8,945,000**	9,534,169	5,393,229	4,634,962	4,294,027	4,077,367
Other Income	**127,908**	129,109	91,336	99,339	95,663	92,421
Less:						
Cost of materials & services bought in	**(6,716,171)**	(6,921,275)	(3,680,856)	(3,606,828)	(3,460,780)	(3,027,634)
Value added	**2,356,737**	2,742,003	1,803,709	1,127,473	928,910	1,142,154
Distribution of Value Added						
Employees as remuneration	**731,924**	676,316	460,151	373,918	334,484	285,382
Government as taxes	**120,125**	226,814	35,416	64,369	12,544	49,890
Lenders of capital as interest	**1,682,160**	78,809	221,837	377,783	403,600	145,262
Shareholders as dividends	**273,720**	424,862	193,596	-	54,744	165,807
Retained in the business as						
- Depreciation	**250,392**	191,995	232,219	143,630	122,788	93,060
- Profits/(losses)	**(701,583)**	1,143,206	660,490	167,773	750	402,753
Total	**2,356,737**	2,742,003	1,803,709	1,127,473	928,910	1,142,154

GRI CONTEXT INDEX

Statement of use	SWISSTEK (CEYLON) PLC has reported in accordance with the GRI Standards for the period 1st April 2022 to 31st March 2023
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	There is no applicable sector standard.

GRI Standard/ Other Source	Disclosure	Page	Omission: Requirement(s) Omitted	Omission: Reason	Omission: Explanation	GRI Sector Standard Ref. No.
General disclosures						
GRI 2: General Disclosures 2021	2-1 Organizational details	4-8				
	2-2 Entities included in the organization's sustainability reporting	4				
	2-3 Reporting period, frequency and contact point	4				
	2-4 Restatements of information	4				
	2-5 External assurance	68				
	2-6 Activities, value chain and other business relationships	4-8				
	2-7 Employees	36				
	2-8 Workers who are not employees	36				
	2-9 Governance structure and composition	45 -51				
	2-10 Nomination and selection of the highest governance body	45- 51				
	2-11 Chair of the highest governance body	45-51				
	2-12 Role of the highest governance body in overseeing the management of impacts	45-51				
	2-13 Delegation of responsibility for managing impacts	52-56				
	2-14 Role of the highest governance body in sustainability reporting	45				
	2-15 Conflicts of interest	48				
	2-16 Communication of critical concerns	45				
	2-17 Collective knowledge of the highest governance body	37				
	2-18 Evaluation of the performance of the highest governance body	45-51				
	2-19 Remuneration policies			Not disclosed due to confidentiality concerns.		
	2-20 Process to determine remuneration	35,63				
	2-21 Annual total compensation ratio			Not disclosed due to confidentiality concerns.		

GRI Standard/ Other Source	Disclosure	Page	Omission: Requirement(s) Omitted	Omission: Reason	Omission: Explanation	GRI Sector Standard Ref. No.
	2-22 Statement on sustainable development strategy	23-22				
	2-23 Policy commitments	4,48				
	2-24 Embedding policy commitments	48,45-51				
	2-25 Processes to remediate negative impacts	45-51				
	2-26 Mechanisms for seeking advice and raising concerns	45-51				
	2-27 Compliance with laws and regulations	48				
	2-28 Membership associations	45				
	2-29 Approach to stakeholder engagement	24				
	2-30 Collective bargaining agreements	35				
Material topics						
GRI 3: Material Topics 2021	3-1 Process to determine material topics	26				
	3-2 List of material topics	26				
Economic performance						
GRI 3: Material Topics 2021	3-3 Management of material topics	26				
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	12,22,33				
	201-2 Financial implications and other risks and opportunities due to climate change	28				
	201-3 Defined benefit plan obligations and other retirement plans	36				
	201-4 Financial assistance received from government	-		No such assistance received from government.		
Market presence						
GRI 3: Material Topics 2021	3-3 Management of material topics	26				
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage			Remuneration offered above minimum wage without considering gender.		
	202-2 Proportion of senior management hired from the local community			All managers hired from local community.		

GRI Standard/ Other Source	Disclosure	Page	Omission			GRI Sector Standard Ref. No.
			Requirement(s) Omitted	Reason	Explanation	
Indirect economic impacts						
GRI 3: Material Topics 2021	3-3 Management of material topics	26				
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	8, 33-34				
	203-2 Significant indirect economic impacts	28				
Procurement practices						
GRI 3: Material Topics 2021	3-3 Management of material topics	26				
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	38				
Anti-corruption						
GRI 3: Material Topics 2021	3-3 Management of material topics	26				
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	52				
	205-2 Communication and training about anti-corruption policies and procedures			No such communication & training during the FY2022/23		
	205-3 Confirmed incidents of corruption and actions taken			All managers hired from local community.		
Tax						
GRI 3: Material Topics 2021	3-3 Management of material topics	26				
GRI 207: Tax 2019	207-1 Approach to tax	88-97				
	207-2 Tax governance, control, and risk management	88-97				
	207-3 Stakeholder engagement and management of concerns related to tax	24-25				
	207-4 Country-by-country reporting			Operating only locally		
Materials						
GRI 3: Material Topics 2021	3-3 Management of material topics	26				
GRI 301: Materials 2016	301-1 Materials used by weight or volume	42				
	301-2 Recycled input materials used	43				

GRI CONTEXT INDEX

GRI Standard/ Other Source	Disclosure	Page	Omission: Requirement(s) Omitted	Omission: Reason	Omission: Explanation	GRI Sector Standard Ref. No.
Energy						
GRI 3: Material Topics 2021	3-3 Management of material topics	26				
GRI 302: Energy 2016	302-1 Energy consumption within the organization	42-43				
	302-3 Energy intensity	13				
	302-4 Reduction of energy consumption	43				
	302-5 Reductions in energy requirements of products and services	42-44				
Water and effluents						
GRI 3: Material Topics 2021	3-3 Management of material topics	26				
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	43				
	303-2 Management of water discharge-related impacts	43				
	303-3 Water withdrawal	43				
	303-4 Water discharge	43				
	303-5 Water consumption	43				
Emissions						
GRI 3: Material Topics 2021	3-3 Management of material topics	26				
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	44				
	305-2 Energy indirect (Scope 2) GHG emissions	44				
	305-3 Other indirect (Scope 3) GHG emissions	44				
	305-4 GHG emissions intensity	44				
	305-5 Reduction of GHG emissions	44				
Waste						
GRI 3: Material Topics 2021	3-3 Management of material topics	26				
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	43				
	306-2 Management of significant waste-related impacts	43				
	306-3 Waste generated	43				
	306-4 Waste diverted from disposal	43				
	306-5 Waste directed to disposal	43				

GRI Standard/ Other Source	Disclosure	Page	Omission			GRI Sector Standard Ref. No.
			Requirement(s) Omitted	Reason	Explanation	
Employment						
GRI 3: Material Topics 2021	3-3 Management of material topics	26				
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	36				
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	36				
	401-3 Parental leave	36				
Occupational health and safety						
GRI 3: Material Topics 2021	3-3 Management of material topics	26				
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	37				
	403-2 Hazard identification, risk assessment, and incident investigation	37				
	403-3 Occupational health services	37				
	403-4 Worker participation, consultation, and communication on occupational health and safety	37				
	403-5 Worker training on occupational health and safety	36-37				
	403-6 Promotion of worker health	36-37				
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	36-37				
	403-8 Workers covered by an occupational health and safety management system	36-37				
	403-9 Work-related injuries	36-37				
	403-10 Work-related ill health	36-37				
Training and education						
GRI 3: Material Topics 2021	3-3 Management of material topics	26				
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	36-37				
	404-2 Programs for upgrading employee skills and transition assistance programs	36-37				
	404-3 Percentage of employees receiving regular performance and career development reviews	36-37				

GRI CONTEXT INDEX

GRI Standard/ Other Source	Disclosure	Page	Omission: Requirement(s) Omitted	Omission: Reason	Omission: Explanation	GRI Sector Standard Ref. No.
Diversity and equal opportunity						
GRI 3: Material Topics 2021	3-3 Management of material topics	26				
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	35				
	405-2 Ratio of basic salary and remuneration of women to men	35				
Non-discrimination						
GRI 3: Material Topics 2021	3-3 Management of material topics	26				
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken			No such incidents during the FY 2022/23		
Forced or compulsory labor						
GRI 3: Material Topics 2021	3-3 Management of material topics	26				
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor			No such incidents during the FY 2022/23		
Local communities						
GRI 3: Material Topics 2021	3-3 Management of material topics	26				
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	35-37				
	413-2 Operations with significant actual and potential negative impacts on local communities	35-37				
Supplier social assessment						
GRI 3: Material Topics 2021	3-3 Management of material topics	26				
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	38-39				
	414-2 Negative social impacts in the supply chain and actions taken	38-39				

GRI Standard/ Other Source	Disclosure	Page	Omission: Requirement(s) Omitted	Omission: Reason	Omission: Explanation	GRI Sector Standard Ref. No.
Customer health and safety						
GRI 3: Material Topics 2021	3-3 Management of material topics	26				
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	35-38				
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services			No such incidents during the FY 2022/23		
Marketing and labeling						
GRI 3: Material Topics 2021	3-3 Management of material topics	26				
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	35-38				
	417-2 Incidents of non-compliance concerning product and service information and labeling			No such incidents during the FY 2022/23		
	417-3 Incidents of non-compliance concerning marketing communications			No such incidents during the FY 2022/23		
Customer privacy						
GRI 3: Material Topics 2021	3-3 Management of material topics	26				
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data			No such incidents during the FY 2022/23		

NOTES

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Fifty Sixth (56th) Annual General Meeting of Swisstek (Ceylon) PLC will be held by way of electronic means on 30th June 2023 at 1.30 p.m centered at the Board Room of Royal Ceramics Lanka PLC, No. 20, R A de Mel Mawatha, Colombo 3, and the business to be brought before the Meeting will be:

1. To receive and consider the Annual Report of the Board of Directors on the affairs of the Company and the Financial Statements for the year ended 31st March 2023 and the Report of the Auditors thereon.

2. To declare a final dividend of Twenty Cents (Rs. 0.20) per share as recommended by the Board of Directors.

3. To re-elect Dr. Selliah, who retires by rotation in terms of Articles 103 and 104 of the Articles of Association, as a Director of the Company.

4. To re-elect Mr. A M Weerasinghe, who retires by rotation in terms of Articles 103 and 104 of the Articles of Association, as a Director of the Company.

5. To authorise the Directors to determine donations for the ensuing year.

6. To re-appoint Messrs. KPMG, Chartered Accountants as Auditors of the Company and to authorise the Directors to determine their remuneration.

By Order of the Board
SWISSTEK (CEYLON) PLC

P W CORPORATE SECRETARIAL (PVT) LTD
Director/ Secretaries

31st May 2023
Colombo.

Note:

1. A Shareholder entitled to attend or attend and vote at the meeting is entitled to appoint a Proxy who need not be a shareholder to attend and vote instead of him/ her. A Proxy need not be a shareholder of the Company.

2. A Form of Proxy is enclosed in this report.

3. The completed Form of Proxy should be deposited with the Company Secretaries, P W Corporate Secretarial (Pvt) Ltd, No. 3/17, Kynsey Road, Colombo 08, Sri Lanka, not less than forty-eight (48) hours before the time fixed for the commencement of the Meeting

FORM OF PROXY

I/We the undersigned ....holder of NIC No. ....

of...

being a shareholder/s* of Swisstek (Ceylon) PLC, do hereby appoint:...

holder of NIC No...of...

or failing him/her*

Mr. Shiran Harsha Amarasekera	or failing him*
Mr. Jayasekera Arachchige Panduka Mahendra Jayasekera	or failing him*
Mr. Jayawardena Kankanange Aravinda Sirinatha	or failing him*
Dr. Sivakumar Selliah	or failing him*
Mr. Amarakone Mudiyanselage Weerasinghe	or failing him*
Mr. Anthonyge Shirley Mahendra	or failing him*
Mr. Kalupathiranalage Don Gamini Gunaratne	or failing him*
Mr. Chethiya Umagiliya Weerawardena	or failing him*

my/our * Proxy to represent me/us to speak and vote for me/us* and on my/our* behalf at the Fifty Sixth Annual General Meeting of the Company to be held on 30th June 2023 at 1.30 p.m. and any adjournment thereof, and at every poll whioch may be taken in consequence thereof.

	For	Against
Resolution 1 To declare a final divided of Twenty Cents (Rs. 0.20) per share as recommended by the Board of Directors		
Resolution 2 To re-elect Dr. S Selliah who retires in terms of Articles 103 and 104 of the Articles of Association, as a Director.		
Resolution 3 To re-elect Mr. A M Weerasinghe who retires in terms of Articles 103 and 104 of the Articles of Association, as a Director.		
Resolution 4 To authorize the Directors to determine donations for the ensuing year.		
Resolution 5 To re-appoint Messrs. KPMG Chartered Accountants as Auditors of the Company and authorize the Directors to determine their remuneration.		

Signed this .... day of .... Two Thousand and Twenty Three.

....

Signature

1. * Please delete the inappropriate words.
2. Instructions as to completion are noted on the reverse hereof.

INSTRUCTIONS FOR COMPLETION OF FORM OF PROXY

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 Proxy shall –

   (a) In the case of an individual be signed by the shareholder or by his/her attorney, and if signed by an Attorney, a notarially certified copy of the Power of Attorney should be attached to the completed Proxy if it has not already been registered with the Company.

   (b) In the case of a company or corporate / statutory body either be under its Common Seal or signed by its Attorney or by an Officer on behalf of the company or corporate / statutory body in accordance with its Articles of Association or the Constitution or the Statute (as applicable).

3. Please indicate with a 'X' how the Proxy should vote on each resolution. If no indication is given, the Proxy in his/her discretion will vote as he/she thinks fit.

CORPORATE INFORMATION

Name of the Company

SWISSTEK (CEYLON) PLC

Legal Form

Swisstek (Ceylon) PLC is a public limited liability company listed on the Colombo Stock Exchange. Which was incorporated under the Companies Ordinance No.51 of 1938 as a public company on 12th day of July 1967. Pursuant to the requirements of the new Companies Act No. 7 of 2007, the Company was re-registered on 6th June 2008 and bears registration number PQ155.

Directors

Mr. S H Amarasekera
(Chairman)

Mr. J A P M Jayasekera
(Managing Director)

Mr. J K A Sirinatha

Dr. S Selliah

Mr. A M Weerasinghe

Mr. A S Mahendra

Mr. K D G Gunaratne

Mr. C U Weerawardena

Secretaries

PW Corporate Secretarial (Pvt) Ltd
3/17, Kynsey Road, Colombo 08
Telephone : +94 11 4640360-3
Facsimile : +94 11 4740588
Email : pwcs@pwcs.lk

Registered Office

215, Nawala Road, Narahenpita,
Colombo 5
Telephone : +94 11 4526700
Facsimile : +94 11 2806232
Email : swisstek@lankatiles.com
Website : www.swisstekceylon.com

Factory

Swisstek (Ceylon) PLC
Factory Complex, Belummahara, Imbulgoda
Telephone : + 94 - 33 - 4930590
Facsimile : + 94 - 33 - 5701371
Email : swisstek@lankatiles.com

Bankers

Bank of Ceylon

DFCC Bank PLC

Seylan Bank PLC

Commercial Bank of Ceylon PLC

Union Bank of Colombo PLC
Sampath Bank PLC

Auditors

KPMG
Chartered Accountants
32 A, Sir Mohammed Macan Markar Mawatha, Colombo - 3
Telephone : + 94 11 5426 426
Facsimile : + 94 11 2445 872
+ 94 11 2446 058
Website : www.kpmg.com/lk

This Annual Report is conceptualised, designed and produced by Redworks.

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SWISSTEK (CEYLON) PLC