UNLEASHING POTENTIAL

Swisstek (Ceylon) PLC
Annual Report 2021/22

UNLEASHING POTENTIAL

Harnessing the growth potential of our business, we strived to enhance our efficiencies by increasing production capacity across key growth segments of our business. Focussed on cost and operational excellence we were able to enhance our performance across many spheres. Innovation remains a hallmark of our brand and a key element of our value proposition as our new products gain significant traction with greater market accessibility. All of these achievements help us unleash our true potential and strengthen the local manufacturing footprint of the nation.

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The Group recorded an impressive performance during the year, recording a revenue growth of 77% and profit growth of 41%. Basic earnings per share increased to Rs. 6.16 from Rs. 4.36 in the previous year.

Chairman's Review

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During the year we enhanced production capacity in high growth product categories such as mortar and skim coat in response to the increase in demand. Production capacity of Swisstek (Ceylon) PLC increased by 35% due to capacity enhancements carried out during the year.

Managing Director's Message

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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."

OUR STRONG BUSINESS MODEL FOUNDED ON AGILITY AND ADAPTABILITY HAS BEEN A PLATFORM TO DELIVER SUSTAINABLE VALUE TO ALL STAKEHOLDERS.

ABOUT THIS REPORT

Swisstek (Ceylon) PLC

ANNUAL REPORT 2021/22

Consistancy

Accuracy and Completeness

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

Connectivity of Information

Balance

Reporting Principles

FINANCIAL REPORTING
- Sri Lanka Financial Reporting Standards
- Companies Act No. 7 of 2007
- GRI Standards In Accordance (Core)

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 CA Sri Lanka and SEC

Swisstek (Ceylon) PLC and its subsidiaries (herein after referred to as the "Group") present to you its Fifth 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 (Pvt) Ltd. for the period 1 April 2021 to 31 March 2022 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 21 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 restatement 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 64 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.

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

Chief Operating Officer
Swisstek (Ceylon) PLC
215, Nawala Road, Narahenpita,
Colombo-5.

Available Forms

Print Available on request

CD-Rom Posted to all Shareholders

Online Available as PDF

www.swisstekceylon.com

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 (SCP) is one of Sri Lanka's leading suppliers of tile grout and tile mortar. It is also Sri Lanka's pioneer wood flooring supplier, offering a range of solutions to the residential and commercial segments under the well-known SWISS PARKETT brand. The Company has growing presence in the timber flooring segment both locally and overseas.

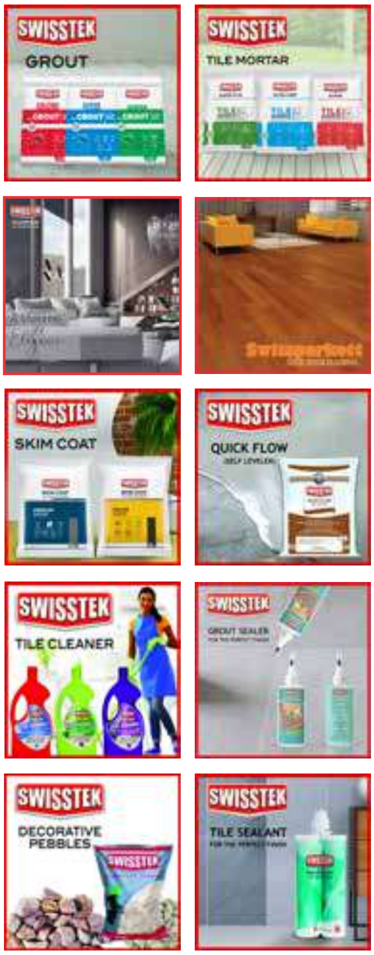
The Company's 87.38%-owned subsidiary Swisstek Aluminium Ltd has a strong presence in the aluminium extrusions market and manufactures a range of products including pre-fabricated windows under the Swisstek brand.

Swisstek is part of the Lanka Walltiles Group, one of Sri Lanka's leading tile manufacturers.

Products

90 products

20 categories



Production Facilities

Swisstek Ceylon

Belummahara
Mortar, Grout Skim-coat and Pebbles

Production Capacity

68,000 MT

Swisstek Aluminium

Dompe
Aluminium Extrusions

Production Capacity

8,400 MT

Markets

Sri Lanka

Maldives

USA

Relationships

516 Employees

612 Suppliers and business partners

307 Distributors

Our Impact

Socio-economic impact

Tax Contribution	Export Revenue	Direct Employment	Indirect Employment	Supplier Payments
521 Mn	36.6 Mn	516	247	8,049 Mn

KEY MILESTONES

1967

The Company was incorporated as Parquet (Ceylon) Ltd to manufacture mosaic flooring using off cuts 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

Become the first Company in the region to introduce Rubber wood 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 - Gold standard for Powder Coated Aluminium

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

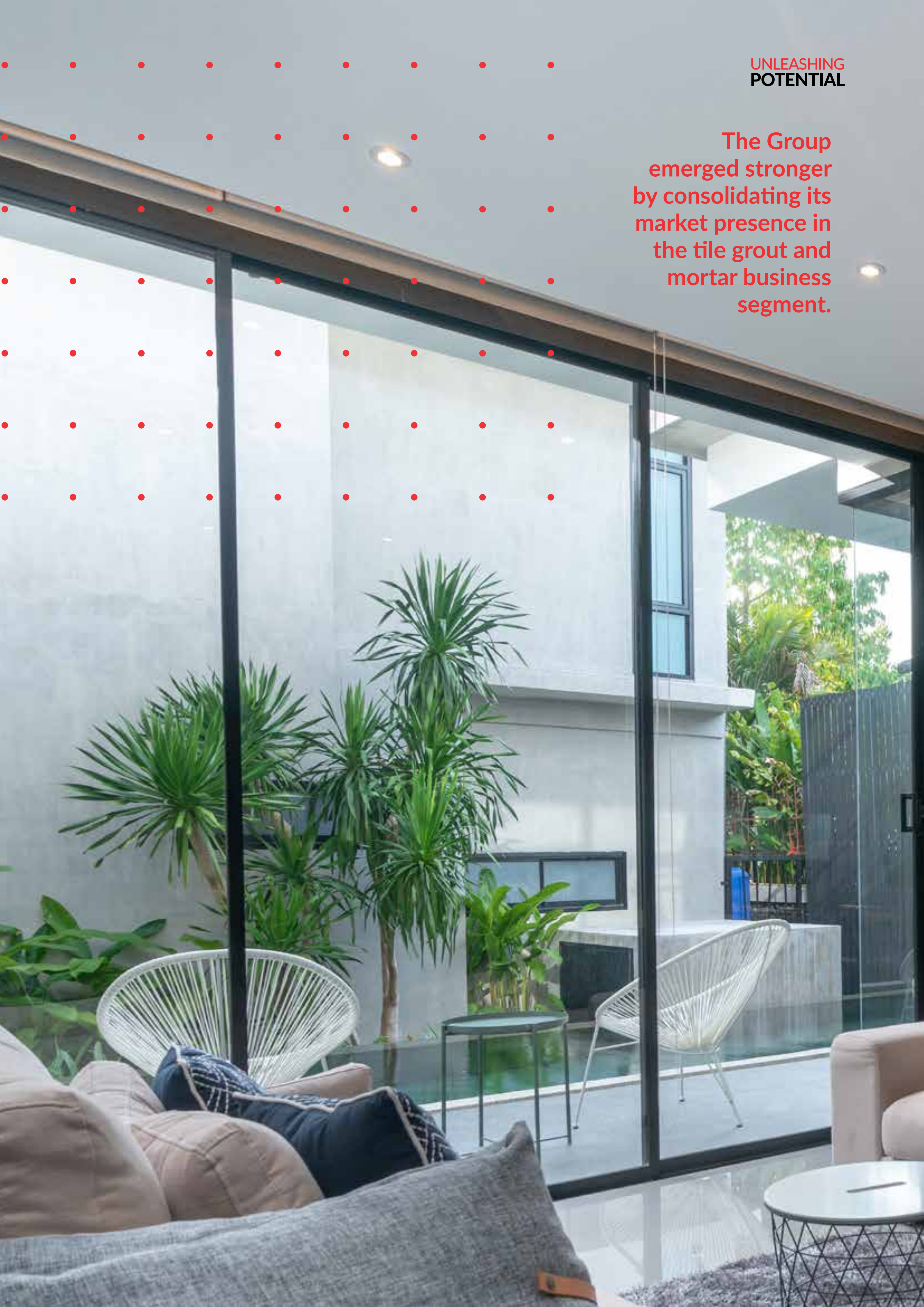
2022

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

The Group emerged stronger by consolidating its market presence in the tile grout and mortar business segment.



PERFORMANCE HIGHLIGHTS 2021/22

Financial Highlights

Financial Performance

		GROUP		COMPANY	
		2021/22	2020/21	2021/22	2020/21
Financial Performance					
Revenue	Rs. Million	9,534	5,393	2,390	1,553
Gross profit	Rs. Million	2,141	1,519	672	433
Operating expenses	Rs. Million	1,037	635	233	158
Operating profit	Rs. Million	1,231	975	786	417
Pre-tax profit	Rs. Million	1,143	753	843	367
Taxation	Rs. Million	243	113	147	6
Profit for the year	Rs. Million	900	640	696	361
GP margin	%	23%	29%	29%	28%
OP margin	%	13%	18%	33%	27%
Net profit margin	%	10%	12%	30%	24%
Return on average equity	%	27%	23%	35%	22%
Financial Position					
Total assets	Rs. Million	10,721	6,575	3,521	2,789
Non-current assets	Rs. Million	3,704	3,148	2,233	1,767
Current assets	Rs. Million	7,016	3,427	1,288	1,021
Shareholders' funds	Rs. Million	3,155	2,698	1,976	1,667
Borrowings	Rs .Million	4,668	2,245	880	556
Gearing ratio	Times	0.30	0.24	0.27	0.20
Interest cover	Times	5.79	4.67	11.71	6.61
Current ratio	Times	1.10	1.13	1.29	1.30
Quick asset ratio	Times	0.65	0.61	1.03	1.00
Investor information					
Earnings per share	Rs.	6.16	4.36	5.09	2.64
Dividend per share	Rs.	3.11	1.42	2.85	1.35
Net Asset Value per share	Rs.	23.05	19.72	14.45	12.19
Market value per share at 31 March	Rs.	22.10	21.60	22.1	21.6
Market capitalisation as at 31 March	Rs. Million	3,025	2,956	3,025	2,956
P/E ratio	Times	3.59	4.95	4.35	8.19
Dividend pay out	%	46%	31%	56%	51%
Dividend cover	Times	2.16	3.31	1.78	1.95

Non- Financial Highlights

Human Capital

		GROUP	
		2021/22	2020/21
Total employees	No.	516	433
Payments to employees	Rs. Million	522	389
Employee retention rate	%	88	80
Female representation	%	10	11
New recruits	No.	221	178
Investment in training	Rs. Million	0.81	1.60
Total training hours	Hours	84	2,300
Average training hours/employee	Hours	0.16	5.31
Workplace injuries	No.	26	26
Union representation	%	36	29

Manufactured Capital

		GROUP	
		2021/22	2020/21
Property, plant and equipment	Rs. Million	3,368	2,765
Investment in capex	Rs. Million	797	265
Production volume (Aluminium + Cement)	MT	65,976	48,820

Intellectual Capital

		GROUP	
		2021/22	2020/21
R&D Investment	Rs. Million	6	1
New products launched	No.	9	10
Average length of employee service	Years	10	6

Social and Relationship Capital

		GROUP	
		2021/22	2020/21
Payments to suppliers	Rs. Million	8,049	3,272
Proportional spending to local suppliers	%	58.5	54
Beneficiaries	No.	800	300
Investment in CSR	Rs. Million	5.9	0.75

Natural capital

		GROUP	
		2021/22	2020/21
Raw material Consumption	MT	55,170	51,549
Energy consumption	GJ	80,897	23,011
Energy intensity	GJ per unit	4.99	5.01
Water consumption	M3	51,135	37,400
Solid waste generation	MT	156	45

CHAIRMAN'S REVIEW

Dear Shareholder,

Swisstek (Ceylon) PLC delivered a remarkable performance during the year recording a revenue growth of 54% and profit growth of 93%. The notable improvement in operational and financial performance was driven by the unwavering commitment of its dedicated team and farsighted strategy. It gives me great pleasure therefore to present our Integrated Annual Report and Financial Statements for the year ending 31 March 2022.

Operating Environment

Following the sharp decline in economic activity in 2020, the global economy witnessed a strong rebound in 2021 recording a GDP growth of 6.1% compared to a contraction of 3.1% in 2020. Going into 2022 however, progress has been significantly impacted by the ongoing conflict in Ukraine due to spill overs through commodity markets, trade, and financial channels. In addition to the war, frequent and wider-ranging lockdowns in China—including in key manufacturing hubs—have also slowed activity and continue to cause new bottlenecks in global supply chains.

The Sri Lankan economy recovered in 2021 from the pandemic induced contraction in 2020 recording a growth of 3.7% in 2021 compared to the contraction of 3.6% in 2020. The recovery was supported by a number of extraordinary policy measures by the Central Bank and the Government aimed at cushioning the impact of the pandemic on a broader segment of stakeholders. The ultra easy macroeconomic policy package which included monetary policy easing, liquidity provision to the markets and the Government and several external sector and financial sector policies however led to some unintended effects on macroeconomic stability in 2021, which were further aggravated in early 2022. Persistent pressures on the exchange rate amidst high debt service obligations and a weakened balance of payments (BOP) position resulted in a measured adjustment in the exchange rate in early March 2022. Further to this adjustment however, the Sri Lanka rupee which depreciated by 7.0% in December 2021, depreciated significantly by 33% by end March 2022 reflecting the significant liquidity pressures that prevailed in the domestic foreign exchange market as well as the delay in market correction. Inflationary pressures too increased since the second half of 2021 as a result of local and global supply shortages and the lagged impact of extraordinary monetary accommodation.

Construction activities witnessed a rebound during the year recording a 1.9% growth in 2021 compared to the contraction of 13.2% recorded in 2020. Credit to the private sector granted by Licensed Commercial Banks (LCBs) for construction activities, including personal housing construction activities, also recorded a growth as of end December 2021, denoting an increased availability of funds for construction activities. Demand for locally manufactured building materials meanwhile continued to benefit from import restrictions aimed at supporting import substitution in the local manufacturing sector.

Sustained value to our stakeholders

The Group's agility and adaptability in seizing emerging opportunities enabled it to deliver a resilient performance, ensuring continued value creation to stakeholders. The Group recorded an impressive performance during the year, recording a revenue growth of 77% and profit growth of 41%. Basic earnings per share increased to Rs. 6.16 from Rs. 4.36 in the previous year. Responding to evolving customer requirements the Group strengthened its digital presence while introducing several innovative products. A "People First" approach meanwhile provides employees an inclusive, engaging and supportive work environment. Continuous engagement with business partners including suppliers has fostered strong partnerships that create mutual value. Meanwhile an ongoing focus on sustainable manufacturing practices and targeted CSR activities create long term value to our communities.

Corporate Governance

The Board provided effective leadership to the Group during the year. Accordingly, the Board maintained a high level of engagement with the business through digital platforms ensuring they remained updated on emerging risks and opportunities that could potentially impact the Group's ability to generate value. In addition, key areas of board focus included ensuring employee safety, addressing liquidity pressure, the competitive environment and supply chain implications, among others.

Dividends

The Company continued to deliver on its shareholder commitments during the year; the first interim dividend of Rs.0.80 per share was paid in November 2021, followed by Rs.1.00 per share as the second interim dividend in March 2022. With the 3rd interim dividend of Rs.0.90 per share to be paid in June 2022, the Group's dividend per share amounted to Rs.2.70 per share for the financial year ended 31 March 2022.

Looking Ahead

At the time of writing, the country is in the midst of its worst ever economic crisis whilst also grappling with a political crisis. Short term prospects would therefore largely depend on the success of the recovery measures adopted and political consensus achieved. Notwithstanding these uncertainties the Group remains focused on its long-term strategies of achieving operational excellence, product and geographical diversification, people development and sustainability. Being agile and responsive to rapidly evolving market developments meanwhile will enable us to take advantage of emerging opportunities.

Appreciation

In conclusion I would like to express my deep appreciation to my colleagues on the Board for their continued support and counsel in these trying times. On behalf of the Board, I congratulate the Swisstek team, ably led by Managing Director- Mr.Mahendra Jayasekera and acknowledge their untiring efforts which has enabled delivery of the results amidst numerous challenges. Finally, I take this opportunity to thank all our valuable stakeholders, including shareholders, customers, suppliers, distributors and other partners for their continued support.

S H Amarasekera
Chairman

31 May 2022

MANAGING DIRECTOR'S MESSAGE

Dear Shareholder,

I am pleased to present to you, on behalf of the Board, the highlights of the Annual Report and Financial Statements of Swisstek (Ceylon) PLC for the year ended 31 March 2022.

Operating Context

The Sri Lankan economy recovered from a contraction of 3.6% in 2020 and reported a growth of 3.7% in 2021. The improvement in the economy saw a gradual pick up of the construction industry as well which positively impacted demand for building materials. Demand for locally manufactured building materials remained buoyant due to a continuation of import restrictions on several building material finished goods including tiles. Despite the positive demand conditions, a sharp depreciation of the Rupee towards the end of the financial year, inflationary pressures and rising aluminium prices in the global market continued to challenge operating conditions during the year.

A strong Performance

Consolidated revenue recorded an impressive growth of 77% to Rs. 9,534 Mn during the year. The gradual resumption of construction projects and the resultant pick up in the construction sector contributed to the growth in demand for building materials. Meanwhile the continuation of import restrictions on tile imports supported a significant growth in locally manufactured building materials including tiles and complementary products. Group Gross profit Margins however declined due to a sharp increase in global aluminium prices which resulted in a 6% drop in gross margins in subsidiary Company Swisstek Aluminium Limited. A sustained focus on driving cost efficiencies however resulted in the Group recording a Profit After Tax of Rs. 899.5 Mn, a 41% increase over PAT in FY 2020/21.

Total borrowings increased during the year mainly on account of an increase in short term borrowings utilized to finance increasing working capital requirements. The low interest rate environment that prevailed through out the year however enabled the Company to manage its finance expense despite the increased level of borrowings.

Capacity Enhancement

During the year we enhanced production capacity in high growth product categories such as mortar and skim coat in response to the increase in demand. Production capacity of Swisstek (Ceylon) PLC increased by 35% due to capacity enhancements carried out during the year. We also enhanced our warehousing capacity and strengthened our inhouse distribution network to improve our route to market.

Expanding our digital presence

Digital marketing was a key focus during the year as we sought to expand our geographical reach while enhancing customer convenience. During the year we strengthened our presence on leading e-commerce site Daraz by expanding the range of products available on the site and carrying out several targeted e-marketing campaigns. Currently 1% of total sales are from online channels compared to 1,371% in 2019.

Market Leadership

We continued to maintain our position as one of Sri Lanka's leading suppliers of tile grout and tile mortar. During the year we relaunched the Swisstek product portfolio with several product improvements and new packaging. New products introduced include Swisstek Skim Coat – Premium which caters to interior and exterior wall finishing needs of customers. The Swisstek tile adhesives and grout range also received SLS certification during the year, further enhancing our brand value. A key achievement during the year was Swisstek Aluminium gaining market share to become the market leader with a market share of over 40% in the aluminium extrusions segment.

People Development

Attracting and retaining talent remains a key priority amidst increasing levels of overseas labour migration. During the year we conducted several recruitment drives, onboarding a total of 221 employees across the Group. Meanwhile we continue to enhance our employee value proposition by striving to create an inclusive, engaging and supportive work environment for our employees. Career development opportunities are supported by ongoing training and development initiatives across all employee levels. We continued to adopt stringent safety measures to ensure the health and safety of our employees. 95% of our employees are fully vaccinated and comprehensive safety protocols are adopted in all our locations. We also stepped up our employment engagement activities during the year to create a more supportive work environment amidst the disruptions caused by the pandemic. It is with great pride therefore that we note that both Swisstek (Ceylon) PLC and Swisstek Aluminum Ltd received certification as a Great Place to Work based on a rigorous assessment methodology.

Sustainability

Adopting cleaner manufacturing processes and ensuring responsible consumption of resources is part of our business strategy. During the year Swisstek Aluminium installed 3,340 solar panels at its factory complex as part of the Group's efforts to gradually increase its dependence on renewable energy sources. The shift to renewable energy sources is expected to reduce operating costs amidst soaring energy costs while also contributing to the national grid at a time when the nation is facing an energy crisis. Our efforts to increase the use of recycled material including secondary billets also enabled us to significantly reduce raw material costs particularly in the backdrop of rising aluminium global prices. The percentage of recycled aluminium used in the production process increased from 40% to 50% during the year. Whilst ensuring more responsible consumption of resources we also remain committed to reducing the negative impact of our operations on the environment. We therefore invested Rs. 10 Mn in a new dust duct to reduce dust emissions and we plan to invest a further Rs. 12 Mn in increasing the capacity of our effluent treatment plant at Swisstek Aluminium Ltd.

Outlook

FY 2022/23 is likely to be a challenging year amidst the ongoing economic crisis in the country and global headwinds such as rising commodity prices, geopolitical instability and a slowing down of global growth. We however remain confident that remaining agile and responsive will enable us to successfully navigate these challenges. Liquidity management will be a critical focus during the year and we will continue to streamline inventory, debtor and creditor management. Increasing manufacturing and distribution efficiencies while building brand value will also be key priorities in order to maintain margins. Meanwhile we will continue to diversify our product portfolio and explore new markets in order to drive sustainable growth.

Acknowledgements

I take this opportunity to extend my sincere gratitude to the Chairman and Board of Directors for their continued guidance. I also wish to thank our employees for their commitment and dedication. Finally, to our customers, shareholders, suppliers and business partners, I wish to place on record my appreciation for your continued support.

J A P M Jayasekera
Managing Director

31 May 2022

BOARD OF DIRECTORS

MR. S H AMARASEKERA - Chairman

MR. J A P M JAYASEKERA - Managing Director

MR. A M WEERASINGHE - Director

MR. J K A SIRINATHA - Director

DR. SIVAKUMAR SELLIAH (MB BS, M.Phil) - Director

MR. A S MAHENDRA - Director

MR. K D G GUNARATNE - Director

MR. C U WEERAWARDENA - Director

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.

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

MR. J A P M JAYASEKERA
Managing Director

Mahendra Jayasekera is the Managing Director of Lanka Walltiles PLC, Lanka Tiles PLC, Swisstek (Ceylon) PLC and Swisstek Aluminium Limited. 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 Post Graduate Diploma in Buddhist Studies (Distinction Pass) from the Post Graduate Institute of Pali and Buddhist Studies, University of Kelaniya. He has just completed Master of Arts in Buddhist Studies from the Post Graduate Institute of Pali and Buddhist Studies, University of Kelaniya and awaiting results. He has served as both executive and non-executive director of many other listed and unlisted Companies.He is the President of Colombo Young Men's Buddhist Association.

MR. A M WEERASINGHE
Director

Founder of Royal Ceramics Lanka PLC in 1990. A Gem Merchant by profession. Mr. Weerasinghe has been in the business field for more than 37 years involved in Real Estate, Construction, Transportation and Hospital Industry and a Landed Proprietor. He is the Chairman of Lanka Ceramic PLC, Singhe Hospitals PLC, Weerasinghe Property Development (Pvt) Ltd., Weerasinghe Gems (Pvt) Ltd., and serves as a Director of Swisstek (Ceylon) PLC and Swisstek Aluminium Ltd.

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. S SELLIAH
(MBBS, M.Phil)
Director

Dr. Selliah holds an MBBS degree and a Master's Degree (M.Phil). He has over two decades of diverse experience in 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.

Dr. Selliah is currently the Deputy Chairman of Asiri Hospital Holdings PLC, Asiri Surgical Hospital PLC, Central Hospitals Private Ltd and Chairman of JAT Holdings PLC. Some of the other listed companies he currently serves as a Director are : Commercial Bank of Ceylon PLC, Lanka Walltiles PLC, ACL Cables PLC, HNB Assurance PLC, Lanka Tiles PLC , Softlogic Holdings PLC , Odel PLC, Swisstek (Ceylon) PLC. He has also served on many other Boards in the past. Currently, he also serves as a Member or Chairman of many Board sub committees such as : Human Resource and Remuneration Committee, Related party Transaction Committee, Audit Committee, Investment Committee, Strategic Planning Committee, and Risk management Committee.

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.

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 (Ceylon) PLC and Swisstek Aluminium Limited. He has 35 years of working experience in the field of Sales and Marketing. He holds MBA in Marketing from University of Colombo, Post Graduate Diploma from Chartered Institute of Marketing. Also, a Chartered Marketer and a member of the Chartered Institute of Marketing – UK.

MR. K D G GUNARATNE
Director

He presently serves as Chairman of Lanka Hotels and Residencies Pvt Ltd (Sheraton Colombo), Board Member of Swisstek Ceylon PLC, 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 and SLIIT International (Pvt) Ltd Previously he has served as Vice Chairman of National Water Supply and Drainage Board.

MR. C U WEERAWARDENA
Director

Mr. Chethiya Umagiliya Weerawardena is an entrepreneur with 15 years' experience in the Gem Industry and has business interests in Real Estate. He holds a Diploma in Business Management from the University of Macquarie Sydney, Australia.

SENIOR MANAGEMENT TEAM

Mr. J A P M Jayasekera
Managing Director

Mr. Shirley Mahendra
Director - Group Marketing

Mr. B T T Roche
Chief Operating Officer

Mr. Dayal de Silva
General Manager - Timber Operations

Ms. Wajira Nanayakkara
Asst. General Manager – Plant and Technical

Mr. Prasad Keerthirathne
Head of IT

Mr. Daminda Perera
Group Head of Marketing

Ms. Sajeewani Amarasinghe
Group Finance Manager

Ms. Kaushalya Sudasinghe
Group Manager - Sales Administration

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. Wijayananda Dissanayake
Sales Manager

Strengthening our capacity across pivotal areas of our business enabled us to enhance our value proposition.

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	VALUE CREATION PROCESS
CAPITAL INPUTS	TRANSFORMING OUR CAPITAL INPUTS

Financial Capital

Shareholders funds
Rs. 3,155 Mn

Debt **Rs. 4,668 Mn**

Manufactured Capital

Manufacturing plants **2**

Human Capital

Employees **516**

Social and Relationship Capital

Supplier relationships: **612**

Distributors: **40**

Dealer outlets: **183**

Franchisees: **84**

Intellectual Capital

Tacit knowledge

Systems, processes and standards

R & D Capabilities and brands

Natural Capital

Raw materials: **55,170 MT**

Water use: **51,135 m³**

Energy consumption:
80,897 GJ

VALUE DELIVERED

OUTPUTS

Revenue :
Rs. 9,534 Mn

Profit after tax:
Rs. 900 Mn

Earnings per share:
Rs. 6.16

Dividend per share:
Rs. 3.10

Payments to employees
Rs. 522 Mn

Investment in training and development:
Rs. 0.8 Mn

Payments to suppliers:
Rs. 8,049 Mn

Investments in community engagement:
Rs. 5.9 Mn

Impacts

Effluent discharge :
17,550 m³

OUTCOMES

OUTCOMES	Contribution to SDG's
Shareholders Sustainable returns (Refer Financial capital on page 26)	8 DECENT WORK AND ECONOMIC GROWTH
Customers Innovative products Increased customer convenience (Refer Social and Relationship Capital Report on page 34)	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Employees Opportunities for career progression and skill development in a dynamic environment (Refer Human Capital Report on page 31)	4 QUALITY EDUCATION
Suppliers Stronger partnerships (Refer Social and Relationship Capital Report on page 34)	17 PARTNERSHIPS FOR THE GOALS
Community Mutually beneficial relationships with the communities we operate in (Refer Social and Relationship Capital Report on page 34)	13 CLIMATE ACTION

STRATEGY

STAKEHOLDER ENGAGEMENT

We engage with our stakeholders on an ongoing basis to understand evolving requirements of our stakeholders. Stakeholder engagement is incorporated into the normal course of business through both formal and informal channels and is reviewed regularly to ensure the most effective mechanisms are in place to engage with different stakeholder Groups. The issues, concerns and suggestions raised through our engagement activities feed into our materiality assessment and form the basis of our overall strategic direction.

Stakeholder Group	Engagement Mechanisms	Key Concerns	Link to Material Matters
SHAREHOLDERS AND INVESTORS	• AGM • Annual Report and Quarterly financial statements • Announcements to the Colombo Stock Exchange • Corporate website	• Financial performance • Business resilience • Sustainable business growth • Corporate governance and risk management	• Economic Performance • Environmental Compliance • Manufacturing capabilities
EMPLOYEES	• Performance appraisals • Employee satisfaction surveys • Multi-level staff meetings	• Health and Safety • Job security • Attractive remuneration • Opportunities for training and development • Career progression and succession	• Employee Productivity • Attraction and retention of employees • Employee Health and Safety • Employee management and labour relations
CUSTOMERS	• Customer satisfaction survey • One-to-one engagement • Customer hotline	• Product quality • Value for money • Accessibility and Supply reliability • Product innovation • Customer service	• Cost Management • Product development
BUSINESS PARTNERS	• Annual Reviews • Conferences/ Industry forums • Supplier site visits	• Sustainable business growth • Product quality • Availability of product • Timely settlement of dues	• Supply chain Management • Distribution channel efficiency • Raw Material Management
COMMUNITY	• Ongoing CSR projects • Hotline to address community complaints	• Impact on environment from operations • Responsible Sourcing • Community Investment	• Managing our environmental impacts • Community engagement

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 that substantively influences the assessments and decisions of stakeholders. Material matters are identified based on our interactions with stakeholders and an evaluation and prioritization 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
	Manufacturing capabilities	
	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

STRATEGY

OUR STRATEGY

While continuing to adapt to the rapidly evolving operating conditions we remained focused on our long term strategic goals of Operational Excellence, Product and Geographical Diversification, People Development and Sustainability.

OPERATIONAL EXCELLENCE

Key Initiatives during FY 2021/22

- Increased production capacity for tile motar and skim coat
- Increased warehousing capacity with a new warehousing space
- Investments in process automation including a new conveyer system
- Improved route to market process by strengthening inhouse distribution network
- Swisstek Tile adhesives and grout range received the SLS certification

Impact

Profit growth of
41%

Contribution to SDG's

PRODUCT AND GEOGRAPHICAL DIVERSIFICATION

Key Initiatives during FY 2021/22

- Increased online presence to expand product reach
- Relaunch of Swisstek product portfolio with product improvements and new packaging
- Introduction of new products in the Aluminium portfolio (8)
- Invested in over 100 branded dealer boards in key regions
- Ongoing training for tilers and painters to drive brand awareness

Impact

Swisstek Aluminium became market leader

Contribution to SDG's

PEOPLE DEVELOPMENT

Key Initiatives during FY 2021/22

- Over 221 new recruits
- Increased retirement age and explored contact employment
- Invested in a Learning Management System
- 84 hrs of training and development
- Closer engagement with employees (eg regular pocket meetings)
- Vaccination of all employees

Impact

GPTW survey score of
96%

Contribution to SDG's

SUSTAINABLE OPERATION

Key Initiatives during FY 2021/22

- Invested improving dust extraction process with new dust duct
- Initiated study to improve plant efficiency
- Initiated commissioning of waste water management plant at Swisstek Aluminium factory.
- Increased use of secondary billets in production (recycled aluminium)

Impact

187%
reduction in dust emissions

Contribution to SDG's

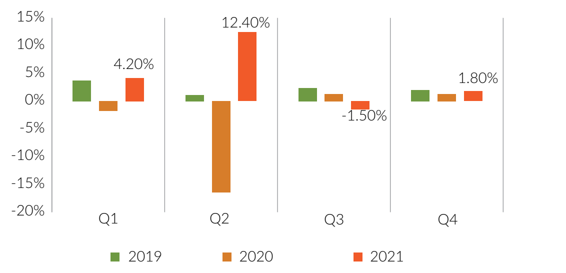
OPERATING ENVIRONMENT

Policy measures aimed at supporting import substitution in the building material sector provided conducive demand conditions although macroeconomic vulnerabilities continued to challenge operating conditions.

Economic Growth

The Sri Lankan economy recovered from a contraction of 3.6% in 2020 and reported a growth of 3.7% in 2021. The industrial sector recorded a growth of 5.3% while the agriculture sector witnessed a growth of 2.0%. The services sector meanwhile grew by 3% during the year. Growth during the last two quarters of 2021 were impacted by the third wave of the pandemic in the country which saw the reimposition of mobility restrictions and a slowing down of economic activity in the country.

GDP Growth by Quarter



Source: Census and Statistics

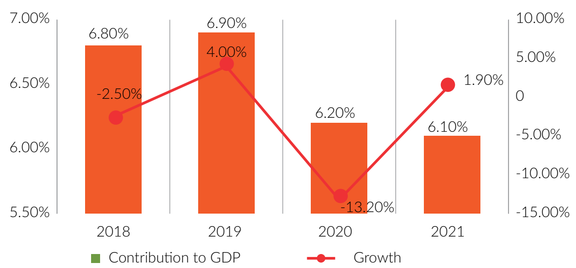
Impact on Business

The improvement in the economy during the year saw a gradual recommencement of building projects which positively impacted demand for building materials

Construction Sector

Supported by the renewed demand for real estate and housing, and the resumption of projects, construction value-added picked up by 1.9% in 2021, recovering from the contraction of 13.2% recorded in 2020. Despite a strong start, the third wave of the pandemic, which spanned during the second and third quarters of the year and the resultant disruptions to global and local supply chains negatively impacted construction activities during the latter half of the year.

Construction Sector Growth



Source : CBSL

Impact on Business

The resumption of construction activities led to an increase in demand for products manufactured by the Company.

Government Policy

Import restrictions on building materials imposed in March 2020, continued during the year. The import restrictions were imposed as part of the government efforts to manage the outflow of foreign exchange and encourage import substitution industries.

Impact on Business

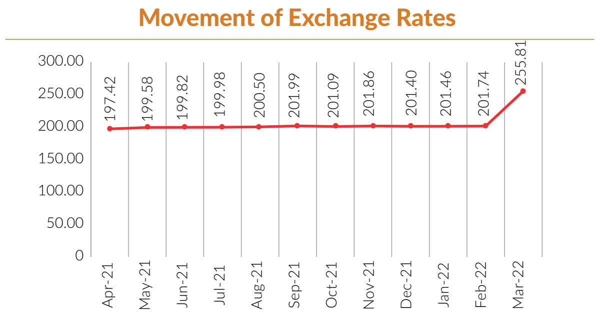
The resumption of construction activities led to an increase in demand for products manufactured by the Company.

OPERATING ENVIRONMENT

Exchange Rate

The Sri Lankan Rupee remained broadly stable in 2021 due to CBSL effectively fixing the official exchange rate at LKR 200-203 per U.S. Dollar since April 2021. Inadequate inflows to the domestic foreign exchange market amidst large outflows including debt repayments continued to put pressure on the exchange rate resulting in the Rupee depreciating by 7% in 2021.

CBSL allowed a measured adjustment in the exchange rate since early March 2022. However, the notable pressures witnessed in the domestic foreign exchange market caused a significant depreciation of the Rupee. Consequently, the Sri Lanka rupee which depreciated by 7.0% in 2021, depreciated significantly by 33% by end March 2022.



Source : CBSL

Impact on Business

The depreciation of the Rupee towards the end of the financial year increased the price of raw materials. However the impact on the Company was limited due to adequate stocks.

Interest Rates

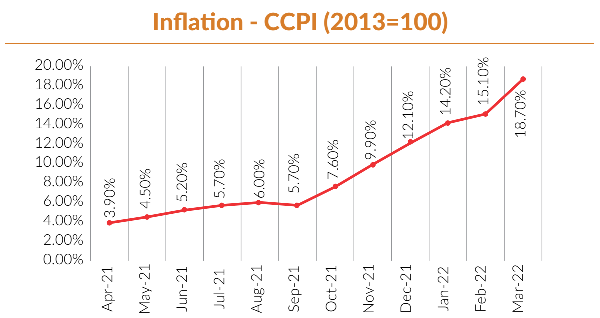
Reversing the accommodative monetary stance adopted since early 2020, the Central Bank of Sri Lanka (CBSL) commenced tightening its monetary policy stance since August 2021 to contain the build up of inflationary pressures and address the imbalances on the external front. Accordingly interest rates that had declined to historical lows in by mid 2021, started gradually increasing towards the end of 2021.

Impact on Business

Borrowing costs remained low during the year due to low interest costs. However interest income was also impacted.

Inflation

Inflation has steadily risen since early 2021, on account of exchange rate depreciation, supply shortages and increases in administered fuel and food prices owing to global price increases. Headline inflation, as measured by the year-on-year (Y-o-Y) change in the Colombo Consumer Price Index increased to 18.7% in March 2022 as compared to a 4.1% Y-o-Y change in March 2021.



Source : CBSL

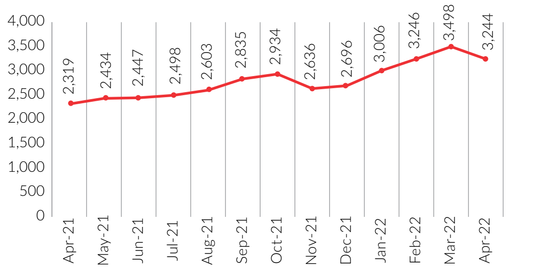
Impact on Business

Rising inflation continued to impact margins in both operations.

Aluminium Prices

Global aluminium prices continued to rise during the year amidst supply shortages and a rebound in global industrial activity. Lower production from China and Russia contributed to supply shortages in the market. Global aluminium prices in April 2022 stood at USD 3,244 per MT, a 40% increase compared to April 2021.

Movement of Aluminium Prices



Source: World Bank

Impact on Business

Rising inflation continued to impact margins in both operations.

Outlook

The current economic crisis in the country is expected to put a dampener on the construction industry in FY 2022/23. Meanwhile global headwinds such as rising energy prices, supply chain disruptions and rising aluminium prices are also expected to pose as challenges in the year ahead.

CAPITAL MANAGEMENT

FINANCIAL CAPITAL

The Group recorded a strong financial performance during the year recording a 77% growth in revenue and 41% growth in Net profits.

Highlights

Revenue
Rs. 9,534.2 Mn
+77%

Net Profit (PAT)
Rs. 899.6 Mn
+41%

Total Assets
Rs. 10.7 Bn
+63%

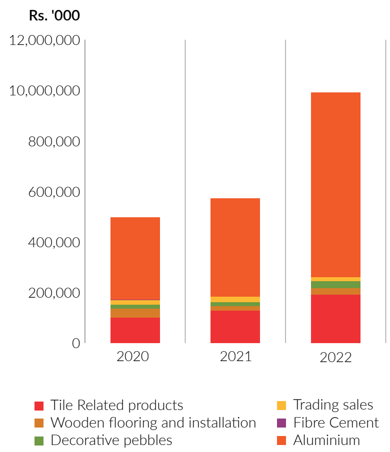
Total Borrowings
Rs. 4.7 Bn
+108%

Financial Performance

Revenue

Consolidated revenue recorded an exceptional growth of 77% to Rs. 9,534.2 Mn in FY 2021/22. The growth was supported by strong performances by both Swisstek Ceylon PLC and Swisstek Aluminium Ltd which witnessed strong growth in all product segments. Revenue from the aluminium segment which accounted for 77% of Group revenue recorded a 88% growth during the year while revenue from Tile Related products which includes products such as grout and mortar also witnessed a 51% growth. The gradual recovery of the construction sector during the year and increased demand for locally manufactured building material amidst import restrictions for building material finished good contributed to a strong volume growth across product categories.

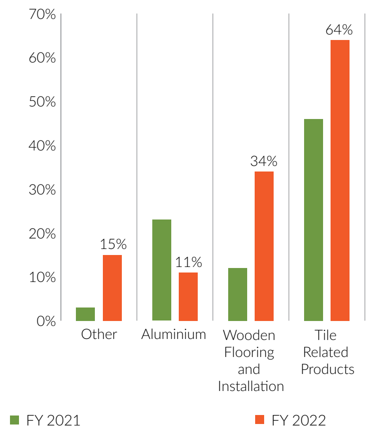
Revenue Growth and Composition



Cost of Sales

Cost of sales amounted to 78% of revenue in FY 2021/22 compared to 72% during the corresponding period last year. Significant increases in raw material prices and higher direct energy costs contributed to this increase.

Gross Margin by Segment



Gross Profits

Gross Margins at Group level decreased from 28% in FY 2020/21 to 22% in FY 2021/22. The decline in Group Gross profit Margins was mainly on account of a decline in margins at Swisstek Aluminium Ltd due to a sharp increase in aluminium prices in the global market. Swisstek Ceylon PLC however enjoyed higher margins in all segments due to significant volume growth and production efficiencies.

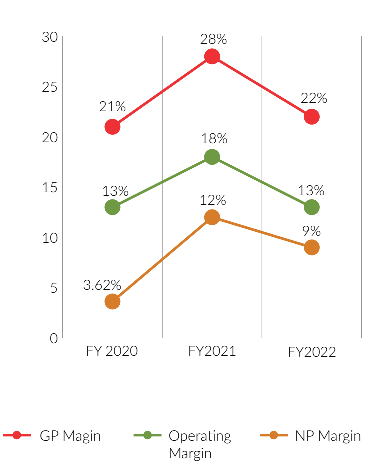
Operating Expenses

Total operating expenses increased proportionate to the increased level of operations and increase in revenue. Total administration expenses during the year amounted to Rs. 319.9 Mn which was 3% of revenue. Selling and distribution expenses meanwhile amounted to Rs. 686.8 Mn which was 7% of revenue.

Operating Profits

Operating profits during the year amounted to Rs. 1,231 Mn a 26% increase compared to FY 2020/21. Operating profit margin during the year however declined from 18% in FY 2020/21 to 13% in FY 2021/22.

Movement in Margins



Finance Expenses

Net finance cost decreased by 60% to Rs. 88.5 Mn. The foreign exchange gain during the year resulted in an increase in finance income while the low interest rate environment enabled the Group the control finance costs despite an increase in borrowings during the year.

Net Profits

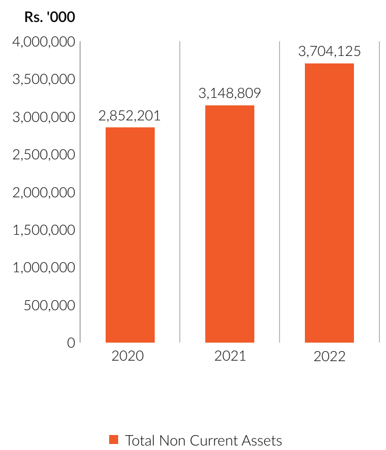
Group Profit before Tax increased by 52% to Rs. 1,142.5 Mn. Tax expense during the period amounted to Rs. 242.9 Mn resulting in a Profit After Tax of Rs. 899.5 Mn compared to Rs. 640.5 Mn in FY 2020/21.

Financial Position

Non- Current Assets

Total non-current assets of the Group as at 31.03.2022 amounted to Rs. 3,704.1 Mn a 18% increase compared to 31.03.2021. The increase was on account of land, buildings, plant and machinery additions of approximately Rs. 797.4 Mn. The additions were on account of production and warehousing capacity enhancements carried out during the year. Meanwhile investment properties also increased during the year. Investment property consists of a retail tiles sales centre and three stores/ warehouses. These are leased to Group companies Lanka Tiles PLC , Lanka Walltiles PLC and Royal Ceremic Lanka PLC.

Non Current Assets



Current Assets

Total current assets as at 31.03.2022 amounted to Rs. 7,016. Mn up from Rs. 3,427.1 Mn as at end of March 2021. The increase in sales resulted in a proportionate increase in inventory and trade debtors. Receivables however also include advance payments for raw material purchases which increased during the year due to restrictions on opening LC's through commercial banks. Consequently raw material purchases towards the end of the financial year were mainly done through advance payments, increasing total receivables as at 31.03.2022.

Current Liabilities

Current liabilities as at 31.03.2022 amounted to Rs. 6,427.1 Mn compared to Rs. 3,044.6 Mn as at 31.03.2021. In addition to an increase in trade payables due to a higher level of operations during the year, short term borrowings including overdraft utilization increased as at 31.03.2022 resulting in the increase in current liabilities as at the end of FY 2022.

Working capital

The relatively higher increase in current liabilities as compared to the increase in current assets resulted in a marginal deterioration of the working capital position, with the current asset ratio declining from 1.13 times as at 31.03.2021 to 1.09 times as at 31.03.2022.

Equity

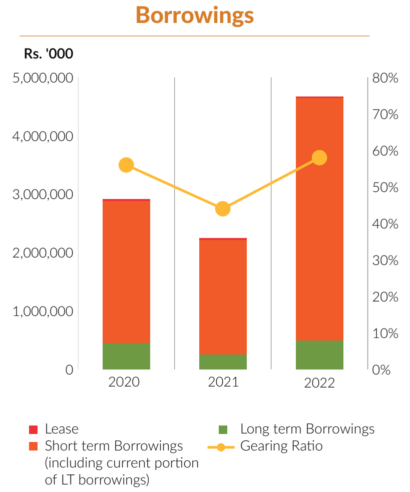
Total equity amounted to Rs. 3,359.8 Mn as at 31.03.2022 a 17% increase compared to last year due to an increase in retained earnings. Share capital remained unchanged during the year.

Borrowings

Total borrowings of the Group amounted to Rs. 4,668 Mn as at 31.03.2022 of which 89% consist of short term borrowings. Total borrowing increased by almost Rs. 2,422. 8 Mn due to long term borrowings increasing by Rs. 244.6 Mn and short term borrowings increasing by almost Rs. 2.2 Bn due to an increase in working capital requirements. The increase in borrowings during the year resulted in the gearing ratio (defined as total debt/debt+equity) increasing to 58% as at 31.03.2022 compared to 44% as at 31.03.2021.

CAPITAL MANAGEMENT

FINANCIAL CAPITAL



Way forward

Liquidity Management through better working capital management

Focus on cost management to improve margins

Strategic price revisions to improve margins

Cash Flow

Cash Flow Cash and cash equivalents increased by Rs. 209.3 Mn during the period under review. The increase was due to a net cash inflow from financing activities amounting to Rs. 1,857.8 Mn due to additional loans obtained during the year. Acquisition of property, plant and equipment resulted in a cash outflow of Rs. 664.5 Mn during the year while the net cash used in operating activities amounted to Rs. 983.9 Mn.

CAPITAL MANAGEMENT

MANUFACTURED CAPITAL

Our Manufactured Capital consisting of our physical infrastructure such as buildings, plant, machinery and equipment is a vital component of our value creation process and has been instrumental in achieving the manufacturing and operational excellence we are renowned for. During the year we continued to enhance our manufactured capital by enhancing production, warehousing and distribution capacity while also investing in a greener operation.

Highlights

Investment in enhancing production Capacity
Rs. 167 Mn

Investment in roof top solar pannels
Rs. 156 Mn

Growth in PPE
22%

Our Manufactured Capital

Our manufacturing capital consist of our production facilities, warehouses, showrooms and sales outlets. Net book value of Property Plant and Equipment of the Group as at 31.03.2022 amounted to Rs. 3,368.3 Mn.

Breakdown of Property Plant and Equipment

	N.B V as at 31.03.2022	As a % of total PPE
Freehold Land	1,326,772	39%
Buildings	1,033,850	31%
Plant and Machinery	884,543	26%
Machinery under Lease	23,628	1%
Factory Electrification	13,026	0%
Furniture & Fittings	6,659	0%
Motor Vehicles	22,956	1%
Office Equipment	33,739	1%
Road Way	8,138	0%
Tools & Equipment	15,002	0%
Total PPE	3,368,313	

CAPITAL MANAGEMENT

MANUFACTURED CAPITAL

Swisstek Ceylon

Motar, Grout Skimcoat and Pebbles manufacturing plant in Balummahara

4 Warehouses

Outlet for tile sales at Belummahara 1 showrooms

Production Facilities

Warehouses

Showrooms

Swisstek Aluminium

Aluminium Extrusions manufacturing plant in Dompe

2 Warehouses

1 Showroom

Value additions in FY 2021/22

We continued to enhance our manufactured capital during the year investing almost Rs. 167 Mn enhancing our manufacturing, warehousing and distribution capacity.

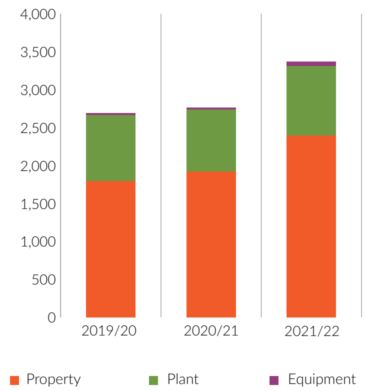
Capacity Enhancement

During the year we enhanced production capacity in high growth product categories such as mortar and skim coat in response to the increase in demand. We also enhanced our warehousing capacity and strengthened our inhouse distribution network to improve our route to market.

PPE Investments in a Greener operation

During the year Swisstek Aluminium installed 3,340 solar panels at its factory complex as part of the Group's efforts to gradually increase its dependence on renewable energy sources. We also invested Rs.4.7 Mn in a new dust sweeper machine to reduce the dust emissions.

Capex Investment



Rs. 156 Mn investment in solar panels at Swisstek Aluminium Limited

Rs.4.7 Mn invested in Dust Sweeper at Swisstek (Ceylon) PLC

Way forward

Increase production capacity in growth segments

Drive production efficiencies and agility by investing in cutting-edge technology

Invest in sustainable technology

CAPITAL MANAGEMENT

HUMAN CAPITAL

Our employees are the backbone of our operation. We therefore remain committed to enhancing our Employee Value Proposition to attract and retain the best talent. During the year both Swisstek (Ceylon) PLC and Swisstek Aluminum Ltd received certification as a Great Place to Work further strengthening our image as a preferred employer.

Highlights

221 New
Recruits

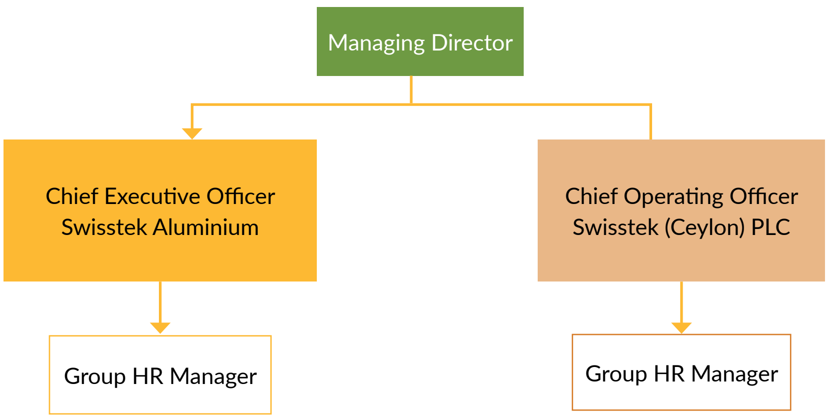
Investment in Learning Management System

Great Place to Work Certification

HR Governance

The Group's HR strategy is closely linked to the Group's overall business strategy while a strong governance framework ensures that HR best practices are consistently maintained. Robust policies and practices meanwhile ensure an equitable, empowering, and enriching work environment. HR strategies are operationalized by dedicated teams of HR professionals at each Company. The HR managers who oversee the HR function for each of the Group companies report to the respective Chief Operating Officers who in turn report to the Managing Director.

We maintain strict compliance with all regulatory requirements including regulations pertaining to child labour and forced/ compulsory labour. There were no instances of child labour or forced labour during the year. Meanwhile Strong policies ensure that no form of discrimination is tolerated and the right to freedom of association and collective bargaining is maintained. There were no instances of discrimination or non-compliance with labour laws during the year.



CAPITAL MANAGEMENT

HUMAN CAPITAL

Our Team Profile

Our team of 516 employees bring together a diverse Group of individuals from all across the country. 18% of our employees belong to Swisstek (Ceylon) PLC while 82% of employees are attached to Swisstek Aluminium Limited. As an equal opportunity employer we strive to ensure that our HR policies promote diversity in our workforce. The diversity of our team in terms of gender, age and employment type is depicted in the table alongside.

Recruitment and Turnover

Attracting and retaining talent remains a key priority amidst increasing levels of overseas labour migration. During the year we conducted several recruitment drives, onboarding a total of 203 employees across the Group to support the increased levels of operations during the year.

As has been witnessed across industries labour turnover levels witnessed an increase during the year due to higher levels of migration out of the country. Labour turnover at Swisstek (Ceylon) PLC was 4% compared to 6% last year while labour turnover at Swisstek Aluminium Limited was 14% compared to 15% during the previous year.

Training and Development

Ongoing training and development opportunities is an important aspect of our employee value proposition. During the year we invested in a Learning Management System and offered over 84 hours of online and onsite training to over 516 employees. Successfully blending online and onsite training has enabled us to continue to provide quality training despite the disruptions caused by the COVID-19 pandemic. Training provided during the year focused on training for SAP implementation, Kaizen training , technical training and health and safety aspects and leadership training.

Profile of Employees

Male	By Company	Female
81	Swisstek (Ceylon) PLC	13
385	Swisstek Aluminium Limited	37
	By Age	
205	18-30	18
251	30-55	32
09	Over 55	1
	By Employment contract	
419	Permanent	49
47	Temporary	1
	By Employment Type	
466	Full time	50
-	Part time	-
	By Employment Category	
5	Senior Management and Above	1
51	Executive Staff	8
75	Non Executive Staff	24
335	Other	17

	New Recruits		Exits	
	No.	Rate	No.	Rate
Male	213	96%	85	98%
Female	8	4%	2	2%
18-30	120	54%	48	55%
30-55	99	45%	36	41%
Over 55	2	1%	3	3%

Average Training Hours

	2021/22
By Gender	
Male	78
Female	6
By Employment Category	
Senior Management and Above	-
Executive Staff	17
Non-Executive Staff	67

Performance Management

All permanent and contract employees undergo performance appraisals annually. These annual performance appraisals serve to identify competency gaps and training needs of employees on an ongoing basis.

Employee Engagement

Maintaining high levels of employee engagement was a priority as we sought to create a more supportive work environment amidst the disruptions caused by the pandemic. Management continued to engage with employees through monthly town hall meetings, pocket meetings and an open door policy. We also ensure that adequate notice is provided to employees prior to any significant change. Continuously engaging with employees ensures issues and grievances are identified and settled on the spot to reduce conflict between management and floor staff. Meanwhile ongoing initiatives such as celebrating personal achievements, birthdays and other events has created a strong sense of community among employees. During the year both Swisstek (Ceylon) PLC and Swisstek Aluminum Ltd received certification as a Great Place to Work. Both companies scored particularly high under the 'Pride' category, which focuses on pride in their employment, team spirit and corporate image which is a reflection of the team spirit we have engendered through our employee initiatives.

Labour Relations

36% of our employees from Swisstek Aluminium Ltd belong to the Inter Company Employee Union (ICEU) and are covered by collective bargaining agreements. There are no active unions at Swisstek (Ceylon) PLC. We continued to engage closely with trade unions to ensure their concerns are addressed and all necessary support is provided. Positive labour relations were maintained during the year with no reported incidents of industrial disputes during the year.

Employee Health and Safety

The stringent safety protocols put in place to prevent the spread of COVID-19 continued during the year. Random PCR testing, provision of PPE and social distancing arrangements were strictly adhered to. We also carried out 10 inhouse vaccination campaigns for employees resulting in 95% of all employees being fully vaccinated by June 2022. Meanwhile a booklet titled " Return to office after COVID-19" was distributed among employees to create awareness of safety aspects in the post COVID-19 work environment.

95% of our employees are fully vaccinated.

In addition to the above COVID-19 specific measures, we ensure all safety standards are according to the factory ordinance and conduct annual health and safety audits by a recognized external party. We are also in the process of obtaining OSHAS certification as part of our efforts to continuously improve health and safety standards.

In addition to medical insurance facilities, employees have access to medical consultations with an onsite medical practitioner who visits the factories thrice a week. In-house first-aid professionals are also available at factory locations at all times.

Worker training of safety aspects is conducted on an ongoing basis. During the year over 02 programs were conducted on occupational health and safety. Meanwhile awareness sessions on a wide range of topics including safety on the factory floor, work life balance and spiritual healing are conducted on an ongoing basis

Keeping close track of injuries and hazards on the factory floor has enabled us to reduce the risk to employees significantly. Injuries are monitored on a weekly basis with risk assessments carried out periodically to identify hazards and take required preventive measures.

	No.	Rate
Rate : (Per 100 Workers)		
Total Work-related Injuries	26	6
Total work-related fatalities	-	-
Lost Working Days	-	-

Key Causes of Injuries

- Exposure to Toxic Material
- Falling

Remuneration and Benefits

Remuneration is made up of guaranteed pay and performance-based variable pay. All permanent employees are also entitled to a range of benefits including EPF/ ETF, medical insurance, uniforms, personal accident cover, gift parcels , funeral assistance for individual and immediate family through welfare societies, annual bonus, production bonus, annual trips etc. A wide range of COVID-19 related support including dry ration packs, medical support and financial assistance were also provided for employees who contracted the virus. Remuneration for factory level staff at Swisstek Aluminum is determined through a collective agreement which is negotiated with trade union representatives and renewed every three years. A salary increment was successfully negotiated through the collective agreement during the year under review. For all other employees remuneration is based on market rates.

Way forward

Explore new recruitment models to continue to attract and retain employees

- Create an empowered leadership pipeline
- Ensure a safe work environement
- Develop hybrid training and development models
- Ensure high levels of employee engagement
- Digitization of HR administrative functions

CAPITAL MANAGEMENT

SOCIAL AND RELATIONSHIP CAPITAL

We continued to nurture our relationships with our customers, suppliers and community by actively engaging with them to identify their evolving needs and by finding innovative ways of addressing these needs. The mutual value created through this process has further strengthened our social and relationship capital.

Highlights

New Products introduced
9

Strengthened distribution channel

CSR Investment
Rs. 5.9 Mn

Value Created for Customers

Product excellence

Product excellence is the cornerstone of our brand value. We therefore continue to enhance the range and quality of our products through ongoing investments in research and development. Over the last two years we have rationalised our product portfolio, updating our product range with several improved product offerings. Key Products introduced during the year are listed alongside.

New Products introduced in
FY 2021/22

Swisstek (Ceylon) PLC

Swisstek Skim Coat – Premium

Swisstek Aluminium

Flat Pantry Sash, Emperor Table, Emperor Chair, Half Partition Our expanding list of local and Industrial profile, Ground Solar Mount, Construction Profiles, Tile Skirting with wiring.

Our expanding list of local and international product certifications and standards are an indication of the high quality of our products. During the year the Swisstek tile adhesives and grout range received SLS certification becoming the only brand in this product range to carry the SLS certification in the country.

We also ensure that 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 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.

Product availability

We ensure that our products are widely available through an extensive distribution network that includes our own dealers as well as the Lanka tiles, Lanka Walltiles and Rocell distribution networks. During the year we strengthened our warehousing and distribution capabilities to improve our route to market and ensure uninterrupted stocks of our products. We also continued to strengthen our on-line sales channels by upgrading our website and making our products available through e-commerce sites such as Daraz.

Customer Engagement

Regular engagement with customers ensures we understand our customers evolving requirements and are able to better address their concerns. Customer feedback is obtained on an ongoing basis through customer hotlines, a formalised customer complaints mechanism and periodic customer surveys. Meanwhile we also engage with specific customer Groups such as architects, engineers, tilers etc through targeted awareness and capacity building programs and one-on-one engagement.

Value Created for Suppliers and Business

Partners

The strong relationships we have built over the years with our suppliers and other business partners enabled us to maintain supply chain resilience amidst the disruptions during the year. We continue to engage closely with our business partners and suppliers in order to collectively find solutions to navigate the disruptions caused by the pandemic. We also ensured fair pricing and timely payments for suppliers while providing additional financial or other support if warranted.

Supporting Local Suppliers	
No. of local SME suppliers	325
Payments to local suppliers	75

Our long-term efforts of supplier development meanwhile continued. Whilst ensuring that all our suppliers and business partners adhere to social and environmental regulations of the country, we also support them through their sustainability journey through awareness sessions and capacity building support. During the year a total of 148 new suppliers and business partners were onboarded after screening for social and environmental criteria. There were no identified negative social or environmental impacts in the supply chain.

Value Created for our Communities

We continue to contribute to the socio-economic upliftment of the communities surrounding our factories through targeted CSR initiatives. Our CSR spend during the year amounted to Rs. 5.9 Mn M and involved several timely projects such as carpeting part of a village road, provision of dry rations to disadvantaged members of the community and extending our inhouse vaccination drive to the community. Meanwhile ongoing capacity building programs for our small scale suppliers and tiler club activities also contribute to the socio-economic development of our surrounding communities.

As a responsible corporate we also ensure all laws and regulations are strictly adhered to. There were no instances of non-compliance with laws and regulations in the social and economic area during the year and we have consistently maintained good relations with our surrounding communities.

Way forward

- Drive customer satisfaction through innovative product offerings and greater availability of products
- Leverage Group synergies to strengthen distribution network
- Strengthen online sales channels
- Improve supply chain resilience and agility through stronger partnerships
- Contribute to socio economic development of the communities we operate in

CAPITAL MANAGEMENT

INTELLECTUAL CAPITAL

Our intellectual capital consisting of our brands, systems and processes and tacit knowledge enable us to continue to drive innovation and excellence throughout our operations. Harnessing this capital has enabled us to maintain our leadership position in the market.

Highlights

Investment in Brand Building Inititaves
Rs 93 Mn

Investment in Research and Development
Rs. 6 Mn

Improvements/ new products
09

Over 03
process improvements

Brand Building

Our Brands

SWISSTEK

SWISSTEK (CEYLON) PLC

SWISSTEK

ALUMINIUM
FOR THE PERFECT FINISH

ALLURA
INSPIRED BY DESIGN

Our key brands Swisstek, Allura and Swiss Parkett are established brands in the local construction industry and continue to enjoy a strong brand position. Several brand building initiatives were carried out during the year to further strengthen our brand visibility. During the year we relaunched the Swisstek product portfolio with several product improvements and new packaging. Meanwhile we enhanced our digital presence through targeted online branding initiatives to create awareness about our products and drive brand advocacy to a wider audience. We also enhanced brand visibility by investing in over 100 branded dealer boards across the country. In addition to the above, a series of training programs were conducted to educate tilers and painters on our products which also helped drive brand advocacy.

Process Improvements

We continue to introduce process improvements to improve efficiency levels and improve customer service levels. During the year key measures were taken to improve our route to market by strengthening our inhouse distribution network. Geographical demarcations were also done to optimize distribution network and improve customer service levels.

Research and development

We dedicate significant resources towards research and development. Dedicated research teams at both companies headed by factory managers spearhead research and development activities. Several new products were introduced during the year. New products introduced include Swisstek Skim Coat

– Premium which caters to interior and exterior wall finishing needs of customers.

Certifications

A wide range of local and international product certifications and standards reflect our ongoing commitment to product and process excellence. During the year the Swisstek Tile adhesives and grout range received the SLS certification and became the only brand to carry the SLS certifications in the country.

Organisational Tacit Knowledge

Our employees carry with them a wealth of knowledge that continues to provide us an edge in the industry. We continue to foster this knowledge by creating a culture of knowledge-sharing and mentoring while providing ongoing training programmes to ensure the knowledge and insights are shared among all employees.

Way forward

Invest in brand buidling

Ongoing focus on research and development to enhance and diversify product offering

Process improvements through TPM

Product Certifications

Swisstek (Ceylon) PLC

- 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

Swisstek Aluminum

- QUALICOAT Certification
- ISO 9000 Certification
- ISO 9001:2015 Certification
- SLS1410:2011 Certification

CAPITAL MANAGEMENT

NATURAL CAPITAL

Sustainability is at the heart of our manufacturing process. We therefore remain committed to investing in technology that will ensure the efficient and responsible use of natural resources whilst minimising our environmental impact.

Highlights

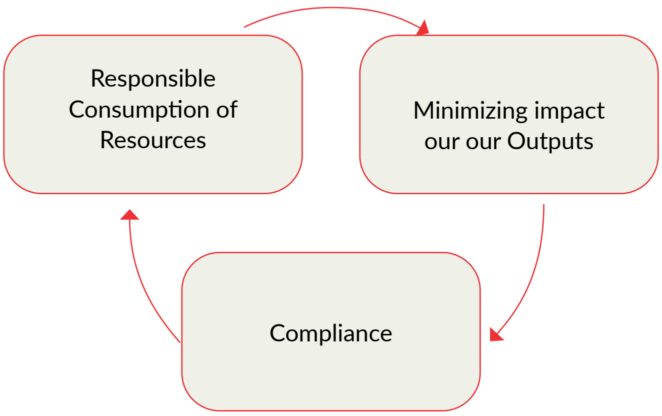
0.008%
of energy requirement met through newly installed solar panels

1,989 MT
of Aluminium Scrap/ Secondary billets used in production process

Swisstek Aluminium was awarded GREENSL® Certification by the Green Building Council of Sri Lanka (GBCSL).

Environmental Management Framework

Our environmental management framework is aimed at ensuring responsible consumption of resources, minimizing the impact of our outputs and ensuring environmental compliance. A comprehensive policy framework, targets and assigned responsibilities are in place to ensure that our environmental objectives are met.



Raw Material Consumption

Key raw materials used in our production process include Silica Sand, Cement and Aluminium billets.

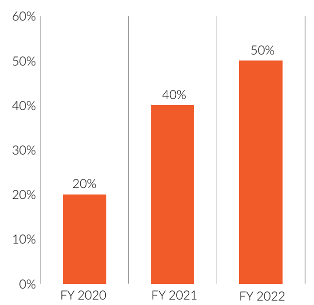
Raw Material Consumption FY 2021/22	
Non- Renewable	**MT**
Aluminium	8,990
Cement	21,855
Renewable	
Silica Sand	24,326

Raw Material Management

- Systems and processes are in place to closely monitor raw material usage and wastage
- Increased the use of recycled Aluminium in the production process
- Incorporation of dust suctioned through dust duct into production process to reduce use of silica sand
- Continued investments to improve production processes to reduce wastage
- Ongoing engagement with our Silica Sand suppliers to ensure that their mining operations adhere to all required environmental standards and regulations.

Impact

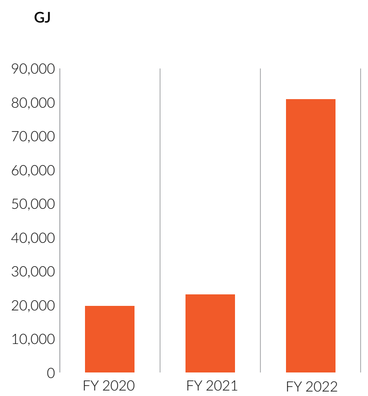
Percentage of recycled Aluminininium used in production process



Energy Consumption

Total energy consumption during the year amounted to 80,897GJ and consists mainly of electricity from the national grid, LPG and diesel.

Energy Consumption

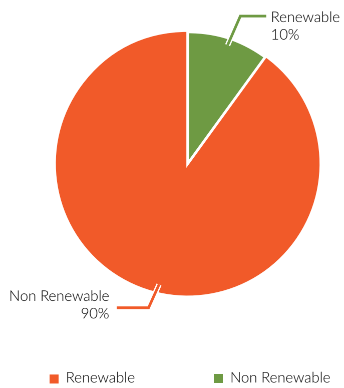


Energy Management

- Gradual shift towards renewable energy- Swisstek Aluminium installed 3,340 solar panels at its factory complex at a cost of Rs. 156 Mn
- Ongoing investments in energy efficient technology and process efficiencies to improve energy efficiency.

Impact

Energy source Composition



Water Consumption

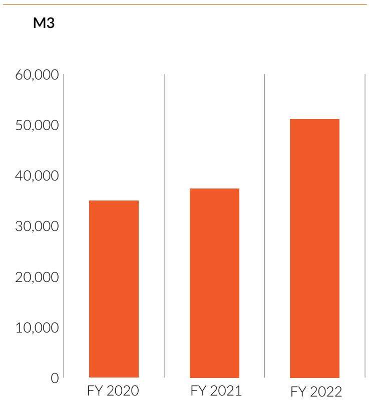
Total water consumption during the year amounted to 51,135,000 litres. Both industries we operate in are relatively water intensive industries

Water Withdrawal (by Destination)		
	litres	**%**
Ground water	7,901,000	15%
Municipal Water	43,234,000	85%

Water Management

- Systems and processes are in place to closely monitor water usage, water wastage and water efficiency
- Increasing the use of recycled water in operation
- Installation of water saving techniques
- Awareness creation about responsible consumption of water

Water Consumption



CAPITAL MANAGEMENT

NATURAL CAPITAL

Waste Generated

A total of 156.02MT tonnes of waste was generated during the year of which 0% consisted of hazardous waste.

Type of Waste	
Hazardous waste	**Non-hazardous waste**
Aluminium Sludge	Food waste
	Cement Dust

Waste Management

- Expanded capacity of dust extraction system to reduce dust emissions
- Sludge from Aluminium extrusions operation is released to a third party through a fully equipped sludge yard.
- Re-use of recycled material in production process (eg. Dust, Aluminum scrap)

Impact

MT	FY 2021	FY 2022	Increase/ Decrease
Recycling/ Reuse	1,473	1,989	35%

Effluents Generated

Water Discharge (by Destination)		
	Litres	%
Ground water	16,829,081	65%
Municipal Water	3,999,500	16%
Treated through ETP	4,872,310	19%

Effluent Management

- Initiated proposal to increase the capacity of Effluent Treatment Plant (ETP) at Swisstek Aluminium Ltd.
- Ensuing effluents released to the environment meet all stipulated standards

Impact

20%

Percentage of effluents treated through ETP

Emissions Generated

		TCo2
Emissions	305-1 Direct (Scope 1) GHG emissions	4,587
	Energy indirect (Scope 2) GHG emissions	5,198
	Energy indirect (Scope 2) GHG emissions	551

Emissions Management

- Gradual transition to renewable energy to reduce carbon emissions
- Ongoing investments in energy efficient technology to reduce carbon emissions

Compliance

We strictly comply with all local regulations pertaining to environmental impacts. There were no instances of environmental non-compliance during the year .

Way forward

Reduce wastage through process impovements and more efficient technology

Increase percentage of recycled material in producton processes. In particular increase use of recycled aluminium in production of extrusions.

Increase capacity of Effluent Treatment Plant with a target of treating 60% of effluents

CORPORATE GOVERNANCE

Sound governance practices enabled the Group to remain resilient amidst a turbulent and fast evolving operating environment. The organization's policy and governance frameworks which are broadly aligned to that of its Parent Group, Lanka Walltiles PLC, ensures integrity, transparency and management accountability whilst providing a strong foundation for driving performance in a responsible manner.

Board Focus during the year

Impact of Macroeconomic volatility

COVID-19 Response

Risk Management

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.

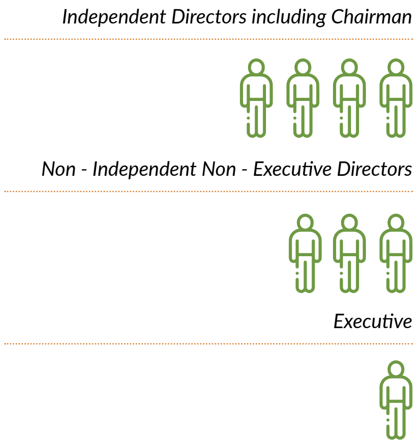
Internal mechanisms	External mechanisms
Articles of Association	Companies Act No 7 of 2007
Board and Sub-Committee Charters	Listing requirements of the Colombo Stock Exchange
Comprehensive suite of policies and procedures	Code of Best Practice on Corporate Governance 2017 issues by CA Sri Lanka
Risk 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 Swisstek Group and implementation of the Group's strategic plan has been delegated to the Managing Director who leads the Executive 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

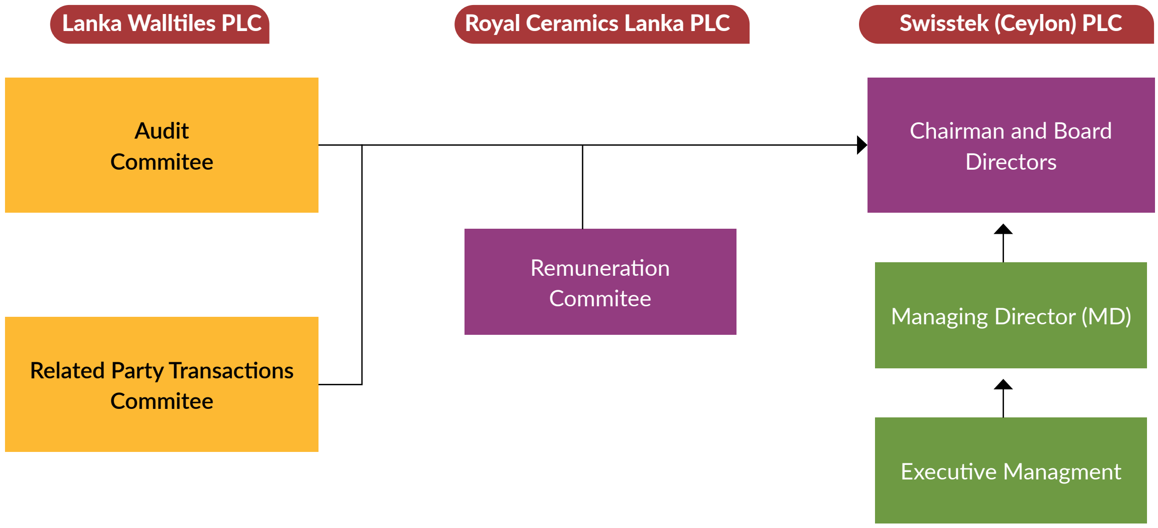


Skills and Experience of the Board

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, the Board is of the view that their independence is not compromised. Accordingly, the Board has determined that Dr. 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 organization and bears ultimate responsibility for the performance of the Company. Key responsibilities are summarized 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-committees			
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 60
Remuneration Committee	• Remuneration policy for Directors and Key Management Personnel • Remuneration structure • Performance evaluation • Succession planning	The Remuneration Committee of 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 59
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 61

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

CORPORATE GOVERNANCE

Company Secretary

Secretarial services to the Board are provided by P W Corporate Secretarial (Pvt) Ltd. The Secretaries and 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.

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 2020/21

Mr. A S Mahendra 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 30th June 2021.

Mr. K D G Gunaratne 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 30th June 2021.

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.

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.

Attendance at Meetings

Directors	Status	Board	Audit	Related Party Transactions Review	Remuneration Committee
Mr. S H Amarasekera (Director of Royal Ceramics Lanka PLC)	INED	10/11	-	-	1/1
Mr. J A P M Jayasekera	ED	11/11	-	-	-
Mr. J A K Sirinatha	NED	11/11	-	-	-
Dr. S Selliah	INED	11/11	4/4	4/4	-
Mr. A M Weerasinghe	NED	11/11	-	-	-
Mr. A S Mahendra	NED	11/11	-	-	-
Mr. K D G Gunaratne	INED	10/11	-	-	-
Mr. C U Weerawardena	INED	11/11	-	-	-
Mr. J D N Kekulawala (Parent Company Board member)	INED	-	4/4	4/4	-
Mr. T G Thoradeniya (Parent Company Board member)	NED	-	4/4	4/4	-
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 page 14. 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 117 &118. Refer RPTRC report on page 61.

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 include 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 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.

Appraisal of MD

Performance of MD is evaluated annually by the Board. Performance is assessed against short, medium and long-term

CORPORATE GOVERNANCE

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.

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

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 2021/22 is Rs. 14.5 Mn

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 include land purchased from related parties Dipped Products PLC and Venigros (Private) Limited. 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 pages 54 • The Statement of Directors' Responsibility on page 57 • Report of the Auditors on page 64

External Auditor	The External auditor provides reasonable assurance that the financial statements are free from material misstatements 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 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 back cover page of this Report.

Constructive use of 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 emphasize 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 – Page 26
- The Environment – Natural Capital on Page 38
- Labour Practice –Human Capital on Page 31
- Society – Social and Relationship Capital on Page 34
- Product responsibility - Social and Relationship Capital page 34

Sustainability Reporting Guidelines adopted

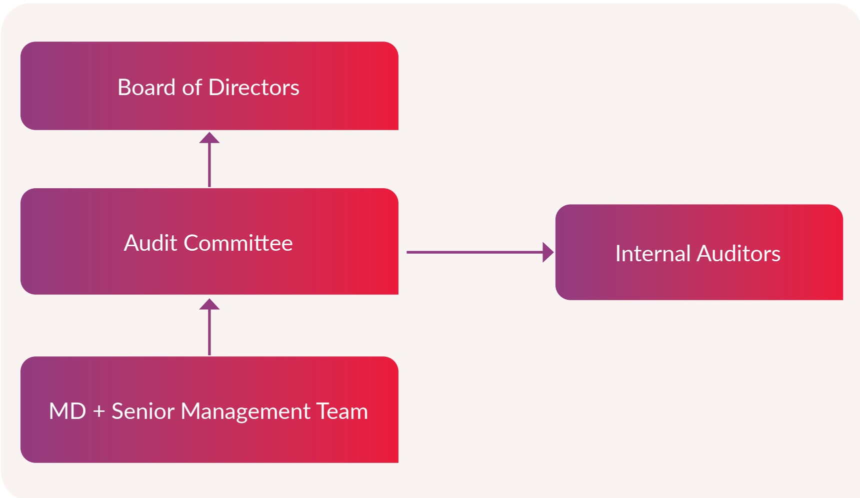
- Integrated Reporting Framework of the International Integrated Reporting Council
- GRI guidelines on Sustainability Reporting

RISK MANAGEMENT

The Company's robust risk management processes served it well in navigating the numerous macro-economic challenges that prevailed during the year. The Company proactively monitored emerging risk dynamics and adapted strategy to effectively address these exposures, which in turn enabled the Group to remain largely resilient to external headwinds.

Risk Governance

The Board of Directors holds ultimate responsibility for managing the Group's risks in an efficient and effective manner. 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

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	Centralized 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 front line	• 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 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 2021/22

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.

Risk Exposure	Description	Potential Impact	Mitigating Factors	Net Risk Assessment
Shortage of foreign currency liquidity	Sri Lanka is experiencing a crippling shortage of foreign currency, which have rendered it extremely challenging for manufacturers relying on imported raw materials to ensure continuity of supply	Inability in securing an uninterrupted supply of input materials can affect the Company's manufacturing activities	Increasing reliance on recycled aluminium which is sourced locally Proactive engagement with banks in opening letters of credit and facilitating imports	High
Macro-economic vulnerabilities	The Sri Lankan economy entered unprecedented crisis in 2021, 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.	A weakening economy will invariably impact disposable income, adversely affecting residential and commercial construction activity and reflecting in a decline in demand for Swisstek products. Depreciation of the Sri Lankan Rupee will result in an escalation of costs of the Group's imported raw materials, thereby pressurizing profit margins	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	High
Pandemic-induced disruptions	With the resurgence of infections following the 3rd wave of the pandemic, government restrictions on mobility could once again result in a deceleration of demand as economic activity slows. Infections within the Group's own operations could impact continuity of production, while affecting staff morale and the Group's reputation	Slowdown in construction activity, both in the residential and industrial sectors could lead to a drop in demand for our products, thereby impacting revenue and profit growth.	Diversification of product range with the launch of several new products Implementation of stringent health and safety guidelines Ongoing initiatives to raise employee awareness on the importance of health and safety	High

Risk Exposure	Description	Potential Impact	Mitigating Factors	Net Risk Assessment
Exchange rate volatility	The CBSL allowed free float of the Rupee in early March 2022, which led to the sharp depreciation of the exchange rate in ensuing weeks, reflecting excessive demand for foreign currency in the market.	The sharp depreciation of the Rupee has led to a parallel increase in input material costs, which in turn impacts product pricing. Given the softening macro-economic conditions, this could lead to a sharp slowdown in demand	Product diversification through development of a range value-added products Timely price revisions in consideration of demand dynamics Effective working capital management	High
Global aluminium prices	Following the rebound in economic activity in 2021 and disruptions to global supply chains, the prices of global aluminium has escalated.	Given the intense competition in the aluminium profile industry, we are challenged to pass on cost escalations to customers. Therefore, increases in aluminium prices result in price pressure.	Continued monitoring of global prices trends and effectively managing working capital cycles to reduce implications on profit margins.	High
Competition	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.	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 exports markets through new customers acquisitions and increased penetration	Moderate

RISK MANAGEMENT

Risk Exposure	Description	Potential Impact	Mitigating Factors	Net Risk Assessment
Employee health and safety	Increased vulnerability health and safety risks stemming from the outbreak of the pandemic and the emergence of highly transmissible variants. In addition to risks stemming from the pandemic, employees are also exposed to the risk of injuries and hazards arising form our manufacturing operations.	Given Covid-19 is highly contagious, contraction of the disease by a large number of employees could lead to employee quarantine and disruption to factory operations, affecting Capacity utilization Employee productivity Profitability Motivation	Following latest guidance and recommendations by public health officials on implementation of appropriate health and safety measures for employees, to curb the spread of disease at factories and offices Adherence to latest protocols on hygiene and cleaning at factories and offices Provision of adequate protective gear Conducting monthly worker -management health and safety meetings to ensure their views are understood and addressed	High
Innovation	Ability to innovate and create value added products that appeal to consumer trends	Continuous product development is key to differentiation, driving growth and profitability, particularly in the Aluminium sector	Ability to attract and retain qualified and experienced talent to operate R&D center Enhancement of employee product knowledge and R&D skills through training and increased exposure	Medium
Product Quality	Maintain consistent and high product quality	Decline in product quality will impact Reputation Profitability and Growth	Conforms to certifications Stringent product testing at own laboratories Quality control processes throughout value chain Monitoring of customer complaints	Low

Risk Exposure	Description	Potential Impact	Mitigating Factors	Net Risk Assessment
Skills retention	Difficulties in attracting and retaining skilled labour	Delay in achieving Group's strategic aspirations	Strong employee value proposition based on good union relationships, attractive remuneration, opportunities for progression and a conducive work environment	Low
Machine breakdowns	Breakdowns in machinery and equipment could lead to disruptions in production	Affects continuity of operations, profitability.	All plant and machinery are purchased from reliable suppliers. Regular upkeep and maintenance of plant and machinery on an ongoing basis	Low

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 minimize 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 if 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 2022

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 31 March 2022.

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 6 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. The Chairman's Review describes the Company's affairs and mentions important events, which took place during the year under review.

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 63 to 120

Summarised Financial Results

	Group		Company	
As at 31 March	2022	2021	2022	2021
	Rs.000	Rs.000	Rs.000	Rs.000
Revenue	9,534,168	5,393,229	2,390,434	1,552,534
Profit for the year	899,539	640,490	696,144	360,904

Auditors' Report

The Report of the Auditors on the Financial Statements of the Company is given on page 64

Accounting Policies

The Accounting Policies adopted by the Company in the preparation of the Financial Statements are given on pages 73 to 87 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 14 to 15

Executive Directors

Mr. J A P M Jayaskera -
Managing Director

Non - Executive Directors

***Mr. S H Amarasekera -**
Chairman

Mr. A M Weerasinghe

Mr. J K A Sirinatha

***Dr. S Selliah**

Mr. A S Mahendra

***Mr. K D G Gunaratne**

***Mr. C U Weerawardena**

*** Independent Non-Executive Directors**

Mr. S H Amarasekera and Mr. C U Weerawardena 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 Limited

Mr. S H Amarasekera

Mr. A M Weerasinghe

Mr. J A P M Jayasekera

Mr. A S Mahendra

Mr. B T T Roche

Dr. S Selliah

Mr. T G Thoradeniya

Mr. C U Weerawardena

Mr. S M Liyanage

Swisstek Development (Pvt) 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

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 31 March 2022 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 31 March 2022.

Directors' Remuneration

The Directors' remuneration is disclosed in Note 31.3 to the Financial Statements on page 119.

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. 613,000/- (2021 – Rs 537,075/-)

A fee of Rs. 210,109/- (2021 Rs. 200,104/-) 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 19 May 2022 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.

On 26 March 2021 the Shareholders approved the sub-division of every one (01) ordinary share held by a shareholder in to five (05) ordinary shares thereby increasing the total number of issued shares of the Company from 27,372,000 to 136,860,000.

Directors' Shareholding

The relevant interests of Directors in the shares of the Company as at 31 March 2022 and 31 March 2021 are as follows.

Shareholding Shareholding

As at 31 March	Shareholding as at 31/03/2022	Shareholding as at 31/03/2021
	Rs.000	Rs.000
Mr. S H Amarasekera	-	-
Mr. A M Weerasinghe	-	-
Mr. J A P M Jayasekera	75,000	75,000
Dr. S Selliah	-	-
Mr. T G Thoradeniya	-	-
Mr. A S Mahendra	-	-
Mr. K D G Gunaratne	-	-
Mr. C U Weerawardena	-	-

Major Shareholders, Distribution Schedule and other information

Information on the twenty 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 page 121 to 122 under Investor Information.

Reserves

The movement of reserves during the year are given under the Statement of Changes in Equity on page 71 (Statement of Changes in Equity).

Land holdings

The book value of property, plant and equipment as at the balance sheet date amounted to Rs. 1,766,425 Mn (2021 – Rs.1.390 Mn)

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

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

Location	No. of buildings	Land in Extent (perches)	Valuation Rs. '000
Factory Complex, Belummahara, Belummahara, Imbulgoda	18	984.50	926,306
No:334/5, Colombo Road, Belummahara, Imbulgoda	1	20.00	12,000
No: 288/26, Colombo Road, Belummahara, Imbulgoda	-	81.60	51,000
No: 177/6, New Kandy Rd., Weliweriya	1	84.50	120,709
Land at Belummahara	-	0.96	814
Warehouse-Nedungamuwa, Ratupaswela	8	2,446.00	415,635
	28	3,617.56	1,526,464

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 page 93 to 97

Capital Expenditure

The total capital expenditure during the year amounted to Rs. 461 Mn compared to Rs. 54 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 Cents 80 per share on 27 October 2021 and a second interim dividend of Rs. 1/- per share on 28 February 2022.

On 25 May 2022, a third interim dividend of Cents 90 per share was declared.

Corporate Governance

Corporate Governance practices and principles with respect to the Management and Operations of the Company are set out on pages 41 to 47.

An Audit Committee, Remuneration Committee and a Related Party Transaction Review Committee of the parent Company 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

Related Party Transaction Review Committee

Dr. S Selliah
Chairman

Mr. J D N Kekulawala

Mr. T G Thoradeniya

The Directors declare that the Company is in compliance with Rule 9 of the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions during the Financial Year ended 31 March 2022

The Report on Corporate Governance I given on pages 41 to 47 of the Annual Report.

Events Occurring After the Reporting Date

As disclosed in Note 35 to the financial statements there are no other material events as at the date of the auditor's report which require adjustment to or disclosure in the financial statements.

Annual General Meeting

The Annual General Meeting will be held by way of electronic means on 29 June 2022 at 8.30 a.m.

The Notice of the Annual General Meeting appears on page 130.

By Order of the Board
Swisstek (Ceylon) PLC

Mr. S H Amarasekera
Chairman

J A P M Jayasekera
Managing Director

P W Corporate Secretarial (Pvt) Ltd
Secretaries

31 May 2022
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 keep 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 2021/2022 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 2022

CHIEF EXECUTIVE OFFICER'S AND CHIEF OPERATIONS 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 recognized 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 independent auditors. The independency of the external auditor has been assessed by the audit committee and the Board and have been determined as independent.

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

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

It is also confirmed that the Company is compliant 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.

B T T Roche
Chief Operating Officer

J A P M Jayasekera
Managing Director

31 May 2022

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

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 last financial year is given on Page 61 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

S H Amarasekera
Chairman - Remuneration Committee

31 May 2022

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	4/4

Functions performed by the Audit Committee

a. The Committee reviewed the provisional financial statements that were published for financial year 2021/22 and the audited financial statements of financial year 2021/22. 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 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.

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

f. 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.

g. 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 thew Charter.

J D N Kekulawala
Chairman - Audit Committee

31 May 2022

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 have been set out in the Charter for RPTRC;

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

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

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

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

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

f) Review the Charter and Policy at least annually and recommend amendments to the Charter and Policy to the Board as and when determined to be appropriate by the Committee.

Composition of the Committee

The 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 Chief Operating Officer 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 Kekulawala	4/4
Mr. T G Thoradeniya	4/4

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 2021/22. 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 the purchase of land and building from the related parties Dipped Products PLC and Venigros (Pvt) Limited and the relevant details were included in the announcement made to the Colombo Stock Exchange.

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 123 of this Annual Report.

Dr. S Selliah
Chairman - Related Party Transactions Review Committee

31 May 2022

The Group recorded enhanced profitability levels driven by increased revenue and sustained focus on cost efficiencies.

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

KPMG
(Chartered Accountants)
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Colombo 00300, Sri Lanka.

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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 31 March 2022, 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 73 to 120.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2022, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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1. Valuation of Investment Properties	
Risk Description	Our Response
As described in Note 3.6. (accounting policies) and Note 16 Financial statement disclosures, the fair value of investment properties amounted to Rs. 211.9 Mn as at 31 March 2022. The fair value of these properties was determined by professional external valuers engaged by the Company. 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 • Assessing the appropriateness of the valuation techniques used by the external valuer, taking into account the profile of the investment properties. • Discussions with management and the external valuer and compare the key assumptions applied and conclusions made in deriving the fair value and comparing the same with evidence of current market practice where applicable and assessing them based on our knowledge of the business and industry. • 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.
2. Carrying Value of Inventories	
As described in Note 3.7. (accounting policies) and Note 17 Financial statement disclosures, the carrying value of inventories amount to Rs. 2,848 Mn as at 31 March 2022. 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 and understanding an 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. • Reviewed the work carried out by component auditors where necessary. • 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.

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3. 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. 3,559Mn as at 31 March 2022. 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. Receivable impairment remains one of the most significant judgements made by management particularly in light of the prevailing uncertain and volatile macro-economic environment in the Country as at the reporting date. Given the level of judgments and estimates involved this is considered to be a key audit risk	Our Audit procedures included, • Obtaining and understanding an assessing the design, implementation and operating effectiveness of management key internal control over the credit control and approval processes • Evaluating 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. • Reviewed the work carried out by component auditors where necessary. • 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.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with 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 2618.

Chartered Accountants
Colombo, Sri Lanka

31 May 2022

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Group		Company	
For the year ended 31 March,		2022	2021	2022	2021
	Notes	Rs.000	Rs.000	Rs.000	Rs.000
Revenue	6.	9,534,168	5,393,229	2,390,434	1,552,534
Cost of sales		(7,393,190)	(3,874,454)	(1,718,337)	(1,120,012)
Gross profit		2,140,978	1,518,775	672,097	432,522
Other income	7.	126,109	91,336	346,454	142,975
Administrative expenses		(319,409)	(190,494)	(81,475)	(58,626)
Selling and distribution expenses		(685,842)	(410,451)	(139,508)	(87,333)
Other expenses	8.	(30,759)	(34,173)	(11,845)	(12,373)
Results from operating activities		1,231,077	974,993	785,723	417,165
Finance income	9.1	124,141	4,046	124,141	12,490
Finance cost	9.2	(212,691)	(225,883)	(67,125)	(63,093)
Net Finance Income/(Cost)		88,550	(221,837)	57,016	(50,603)
Profit before tax	10.	1,142,527	753,156	842,739	366,562
Income tax expense	11.	(242,988)	(112,666)	(146,595)	(5,658)
Profit for the year		899,539	640,490	696,144	360,904
Other comprehensive income :					
Items that will not be reclassified to profit or loss					
Gain on revaluation of land and buildings		-	128,005	-	125,199
Remeasurements of defined benefit liability		5,181	(6,555)	3,649	(3,407)
Deferred tax on other comprehensive income		(983)	45,190	(707)	45,121
Other comprehensive income for the period		4,198	166,640	2,942	166,913
Total comprehensive income for the period		903,737	807,130	699,086	527,817
Profit Attributable to;					
Owners of the Company		842,603	597,352	696,144	360,904
Non controlling interest		56,936	43,138	-	-
Profit for the year		899,539	640,490	696,144	360,904
Total comprehensive income attributable to:					
Owners of the Company		846,643	764,027	699,086	527,817
Non controlling interest		57,095	43,103	-	-
Total comprehensive income for the year		903,737	807,130	699,086	527,817
Basic earnings per share	12.	6.16	4.36	5.09	2.64

The notes on pages 73 to 120 are an integral part of the financial statements.

Figures in brackets indicate deductions

STATEMENT OF FINANCIAL POSITION

		Group		Company	
As at 31 March,		**2022**	2021	**2022**	2021
	Notes	Rs.000	Rs.000	Rs.000	Rs.000
Assets					
Property, plant and equipment	13	**3,368,312**	2,765,897	**1,766,425**	1,390,044
Capital work-in-progress	13.1	**42,928**	174,846	**24,972**	943
Intangible Assets	13.2	**24,233**	4,199	**-**	-
Investment in subsidiary	14	**-**	-	**229,784**	229,784
Other long term Investments	15	**56,667**	56,667	**-**	-
Investment property	16	**211,985**	147,200	**211,985**	147,200
Non current assets		**3,704,125**	3,148,809	**2,233,166**	1,767,971
Inventories	17	**2,848,174**	1,597,285	**255,997**	242,253
Trade and other receivables	18	**3,559,031**	1,553,544	**559,922**	474,056
Contract Assets	19.1	**29,343**	40,165	**29,343**	40,165
Tax Receivables		**-**	4,294	**-**	-
Amounts due from related parties	20	**4,789**	14,675	**65,133**	67,680
Cash and cash equivalents	21.1	**575,657**	217,164	**378,320**	197,518
Current assets		**7,016,994**	3,427,127	**1,288,715**	1,021,672
Total assets		**10,721,119**	6,575,936	**3,521,881**	2,789,643
Equity					
Stated capital	22	**368,256**	368,256	**368,256**	368,256
Reserves	23	**796,941**	796,941	**694,623**	694,623
Retained Earnings /(Losses)		**1,989,932**	1,533,341	**913,908**	604,873
Equity attributable to owners of the Company		**3,155,129**	2,698,538	**1,976,787**	1,667,752
Non controlling interest		**204,676**	182,392	**-**	-
Total equity		**3,359,805**	2,880,930	**1,976,787**	1,667,752
Liabilities					
Retirment benefits Obligation	24	**49,052**	45,509	**10,953**	13,070
Interest Bearing Borrowings-Lease	25.4	**21,576**	23,623	**-**	-
Deferred tax liability	11.2	**369,555**	331,816	**224,629**	207,077
Interest Bearing Borrowings-Loans	25.2	**494,071**	249,469	**304,208**	116,134
Non current liabilities		**934,254**	650,417	**539,790**	336,281
Trade and other payables	26	**2,124,998**	1,015,086	**354,544**	288,680
Contract liabilities	19.2	**3,836**	28,033	**3,836**	28,033
Interest Bearing Borrowings-Loans	25.1	**223,819**	184,558	**123,819**	71,915
Short term loans	27	**3,445,119**	1,455,136	**344,318**	218,918
Amounts due to related parties	28	**40,679**	2,705	**1,677**	2,705
Interest Bearing Borrowings-Lease	25.4	**4,083**	2,247	**-**	-
Tax payable		**104,558**	26,043	**69,420**	26,045
Bank overdrafts	21.2	**479,968**	330,781	**107,690**	149,314
Current liabilities		**6,427,060**	3,044,589	**1,005,304**	785,610
Total liabilities		**7,361,314**	3,695,006	**1,005,304**	1,121,891
Total Equity And Liability		**10,721,119**	6,575,936	**3,521,881**	2,789,643

The notes on pages 73 to 120 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.

B T Tyrell Roche
Chief Opereting Officer

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

S H Amarasekera
Chairman

J A P M Jayasekara
Managing Director

31 May 2022
Colombo

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STATEMENT OF CHANGES IN EQUITY

Group

For the year ended 31 March 2022	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 01 April 2020	368,256	604,772	121	19,842	1,126,282	2,119,273	148,123	2,267,396
- Profit for the year	-	-	-	-	597,352	597,352	43,138	640,490
Other comprehensive income								
- Defined benefit plan actuarial gains/ (losses)	-	-	-	-	(6,158)	(6,158)	(397)	(6,555)
- Gain on revaluation of land	-	127,651	-	-	-	127,651	354	128,005
- Deferred tax on other comprehensive income	-	44,555	-	-	626	45,181	9	45,190
	-	172,206	-	-	(5,532)	166,674	(34)	166,640
Tranections with owners of the Company								
- Dividend paid (Note 22.1)	-	-	-	-	(184,761)	(184,761)	(8,835)	(193,596)
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	56,936	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	4,040	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	3,155,130	204,677	3,359,805

The notes on pages 73 to 120 are an integral part of the financial statements.

Figures in brackets indicate deductions

Company

	Stated capital	Revaluation reserve	Capital redemption reserve	General reserve	Retained earnings/ (losses)	Total equity
For the year ended 31 March 2022	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Balance as at 01 April 2020	368,256	504,966	121	19,842	431,511	1,324,696
- Profit for the year	-	-	-	-	360,904	360,904
Other comprehensive income						
- Defined benefit plan actuarial gains/(losses)	-	-	-	-	(3,407)	(3,407)
- Gain on revaluation of land and buildings	-	125,199	-	-	-	125,199
- Deferred tax on other comprehensive income	-	44,495	-	-	626	45,121
	-	169,695	-	-	(2,781)	166,913
Tranections with owners of the Company						
- Dividend paid (Note 22.1)	-	-	-	-	(184,761)	(184,761)
Balance as at 31 March 2021	368,256	674,660	121	19,842	604,873	1,667,752
- Profit for the year	-	-	-	-	696,144	696,144
Other comprehensive income						
- Defined benefit plan actuarial gains/(losses)	-	-	-	-	3,649	3,649
- 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

The notes form an integral part of the financial statements.

Figures in brackets indicate deductions

STATEMENT OF CASH FLOWS

		Group		Company	
For the year ended 31 March,		2022	2021	2022	2021
	Note	Rs.000	Rs.000	Rs.000	Rs.000
Profit before taxation		1,142,527	753,156	842,739	366,562
Adjustments For;					
Depreciation of Property Plant and Equipment		159,973	156,061	51,399	46,385
Amortization		2,292	2,113	-	-
Inventory provision		24,176	18,347	6,261	6,532
Interest income		(8,982)	(4,046)	(8,982)	(4,046)
Provision on retirement benefit obligation		9,868	9,619	1,712	2,338
Dividend Income		-	-	(241,011)	(61,170)
Interest expense		212,691	208,708	67,125	63,093
(Profit)/Loss on sale of property, plant & equipment		495	-	(85)	-
(Gain)/ Loss on revaluation of investment property		(31,300)	(5,200)	(31,300)	(5,200)
Provision for impairment of trade receivables		6,584	15,825	5,584	5,841
Exchange loss / (gain)		(15,557)	17,175	(11,790)	(8,444)
Changes in;					
- Trade and other payables		1,109,912	548,431	61,045	137,153
- Amounts due to related parties		37,975	(72,975)	(1,028)	606
- Inventories		(1,281,833)	186,906	(20,004)	(37,037)
- Trade and other receivables		(2,012,071)	(358,566)	(91,450)	(50,040)
- Amounts due from related parties		9,885	4,639	2,548	(47,943)
- Contract Asset		10,822	(2,086)	10,822	(2,086)
- Contract Liability		(24,197)	13,190	(24,197)	13,190
Cash generated from/(used in) operating activities		(646,738)	1,491,297	619,389	425,735
Interest paid		(212,691)	(208,708)	(61,231)	(53,589)
Income tax paid		(123,425)	(40,427)	(86,376)	(40,247)
Gratuity payment		(1,145)	(2,617)	(180)	(1,373)
Net cash generated from/(used in) operating activities		(983,999)	1,239,725	471,603	330,525
Cash flows from investing activities					
Acquisition of property, plant and equipment		(544,126)	(81,465)	(461,309)	(48,568)
Addition to Construction Work In Progress		(121,374)	(183,538)	(24,030)	-
Proceeds on disposal of property, plant & equipment		1,049	-	129	-
Other long Term Investment		-	(56,574)	-	-
Dividend Income		-	-	241,011	61,170
Net cash generated from/(used in) investing activities		(664,451)	(321,577)	(244,198)	12,602
Cash flows from financing activities					
Dividend paid		(424,861)	(193,596)	(379,338)	(182,935)
Interest income		8,982	4,046	8,982	4,046
Addition - Interest Bearing Borrowings		16,255,584	7,373,377	1,844,220	745,134
Repayment - Interest Bearing Borrowings		(13,981,951)	(7,827,059)	(1,478,842)	(867,974)
Net cash generated from/(used in) financing activities		1,857,754	(643,232)	(4,978)	(301,729)
Net increase/(decrease) in cash and cash equivalents		209,304	274,916	222,426	41,399
Cash & cash equivalents at the beginning of the year		(113,617)	(388,533)	48,204	6,805
Cash & cash equivalents at the end of the year (Note 21)		95,689	(113,617)	270,630	48,204

The notes on pages 73 to 120 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 "Group") is a public limited liability Group incorporated and domiciled in Sri Lanka. The ordinary shares of the Group are listed on the Colombo Stock Exchange of Sri Lanka. The address of the Group'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 Group and its subsidiaries (together referred to as the "Group").

Descriptions of the nature of the operations and principal activities of the Group, 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 Group 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 31 May 2022.

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 Group and its subsidiaries prepared in terms of Sri Lanka Accounting Standard (SLFRS-10) Consolidated Financial Statement and share of profit or loss.

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

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 individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. 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 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.

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Purchased software that is integral to the functionality of the related equipment is capitalized as part of that asset.

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.

Description of the asset	Estimated useful lifetime
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 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.

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

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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 the respective Notes to 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.

NOTES TO THE FINANCIAL STATEMENTS

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 Act No.24 of 2007 and its amendment thereto.

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 respective notes to the Financial Statements wherever necessary.

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 Group's chief operating 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 respective notes to 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 1 January 2022 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.

NOTES TO THE FINANCIAL STATEMENTS

- Reference to Conceptual Framework (Amendments to SLFRS 3). The amendment applies to annual reporting period beginning on or after 1 January 2022

Key amendments are as follow:

- add to SLFRS 3 a requirement that, for transactions and other events within the scope of LKAS 37 or IFRIC 21, an acquirer applies LKAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination. The Company does not anticipate this amended to have a significant impact.

- add to SLFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination. The Company does not anticipate this amended to have a significant impact.

- Annual Improvements to SLFRS Standards 2018–2020. The amendments are effective for annual reporting periods beginning on or after 1 January 2022

As part of its process to make non-urgent but necessary amendments to accounting Standards, the IASB International Accounting Standards Board (the Board) has issued the Annual Improvements to SLFRS Standards 2018–2020. Key Aspects covered is as follows.

- SLFRS 1 First-time Adoption of International Financial Reporting Standards.

  This amendment simplifies the application of SLFRS 1 for a subsidiary that becomes a first-time adopter of SLFRS Standards later than its parent. The Company does not anticipate this amended to have a significant impact.

- SLFRS 9 Financial Instruments.

  This amendment clarifies that – for the purpose of performing the ''10 per cent test' for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Company does not anticipate this amended to have a significant impact.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to LKAS 16).

  This amendment prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss. The Group does not anticipate this amendment to have a significant impact.

- Onerous contracts – Cost of Fulfilling a Contract (Amendments to LKAS 37)

  The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. The amendments apply for annual reporting periods beginning on or after 1 January 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other components of equity, as appropriate. The Group does not anticipate this amendment to have a significant impact.

- 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 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 Company 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.

NOTES TO THE FINANCIAL STATEMENTS

5 Segment Information

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

For the year ended 31 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**	**797,234**	**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)**

Information about reportable segments for the year ended 31 March 2021;

For the year ended 31 March	Tile related products Rs.000	Wooden flooring and installation Rs.000	Aluminium Rs.000	Other Rs.000	Total Rs.000
Total segment revenue	1,266,207	190,157	3,899,476	37,389	5,393,229
Total segment cost of sales	(682,481)	(167,278)	(2,988,319)	(36,376)	(3,874,454)
Segment gross profits	583,726	22,879	911,157	1,013	1,518,775
Other income					91,336
Administration expenses					(190,494)
Distribution expenses					(410,451)
Other expenses					(34,173)
Net Finance cost					(221,837)
PBT					753,156
Income tax expense					(112,666)

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

As at 31 March 2022	Tile related products Rs.000	Wooden flooring and installation Rs.000	Aluminium Rs.000	Other Rs.000	Total Rs.000
Assets	3,050,141	403,417	7,199,238	68,322	10,721,118
Liabilities	1,338,135	176,984	5,816,220	29,974	7,361,313
Capital expenditure	461,142	167	336,109	-	797,418
As at 31 March 2021					
Assets	2,364,691	355,126	3,786,293	69,826	6,575,936
Liabilities	950,991	142,819	2,573,115	28,081	3,695,006
Capital expenditure	48,401	167	32,897	-	81,465

		Group		Company	
	For the year ended 31 March,	2022	2021	2022	2021
		Rs.000	Rs.000	Rs.000	Rs.000
6.	**Revenue**				
	Tile related products	**1,915,684**	1,266,207	**1,915,684**	1,266,207
	Wooden flooring & installation	**253,372**	190,157	**253,372**	190,157
	Decorative pebbles	**27,710**	16,055	**27,710**	16,055
	Trading sales	**14,093**	20,314	**14,093**	20,314
	Fibre Cement	**1,107**	1,020	**1,107**	1,020
	Aluminium	**7,322,202**	3,899,476	**178,468**	58,781
		9,534,168	5,393,229	**2,390,434**	1,552,534
6.1	**Disaggregation of revenue based on timing**				
	Revenue recognized in pointing time	**9,280,796**	5,203,072	**2,137,062**	1,362,377
	Revenue recognized in over time	**253,372**	190,157	**253,372**	190,157
		9,534,168	5,393,229	**2,390,434**	1,552,534
7.	**Other income**				
	Gain/(Loss) on disposal of property, plant & equipment	**(495)**	-	**85**	-
	Increase in fair value of investment property	**31,300**	5,200	**31,300**	5,200
	Rent income	**23,506**	23,488	**21,326**	18,317
	Sales commission	**46,667**	53,792	**46,667**	53,792
	Dividend Income	**-**	-	**241,011**	61,170
	Sundry income	**25,131**	8,856	**6,065**	4,496
		126,109	91,336	**346,454**	142,975
8.	**Other expenses**				
	Provision for obsolete and slow moving inventory	**24,175**	18,348	**6,261**	6,532
	Debtors provision	**6,584**	15,825	**5,584**	5,841
		30,759	34,173	**11,845**	12,373
9.	**Net finance cost**				
9.1	**Finance income**				
	Interest income	**8,982**	4,046	**8,982**	4,046
	Foreign exchange gain	**115,159**	-	**115,159**	8,444
		124,141	4,046	**124,141**	12,490
9.2	**Finance cost**				
	Interest expenses on short term borrowings	**179,126**	174,691	**51,703**	48,366
	Bank overdraft interest & charges	**33,565**	34,017	**15,422**	14,727
	Foreign exchange loss	**-**	17,175	**-**	-
		212,691	225,883	**67,125**	63,093
	Net finance Income/(cost) recognized in profit or loss	**88,550**	(221,837)	**57,016**	(50,603)

NOTES TO THE FINANCIAL STATEMENTS

	Group		Company	
For the year ended 31 March,	**2022**	2021	**2022**	2021
	Rs.000	Rs.000	Rs.000	Rs.000
10. Profit before taxation				
Is stated after charging all expenses including the following;				
Directors' emoluments	**12,542**	12,164	**2,230**	2,360
Auditors' remuneration - Statutory audit	**713**	637	**613**	537
- Other auditors	**315**	299	**-**	-
- Non audit service	**445**	492	**445**	380
Salaries, wages and other related cost	**522,424**	388,697	**115,879**	84,227
Defined benefit plan cost - Retirement gratuity	**9,868**	9,619	**1,712**	2,338
Defined contribution plan cost - EPF & ETF	**27,974**	24,055	**7,537**	5,321
Depreciation on property plant and equipment	**159,973**	156,061	**51,399**	46,385
Provision for Obsolete Inventory	**24,176**	18,347	**6,261**	6,532
Provision of Impairment of Trade Receivables	**6,584**	15,825	**5,584**	5,841
Amortization for Intangible Assets	**2,292**	2,113	**-**	-

	Group		Company	
For the year ended 31 March,	**2022**	2021	**2022**	2021
	Rs.000	Rs.000	Rs.000	Rs.000
11. INCOME TAX EXPENSE				
Current Tax Expenses				
Current tax expense	**205,638**	67,696	**129,157**	66,455
Deferred tax (reversal)/ charge for the year (Note 11.2)	**36,756**	60,624	**16,845**	(29,758)
ESC write-off	**-**	15,385	**-**	-
Adjustment for prior years	**594**	(31,039)	**594**	(31,039)
	242,988	112,666	**146,595**	5,658

In accordance with the provisions of the Inland Revenue Act No 24 of 2017 and its amendments thereto, the Company is liable for Income Tax at the rate of 14% for Exports, 18% Business Income and 24% on its Trading income. Last year Income tax rates were same as the current rates (14% for Exports, 18% Business Income and 24% on its Trading income).

	Group		Company	
For the year ended 31 March,	2022	2021	2022	2021
	Rs.000	Rs.000	Rs.000	Rs.000
Reconciliation of the accounting profit and the income tax expense				
Profit before taxation	1,142,527	753,156	842,739	366,562
Aggregate disallowed expenses and income	470,364	219,948	255,521	74,173
Aggregate allowed Items	(454,178)	(173,669)	(334,445)	(79,016)
Current year tax losses utilized	-	(432,545)	-	-
Taxable Income	1,158,713	366,890	733,815	361,719
Income tax at 14% - Diviend Income	33,742	8,564	33,742	8,564
Income tax at 14% - Export Turnover	486	263	486	263
Income tax at 18% - Manufacturing Income	144,014	42,159	67,532	42,159
Income tax at 24% - Servise & Other	27,397	16,710.0	27,397	15,469
Total Income Tax Expense for the year	205,638	67,696	129,157	66,455

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March,	Group 2022	Group 2021	Company 2022	Company 2021
	Rs.000	Rs.000	Rs.000	Rs.000
11.1 Movement in deferred tax balance during the year				
Balance at the beginning of the year	**331,816**	316,383	**207,077**	281,956
Originated during the year	**-**	110,473	**120,960**	20,092
Effect of change in tax rates - Recognize in Profit or Loss	**36,756**	(49,850)	**(104,115)**	(49,850)
- Recognize in Other Comprehensive Income	**-**	(67,494)	**-**	(67,494)
Originated during the year - recognized in other comprehensive income	**983**	22,304	**707**	22,373
Balance at the end of the year	**369,555**	331,816	**224,629**	207,077

11.2 Deferred tax provision / reversal for the year

Deferred tax assets and liabilities are attributable to the following:

	Group 2022 Temporary Difference	Group 2022 Deferred Tax	Group 2021 Temporary Difference	Group 2021 Deferred Tax	Company 2022 Temporary Difference	Company 2022 Deferred Tax	Company 2021 Temporary Difference	Company 2021 Deferred Tax
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Deferred tax assets								
Employee benefits	**49,053**	8,980	**45,509**	8,889	**10,953**	**2,122**	13,070	2,401
Inventory provision	**21,949**	4,251	**15,688**	2,882	**21,949**	**4,251**	15,688	2,882
Provision for impairment receivable of trade receivables-Collective	**47,639**	8,765	**41,055**	8,076	**13,860**	**2,685**	8,276	1,520
Tax losses	**-**	-	**75,724**	15,145	**-**	**-**	-	-
	118,640	21,996	**177,978**	34,992	**46,762**	**9,058**	37,034	6,803
Deferred tax liabilities								
Property,plant and equipment - Other than Land	**(1,179,197)**	(216,395)	**(1,029,357)**	(201,123)	**(302,167)**	**(58,530)**	(291,323)	(53,516)
Investment Property	**(174,925)**	(33,883)	**(110,139)**	(20,233)	**(174,925)**	**(33,883)**	(110,139)	(20,233)
Land carried at Revaluation	**(729,340)**	(141,273)	**(789,436)**	(145,453)	**(729,340)**	**(141,273)**	(762,825)	(140,131)
	(2,083,462)	(391,551)	**1,928,932**	(366,809)	**(1,206,431)**	**(233,686)**	(1,164,287)	(213,880)
Net deferred tax asset/ (liability)	**(1,964,822)**	(369,555)	**(1,750,954)**	(331,816)	**(1,159,670)**	**(224,629)**	(1,127,253)	(207,077)

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.

	Group		Company	
Year ended 31 March,	**2022**	2021	**2022**	2021
	Rs.000	Rs.000	Rs.000	Rs.000
Profit/(Loss) attributable to ordinary shareholders (Rs. 000)	**842,603**	597,352	**696,144**	360,904
Weighted average number of ordinary shares	**136,860,000**	136,860,000	**136,860,000**	136,860,000
Earnings per share (Rs.)	**6.16**	4.36	**5.09**	2.64
Weighted average number of ordinary shares				
Issued ordinary shares	**136,860,000**	136,860,000	**136,860,000**	136,860,000
Effect of shares issued during the year	**-**	-	**-**	-
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

(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 2022.

(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.

NOTES TO THE FINANCIAL STATEMENTS

	Land in Extent (perches)	Cost	Carrying value as at 31.03.2022	Carrying value as at 31.03.2021
		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**	-
Land at Belummahara	0.96	814	**814**	-
	3,617.56	369,637	**369,637**	83,175
Swisstel Aluminium Limited				
Land at Pahala Dompe, Dompe Lot 01	R02-P17.7	8,780	**8,780**	8,780
Land at Pahala Dompe, Dompe Lot 02	A9-R1-P15.9	173,000	**173,000**	173,000
Land at Pahala Dompe, Dompe Lot 03	A0-R2-P5.2	3,425	**3,425**	3,425
		185,205	**185,205**	185,205

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

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	Extent/floor Area	No. of buildings	Cost	Accumulated depreciation	Carrying value as at 31.03.2022	Carrying value as at 31.03.2021
			Rs. '000	Rs. '000		
Swisstek (Ceylon) PLC						
Factory Complex, Belummahara, Imbulgoda	62,530 Sq.ft.	17	105,767	22,032	**83,736**	50,475
No:334/5, Colombo Road, Belummahara, Imbulgoda	1,384 sq.ft	1	288	288	**-**	257
Factory Complex, Belummahara, Imbulgoda - Crushing Plant 2 and other additions	7,000 sq.ft	1	56,309	13,866	**42,443**	48,728
No: 177/6, New Kandy Rd., Weliweriya	27,170 Sq.ft.	1	80,563	10,532	**70,031**	73,206
Building at Ratupaswela			133,099	3,113	**129,987**	-
			376,026	49,830	**326,196**	172,666
Swisstel Aluminium Limited						
Building at Pahala Dompe, Dompe	171,861 Sq.ft	2	645,767	93,762	**552,005**	559,398
			645,767	93,762	**552,005**	559,398

e) Land and Buildings carried at Revalued amounts.

Address	Type of property	No. of buildings	Extent	Valuation Technique	Significant unobservable input:price/acre/range	Carrying value as at 31.03.2022	Fair Value 31-3-2022
Swisstek (Ceylon) PLC							
Factory Complex, Belummahara, Imbulgoda	Land	-	984.5 Perches	Market based evidence	Rs. 750,000/- per perch	738,375	738,375
No: 288/26, Colombo Road, Belummahara, Imbulgoda	Land	-	81.6 perches	Market based evidence	Rs. 625,000/- per perch	51,000	51,000
No:334/5, Colombo Road, Belummahara, Imbulgoda	Land	-	20 Perches	Market based evidence	Rs. 600,000/- per perch	12,000	12,000
No: 177/6, New Kandy Rd., Weliweriya	Land	-	85.0 Perches	Market based evidence	Rs. 525,000/- per perch	44,625	44,625
Land at Ratupaswela	Land	-	2,446.0 Perches	Market based evidence	Rs. 117,000/- per perch	285,648	285,648
Land at Belummahara	Land	-	0.96 Perches	Market based evidence	Rs. 848,000/- per perch	814	814
Factory Complex, Belummahara, Imbulgoda	Buildings	18	62,530 sq.ft	Contractors Method	Rs. 500/- to 4,000/- per sq.ft.	179,792	179,792
No:334/5, Colombo Road, Belummahara, Imbulgoda	Building	1	1,384 sq.ft	Depreciated replacement cost	-	-	-
No: 177/6, New Kandy Rd., Weliweriya	Building	1	27,170 Sq.ft.	Contractors Method	Rs. 2,750/- to 3,250/- per sq.ft.	76,084	76,084
Nadungamuwa, Ratupaswela	Building	8	50,085 Sq.ft	Depreciated replacement cost	Rs. 1,500/- to 3,000/- per sq.ft.	96,502	96,502
						1,484,840	1,484,840
Swisstel Aluminium Limited							
Land at Pahala Dompe, Dompe Lot 01	Land	-	R02-P17.7	Market based evidence	Rs. 20.0 Mn per acre	12,213	12,213
Land at Pahala Dompe, Dompe Lot 02	Land	-	A9-R1-P15.9	Market based evidence	Rs. 24.0 Mn per acre	201,839	201,839
Land at Pahala Dompe, Dompe Lot 03	Land	-	A0-R2-P5.	Market based evidence	Rs. 8.0 Mn per acre	4,260	4,260
Land at Pahala Dompe, Dompe Lot 04	Land	-	A0-R2-P32	Market based evidence	Rs. 13.5 Mn per acre	9,485	9,485
Building at Pahala Dompe, Dompe	Buildings	2	171,861 Sq.ft	Contractors Method	3,000/- to 3,500/- per Sq.ft	647,990	647,990
						875,787	875,787

NOTES TO THE FINANCIAL STATEMENTS

Group

Description	Freehold Land	Buildings	Plant & Machinery	Machinery under Lease	Factory Electrification	Furniture & Fittings	Motor Vehicles	Office Equipments	Road Way	Tools & Equipments	Total
	Rs.000	Rs.000	Rs.000	Rs.000							
Cost/ Revaluation											
As at 01 April 2021	**939,819**	902,021	**1,415,535**	31,265	25,962	15,271	76,512	30,111	5,837	26,668	3,469,001
Additions during the year	-	12,137	**45,500**	-	1,362	3,007	-	12,086	904	6,469	81,465
Transfers from CWIP	-	20,785	**1,758**	-	-	-	-	-	-	-	22,542
Revaluation reversal of Cost	-	(117,279)	-	-	-	-	-	-	-	-	(117,279)
Revaluation Gain/(Loss)	**124,491**	3,514	-	-	-	-	-	-	-	-	128,005
As at 31 March 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	28,949	1,605	12,713	544,126
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**	35,639	27,466	21,131	79,483	71,121	8,346	45,772	4,343,640
Accumulated depreciation											
As at 01 April 2021	-	93,652	**590,776**	4,033	8,206	9,917	34,809	19,513	208	17,940	779,055
Charge for the Year	-	23,627	**98,370**	4,633	3,059	2,127	12,488	5,644	-	6,114	156,061
Revaluation reversal of depreciation		(117,279)									(117,279)
As at 31 March 2021	-	-	**689,146**	8,666	11,265	12,044	47,297	25,157	208	24,054	817,837
Charge for the Year	-	25,830	**94,540**	3,346	3,175	2,428	11,652	12,230	-	6,771	159,973
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	37,383	208	30,771	975,328
As at 31 March 2021	**1,064,310**	821,177	**773,647**	22,599	16,059	6,235	29,215	17,040	6,533	9,083	2,765,897
As at 31 March 2022	**1,326,772**	1,033,850	**884,543**	23,628	13,026	6,659	22,956	33,739	8,138	15,002	3,368,312

Property, plant and equipment of the Group consists of fully depreciated assets with a value of Rs. 108,323,884/- (2021 - Rs. 65,535,466/-) as at the year end.

Company

Description	Freehold Land	Buildings	Plant & Machinery	Machinery under Lease	Factory Electrification	Furniture & Fittings	Motor Vehicles	Office Equipments	Road Way	Tools & Equipments	Total
	Rs.000	Rs.000	Rs.000	Rs.000							
Cost/ Revaluation											
As at 1 April 2021	729,811	257,729	307,768	-	25,961	5,039	35,055	12,523	5,837	10,335	1,390,059
Additions during the year	-	11,248	29,832	-	1,362	222	-	3,260	904	1,741	48,568
Transfers from CWIP		5,358									5,358
Revaluation reversal of Cost	-	(36,524)	-	-	-	-	-	-	-	-	(36,524)
Revaluation Gain/(Loss)	116,189	9,011	-	-	-	-	-	-	-	-	125,199
As at 31 March 2021	846,000	246,822	337,600	-	27,323	5,261	35,055	15,783	6,741	12,076	1,532,660
Additions during the year	286,462	152,134	8,515	-	142	1,142	6,894	2,280	1,605	2,135	461,309
Transfers from CWIP											-
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	18,038	8,346	14,133	1,960,381
Accumulated depreciation											
As at 1 April 2021	-	27,434	65,593	-	8,206	3,281	14,315	7,857	207	5,860	132,755
Charge for the Year	-	9,090	22,086	-	3,059	765	6,297	1,710	-	3,379	46,385
Revaluation reversal of depreciation	-	(36,524)	-	-	-	-	-	-	-	-	(36,524)
As at 31 March 2021	-	-	87,679	-	11,265	4,046	20,612	9,568	207	9,239	142,616
Charge for the Year	-	13,093	23,151	-	3,175	621	6,010	2,244	-	3,105	51,399
Disposals/Transfers	-	-	-	-	-	-	-	(5)	-	(54)	(58.52)
As at 31 March 2022	-	13,093	110,830	-	16,058	4,667	26,622	11,807	207	12,290	193,956
As at 31 March 2021	846,000	246,822	249,921	-	16,057	1,215	14,443	6,215	6,534	2,837	1,390,044
As at 31 March 2022	1,098,977	385,863	235,285	-	13,025	1,736	15,327	6,231	8,139	1,843	1,766,425

Property, plant and equipment of the Company consists of fully depreciated assets with a value of Rs. 48,722,186/- (2021- Rs. 17,775,813/-) 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.

NOTES TO THE FINANCIAL STATEMENTS

	Group		Company	
Year ended 31 March,	2022	2021	2022	2021
	Rs.000	Rs.000	Rs.000	Rs.000
13.1 Capital work - in - progress				
Balance as at the beginning of the year	174,846	13,850	943	6,301
Cost incurred during the year	121,374	183,538	24,030	-
During the year transferred to PPE	(253,291)	(22,542)	-	(5,358)
Balance as at 31 March	42,929	174,846	24,973	943
13.2 Intangible Assets				
Cost				
As at 01 April	13,751	13,751	-	-
Additions during the year	13,065	-	-	-
Disposals/transfers	9,261	-	-	-
As at 31 March	36,077	13,751	-	-
Accumulated amortization				
As at 01 April	9,552	7,439	-	-
Amortization for the Year	2,292	2,113	-	-
As at 31 March	11,844	9,552	-	-
Net book value	24,233	4,199	-	-

	No of shares As at 31-03-2022	Holding %	Cost As at 31-03-2022	No of shares As at 31-03-2021	Holding %	Cost As at 31-03-2021
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	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 (Pvt) Limited	1	100%	0.01	1.00	100%	0.01
			229,784			229,784

	Group		Company	
Year ended 31 March,	2022	2021	2022	2021
	Rs.000	Rs.000	Rs.000	Rs.000
15. Other Long Term Investments				
CP Holding (Private) Limited	56,667	56,667	-	-
	56,667	56,667	-	-

Year ended 31 March,	Group 2022	Group 2021	Company 2022	Company 2021
	Rs.000	Rs.000	Rs.000	Rs.000
16. Investment property				
Balance as at 1 April	**147,200**	142,000	**147,200**	142,000
Investment property completed during the year	**33,485**	-	**33,485**	-
Change in fair value	**31,300**	5,200	**31,300**	5,200
Balance as at 31 March	**211,985**	147,200	**211,985**	147,200

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 2022

Address	Type of property	Occupying party	Extent	Cost	Date of Valuation	Fair Value 2022	Fair Value 2021
Factory Complex, Belummahara, Imbulgoda	Tile Stores	LT /LW	26,000 sq.ft	5,663	31-Mar-21	125,386	87,067
Factory Complex, Belummahara, Imbulgoda	Sales center	LT /LW/RCL	4900 sq.ft	14,053	31-Mar-21	43,885	30,473
Factory Complex, Belummahara, Imbulgoda	Open Shed	LW	3400 sq.ft	6,277	31-Mar-21	11,712	8,133
Factory Complex, Belummahara, Imbulgoda	Warehouse	RCL	5,000 sq.ft	11,067	31-Mar-21	31,002	21,527
				37,060		211,985	147,200

As at 31 March	2022	2021	2022	2021
	Rs.000	Rs.000	Rs.000	Rs.000
17. Inventories				
Spares and consumables	**285,166**	161,142	**25,291**	17,099
Raw material	**1,213,825**	558,939	**159,443**	173,784
Work in progress	**237,585**	170,254	**12,666**	7,630
Finished goods	**1,095,398**	683,739	**46,782**	33,279
Goods in transit	**70,813**	53,648	**33,763**	26,149
Less: Provision for obsolete and slow moving items - (Note17.1)	**(54,613)**	(30,437)	**(21,949)**	(15,688)
	2,848,174	1,597,285	**255,996**	242,253
Note 17.1 - Provision for obsolete and slow moving items				
Balance as at 1 April	**30,438**	12,090	**15,688**	9,156
Provision made during the year	**24,175**	18,347	**6,261**	6,532
Balance as at 31 March	**54,613**	30,437	**21,949**	15,688

NOTES TO THE FINANCIAL STATEMENTS

	As at 31 March	2022	2021	2022	2021
		Rs.000	Rs.000	Rs.000	Rs.000
18	**Trade and other receivables**				
	Trade receivables - Others	**1,978,705**	1,133,933	**241,195**	192,731
	- Related parties (Note 18.1)	**412,569**	309,748	**318,251**	265,461
		2,391,274	1,443,681	**559,446**	458,192
	Less : Provision for impairment of trade debtors	**(47,639)**	(41,055)	**(13,860)**	(8,276)
	Deposits, advances, prepayments & other recoverables	**1,199,406**	138,137	**14,336**	24,140
	Tax recoverables	**15,989**	12,781	**-**	-
		3,559,031	1,553,544	**559,922**	474,056
18.1	**Trade receivables - Related parties**				
	Lanka Tiles PLC	**387,056**	275,903	**301,561**	243,240
	Lanka Walltiles PLC	**1,846**	6,587	**-**	-
	Royal Ceremics Lanka PLC	**20,278**	25,048	**16,690**	22,221
	Lanka Ceramics	**3,388**	2,210	**-**	-
		412,568	309,748	**318,251**	265,461

		Group		Company	
	As at 31 March	2022	2021	2022	2021
		Rs.000	Rs.000	Rs.000	Rs.000
19	**Contract Asset and Liabilities**				
19.1	**Contract Assets**				
	As at 1 April	**40,165**	38,079	**40,165**	38,079
	During the year recognized	**(10,822)**	2,086	**(10,822)**	2,086
	As at 31 March	**29,343**	40,165	**29,343**	40,165

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.

		Group		Company	
	As at 31 March	2022	2021	2022	2021
		Rs.000	Rs.000	Rs.000	Rs.000
19.2	**Contract Liabilities**				
	As at 1 April	**28,033**	14,843	**28,033**	14,843
	Advance received	**-**	28,033	**-**	28,033
	During the year recognized	**(24,197)**	(14,843)	**(24,197)**	(14,843)
	As at 31 March	**3,836**	28,033	**3,836**	28,033

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 31 March	2022	2021	2022	2021
	Rs.000	Rs.000	Rs.000	Rs.000
20 Amount due from related parties				
Swisstek Aluminium Limited	-	-	3,275	331
Lanka Walltiles PLC	554	692	554	692
Royal Ceremics PLC	3,729	13,240	3,729	13,240
Rocel Bathware Ltd	507	743	507	743
Swisstek Development (Pvt) Limited	-	-	57,068	52,674
	4,790	14,675	65,133	67,680

As at 31 March	2022	2021	2022	2021
	Rs.000	Rs.000	Rs.000	Rs.000
21 Cash and cash equivalents				
21.1 Favourable Balances				
Cash in hand	400	521	400	250
Cash at banks	575,257	216,643	377,920	197,268
Cash and cash equivalents	575,657	217,164	378,320	197,518
21.2 Unfavourable Balance				
Bank overdrafts	(479,968)	(330,781)	(107,690)	(149,314)
Cash & cash equivalents for the purpose of cash flow statement	95,689	(113,617)	270,630	48,204

As at 31 March	2022		2021	
	No. of Shares	Rs.000	No. of Shares	Rs.000
22 Stated capital - Company				
Balance at at 1 April	136,860,000	368,256	27,372,000	368,256
Share Split - Ordinary Shares	-	-	109,488,000	-
Balance as at 31 March	136,860,000	368,256	136,860,000	368,256

NOTES TO THE FINANCIAL STATEMENTS

		Group		Company	
	As at 31 March	2022	2021	2022	2021
		Rs.000	Rs.000	Rs.000	Rs.000
22.1	**Dividend paid;**				
	Rs. 2/65- per 27,372,000 ordinary shares	-	72,536	-	72,536
	Rs. 4/10- per 27,372,000 ordinary shares	-	112,225	-	112,225
	Rs. -/50- per 17,670,284 ordinary shares	-	8,835	-	-
	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. -/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	-	-	
		424,861	193,596	390,051	184,761

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.

	As at 31 March	2022	2021	2022	2021
		Rs.000	Rs.000	Rs.000	Rs.000
23	**Reserves**				
a)	**Revaluation reserve (23.1)**				
	As at 1 April	776,979	604,772	674,661	504,966
	Revaluation surplus on land and building	-	172,206	-	169,694
	As at 31 March	776,979	776,978	674,661	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	796,941	796,941	694,623	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.

	Group		Company	
As at 31 March	2022	2021	2022	2021
	Rs.000	Rs.000	Rs.000	Rs.000
24 Employee benefits				
Movement in present value of the defined benefit obligation				
Defined benefit obligation at 1 April	45,509	31,952	13,070	8,697
Current service cost and interest (24.1)	9,869	9,619	1,712	2,338
Actuarial (gain)/ losses in other comprehensive income (24.2)	(5,181)	6,555	(3,649)	3,407
Payment during the year	(1,145)	(2,617)	(180)	(1,373)
Defined benefit obligation at 31 March	49,052	45,509	10,953	13,070
24.1 Expenses recognized in profit or loss				
Past Service Cost	(1,025)	-	(335)	-
Current service cost	7,708	6,425	1,133	1,469
Interest cost	3,186	3,194	915	869
	9,869	9,619	1,712	2,338
24.2 Actuarial (gain)/loss recognized in other comprehensive income				
Actuarial (gain) or loss	(5,181)	6,555	(3,649)	3,407
	(5,181)	6,555	(3,649)	3,407

Gratuity liability is recognized based on the actuarial valuation carried out by Actuarial and Management Consultants (Pvt) Ltd on 31 March 2022. The followings are the principle assumptions used by the valuer as at year end.

As at 31 March	2022	2021
	Rs.000	Rs.000
Swisstek (Ceylon) PLC		
1. Discount rate (the rate used to discount the future cash flows in order to determine the present value)	15.0%	7.0%
2. Future salary increase	10.4%	8.0%
3. Staff Turn Over	4.0%	5%-6%
4. Weighted Average duration of defined benefit obligation (Years)	13.7	8.59
Swisstek Aluminium Limited		
1. Discount rate (the rate used to discount the future cash flows in order to determine the present value)	15.0%	7.0%
2. Future salary increase	13.0%	10.0%
3. Staff Turn Over	14.0%	15.0%
4. Weighted Average duration of defined benefit obligation (Years)	6.85	6.31

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	Swisstek Aluminium Limited		Swisstek (Ceylon) PLC	
As at 31 March	2022	2021	2022	2021
	Rs.000	Rs.000	Rs.000	Rs.000
Retairment Age				
Male	60	55	60	55
Female	60	50	60	50
No of Employees				
Male	385	253	81	66
Female	37	29	13	17
Total	422	282	94	83

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 17 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.

Company

		2022		2021	
Increase/ (Decrease) in discount rate	Increase/ (Decrease) in salary increment rate	Effect on charge to the Statement of profit or loss and other comprehen sive income	Effect on em ployee benefit obligation	Effect on charge to the Statement of profit or loss and other comprehen sive income	Effect on employee benefit obligation
		Rs.000	Rs.000	Rs.000	Rs.000
1%	*	956	(956)	989	(989)
-1%	*	(1,098)	1,098	(1,131)	1,131
*	1%	(1,154)	1,154	(1,153)	1,153
*	-1%	1,018	(1,018)	1,028	(1,028)

Subsidiary

		2022		2021	
Increase/ (Decrease) in discount rate	Increase/ (Decrease) in salary increment rate	Effect on charge to the Statement of profit or loss and other comprehen sive income	Effect on em ployee benefit obligation	Effect on charge to the Statement of profit or loss and other comprehen sive income	Effect on employee benefit obligation
		Rs.000	Rs.000	Rs.000	Rs.000
1%	*	2,098	(2,098)	1,818	(1,818)
-1%	*	(2,345)	2,345	(2,035)	2,035
*	1%	(2,492)	2,492	(2,122)	2,122
*	-1%	2,267	(2,267)	1,933	(1,933)

		Group		Company	
	As at 31 March	2022	2021	2022	2021
		Rs.000	Rs.000	Rs.000	Rs.000
25	**Interest Bearing Borrowings - Loans**				
	Movement in interest bearing loans & borrowings				
	Balance at the beginning of the year	434,027	654,054	188,049	252,196
	Loans obtained during the year	490,654	30,000	334,125	30,000
	Repayments made during the year	(206,792)	(250,027)	(94,147)	(94,147)
	Balance at the end of the year	717,890	434,027	428,027	188,049
25.1	**Amount falling due within one year**	223,819	184,558	123,819	71,915
25.2	**Amount falling due after one year**	494,071	249,469	304,208	116,134

NOTES TO THE FINANCIAL STATEMENTS

25.3 Bank loans

			Group				Company			
			2022		2021		2022		2021	
Lender	Interest rate	Security	Amount payable within one year	Amount payable after one year	Amount payable within one year	Amount payable after one year	Amount payable within one year	Amount payable after one year	Amount payable within one year	Amount payable after one year
			Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Bank of Ceylon	AWPLR + 1.5%	Mortgage over immovable property at Belummahara, Imbulgoda.	28,323	-	34,000	25,490	28,323	-	34,000	25,490
Bank of Ceylon	7.75 % Fixed	Loan Agreemnent	64,600	258,400			64,600	258,400	-	-
Commercial Bank	AWPLR + 1.5%	Mortgage over immovable property at Belummahara, Imbulgoda.	-	-	7,020	13,940	-	-	7,020	13,940
DFCC Bank	AWPLR	Mortgage over Land, Building, Plant & Machinery , Stocks and Book debts owned by Swisstek Aluminium Ltd.	120,895	218,170	133,538	192,539	20,895	28,308	20,895	59,204
			10,000	17,500	10,000	17,500	10,000	17,500	10,000	17,500
			223,819	494,071	184,558	249,469	123,819	304,208	71,915	116,134

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

	Group		Company	
As at 31 March	2022	2021	2022	2021
	Rs.000	Rs.000	Rs.000	Rs.000
25.4 Interest Bearing Borrowings - Lease				
Lease Expense	**5,866**	3,103	**-**	-
Less: Payments	**(6,077)**	(5,010)	**-**	-
Balance as at end of the year	**25,659**	25,870	**-**	-
Amount payable within 12 months	**4,083**	2,247	**-**	-
Amount payable after 12 months	**21,576**	23,623	**-**	-
	25,659	25,870	**-**	-

		Group		Company	
	As at 31 March	**2022**	2021	**2022**	2021
		Rs.000	Rs.000	Rs.000	Rs.000
26	**Trade and other payables**				
	Trade payables - Others	**1,020,281**	694,299	**136,160**	143,659
	- Related parties (Note 26.1)	**1,295**	18,777	**82,408**	21,666
		1,021,576	713,076	**218,567**	165,325
	EPF / ETF payable	**4,623**	3,608	**1,085**	734
	Bank loan interest payable	**28,561**	18,989	**5,894**	3,611
	Accruals & other payables	**1,016,940**	264,412	**119,301**	113,908
	VAT/NBT payable	**53,298**	15,001	**9,696**	5,102
		2,124,998	1,015,086	**354,544**	288,680
26.1	**Trade Payables - Related parties**				
	Lanka Tiles PLC	**-**	16,980	**-**	-
	Swisstek Aluminium	**-**	-	**81,113**	20,097
	Unidil Packaging Ltd.	**1,295**	1,569	**1,295**	1,569
	Lanka Walltile PLC	**-**	228	**-**	-
		1,295	18,777	**82,408**	21,666
27	**Short term loans**				
	Balance at the beginning of the year	**1,455,136**	1,686,885	**218,918**	277,611
	Loans obtained during the year	**15,759,064**	7,340,273	**1,510,095**	715,134
	Repayments made during the year	**(13,769,081)**	(7,572,022)	**(1,384,695)**	(773,827)
	Balance at the end of the year	**3,445,119**	1,455,136	**344,318**	218,918

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

		Group		Company	
	As at 31 March	**2022**	2021	**2022**	2021
		Rs.000	Rs.000	Rs.000	Rs.000
28	**Amounts due to related companies**				
28.1	**Amount due to related companies**				
	Lanka Tiles PLC	**18,361**	605	**1,617**	605
	Delmage Forsyth & Co. Ltd.	**60**	2,100	**60**	2,100
	Vallibel One Plc	**22,258**	-	**-**	-
		40,679	2,705	**1,677**	2,705

NOTES TO THE FINANCIAL STATEMENTS

		Group		Company	
As at 31 March		2022	2021	2022	2021
	Notes	Rs.000	Rs.000	Rs.000	Rs.000
29 Financial Instrument					
Financial Assets					
Other Long Term Investment	15	**56,667**	56,667	**-**	-
Trade Receivables	18	**2,343,635**	1,402,626	**545,586**	449,916
Contract Assets	19	**29,343**	40,165	**29,343**	40,165
Amount Due from Related Parties	20	**4,789**	14,675	**65,133**	67,680
		2,434,434	1,514,133	**640,062**	557,761
Cash and Cash Equivalent	21.1	**575,657**	217,164	**378,320**	197,518
Total		**3,010,091**	1,731,297	**1,018,382**	755,279
Financial Liabilities					
Loans and Borrowings	25	**717,889**	434,027	**428,027**	188,049
Short Term Loans	27	**3,445,119**	1,455,136	**344,318**	218,918
Lease Liability	28.2	**25,658**	25,870	**-**	-
Trade and Other Payable	26	**1,050,137**	732,065	**224,461**	168,936
Amount Due to Related Party	28.1	**40,679**	2,705	**1,677**	2,705
Bank Overdraft	21.2	**479,968**	330,781	**107,690**	149,314
Total		**5,759,450**	2,980,583	**1,106,173**	727,922

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;

	Group		Company	
As at 31 March	2022	2021	2022	2021
	Rs.000	Rs.000	Rs.000	Rs.000
Carrying value				
Trade Receivable	**2,343,635**	1,402,626	**545,586**	207,196
Contract Assets	**29,343**	40,165	**29,343**	40,165
Amounts due from related parties	**4,789**	14,675	**65,133**	67,680
Cash & cash equivalents	**575,257**	216,643	**377,920**	197,268

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;

	Group		Company	
As at 31 March	2022	2021	2022	2021
	Rs.000	Rs.000	Rs.000	Rs.000
Carrying value				
Below 30 days	**1,063,201**	652,613	**338,257**	207,196
30 - 45 days	**527,046**	314,000	**115,543**	124,640
46 - 60 days	**379,758**	116,209	**51,295**	11,567
Over 61 days	**421,269**	360,859	**54,351**	114,789
Less: provision made	**(47,639)**	(41,055)	**(13,860)**	(8,276)
	2,343,635	1,402,626	**545,586**	449,916

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 1 April 2020	25,230	2,435
Impairment loss recognised	15,826	5,842
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

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.

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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 2022	Carrying value	Current Upto 1 year	Non Current Upto 2 years	Upto 5 years	Above 5 years
Bank overdrafts	479,968	479,968	-	-	-
Bank borrowings	4,163,007	3,868,118	117,500	149,066	28,323
Lease Liability	25,658	4,082	6,123	15,453	-
Trade and Other Payable	1,050,137	1,050,137	-	-	-

As at 31 March 2021	Carrying value	Current Upto 1 year	Non Current Upto 2 years	Upto 5 years	Above 5 years
Bank overdrafts	330,781	330,781	-	-	-
Bank borrowings	1,889,163	1,639,695	163,405	52,728	-
Lease Liability	25,870	3,238	5,081	16,544	12,416
Trade and Other Payable	732,064	732,064	-	-	-

The maturity analysis of Liabilities - Company

As at 31 March 2022	Carrying value	Current Upto 1 year	Non Current Upto 2 years	Upto 5 years	Above 5 years
Bank overdrafts	107,690	107,690	-	-	-
Bank borrowings	772,345	667,318	17,500	59,204	28,323
Trade and Other Payable	224,461	224,461	-	-	

As at 31 March 2021	Carrying value	Current Upto 1 year	Non Current Upto 2 years	Upto 5 years	Above 5 years
Bank overdrafts	149,314	149,314	-	-	-
Bank borrowings	406,967	290,833	63,405	52,728	-
Trade and Other Payable	168,936	168,936	-	-	

As per the information of Fitch Rating Sri Lanka, the credit ratings of our financial institutions 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 :

		Closing rate	
Currency	Average rate	Selling	Buying
U. S. Dollar	293.87	298.99	288.75

Sensitivity Analysis

A strengthening or weakening of Sri Lankan Rupees as indicated below, against the major foreign currencies as at 31 March 2022 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

		Effect on Profit before Tax		Effect on Equity net of Tax	
Currency		Strengthen	Weakening	Strengthen	Weakening
		Rs.000	Rs.000	Rs.000	Rs.000
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)
As at 31.03.2021					
U. S. Dollar	(10% Movement)	19,093	(19,093)	15,034	(15,034)
	(15% Movement)	28,640	(28,640)	22,551	(22,551)
	(20% Movement)	38,186	(38,186)	30,068	(30,068)

(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 uncertainties of the country the Group expose to a higher interest 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	
As at 31 March	**2022**	2021	**2022**	2021
	Rs.000	Rs.000	Rs.000	Rs.000
Variable rate instruments				
Financial assets	**-**	-	**-**	-
Financial liabilities	**(4,642,977)**	(2,219,943)	**(880,035)**	(556,280)
	(4,642,977)	(2,219,943)	**(880,035)**	(556,280)

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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.

	Impact on Profit befor tax			
	Group		Company	
As at 31 March	2022	2021	2022	2021
	Rs.000	Rs.000	Rs.000	Rs.000
Variable rate instruments				
700 bp increase	**(6,633)**	(3,171)	**(1,257)**	(795)
700 bp decrease	**6,633**	3,171	**1,257**	795

	Impact on Equity Net of Tax			
	Group		Company	
As at 31 March	2022	2021	2022	2021
	Rs.000	Rs.000	Rs.000	Rs.000
Variable rate instruments				
700 bp increase	**(5,223)**	(2,497)	**(990)**	(626)
700 bp decrease	**5,223**	2,497	**990**	626

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	
As at 31 March	2022	2021	2022	2021
	Rs.000	Rs.000	Rs.000	Rs.000
Total liabilities	**7,361,313**	3,695,006	**1,545,093**	1,121,891
Less: cash and cash equivalents	**575,657**	217,164	**378,320**	197,518
Net debt	**6,785,656**	3,477,842	**1,166,773**	924,373
Total equity	**3,359,806**	2,880,930	**1,976,787**	1,667,752
Net debt to equity ratio at 31 March	**2.02**	1.21	**0.59**	0.55

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

2022	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	-	-	-	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	-	-	-	-	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	28.2	-	-	-	-	25,658	25,658
Bank overdraft	21.2	-	-	-	-	479,968	479,968
		-	-	-	-	5,759,450	5,759,452

2021	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	-	-	-	1,402,626	-	1,402,626
Amounts due from related parties	20	-	-	-	14,675	-	14,675
Contract assets	19.1	-	-	-	40,165	-	40,165
		-	-	-	1,457,466	-	1,457,465
Cash and cash equivalents	21.1	-	-	-	217,164	-	217,164
		-	-	-	1,674,630	-	1,674,630
Financial Liabilities							
Loans and borrowings	25	-	-	-	-	434,027	434,027
Short term loans	27	-	-	-	-	1,455,136	1,455,136
Trade and other payables	26	-	-	-	-	732,064	732,064
Amounts due to related parties	28.1	-	-	-	-	2,705	2,705
Lease Liability	28.2	-	-	-	-	25,870.00	25,870
Bank overdraft	21.2	-	-	-	-	330,781	330,781
		-	-	-	-	2,980,583	2,980,583

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Company

2022	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	-	-	-	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	-	-	-	-	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	1,106,174

2021	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	-	-	-	449,916	-	449,916
Amounts due from related parties	20	-	-	-	67,680	-	67,680
Contract Asset	19.1	-	-	-	40,165	-	40,165
		-	-	-	557,761	-	557,761
Cash and cash equivalents	21.1	-	-	-	197,518	-	197,518
		-	-	-	755,279	-	755,279
Financial Liabilities							
Loans and borrowings	25	-	-	-	-	188,049	188,049
Short term loans	27	-	-	-	-	218,918	218,918
Trade and other payables	26	-	-	-	-	168,936	168,936
Amounts due to related parties	28.1	-	-	-	-	2,705	2,705
Bank overdraft	21.2	-	-	-	-	149,314	149,314
		-	-	-	-	727,922	727,922

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.

30.2 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

	Note	Level 1	Level 2	Level 3	Total
2022	Note	Level 1	Level 2	Level 3	Total
Investment property	16	-	-	211,985	211,985
Freehold land and building	13	-	-	2,386,451	2,386,451
2021					
Investment property	16	-	-	147,200	147,200
Freehold land and building	13	-	-	1,885,487	1,885,487
Company					
2022	Note	Level 1	Level 2	Level 3	Total
Investment property	16	-	-	211,985	211,985
Freehold land and building	13	-	-	1,497,933	1,497,933
2021					
Investment property	16	-	-	147,200	147,200
Freehold land and building	13	-	-	1,092,822	1,092,822

NOTES TO THE FINANCIAL STATEMENTS

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.

	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 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.	The estimated fair value would increase/decrease if expected market rentals get high/low.
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. S H Amarasekera (Chairman)	Mr. J A P M Jayasekera (Managing Director)	Dr. S Selliah	Mr. A M Weerasinghe	Mr. 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	-	-	-	-
Royal Porcelain (pvt) Ltd	X	-	-	X	-	-	-	-
Rocell Bathware Ltd.	X	-	-	X	-	-	-	-

31.2 Transactions with related companies

	Name of the Company	Relationship	Nature of the Transaction	Group 2022	Group 2021	Company 2022	Company 2021
				Rs.000	Rs.000	Rs.000	Rs.000
a.	Lanka Walltiles PLC	Parent Company	Sales commission income	**8,346**	9,376	**8,346**	**9,376**
			Reimb. of Security charges	**-**	(1,058)	**-**	(1,058)
			Warehouse rental income	**6,019**	5,893	**6,019**	5,893
			Reimb. of Management fee	**1,740**	1,595	**1,740**	1,595
			Reimb. of sales expenses	**(320)**	376	**(320)**	376
			Office maintainance expenses	**(130)**	(127)	**(130)**	(127)
			Microsoft licence fees	**(172)**	(1,324)	**(172)**	(168)
			Sale of goods - Aluminium	**-**	1,497	**-**	-
b.	Lanka Tiles PLC	Related Company	Sale of Tile mortar	**763,101**	509,022	**763,101**	509,022
			Sale of Tile grout	**78,844**	52,435	**78,844**	52,435
			Sale of Decorative pebbles, Skim coat & Tile Cleaner	**61,889**	53,514	**61,889**	53,514
			Purchase of Goods	**(5,840)**	(1,981)	**(5,840)**	(1,956)
			Receipts of funds	**(903,125)**	(605,048)	**(903,125)**	(605,048)
			Operational & administration expenses	**(10,196)**	(11,259)	**(10,196)**	(5,913)
			SLT rental fees	**(428)**	(361)	**(428)**	(361)
			Reimb. of operational expense	**18,946**	5,495	**18,946**	5,495
			Warehouse rental income	**10,627**	9,391	**9,590**	9,391
			Sales commission income	**31,692**	36,608	**31,692**	36,608
			Sale of goods - Aluminium	**201,105**	89,937	**-**	-
c.	Royal Ceremic Lanka PLC	Related Company	Sale of Tile mortar & Tile grout	**62,007**	76,645	**62,007**	76,645
			Sales commission income	**8,802**	11,177	**8,802**	11,177
			Reimbursement of Security Expences	**989**	908	**989**	908
			Warehouse rental income	**7,175**	4,498	**4,498**	4,498
			Administration expenses	**(124,098)**	(91,391)	**2,254**	(37)
d.	Rocell Bathware Ltd.	Related Company	Commission on Sales	**1,643**	935	**1,643**	935
e.	Unidil Packaging Ltd	Related Company	Purchase of corrugated boxes	**(9,767)**	(6,779)	**(9,767)**	(6,779)

NOTES TO THE FINANCIAL STATEMENTS

	Name of the Company	Relationship	Nature of the Transaction	Group 2022	Group 2021	Company 2022	Company 2021
				Rs.000	Rs.000	Rs.000	Rs.000
f.	Swisstek Aluminium Ltd	Subsidiary	Administration expenses	30	(81)	30	(81)
			Rent Income	2,925	-	2,925	
			Purchase of goods - Aluminium	(185,372)	(56,548)	(185,372)	(56,548)
g.	Lanka Ceramic PLC	Related Company	Purchase of goods	-	(747)	-	(747)
			Administration expenses	1,866	1,872	-	-
h.	Vallibel One PLC	Related Company	Technical fees	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	
As at 31 March,	2022	2021	2022	2021
	Rs.000	Rs.000	Rs.000	Rs.000
Director fees	11,576	11,606	2,230	2,360
Salary and allowances	2,945	2,085	2,945	2,085
	14,521	13,691	5,175	4,445

This note should be read in conjuction with Notes 18, 20, 26 and 28 to these 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	
31 March	2022	2021
	Rs.000	Rs.000
NCI percentage	12.62%	12.62%
Non current assets	1,644,079	1,553,957
Current assets	5,878,393	2,480,493
Non current liabilities	(394,465)	(314,138)
Current liabilities	(5,506,174)	(2,275,041)
Net assets	1,621,833	1,445,271
Carrying amount of NCI	204,676	182,392
Revenue	7,314,749	3,893,821
Profit	451,158	341,821
OCI	1,256	(274)
Total comprehensive income	452,414	341,547
Profit allocated to NCI	56,936	43,138
OCI allocated to NCI	159	(35)
Cash flows from operating activities	(181,709)	107,371
Cash flows from investing activities	(25,959)	(27,314)
Cash flows from financing activities	171,204	(50,587)
Net increase (decrease) in cash and cash equivalents	(36,465)	29,470

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 except the following;

The letter of credits opened by Swisstek Aluminium Limited amounting to Rs. 2,265,588,906/-

35 Events after the reporting date

On 25 May 2022, the Board of Directors has declared a dividend of Rs. 123,174,000/- and will be paid on 25 June 2022, for the year ended 31 March 2022.

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

NOTES TO THE FINANCIAL STATEMENTS

36 IMPACT FROM RAPID CHANGE IN MACRO ECONOMIC FACTORS

The Macro Economic Environment of Sri Lanka

The operations of nearly all the manufacturing companies, which are dependent on import of raw material and finished goods, has been witnessing severe events that have set off an interconnected fiscal, monetary and economic crisis as well as deep recession that have reached unprecedented levels. Sovereign credit ratings have witnessed a series of downgrades by all major rating agencies and reached the level of 'Default Imminent (C)' when, on April 12, 2022, the Sri Lankan Government announced that it will withhold payment on the bonds due and discontinuation of payments on all its foreign debts.

With the unexpected abatement in foreign reserves of Sri Lanka which has resulted in highly volatile depreciation of the Sri Lankan Rupee leading to increase goods prices in the country. On 10 March 2022, The Central Bank of Sri Lanka has taken fiscal monetary measures in order to mitigate the aforementioned monetary consequences. Firstly, restrictions were imposed on the import of non-essential commodities by limiting the Letter of Credit facilities which are expected to discourage the demand on foreign currencies. Secondly, the Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR) of the Central Bank have been increased in order to debilitate the inflation condition. Finally, the open account facility and customer matching arrangement to import goods have been prohibited.

Impact on Business Operations

The Company's manufacturing process is mainly dependent on some imported materials. Due to the present economic condition, the Company has faced difficulty in maintaining optimal stock levels as it has done before. Furthermore, material prices in the global market have gone up. In addition the rapid depreciation of the Rupee has resulted in a drastic increase to the cost of material.

Interest expenses on the borrowing of funds, which are mainly utilized for funding the import material has increased significantly due to the unprecedented interest rates. Also, general overhead expenses such as wages on hired labour, stationery, fuel, etc, has increased due to the economic inflation at present.

Measures imposed to curtail the present adverse economic conditions

After scrutinizing the present macro and micro conditions of the Sri Lankan economy, the following measures have been taken in order to ensure business continuation and adjust to the changing economic environment.

1. Manufacturing operations have been aligned with material availability and market demand to get optimum level.
2. Negotiations with local and foreign suppliers on terms and conditions to get as much as possible supplies.
3. Planning production at optimum level to meet power cut and fuel shortage issues.

In addition, the retail prices have been marked with the adjustment required for the increase in the cost of material which would diminish the losses due to the higher price of material and the risk arising due to exchange rate variances. Also, the Company distributes goods to the customers on a reduced credit period. The Company closely monitors the operation process and eliminates non-essential expenditure.

Impact on Assets & Impairments

As a result of the steps taken by Company, Company could maintain the standard operations without causing disturbance to performance of the Company and its assets. Therefore, no requirement has arisen on impairment of Financial and Non-Financial Assets of the Company.

INVESTOR INFORMATION

Share Distribution as at 31 March 2022

From	To	No of Holders	No of Shares	%
1	1,000	1,593	473,618	0.346
1,001	10,000	957	3,786,391	2.767
10,001	100,000	351	11,454,920	8.370
100,001	1,000,000	72	22,307,402	16.299
Over 1,000,000		8	98,837,669	72.218
		2,981	136,860,000	100.000

Categories of Shareholders

Local Individuals	2,696	21,076,933	15.400
Local Institutions	270	115,354,453	84.286
Foreign Individuals	13	128,614	0.094
Foreign Institutions	2	300,000	0.219
	2,981	136,860,000	100.00

Twenty Major Shareholders of the Company as at 31-03-2022

		31-03-2022		31-03-2021	
	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	SEYLAN BANK PLC/GLADSTONE CAPITAL (PRIVATE) LIMITED	2,083,720	1.523	-	-
5	MRS V SARASWATHI	2,027,600	1.482	1,700,000	1.242
6	ACQUEST (PRIVATE) LIMITED	1,625,000	1.187	-	-
7	MR C.H.R. DE SOYSA	1,388,070	1.014	-	-
8	HATTON NATIONAL BANK PLC- ASTRUE ALPHA FUND	1,168,064	0.853	-	-
9	ARUNODHAYA INVESTMENTS (PRIVATE) LIMITED	1,000,000	0.731	750,000	0.548
10	ARUNODHAYA (PRIVATE) LIMITED	1,000,000	0.731	1,000,000	0.731
11	ARUNODHAYA INDUSTRIES (PRIVATE) LIMITED	1,000,000	0.731	1,000,000	0.731
12	ANDYSEL PRIVATE LIMITED	1,000,000	0.731	1,000,000	0.731
13	HATTON NATIONAL BANK PLC/ANUJA CHAMILA JAYASINGHE	965,181	0.705	11,990	0.009
14	MR P. WANIGASURIYA	667,192	0.487	-	-
15	MERCHANT BANK OF SRI LANKA & FINANCE PLC/ACQUEST PVT LTS	625,000	0.457	-	-
16	MR A A PAGE	625,000	0.457	625,000	0.457
17	HATTON NATIONAL BANK PLC/MUSHTAQ MOHAMED FUAD	610,537	0.446	596,210	0.436
18	MRS M.S. JAYEWARDENE	610,000	0.446	600,000	0.438
19	PEOPLE'S LEASING & FINANCE PLC/MRS.N.G.P. WICKRAMARACHCHI	598,750	0.437	-	-
20	BANK OF CEYLON NO. 1 ACCOUNT	567,798	0.415	-	-
	TOTAL	108,107,127	78.991	97,828,415	71.481
	OTHER 2,961 SHAREHOLDERS	28,752,873	21.009	39,031,585	28.519
	ISSUED CAPITAL	136,860,000	100.000	136,860,000	100.000

INVESTOR INFORMATION

SWISSTEK (CEYLON) PLC
Directors' and CEO'S Shareholding as at 31-03-2022

	Names of Directors	No of Shares	%
01	Mr S H Amarasekera	-	-
02	Mr. A M Weerasinghe	-	-
03	Mr. J A P M Jayasekara	75,000	0.055
04	Dr S Selliah	-	-
05	Mr. J K A Sirinatha	-	-
06	Mr A S Mahendra	-	-
07	Mr K D G Gunaratne	-	-
08	Mr C U Weerawardena	-	-

Share Prices for the Year

	As at 31/03/2022	As at 31/03/2021
Highest during the year	**Rs.52.00 (20-01-2022)**	Rs.176.00 (27-01-2021)
Lowest during the year	**Rs.21.00 (30-03-2022)**	Rs.22.00 (12-05-2020)
	Rs.21.00 (01-04-2021)	-
Closing Price	**Rs.22.10 (31-03-2022)**	Rs. 21.60*(26-03-2021)

*Closing share price was arrived at by dividing the closing price as at 26 March 2021 by 5 to reflect the closing price of a sub divided share.

Number of Transactions during the year	- 52,984
Number of Shares traded during the year	- 158,940,557
Value of shares traded during the year (Rs.)	- 5,442,825,141.40

Public Holding

- The Percentage of shares held by the Pubic as at 31 March 2022 – 30.893%
- No of public shareholders representing the above percentage- 2,972
- The float adjusted market capitalization as at 31 March 2022 is Rs 934,383,248.50

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 31 March,	2022	2021	2020	2019	2018	2017
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Assets						
Property, plant and equipment	**3,411,240**	2,940,743	2,703,796	2,675,290	2,452,723	1,768,311
Intangible Assets	**24,233**	4,199	-	-	-	-
Other Long Term Investment	**56,667**	56,667	93	90	-	-
Investment property	**211,985**	147,200	142,000	142,000	134,000	117,483
Non current assets	**3,704,125**	3,148,809	2,845,889	2,817,380	2,586,723	1,885,794
Inventories	**2,848,174**	1,597,285	1,802,539	2,138,897	1,605,099	812,332
Trade and other receivables	**3,559,031**	1,553,544	1,244,606	1,349,589	1,163,618	1,092,619
Contract Asset	**29,343**	40,165	38,079	58,269		
Tax Receivables	**-**	4,294	4,294	4,294	95	-
Amounts due from related parties	**4,789**	14,675	19,314	5,962	9,160	4,828
Cash and cash equivalents	**575,657**	217,164	155,342	130,086	65,632	75,202
Current assets	**7,016,994**	3,427,125	3,264,174	3,687,097	2,843,605	1,984,981
Total assets	**10,721,119**	6,575,935	6,110,063	6,504,477	5,430,327	3,870,775
Equity						
Stated capital	**368,256**	368,256	368,256	368,256	368,256	368,256
Reserves	**796,941**	796,941	624,735	624,735	616,134	760,262
Accumulated losses	**1,989,932**	1,533,341	1,126,282	955,007	991,577	741,511
Equity attributable to owners of the Company	**3,155,129**	2,698,539	2,119,273	1,947,998	1,975,967	1,870,029
Non controlling interest	**204,676**	182,392	148,123	153,313	167,647	144,320
Total equity	**3,359,805**	2,880,930	2,267,396	2,101,311	2,143,615	2,014,349
Liabilities						
Retirment benefits Obligation	**49,052**	45,509	31,952	23,185	20,647	17,170
Borrowings - Lanka Floortiles plc	**-**	-	-	-	-	21,797
Lease liability - Lanka Floortiles plc	**21,576**	23,623	25,870	-	-	-
Deferred tax liability	**369,555**	331,816	316,383	316,298	309,877	46,828
Loans and borrowings	**494,071**	249,469	447,924	621,421	590,260	301,553
Non current liabilities	**934,254**	650,417	822,128	960,904	920,784	387,348
Trade and other payables	**2,124,998**	1,015,086	466,653	694,941	959,761	431,583
	3,836	28,033	14,843	79,177		
Loans & borrowings	**223,819**	184,558	206,131	222,253	183,832	79,764
Short term loans	**3,445,119**	1,455,136	1,686,885	1,967,282	1,027,766	772,496
Amounts due to related parties	**40,679**	2,705	75,680	7,220	4,620	4,958
Borrowings - Related party	**-**	-	-	-	21,797	30,835
Lease liability	**4,083**	2,247	1,907	-	-	-
Tax payable	**104,558**	26,043	30,876	1,022	2,698	27,575
Bank overdrafts	**479,968**	330,781	543,875	478,792	165,534	121,867
Current liabilities	**6,427,060**	3,044,589	3,026,849	3,450,687	2,366,007	1,469,078
Total liabilities	**7,361,314**	3,695,006	3,848,977	4,411,591	3,286,791	1,856,425
Total equity and liabilities	**10,721,119**	6,575,936	6,116,374	6,512,903	5,430,407	3,870,775
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	27,372,000	27,372,000	27,372,000	27,372,000
Net Assets per share at the end of the year *	**23.05**	19.72	15.48	14.23	14.44	13.66
Market price per share at the end of the year	**22.80**	21.60	27.00	38.40	59.30	65.60
Market capitalization at the end of the year	**3,120.41**	2,956.18	739.04	1,051.08	1,623.16	1,795.60

FIVE YEAR SUMMERY OF INCOME STATEMENT

	Group					
For the year ended 31 March	2022	2021	2020	2019	2018	2017
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Revenue	**9,534,168**	5,393,229	4,634,962	4,294,027	4,077,367	3,433,741
Cost of Sales	**(7,393,190)**	(3,874,454)	(3,661,346)	(3,472,085)	(2,888,763)	(2,334,629)
Gross Profit	**2,140,978**	1,518,775	973,616	821,942	1,188,604	1,099,112
Other Income	**126,109**	91,336	99,339	95,663	92,421	78,186
Administration Expenses	**(319,409)**	(190,494)	(124,151)	(229,117)	(199,289)	(185,351)
Distribution Expenses	**(686,842)**	(410,451)	(321,571)	(262,591)	(446,650)	(382,600)
Other Expenses	**(30,759)**	(34,173)	(16,740)	(5,568)	(5,036)	(1,001)
Results from operating activities	**1,231,077**	974,993	610,493	420,329	630,050	608,346
Net Finance Cost	**(88,550)**	(221,837)	(377,783)	(403,600)	(145,262)	(106,821)
Profit/(Loss) before Tax	**1,142,527**	753,156	232,710	16,729	484,788	501,525
Tax expense	**(242,988)**	(112,666)	(64,937)	(15,979)	(106,718)	(72,803)
Profit/(Loss) for the year	**899,539**	640,490	167,774	750	378,069	428,722
Other comprehensive income:						
Gain on revaluation of land and buildings	**-**	128,005	-	12,304	56,289	-
Defined benefit plan actuarial gains / (losses)	**5,181**	(6,555)	(2,173)	2,374	(156)	4,184
Deferred tax on other comprehensive income	**(983)**	45,190	485	(2,987)	(200,300)	(883)
Other comprehensive income for the period	**4,198**	166,640	(1,688)	11,691	(144,168)	3,301
Total comprehensive income for the period	**903,737**	807,130	166,086	12,441	233,902	432,023

STATEMENT OF VALUE ADDED

For the year ended 31 March	2022	2021	2020	2019	2018	2017
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Sales	**9,534,169**	5,393,229	4,634,962	4,294,027	4,077,367	3,432,356
Other Income	**129,109**	91,336	99,339	95,663	92,421	113,554
Less:						
Cost of materials & services bought in	**(6,921,275)**	(3,680,856)	(3,606,829)	(3,460,780)	(3,027,634)	(2,462,560)
Value added	**2,742,003**	1,803,709	1,127,472	928,910	1,142,154	1,083,350
Distribution of Value Added						
Employees as remuneration	**676,316**	460,151	373,918	334,484	285,382	270,463
Government as taxes	**226,814**	35,416	64,369	12,544	49,890	41,199
Lenders of capital as interest	**78,809**	221,837	377,783	403,600	145,262	106,821
Shareholders as dividends	**424,862**	193,596	-	54,744	165,807	93,632
Retained in the business as						
- Depreciation/deferred tax	**191,995**	232,219	143,630	122,788	93,060	102,270
- Profits	**1,143,206**	660,490	167,773	750	402,753	468,964
Total	**2,742,003**	1,803,709	1,127,473	928,910	1,142,154	1,083,349

GRI CONTEXT INDEX

GRI Standard	Disclosure	Page number	Comments
GRI 101: Foundation 2016 (does not include any disclosures)			
General Disclosures			
GRI 102: General Disclosures 2016	102-1 Name of Organisation	4	
	102-2 Activities, brands, products and services	5	
	102-3 Location of headquarters	5	
	102-4 Location of operations	5	
	102-5 Ownership and legal form	5	
	102-6 Markets served	5	
	102-7 Scale of the organisation	5	
	102-8 Information on employees and other workers	32	
	102-9 Supply chain	34	
	102-10 Significant Changes to the organization and its supply chain	4	
	102-11 Precautionary principle	36	
	102-12 External initiatives	-	
	102-13 Membership of associations	-	
	102-14 Statement from senior decision maker	10	
	102-16 Values, principles, norms and standards of behaviour	18	
	102-18 Governance Structure	42	
	102-40 List of stakeholder Groups	20	
	102-41 Collective bargaining agreements	33	
	102-42 Identifying and selecting stakeholders	20	
	102-43 Approach to stakeholder engagement	20	
	102-44 Key topics and concerns raised	20	
	102-45 Entities included in the consolidated financial statements	4	
	102-46 Defining report content and topic boundary	4	
	102-47 Material topics	21	
	102-48 Restatement of Information	4	
	102-49 Changes in reporting	4	
	102-50 Reporting period	4	
	102-51 Date of most recent report	4	
	102-52 Reporting cycle	4	
	102-53 Contact point for questions regarding Report	4	
	102-54 Claims of reporting in accordance with GRI Standards	4	
	102-55 GRI context index	126	
	102-56 External assurance	64	

GRI Standard	Disclosure	Page number	Comments
Material topics			
Economic Performance			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	73-125	
	103-2 The Management Approach and its components	73-125	
	103-3 Evaluation of the Management Approach	73-125	
GRI 201: Economic Performance			
	201-1- Direct economic value generated and distributed	125	
	201-2 Financial implications and other risks and opportunities due to climate change	83	
	201-3 Defined benefit plan obligations and other retirement plans	83	
Indirect Economic impact			
	103-1 Explanation of material topics and its boundaries	05	
	103-2 The Management Approach and its components	05	
	103-3 Evaluation of the Management Approach	05	
203: Indirect Economic Impacts			
	203-1 Infrastructure investments and services supported	05	
	203-2 Significant indirect economic impacts	05	
Procurement practices			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	35	
	103-2 The Management Approach and its components	35	
	103-3 Evaluation of the Management Approach	35	
GRI 204: Procurement practices			
	204-1 Proportion of spending on local suppliers	35	
Materials			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	39	
	103-2 The Management Approach and its components	39	
	103-3 Evaluation of the Management Approach	39	
GRI 301: Materials			
	301-1 Materials used by weight or volume	39	
	301-2 Recycled input materials used	39	
	301-3 Reclaimed products and their packaging materials	39	

GRI CONTEXT INDEX

GRI Standard	Disclosure	Page number	Comments
Energy			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	39	
	103-2 The Management Approach and its components	39	
	103-3 Evaluation of the Management Approach	39	
GRI 302: Energy			
	302-1 Energy consumption within the organization	39	
	302-2 Energy consumption outside of the organization	39	
	302-3 Energy intensity	39	
	302-4 Reduction of energy consumption	39	
	302-5 Reduction in energy requirements of products and services	39	
Water			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	40	
	103-2 The Management Approach and its components	40	
	103-3 Evaluation of the Management Approach	40	
GRI 303: Water 2016			
	303-1 Interactions with water as a shared resource	40	
	303-2 Management of water discharge-related impacts	40	
	303-3 Water withdrawal	39	
	303-4 Water Discharge	40	
	303-5 Water Consumption	39	
Emissions			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	40	
	103-2 The Management Approach and its components	40	
	103-3 Evaluation of the Management Approach	40	
GRI 305 Emissions			
	305-1 Direct (Scope 1) GHG emissions	40	
	305-2 Energy indirect (Scope 2) GHG emissions	40	
	305-3 Other indirect (Scope 3) GHG emissions	40	
Effluents and Waste			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	40	
	103-2 The Management Approach and its components	40	
	103-3 Evaluation of the Management Approach	40	
GRI 306 : Effluents and Waste			
	306-1 Waste generation and significant waste-related impacts	40	
	GRI 306-2 Management of significant waste related impacts	40	

GRI Standard	Disclosure	Page number	Comments
	306-3 waste generated	40	
	306-4 Waste diverted from disposal	40	
	306-5 Waste directed to disposal	40	
Environment Compliance			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	39	
	103-2 The Management Approach and its components	39	
	103-3 Evaluation of the Management Approach	39	
GRI 307: Environmental Compliance			
	307-1 Non-compliance with environmental laws and regulations	39	
Supplier Environmental Assessment			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	35	
	103-2 The Management Approach and its components	35	
	103-3 Evaluation of the Management Approach	35	
GRI 308 Supplier Environmental Assessment			
	308-1 New suppliers that were screened using environmental criteria	35	
	308-2 Negative environmental impacts in the supply chain and actions taken	35	
Employment			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	32	
	103-2 The Management Approach and its components	32	
	103-3 Evaluation of the Management Approach	32	
GRI 401: Employment 2016			
	401-1 New Employee hires and turnover	32	
	401-2 Benefits Provided to fulltime employees that are not provided to temporary or part time employees	33	
	401-3 Parental leave	32	
Labour Management			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	33	
	103-2 The Management Approach and its components	33	
	103-3 Evaluation of the Management Approach	33	
402: Labor/Management Relations			
	402-1 Minimum notice periods regarding operational changes	33	
Occupational Health and Safety			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	33	

GRI CONTEXT INDEX

GRI Standard	Disclosure	Page number	Comments
	103-2 The Management Approach and its components	33	
	103-3 Evaluation of the Management Approach	33	
GRI 403: Health and Safety 2016			
	403-1 Occupational Health and safety management system	33	
	403-2 Hazard identification, risk assessment and incident investigation	33	
	403-3 Occupational Health Services	33	
	403-4 Worker participation, consultation, and communication on occupational health and safety	33	
	403-5 Worker training on occupational health and safety	33	
	403-6 Promotion of worker health	33	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	33	
	403-8 Workers covered by an occupational health and safety management system	33	
	403-9 Work-related injuries	33	
Training and Education			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	32	
	103-2 The Management Approach and its components	32	
	103-3 Evaluation of the Management Approach	32	
GRI 404: Training and education			
	404-1 Average hours of training per year per employee	32	
	404-2 Programs for upgrading skills and transition assistance programmes	32-33	
	404-3 Percentage of employees receiving regular performance and career development reviews	32	
Diversity and Equal Opportunity			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	32	
	103-2 The Management Approach and its components	32	
	103-3 Evaluation of the Management Approach	32	
GRI 405- Diversity and equal Opportunity			
	405-1 Diversity of governance bodies and employees	32	
Non- Discrimination			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	32	
	103-2 The Management Approach and its components	32	
	103-3 Evaluation of the Management Approach	32	
GRI Non- Discrimination			
	406-1 Incidents of discrimination and corrective actions taken	32	

GRI Standard	Disclosure	Page number	Comments
Freedom of Association and Collective Bargaining			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	33	
	103-2 The Management Approach and its components	33	
	103-3 Evaluation of the Management Approach	33	
GRI 407 Freedom of Association and Collective Bargaining			
	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	33	
Child Labour			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	32	
	103-2 The Management Approach and its components	32	
	103-3 Evaluation of the Management Approach	32	
GRI 408: Child Labour			
	408-1 Operations and suppliers at significant risk for incidents of child labour	32	
Forced or Compulsory Labor			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	32	
	103-2 The Management Approach and its components	32	
	103-3 Evaluation of the Management Approach	32	
409: Forced or Compulsory Labour			
	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	32	
Local communities			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	35	
	103-2 The Management Approach and its components	35	
	103-3 Evaluation of the Management Approach	35	
GRI 413: Local communities			
	413-1 Operations with local community engagement, impact assessments and development programmes	35	
Supplier Social Assessment			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	35	
	103-2 The Management Approach and its components	35	
	103-3 Evaluation of the Management Approach	35	
GRI 414 : Supplier Social Assessment			
	414-1 New suppliers that were screened using social criteria	35	
	414-2 Negative social impacts in the supply chain and actions taken	35	

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GRI Standard	Disclosure	Page number	Comments
Customer Health and Safety			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	35	
	103-2 The Management Approach and its components	35	
	103-3 Evaluation of the Management Approach	35	
GRI 416 Customer Health and Safety			
	416-2 Incidents of non -compliance concerning the health and safety impacts of products and services	35	
Marketing and Labelling			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	35	
	103-2 The Management Approach and its components	35	
	103-3 Evaluation of the Management Approach	35	
GRI 417: Marketing and Labelling			
	417-2 Incidents of non-compliance concerning product and service information and labelling	35	
	417-3 Incidents of non- compliance concerning marketing communications	35	
Socio economic Compliance			
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	35	
	103-2 The Management Approach and its components	35	
	103-3 Evaluation of the Management Approach	35	
GRI 419: Socio economic compliance			
	419-1 Non-compliance with laws and regulations in the social and economic area	35	

NOTES

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Fifty Fifth Annual General Meeting of Swisstek (Ceylon) PLC will be held by way of electronic means on 29 June 2022 at 8.30 a.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 31 March 2022 and the Report of the Auditors thereon.

2. To re-elect Mr. S H Amarasekera, who retires by rotation in terms of Articles 103 and 104 of the Articles of Association, as a Director of the Company.

3. To re-elect Mr. C U Weerawardena, who retires by rotation in terms of Articles 103 and 104 of the Articles of Association, as a Director of the Company.

4. To authorise the Directors to determine donations for the ensuing year.

5. 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

31 May 2022
Colombo.

Note: A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of him/her. A Proxy need not be a member of the Company. A Form of Proxy is enclosed for this purpose. The completed form of Proxy should be deposited at the Registered Office of the Company, No. 215, Nawala Road, Narahenpita, Colombo 5, not less than forty-eight (48) hours before the time fixed for the commencement of the Meeting.

PROXY FORM

I/We the undersigned .... NIC No .... of
.... being a member/s* of Swisstek (Ceylon) PLC hereby appoint:
....
of...

Mr. Shiran Harsha Amarasekera	or failing him*
Mr. Amarakone Mudiyanselage Weerasinghe	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. 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 vote and speak as indicated hereunder for me/us* and on my/our* behalf at the Fifty Fifth Annual General Meeting of the Company to be held on 29 June 2022 at 8.30 a.m and at every poll which may be taken in consequence of the aforesaid Meeting and at any adjournment thereof:

	For	Against
Resolution 1 To re-elect Mr. S H Amarasekera who retires in terms of Article No.103 and 104 of the Articles of Association, as a Director.		
Resolution 2 To re-elect Mr. C U Weerawardena who retires in terms of Article No.103 and 104 of the Articles of Association, as a Director.		
Resolution 3 To authorize the Directors to determine donations for the ensuing year.		
Resolution 4 To re-appoint Messrs. KPMG Chartered Accountants as Auditors of the Company and authorize the Directors to determine their remuneration.		

In witness my/our* hands this .... day of .... Two Thousand and Twenty Two.

....
Signature of Shareholder/s

* Please delete the inappropriate words.
Instructions as to completion appear on the reverse.

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.

4. To be valid, the completed Form of Proxy must be deposited with the Company Secretaries, P W Corporate Secretarial (Pvt) Ltd, No. 3/17, Kynsey Road, Colombo 08, Sri Lanka or must be emailed to *parq.pwcs@gmail.com* 48 hours before the time fixed for the meeting.

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 2805885
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

www.swisstekceylon.com