ACL
PLASTICS

Journey of Success

ACL PLASTICS PLC ANNUAL REPORT 2021/22

Journey of Success

At ACL Plastics, our recipe for resounding triumph is our expansive resources, our exceptional portfolio of cable grade PVC compounds manufactured to the highest local and international standards, and our visionary leadership that takes us from strength to strength each year.

For 6 decades, we have placed quality at the heart of all our business, and our strategy of delivering consistent excellence has enabled us to exceed expectations, thus securing our position as a leader in our arena of manufacturing plastic cable sheaths.

Whilst developing our operations to unmatched quality and excellence, we continue to deliver growth and steady streams of value to the many stakeholders we serve. This enables us to be a game changer in the industry and proudly continue our journey of success.

Contents

Our Vision

To be a professional organisation which manufactures the highest quality performance polymers while enhancing our relationship with all our stakeholders.

Our Mission

ACL Plastics PLC is committed to a policy of continuous improvement & shall strive for excellence in all its endeavours while each individual in the team shall work towards a total quality culture aiming to delight the customers.

Group Financial Highlights

Year ended 31 March 2022	2021/22 Rs.Mn	2020/21 Rs.Mn
Revenue from contract with customers	2,955	1,900
Gross Profit	713	192
Net Finance Income	138	22
Profit Before Tax	844	208
Profit After Tax	721	179
Total Equity	2,270	1,578
Key Financial Indicators		
Gross Profit Margin	24%	10%
Net Profit Margin Before Tax	24%	9%
Interest Cover (Times)	40	34
Return on Equity	32%	12%
Current ratio (Times)	3.68	4.11

Rs.2,955Mn
Revenue

Rs.10.00
Dividend Per Share

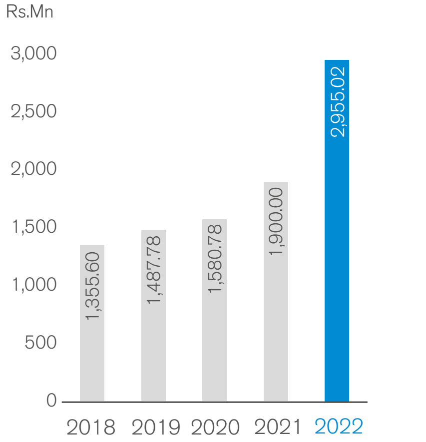
Rs.3,050Mn
Total Assets

Rs.713Mn
Gross Profit

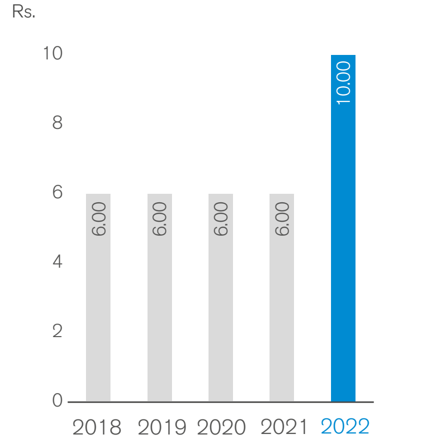
Rs.171.16
Earnings Per Share

Rs.2,270Mn
Share Holders' Fund

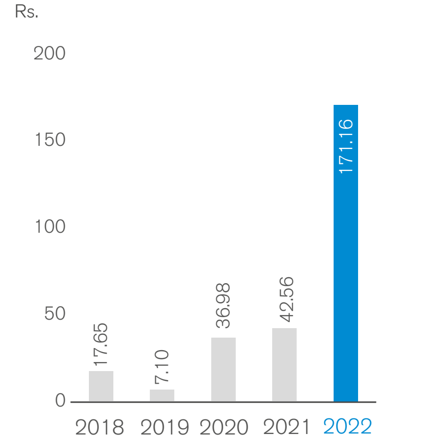
Revenue



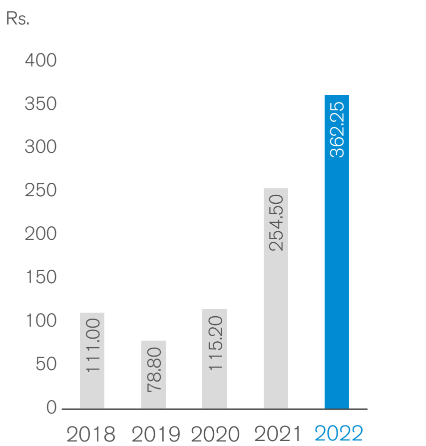
Dividend per share



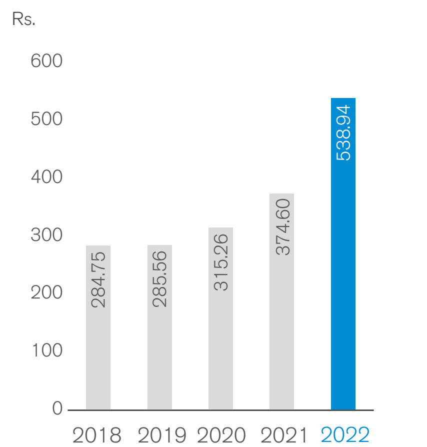
Earning per share



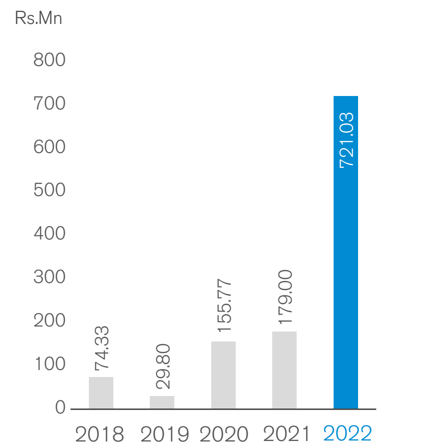
Market value per share



Net assets per share



Net profit attributable



Chairman's Statement

The year was a challenging one, yet it is with great pleasure I announce that your company achieved the highest group turnover in its history despite the challenges it faced from the ever-changing economic environment.

I welcome you to the Thirty First Annual General Meeting of ACL Plastics PLC and have the pleasure of presenting to you the Annual Report and Audited Financial Statements for the year ended 31st March 2022.

The year was a challenging one, yet it is with great pleasure I announce that your company achieved the highest group turnover in its history despite the challenges it faced from the ever-changing economic environment.

The Company and the Group posted the highest turnover in their history and passed the milestone of over two billion turnover for the first time. Even more impressive was the Profit before tax we generated which passed the milestone of Eight hundred million, a record for the earnings as well. These achievements are the result of our employees' commitment to growth and excellence. Our recent strategic investments in technology and machinery are generating the expected results, and going forward, we will continue to ensure sustained growth and superior value creation.

ECONOMIC OUTLOOK

The real sector GDP of the country recorded a growth of 3.7% compared to its contraction of 3.6% the year before. The GDP per capita too increased to USD 3,815 in 2021 from USD 3,695 in 2020. The real sector GDP growth was vastly supported by all three sectors namely; agriculture, industry, and services, which posted a growth of 2.0%, 5.3%, and 3.0% respectively compared to a contraction in all sectors of -2.2%, -6.9% and -1.6% respectively. The growth contribution posted from all the sub-sectors of the industry sector, fishing sub-sector, and servicing activities sub-sector were significant for the overall GDP growth of the economy.

The growth recorded by the construction sub-sector of 1.9% against its contraction of 13.2% in 2020 was a commendable performance. The favorable economic policies set for the construction industry with low-interest rates on deposits generated massive demand for real estate, housing, and project construction activities. The government policy in supporting local businesses with the restriction of imports helped to grow cable demand in the local market avoiding cutthroat price competition. This meant to boost demand for PVC items offered by ACL Plastics PLC and accordingly group revenue and net profits have amplified by significant numbers.

REMARKABLE PERFORMANCE AND GROWTH

It is pleased to note that the company and group turnover grew by 56% crossing the milestone of Rs. 2.9 billion during the year under review, compared to Rs. 1.9 billion in 2020/21. This was mainly due to the boost of the business experienced by downstream players of the supply chain, most of which are our group companies. Along with this growth in sales, the group also achieved strong growth in external sales, serving to strengthen and expand our external customer base.

Rs. **965** Mn

Group Value Addition

Rs. **538.94**

Net Assets Value per Share

Rs. **10.00**

Dividend Per Share

Group's Gross Profit has increased remarkably to Rs. 713 Mn, which is an exponential growth of 271% compared to Rs. 192 Mn Gross Profit in the previous year. The careful planning of inventories, raw material imports, and cost management strategies helped to maintain the profitability for the year, at a higher level. The Profit before Tax has increased to Rs. 844 Mn recording the highest PBT in the history of the Group. The Profit after Tax of the Group has increased by 302% recording Rs.721 Mn, compared to the profit after tax of Rs. 179 Mn in the last year.

It is also encouraging to see that in line with this growth in sales, the production capacity of the ACL Plastics Group has grown continuously during the past few years which is a result of the improvements made to production technology and upgrading machinery. The continuous effort to improve quality has been reflected through the lesser number of sales returns and customer complaints during the year.

BALANCING ASSETS & LIABILITIES

In a highly volatile environment both globally and locally, it was a challenge to maintain the best combinations of assets and liabilities. The combination of receivables - payables and levels of inventories were maintained well throughout the year, thereby enabling the gearing levels to be at the optimum without compromising our growing business activities. As a result, the company faced no working capital pressures while achieving its profitability.

CHALLENGING OPERATING ENVIRONMENT

The immediate future is looking tough and would be challenging times for most individuals as well as industries. Political stability is vital for a good business climate. The present volatile environment may not be best suited to sustainable economic growth. It is understood that the debt burden of the country has to be cleared by fiscal and monitory policy directions.

The Economic policy changes introduced by the government in the latter part of the financial year may form boundaries in our future operating environment. The continuation of two-digit interest rates will have a direct negative impact on consumer spending and construction-related activities in the private sector. This may lead to a decline in demand for cables and an increase in competition in the dealer market which caters to house builders. These factors may result in a declined demand for PVC.

The pressure on the exchange rate will continue to be a challenge to our cost structures. The state of hyperinflation due to the depreciation of the rupee and rise in raw material prices would tend to slow down all economic activities in the country and push individuals to spend on necessities. Our major related party buyers ACL Cables PLC and Kelani Cables PLC, having invested most of their businesses in the field of construction and manufacturing of building materials would experience many hardships with the above situation. The decline in cable demand will directly impact us as a supplier of PVC in their value chains.

The changes to the tax policy imposed by the government will also come into effect from the financial year 2022/23. The increased direct income tax rate may pose challenges to the middle-class income segment which result in curtail spending. This may have an indirect negative impact on our direct and indirect customers.

We have been experiencing an increase in wage structures due to an increase in demand for labor from the construction and service sectors. Therefore, it is imperative that we invest in new technologies to improve productivity and efficiency.

Despite all the challenges, underpinned by our solid risk management initiatives and robust business model, we keep our concentration on our core strategies and made accurate decisions to strengthen our position in the market as the market leader.

STAKEHOLDER RETURNS

We are happy to announce that in the face of our strong performance, ACL Plastic PLC’s shares increased their market value during the year, and recorded an earning per share of Rs. 171.16 as of March 31, 2022. The share price as of 31st March 2022 was at Rs. 362.25 while the share price for the same period in the previous year was Rs. 254.50. Highest value of the market value per share during the year was Rs.1008.

The company paid a dividend of Rs. 10 per share whereas it was Rs.6 per share in previous years.

In keeping with our commitment to operate as a good corporate citizen, your company ensured compliance with mandatory corporate governance requirements.

OUR ACHIEVEMENTS

We are happy to announce that ACL Plastics PLC is the first-ever company that achieved the ISO 14001:2015 in the Polymer sector. Further, ACL Plastics

Chairman's Statement

PLC was awarded ISO, QMS, EMS & OHS certifications. Achieving ISO 9001 and ISO 14001 is clear evidence of the quality of our products and the favorable environmental impact we have maintained throughout the years.

FUTURE OUTLOOK

The volatility of the exchange rate will have serious implications on the cost structure of all items we manufacture since we import a fairly large portion of our raw materials. However, as the Government is keen to stabilize the economy by way of increasing taxes and curtailing some imports, that economy will likely become more sustainable in the months to come. This will create a positive atmosphere for the investors, leading to an increase in demand for our products.

As a leading corporate in the industry, we adopted a stakeholder approach, to build and strengthen our relationship with all our key stakeholders, based on a win-win formula. We will continue to build on the success story that ACL Plastics has established over the years. We must thank our dedicated team of employees, who come to work every day to find new ways to add value to ACL Plastics. Once again, they have delivered another record-breaking year. Because of them, we are well-positioned for growth, continued success, and more record-breaking results.

APPRECIATIONS

In acknowledgment of another successful financial year, I would like to express my gratitude to the Board of Management for their outstanding leadership, drive to take on each challenge as an opportunity, and who has worked diligently towards creating greater value for our shareholders.
I would also like a record a special appreciation of all our employees for their commitment to the company and their support in achieving company goals.

Further, I would like to extend my appreciation towards our business partners, including our banks, who have been supportive of our entire endeavors, and to thank our valued customers and suppliers, for their valuable contribution during the year. Last but not least, I thank our shareholders for the continued trust they have placed in us. We are well-positioned to continue delivering exceptional value for all our stakeholders.

U. G. Madanayake
Chairman

29th August 2022

Board of Directors

Mr. U. G. Madanayake
Chairman

Mr. U.G. Madanayake had his early education at Ananda College, Colombo. He graduated from the University of Cambridge - England in 1958 and had his M.A. (Cantab) conferred on him in 1962. He is a Barrister at-law (Lincoln's Inn) and an Attorney-at-law of the Supreme Court of Sri Lanka. He started his working life managing family-owned plantations until most of the lands were taken over by the State under the Land Reform Law of 1972. He still continues to have an active interest in agriculture.

Mr. U.G Madanayake has been the Chairman of ACL Plastics PLC from its inception in 1991. He is also the Chairman of ACL Cables PLC, Fab Foods (Pvt) Ltd., Ceylon Tapioca Ltd. and Lanka Olex Cables (Pvt.) Ltd. He is also a Director of ACL Metals & Alloys (Pvt.) Ltd., ACL Polymers (Pvt) Ltd., Ceylon Copper (Pvt.) Ltd., ACL-Kelani Magnet Wire (Pvt) Ltd., Ceylon Bulbs & Electricals Ltd., ACL Electric (Pvt.) Ltd. and Resus Energy PLC. He has over 50 years' experience in the cable Industry.

Mr. Suren Madanayake
Managing Director

Mr. Suren Madanayake had his education at Royal College, Colombo, and qualified as a Mechanical Engineer from the University of Texas at Austin, USA. He was appointed to the Board of ACL Plastics PLC., in 1991 and appointed as Managing Director in September 1994.

He also serves as the Chairman of Resus Energy PLC, Deputy Chairman of Kelani Cables PLC, Managing Director of ACL Cables PLC, Lanka Olex Cables (Private) Ltd, and Director of Ceylon Bulbs and Electricals Ltd., ACL Metals & Alloys (Pvt.) Ltd., ACL Polymers (Pvt.) Ltd., ACL-Kelani Magnet Wire (Pvt.) Ltd., Ceylon Copper (Pvt.) Ltd., ACL Electric (Pvt.) Ltd., SM Lighting (Pvt) Ltd., Fab Foods (Pvt.) Ltd. and Ceylon Tapioca Ltd. In 2015, he was appointed to the Board of National Asset Management Ltd (NAMAL). He also serves as a Trustee of CCC Foundation Sri Lanka, which is an approved charity.

Mrs. N. C. Madanayake
Non-Executive Director

Mrs. N.C. Madanayake was appointed to the Board of ACL Plastics PLC in July 1991. She is also a Director of Kelani Cables PLC, ACL Cables PLC, Ceylon Bulbs and Electricals Ltd., Lanka Olex Cables (Pvt) Ltd., and Ceylon Tapioca Ltd. Mrs. N.C Madanayake is a pioneering Director of Fab Foods (Pvt) Ltd.

Board of Directors

Dr. Kamal Weerapperuma
Independent Non-Executive Director

Dr. Kamal Weerapperuma held positions of CEO/ Director of Delmege Forsyth Group, Central Industries PLC, Executive Director, Haycarb Ltd., and Research Fellow in Chemical Engineering, Imperial College, University of London.

He currently serves on the Ethics review committee of the Sri Lanka Medical Association and the Ethics committee of Asiri Group of Hospitals. Dr. Weerapperuma served on the Prime Ministers' Advisory Committee on Power and Energy, and on several public sector committees including those in the Ministries of Science and Technology, and the Ministry of Industry & as a consultant to several Industries. He also served as an examiner/ scrutineer for Chartered Engineer (UK) and Fellowship reviews of the Institute of Materials, Mining, and Minerals (UK).

He holds a B.Sc. Degree from University of Ceylon, M.Sc., and Ph.D. Degrees from the UK. He is a Chartered Engineer (UK), a founder and Fellow member of the Institute of Materials, Mining, and Minerals (UK), and an Alumnus of "Insead", France.

Dr. Weerapperuma was appointed to the Board as an Independent Non-Executive Director of ACL Plastics PLC in May 2013.

Mr. Mohan Joseph Ratnayake
Independent Non-Executive Director

Mr Mohan J Ratnayake had his education at St Joseph's College Colombo. He is a Fellow member of the Chartered Institute of Management Accountants UK and has read for an MBA. He was the Chairman of the committee which issued Sri Lanka's first internationally listed USD Bond by a corporate entity- Sri Lanka Telecom Plc which traded on the Singapore stock exchange, for the expansion of SLT and Mobitel. This was when the sovereign had not been rated by international rating agencies. He currently serves as the Managing Director of Colonial Motors Ceylon Ltd and as the Chairman of Lanka Reality Investment Plc. He also serves on several Boards and chairs audit committees and other statutory committees. He further serves on the board of a state-owned entity in the export sector. He held the position of Deputy Chairman of a listed financial institute falling under the purview of the Central Bank of Sri Lanka.

Members of the Audit Committee, Remuneration Committee and Related Party Transactions Review Committee

Mr. Ajit Jayaratne
Independent Non-Executive Director – ACL Cables PLC

Chairman of the Audit Committee, Remuneration Committee and Related Party Transactions Review Committee

Mr. Ajit M. de S. Jayaratne had his education at Royal College, Colombo. He holds a B.Sc. (Economics) Degree from Southampton University and is a fellow member of the Institute of Chartered Accountants, England & Wales and also a fellow member of the Institute of Chartered Accountants, Sri Lanka. Mr. Jayaratne was the Chairman of Forbes & Walker Limited, The Colombo Stock Exchange, The Ceylon Chamber of Commerce and The Finance Commission. Mr. Jayaratne also served as the High Commissioner of Sri Lanka in Singapore. He is a Director of other Public Quoted Companies in Sri Lanka. Mr. Jayaratne was appointed to the Board of Directors of ACL Cables PLC (Parent Company) in November 2005.

Mr. Rajiv Casie Chitty
Independent Non-Executive Director – ACL Cables PLC

Member of the Audit Committee, Remuneration Committee and Related Party Transactions Review Committee

Mr. Rajiv Casie Chitty is a fellow of the Association of Chartered Certified Accountants (ACCA), UK and Associate Member of the Chartered Institute of Management Accountants (CIMA), UK and a Chartered Financial Analyst, USA. He obtained his Masters in Economics from the University of Colombo and won the Janashakthi Gold at the 2006 CIMA Pinnacle Awards. Mr. Casie Chitty was appointed a Director of ACL Cables PLC (Parent Company) in November 2005. He is the Chief Operating Officer of Commercial Credit & Finance PLC and Non-Executive Independent Director of Tangerine Beach Hotels PLC, Royal Palms Beach Hotels PLC, Ceylon Printers PLC and Office Equipment PLC. He is a former president of ACCA Sri Lanka panel. He has over 20 years of experience in Senior Managerial positions in the private sector.

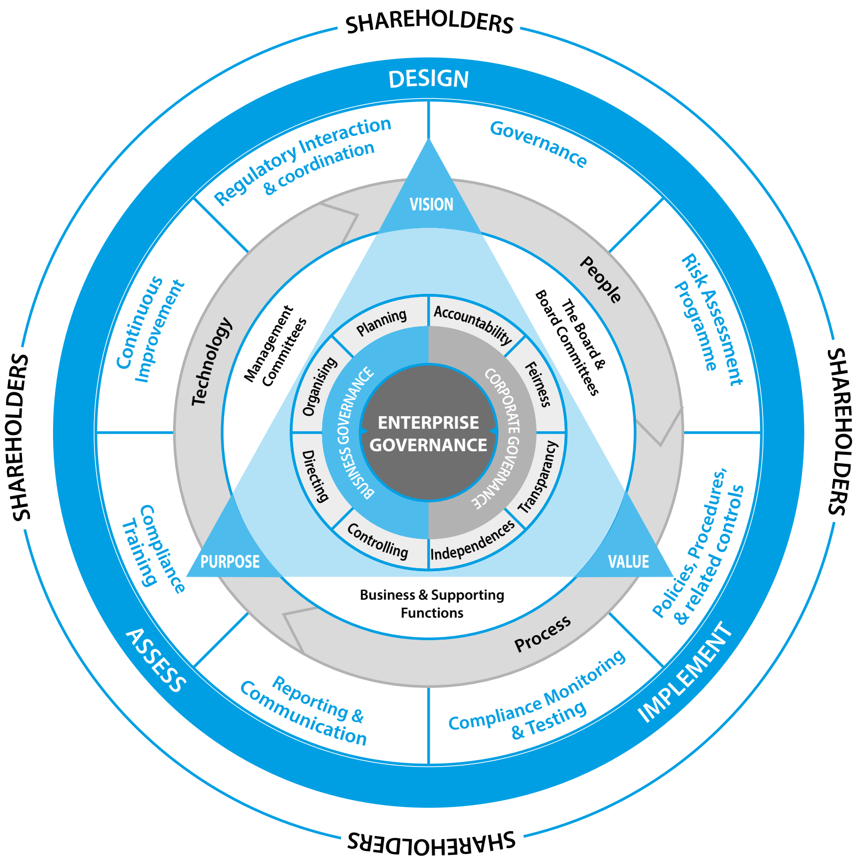
Corporate Governance

ACL Plastics PLC is committed to best practices in the area of Corporate Governance. Corporate Governance is an internal system encompassing policies, processes and people, which serve the needs of shareholders and other stakeholders. Good governance facilitates effective management and control of the business, while maintaining a high level of business ethics and optimising the value for all stakeholders. Sound Corporate Governance is reliant on external marketplace commitment and legislation plus a healthy Board culture which safeguards policies and processes. Further, an important element of Corporate Governance is to ensure the accountability of certain individuals in an organisation through mechanisms that try to reduce or eliminate the dilemma of principal-agent.

The Corporate Governance Report, together with the Audit Committee Report and the Remuneration Committee Report, provides a description of the manner and extent to which ACL Plastics PLC complies with the code of Best Practice in Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka and the Listing Rules of the Colombo Stock Exchange.

ACL Plastics PLC Enterprise Governance Framework

Enterprise governance as "the set of responsibilities and practices exercised by the board and executive management with the goal of providing strategic direction, ensuring that objectives are achieved, ascertaining those risks are managed appropriately and verifying that the organisation's resources are used responsibly"



Regulatory Benchmarks

Standard / Principle / Code	Adherence
The Companies Act No.7 of 2007 and regulations	Mandatory Provisions/ Fully Compliant
Listing Rules of the Colombo Stock Exchange (CSE)	
Security and Exchange Commission of Sri Lanka (SEC)	
Act No.19 of 2021 including directives and circulars	
Code of Best Practices on Related Party Transactions (2013) advocated by the Securities and Exchange Commission of Sri Lanka	
Code of Best Practice on Corporate Governance (2017) jointly advocated by the SEC and the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)	Voluntary provisions/ Compliant except few provisions

The Chairman's Role

The Chairman is responsible for preserving good Board room governance and encourage positive contributions from both Executive and Non-Executive Directors for the effective discharge of the Board's responsibilities. The Chairman considers the view of all Directors on any matter put before the Board and ensure that the Board is in complete control of the affairs of the company.

The Chairman leads the Board, developing the Board forward agenda and preparing in detail for meetings to maximize the efficiency of Board output. His aim is that Board meetings should allow full and free discussion, taking account of the interest of the group's various stakeholders whilst promoting high standard corporate governance

The Chairman also encourage the expression of the broadest range of views, including those which may challenge the management. He seeks to foster an open and trusting relationship between Executive and Non-Executive Board members.

The main responsibilities of the Chairman are;

- Facilitate the effective contribution of Non-Executive Directors and the engagement between Executive and Non-Executive Directors.
- Ensure the regular flow of accurate and relevant management information to enable the Board to make sound decisions and monitor business performance.
- Ensure that an annual evaluation of the Board is conducted.
- Ensure that committee chairman conduct evaluations of their committees.
- Ensure effective communication with share holders so that the Board develops a clear understanding of their views.
- Ensure the effective functioning of all Board sub-committees.

The Board of Directors

The Board is collectively responsible for the success of the Company. Its role is to provide entrepreneurial leadership to the Company within a framework of prudent and effective controls which enables risk to be assessed and managed. The Board sets the Company's strategic aims, ensures that the necessary financial and human resources are in place for the Company to meet its objectives, and reviews management performance. It also sets the Company's values and standards and ensures that its obligations to its shareholders and others are understood and met. Specific responsibilities reserved to the Board include:

- To enhance shareholder value.
- Reviewing of corporate objectives, budgets and forecasts.
- Reviewing of operational and functional performance.
- Approving capital investments.
- Ensuring the implementation of an effective internal control system.
- Ensuring compliance with highest ethical and legal standards.
- Approval of the Annual and Interim Financial Statements prior to publication.
- Recommending Dividends for approval by the shareholders.

The Board comprises of Five Directors of whom three are Non-Executive Directors. The names and profiles of the Directors are given on pages 9 to 11 of this report. The Board recognises the need for a clear division of responsibilities in running the Company business. Accordingly, the positions of Chairman and Managing Director have been separated.

The Board Balance

The composition of the Executive and Non-Executive Directors in the Board satisfies the requirements laid down in the Listing Rules of the Colombo Stock Exchange and the code of best practices in corporate governance issues by the Institute of Chartered Accountants of Sri Lanka (ICASL).
The Board consists of three Non-Executive Directors and two of them are Independent Non-Executive Directors. The Board has determined that the four independent Non-Executive Directors satisfy the criteria for "Independence" set out in the Listing Rules.

The period of service of Mr.Ajith Jayarathne ,Mr.Rajive Casie Chitty as board members of the ACL Cables PLC (Parent Company) and Dr.Kamal Weerapperuma (ACL Plastics PLC) were exceed nine yerars, both ACL Cables PLC (Parent) and ACL Plastics PLC boards are of the view that the period of service of the aforesaid Independent Directors do not compromise their independence and objectivity in discharging their functions as Directors and, therefore the relevant Board has determined that Mr. Ajith Jayarathne, Mr.Rajive Casie Chitty and Dr. Weerapperuma are 'Independent' as per the Listing Rules.

Criteria for identify the independent of the Independent Non-Executive Directors

Criteria for defining independence	Status of conformity of INEDs
Shareholding carrying not less than 10 per cent of voting rights	None of the individual INEDs' shareholdings exceed 1 per cent.
Income/non-cash benefit equivalent to 20 per cent of the Director's annual income	INEDs income/cash benefits are less than 20 per cent of an individual Director's annual income.
Employment at ACL Plastics PLC and/or material business relationship with ACL Plastics PLC.	None of the INEDs are employed or have been employed at ACL Plastics PLC.
Close family member is a Director, CEO or a Key Management Personnel	No family member of the INEDs is a director or CEO of a related party company.
Served on the Board continuously for a period exceeding nine years from the date of the first appointment	None of the INEDs are exceeding nine years except Director aforesaid under the Board Balance note
Director of another company	None of the INEDs are Directors of another related party company

Finance Acumen

The Board is constituted members specialised in a multitude disciplines and experience in corporate finance, Accounting, Management, Marketing, Economics, Law, Human Resource, Corporate Governance and Risk Management. Hence, they are able to provide constructive debate, scrutinize performance and help develop Board strategy with a global perspective and outlook.

Directors' / Committee members' Attendance Records

The attendance of Directors at relevant meetings of the Board and of the Audit and Remuneration Committees held during 2021/2022 was as follows.

Name of Director / Committee member	Board (4 meetings)	Audit Committee (4 meetings)	Remuneration Committee (2 meeting)	Related Party Transactions Review Committee (4 meetings)
Executive Directors				
Mr. U. G Madanayake - Chairman	- - ✓ ✓	- - - -	- -	✓ - - ✓
Mr. Suren Madanayake - Managing Director	✓ ✓ ✓ ✓	✓ ✓ ✓ ✓	✓ ✓	✓ ✓ ✓ ✓
Non - Executive Directors				
Mrs. N. C Madanayake	- - ✓ ✓	- - - -	- -	- - - -
Independent Non - Executive Directors				
Mr. Das Miriyagalla (Resigned with effective of 28 Oct 2021)	✓ ✓ - -	- - - -	- -	- - - -
Dr. Kamal Weerapperuma	✓ ✓ ✓ ✓	- - - -	- -	- - - -
Mr. Mohan Joseph Rathnayake	- - - ✓	- - - -	- -	- - - -
Members of the Audit Committee, Remuneration Committee and Related Party Transactions Review Committee				
Mr. Ajit Jayaratne - Chairman of Committees	- - - -	✓ ✓ ✓ ✓	✓ ✓	✓ ✓ ✓ ✓
Mr. Rajiv Casie Chitty - Member	- - - -	✓ ✓ ✓ ✓	✓ ✓	✓ ✓ ✓ ✓

Dedication of Adequate Time & Effort

Every Director dedicates adequate time and effort to matters of the Board and the Company. Adequate time is devoted at every meeting to ensure that the Board's responsibilities are discharged satisfactorily.

In addition, the Executive Directors of the Board have regular meetings with the Management when required.

Training for the Directors

Every Director receives appropriate training on the first occasion that he or she is appointed to the Board of the Company and subsequently as necessary. The policy on Director's training is, to provide adequate opportunities for continuous development subject to requirements and relevance for each Director.

Re- Election of Directors

All Directors' should be required to submit themselves for re-election at regular intervals. In terms of the Articles of Association, all the Directors are elected by the shareholders at the Annual General Meeting immediately after their appointment. Thereafter, each year one third of the Directors, other than the Chairman, Deputy Chairman and the Chief Executive Officer, retire by rotation. The Directors who hold office for a longest period retire and offer themselves for re-election with the recommendation of the Board of Directors. When they are re-elected at AGM, immediately after their appointment, they have to come up for reelection in three years or shorter period. In terms of the Section 210 of the Companies Act No. 07 of 2007, Directors reaching the age of 70 years are recommended for re-election on a substantive motion by a shareholder. The profile details of the Directors who are subject to re-election at the forthcoming AGM are given under the report of the directors of the Annual Report. Complying with above process, immediately after the resignation of Mr. Das Miriyagalla Non-Executive Independent Director from the ACL Plastic PLC Board, Mr. Mohan Joseph Rathnayake was appointed from 15th March 2022 as a Non-Executive Independent Director to maintain existing Board balance of the company.

Corporate Governance

Nomination Committee

A Nomination Committee should be established to make recommendations to the Board on all new Board appointments. In the absence of a Nomination Committee, the Board as a whole should annually assess Board composition to ascertain whether the combined knowledge and experience of the Board matches the strategic demands facing the Company.

The Company has not formed a specified Nomination Committee. However, performance of the Board and its composition are being evaluated annually.

Accountability and Statutory Audit

The Board presents a balanced and understandable assessment of the Company's position and prospectus.

The Quarterly and Annual Financial statements, prepared and presented in conformity with Sri Lanka Accounting Standards, comply with the requirements of the Companies Act No. 07 of 2007.

The Report of the Directors is provided on pages 27 to 29 of this report. The Statements of Directors' Responsibility for financial reporting and report of the Auditors are stated on pages 37 and 33 respectively. The Going Concern Declaration by the Board of Directors in this regard is presented in the report of Directors on page 27 of this Annual Report.

Internal Controls

The Board acknowledges its overall responsibility for maintaining a sound system of internal controls to safeguard shareholders' investments and the Company's assets. The Board's policy is to have systems in place which optimise the Group's ability to manage risk in an effective and appropriate manner. The Board has delegated to the Audit Committee responsibility for identifying, evaluating and monitoring the risks facing by the Group and for deciding how these are to be managed, as a next step of improving existing internal control system, Board granted its' approval to establish in house Risk and control department to conduct control reviews, internal audits and risk management activities across the group in an effective manner. Members of the Audit Committee are expected to report to the Board as necessary the occurrence of any material control issues, serious accidents or events that have had a major commercial impact, or any significant new risks which have been identified.

A summary of those risks which could have a material impact on the performance of the Group is given within the Risk Management section in the Annual Report. The objective of the Group's risk management process is to ensure the sustainable development of ACL Plastics PLC through the conduct of its business in a way which:

- Satisfies its customers,
- Develops environmentally friendly products,
- Provides a safe and healthy workplace,
- Protects against losses from unforeseen causes,
- Minimizes the cost and consumption of increasingly scarce resources,
- Prevents pollution and wastage,
- Maintains proper relationship with suppliers and contractors, and
- Maintains a positive relationship with the communities in which we do business.

The Group's systems and procedures are designed to identify, manage and where practicable, reduce and mitigate effects of the risk of failure to achieve business objectives. They are not designed to eliminate such risk, recognising that any system can only provide reasonable and not absolute assurance against material misstatement or loss.

Remuneration Committee

The Remuneration Committee consists exclusively of Non-Executive Directors who are Independent of Management. The members of the Remuneration Committee are listed each year in the Board's remuneration report to the shareholders. The Remuneration Committee comprises of the following two Independent Non-Executive Directors of the parent company ,ACL Cables PLC.

- Mr. Ajit Jayaratne – Chairman of the Committee (Senior Independent Non-Executive Director)
- Mr. Rajiv Casie Chitty – Member of the Committee (Independent Non-Executive Director)

Further details of the Remuneration Committee are given in their report on page 32.

Audit Committee

The Audit Committee shall comprise of a minimum of two Independent Non-Executive Directors or of Non-Executive Directors, a majority of whom shall be independent, whichever is higher. One Non-Executive Director shall be appointed as Chairman of the committee by the Board of Directors of the parent company ,ACL Cables PLC.

The Audit Committee comprises of the following two Independent Non-Executive Directors.

- Mr. Ajit Jayaratne – Chairman of the Committee (Senior Independent Non-Executive Director)
- Mr. Rajiv Casie Chitty – Member of the Committee (Independent Non-Executive Director)

Further details of the Audit Committee are given in their report on page 33.

Related Party Transactions Review Committee

The Related Party Transactions Review Committee (RPTRC) shall comprise a combination of non-executive directors and independent non-executive directors. The composition of the Committee may also include executive directors, at the option of the Listed Entity. One independent non-executive director shall be appointed as Chairman of the Committee by the Board of Directors of the parent company, ACL Cables PLC.

The Related Party Transactions Review Committee comprises of the following two Independent Non-Executive Directors.

- Mr. Ajit Jayaratne – Chairman of the Committee (Senior Independent Non-Executive Directors)
- Mr. Rajiv Casie Chitty – Member of the Committee (Independent Non-Executive Directors)

Further details of the Related Party Transactions Review Committee are given in their report on page 30 and 31.

Code of Business Conduct and Ethics

The Company has adopted a Code of Business Conduct and Ethics for the Directors and members of the senior management.

The table below indicates the manner and extent to which ACL Plastics PLC complies with the Code of Best Practice in Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka and the Listing Rules of the Colombo Stock Exchange.

CSE Rule No.	Subject	Applicable requirement Status	Compliance	Applicable section in the Annual Report
7.10.1(a)	Non-Executive Directors (NED)	2 or 1/3 of the total number of Directors whichever is higher.	☑	Corporate Governance
7.10.2 (a)	Independent Directors (IDS)	2 or 1/3 of NEDs, whichever is higher, should be independent.	☑	Corporate Governance
7.10.2 (b)	Independent Declaration	Each NED should submit a declaration of independence.	☑	Corporate Governance
7.10.3 (a)	Disclosures Relating to Directors	• The Board shall annually determine the independence or non-independence of each NED. • Names of IDs should be disclosed in the Annual Report (AR).	☑	Corporate Governance
7.10.3 (b)	Disclosures relating to Directors – Independence	The Board has determined that four (04) Non-Executive Directors satisfy the criteria for "Independence" set in the Listing Rules	☑	Directors Profile
7.10.3 (c)	Disclosures Relating to Directors	A brief résumé of each Director should be included in the AR including the Director's areas of expertise.	☑	Directors Profile

Corporate Governance

CSE Rule No.	Subject	Applicable requirement Status	Compliance	Applicable section in the Annual Report
7.10.3 (d)	Disclosures Relating to Directors	Provide a brief resume of new Directors appointed to the Board with details specified in 7.10.3(a), (b) and (c) to the CSE.	☑	Corporate Governance
7.10.4 (a-h)	Criteria for Defining "Independence"	Criteria for identify the Independent of INED in the Annual Report	☑	Corporate Governance
7.10.5	Remuneration Committee (RC)	A listed company shall have a RC.	☑	Corporate Governance
7.10.5 (a)	Composition of Remuneration Committee (RC)	• RC shall comprise of a minimum of two INEDs, or of NEDs a majority of whom shall be independent, whichever shall be higher. • A NED shall be appointed as the Chairman of the Committee.	☑	Corporate Governance
7.10.5 (b)	Functions of Remuneration Committee (RC)	The RC shall recommend the remuneration of executive directors and CEO.	☑	Corporate Governance
7.10.5 (c)	Disclosure in the Annual Report Relating to Remuneration Committee (RC)	• Names of Directors comprising the RC. • Statement of Remuneration Policy • Aggregated remuneration paid to Executive Directors (EDs) and NEDs.	☑	Corporate Governance and Remuneration Committee Report
7.10.6	Audit Committee (AC)	The Company shall have an AC.	☑	Corporate Governance
7.10.6 (a)	Composition of Audit Committee (AC)	• AC shall comprise a minimum of two INEDs, or of NEDs a majority of whom shall be independent, whichever shall be higher. • A NED shall be appointed as the Chairman of the Committee. • MD and Chief Financial Officer shall attend AC meetings. • The Chairman of the AC or one member should be a member of a recognised professional accounting body.	☑	Corporate Governance and the Audit Committee Report

CSE Rule No.	Subject	Applicable requirement Status	Compliance	Applicable section in the Annual Report
7.10.6(b)	Functions of Audit Committee (AC)	Overseeing of the – • Preparation, presentation and adequacy of disclosures in the financial statements in accordance with Sri Lanka Accounting Standards. • Compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements. • Processes to ensure that the internal controls and risk management are adequate to meet the requirements of the Sri Lanka Auditing Standards. • Assessment of the independence and performance of the external auditors. • Make recommendations to the Board pertaining to appointment, re-appointment and removal of external auditors, and approve the remuneration and terms of engagement of the external auditor.	☑	Corporate Governance and the Audit Committee Report
7.10.6 (c)	Disclosure in Annual Report Relating to Audit Committee (AC)	• Names of Directors comprising the AC. • The AC shall make a determination of the independence of the Auditors and disclose the basis for such determination. • The AR shall contain a Report of the AC setting out the manner of compliance with their functions.	☑	Audit Committee Report
9	Related Party Transactions Review Committee (RPTRC)	The Company shall have a RPTRC.	☑	Corporate Governance
9.2.1	Functions of Related Party Transactions Review Committee (RPTRC)	• Except for transactions set out in Rule 9.5, all other Related Party Transactions should be reviewed by the "Related Party Transactions Review Committee" (the Committee) as required in terms of the provisions set out in Appendix 9A of these Rules, either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.	☑	Corporate Governance and the Related Party Transactions Review Committee Report

Corporate Governance

CSE Rule No.	Subject	Applicable requirement Status	Compliance	Applicable section in the Annual Report
9.2.2	Composition of Related Party Transactions Review Committee (RPTRC)	• The Committee should comprise a combination of Non-Executive Directors and Independent Non-Executive Directors. The composition of the Committee may also include Executive Directors, at the option of the Listed Entity. One Independent Non-Executive Director shall be appointed as Chairman of the Committee.	☑	Corporate Governance and the Related Party Transactions Review Committee Report

Statement of Compliance to the Companies Act No. 7 of 2007

Sections	Compliance	Reference
168 (1) (b) Signed financial statements of the Group and the Company	☑	Audited financial statement
168 (1) (c) Auditors' Report on financial statements	☑	Independent Auditors' Report
168 (1) (d) Accounting policies and any changes thereto	☑	Notes to the Financial Statements
168 (1) (e) Particulars of the entries made in the Interests Register	☑	Report of Directors
168 (1) (f) Remuneration and other benefits paid to Directors of the Company	☑	Notes to the Financial Statements
168 (1) (g) Corporate donations made by the Company	☑	Notes to the Financial Statements
168 (1) (h) Information on the Directorate of the Company and its subsidiaries during and at the end of the accounting period	☑	Board of Directors
168 (1) (i) Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered	☑	Notes to the Financial Statements
168 (1) (j) Auditors' relationship or any interest with the Company and its Subsidiaries	☑	Report of the Audit Committee / Financial Statements
168 (1) (k) Acknowledgement of the contents of this Report and signatures on behalf of the Board	☑	Financial Statements / Annual Report of the Board of Directors
168 (2) Information specified in paragraphs (b) to (j) of subsection (1) in relation to Subsidiaries	☑	Financial Statements / Annual Report of the Board of Directors

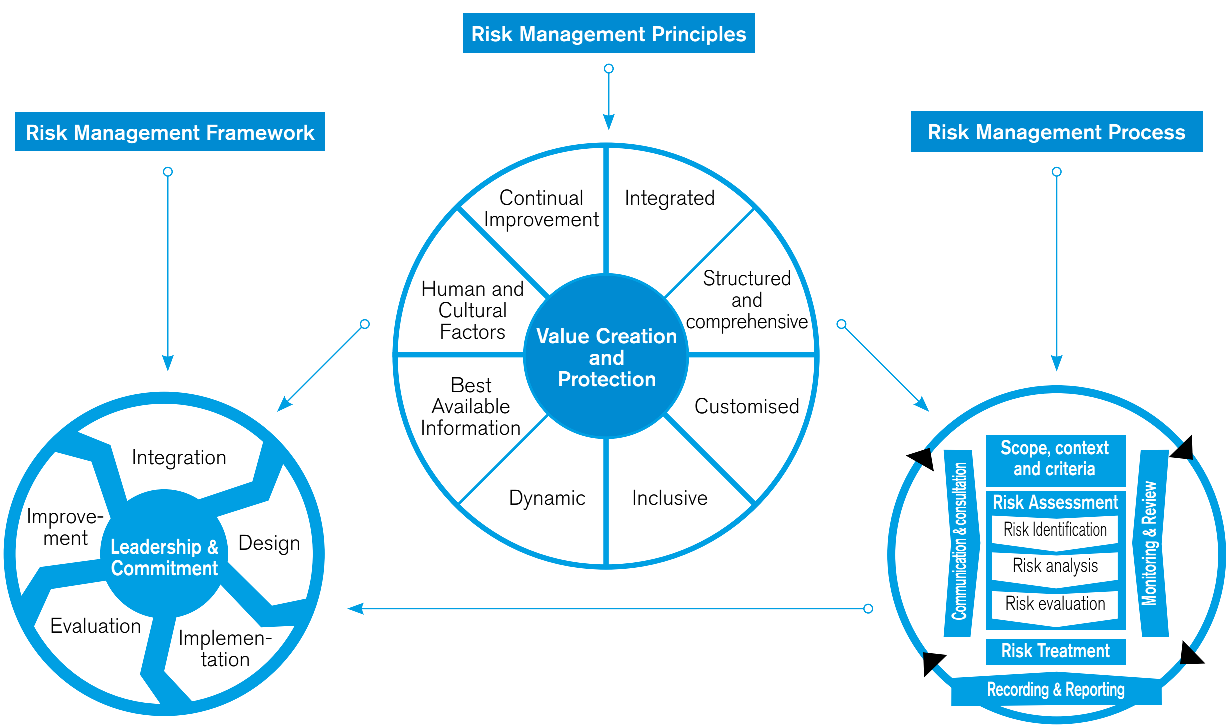
Risk Management

ACL Plastics PLC has given due consideration to its risk identification, assessment and mitigating procedures in order to maintaining sustainable growth while achiving corporate objectives. An effective risk management framework helps the company in its attempts to achieve the optimum trade-off between risks and return. Company is exposed to broad array of risks and which are based on the current external and internal factors.

Our success is ability to identify and exploit the opportunities exist in the market what we operate in. In doing this, we proceed with an embedded approach to risk management which puts risk and opportunity assessment in the decision-making process at each level.

Considering rapid changes in the market what we are operating in the Company is keen in executing an Enterprise Risk Management that in line with ISO 31000 – Risk Management Framework. This model delivering a structured governance system and provides a proper mechanism to identify risks in a timely manner.

Principles, framework and risk management process from ISO 31000



Risk Management

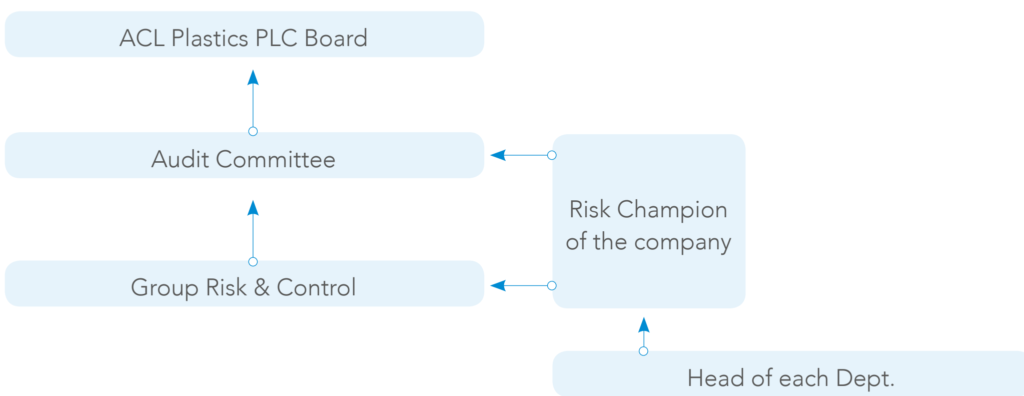
ISO 31000 states that the guidelines should be used by people who create and protect value in organisations by managing risks, making decisions, setting and achieving objectives and improving performance.

The ISO 31000 guidelines provide a statement of risk management principles. The eight principles are described below:

1. Customised framework and processes
2. Appropriate and timely involvement of stakeholders
3. Structured and comprehensive approach
4. Risk management is an integral part of all organisational activities
5. Risk management anticipates, detects, acknowledges and responds to changes
6. Risk management explicitly considers any limitations of available information.
7. Human and cultural factors influence all aspects of risk management.
8. Risk management is continually improved through learning and experience.

The first five principles provide guidance on how a risk management initiative should be designed, and principles six, seven and eight relate to the operation of the risk management initiative.

The Risk Management Reporting structure of the ACL Plastics PLC is as follows;



Risk Evaluation and Mapping

Risk heat map is developed based on the assessment of the likelihood of occurrence and the potential impact of risks. Likelihood of occurrence is assessed on the basis of past experience and preventive actions in place. A ranking of Rare, Unlikely, Moderate, Likely and Almost Certain is assigned to all risks based on the likelihood of occurrence. The impact of the event is evaluated by determining the loss it would cause and the extent of the impact. After considering the above two factors, the impact is categorised as Insignificant, Minor, Moderate, Major and Extraordinary. Above risks and the proposed action plans are then reviewed at the Audit Committee meeting as a permanent agenda item in each meeting.

Risk Matrix

Impact					
Extraordinary	M	S	S	H	H
Major	L	M	S	S	H
Moderate	L	M	M	S	S
Minor	L	L	M	M	M
Insignificant	L	L	L	L	L
	Rare	Unlikely	Moderate	Likely	Almost Certain

Likelihood

E Extreme   H High   S Significant   M Moderate   L Low

Future outlook

ACL plastics PLC is effectively managing its risk while identifying emerging risks that could pose an impact to its business in the future. The Risk Heat Map below shows the key risk drivers that could affect the company in FY2022/23 (over a one-year horizon) along the dimensions of probability and impact. The risk drivers are not to be seen in isolation as they may trigger or reinforce each other.

Impact					
Extraordinary					6
Major				3, 6	
Moderate		4, 10, 12, 8	11, 7, 1	5	
Minor			9, 2		
Insignificant					
	Rare	Unlikely	Moderate	Likely	Almost Certain

Likelihood

1. Liquidity Risk
2. Interest Rate Risk
3. Exchange Rate Risk
4. Credit Risk
5. Operational Risk
6. Country Risk
7. Human Resource Risk
8. Technological Risk
9. Health & Safety Risk
10. Information System Risk
11. Environmental Risk
12. Legal and Regulatory Compliance Risk

Snapshots of key risk and Mitigation strategies

	Risk Exposure	Description	Risk Rating	Risk Mitigation actions
1	Liquidity Risk	Adverse impact on the liquidity position as a result of payment delays by debtors, long stock residence period and early payment for creditors.	Moderate	Obtain short-term funding facilities adequately to manage liquidity position through several financial institutions Conduct regular follow-ups on trade debts and continuous reviews on working capital management position of the business Maintaining sufficient assets to offer as collateral for future funding requirements
2	Interest Rate Risk	Increase in market interest rates have an impact on the profitability by way of borrowing cost	Moderate	Priority has been given to obtain short-term borrowings with floating interest rates for import requirements Managing gearing position of the business to minimize finance risks attached Constant negotiations with banks to obtain the best possible interest rate for the company borrowings Interest rate sensitivity analysis is done regularly to measure the potential impacts of rate variations
3	Exchange Rate Risk	Potential losses as a result of adverse movement in the exchange rates and inadequate Dollar reserves for company imports	High	Strengthening group exports to enhance Dollar earnings Managing existing Dollar reserves of the group effectively
4	Credit Risk	Potential losses arising due to customer defaults	Moderate	Ensuring compliance with group credit policy guidelines Mitigating risk of export sales through credit letters and advance TT remittances. Proceeding credit sales only up to the bank guarantee Significant reduction in credit period for major customers Strengthen collection procedures Constant monitoring of credit exposure of the business through audit committee of the company
5	Operational Risk	Potential losses due to inadequate internal controls, failures of internal processes, people and systems as a result of natural and human activities	Moderate	Conducting Enterprise Risk Management and Internal Audits procedures across the business Conduct continuous reviews on high-risk areas to assess the strength of the existing internal control system Continuous monitoring on regulatory compliance other internal requirement through compliance dashboards Conducting system control reviews as per the annual internal audit plan Establish BCP (Business Continuity Planning) to ensure the smooth continuation of business operations while eliminating operational constraints due to prevailing economic crises.

	Risk Exposure	Description	Risk Rating	Risk Mitigation actions
6	Country Risk	Negative impact arising due to adverse economic factors such as Political, Economical, Social, Technological, Legal & Environmental	High	Through analysis on PESTLE factors and continuous revisions in business planning to grab opportunities and minimize the impact of threat prevailing due to market conditions. Constant reviews of economic factors to minimize the impact of negative economic factors Mitigating impact through on effective insurance management.
7	Human Resources Risk	The negative impact on the business due to the loss of Key Executives and the inability to attract, develop and retain a skilled workforce.	Moderate	Maintain an employee evaluation scheme to reward them. Maintain healthy and cordial relationships with employees at all levels through Joint Consultative Committee (JCC). Provide various employee benefits through the Welfare Society. Provide specific and general training wherever necessary.
8	Technological Risk	Probability of technological changes adversely affecting the company's performance	Moderate	Develop a long-term plan to replace existing critical machines with technologically advanced machines. Obtain ISO certifications and accreditations from relevant authorities while ensuring the ability to meet local and international requirements with required technological enhancements
9	Health and Safety Risk	The likelihood that an individual may be harmed or suffers adverse health effects if exposed to a hazard	Moderate	Conducting health and safety assessments to evaluate the adequacy of existing safety measures maintained by the company Ensuring the effectiveness of health and safety measures through ISO and other certifications Ensuring compliance over Health guidelines issued by the Government
10	Information Systems	Delays in decision-making due to inaccurate or non-availability of timely information from key computer systems	Moderate	Enhancing system performance through continuous version upgrading Maintaining data backups to minimize data losses in case of an emergency Enhancing system security levels on a regular basis to minimize cyber security risk Maintaining vendor agreements for support services and system maintenance Maintain effectively and sound IT general control (ITGC) system across the company Revising IT policies and procedures with the aim of creating value for the business

Risk Management

	Risk Exposure	Description	Risk Rating	Risk Mitigation actions
11	Environmental Risk	Probability of negative outcomes, non-compliances and reputational risk occurring as a result of business operations causing damage to the environment	Moderate	Compliance with ISO 14001 environmental management guidelines. Annual renewal of environmental protection license issued by the Environmental Authority
12	Legal and Regulatory Compliance Risk	The potential negative impact on the business due to non-compliances with external regulatory requirements and internal policies & procedures	Moderate	Maintaining compliance & legal Dash Board to ensure timely compliance over regulatory requirements Conduct compliance assessment across the group on a quarterly basis

Report of the Directors

The Directors have pleasure in presenting their Annual Report together with the Audited Statement of Financial Position as at 31st March 2022, Income Statement and Statement of Comprehensive Income for the year then ended.

The Company commenced commercial production in March 1993.

Review of the Year

The Chairman's Statement set out the state of affairs and performance of the Company during the year. (Pages 6 to 8)

Principal Activities - Parent Company

ACL Plastics PLC

The Company carries on the business of manufacturing cable grade PVC Compound as its principal activity.

Principal Activities - Subsidiary Company

ACL Polymers (PVT) LTD.

The Company carries on the business of manufacturing cable grade PVC Compound as its principal activity.

Future Developments

An overview of the future developments of the Company is given in the Chairman's Statement (page 03)

Independent Auditor's Report

The Independent Auditors' Report on the Financial Statements is given on pages 38 to 40 in this Report.

Financial Statements

The Financial Statements prepared in compliance with the requirements of Section 151 of the Companies Act No. 7 of 2007 are given on pages 41 to 91 in this Annual Report.

Accounting Policies

The Accounting Policies adopted in preparation of the Financial Statements are given on pages 49 to 51. Where necessary, the Accounting Policies adopted by the Company have been adjusted to comply with the new Sri Lanka Accounting Standards (SLFRSs / LKASs).

Directors' Responsibilities for Financial Statements

The Statement of the Directors' Responsibilities for Financial Statements is given on page 37.

Going Concern

The Board is satisfied that the Company will continue its operations in the foreseeable future. For this reason, the Company continues to adopt the going concern basis in preparing the Financial Statements.

Stated Capital

The Stated Capital of the Company on 31st March 2022 was Rs. 79,974,555/= and was unchanged during the year.

Events Occurring After the Balance Sheet Date

No circumstance have arisen since the Balance Sheet date which would require adjustments to or disclosure in the Financial Statements other than those disclosed in Note 32 to the Financial Statements.

Statutory Payments

All known statutory payments have been made or provided for by the Company.

Financial Results & Appropriations

	31/03/2022 Rs.	31/03/2021 Rs.
Total turnover	2,955,017,260	1,900,004,892
Profit before taxation	844,496,417	208,244,624
Profit after taxation	721,025,774	179,288,899
Profit attributable to shareholders of ACL Plastics PLC	721,025,774	179,288,899
Unappropriated surplus brought forward		
from previous year	1,106,945,735	948,371,152
Transfer from revaluation reserve	5,104,775	3,737,672
Other adjustments	7,666,918	823,014
Surplus available for appropriation	1,840,743,202	1,132,220,736
Your Directors recommend:		
Dividends paid	(42,125,000)	(25,275,000)
Transfer to general reserve	-	-
Unappropriated surplus carried forward	1,798,618,202	1,106,945,735

Report of the Directors

Directors

Directors of the Company are listed on pages 9 to 10 and their respective shareholdings are given below.

	Number of shares			
	31.03.2022	% Holding	31.03.2021	% Holding
Mr. U. G. Madanayake	1	-	1	-
Mr. Suren Madanayake	20,801	0.49	20,801	0.49
Mrs. N. C. Madanayake	17,751	0.42	17,751	0.42
Dr. Kamal Weerapperuma	-	-		-
Mr. Mohan Joseph Rathnayaka	-	-	-	-

Interest Register

The Interest Register is maintained by the Company, as per the Companies Act No. 7 of 2007. All Directors have made declarations in accordance with the aforesaid Act. The Interest Register is available for inspection as required by the Companies Act.

Directors' Interest in Contracts

Directors' interests in contracts of the Company are disclosed in Note 31 to the Financial Statements and no Director of the Company is directly or indirectly interested in any other contracts with the Company.

Directors' Retirement by Rotation

The Director retiring by rotation in terms of Article 85 will be Mrs N C Madanayake, who being eligible for re-election in terms of Article of the Articles of Association of the Company is recommended for re-election.

The Director retiring by rotation in terms of Article 91 will be Mr R M Mohan Joseph Ratnayake, who being eligible for re-election in terms of the Articles of Association of the Company is recommended for re-election.

Directors' Remuneration

Remuneration received by the Directors is set out in Note 31.6 (e) to the Financial Statements.

Directors Meetings

The details of Directors' meetings are set out on page 15 under the Corporate Governance section of the Annual Report.

Dividends

Having satisfied the compliance of the solvency test required by the Companies Act No. 07 of 2007, a final dividend of Rs. 10.00 per share was paid on 29th November 2021 to the shareholders of the Ordinary Shares for the financial year 2020/21.

Capital Expenditure

The capital expenditure on acquisition of property, plant and equipment of the Company and the Group amounted to Rs.35,838,181 , details of which are given in notes 14 to the Financial Statements.

Property, Plant and Equipments

Details of property, plant and equipments are given in Note 14 to the Financial Statements.

Donations

No donations were made during the year under review for both group and company.

Share Information

Information relating to earnings, dividend, net assets, market price per share and holding is given in the Information to Shareholders on page 92 of the annual report.

Environmental Protection

The Company has used its best endeavors to comply with the relevant environmental laws and regulations. The Company has not engaged in any activity that is harmful or hazardous to the environment.

Related Party Transactions

The Directors have also disclosed the transactions if any, that could be classified as related party transactions in terms of Sri Lanka Accounting Standard-LKAS 24 "Related Party Disclosures" which is adopted in the preparation of the Financial Statements. These disclosures also comply with the disclosure requirements of the section 9 of the listing rules. Those transactions disclosed by the Directors are given in Note 31 to the Financial Statements forming part of the Annual Report of the Board.

The directors confirm that section 9 of the CSE Listing Rules and the Code of Best Practices on Related Party Transactions issues by the Securities and Exchange Commission of Sri Lanka pertaining to Related Party Transactions have been complied with by the Company and the Group with effect from 1st January 2016.

Related Party Transactions Committee Report is given on page 30.

Recurrent related party transactions, the aggregate value of which exceeds 10% of the consolidated revenue are tabled below,

Name of the Related Party	Relationship	Nature of the Transaction	Value of the Related Party Transactions entered into during the financial year	Aggregate value of Related Party Transactions as a % of Net Group Revenue	Terms and Conditions of the Related Party Transactions
ACL Cables PLC	Parent company	Sale of goods	1,529,186,523	52%	ordinary course of business
Kelani Cables PLC	Affiliate	Sale of goods	1,281,675,195	43%	ordinary course of business

A detailed disclosure of related party transactions is given in note 31 to the financial statements.

There were no non-recurrent related party transactions which exceed 10% of the equity or 5% of the total asstes as per section 9 of the listing rules, during the year.

Employees and Industrial Relations

The Company has an equal opportunity policy and these principles are enshrined in specific selection, training, development and promotion policies, ensuring that all decisions are based on merit. The Group practices equality of opportunity for all employees irrespective of ethnic origin, religion, political opinion, gender, marital status or physical disability. There were no material issues pertaining to employees and industrial relations in the year under review.

Corporate Governance

In management of the Company, the Directors have placed emphasis in conforming to the best corporate governance practices and procedures. Accordingly, systems and structures have been introduced / improved from time to time to enhance risk management measures and to improve accountability and transparency. A separate report on corporate governance is given on pages 12 to 20 of the Annual Report.

Compliance with Laws and Regulations

The Company has at all times ensured that it complied with the applicable laws and regulations including the listing rules of the Colombo Stock Exchange as a listed Company.

Appointment of Auditors

The Company's auditors during the year under review were Messrs. PricewaterhouseCoopers, Chartered Accountants who also were the auditors of the subsidiary Company and offer themselves for re-appointment.

Audit fees payable to Messrs. Pricewaterhouse Coopers, by the Company and the Group amounted to Rs. 651,000 and Rs. 789,630 respectively.

Notice of Meeting

The Notice of the 31st Annual General Meeting is on page 96 of the Annual Report.

By Order of the Board

(Sgd.)

Corporate Affairs (Pvt) Ltd
Secretaries

29th August 2022

Report of the Related Party Transactions Review Committee

Objective

The Related Party Transactions Review Committee (RPTRC) was formed to ensure that the Company complies with the requirements of the Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka with effect from 1st January 2016 which is part of the CSE Listing Rules.

The objective of above-related party transaction rules is to ensure that the interests of shareholders as a whole are taken into account when entering into related party transactions by the Company.

The Committee specifies a process to capture related party transactions and to report to the Board of Directors of ACL Plastics PLC as per the Code of Best Practices on Related Party Transactions.

Composition of the Related Party Review Committee

The parent company RPTR Committee is act as the RPTRC of the ACL Plastics PLC

The Related Party Transactions Review Committee comprises of the following Non-Executive Directors of the Parent Company, ACL Cables PLC.

- Mr. Ajit Jayaratne – Chairman of the committee (Senior Independent Non-Executive Director - ACL Cables PLC)
- Mr. Rajiv Casie Chitty - Member (Independent Non-Executive Director - ACL Cables PLC)

Scope of the Committee

- The Committee reviews in advance all proposed related party transactions to ensure they are carried out on an arm's length basis.
- At each subsequent scheduled meeting of the Committee, the management shall update the Committee as to any proposed material changes in any previously reviewed related party transactions and seek approval of the Committee for such proposed material changes prior to the completion of the transaction.
- The Committee reviews related party transactions based on rules stipulated in the Code (rules 28 – 33 in the appendix to the Code) and the need of special approval from shareholders and disclosure requirements for such transactions.
- The Committee intends to meet as and when a need arises. However, at least quarterly meetings are scheduled to review related party transactions of the Company. The minutes of all meetings are properly documented and communicated to the Board of Directors.
- Members of the RPTRC ensure that they have, or have access to, enough knowledge or expertise to assess all aspects of proposed related party transactions, and where necessary, they shall obtain appropriate professional and expert advice from an appropriately qualified person..

Role of the Committee

- Recommend and develop terms of reference of the RPTRC for adoption by the Board of Directors of the Company.
- Review of related party transactions as required in terms of the provisions set out in Appendix 9A of CSE Rules, either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.
- The Committee shall update the Board of Directors on the related party transactions of the Company on a quarterly basis.
- Where necessary, the Committee shall request the Board of Directors to approve the subject related party transactions. In such instances, the approval of the Board of Directors should be obtained prior to entering into the relevant related party transaction.
- If a Director has a material personal interest in a matter being considered at a Directors' meeting to approve a related party transaction, such Director may not be present while the matter is being considered at the meeting or may not vote on the matter.

- Make recommendations to obtain shareholder approval for applicable related party transactions as per the provisions in the Code and Section 9 of CSE Listing Rules. Such approval shall be obtained either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such approval, prior to the completion of the transaction.

- Obtain 'competent independent advice' from independent professional experts with regard to the value of the substantial assets of the related party transaction under consideration and circulate the same with the notice of meeting to obtain the shareholder approval.

- Make immediate market disclosures on applicable related party transactions as required by the Listing Rules of CSE.

- Make appropriate disclosures on related party transactions in the Annual Report as required by CSE Listing Rules.

- Any concerned transactions, to be highlighted to the Board.

Committee Meetings

Four Committee meetings were held during the financial year 2021/2022 to review information related to four quarters. The Finance Division submitted a comprehensive report on related party transactions to the Committee.

Attendance of the members of the Committee for the said meetings is provided on page 15.

Any concerns of the Committee will be reported to the Board of Directors on a continuous basis.

The Committee plans to meet at least quarterly, to monitor, review and report to the Board on matters pertaining to related party transactions.

Conclusion

The Committee confirms that all applicable rules in the Code of Best Practice on Related Party Transactions and Section 9 of CSE Listing Rules have been complied with by the Group as at the date of this Report.

(Sgd.)

Ajit Jayaratne

Chairman-Related Party Transactions Review Committee

29th August 2022

Remuneration Committee Report

Role of the Remuneration Committee

The parent company Remuneration Committee act as the Remuneration Committee of ACL Plastics PLC

The Remuneration Committee formulates the Group's policy for the remuneration of the Executive Directors of ACL Plastics PLC. It reviews the policy on an annual basis and recommends any changes to the Board for approval.

The Remuneration Committee determines the Company's Remuneration Policy of Executive Directors, considering company performance standards and industry practices. No Executive Director is involved in deciding his own remuneration package.

Composition of the Remuneration Committee

The Remuneration Committee comprises of the following Non-Executive Directors of the Parent Company, ACL Cables PLC.

- Mr. Ajit Jayaratne – Chairman of the Committee
- Mr. Rajiv Casie Chitty – Member of the Committee

Members of the Committee and the chairman of the Committee are appointed through a Board resolution.

Meeting and Attendance

The Committee met on two occasions in the 2021/2022 financial year while complying with the SEC and CA Sri Lanka Corporate Governance Guidelines. Members attendance at these meeting is set out in Corporate Governance Report. The Committee plan to meet at least bi-annually to review and give required recommendations to the board on matters pertaining to remuneration of Directors and Key Executives of the company.

Functions of the Remuneration Committee

Functions performed by the committee for the last financial year includes;

- A review of the Director's remuneration and severance policies
- Determining the fees of directors
- A formal evaluation of its own performance.

Members' attendance at meetings of the Remuneration Committee in 2021/2022 is set out in the table in the Corporate Governance Report.

Executive Directors

ACL Plastics PLC's remuneration policy for Executive Directors is designed to attract, retain and motivate them to ensure that the Group is managed successfully to the benefit of shareholders. To achieve this, a competitive package of incentives and rewards linked to performance is provided. The committee in arriving at its decision considered the performance of the individual, comparisons with peer companies and group of companies and reports from specialise consultants.

In setting remuneration levels, the Committee takes into consideration the remuneration practices found in other leading companies and also ensures that the remuneration arrangements for Executive Directors are compatible with those for executives throughout the Group.

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.

On behalf of the Committee

(Sgd.)
Ajit Jayaratne

Chairman of the Remuneration Committee

29th August 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 Terms of Reference (TOR) of the Audit Committee. 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. The Committee's responsibilities include monitoring and reviewing the following:

- The integrity of the Group's Financial Statements and the significant reporting judgments contained in them.
- The activities and effectiveness of the internal audit function.
- The effectiveness of the Group's internal control and risk management systems.
- The appropriateness of the Group's relationship with the external auditors, including auditor independence, fees and provision of non-audit services.
- The effectiveness of the external audit process and making recommendations to the Board of Directors on the appointment of the external auditors.

In the performance of its duties, the Committee has independent access to the services of Internal Audit and to the External Auditors, and may obtain outside professional advice as necessary.

Composition of the Audit Committee

The Audit Committee consists of the following two Independent Non-Executive Directors. Of the parent company ACL Cables PLC Biographical details of whom are set out within the 'Profiles of the Directors' section.

- Mr. Ajit Jayaratne – Chairman of the committee (Senior Independent Non-Executive Director - - ACL Cables PLC)
- Mr. Rajiv Casie Chitty – Member of the audit committee (Independent Non-Executive Director - ACL Cables PLC)

The above members have significant, recent and relevant financial experience as required by the Code of Best Practice in Corporate Governance, issued by the Institute of Chartered Accountants of Sri Lanka and the Listing Rules of the Colombo Stock Exchange.

Meetings and Attendance

The Committee met on Three occasions in 2021/2022 due to Covid-19 impact timed to coincide with the financial and reporting cycles of the Company. Members' attendance at these meetings is set out in the Corporate Governance Report. The Chairman, Managing Director, Group Financial Controller and Group Head of Risk & Control are invited to attend meetings as permanent invitees.

Financial Reporting

The Audit Committee considered a wide range of financial reporting and related matters in respect of the 2021/2022 published Financial Statements. For quarterly statements, the Committee reviewed any significant areas of judgment that materially impacted reported results, key points of disclosure and presentation to ensure adequacy, clarity and completeness of the Interim Financial Statements.

External Auditors

The Audit Committee is responsible for the development, implementation and monitoring of the Company's policies on external audit. The policies, designed to maintain the objectivity and independence of the external auditors, regulate the appointment of former employees of the external audit firm to positions in the Group and set out the approach to be taken when using the external auditors for non-audit work.

As a general principle, the external auditors are excluded from consultancy work and cannot be engaged by ACL Plastics PLC for other non-audit work unless there are compelling reasons to do so. Any proposal to use the external auditors for non-audit work must be submitted to the Managing Director, via the Group Financial Controller and Group Head of Risk & Control, for approval prior to appointment.

The Audit Committee, having evaluated the performance of the external auditors, decided to recommend to the Board of ACL Plastics PLC, the re-appointment of Messrs. PricewaterhouseCoopers Chartered Accountants as auditors of the Company, subject to the approval of the Shareholders at the Annual General Meeting. Details of the fees payable to external auditors for 2021/2022 can be found in Note 8 to the financial statements.

The Committee is independent from External Auditors and Internal Auditors of the Company and the Group.

Audit Committee Report

Internal Control System

In 2021/2022 the Committee reviewed the effectiveness and efficiency of the Risk & Control team in term of internal audit, Risk management and other governance-related areas to assess the strength of the existing internal control and Risk management systems.

Whistleblowing

The company's whistleblowing policy was continued effectively while educating staff and encouraged them to resort to whistleblowing if they had reasonable grounds to believe that there were wrong doings or other improprieties. All appropriate procedures are in place to conduct independent investigations into incidents reported through this process or if identified through other means. Even anonymous complaints are investigated.

In addition, measures have been put in place to protect whistleblowers who act in good faith in the interest of the Company. The Company undertakes to maintain the utmost confidentiality of staff who raise concerns or make serious specific allegations of malpractices or unethical behavior. In this way, the Company aims to promote a healthy workplace that practices good governance from the lowest to the highest tiers.

On behalf of the Committee

(Sgd.)

Ajit Jayaratne
Chairman of the Audit Committee

29th August 2022

Financial Information

FINANCIAL CALENDAR (2021/22)

01st Quarter Interim Financial Statements (30th June 2021 – Unaudited)	–	17th Aug 2021
02nd Quarter Interim Financial Statements (30th September 2021 – Unaudited)	–	25th Oct 2021
03rd Quarter Interim Financial Statements (31st December 2021 - Unaudited)	–	08th Feb 2022
04th Quarter Interim Financial Statements (31st March 2022 – Unaudited)	–	30th May 2022
Annual Report 2020/21	–	08th October 2021
30th Annual General Meeting	–	28th October 2021
Final Dividends Proposed	–	08th November 2021
Final Dividends Paid	–	29th November 2021

Directors' Responsibility for Financial Reporting

The Companies Act No.7 of 2007 requires the Directors of the Company to be responsible for the preparation and presentation of the financial statements and other statutory reports.

The Board accepts responsibility for the preparation and fair presentation of Financial Statements in accordance with the Companies Act No. 7 of 2007, the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and the Listing Rules of the Colombo Stock Exchange. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of Financial Statements that are free from material misstatement whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In discharging this responsibility, the Directors have instituted a system of internal financial controls and a system for monitoring its effectiveness. The system of controls provides reasonable and not absolute assurance of safeguarding of the Company's assets, maintenance of proper accounting records and the reliability of financial information.

The financial statements presented in the Annual Report for the year ended 31st March 2022, have been prepared based on the new Sri Lanka Accounting Standards (SLFRSs/LKASs) which came into effect for the financial periods commencing after 1st January 2012. The Directors have selected the appropriate accounting policies and such policies adopted by the Group are disclosed and explained in the financial statements.

The Board of Directors confirm that the Company's and the Group's Consolidated Statements of Financial Position as at 31st March 2022 and the Comprehensive Income Statements for the Company and the Group for the financial year ended 31st March 2022 reflect a true and fair view of the Company and the Group respectively.

Approval of Financial Statements

The Directors' Report and the Financial Statements of the Company and of the Group were approved by the Board of Directors on 29th August 2022.

By Order of the Board

(Sgd.)
Corporate Affairs (Private) Limited
Secretaries

29th August 2022

Independent Auditor's Report

To the Shareholders of ACL Plastics PLC

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements of ACL Plastics PLC ("the Company") and the consolidated financial statements of the Company and its subsidiary company ("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.

What we have audited

The financial statements of the Company and the consolidated financial statements of the Group, which comprise:

- the statement of financial position as at 31 March 2022;
- the statement of profit or loss for the year then ended;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company and the Group in accordance with the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka ("CA Sri Lanka Code of Ethics"), and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics.

Key audit matters

We have determined that there are no Key Audit Matters to communicate in our report.

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Partners **D T S H Mudalige FCA, C S Manoharan FCA, Ms S Hadgie FCA, Ms S Perera ACA, N R Gunasekera FCA**
T U Jayasinghe FCA, H P V Lakdeva FCA, M D B Boyagoda FCA, Ms W D A S U Perera ACA, Ms L A C Tillekeratne ACA

Report on the audit of the financial statements (Contd.)

Other information

Management is responsible for the other information. The other information comprises the information included in the ACL Plastics PLC's Annual Report - 2021/22 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 identified above 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 on the other information that we obtained prior to the date of this auditor's report, 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 separate/ consolidated financial statements, management is responsible for assessing the Company's/ 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 Company/ 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.

Independent Auditor's Report

To the Shareholders of ACL Plastics PLC (Contd.)

Report on the audit of the financial statements (Contd.)

Auditor's responsibilities for the audit of the financial statements (Contd.)

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional scepticism 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's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's/ 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 separate/ consolidated 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 Company/ 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 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.

CHARTERED ACCOUNTANTS
CA Sri Lanka membership number [2857]

COLOMBO
29th August 2022

Statement of Profit or Loss

(all amounts in Sri Lanka Rupees)

Year ended 31st March	Note	Group Year ended 31 March 2022	 2021	Company Year ended 31 March 2022	 2021
Revenue from contracts with customers	6	2,955,017,260	1,900,004,892	2,955,017,260	1,900,004,892
Cost of sales	8	(2,242,019,087)	(1,707,765,866)	(2,242,019,087)	(1,707,765,866)
Gross profit		712,998,173	192,239,027	712,998,173	192,239,026
Other income	7	2,199,258	971,737	2,199,258	644,050
Administrative costs	8	(9,144,712)	(6,649,004)	(8,993,732)	(6,209,965)
Distribution costs		-	(347,303)	-	(347,303)
Operating profit		706,052,719	186,214,457	706,203,699	186,325,809
Finance income	10	156,914,961	28,403,793	154,270,011	26,449,051
Finance costs	10	(18,471,263)	(6,373,626)	(22,060,838)	(9,713,826)
Finance income - net	10	138,443,698	22,030,167	132,209,173	16,735,225
Profit before tax		844,496,417	208,244,624	838,412,872	203,061,034
Income tax expense	11	(123,470,643)	(28,955,725)	(121,974,357)	(27,684,939)
Profit for the year		721,025,774	179,288,899	716,438,515	175,376,095
Net profit attributable to shareholders of the Company		721,025,774	179,288,899	716,438,515	175,376,095
Basic earnings per share (Rs)	12	171.16	42.56	170.07	41.63
Dividend per share (Rs)	13	10.00	6.00	10.00	6.00

The notes on pages 49 to 91 form an integral part of these financial statements
Independent auditor’s report - pages 38 to 40

Statement of Comprehensive Income

(all amounts in Sri Lanka Rupees)

Year ended 31st March	Note	Group Year ended 31 March 2022	Group Year ended 31 March 2021	Company Year ended 31 March 2022	Company Year ended 31 March 2021
Profit for the year		721,025,774	179,288,899	716,438,515	175,376,095
Other comprehensive income / (expense)					
Items that will not be reclassified to profit or loss					
Revaluation surplus on land and buildings	14	-	62,180,000	-	62,180,000
Deferred tax on revaluation surplus	25	-	(11,192,400)	-	(11,192,400)
Actuarial gain on defined benefit obligation	24	9,349,900	1,003,676	9,349,900	1,003,676
Deferred tax on actuarial gain	25	(1,682,982)	(180,662)	(1,682,982)	(180,662)
Deferred tax impact to the revaluation surplus on tax rate changes	25	-	17,529,186	-	17,529,186
Changes in the fair value of equity investments at fair value through other comprehensive income	17	5,712,124	26,591,736	5,712,124	26,591,736
Other comprehensive income for the year, net of tax		13,379,042	95,931,535	13,379,042	95,931,535
Total comprehensive income for the year		734,404,816	275,220,434	729,817,557	271,307,630

The notes on pages 49 to 91 form an integral part of these financial statements
Independent auditor's report - pages 38 to 40

Statement of Financial Position

(all amounts in Sri Lanka Rupees)

	Note	Group As at 31 March 2022	Group As at 31 March 2021	Company As at 31 March 2022	Company As at 31 March 2021
ASSETS					
Non-Current Assets					
Property, plant and equipment	14	347,902,526	329,862,202	347,902,526	329,862,202
Right-of-use assets	15.1	1,576,419	1,598,619	1,576,419	1,598,619
Investment in subsidiary	16	-	-	10,000,010	10,000,010
Financial assets at fair value through other comprehensive income (FVOCI)	17	49,096,058	43,383,934	49,096,058	43,383,934
Total Non-Current Assets		398,575,003	374,844,755	408,575,013	384,844,765
Current Assets					
Inventories	19	454,124,761	308,407,996	454,124,761	308,407,996
Trade and other receivables	20	1,326,153,506	927,521,150	1,279,553,820	883,566,417
Cash and cash equivalents	22	871,008,254	446,311,043	870,557,522	443,081,136
Total Current Assets		2,651,286,521	1,682,240,189	2,604,236,103	1,635,055,549
Total Assets		3,049,861,524	2,057,084,944	3,012,811,116	2,019,900,314
EQUITY AND LIABILITIES					
Capital and Reserves					
Stated capital	27	79,974,555	79,974,555	79,974,555	79,974,555
Revaluation surplus	28	185,884,480	190,989,256	185,884,480	190,989,256
Revenue reserve	29.1	170,000,000	170,000,000	170,000,000	170,000,000
Financial assets at FVOCI reserve	29.2	35,798,102	30,085,978	35,798,102	30,085,978
Retained earnings		1,798,618,203	1,106,945,735	1,728,894,998	1,041,809,788
Total Equity		2,270,275,340	1,577,995,524	2,200,552,135	1,512,859,577
Non-Current Liabilities					
Defined benefit obligations	24	7,536,180	17,432,937	7,536,180	17,432,937
Deferred tax liability	25	51,510,834	51,943,962	51,510,834	51,943,963
Total Non-Current Liabilities		59,047,014	69,376,899	59,047,014	69,376,900
Current Liabilities					
Trade and other payables	23	429,917,519	145,206,858	491,289,040	201,980,861
Short term borrowings	23.1	177,267,503	182,313,066	177,267,503	182,313,066
Bank Over Draft	22	3,908,370	39,176,442	3,908,370	39,176,442
Income tax payable	21	109,445,778	43,016,155	80,747,054	14,193,469
Total Current Liabilities		720,539,170	409,712,521	753,211,967	437,663,838
Total Liabilities		779,586,184	479,089,420	812,258,981	507,040,737
Total Equity and Liabilities		3,049,861,524	2,057,084,944	3,012,811,116	2,019,900,314

The Board of Directors is responsible for the preparation and presentation of these financial statements. Approved and signed for and on behalf of the Board of Directors on 29th August 2022.

U. G. Madanayake
Chairman

Suren Madanayake
Managing Director

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

Mahesh Amarasiri
Group Chief Financial Officer

The notes on pages 49 to 91 form an integral part of these financial statements
Independent auditor's report - pages 38 to 40

Statement of Changes in Equity - Group

(all amounts in Sri Lanka Rupees)

	Note	Stated capital	Revenue reserve	Revaluation reserve	Financial assets at FVOCI reserve	Retained earnings	Total
Balance at 1 April 2020		79,974,555	170,000,000	126,210,142	3,494,242	948,371,151	1,328,050,090
Profit for the year		-	-	-	-	179,288,899	179,288,899
Revaluation surplus		-	-	62,180,000	-	-	62,180,000
Deferred tax on revaluation		-	-	(11,192,400)	-	-	(11,192,400)
Actuarial gain on defined benefit obligation	24	-	-	-	-	1,003,676	1,003,676
Deferred tax on actuarial gain	25	-	-	-	-	(180,662)	(180,662)
Deferred tax impact to the revaluation surplus on tax rate changes	25			17,529,186			17,529,186
Changes in the fair value of equity investments at FVOCI	17	-	-	-	26,591,736	-	26,591,736
Total comprehensive income		-	-	68,516,786	26,591,736	180,111,913	275,220,434
Depreciation transfer - gross	28	-	-	(4,558,136)	-	4,558,136	-
Deferred tax on transfer	28	-	-	820,464	-	(820,464)	-
Dividend paid	13	-	-	-	-	(25,275,000)	(25,275,000)
Balance at 31 March 2021		79,974,555	170,000,000	190,989,256	30,085,978	1,106,945,735	1,577,995,524
Balance as at 1st April 2021		79,974,555	170,000,000	190,989,256	30,085,978	1,106,945,735	1,577,995,524
Profit for the year		-	-	-	-	721,025,774	721,025,774
Actuarial loss on defined benefit obligation	24	-	-	-	-	9,349,900	9,349,900
Deferred tax on revaluation	25	-	-	-	-	(1,682,982)	(1,682,982)
Changes in the fair value of equity investments at FVOCI	17	-	-	-	5,712,124	-	5,712,125
Total comprehensive income		-	-	-	5,712,124	728,692,692	734,404,817
Depreciation transfer - gross	28	-	-	(6,225,336)	-	6,225,336	-
Deferred tax on transfer	28	-	-	1,120,560	-	(1,120,560)	-
Dividend paid	13	-	-	-	-	(42,125,000)	(42,125,000)
Balance at 31 March 2022		79,974,555	170,000,000	185,884,480	35,798,102	1,798,618,203	2,270,275,340

The notes on pages 49 to 91 form an integral part of these financial statements
Independent auditor's report - pages 38 to 40

Statement of Changes in Equity - Company

(all amounts in Sri Lanka Rupees)

	Note	Stated capital	Revenue reserve	Revaluation reserve	Financial assets at FVOCI reserve	Retained earnings	Total
Balance at 1 April 2020		79,974,555	170,000,000	126,210,142	3,494,242	887,148,008	1,266,826,947
Profit for the year		-	-	-	-	175,376,095	175,376,095
Revaluation surplus		-	-	62,180,000	-	-	62,180,000
Deferred tax on revaluation		-	-	(11,192,400)	-	-	(11,192,400)
Actuarial gain on defined benefit obligation	24	-	-	-	-	1,003,676	1,003,676
Deferred tax on actuarial gain	25	-	-	-	-	(180,662)	(180,662)
Deferred tax impact to the revaluation surplus on tax rate changes	25			17,529,186			17,529,186
Changes in the fair value of equity investments at FVOCI	17	-	-	-	26,591,736	-	26,591,736
Total comprehensive income		-	-	68,516,786	26,591,736	176,199,109	271,307,630
Depreciation transfer - gross	28	-	-	(4,558,136)	-	4,558,136	-
Deferred tax on transfer	28	-	-	820,464	-	(820,464)	-
Dividend paid	13	-	-	-	-	(25,275,000)	(25,275,000)
Balance at 31 March 2021		79,974,555	170,000,000	190,989,256	30,085,978	1,041,809,789	1,512,859,577
Balance at 1 April 2021		79,974,555	170,000,000	190,989,256	30,085,978	1,041,809,789	1,512,859,577
Profit for the year		-	-	-	-	716,438,516	716,438,516
Revaluation surplus							
Deferred tax on revaluation							
Actuarial loss on defined benefit obligation	24	-	-	-	-	9,349,900	9,349,900
Deferred tax on actuarial loss	25	-	-	-	-	(1,682,982)	(1,682,982)
Deferred tax impact to the revaluation surplus on tax rate changes	25			-			-
Changes in the fair value of equity investments at FVOCI	17	-	-	-	5,712,124	-	5,712,124
Total comprehensive income	-	-	-	-	5,712,124	724,105,434	729,817,558
Depreciation transfer - gross	28	-	-	(6,225,336)	-	6,225,336	-
Deferred tax on transfer	28	-	-	1,120,560	-	(1,120,560)	-
Dividend paid	13	-	-	-	-	(42,125,000)	(42,125,000)
Balance at 31 March 2022		79,974,555	170,000,000	185,884,481	35,798,102	1,728,894,998	2,200,552,135

The notes on pages 49 to 91 form an integral part of these financial statements

Independent auditor's report - pages 38 to 40

Statement of Cash Flows

(all amounts in Sri Lanka Rupees)

	Note	Group		Company	
		Year ended 31 March		Year ended 31 March	
		2022	2021	2022	2021
Operating activities					
Cash generated from operations	30	594,270,888	224,031,029	601,664,340	243,388,810
Interest paid	10	(18,471,260)	(6,373,626)	(22,060,838)	(9,713,826)
Gratuity paid	24	(685,492)	(2,817,484)	(685,492)	(2,817,484)
Income tax paid	21	(59,157,132)	(52,713,254)	(57,536,882)	(52,529,968)
Net cash generated from operating activities		515,957,004	162,126,665	521,381,128	178,327,532
Investing activities					
Interest received	10	24,817,765	10,199,023	22,172,815	8,244,281
Payments for property, plant and equipment	14	(35,838,181)	(2,942,673)	(35,838,181)	(2,942,673)
Dividend received	7	2,199,258	644,050	2,199,258	644,050
Net cash generated from investing activities		(8,821,158)	7,900,400	(11,466,108)	5,945,658
Financing activities					
Dividend paid	13	(42,125,000)	(25,275,000)	(42,125,000)	(25,275,000)
Proceed from import loans		1,364,044,306	1,132,872,894	1,364,044,306	1,132,872,894
Repayments of import loans		(1,369,089,869)	(950,559,829)	(1,369,089,869)	(950,559,829)
Net cash generated from financing activities		(47,170,563)	157,038,065	(47,170,563)	157,038,065
Increase in cash and cash equivalents		459,965,283	327,065,131	462,744,458	341,311,255
Movement in cash and cash equivalents					
At the beginning of the year		407,134,601	80,069,471	403,904,694	62,593,439
Increase		459,965,283	327,065,130	462,744,458	341,311,255
At the end of the year	22	867,099,884	407,134,601	866,649,152	403,904,694

The notes on pages 49 to 91 form an integral part of these financial statements
Independent auditor's report - pages 38 to 40

Notes to the Financial Statements

1 General information

ACL Plastics PLC is a public limited liability company incorporated under the Companies Act, No. 17 of 1982 on 17.07.1991 and re-registered under the Companies Act, No. 7 of 2007. The Company is domiciled in Sri Lanka and listed on the Colombo Stock Exchange. The registered office and principal place of business of the Company is located at No. 60, Rodney Street, Colombo 08.

The principal activities of ACL Plastics PLC are manufacturing, dealing and marketing of PVC compound utilised inter alia for the sheathing and insulation of electric cables.

Parent company

ACL Cables PLC is the ultimate parent company of ACL Plastics PLC.

Subsidiary company

ACL Polymers (Private) Limited which was incorporated in 2005, is the wholly owned subsidiary of ACL Plastics PLC and the principal activity of which is manufacturing of various kinds of PVC compounds. The registered office and principal place of business of the Company is located at No. 60, Rodney Street, Colombo 08.

2 Basis of preparation and Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below.

2.1 Basis of preparation and statement of compliance.

The financial statements of the Company and the Group have been prepared in accordance with Sri Lanka Accounting Standards, which comprise Sri Lanka Financial Reporting Standards ("SLFRS"s), Sri Lanka Accounting Standards ("LKAS"s), relevant interpretations of the Standing Interpretations Committee ("SIC") and International Financial Reporting Interpretations Committee ("IFRIC"). Sri Lanka Accounting Standards further comprises of Statements of Recommended Practices (SoRPs), Statements of Alternate Treatments (SoATs) and Financial Reporting Guidelines issued by the Institute of Chartered Accountants of Sri Lanka. These financial statements have been prepared under the historical cost convention except for financial assets and liabilities which are measured at fair value. The preparation of financial statements in conformity with Sri Lanka Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's and the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Company's and the Group's financial statements are disclosed in note 04 to the financial statements.

The following amendments to the Sri Lanka Accounting Standards that are relevant for the preparation of the Group's financial statements have been adopted by the Group (a) new standards and amendments that are effective for the first time for periods commencing on or after 1 January 2021 (i.e. year ending 31 March 2022) and (b) forthcoming requirements, being standards and amendments that will become effective on or after 1 April 2022.

(a) New standards and amendments – applicable 1 January 2021

The group has applied the following standards and amendments for the first time for their annual reporting periods commencing 1 January 2021:

i) " Amendment to IFRS 16, 'Leases' – COVID-19 related rent concessions Extension of the practical expedient"

ii) " Amendments to IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2

The Group has changed its accounting policy and most of the amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(i) Amendment to IFRS 16, 'Leases' – COVID-19 related rent concessions Extension of the practical expedient

As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to

30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs. Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in LKAS 1 about immaterial information.

This amendment is effective for the annual periods beginning on or after 1 April 2021.

(ii) IBOR Reform and its Effects on Financial Reporting—Phase 2: Amendments to IFRS 7, IFRS 4 and IFRS 16

The IASB has issued amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 that address issues arising during the reform of benchmark interest rates including the replacement of one benchmark rate with an alternative one. Given the pervasive nature of IBOR-based contracts, the amendments could affect companies in all industries. This publication provides guidance on how to apply the Phase 2 amendments to various contracts and hedge accounting relationships, including the interaction with the Phase 1 reliefs for hedge accounting.

This amendment is effective for the annual periods beginning on or after 1 April 2021.

(b) New standards and amendments but not adopted in 2021

The following standards and interpretations had been issued by IASB (not yet adopted by CA Sri Lanka except for SLFRS 17, Amendments to IAS 16, Amendments to IFRS 3, Amendments to IAS 37, Amendments to IFRS 9, Amendments to IFRS 1 and Amendments to IAS 41) but not mandatory for annual reporting periods ending 31 March 2022.

(i) SLFRS 17, 'Insurance contracts'

SLFRS 17 was issued as replacement for SLFRS 4 Insurance Contracts. It requires a current measurement model where estimates are re-measured in each reporting period. Contracts are measured using the building blocks of:

a) discounted probability-weighted cash flows

b) an explicit risk adjustment, and

c) a contractual service margin (CSM) representing the unearned profit of the contract which is recognised as revenue over the coverage period.

The standard allows a choice between recognising changes in discount rates either in the statement of profit or loss or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under SLFRS 9.

An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers.

There is a modification of the general measurement model called the 'variable fee approach' for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the CSM. The results of insurers using this model are therefore likely to be less volatile than under the general model.

The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features.

This amendment is effective for the annual periods beginning on or after 1 January 2023.

(ii) Classification of Liabilities as Current or Non-current – Amendments to IAS 1

"The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (eg the receipt of a waver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

In May 2020, the IASB issued an Exposure Draft proposing to defer the effective date of the amendments to 1 January 2023. This amendment is not yet adopted in Sri Lanka.

(iii) Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16

The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.

Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

This amendment is effective for the annual periods beginning on or after 1 January 2022.

(iv) Reference to the Conceptual Framework – Amendments to IFRS 3

Minor amendments were made to IFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date.

This amendment is effective for the annual periods beginning on or after 1 January 2022.

(v) Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37

The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.

This amendment is effective for the annual periods beginning on or after 1 January 2022.

(vi) Annual Improvements to IFRS Standards 2018–2020

The following improvements were finalised in May 2020:

- IFRS 9 Financial Instruments – clarifies which fees should be included in the 10% test for derecognition of financial liabilities.

- IFRS 16 Leases – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.

- IFRS 1 First-time Adoption of International Financial Reporting Standards – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.

- IAS 41 Agriculture – removal of the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.

These amendments are effective for the annual periods beginning on or after 1 January 2022 except for the amendment to IFRS 16.

(vii) Disclosure Initiative: Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies.

The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The amendments to IAS 1 will be effective for annual reporting periods beginning on or after 1 January 2023. This amendment is not yet adopted in Sri Lanka.

(viii) Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction

IAS 12 Income Taxes specifies how a company accounts for income tax, including deferred tax, which represents tax payable or recoverable in the future. In specified circumstances, companies are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations—transactions for which companies recognise both an asset and a liability.

The amendments clarify that the exemption does not apply and that companies are required to recognise deferred tax on such transactions. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023. This amendment is not yet adopted in Sri Lanka.

(ix) Definition of Accounting Estimates (Amendments to IAS 8)

The amendments introduced the definition of accounting estimates and included other amendments to IAS 8 to help entities distinguish changes in accounting estimates from changes in accounting policies. The amendments are effective for annual periods beginning on or after 1 January 2023. This amendment is not yet adopted in Sri Lanka.

(x) Initial Application of IFRS 17 and IFRS 9 Comparative Information (Amendment to IFRS 17)

The amendment is a transition option relating to comparative information about financial assets presented on initial application of IFRS 17. The amendment is aimed at helping entities to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and therefore improve the usefulness of comparative information for users of financial statements.

IFRS 17 incorporating the amendment is effective for annual reporting periods beginning on or after 1 January 2023. This amendment is not yet adopted in Sri Lanka.

2.2 Principles of consolidation

The Consolidated Financial Statements comprise the financial statements of the Parent and its subsidiaries in terms of the Sri Lanka Accounting Standard - SLFRS 10 on '' Consolidated Financial Statements''. Thus, the consolidated financial statements present financial information about the Group as a single economic entity distinguishing the equity attributable to minority shareholders with non - controlling interest.

Subsidiaries

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group 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. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquire and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquire on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquirer's identifiable net assets.

Transaction costs are expensed as incurred. The consideration transferred does not include amounts related to the settlement of pre existing relationships. Such amounts are generally recognised in profit or loss. Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Inter-group balances and transactions and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entities operate ('The functional currency'). The consolidated financial statements are presented in Sri Lankan Rupees, which is the Company's and the Group's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'Finance income or cost'.

2.4 Borrowing costs

Borrowing costs are recognised as an expense in the year in which they are incurred. However, borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets that take a substantial period of time to get ready for its intended use or sale, are capitalised as part of the respective assets. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

2.5 Taxation

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

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the relevant tax legislations.

2.6 Deferred taxation

Deferred income tax is provided in full, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and the carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relates to income taxes levied by the same taxation authority.

2.7 Investments and other financial assets

2.7.1 Classification

The group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and

- those to be measured at amortised cost.

"This classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

2.7.2 Recognition and derecognition

"Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

2.7.3 Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Equity instruments

The group subsequently measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payments is established. Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

2.7.4 Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows;

(a) Debt Instruments at amortised cost

The Company measures financial assets at amortised cost if both of the following conditions are met;

- Financial assets at amortised cost are subsequently measured using the Effective Interest Rate (EIR) method and are subject to impairment. Gains and losses are recongised in profit or loss when the asset is derecognised, modified or impaired.

- The Company's financial assets at amortised cost includes bank balances and short term deposits under current financial assets.

(b) Financial assets classified under fair value through Other Comprehensive Income

Financial assets at fair value through other comprehensive income (FVOCI) only includes the equity instruments, which the Company intends to hold for the foreseeable future and which the Company has irrevocably elected to classify upon transition. There is no recycling of gains or losses to profit or loss on derecognition and the dividend received as a result of holding this investment will be recognised to profit or loss.

2.7.5 Impairment

The group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the group applies the simplified approach permitted by SLFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

2.8 Property, plant and equipment

Property, plant and equipment are recognised if it is probable that future economic benefits associated with the asset will flow to the entity and the cost of the asset can be measured reliably in accordance with LKAS 16 on property, plant and equipment. Initially property, plant and equipment are measured at cost excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment losses. Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred. .

Increases in the carrying amounts arising on revaluation of land and buildings are recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the property, plant and equipment revaluation surplus to retained earnings. Buildings are depreciating and lands are not depreciating due to the infinite nature of the useful life time. All other property plant an equipment's are measured at cost model

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

2.8.1 Depreciation

Depreciation is calculated on a straight line basis over the useful lives of the assets using the following rates.

Asset	Years
Buildings	25
Plant, machinery and accessories	10 - 30
Factory equipment	10 - 28
Electrical fittings	10
Furniture, fixtures and fittings	10
Office equipment	10
Motor vehicles	5
Tools and implements	4
Laboratory equipment	10 - 28

2.9 Intangible assets

Basis of Recognition

An intangible asset is recognised if it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be reliably measured.

Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful life of 4 years.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. These directly attributable costs include the software development employee costs and an appropriate portion of relevant overheads.

Notes to the Financial Statements

Computer software development costs recognised as assets are amortised over their estimated useful lives, which do not exceed 2 years.

Costs relating to development of software are carried in capital work in progress until the software is available for use.

Other development expenditures that do not meet the relevant criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Currently the Groups' computer software were fully amortised.

2.10 Impairment of non financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. Impairment losses recognised 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 amortisation, if no impairment loss had been recognised.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. Previously recognised impairment losses, are reversed only if there has been an increase in the recoverable amount of the asset. Such increase is recognised to the extent of the carrying amount had no impairment losses been recognised previously.

For goodwill, recoverable amount is estimated at each balance sheet date or as and when an indication of impairment is identified.

Impairment losses are recognised in respect of subsidiaries acquired, are allocated first to reduce the carrying amount of any goodwill allocated to the entity and then to reduce the carrying amount of the other assets in the entity on a pro rata basis. Impairment losses are recognised in the income statement.

2.11 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks other short term highly liquid investments with original maturities of three months or less. For the purpose of cash flow statement, cash and cash equivalents includes, cash in hand and investments with original maturities of three months or less net of outstanding bank overdrafts.

2.12 Investments in subsidiaries in separate Financial statements

In the Company's financial statements, investments in subsidiaries have been accounted for at cost, net of any impairment losses which are charged to the income statement. Income from these investments is recognised only to the extent of dividends received.

2.13 Inventories

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost includes the reclassification from equity of any gains or losses on qualifying cash flow hedges relating to purchases of raw material but excludes borrowing costs. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.14 Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance. For trade receivables, the Group applies the simplified approach permitted by SLFRS 09, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment. However, no any impairment losses were identified in the current financial year as well as previous financial years.

2.15 Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 60 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.16 Interest bearing loans

Interest bearing loans are recognised initially at fair value, net of transaction costs incurred. After initial recognition, interest bearing loans are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the income statement.

Liabilities classified as trade and other payables in the balance sheet are those which fall due for payment on demand or within one year from the balance sheet date. Items classified as non-current liabilities are those which fall due for payment beyond a period of one year from the balance sheet date.

2.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and where appropriate, the risks specific to the liability. Where discounting is used the increase in the provision due to the passage of time is recognised as an interest expense.

2.18 Defined benefit plans - gratuity

All the employees of the Group are eligible for gratuity under the Gratuity Act No. 12 of 1983. The Group measures the present value of the promised retirement benefits of gratuity which is a defined benefit plan with the advice of an actuary using the Projected Unit Credit Method. The actuarial valuation involves making assumptions about discount rate, expected rates of return on assets, future salary increases and mortality rates. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. All assumptions are reviewed at each reporting date. Accordingly, the employee benefit liability is based on the actuarial valuation carried out by Messrs Actuarial and Management Consultants (Pvt) Ltd.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions are charged or credited to comprehensive income in the year in which they arise.

Past service costs are recognised immediately in income, unless the change to the pension plan are conditional on the employees remaining in service for a specified

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period of time (the vesting period). In this case the past service costs are amortised on straight line basis over the vesting period.

The liability is not externally funded.

2.19 Defined contribution plans - Employees' Provident Fund and Employees' Trust Fund

Employees are eligible for Employees' Provident Fund contribution and Employees Trust Fund contribution in line with respective statutes and regulations. The company contributes 12% and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively.

2.20 Provisions, contingent assets and contingent liabilities

Provisions are made for all obligations existing as at the Balance Sheet date when it is probable that such an obligation will result in an outflow of resources and a reliable estimate can be made of the quantum of the outflow.

All contingent liabilities are disclosed as a note to the financial statements unless the outflow of resources is remote.

All contingent assets are disclosed where inflow of economic benefits is probable.

2.21 Revenue recognition

"Revenue from contracts with customers", establishes a comprehensive framework for determining whether, how much and when revenue is recognised. The Group recognises when a customer obtains control of the goods or services. Judgement is used to determine the timing of transfer of control - at a point in time or over time.

Revenue from the sale of goods is recognised at the point in time when control of the goods is transferred to the customer, usually on delivery of the goods. Sales are measured at fair value of the consideration received or receivable excluding amounts collected on behalf of third parties (e.g. sales taxes) and variable consideration (e.g. discounts and rebates). As the number of products returned has been less for years, it is highly probable that a significant reversal in the cumulative revenue recognised will not occur. Credit term provided for the Internal customers and external customers are on average 90 days & 60 days respectively from the sale of goods.

2.22 Other income

Interest income is recognised on an accrual basis. Dividend income is recognised when the shareholder's right to receive the payment is established.

Net gains and losses of a revenue nature arising from the disposal of property, plant and equipment and other non current assets, including investments, are accounted for in the income statement, after deducting from the proceeds on disposal, the carrying amount of such assets and the related selling expenses. Gains and losses arising from activities incidental to the main revenue generating activities and those arising from a group of similar transactions which are not material are aggregated, reported and presented on a net basis.

Other income is recognised on an accrual basis.

2.23 Expenditure recognition

Expenses are recognised in the income statement on the basis of a direct association between the cost incurred and the earning of specific items of income.
All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to the income statement.

2.24 Dividends on ordinary shares

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the shareholders. Dividends for the year that are approved after the reporting date are disclosed as an event after the reporting date.

2.25 Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

2.26 Segment reporting

An operating segment is a component of the Group that engages in the business activities from which it may earn revenues and incur expenses (including revenue and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. However, no reportable segments as only the Company is engaged with manufacturing process (PVC Compounds) and subsidiary transactions are not material to the Group.

2.27 Earnings per share

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

2.28 Statement of cash flows

The statement of cash flows is prepared using the indirect method as stipulated in LKAS 7 Statement of Cash Flows. Cash and cash equivalents for the purpose of statement of cash flows comprise cash in hand, balances at banks, short term deposits with a maturity of three months or less net of outstanding bank overdrafts, if any.

2.29 Directors' responsibilities statement

Directors acknowledge the responsibilities for the true and fair presentation of the financial statements in accordance with the books of accounts and the Sri Lanka Accounting Standards and the requirements of the Companies Act No. 7 of 2007.

2.30 Materiality and aggregation

Each material class of similar items is presented separately. Items of dissimilar nature of function are presented Separately unless they are immaterial.

3 Financial risk management

3.1 Financial risk factors

The Board of Directors of the Group regularly reviews its exposure to various kinds of risk factors with the ultimate objective of to deliver superior shareholder value between risk and return. The board oversees market risk, operational risk, credit risk and liquidity risk giving special consideration in broader aspects to the Company's exposure to interest rate fluctuations and exchange rate fluctuations in the market. Based on the economic outlook and the Company's exposure to these risks, the Board of the Company approves various risk management strategies from time to time.

The Group's principal financial liabilities comprise short term borrowings, trade and other payables and bank overdrafts. The main purpose of these financial liabilities is to raise finances for the Company's operations. The Company has various financial assets such as trade and other receivables, other investments, loans and cash balances, which arise directly and indirectly from its operations.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

(a) Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Company's profit or equity. The objective of market risk management is to manage and control the market risk exposure within acceptable parameters, while optimising return.

(i) **Foreign exchange risk**

Exposure

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Sri Lanka Rupees, was as follows:

	Group		Company	
	31 March		31 March	
	2022	2021	2022	2021
Trade and other payable - USD	(414,758,928)	(23,635,160)	(414,758,928)	(23,635,160)
Trade and other receivable - USD	230,960,477	32,363,373	230,960,477	32,363,373
Bank balances - USD	820,726,964	442,930,135	820,726,964	442,930,135
	636,928,513	451,658,348	636,928,513	451,658,348

The aggregate net foreign exchange gains/losses recognised in profit or loss were:

	Group		Company	
	31 March		31 March	
	2022	2021	2022	2021
Net foreign exchange gain included in finance cost	132,097,195	18,204,770	132,097,195	18,204,770
Total net foreign exchange recognised in profit before income tax for the period	132,097,195	5,940,186	132,097,195	5,940,186

The group exposed to foreign exchange risk, primarily the US dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity. The risk is measured through a forecast of highly probable US dollar expenditures.

Sensitivity

As shown in the table above, the group is primarily exposed to changes in US/LKR exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from US dollar-denominated financial assets and liabilities. The following table demonstrates the sensitivity of the cumulative changes in fair value of the assets and liabilities denominated in currencies other than Sri Lankan rupees to reasonably possible changes in exchange rates, with all other variables held constant. The effect of decreases in exchange rates is expected to be equal and opposite to the effect of the increase shown.

Sensitivity (Contd.)

	Impact on post - tax profit			
	Group		Company	
	31 March		31 March	
	2022	2021	2022	2021
USD/LKR exchange rate – increase to 350	108,664,917	330,763,063	108,664,917	330,763,063
USD/LKR exchange rate – decrease to 350	(108,664,917)	(330,763,063)	(108,664,917)	(330,763,063)
USD/LKR exchange rate – increase to 370	42,605,339	44,709,795	42,605,339	44,709,795
USD/LKR exchange rate – decrease to 370	(42,605,339)	(44,709,795)	(42,605,339)	(44,709,795)
USD/LKR exchange rate – increase to 380	21,302,669	22,354,897	21,302,669	22,354,897
USD/LKR exchange rate – decrease to 380	(21,302,669)	(22,354,897)	(21,302,669)	(22,354,897)

Profit is more sensitive to movements in the LKR/ USD exchange rates in 2022 than 2021 because of the increased amount of US dollar denominated bank balances compared to the borrowings . No any other exposures to foreign exchange movements.

(ii) Interest rate risk

The group's main interest rate risk arises from short term borrowings with variable rates, which expose the group to cash flow interest rate risk. During 2022 and 2021, the group's borrowings at variable rate were denominated in Sri Lanka Rupees.

The group's borrowings and receivables are carried at amortised cost.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's profit before tax.

	Group		Company	
	31 March		31 March	
	2022	2021	2022	2021
Interest rate – increase 5%	8,863,375	9,115,653	8,863,375	9,115,653
Interest rate – decrease 5%	(8,863,375)	(9,115,653)	(8,863,375)	(9,115,653)

The exposure of the group's borrowings to interest rate changes at the end of the reporting period are as follows:

	Group		Company	
	31 March		31 March	
	2022	2021	2022	2021
Variable rate borrowings	(234,267,502)	(239,313,065)	(177,267,503)	(182,313,066)

Variable rate borrowings are consists of import loans and loans from subsidiary. Import loans have short term maturity of less than 6 months and subsidiary loans are granted on the terms of "payable on demand".

Periodical maturity gap analysis is carried out to take timely action and to mitigate possible adverse impact due to volatility of the interest rates.

(iii) Price risk

The Group's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions. Please refer note 17 for exposure.

The following table demonstrates the sensitivity of the cumulative changes in fair value to reasonably possible changes in equity prices, with all other variables held constant. The effect of decreases in equity prices is expected to be equal and opposite to the effect of the increase shown.

	Change in equity price	Effect on other comprehensive income Rs.	Effect on equity Rs.
Group			
31 March 2022 Quoted shares – (Colombo Stock Exchange)	10%	4,909,606	4,909,606
31 March 2021 Quoted shares – (Colombo Stock Exchange)	10%	4,338,393	4,338,393

	Change in equity price	Effect on profit Rs.	Effect on equity Rs.
Company			
31 March 2022 Quoted shares – (Colombo Stock Exchange)	10%	4,909,606	4,909,606
31 March 2021 Quoted shares – (Colombo Stock Exchange)	10%	4,338,393	4,338,393

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet financial obligations as they fall due. The Company's approach to managing liquidity risk 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 Company's reputation and is to maintain a balance between continuity of funding and flexibility through the use of borrowings and bank overdrafts.

The table below summarises the maturity profiles of the Group's financial liabilities based on contractual undiscounted payments.

Analysis of financial liabilities by remaining contractual maturities:

Group

At 31 March 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 6 years	Over 6 years	Total
Financial liabilities					
Trade and other payables (Note 23)					
(excluding statutory liabilities)	429,364,402	-	-	-	429,364,402
Short term borrowings (Note 23.1)	177,267,503	-	-	-	177,267,503
Total financial liabilities	606,631,905	-	-	-	606,631,905

At 31 March 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 6 years	Over 6 years	Total
Financial liabilities					
Trade and other payables (Note 23)					
(excluding statutory liabilities)	144,697,692	-	-	-	144,697,692
Short term borrowings	182,313,066	-	-	-	182,313,066
Total financial liabilities	327,010,758	-	-	-	327,010,758

Company

At 31 March 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 6 years	Over 6 years	Total
Financial liabilities					
Trade and other payables (Note 23)					
(excluding statutory liabilities)	490,735,922	-	-	-	490,735,922
Short term borrowings	177,267,503	-	-	-	177,267,503
Total financial liabilities	668,003,426	-	-	-	668,003,426

At 31 March 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 6 years	Over 6 years	Total
Financial liabilities					
Trade and other payables (Note 23)					
(excluding statutory liabilities)	201,471,694	-	-	-	201,471,694
Short term borrowings	182,313,066	-	-	-	182,313,066
Total financial liabilities	383,784,760	-	-	-	383,784,760

(c) Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables.

(i) Risk management

Credit risk is managed on a group basis. For banks and financial institutions, only independently rated parties with a minimum rating of 'A(lka)' are accepted.

If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The compliance with credit limits by customers is regularly monitored by line management.

(ii) Security

For some trade receivables the group may obtain security in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement.

(iii) Impairment of financial assets

The group has trade receivables for sales of inventory that are subject to the expected credit loss model. Cash and cash equivalents are also subject to the impairment requirements of SLFRS 9, the identified impairment loss was immaterial.

Trade receivables

The group applies the SLFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 March 2022 or 1 April 2021 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The group has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at 31 March 2022 and 31 March 2021 was determined to be nil for trade receivables.

3.2 Capital risk management

Capital comprises of equity attributable to the equity holders of the parent. The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year ended 31 March 2022.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings.

3.3 Fair value estimation

The table below analyses financial instruments carried at fair value by valuation methods. The different levels have been defined as follows;

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

Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).

Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Company's assets and liabilities that are measured at fair value.

As at 31 March 2022	Level 1	Total balance
Group		
Assets		
Financial assets at fair value through other comprehensive income	49,096,058	49,096,058
	49,096,058	49,096,058
Company		
Assets		
Financial assets at fair value through other comprehensive income	49,096,058	49,096,058
	49,096,058	49,096,058

As at 31 March 2021	Level 2	Total balance
Group		
Assets		
Financial assets at fair value through other comprehensive income	43,383,934	43,383,934
	43,383,934	43,383,934
Company		
Assets		
Financial assets at fair value through other comprehensive income	43,383,934	43,383,934
	43,383,934	43,383,934

(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing 'service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in level 1. Instruments included in level 1 comprise primarily equity instruments classified as trading securities or available for sale.

(b) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

4 Critical accounting estimates and judgments

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

(a) Estimated impairment of non-current assets

The Group tests annually the indicators to ascertain whether non-current assets (including intangibles) have suffered any impairment, in accordance with the accounting policy stated in policy 2.6.3 and 2.6.4. The recoverable amounts of cash generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

(b) Defined benefit plan - Gratuity

The present value of the defined benefit plan depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost for defined benefit plan include the discount rate. Any changes in these assumptions will impact the carrying amount of defined benefit plan. The Company determines the appropriate discount rate at the end of each year as explained in the accounting policies note 2.18. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the defined benefit obligations. Other key assumptions for defined benefit plan are based in part on current market conditions. Additional information is disclosed in Note 24.

(c) Provisions

The Group recognises provisions when it has a present legal or constructive obligation arising as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. The recording of provisions requires the application of judgments about the ultimate resolution of these obligations. As a result, provisions are reviewed at each balance sheet date and adjusted to reflect the Company's current best estimate.

(e) Fair value of financial instruments

The fair values of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases, the fair values are estimated from observable data in respect of similar financial instruments or using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions.

(f) Deferred tax assets

'Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(g) Income tax

The Group is subject to income taxes and other taxes. Significant judgement was required to determine the total provision for current, deferred and other taxes.

(h) Useful life-time of the property, plant and equipment

The Group reviews the residual values, useful lives and methods of depreciation of assets at each reporting date. Judgement of the management estimates these values, rates, methods and hence they are subject to uncertainty.

(i) Impairment of assets

The Group recognises loss allowances for financial assets measured at amortised cost.

Loss allowances for trade receivables is always measured at an amount equal to lifetime Expected Credit Loss (ECL).

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 majority of the trade receivables are from related parties with strong financial positions which do not require a loss allowance.

(j) Fair value of property, plant and equipment

The Group revalues its land and buildings which are measured at its fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

(k) Useful life-time of the intangible assets

Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful life of 4 years.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which do not exceed 2 years.

Notes to the Financial Statements

(l) Net realisable value of inventory items

When assessing the net realisable value of inventory items company has used estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(m) Impact of COVID-19 (Corona virus) pandemic

The COVID-19 outbreak has developed rapidly in 2021. However, due to the vaccination program and other health & measures taken by the Sri Lankan government affected cases were controlled at the end of the financial year. We have taken a number of measures to monitor and mitigate the effects of the COVID-19 virus, such as safety and health measures for our people (such as social distancing and working from home). The impact on our business and results has not been significant and based on our experience to date we expect this to remain the case. As we operate in manufacturing, dealing and marketing of PVC compound utilised inter alia for the sheathing and insulation of electric cables, we have found no significant change in demand for our services considering the post pandemic situation in Sri Lanka. We expect this to continue in future. We will continue to follow the various government policies and advice and, in parallel, we will do our utmost to continue our operations in the best and safest way possible without jeopardising the health of our people. Accordingly, no significant events have occurred which would require adjustments to, or disclosure in the financial statements other than the matters disclosed above in critical accounting estimates and assumptions.

5 Accounting policies and Comparatives

The accounting policies set out have been consistently applied to all periods presented in these consolidated financial statements and the accounting policies have been applied consistently by group entities. Where necessary, comparative figures have been reclassified to conform with the changes in presentation in the current year.

6 Revenue from contracts with customers

	Group		Company	
	Year ended 31 March		Year ended 31 March	
	2022	2021	2022	2021
Local sales from contracts with customers	2,955,017,260	1,900,004,892	2,955,017,260	1,900,004,892
Net revenue	2,955,017,260	1,900,004,892	2,955,017,260	1,900,004,892

7 Other income

	Group		Company	
	Year ended 31 March		Year ended 31 March	
	2022	2021	2022	2021
Dividend income	2,199,258	971,737	2,199,258	644,050
	2,199,258	971,737	2,199,258	644,050

8 Expenses by nature

	Group		Company	
	Year ended 31 March		Year ended 31 March	
	2022	2021	2022	2021
Directors' emoluments (Note 31.6 (e)]	420,000	660,000	420,000	660,000
Auditor's remuneration	789,630	934,588	651,000	746,799
Depreciation (Note 14)	17,797,857	16,218,589	17,797,857	16,218,589
Staff costs (Note 9)	59,923,377	67,957,714	59,923,377	67,957,714
Raw material consumption	2,134,857,642	1,583,641,403	2,134,857,642	1,583,641,403
Distribution costs	-	347,303	-	347,303
Other costs	37,375,294	45,002,575	37,362,944	44,751,325
Total cost of sales and administrative costs	2,251,163,799	1,714,762,172	2,251,012,820	1,714,323,133

Other costs mainly consist of electricity expenses amounting to Rs. 23,603,092 (2021 - Rs. 25,446,082), repairs and maintenance expenses amounting to Rs. 5,559,108 (2021 - Rs. 6,274,181) for both Group and Company.

9 Staff costs

	Group		Company	
	Year ended 31 March		Year ended 31 March	
	2022	2021	2022	2021
Wages and salaries	46,352,766	50,826,742	46,352,766	50,826,742
Defined contribution plan	4,069,318	4,149,507	4,069,318	4,149,507
Defined benefit plan (Note 24)	138,635	3,040,946	138,635	3,040,46
Other staff costs	9,362,657	10,944,193	9,362,657	10,944,193
	59,923,377	67,957,714	59,923,377	67,957,714
Average number of employees during the year	42	52	42	52

Group and company other staff costs mainly include bonus cost amounting to Rs 4,218,375 (2021 -Rs5,207,885) and staff welfare expenses amounting to Rs 3,180,089 (2021 - Rs 3,673,791).

Notes to the Financial Statements

10 Finance income-net

	Group		Company	
	Year ended 31 March		Year ended 31 March	
	2022	2021	2022	2021
Finance income :				
Interest income	24,817,765	10,199,023	22,172,815	8,244,281
Exchange gain	132,097,195	18,204,770	132,097,195	18,204,770
	156,914,961	28,403,793	154,270,011	26,449,051
Finance costs :				
Interest expense	(18,471,263)	(6,373,626)	(22,060,838)	(9,713,826)
	(18,471,263)	(6,373,626)	(22,060,838)	(9,713,826)
Finance income-net	138,443,698	22,030,167	132,209,173	16,735,225

11 Income tax

	Group		Company	
	Year ended 31 March		Year ended 31 March	
	2022	2021	2022	2021
Current tax	125,586,753	39,650,794	124,090,467	38,380,008
Deferred tax (release)	(2,116,110)	(10,695,068)	(2,116,110)	(10,695,068)
	123,470,643	28,955,725	121,974,357	27,684,939

The tax on the company's profit before tax differs from the theoretical amount that would arise using the effective tax rate applicable to profits of the company as follows :

	Group		Company	
	Year ended 31 March		Year ended 31 March	
	2022	2021	2022	2021
Profit before tax	844,496,417	208,244,624	838,412,872	203,061,034
Tax calculated at effective tax rate of 18% (2021 - 18%)	152,009,355	37,484,032	150,914,317	36,550,986
Tax calculated at effective tax rate of 14%	307,896	-	307,896	-
Tax effect of income not subject to tax	(27,573,585)	(2,556,706)	(27,974,833)	(1,599,900)
Tax effect of expenses not deductible	843,087	4,723,467	843,087	3,428,921
Deferred tax (release)	(2,116,110)	(10,695,068)	(2,116,110)	(10,695,068)
Tax charge	123,470,643	28,955,725	121,974,357	27,684,939

12 Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

	Group		Company	
	Year ended 31 March		Year ended 31 March	
	2022	2021	2022	2021
Net profit attributable to shareholders	721,025,774	179,288,899	716,438,515	175,376,095
Weighted average number of ordinary shares in issue (Note 27)	4,212,500	4,212,500	4,212,500	4,212,500
Basic earnings per share	171.16	42.56	170.07	41.63

13 Dividend per share

	Group		Company	
	Year ended 31 March		Year ended 31 March	
	2022	2021	2022	2021
Interim dividend paid	42,125,000	25,275,000	42,125,000	25,275,000
	42,125,000	25,275,000	42,125,000	25,275,000
Number of ordinary shares in issue (Note 27)	4,212,500	4,212,500	4,212,500	4,212,500
Dividend per share	10.00	6.00	10.00	6.00

Notes to the Financial Statements

14 Property, plant and equipment - Group

(a)	Land and buildings	Plant, machinery and accessories	Equipment tools and implements	Furniture fittings and office equipment	Motor vehicles	Total
At 1 April 2020						
Cost / valuation	221,880,000	233,513,158	27,882,712	3,455,247	22,510,427	509,241,544
Accumulated depreciation	-	(188,757,776)	(15,754,922)	(2,516,848)	(21,253,881)	(228,283,426)
Net book amount	221,880,000	44,755,382	12,127,790	938,399	1,256,546	280,958,118
Year ended 31 March 2021						
Opening net book amount	221,880,000	44,755,382	12,127,790	938,399	1,256,546	280,958,118
Additions	-	2,418,386	197,800	326,487	-	2,942,673
Revaluation surplus	62,180,000	-	-	-	-	-
Depreciation charge (Note 8)	(4,560,000)	(9,416,225)	(1,804,772)	(157,594)	(279,998)	(16,218,589)
Closing net book amount	279,500,000	37,757,543	10,520,818	1,107,292	976,548	267,682,201
At 31 March 2021						
Cost / valuation	279,500,000	255,207,612	28,080,512	3,781,734	22,510,427	589,080,285
Accumulated depreciation	-	(217,450,069)	(17,559,694)	(2,674,442)	(21,533,879)	(259,218,083)
Net book amount	279,500,000	37,757,543	10,520,818	1,107,292	976,548	329,862,202
Year ended 31 March 2022						
Opening net book amount	279,500,000	37,757,543	10,520,818	1,107,292	976,548	329,862,202
Additions	-	35,838,181	-	-	-	35,838,181
Revaluation surplus	-	-	-	-	-	-
Depreciation charge (Note 8)	(5,260,000)	(10,287,437)	(1,794,981)	(175,439)	(280,000)	(17,797,857)
Closing net book amount	274,240,000	63,308,287	8,725,837	931,853	696,548	347,902,526
At 31 March 2022						
Cost / valuation	279,500,000	213,941,522	28,080,512	3,781,731	22,510,426	547,814,192
Accumulated depreciation	(5,260,000)	(150,633,235)	(19,354,675)	(2,849,879)	(21,813,878)	(199,911,665)
Net book amount	274,240,000	63,308,287	8,725,837	931,852	696,549	347,902,526

14 Property, plant and equipment - Company

(a)	Land and buildings	Plant, machinery and accessories	Equipment tools and implements	Furniture fittings and office equipment	Motor vehicles	Total
At 31 March 2020						
Cost / valuation	231,000,000	156,408,887	27,882,712	3,455,246	22,510,426	441,257,271
Accumulated depreciation	(9,120,000)	(111,653,505)	(15,754,922)	(2,516,846)	(21,253,880)	(160,299,153)
Net book amount	221,880,000	44,755,382	12,127,791	938,399	1,256,546	280,958,119
Year ended 31 March 2021						
Opening net book amount	221,880,000	44,755,382	12,127,791	938,399	1,256,546	280,958,118
Additions	-	2,418,386	197,800	326,487	-	2,942,673
Revaluation surplus	62,180,000	-	-	-	-	62,180,000
Depreciation charge (Note 8)	(4,560,000)	(9,416,225)	(1,804,772)	(157,594)	(279,998)	(16,218,589)
Closing net book amount	279,500,000	37,757,543	10,520,818	1,107,293	976,548	329,862,202
At 31 March 2021						
Cost / valuation	279,500,000	158,827,273	28,080,512	3,781,732	22,510,426	492,699,944
Accumulated depreciation	-	(121,069,730)	(17,559,694)	(2,674,440)	(21,533,878)	(162,837,742)
Net book amount	279,500,000	37,757,543	10,520,818	1,107,292	976,548	329,862,202
Year ended 31 March 2022						
Opening net book amount	279,500,000	37,757,543	10,520,818	1,107,292	976,548	329,862,202
Additions	-	35,838,181	-	-	-	35,838,181
Revaluation surplus	-	-	-	-	-	-
Depreciation charge (Note 8)	(5,260,000)	(10,287,437)	(1,794,981)	(175,439)	(280,000)	(17,797,857)
Closing net book amount	274,240,000	63,308,287	8,725,837	931,853	696,548	347,902,526
At 31 March 2022						
Cost / valuation	279,500,000	194,665,454	28,080,512	3,781,731	22,510,426	528,538,124
Accumulated depreciation	(5,260,000)	(131,357,167)	(19,354,675)	(2,849,879)	(21,813,878)	(180,635,598)
Net book amount	274,240,000	63,308,287	8,725,837	931,852	696,549	347,902,526

14 Property, plant and equipment

(c) The group's land (extent - 3 A - 0 R - 44 P, location - Ekala) and buildings (No. of buildings 09) were last revalued on 31 March 2021 by an Independent Professional Valuer Mr. J.M. Senanayaka Bandara BSc. (Hon) (Estate Management and Valuation), FIV Sri Lanka, IRRV (UK).

a. Fair value of the land and buildings is determined based on Level 2 and Level 3 inputs respectively

(d) Property, plant and equipment includes assets at valuation on 31 March 2021 as follows,

Company / Group Asset	Valued amount
Land	148,000,000
Buildings	131,500,000

(e) Property, plant and equipment include fully depreciated assets, the gross carrying amount of which amounted to Rs 103.7 Mn (2021 - Rs 84.3 Mn). These assets are still in use.

(f) If revalued land and buildings were stated on the historical cost basis, the amounts would be as follows:

	Company / Group 2022		Company / Group 2021	
	Land	Building	Land	Building
Cost at 31 March	7,508,775	35,312,748	7,508,775	35,312,748
Accumulated depreciation at 31 March	Nil	(18,362,629)	Nil	(16,950,119)
Net book value	7,508,775	16,950,119	7,508,775	18,362,629

(g) No property, plant and equipment has been pledged as securities for liabilities.

(h) The directors considered the carrying amount of the balance approximates its fair value.

Fair value hierarchy	At 31 March 2022 Level 2	At 31 March 2022 Level 3	At 31 March 2021 Level 2	At 31 March 2021 Level 3
Land	148,000,000	-	148,000,000	-
Buildings	-	131,500,000	-	131,500,000
Total value	148,000,000	131,500,000	148,000,000	131,500,000

Valuation techniques used to determine fair values

The group obtains independent valuations for its freehold land and buildings related to manufacturing sites (classified as property, plant and equipment) at least every three years. At the end of each reporting period, the directors update their assessment of the fair value of each property, taking into account the most recent independent valuations. The directors determine a property's value within a range of reasonable fair value estimates.

The best evidence of fair value is current prices in an active market for similar properties. The level 2 fair value of land held for resale has been derived using the sales comparison approach based on recent sales of comparable properties in the area. Further, the key inputs under this approach are the price per square feet for buildings and price per perch for lands from current year sales of comparable lots of land in the area (location and size).The buildings are valued based on the depreciated replacement cost method and considered as level 3 inputs to the valuation. Please refer below for the level 3 inputs and sensitivity.

	Effective date of valuation	Location	Extent	Price per Sq.ft / Price per perch	Total revalued amount of building / Land (Rs. '000)	Sensitivity of fair value measurement to inputs
Building	31-Mar-21	Lot 1 - Part of OTS Idama, ACL Staff Quarters, Sand Piper Road, Nivasipura, Ekala - Kurunduwatta, Kotugoda, Jaela	1690 sq.ft.	Rs. 6,213	10,500,000	Positively correlated sensitivity
	31-Mar-21	Assessment Nos. 52 & 52/1, ACL Plastics Factory Premises, Temple Road, Ekala, Jaela.	447 sq.ft - 14,480 sq.ft and other construction	Rs. 1,850 - Rs. 3,750	121,000,000	Positively correlated sensitivity
Land	31-Mar-21	Lot 1 - Part of OTS Idama,ACL Staff Quarters,Sand Piper Road, Nivasipura, Ekala - Kurunduwatta,Kotugoda, Jaela	0A-0R-10.19P	Rs. 575,000	6,000,000	Positively correlated sensitivity
	31-Mar-21	Lot 10, Part of Straatenwyk Estate,Suhada Mawatha, Off Samagi Mawatha, Ekala, Jaela	3A-0R-34P	Rs.41,000,000	132,000,000	Positively correlated sensitivity
	31-Mar-21	Lot 10, Part of Straatenwyk Estate,Suhada Mawatha, Off Samagi Mawatha, Ekala, Jaela	0A-0R-20P	Rs. 500,000	10,000,000	Positively correlated sensitivity

15 Right-of-use assets

15.1 Right-of-use assets

(i) Amounts recognised in the balance sheet

	Group		Company	
	31 March		31 March	
	2022	2021	2022	2021
Balance at 1 April	1,598,619	1,620,819	1,598,619	1,598,619
Depreciation during the year	(22,200)	(22,200)	(22,200)	(22,200)
Balance at 31 March	1,576,419	1,598,619	1,576,419	1,598,619

(ii) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases

	Group		Company	
	Year ended 31 March		Year ended 31 March	
	2022	2021	2022	2021
Depreciation charge of right-of-use assets	22,200	22,200	22,200	22,200
	22,200	22,200	22,200	22,200

15.2 The group's leasing activities and how these are accounted for

Property on operating lease:	Victoria Golf Course and Country Resort in Kandy
Land extent:	R 01 - P9
Lease period:	92 years from 24 March 2002
Lease rentals:	
from 2002 to 2011	Rs 21,935 per annum
from 2012 to 2094	Rs 22,203 per annum

Contracts may contain both lease and non-lease components. The group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. Leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, lease of property was classified as operating leases. From 1 April 2019, lease was recognised as a right-of-use asset. No lease liability is recognised as all the lease payments were done in advance.

Right-of-use assets are measured at cost comprising the lease payments made at or before the commencement date. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. While the group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use assets held by the group.

16 Investment in subsidiary

Investment in subsidiary wholly consists of Rs 10,000,010 (2021 - Rs 10,000,010) invested in ordinary shares of ACL Polymers (Private) Limited, representing 100% of its issued share capital.

17 Financial assets at fair value through other comprehensive income

17. 1 Classification of financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income (FVOCI) comprise:

Equity securities which are not held for trading, and which the group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the group considers this classification to be more relevant.

17. 2 Equity investments at fair value through other comprehensive income

Equity investments at FVOCI comprise the following individual investments:

	31 March 2022			31 March 2021		
	Number of shares	Cost	Market value	Number of shares	Cost value	Market value
Diversified holdings						
Hayleys PLC	389,070	2,952,614	29,919,483	389,070	2,952,614	23,655,456
Banking finance and insurance						
Nations Trust Bank PLC	28,499	512,005	1,285,305	26,826	512,005	1,483,478
People's Insurance PLC	585,500	8,782,500	17,623,550	585,500	8,782,500	17,916,300
Plantations						
Maskeliya Plantations PLC	8,200	374,258	78,720	8,200	374,258	90,200
Kotagala Plantations PLC	45,000	676,580	189,000	45,000	676,580	238,500
Total cost of investments by the Company		13,297,957	49,096,058		13,297,957	43,383,934
Total cost of investments by the Group		13,297,957	49,096,058		13,297,957	43,383,934

On disposal of these equity investments, any related balance within the FVOCI reserve is reclassified to retained earnings.

17.3 Movement in financial assets at fair value through other comprehensive income

	Group		Company	
	31 March		31 March	
	2022	2021	2022	2021
Balance at 1 April	43,383,934	16,792,198	43,383,934	16,792,198
Net change in fair value	5,712,124	26,591,736	5,712,124	26,591,736
Balance at 31 March	49,096,058	43,383,934	49,096,058	43,383,934

18 Financial instruments by category

(a) Financial instruments

Group	Financial assets at amortised cost	Financial assets at FVOCI income (FVOCI)	Total
31 March 2022			
Assets as per the statement of financial position			
Equity instruments	Nil	49,096,058	49,096,058
Trade and other receivables (excluding pre-payments)	1,156,279,973	Nil	1,156,279,973
Cash and cash equivalents	871,008,254	Nil	871,008,254
	2,027,288,226	49,096,058	2,076,384,285

Group	Financial Liabilities at fair value through profit or loss	Liabilities at amortised cost	Total
31 March 2022			
Liabilities as per the statement of financial position			
Trade and other payables (excluding statutory liabilities)	Nil	429,364,402	429,364,402
Import loans	Nil	177,267,503	177,267,503
	Nil	606,631,905	606,631,905

Company	Financial assets at amortised cost	Financial assets at FVOCI income (FVOCI)	Total
31 March 2022			
Assets as per the statement of financial position			
Equity instruments	Nil	49,096,058	49,096,058
Trade and other receivables (excluding pre-payments)	1,109,680,287	Nil	1,109,680,287
Cash and cash equivalents	870,557,522	Nil	870,557,522
	1,980,237,809	49,096,058	2,029,333,867

Group	Financial Liabilities at fair value through profit or loss	Liabilities at amortised cost	Total
31 March 2022			
Liabilities as per the statement of financial position			
Trade and other payables (excluding statutory liabilities)	Nil	490,735,922	490,735,922
Import loans	Nil	177,267,503	177,267,503
	Nil	668,003,426	668,003,426

Group	Financial assets at amortised cost	Financial assets at FVOCI income (FVOCI)	Total
31 March 2021			
Assets as per the statement of financial position			
Equity instruments	Nil	43,383,934	43,383,934
Trade and other receivables (excluding pre-payments)	860,025,181	Nil	860,025,181
Cash and cash equivalents	446,311,043	Nil	446,311,043
	1,306,336,224	43,383,934	1,349,720,158

Group	Liabilities at fair value through profit or loss	Liabilities at amortised cost	Total
31 March 2021			
Liabilities as per the statement of financial position			
Trade and other payables (excluding statutory liabilities)	Nil	327,010,758	327,010,758
Import loans	Nil	182,313,066	182,313,066
	Nil	509,323,825	509,323,825

Company	Financial assets at amortised cost	Financial assets at FVOCI income (FVOCI)	Total
31 March 2021			
Assets as per the statement of financial position			
Equity instruments	Nil	43,383,934	43,383,934
Trade and other receivables (excluding pre-payments)	816,070,448	Nil	816,070,448
Cash and cash equivalents	443,081,136	Nil	443,081,136
	1,259,151,584	43,383,934	1,302,535,518

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Company	at fair value through profit or loss	Liabilities at amortised cost	Total
31 March 2021			
Liabilities as per the statement of financial position			
Trade and other payables (excluding statutory liabilities)	Nil	383,784,760	383,784,760
Import loans	Nil	182,313,066	182,313,066
	Nil	566,097,827	566,097,827

19 Inventories

	Group		Company	
	31 March		31 March	
	2022	2021	2022	2021
Raw materials	409,122,734	277,637,064	409,122,734	277,637,064
Work-in-progress	134	134	134	134
Finished goods	36,261,503	30,189,854	36,261,503	30,189,854
Other stocks	8,740,390	580,944	8,740,390	580,944
	454,124,761	308,407,996	454,124,761	308,407,996

20 Trade and other receivables

	Group		Company	
	31 March		31 March	
	2022	2021	2022	2021
Trade receivables	1,491,708	10,748,485	1,491,708	10,748,485
Loss allowance for trade and other receivables	-	-	-	-
	1,491,708	10,748,485	1,491,708	10,748,485
Receivable from related companies [31.6.(b)]	1,099,968,623	775,441,371	1,095,368,931	773,486,629
Loan given to holding Company [Note 31.6 (c)]	42,000,000	42,000,000	-	-
Advances and prepayments	169,873,533	67,495,969	169,873,533	67,495,969
Other receivables	12,819,642	31,835,325	12,819,648	31,835,334
	1,326,153,506	927,521,150	1,279,553,820	883,566,417

The average interest rate (based on 90 days treasury bill rates) on loan given to holding company is 6.30% (2021 - 5.86%).

As of 31 March 2022, trade receivables of Rs. 1,491,708 (2021 - Rs. 10,748,485) were fully performing.

The trade receivable balances and intercompany receivables not impaired are as follows.

20 Trade and other receivables (Contd.)

	Group 31 March		Company 31 March	
	2022	2021	2022	2021
Up to 3 months	996,897,337	873,788,934	950,297,651	829,834,201
3 to 6 months	310,913,735	53,202,039	310,913,735	53,202,039
More than 6 months	18,342,434	530,177	18,342,434	530,177
	1,326,153,506	927,521,150	1,279,553,820	883,566,417

Past due but not impaired

Debtors with a carrying amount of Rs 18,342,434 (2021 - Rs 530,177), which are past due (more than 6 months) for the Group and the Company at the end of the reporting period but the Company has not impaired them as there have not been a significant change in credit quality and the Directors of the Company believe that overdue amounts are impaired them as fully recoverable.

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

The carrying amounts of the trade and other receivables are dominated in following currencies:

	Group 31 March		Company 31 March	
	2022	2021	2022	2021
US dollars	121,985,904	3,236,337	75,386,218	3,236,337
Sri Lankan Rupees	1,204,167,601	924,284,812	1,204,167,601	880,330,079
	1,326,153,506	927,521,150	1,279,553,820	883,566,417

21 Income tax payable / (refund due)

	Group 31 March		Company 31 March	
	2022	2021	2022	2021
Balance at 1 April	43,016,155	56,078,615	14,193,469	28,343,429
Provision for the current year	125,586,753	39,650,794	124,090,467	38,380,008
	168,602,908	95,729,409	138,283,936	66,723,437
Payments made during the year	(59,157,132)	(52,713,254)	(57,536,882)	(52,529,968)
Balance at 31 March	109,445,776	43,016,155	80,747,054	14,193,469

Notes to the Financial Statements

22 Cash and cash equivalents

	Group 31 March		Company 31 March	
	2022	2021	2022	2021
Cash at bank and in hand	215,913,092	446,311,043	215,462,360	443,081,136
Fixed Deposits	655,095,162	-	655,095,162	-
	871,008,254	446,311,043	870,557,522	443,081,136

For the purposes of the cash flow statement, the year end cash and cash equivalents comprise the following:

	Group 31 March		Company 31 March	
	2022	2021	2022	2021
Cash at bank and in hand	871,008,254	446,311,043	870,557,522	443,081,136
Bank overdrafts	(3,908,370)	(39,176,442)	(3,908,370)	(39,176,442)
	867,099,884	407,134,601	866,649,152	403,904,694

23 Trade and other payables

	Group 31 March		Company 31 March	
	2022	2021	2022	2021
Trade payables	422,511,725	137,489,037	422,511,726	137,489,038
Payables to related parties [Note 31.6 (a)]	774,908	36,000	5,287,267	-
Loans from related parties [Note 31.6 (d)]	-	-	57,000,000	57,000,000
Payroll related payables and other taxes	553,116	509,166	553,117	509,167
Accrued expenses and other payables	6,077,770	7,172,655	5,936,930	6,982,656
	429,917,519	145,206,858	491,289,040	201,980,861

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

23.1 Short term borrowings

	Group 31 March		Company 31 March	
	2022	2021	2022	2021
Import loans	177,267,503	182,313,066	177,267,503	182,313,066
	177,267,503	182,313,066	177,267,503	182,313,066

24 Defined benefit obligations

The amounts recognised in the statement of financial position are determined as follows:

	Group		Company	
	31 March		31 March	
	2022	2021	2022	2021
At beginning of year	17,432,937	18,213,151	17,432,937	18,213,151
Expense recognised in statement of profit and loss (Note 24.1.1)	138,635	3,040,946	138,635	3,040,946
Actuarial (gain) / loss recognised in OCI (Note 24.1.2)	(9,349,900)	(1,003,676)	(9,349,900)	(1,003,676)
	8,221,672	20,250,421	8,221,672	20,250,421
Payments made during the year	(685,492)	(2,817,484)	(685,492)	(2,817,484)
At end of year	7,536,180	17,432,937	7,536,180	17,432,937

24.1.1 Amount recognised in the statement of profit and loss

	Group		Company	
	31 March		31 March	
	2022	2021	2022	2021
Current service cost	376,854	1,219,631	376,854	1,219,631
Past service cost	(1,685,153)	-	(1,685,153)	-
Interest cost	1,446,934	1,821,315	1,446,934	1,821,315
	138,635	3,040,946	138,635	3,040,946

24.1.2 Amount recognised in comprehensive income

	Group		Company	
	31 March		31 March	
	2022	2021	2022	2021
Acturial gain	9,349,900	1,003,676	9,349,900	1,003,676
	9,349,900	1,003,676	9,349,900	1,003,676

The Company maintains a non-contributory defined benefit plan providing for gratuity benefits payable to employees expressed in terms of final monthly salary and service.

As at 31 March 2022, the gratuity liability was actuarially valued under the Project Unit Credit (PUC) method by a professionally qualified actuary firm Actuarial and Management Consultants (Private) Limited.

The key assumptions used by the actuary include the following :

	Group / Company 31 March 2022	2021
Rate of discount	16.2%	8%
Salary increment rate	10%	10%
Retirement age	60 years	55 years

24.2 Sensitivity of the actuarial assumptions

		31 March 2022			
		Group		Company	
	Change	Financial Position-Liability	Comprehensive income- (Charge) / Credit	Financial Position-Liability	Comprehensive income - (Charge) / Credit
Discount rate	+1	6,837,958	698,222	6,837,958	698,222
	-1	8,334,748	(798,568)	8,334,748	(798,568)
Future salary increases	+1	8,385,798	(849,618)	8,385,798	(849,618)
	-1	6,786,238	749,942	6,786,238	749,942

		31 March 2021			
		Group		Company	
	Change	Financial Position-Liability	Comprehensive income- (Charge) / Credit	Financial Position-Liability	Comprehensive income - (Charge) / Credit
Discount rate	+1	15,824,208	1,608,729	15,824,208	1,608,729
	-1	19,292,180	(1,859,243)	19,292,180	(1,859,243)
Future salary increases	+1	19,269,124	1,836,187	19,269,124	1,836,187
	-1	15,812,923	1,620,014	15,812,923	1,620,014

24.3 Maturity analysis

The weighted average duration of the defined benefit obligation is 10.65 years (2021 – 10.65 years). The expected maturity analysis of post-employment benefits is as follows:

Group 31 March 2022	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
Defined benefit obligation	261,202	481,751	612,844	6,180,383	7,536,180

Group 31 March 20201	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
Defined benefit obligation	229,149	442,653	3,229,792	13,531,343	17,432,937

Company 31 March 2022	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
Defined benefit obligation	261,202	481,751	612,844	6,180,383	7,536,180

Company 31 March 2021	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
Defined benefit obligation	229,149	442,653	3,229,792	13,531,343	17,432,937

The weighted average duration of the defined benefit obligation is 10.65 years (2021 – 10.65 years). The expected maturity analysis of undiscounted post-employment benefits is as follows:

Group 31 March 2022	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
Defined benefit obligation	307,296	566,766	720,993	7,271,039	8,866,094

Group 31 March 20201	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
Defined benefit obligation	241,209	465,951	3,399,781	14,243,519	18,350,460

Company 31 March 2022	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
Defined benefit obligation	307,296	566,766	720,993	7,271,039	8,866,094

Company 31 March 2021	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
Defined benefit obligation	241,209	465,951	3,399,781	14,243,519	18,350,460

25 Deferred income tax

Deferred income taxes are calculated on temporary differences under the liability method using the future effective tax rate of 18% (2021 - 18%).

25.1.(a) Movement in net deferred tax liability (non-current)

	Group		Company	
	31 March		31 March	
	2022	2021	2022	2021
Balance at the beginning of the year	51,943,963	68,795,156	51,943,963	68,795,156
Reversal of temporary differences recognised in profit or loss	(2,116,110)	(10,695,068)	(2,116,110)	(10,695,068)
Origination / (reversal) of temporary differences recognised in other comprehensive income	1,682,982	(6,156,124)	1,682,982	(6,156,124)
	51,510,834	51,943,962	51,510,834	51,943,963

25.1.(b) Detailed Movement in net deferred tax liability (non-current)

	Group & Company			
	Provision for slow moving inventory	Defined benefit obligations	Property, plant and equipment	Total (DTL)
At 31 March 2021	(490,911)	(3,137,929)	55,572,803	51,943,963
Charged/(credited)				
- to profit or loss	-	98,434	(2,214,545)	(2,116,110)
- to other comprehensive income	-	1,682,982	-	1,682,982
At 31 March 2022	(490,911)	(1,356,512)	53,358,258	51,510,835

25.2 (a) Composition of net deferred tax liability (non-current)

	Group		Company	
	31 March		31 March	
	2022	2021	2022	2021
Deferred tax liability				
Property, plant and equipment	53,358,258	55,572,803	53,358,258	55,572,803
Deferred tax assets				
Provision for slow moving inventory	(490,911)	(490,911)	(490,911)	(490,911)
Defined benefit obligations	(1,356,512)	(3,137,929)	(1,356,512)	(3,137,929)
	51,510,835	51,943,963	51,510,835	51,943,963

25.2 (b) Composition of net deferred tax liability (non-current)

	Group 31 March 2022	Group 31 March 2021	Company 31 March 2022	Company 31 March 2021
Through accelerated tax allowance	10,225,407	10,658,535	10,225,407	10,658,535
Through revaluation gain	41,285,428	41,285,428	41,285,428	41,285,428
	51,510,835	51,943,963	51,510,835	51,943,963

26 Commitments

Financial commitments

The Group and the Company have commitments on letters of credit as at 31 March 2022 as follows:

Company	305,477,320
Group	305,477,320

Capital commitments

There were no material capital commitments outstanding at the balance sheet date.

27 Stated capital

	Group 31 March 2022	Group 31 March 2021	Company 31 March 2022	Company 31 March 2021
Number of ordinary shares issued and fully paid				
Balance at 31 March	4,212,500	4,212,500	4,212,500	4,212,500
Stated capital				
Balance at 1 April	79,974,555	79,974,555	79,974,555	79,974,555
Balance at 31 March	79,974,555	79,974,555	79,974,555	79,974,555

27.1 Float adjusted market capitalisation

The Company complies with option 4 of the Listing Rules 7.13.1 (a) – Rs 2.5 Bn Float Adjusted Market Capitalisation which requires 10% minimum Public Holding and 500 public share holders.

28 Revaluation surplus

The revaluation surplus is used to record increments and decrements on the revaluation of land and buildings. In the event of a sale of an asset, any balance in the reserve in relation to the asset is transferred to retained earnings, see accounting policy note 2.8 for details.

	Group 31 March		Company 31 March	
	2022	2021	2022	2021
At beginning of year	190,989,256	126,210,142	190,989,256	126,210,142
Additions to the revaluation surplus	-	62,180,000	-	62,180,000
Deferred tax on revaluation gain	-	(11,192,400)	-	(11,192,400)
Deferred tax impact to the revaluation surplus on tax rate changes	-	17,529,186	-	17,529,186
Depreciation transfer - gross	(6,225,336)	(4,558,136)	(6,225,336)	(4,558,136)
Deferred tax on transfer	1,120,560	820,464	1,120,560	820,464
At end of year	185,884,480	190,989,256	185,884,480	190,989,256

29 Reserves

29.1 Revenue reserve

Revenue reserves consists of amounts that have been transferred from time to time from retained earnings as resolved at general meetings of the Company for the purpose of general applications.

29.2 Financial assets at FVOCI

The following table shows a breakdown of the balance sheet line item 'Financial assets at FVOCI' and the movements in this reserve during the year. A description of the nature and purpose of the reserve is provided below the table.

29.2(a) Movement of other reserve

	Financial assets at FVOCI	Total
At 1 April 2020	3,494,242	3,494,242
Changes in the fair value of equity investments at FVOCI	26,591,736	26,591,736
At 31 March 2021	30,085,978	30,085,978
Changes in the fair value of equity investments at FVOCI	5,712,124	5,712,124
At 31 March 2022	35,798,102	35,798,102

29.2(b) Nature and purpose of other reserve

Financial assets at FVOCI

The group has elected to recognise changes in the fair value of investments in equity securities in OCI. These changes are accumulated within the FVOCI reserve within equity. The group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

30 Cash generated in operations

Reconciliation of profit before tax to cash used in operations:

	Group		Company	
	31 March		31 March	
	2022	2021	2022	2021
Profit before tax	844,496,417	208,244,624	838,412,872	203,061,034
Adjustments for:				
Depreciation of property, plant and equipment (Note 14)	17,797,857	16,218,589	17,797,857	16,218,589
Dividend income (Note 7)	(2,199,258)	(644,050)	(2,199,258)	(644,050)
Retirement benefit obligation reversal	-	-	-	-
Transfer of Retirement benefit obligation	-	-	-	-
Interest expense (Note 10)	18,471,263	6,373,626	22,060,838	9,713,826
Interest income (Note 10)	(24,817,765)	(10,199,023)	(22,172,815)	(8,244,281)
Amortisation of right to use assets (Note 15.1)	22,200	22,200	22,200	22,200
Provision for defined benefit obligations (Note 24.1)	138,635	3,040,946	138,635	3,040,946
Changes in working capital:				
Increase in inventories	(145,716,765)	(71,088,079)	(145,716,765)	(71,088,079)
Increase in receivables and prepayments	(398,632,356)	(31,080,116)	(395,987,403)	(12,125,373)
Increase in trade and other payables	284,710,661	103,142,312	289,308,179	103,433,999
Cash generated in operations	594,270,888	224,031,029	601,664,340	243,388,810

31 Directors' interests in contracts and related party transactions

31.1 Mr. U.G. Madanayake, Mr. Suren Madanayake and Mrs. N.C. Madanayake who are Directors of the Company, are also Directors of the parent undertaking ACL Cables PLC, which owns 65.2% of the Company's issued share capital.

31.2 Mr. U.G. Madanayake, Mr. Suren Madanayake who are Directors of the Company are also the Directors of ACL Polymers (Private) Limited which is a 100% owned subsidiary of ACL Plastics PLC.

31.3 Mr. U.G. Madanayake, Mr. Suren Madanayake who are Directors of the Company are also the Directors of ACL Metals and Alloys (Private) Limited, ACL Kelani Magnet Wire (Private) Limited, Ceylon Copper (Pvt) Ltd, ACL Electric (Pvt) Ltd and Resus Energy PLC.

31.4 Mr. U.G. Madanayake, Mr. Suren Madanayake and Mrs. N.C. Madanayake who are Directors of the Company, are also Directors of Kelani Cables PLC, Ceylon Bulbs and Electricals Ltd and Lanka Olex Cables (Pvt) Ltd.

	Relationship	Company Year ended 31 March 2022	2021
31.5 (a) Sale of goods (inclusive of taxes)			
ACL Cables PLC	Parent entity	1,496,920,312	954,408,988
Kelani Cables PLC	Affiliate	1,240,400,589	865,590,062
Cable solutions (Private) Limited	Affiliate	-	394,429
		2,737,320,901	1,820,393,479
(b) Purchase of goods (inclusive of taxes)			
ACL Cables PLC	Parent entity	-	-
Kelani Cables PLC	Affiliate	774,908	-
		774,908	-
(c) Interest income from loans			
ACL Cables PLC	Parent entity	-	-
		-	-
(d) Loan settled from related party			
ACL Cables PLC	Parent entity	-	-
		-	-
(e) Interest expenses on borrowings			
ACL Polymers (Private) Limited	Subsidiary	3,589,575	3,340,200
		3,589,575	3,340,200

(f) Interest income on borrowings

	Group 31 March 2022	2021
ACL Polymers (Private) Limited & ACL Cables	2,644,950	1,954,742

31.6 Balances arising from above related party transactions as at the balance sheet date are as follows;

(a) Payable to related parties

	Relationship	Group 31 March 2022	2021	Company 31 March 2022	2021
ACL Polymers (Private) Limited	Subsidiary	-	-	4,512,359	-
Kelani Cables PLC	Affiliate	774,908	-	774,908	-
		774,908	-	5,287,267	-

Notes to the Financial Statements

(b) Receivable from related parties

		Group		Company	
		31 March		31 March	
	Relationship	2022	2021	2022	2021
ACL Cables PLC	Parent entity	805,610,486	523,898,364	801,010,794	521,943,622
Kelani Cables PLC	Affiliate	294,358,138	251,543,007	294,358,138	251,507,007
ACL Polymers (Private) Limited	Subsidiary	(0.50)	36,000	-	36,000
		1,099,968,623	775,441,371	1,095,368,931	773,486,629

(c) Receivable on loans

		Group		Company	
		31 March		31 March	
	Relationship	2022	2021	2021	2020
ACL Cables PLC	Parent entity	42,000,000	42,000,000	-	-
		42,000,000	42,000,000	-	-

(d) Payable on loans

		Group		Company	
		31 March		31 March	
	Relationship	2022	2021	2022	2021
ACL Polymers (Private) Limited	Subsidiary	-	-	57,000,000	57,000,000
		-	-	57,000,000	57,000,000

Terms and conditions

Transactions relating to dividends were on the same terms and conditions for all the shareholders.

All inter-company loans are granted on the terms of "payable on demand" and the interest is charged based on 3 months treasury bill rate. The average interest rate for the year was 5.86% (2021 - 5.86%).

Related party transactions disclosed above are based on the price lists approved by the board of directors.

There were no other related parties or related party transactions during the year ended 31 March 2022 other than those disclosed above.

(e) Key management compensation

Key management includes directors (executive and non-executive) of the Company. The compensation paid or payable to key management is shown below:

	Group		Company	
	31 March		31 March	
	2022	2021	2022	2021
Directors' emoluments	420,000	660,000	420,000	660,000

32 Events after the reporting period

No significant events have occurred since the balance sheet date, which would require adjustments to, or disclosure in the financial statements except as given below.

Adverse movement on the foreign exchange rate on or after the reporting date

Financial assets and financial liabilities in foreign currencies are disclosed in note no 3.1 and will be realized and settled subsequent to the reporting date. Had these financial assets and liabilities been realised at the current exchange rate of USD 1 = 368.57 LKR due to the adverse movement on the foreign exchange rate, balance of LKR 636,928,513 that is exposed to foreign currency risk existed at the year-end referred in Note no 3.1 would have fluctuated by LKR 785,152,487 resulting in an exchange gain for the year ended 31 March 2022 amounting to LKR 148,223,974 approximately.

Ongoing increase in inflation, interest rate movements and other negative economic impact

Annual inflation rate in Sri Lanka is scaled up to 60.8% in August 2022 and will continue to increase further in coming months due to the inadequate foreign currency reserves and depletion of the Sri Lankan rupee. Further, prolonged power disruptions, a shortage of fuel, medicine and most of the essential goods together with unfavourable political conditions have resulted in significant challenges to the Sri Lankan economy which disrupts the business environment .

In early April 2022, the Central Bank of Sri Lanka raised the SDFR and SLFR significantly by 700 basis points, each, to 13.50 per cent and 14.50 per cent, respectively, on the back of severe inflationary pressures, domestic supply disruptions and foreign exchange challenges.

However, a negative impact in business operations has been created due to the increase in the cost of production and other factors. However, the impact has been managed through implementing the supplier agreements, Pre orders, etc. Impact is elaborated in the risk management note no 03 to the financial statements.

Impact on accounting estimates and judgements in reporting.

The management of the entity/group continues to monitor the potential impact to the continuity of the business. Accordingly, macroeconomic variables are evaluated while making assumptions and judgments when preparing financial statements.

Going concern assessment

Management is not aware of any material uncertainties that may cast significant doubt on the Company/Group's ability to continue as a going concern. Therefore, the Consolidated Financial Statements continue to be prepared on the going concern basis. The entity has sufficient cash and/or headroom in our credit facilities to survive a downturn.

Impact on Revenue, provisions on the business operations

Apart from the related party customers, all other sales are on cash basis. Therefore, the revenues and customer payments have had no significant impact from to the economic downturn.

Proposed cash dividend

Management has declared an Interim Dividend of Rs. 15/- per share on 1st August 2022, for the year ended 31st March 2022. The total amount of the Dividend is Rs.63,187,500.00

Information to Shareholders

Distribution of Shares as at 31st March 2022

Category			Number of Shareholders	% Rs.	Number of Ordinary Shares
1	-	1,000 shares	1,247	4.77%	201,004
1,001	-	5,000 shares	115	6.18%	260,482
5,001	-	10,000 shares	17	2.96%	124,862
10,001	-	50,000 shares	16	8.69%	366,031
50,001	-	100,000 shares	4	6.32%	266,422
100,001	-	500,000 shares	3	15.46%	651,330
500,001	-	1,000,000 shares	-	0.00%	-
Over 1,000,000 shares			1	55.61%	2,342,369
Total			1,403	100%	4,212,500

Analysis Report of Shareholders as at 31st March 2022

Category	Number of Shares	Total Holdings %
Institutional	3,175,204	75.38%
Individuals	1,037,296	24.62%
Total	4,212,500	100%

Twenty Largest Shareholders

Category	2022 Number of Shares	2022 % of Holding	2021 Number of Shares	2021 % of Holding
ACL Cables PLC	2,746,969	65.21%	2,746,969	65.21%
LOLC Finance PLC / V.M.S.Gavasker	140,730	3.34%	-	0.00%
Saraswathi V & Vasudevan S	106,000	2.52%	100,000	2.37%
Sithampalam A	94,592	2.25%	57,687	1.37%
Hatton National Bank/ Dinesh Gangadharan	61,470	1.46%	55,000	1.31%
Fernando R S K	57,309	1.36%	6,980	0.17%
Seylan Bank PLC/Emil Joseph	53,051	1.26%	52,926	1.26%
Wijeweera C	44,035	1.05%	-	0.00%
Peoples Leasing Finance PLC /Mr.H.M. Abdulhuss	36,545	0.87%	37,045	0.0088
Abdulhussein R.H.	25,664	0.61%	27,000	0.64%
Corea E.	24,751	0.59%	24,751	0.59%
Gautam R.	24,500	0.58%	24,400	0.58%
Corea Gihan Ahoka	23,625	0.56%	23,625	0.56%
Suriyabandara U.I.	22,717	0.54%	18,306	0.43%
Sabaratnam K	22,631	0.54%	1,500	0.04%
Durga S.	21,000	0.50%	21,000	0.50%
Madanayaka H.A.S	20,801	0.49%	20,801	0.49%
Hatton National Bank/ Arunasalam	19,900	0.47%	20,000	0.47%
Abdulhussein Y. H.	19,500	0.46%	20,000	0.47%
Madanayaka N C	17,751	0.42%	17,751	0.47%

Information to Shareholders

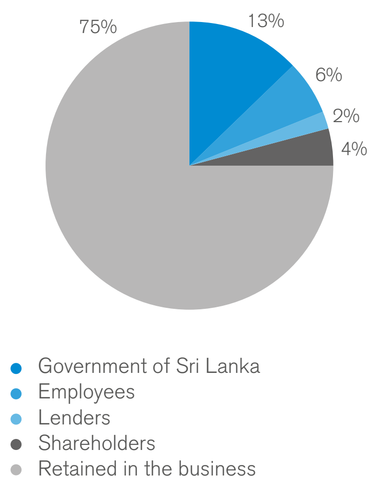
Information to Shareholders

		2022	2021
Company			
a)	Earnings per share (Rs)	170.07	41.63
b)	Dividend per share (Rs)	10.00	6
c)	Dividend payout ratio	0.06	0.14
d)	Net assets value per share (Rs)	522.39	359.14
e)	Market value per share (Rs)		
	- Highest value (Rs)	1,008.00	359.75
	- Lowest value (Rs)	352.00	220.00
	- Value as at the end of financial year (Rs)	362.25	254.50
f)	No of tradings for the year	5,246	2,284
g)	Total No of shares traded	452,551	512,011
h)	Total turnover (Rs)	323,782,836	152,689,329
i)	Percentage of Shares held by the public	33.87%	33.87%
j)	Number of Public shareholders	1,399	989
k)	No. of foreign Shareholders	10	14
l)	Float adjusted market capitalisation	516,922,781	363,165,901
Group			
a)	Earnings per share (Rs.)	171.16	42.56
b)	Dividend per share (Rs.)	10	6
c)	Dividend payout ratio	0.06	0.14
d)	Net assets value per share (Rs.)	538.94	374.60

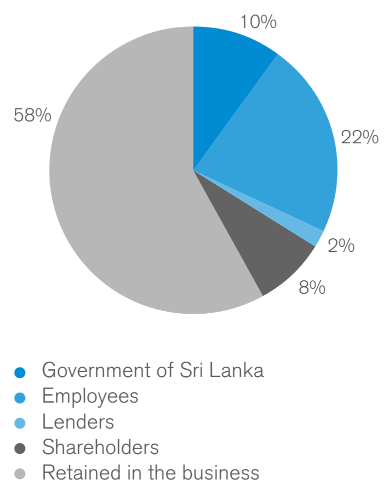
Statement of Value Added - Group

	%	2021/22 Rs. '000	%	2020/21 Rs. '000
Total revenue		2,955,017		1,900,005
Other operating & interest income		159,114		29,376
		3,114,131		1,929,380
Cost of material and services bought in		(2,149,115)		(1,621,529)
Total value added by the group		965,016		307,851
Value added shared with				
Government of Sri Lanka	13%	123,471	10%	28,956
(Taxes)				
Employees	6%	59,923	22%	67,958
(Salaries and other costs)				
Lenders	2%	18,471	2%	6,374
(Interest on loan capital)				
Shareholders	4%	42,125	8%	25,275
(Dividends)				
Retained in the business	75%	721,026	58%	179,289
(Depreciation & retained profits)				
	100%	965,016	100%	307,851

2021/22



2020/21



Five Year Summary - Group

Trading Results

Year ended 31st March	2022 Rs.'000	2021 Rs.'000	2020 Rs.'000	2019 Rs.'000	2018 Rs.'000
Turnover	2,955,017	1,900,005	1,580,780	1,487,779	1,355,597
Operating profit	706,053	186,214	225,240	75,929	106,259
Profit before tax	844,496	208,245	223,005	57,361	95,380
Taxation	(123,471)	(28,956)	67,239	27,563	21,049
Profit after tax	721,026	179,289	155,765	29,798	74,330

Balance Sheet

As at 31st March	2022 Rs.'000	2021 Rs.'000	2020 Rs.'000	2019 Rs.'000	2018 Rs.'000
Stated capital	79,974	79,974	79,974	79,974	79,974
Revaluation reserve	185,884	190,989	126,210	129,492	132,774
Revenue reserves	170,000	170,000	170,000	170,000	170,000
Other Reserves	35,798	30,086	3,494	7,588	9,559
Retained profit	1,798,618	1,106,946	948,372	815,866	807,205
	2,270,275	1,577,995	1,328,050	1,202,920	1,199,512
Property plant & equipment	347,903	329,862	280,958	274,992	290,636
Operating lease prepayment	1,576	1,599	1,621	1,621	1,643
Investments (AFS financial assets)	49,096	43,383	16,792	20,886	22,856
Deferred tax asset	-	-	-	1,957	3,960
Current assets	2,651,287	1,682,240	1,213,830	1,044,853	1,058,201
Current & non current liabilities	(779,586)	(479,089)	(185,151)	(141,388)	(177,784)
Capital employed	2,270,275	1,577,995	1,328,050	1,202,920	1,199,512

Notice of Meeting

NOTICE IS HEREBY GIVEN that the Thirty First Annual General Meeting of ACL Plastics PLC will be held on 28th September 2022 at an online platform by Audio or Audio Visual means at 11.30 am for the purpose for the purpose of considering and if thought fit passing the following resolutions as Ordinary Resolutions. The Board of Directors, Key Management Personnel, and other officials who are necessary for the holding of the meeting will assemble together at No. 60, Rodney Street, Colombo 08 and shareholders and proxy holders are requested to join the meeting only via the online meeting platform.

(1) To receive and adopt the Report of the Directors and the Statement of Accounts for the year ended 31st March 2022 with the Report of the Auditors thereon.

(2) a) To re-elect as Director, Mrs N C Madanayake, who retires by rotation in terms of Article 85 of the Articles of Association of the Company.

b) To re-elect as Director, Mr R M Mohan Joseph Ratnayake, who retires by rotation in terms of Article 91 of the Articles of Association of the Company.

(3) To consider and if thought fit to pass the following Ordinary Resolutions, of which special notice has been given by a Shareholder of the Company.

a) "That Mr. U G Madanayake, who has passed the age of 70 years in May 2006, be and is hereby appointed as a Director of the Company and that the age limit of 70 years referred to in section 210 of the Companies Act No. 07 of 2007, shall not apply to him"

b) "That Mrs. N.C. Madanayake, who has passed the age of 70 years in August 2013, be and is hereby appointed as a Director of the Company and that the age limit of 70 years referred to in section 210 of the Companies Act No. 07 of 2007, shall not apply to her"

c) "That Dr.D G Kamal Edger Weerapperuma, who has passed the age of 70 years in, January 2020, be and is hereby appointed as a Director of the Company and that the age limit of 70 years referred to in section 210 of the Companies Act No. 07 of 2007, shall not apply to him"

(4) To re-appoint Messrs PricewaterhouseCoopers, Chartered Accountants as Auditors of the Company and to authorize the Directors to determine their remuneration.

(5) To authorize the Directors to determine donations to charities.

By Order of the Board of ACL Plastics PLC

(Sgd.)
Corporate Affairs (Private) Limited
Secretaries

29th August 2022

NOTE:

(a) The Board of Directors, having considered the prevailing situation in the country have decided to hold the Annual General Meeting by Audio or Audio visual means. Hence, details required for the online registration accompanies this Notice.

(b) The Chairman and certain members of the Board and key officials essential for the administration of formalities and conduct the meeting will be physically present at the Registered Office.

(c) Please complete and forward the Annexure (1) provided with the Annual Report to the email address: investor.relations@acl.lk not less than three (03) days prior to the holding of the meeting to get connected to the online platform.

(d) The Annual Report inclusive of the Audited Financial Statements for the financial year ended 31st March 2022 is available on the Company website - https//acl.lk and on Colombo Stock Exchange website https//www.cse.lk.

Form of Proxy

I/WE ....
....of
....
....being a member/members of the above Company hereby appoint
....
of...or failing him
....of
....
as my/our Proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 28th September 2022 at 11.30 a.m. and at any adjournment thereof.

Ordinary Resolutions set out in the Notice of Meeting:

		FOR	AGAINST
1	To receive & adopt the Report of the Directors and the Statement of Accounts for the year ended 31st March 2022 with the Report of the Auditors thereon,		
2	a)To re-elect as director Mrs N C Madanayake , who retires by rotation in terms of Article No. 85 of the Articlew of Association		
	b) To re-elect as director Mr R M Mohan Joseph Ratnayake who retires by rotation in terms of Article No.91 of the Articles of Association		
3	a) To re-appoint Mr U G Madanayake who has passed the age of 70 years in May 2006 as a Director of the Company		
	b) To re-appoint Mrs N C Madanayake who has passed the age of 70 year in August 2013 as a Director of the Company		
	c) To re-appoint Dr D G Kamal Edger Weerapperuma who has passed the age of 70 years in January 2020, as a Director of the Compay		
4	To re-appoint Messrs PricewaterhouseCoopers, Chartered Accountants as Auditors of the Company and authorise the Directors to deterine their remuneration.		
5	To authorise Directors to determine donations to charities.		

Signed this..day of...2022

SIGNATURE...

*instructions for filling Form of Proxy are given over-leaf.

INSTRUCTIONS FOR COMPLETION

1. The instrument appointing a Proxy shall in the case of an individual be signed by the appointer or by his Attorney and in the case of a Corporation as per its Articles of Associaiton – Companies Act or signed by its Attorney or by an Officer on behalf of the Corporation.

2 A Proxy need not be a Shareholder of the Company.

3 The full name and address of the Proxy and the Shareholder appointing the Proxy should be entered legibly in the Form of Proxy.

4 The completed Forms of Proxy should be deposited at No. 60, Rodney Street, Colombo 8, not less than 48 hours before the scheduled starting time of the Meeting.

Annexure (1)

A C L PLASTICS PLC

Annual General Meeting to be held on 28th September 2022

Registration of Shareholder details for audio or audio and visual (online) platform

1. Full name of the Shareholder ....

2. Address ....

   ....

   ....

3. Shareholder's NIC / Passport No. / Company Registration No. ....

4. Shareholder's Contact No. (Residence / Mobile) ....

5. Name of the Proxy-holder ....

6. Proxy's NIC/Passport Number (If applicable). ....

7. Proxy-holder's Contact No. (Residence / Mobile) : ....

8. Shareholder's / Proxy-holder's e-mail address : ....

....

Shareholder's Signature Date

Corporate Information

Name
ACL Plastics PLC

Legal Form
A quoted public Company with limited liability, incorporated in Sri Lanka in 1991.

Registration Number
PQ 87

Stock Exchange Listing
The ordinary shares of the Company are listed on the Colombo Stock Exchange of Sri Lanka.

Registered Office
60, Rodney Street, Colombo 08

Contact Details
Telephone	: (094) 112 697 652
Fax	: (094) 112 699 503
E-mail	: info@acl.lk
Internet	: www.acl.lk

Board of Directors
Mr. U. G. Madanayake - Chairman

Mr. Suren Madanayake - Managing Director

Mrs. N. C. Madanayake

Dr. Kamal Weerapperuma

Mr. Mohan Rathnayaka

Company Secretary
M/s. Corporate Affairs (Pvt) Ltd
No: 68/1, Dawson Street,
Colombo 02.

Group Chief Financial Officer
Mahesh Amarasiri
MBA, FCMA, CGMA, B.Sc (Eng), MIESL

Auditors
PricewaterhouseCoopers

Chartered Accountants

Bankers
Standard Chartered Bank

Hatton National Bank

Nations Trust Bank

Seylan Bank PLC

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