ANNUAL REPORT 2022 /23

sheathed
IN PROGRESS

ACL PLASTICS

sheathed IN PROGRESS

Success is at the heart of everything we do, and as a leading manufacturer in the field of cable sheathing, we at ACL Plastics are fuelled by an unwavering determination to shape the future through innovation.

The year under review looks at our key achievements and the strides that we have made in shaping the future of cable technology. We have implemented stringent quality control measures at every stage of the manufacturing process, and as a key player in our sphere, we are well-positioned for future growth opportunities.

With a steadfast commitment to success, we strive to shape the future of the electrical industry. Together, we will continue to illuminate the world, powering progress and enabling connections that are sheathed in success.

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Vision

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

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

	2022/23 Rs.Mn	2021/22 Rs.Mn
Turnover	2,477	2,955
Gross Profit	787	713
Net Finance Income	92	138
Profit Before Tax	871	844
Profit After Tax	635	721
Total Equity	2,817	2,270
Key Financial Indicators		
Gross Profit Margin	32%	24%
Net Profit Margin Before Tax	35%	23%
Interest Cover (Times)	84	40
Return on Equity	23%	32%
Current ratio (Times)	14.04	3.68

Rs.2,477Mn
Revenue

Rs.15.00
Dividend Per Share

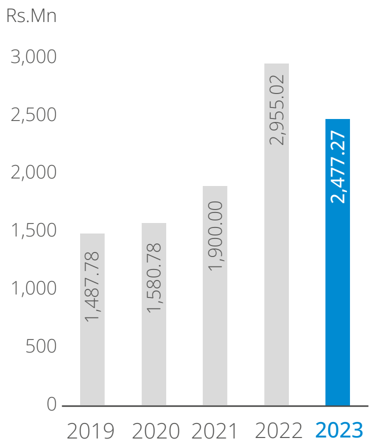
Rs.3,101Mn
Total Assets

Rs.787Mn
Gross Profit

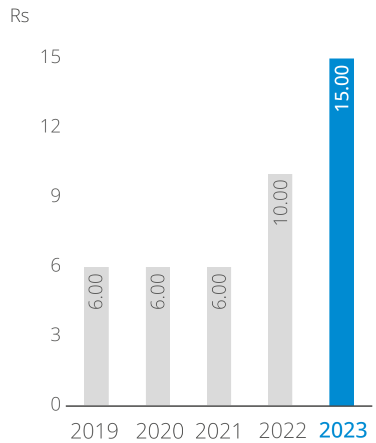
Rs.150.73
Earnings Per Share

Rs.2,817Mn
Share Holders' Fund

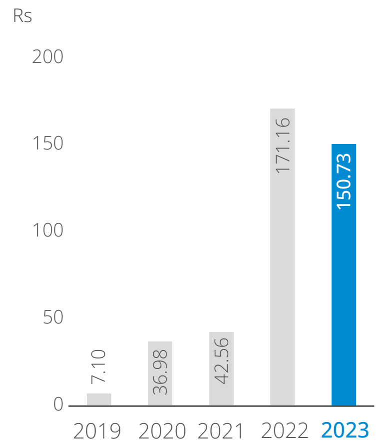
Revenue



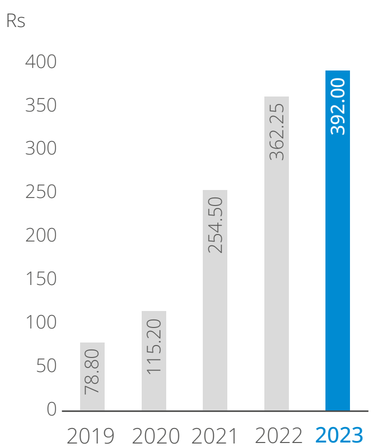
Dividend Per Share



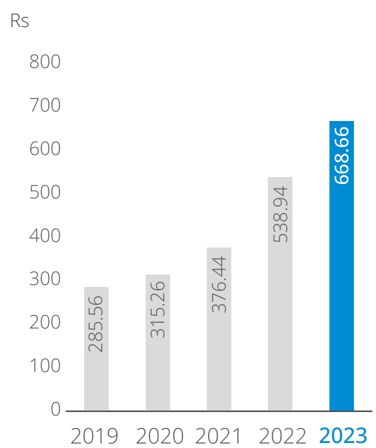
Earning Per Share



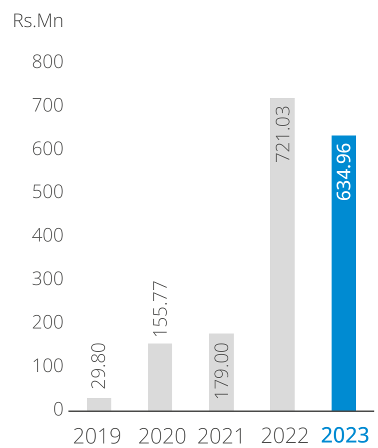
Market Value Per Share



Net Assets Per Share



Net Profit Attributable



Chairman's Statement

The year 2022/23 was an exceptional year for ACL Plastics PLC. As the Company and Group posted the highest profit before taxation in history and passed the milestone of eight hundred million for the second consecutive year.

I welcome you to the Thirty Second 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 2023.

The year was a year like no other, with new challenges experienced with each passing day. However, I am proud to note that your company achieved the highest profit before taxation in its history despite the challenges it faced from the ever-changing economic environment.

The year 2022/23 was an exceptional year for ACL Plastics PLC. As the Company and Group posted the highest profit before taxation in history and passed the milestone of eight hundred million for the second consecutive year. The dedication and strategic decisions of our team have yielded exceptional results, making this year an immensely successful milestone in the 32-year history of ACL Plastics PLC.

ECONOMIC OUTLOOK

The real sector GDP of the country recorded a significant contraction and it recorded a drop of 7.8%. The GDP per capita too decreased to USD 3474 in 2022 from USD 3997 in 2021.

The drop in the industrial sector had a direct impact on the performances of the group, primarily due to the dampened performance of the construction and manufacturing subsectors amidst severe shortages in raw materials and input cost escalations. The energy crisis and tighter monetary conditions also weighed on the performance of the industry subsectors. The construction subsector, which accounted for 28.0 per cent of the industry sector, registered a year-on-year contraction of 20.9 per cent, while overall manufacturing activities, which accounted for about 59 per cent in the total industry sector, contracted by 12.6 per cent, year-on-year, in 2022.

REMARKABLE PERFORMANCE AND GROWTH

Despite the challenges we faced, ACL Plastics Group recorded a revenue of Rs. 2.48 billion which is a drop of 16% compared to the last year. However, the group managed to achieve a significant growth in Gross profit. In the year under review, the group recorded a Rs.786.8 million gross profit which is 10% growth compared to the last year.

The group marked a historical milestone during the year under review, delivering the highest ever profit before tax of Rs.870.6 million. This is a growth of 3% compared to the previous year.

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 the group also achieved strong growth in external sales, serving to strengthen and expand our external customer base. The careful planning of inventories, raw material imports, and cost management strategies helped to maintain the profitability for the year, at a higher level.

Rs. **1,012** Mn

Group Value Addition

Rs. **668.66**

Net Assets Value per Share

Rs. **15.00**

Dividend Per Share

CHALLENGING OPERATING ENVIRONMENT

The immediate future is looking tough and would be challenging times to most individuals as well as industries in Sri Lanka. Inflation rates have the potential to impact ACL Plastics PLC's operations and profitability. High inflation can lead to increased costs of raw materials, utilities, and labour, thereby squeezing profit margins. We as a group, having invested most of our businesses in the field of construction and manufacturing of building material would experience challenges.

Fluctuations in currency exchange rates can significantly impact ACL Plastics PLC, as it relies on imports of raw materials. A volatile exchange rate can lead to increased costs for imported raw materials and equipment, affecting the company's competitiveness.

Economic downturns or shifts in consumer preferences can impact the demand for its products. The increase of interest rates and taxes would impact the purchasing power and slow down economic activities that would also adversely affect us as a group. Previous investments made on real estate, projects and home constructions would tend to reduce. Therefore, cautious planning and regular reviving in plans is essential to keep in par with our current financial performance.

Yet, amidst all challenges we would always need to keep manufacturing the best in quality products and continue an uninterrupted supply in all of our business activities to remain our market position in all business segments we operate in.

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, the share price as of 31st March 2023 was at Rs. 392 while the share price for the same period in the previous year was Rs. 362.25. Highest value of the market value per share during the year was Rs.649.

The company paid a dividend of Rs. 15 per share whereas it was Rs.10 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.

FUTURE OUTLOOK

A lower level of external trade equilibrium could have contagion effects on domestic trade and the exchange rate. It 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 stabilise the economy by way of increasing taxes and reducing government expenses, the economy will likely become more sustainable in the months to come. It is encouraging to the inflation rate moving towards single digit following the reduction in market interest rate. This will create a positive atmosphere for the investors, leading to an increase in demand for our products.

APPRECIATIONS

The effort and devotion of the ACL Plastics Family throughout our organisation led to the exceptional performance detailed in this Report. The Board and I both want to express our gratitude to this indispensable staff for consistently increasing the bar of excellence and elevating ACL Plastics PLC to the top cable provider in Sri Lanka. I would like to use this occasion to express my sincere gratitude to our retail, project, and international customers, business partners, and all other stakeholders for their support and presence throughout this 32-year journey.

I take this opportunity to extend my gratitude towards numerous public and private entities for creating a supportive business environment amidst challenging economic conditions.

I also thank all our shareholders and members of the Board for the immense value they provide us through advice and sharing expertise to guide us in the right direction.

Last but not least I appreciate all our employees who were with us from the beginning to now and for their untiring effort and commitment to lift the ACL Plastics group towards high standards and keep us moving towards a better future.

U. G. Madanayake
Chairman

24th 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., C T Land development PLC, 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.

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. 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 served 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

Senior 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 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.

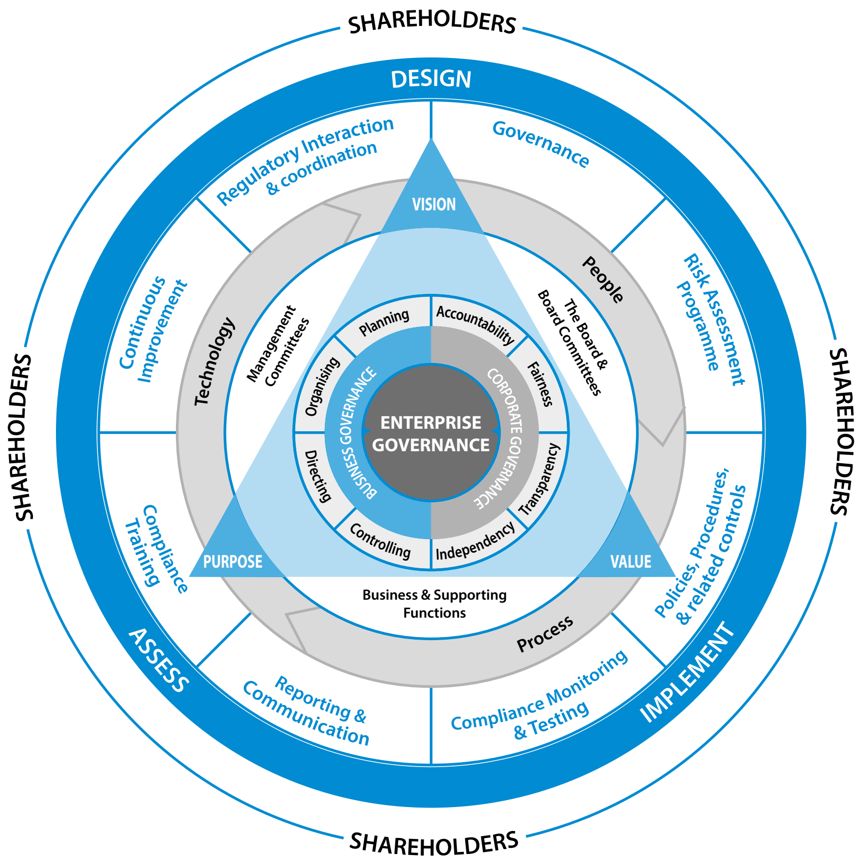
Corporate Governance

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 Directors' Remuneration 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 is "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 organisations resources are used responsibly"



Compliance Summary

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)

Corporate Governance

The Chairman's Role

The Chairman is responsible for preserving good Boardroom governance and encouraging 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 ensures that the Board is in complete control of the affairs of the company.

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

The Chairman also encourages 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 the committee chairman conducts evaluations of their committees.
- Ensure effective communication with shareholders 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 for the Board include:

- To enhance shareholder value.
- Reviewing 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 the 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 five Directors of whom three are Non-Executive Directors. The names and profiles of the Directors are given on pages 08 to 10 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 periods of service of Mr. Ajit Jayaratne, and Mr. Rajiv Casie Chitty as board members of the ACL Cables PLC (Parent Company) and Dr. Kamal Weerapperuma (ACL Plastics PLC) exceeded nine years, 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. Ajit Jayaratne, Mr. Rajiv Casie Chitty and Dr. Kamal Weerapperuma are 'Independent' as per the Listing Rules.

Board Diversity

ACL Plastics acknowledges the need for diversity in Boards and is conscious of the need to attract appropriately skilled Directors who reflect the values and requirements of its businesses and vision. Whilst the company is of the view that diversity ranging across demographic attributes, backgrounds, experiences and social networks improves a Board's understanding of its vast pool of stakeholders, providing diverse connections with the external environment and aiding the company in addressing stakeholders' claims in a more responsive manner, ACL Plastics is also conscious of the need to maintain a strong culture of meritocracy, ensuring that Board diversity does not come at the expense of Board effectiveness. In this regard, every effort will be made to attract suitably qualified personnel from diverse demographics and backgrounds.

Board Independence

There is increased emphasis on board independence by stakeholders, stock exchanges and regulatory bodies worldwide. In order for a Board to be effective, ACL Plastics is of the view that companies must take steps, both in their structures and nominating procedures, to ensure fostering of independent decision-making and mitigating potential conflicts of interest which may arise.

The criteria for defining the independence of boards vary significantly across countries. ACL Plastics is of the view that the intended vision of achieving improved governance and higher independence can be achieved through various checks and balances, whilst not compromising on the underlying operating model of a corporate. These checks and balances may entail, among others, the establishment of various assurance mechanisms and the use of systematic and comprehensive board evaluation processes and independent director lead engagement.

Criteria for identify the Independence 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 benefits 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 Directors aforesaid under the Board Balance Note
Director of another company	None of the INEDs are Directors of another related party company
Is employed, has a material business relationship and/ or significant shareholding in other companies. Entails other companies that have a significant shareholding in ACL Plastics and/or ACL Plastics has a business connection with	None of the NED/IDs are employed and have a material business relationship or a significant shareholding of another related party company as defined.

Finance Acumen

The Board consists of members specialised in a multitude of disciplines and experience in Corporate Finance, Accounting, Taxation, Treasury Management and Risk Management. Hence, they are able to provide constructive debate, scrutinise performance and help develop Board strategy with a global perspective and outlook.

Corporate Governance

Directors' Attendance Record

The attendance of Directors at relevant meetings of the Board and of the Audit, Remuneration and RPTR Committees held during 2022/2023 was as follows.

Name of Director / Committee member	Board (4 meetings)	Audit Committee (4 meetings)	Remuneration Committee (3 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				
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 and 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 and Managing Director retire by rotation. The directors who hold office for the 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 re-election in three years or shorter periods. In terms of 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.

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 25 to 27 of this report. The Statements of Directors' Responsibility for financial reporting and report of the Auditors are stated on pages 35 to 38 respectively. The Going Concern Declaration by the Board of Directors in this regard is presented in the report of Directors on page 25 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 that optimise the company'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 faced by the company and for deciding how these are to be managed, as a next step in improving the 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 company 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 company is given in the Risk Management section in the Annual Report. The objective of the company'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,
- Minimises the cost and consumption of increasingly scarce resources,
- Prevents pollution and wastage,
- Maintains proper relationships with suppliers and contractors, and
- Maintains a positive relationship with the communities in which we do business.

The company'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.

Board Sub-Committees

The Board has delegated some of its functions to Board Sub-Committees of the parent company, ACL Cables PLC, whilst retaining final decision rights. Members of these Sub-Committees focus on their designated areas of responsibility and impart knowledge and oversight in areas where they have greater expertise. The three Board Sub-Committees are as follows:

i. Audit Committee

ii. Related Party Transaction Review Committee

iii. Remuneration Committee

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 the following two Independent Non-Executive Directors.

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

Further details of the Audit Committee are given in their report on page 31 and 32.

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 the following two Independent Non-Executive Directors.

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

Further details of the Related Party Transactions Review Committee are given in their report on page 28 and 29.

Corporate Governance

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 30.

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 Status	Applicable section in the Annual Report
7.10	Compliance	Compliance with Corporate Governance.	Yes	Corporate Governance
7.10.1(a)	Non-Executive Directors (NED)	2 or 1/3 of the total number of Directors whichever is higher.	Yes	Corporate Governance
7.10.2 (a)	Independent Directors (IDS)	2 or 1/3 of NEDs, whichever is higher, should be independent.	Yes	Corporate Governance
7.10.2 (b)	Independent Declaration	Each NED should submit a declaration of independence.	Yes	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).	Yes	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	Yes	Board of Directors
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.	Yes	Board of Directors
7.10.3 (d)	Disclosures Relating to Directors	Provide a brief résumé of new Directors appointed to the Board with details specified in 7.10.3 (a), (b) and (c) to the CSE.	Yes	Not Applicable
7.10.4 (a-h)	Criteria for Defining "Independence"	Criteria for identifying the Independent of INED in the Annual Report	Yes	Corporate Governance
7.10.5	Remuneration Committee (RC)	A listed company shall have a Remuneration Committee (RC).	Yes	Remuneration Committee Report

CSE Rule No.	Subject	Applicable requirement Status	Compliance Status	Applicable section in the Annual Report
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.	Yes	Remuneration Committee Report
7.10.5 (b)	Functions of Remuneration Committee (RC)	The RC shall recommend the remuneration of Executive Directors and CEO.	Yes	Remuneration Committee Report
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 EDs and NEDs.	Yes	Corporate Governance and Remuneration Committee Report
7.10.6	Audit Committee (AC)	The Company shall have an AC.	Yes	Audit Committee Report
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.	Yes	Corporate Governance and the Audit Committee Report

Corporate Governance

CSE Rule No.	Subject	Applicable requirement Status	Compliance Status	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.	Yes	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.	Yes	Audit Committee Report
9	Related Party Transactions Review Committee (RPTRC)	The Company shall have a RPTRC.	Yes	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.	Yes	Corporate Governance and the Related Party Transactions Review Committee Report

CSE Rule No.	Subject	Applicable requirement Status	Compliance Status	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.	Yes	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) (a) The nature of the business of the Company or subsidiaries or classes of business in which it has an interest together with any change thereto	Yes	Report of the Directors/ Financial Statements
168 (1) (b) Signed financial statements of the Group and the Company	Yes	Audited Financial Statements
168 (1) (c) Auditors' Report on financial statements	Yes	Independent Auditors' Report
168 (1) (d) Accounting policies and any changes thereto	Yes	Notes to the Financial Statements
168 (1) (e) Particulars of the entries made in the Interests Register	Yes	Report of Directors
168 (1) (f) Remuneration and other benefits paid to Directors of the Company	Yes	Notes to the Financial Statements
168 (1) (g) Corporate donations made by the Company	Yes	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	Yes	Board of Directors
168 (1) (i) Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered	Yes	Notes to the Financial Statements
168 (1) (j) Auditors' relationship or any interest with the Company and its Subsidiaries	Yes	Report of the Audit Committee / Financial Statements
168 (1) (k) Acknowledgement of the contents of this Report and signatures on behalf of the Board	Yes	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	Yes	Financial Statements / Annual Report of the Board of Directors

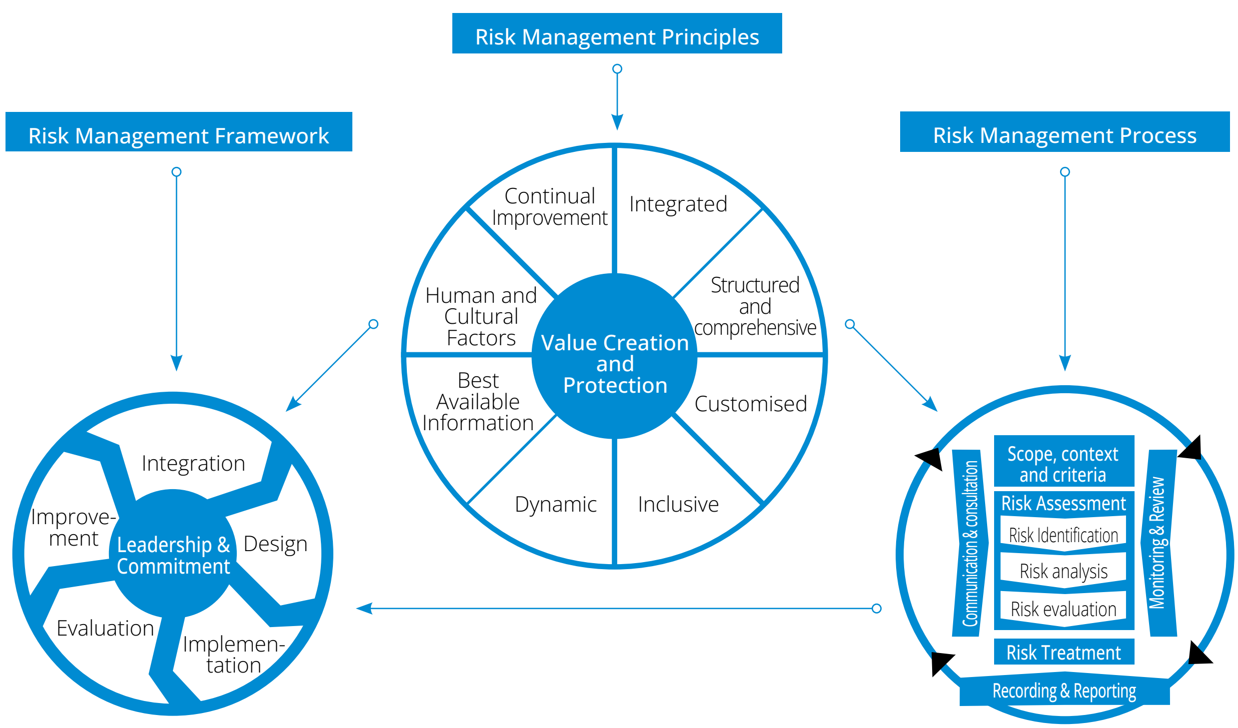
Risk Management

ACL Plastics PLC has given due consideration to its risk identification, assessment, and mitigating activities to be vital in maintaining sustainable growth and making steady progress towards achievement of the corporate objectives. An effective risk management framework helps the company in its attempts to achieve the optimum trade-off between risks and returns. Company is exposed to broad array of risks which are based on the current external and internal factors.

Our success is our ability to identify and exploit the opportunities in our market. 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 that we are operating in; the Company is keen on executing an Enterprise Risk Management that is in line with ISO 31000. This model delivers 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

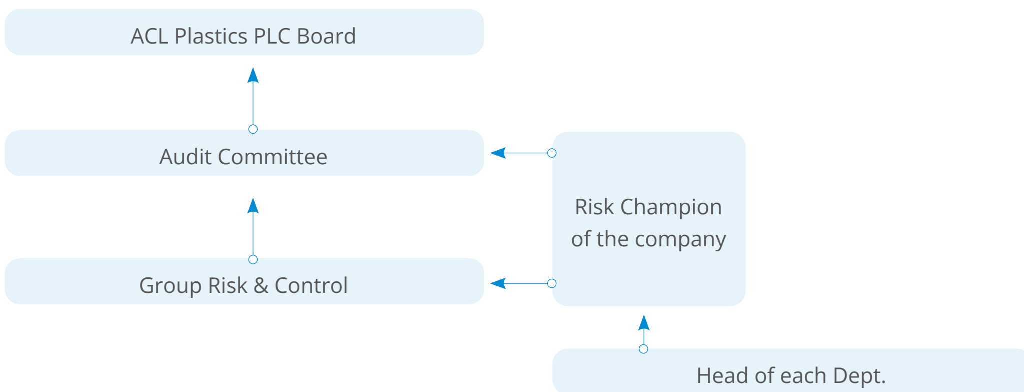


The ISO 31000 guidelines provide a statement of risk management principles. The eight principles are described below:

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.

Risk management reporting structure of the ACL Plastics PLC



Risk Evaluation and Mapping

The risk heat map is developed based on the assessment of the likelihood of occurrence and the potential impact of risks. The 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. The above risks and the proposed action plans are then reviewed at the Audit Committee meeting as a permanent agenda item in each meeting.

Risk Management

Risk Matrix

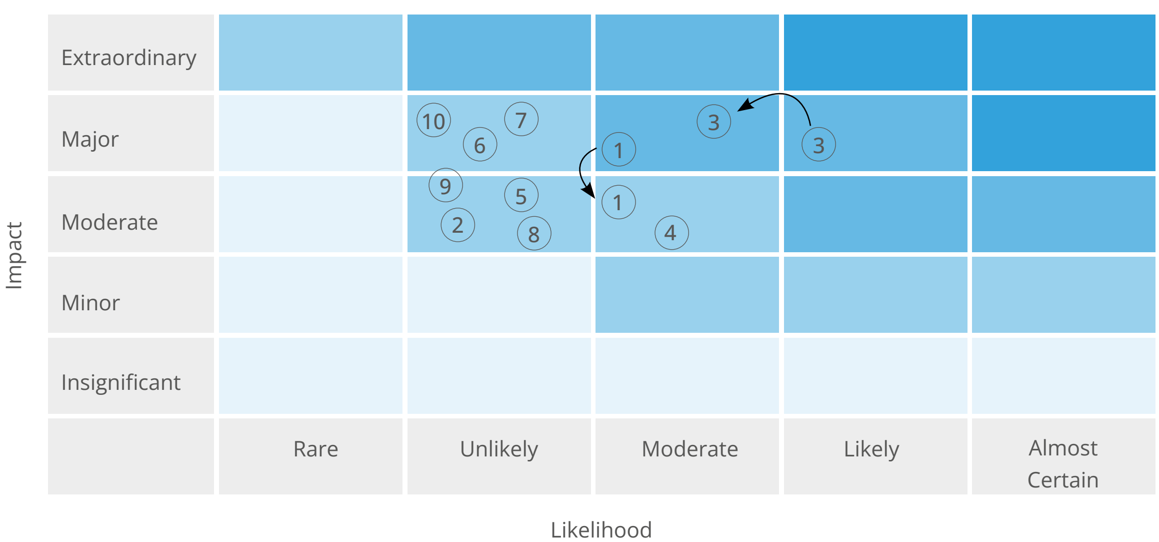
Impact	Rare	Unlikely	Moderate	Likely	Almost Certain
Extraordinary	S	H	H	H	E
Major	S	S	H	H	H
Moderate	M	M	S	S	H
Minor	L	L	M	S	S
Insignificant	L	L	L	M	S

Likelihood

E Extreme H High S Significant M Moderate L Low

Future outlook

ACL plastics effectively manages risk and continually identifies emerging risks that could pose an impact on its business in the future. The Risk Heat Map below shows the key risk drivers that could affect the company in FY 2023/24 (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.



1. Exchange Rate Risk
2. Operational Risk
3. Country Risk
4. Human Resource Risk
5. Health & Safety Risk
6. Information Systems Risk
7. Legal and Regulatory Compliance Risk
8. Business Probity risk
9. Environmental Risk
10. Technological Risk

Snapshots of key risk and Mitigation strategies

	Risk Exposure	Description	Risk Rating	Risk Mitigation actions
1	Exchange Rate Risk	Potential losses as a result of adverse movement in the exchange rates.	Moderate	• Strengthening group exports to enhance Dollar earnings • Managing existing Dollar reserves of the group effectively
2	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	• Conduct Enterprise Risk Management and Internal Audit procedures across the company • Conduct continuous control reviews on high-risk areas to assess the strength of the existing control system • Continuous monitoring of regulatory compliance and other internal requirements through compliance dashboards • Conduct 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. • Maintain ISO standards in all operational activities
3	Country Risk	Negative impact arising due to adverse economic factors such as Political, Economic, Social, Technological, Environmental, and Legal	Significant	• Comprehensive analysis of PESTEL factors on a regular basis to grab market opportunities and minimize the impact of threats due to adverse conditions. • Conduct constant reviews of macroeconomic factors to assess the impact on business performance • Continuous assessments of impacts due to changes in the tax structure of the country
4	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 talented employees. • Provide various employee benefits through the Welfare Society. • Provide specific and general employee training wherever necessary.
5	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 with Health guidelines issued by the Government

Risk Management

	Risk Exposure	Description	Risk Rating	Risk Mitigation actions
6	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 minimise cyber security risk • Maintaining vendor agreements for support services and system maintenance • Maintaining 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
7	Legal and Regulatory Compliance Risk	The potential negative impact on the business due to non-compliances with external regulatory requirements and internal policies and procedures	Moderate	• Maintaining compliance and legal Dash Board to ensure timely compliance over regulatory requirements • Conducting compliance assessment on a quarterly basis
8	Business Probity risk	Business probity risk is related to the governance and ethics of the organisation. It can arise from unethical behaviour by one or more participants in a particular process.	Moderate	• Implement whistle-blowing policy across the group and conducting investigations in effective manner. • Strengthening existing internal control systems based on the recommendations given by the internal and statutory auditors. • Conducting frequent audits on high-risk areas such as cash, inventory, Procurement, Sales, Collections etc. • Monitoring activities through CCTV. • Maintaining segregation of duties • Minimising human involvement through automation and digitalisation • Conducting IT audits to identify system loopholes • Conducting Internal Audits under the supervision of the Audit Committee.
9	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 for each site which is issued by the Environmental Authority
10	Technological Risk	Probability of technological changes adversely affecting the company's performance	Moderate	• Develop a long-term plan to replace existing critical machineries 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

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 2023, 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. (Page 06 to 07)

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 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 07)

Independent Auditor's Report

The Independent Auditors' Report on the Financial Statements is given on page 36 to 38 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 39 to 87 in this Annual Report.

Accounting Policies

The Accounting Policies adopted in preparation of the Financial Statements are given on pages 45 to 53. 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 35.

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 2023 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

	31/03/2023 Rs.	31/03/2022 Rs.
Total turnover	2,477,267,108	2,955,017,260
Profit before taxation	870,651,758	844,496,417
Profit after taxation	634,959,568	721,025,774
Profit attributable to shareholders of ACL Plastics PLC	634,959,568	721,025,774
Unappropriated surplus brought forward		
from previous year	1,798,618,203	1,106,945,735
Transfer from revaluation reserve	4,357,735	5,104,775
Other adjustments	(2,586,553)	7,666,918
Surplus available for appropriation	2,435,348,952	1,840,743,202
Your Directors recommend:		
Dividends paid	(63,187,500)	(42,125,000)
Transfer to general reserve	-	-
Unappropriated surplus carried forward	2,372,161,453	1,798,618,203

Report of the Directors

Directors

Directors of the Company are listed on pages 08 to 09 and their respective shareholdings are given below.

	Number of shares			
	31.03.2023	% Holding	31.03.2022	% 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 Ratnayake	-	-	-	-

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 Dr. Kamal Weerapperuma, who being eligible for re-election in terms of Article 86, 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 31.8(e) to the Financial Statements.

Directors Meetings

The details of Directors' meetings are set out on page 14 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, an interim dividend of Rs. 15.00 per share was paid on 30th August 2022 to the shareholders of the Ordinary Shares for the financial year 2021/22.

Capital Expenditure

The capital expenditure on acquisition of property, plant and equipment of the Company and the Group amounted to Rs.474,848/- , 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

Donations amounting to Rs. 60,000/- (Group Amount) were made during the year under review.

Share Information

Information relating to earnings, dividend, net assets, market price per share and holding is given in the Information to Shareholders on page 88 of the annual report.

Environmental Protection

The Company has used its best endeavours 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 28.

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	1,388,934,569	56%	ordinary course of business
Kelani Cables PLC	Group company	Sale of goods	964,406,580	39%	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 assets 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 11 to 19 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. PricewaterhouseCoopers, by the Company and the Group amounted to Rs. 789,527 and Rs. 1,098,642 respectively.

Notice of Meeting

The Notice of the 27th Annual General Meeting is on page 92 of the Annual Report..

By Order of the Board

(Sgd.)

Corporate Affairs (Pvt) Ltd
Secretaries

24th August 2023

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 Transactions Review Committee

The parent company Related Party Transaction Review Committee acts as the Related Party Transaction Review Committee of the ACL Plastics PLC

The Company established the Related Party Transactions Review Committee on 29th February 2016 as a subcommittee of the ACL Plastics PLC Board. RPTRC comprises the following members;

- 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 2022/2023 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 14.

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 company as at the date of this Report.

(Sgd.)

Ajit Jayaratne

Chairman-Related Party Transactions Review Committee

24th August 2023

Remuneration Committee Report

Role of the Remuneration Committee

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

The Remuneration Committee formulates the 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.

Determining compensation of Non-Executive Directors is not under the scope of this Committee

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 (Senior Independent Non-Executive Director – ACL Cables PLC)
- Mr. Rajiv Casie Chitty – Member (Independent Non-Executive Director - ACL Cables PLC)

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

Meeting and Attendance

The Committee met on three occasions in the 2022/2023 financial year while complying with the SEC and Code of Best Practices on Corporate Governance issued by CA Sri Lanka. 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 Executive Directors and Key Executives of the company.

Functions of the Remuneration Committee

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

- Review and recommend overall remuneration philosophy, strategy, policies, and practice and, performance-based pay plans for the company.
- Determine and agree with the Board a framework for the remuneration of the Chairman and Executive Directors based on performance, benchmark principles, industry trends and past remuneration
- Succession planning of Key Management Personnel.

Executive Directors

ACL Plastics PLC's remuneration policy for Executive Directors is designed to attract, retain and motivate them to ensure that the company 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 specialised consultants.

Non-Executive Director Remuneration

The compensation of Non-Executive Directors was determined in reference to fees paid to other Non-Executive Directors of comparable companies, and adjusted, where necessary, in keeping with the complexity of the business. Non-Executive Directors did not receive any performance/incentive payments/share option plans.

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

24th August 2023

Audit Committee Report

Role of the Audit Committee

The role of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities in relation to the integrity of the financial statements of the Company, the internal control and risk management systems of the company, compliance with legal and regulatory requirements, the External Auditors' suitability, performance, and independence, and the adequacy and performance of the Internal Audit function undertaken by the Group Risk & Control division. The scope of functions and responsibilities are adequately set out in the terms of reference of the Committee which has been approved by the Board and is reviewed annually.

The committee's responsibilities include monitoring and reviewing the following;

- The integrity of the Financial Statements of the company and the significant reporting judgments contained in them.
- The activities and effectiveness of the internal audit function.
- The effectiveness of the company's internal control and risk management systems.
- The appropriateness of the company'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 'Board of 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 four occasions in 2022/2023 as per the annual meeting schedule and the corporate governance requirement. Members' attendance at these meetings is set out in the Corporate Governance Report. The Chairman, Managing Director, Group Chief Financial Officer, 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 2022/2023 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.

Internal Audit, Risks and Controls

The Committee reviewed the adequacy of the Internal Audit coverage and the Internal Audit Plan for the company the Management of ACL Plastics PLC. The Group Risk & Control division regularly reported to the Committee on the adequacy and effectiveness of internal controls in the company and compliance with laws and regulations and established policies and procedures of the company through Internal Audit reports. Follow-up action was taken on the recommendations of the Internal Auditors and any other significant follow-up matters were documented and presented to the Committee on a quarterly basis by the Group Head of Risk & Control.

The Committee reviewed the whistleblowing arrangements for the company and had direct access to the Ombudsperson (Group Head of Risk & Control) for the company. The effectiveness and resource requirements of the Group Risk & Control division were reviewed and discussed with management and changes were affected where considered necessary.

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.

Audit Committee Report

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 Chief Financial Officer, 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 2022/2023 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.

Internal Control System

In 2022/2023 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 behaviour. 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

24th August 2023

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FINANCIAL CALENDAR (2022/23)

01st Quarter Interim Financial Statements (30th June 2022 – Unaudited)	–	15th August 2022
02nd Quarter Interim Financial Statements (30th September 2022 – Unaudited)	–	15th November 2022
03rd Quarter Interim Financial Statements (31st December 2022 – Unaudited)	–	14th February 2023
04th Quarter Interim Financial Statements (31st March 2023 – Unaudited)	–	31st May 2023
Annual Report 2021/22	–	31st August 2022
31st Annual General Meeting	–	28th September 2022
Interim Dividends Proposed	–	15th August 2022
Interim Dividends Paid	–	30th August 2022

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 2023, 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 2023 and the Comprehensive Income Statements for the Company and the Group for the financial year ended 31st March 2023 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 30th July 2023.

By Order of the Board

(Sgd.)
Corporate Affairs (Private) Limited
Secretaries

24th August 2023

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 2023, 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 2023;
- 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.

PricewaterhouseCoopers, P. O. Box 918, 100 Braybrooke Place, Colombo 2, Sri Lanka
T: +94 (11) 771 9700, 771 9838, F: +94 (11) 230 3197, www.pwc.com/lk

Partners **D T S H Mudalige FCA, C S Manoharan FCA, Ms S Hadgie FCA, 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, K M D R P Manatunga 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 - 2022/23 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 judgement 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
24th August 2023

Statement of Profit or Loss

(all amounts in Sri Lanka Rupees)

	Note	Group		Company	
		Year ended 31 March		Year ended 31 March	
		2023	2022	2023	2022
Revenue from contracts with customers	6	2,477,267,108	2,955,017,260	2,477,267,108	2,955,017,260
Cost of sales of goods	8	(1,690,479,858)	(2,242,019,087)	(1,690,479,858)	(2,242,019,087)
Gross profit		786,787,250	712,998,173	786,787,250	712,998,173
Other income	7	3,124,973	2,199,258	3,124,973	2,199,258
Administrative costs	8	(11,357,389)	(9,144,712)	(10,385,632)	(8,993,732)
Operating profit		778,554,834	706,052,719	779,526,591	706,203,699
Finance income	10	102,335,088	156,914,961	92,318,088	154,270,011
Finance costs	10	(10,238,164)	(18,471,263)	(23,832,664)	(22,060,838)
Finance income - net	10	92,096,924	138,443,698	68,485,424	132,209,174
Profit before tax		870,651,758	844,496,417	848,012,015	838,412,872
Income tax expense	11	(235,692,190)	(123,470,643)	(229,317,085)	(121,974,358)
Profit for the year		634,959,568	721,025,774	618,694,930	716,438,516
Net profit attributable to shareholders of the Company		634,959,568	721,025,774	618,694,930	716,438,516
Basic/diluted earnings per share (Rs)	12	150.73	171.16	146.87	170.07
Dividend per share (Rs)	13	15.00	10.00	15.00	10.00

The notes on pages 45 to 87 form an integral part of these financial statements

Independent auditor’s report - pages 36 to 38

Statement of Comprehensive Income

(all amounts in Sri Lanka Rupees)

Year ended 31st March	Note	Group Year ended 31 March		Company Year ended 31 March	
		2023	2022	2023	2022
Profit for the year		634,959,568	721,025,774	618,694,930	716,438,516
Other comprehensive income / (expense)					
Items that will not be reclassified to profit or loss					
Actuarial (loss) / gain on defined benefit obligation	24	(3,695,076)	9,349,900	(3,695,076)	9,349,900
Deferred tax on actuarial (loss) / gain	25	1,108,523	(1,682,982)	1,108,523	(1,682,982)
Changes in the fair value of equity investments at fair value through other comprehensive income	17	(5,869,148)	5,712,124	(5,869,148)	5,712,124
Tax impact on effect of change in tax rates on revaluation reserve	25	(16,858,947)	-	(16,858,947)	-
Other comprehensive (expenses) / income for the year, net of tax		(25,314,648)	13,379,042	(25,314,648)	13,379,042
Total comprehensive income for the year		609,644,920	734,404,816	593,380,282	729,817,558

The notes on pages 45 to 87 form an integral part of these financial statements
Independent auditor's report - pages 36 to 38

Statement of Financial Position

(all amounts in Sri Lanka Rupees)

	Note	Group As at 31 March 2023	Group As at 31 March 2022	Company As at 31 March 2023	Company As at 31 March 2022
ASSETS					
Non-Current Assets					
Property, plant and equipment	14	329,679,409	347,902,526	329,679,409	347,902,526
Right-of-use assets	15.1	1,554,219	1,576,419	1,554,219	1,576,419
Investment in subsidiary	16	-	-	10,000,010	10,000,010
Financial assets at fair value through other comprehensive income (FVOCI)	17.3	43,226,910	49,096,058	43,226,910	49,096,058
Total Non-Current Assets		374,460,538	398,575,003	384,460,548	408,575,013
Current Assets					
Inventories	19	557,509,607	454,124,761	557,509,607	454,124,761
Trade and other receivables	20	1,345,905,646	1,326,153,506	1,289,513,941	1,279,553,820
Cash and cash equivalents	22	823,320,233	871,008,254	822,875,901	870,557,522
Total Current Assets		2,726,735,486	2,651,286,521	2,669,899,449	2,604,236,103
Total Assets		3,101,196,024	3,049,861,524	3,054,359,997	3,012,811,116
EQUITY AND LIABILITIES					
Capital and Reserves					
Stated capital	27	79,974,555	79,974,555	79,974,555	79,974,555
Revaluation reserve	28	164,667,798	185,884,480	164,667,798	185,884,480
Revenue reserve	29.1	170,000,000	170,000,000	170,000,000	170,000,000
Financial assets at FVOCI reserve	29.2	29,928,954	35,798,102	29,928,954	35,798,102
Retained earnings		2,372,161,453	1,798,618,203	2,286,173,610	1,728,894,998
Total Equity		2,816,732,760	2,270,275,340	2,730,744,916	2,200,552,135
Non-Current Liabilities					
Defined benefit obligations	24	11,287,768	7,536,180	11,287,768	7,536,180
Deferred tax liability	25	78,923,588	51,510,834	78,923,588	51,510,834
Total Non-Current Liabilities		90,211,356	59,047,014	90,211,356	59,047,014
Current Liabilities					
Trade and other payables	23.1	41,126,460	429,917,519	114,205,284	491,289,040
Short term borrowings	23.2	-	177,267,503	-	177,267,503
Bank Overdraft	22	1,166,688	3,908,370	1,166,688	3,908,370
Income tax payable	21	151,958,760	109,445,778	118,031,753	80,747,054
Total Current Liabilities		194,251,908	720,539,170	233,403,725	753,211,967
Total Liabilities		284,463,264	779,586,184	323,615,081	812,258,981
Total Equity and Liabilities		3,101,196,024	3,049,861,524	3,054,359,997	3,012,811,116

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 24th August 2023.

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 45 to 87 form an integral part of these financial statements
Independent auditor's report - pages 36 to 38

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 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 gain on defined benefit obligation	24	-	-	-	-	9,349,900	9,349,900
Deferred tax on actuarial gain	25	-	-	-	-	(1,682,982)	(1,682,982)
Changes in the fair value of equity investments at FVOCI	17	-	-	-	5,712,124	-	5,712,124
Other comprehensive income for the year		-	-	-	5,712,124	7,666,918	13,379,042
Total comprehensive income		-	-	-	5,712,124	728,692,692	734,404,816
Depreciation transfer - gross	28	-	-	(6,225,336)	-	6,225,336	-
Deferred tax on depreciation 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
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
Profit for the year		-	-	-	-	634,959,568	634,959,568
Actuarial loss on defined benefit obligation	24	-	-	-	-	(3,695,076)	(3,695,076)
Deferred tax on actuarial loss	25	-	-	-	-	1,108,523	1,108,523
Tax impact on effect of change in tax rates on revaluation reserve	25	-	-	(16,858,947)	-	-	(16,858,947)
Changes in the fair value of equity investments at FVOCI	17	-	-	-	(5,869,148)	-	(5,869,148)
Other comprehensive income for the year		-	-	(16,858,947)	(5,869,148)	(2,586,553)	(25,314,648)
Total comprehensive income		-	-	(16,858,947)	(5,869,148)	632,373,015	609,644,920
Depreciation transfer - gross	28	-	-	(6,225,336)	-	6,225,336	-
Deferred tax on depreciation transfer	28	-	-	1,867,601	-	(1,867,601)	-
Dividend paid	13	-	-	-	-	(63,187,500)	(63,187,500)
Balance at 31 March 2023		79,974,555	170,000,000	164,667,798	29,928,954	2,372,161,453	2,816,732,760

The notes on pages 45 to 87 form an integral part of these financial statements

Independent auditor's report - pages 36 to 38

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 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
Deferred tax on revaluation		-	-	-	-	-	-
Actuarial gain on defined benefit obligation	24	-	-	-	-	9,349,900	9,349,900
Deferred tax on actuarial gain	25	-	-	-	-	(1,682,982)	(1,682,982)
Changes in the fair value of equity investments at FVOCI	17	-	-	-	5,712,124	-	5,712,124
Other comprehensive income for the year					5,712,124	7,666,918	13,379,042
Total comprehensive income for the year		-	-	-	5,712,124	724,105,434	729,817,558
Depreciation transfer - gross	28	-	-	(6,225,336)	-	6,225,336	-
Deferred tax on depreciation 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	1,728,894,998	2,200,552,135
Balance at 1 April 2022		79,974,555	170,000,000	185,884,480	35,798,102	1,728,894,998	2,200,552,135
Profit for the year		-	-	-	-	618,694,930	618,694,930
Actuarial loss on defined benefit obligation	24	-	-	-	-	(3,695,076)	(3,695,076)
Deferred tax on actuarial loss	25	-	-	-	-	1,108,523	1,108,523
Tax impact on effect of change in tax rates on revaluation reserve	25	-	-	(16,858,947)	-	-	(16,858,947)
Changes in the fair value of equity investments at FVOCI	17	-	-	-	(5,869,148)	-	(5,869,148)
Other comprehensive income for the year		-	-	(16,858,947)	(5,869,148)	(2,586,553)	(25,314,648)
Total comprehensive income for the year		-	-	(16,858,947)	(5,869,148)	616,108,377	593,380,282
Depreciation transfer - gross	28	-	-	(6,225,336)	-	6,225,336	-
Deferred tax on depreciation transfer	28	-	-	1,867,601	-	(1,867,601)	-
Dividend paid	13	-	-	-	-	(63,187,500)	(63,187,500)
Balance at 31 March 2023		79,974,555	170,000,000	164,667,798	29,928,954	2,286,173,610	2,730,744,916

The notes on pages 45 to 87 form an integral part of these financial statements
Independent auditor's report - pages 36 to 38

Statement of Cash Flows

(all amounts in Sri Lanka Rupees)

	Note	Group		Company	
		Year ended 31 March		Year ended 31 March	
		2023	2022	2023	2022
Operating activities					
Cash generated from	30	308,876,901	594,270,888	331,347,981	601,664,340
Interest paid	10	(10,238,164)	(18,471,260)	(23,832,664)	(22,060,838)
Gratuity paid	24	(1,616,675)	(685,492)	(1,616,675)	(685,492)
Income tax paid	21	(181,516,876)	(59,157,132)	(180,370,056)	(57,536,882)
Net cash generated from operating activities		115,505,186	515,957,004	125,528,586	521,381,128
Investing activities					
Interest received	10	77,458,278	24,817,765	67,441,278	22,172,815
Payments for property, plant and equipment	14	(474,848)	(35,838,181)	(474,848)	(35,838,181)
Dividend received	7	3,020,048	2,199,258	3,020,048	2,199,258
Net cash generated from / (used in) investing activities		80,003,478	(8,821,158)	69,986,478	(11,466,108)
Financing activities					
Dividend paid	13	(63,187,500)	(42,125,000)	(63,187,500)	(42,125,000)
Proceeds from import loans		48,502,800	1,364,044,306	48,502,800	1,364,044,306
Repayments of import loans		(225,770,303)	(1,369,089,869)	(225,770,303)	(1,369,089,869)
Net cash used in financing activities		(240,455,003)	(47,170,563)	(240,455,303)	(47,170,563)
(Decrease) / Increase in cash and cash equivalents		(44,946,339)	459,965,283	(44,939,939)	462,744,457
Movement in cash and cash equivalents					
At the beginning of the year		867,099,884	407,134,601	866,649,152	403,904,694
Increase / (decrease)		(44,946,338)	459,965,283	(44,939,939)	462,744,458
At the end of the year	22	822,153,545	867,099,884	821,709,214	866,649,152

The notes on pages 45 to 87 form an integral part of these financial statements
Independent auditor's report - pages 36 to 38

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 2022 (i.e. year ending 31 March 2023) and (b) forthcoming requirements, being standards and amendments that will become effective on or after 1 April 2023.

(a) New standards and amendments – applicable 1 January 2022

The Group has applied the following standards and amendments for the first time for their annual reporting periods commencing 1 January 2022:

i) Amendment to LKAS 16, Property, Plant and Equipment

(ii) Amendments to SLFRS 3, Reference to the Conceptual Framework

(iii) Amendments to LKAS 37, Onerous Contracts – Cost of Fulfilling a Contract

(iv) Annual Improvements to SLFRS Standards 2018–2020.

'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 LKAS 16, Property, Plant and Equipment

Proceeds before intended use –this amendment 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 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.

Notes to the Financial Statements

(ii) Amendments to SLFRS 3, Reference to the Conceptual Framework

Minor amendments were made to SLFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and to add an exception for the recognition of liabilities and contingent liabilities within the scope of LKAS 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.

(iii) Amendments to LKAS 37, Onerous Contracts – Cost of Fulfilling a Contract

The amendment to LKAS 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.

(iv) Annual Improvements to SLFRS Standards 2018–2020

The following improvements were finalised in May 2020:

- SLFRS 9 Financial Instruments – clarifies which fees should be included in the 10% test for derecognition of financial liabilities.
- SLFRS 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.
- SLFRS 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 SLFRS 1 exemption.
- These Standard and amendments are effective for the annual periods beginning on or after 01 April 2022.
- These Standard and amendments are effective for the annual periods beginning on or after 01 January 2022.

(b) New standards and amendments issued but not effective or early adopted in 2022

The following standards and interpretations had been issued by IASB, but not mandatory for annual reporting periods ending 31 December 2022. Further, the Group has not early adopted these new standards and/or amendments.

(i) (i) Classification of Liabilities as Current or Non-current – Amendments to LKAS 1

The narrow-scope amendments to LKAS 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 LKAS 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 LKAS 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.

(ii) Disclosure Initiative: Accounting Policies - Amendments to LKAS

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

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

(iii) Definition of Accounting Estimates (Amendments to LKAS 8)

The amendments introduced the definition of accounting estimates and included other amendments to LKAS 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.

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

LKAS 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.

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'.

Notes to the Financial Statements

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;

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at 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 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.

Notes to the Financial Statements

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 recognized 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.

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,

Notes to the Financial Statements

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 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 are on average 90 days apart from the related party customers,all other sales on cash basis 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 summarized 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 optimizing return.

The sensitivity analysis in the following sections relate to the position as at 31 March in 2023 and 2022.

The following assumptions have been made in calculating the sensitivity analysis:

- The sensitivity of the relevant Statement of profit or loss item is the effect of the assumed changes in respective market risks.
- This is based on the financial assets and financial liabilities held at 31 March 2023 and 2022.
- The statement of financial position sensitivity relates to equity instruments designated at fair value through OCI.

Notes to the Financial Statements

(i) Foreign exchange risk

As at 31st March 2023, rupee fell by 13% against the US dollar compared to its closing rate on 31st March 2022. However, from the second half of the financial year, the foreign exchange liquidity improved on the back of a trade surplus given the sharp contraction of imports due to the fiscal and monetary policy measures adopted in the country and the continuation of import restrictions at the time. However, when the repayment of foreign debt begins and import restrictions are fully relaxed, currency volatility can be anticipated.

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	
	2023	2022	2023	2022
Trade and other payables - USD	Nil	(414,758,928)	Nil	(414,758,928)
Trade and other receivables - USD	153,543,631	230,960,477	153,543,631	230,960,477
Bank balances - USD	790,036,433	820,726,964	790,036,433	820,726,964
	943,580,064	636,928,513	943,580,064	636,928,513

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

	Group		Company	
	31 March		31 March	
	2023	2022	2023	2022
Net foreign exchange gain included in finance cost	24,876,810	132,097,195	24,876,810	132,097,195
Total net foreign exchange gain recognised in profit before income tax for the period	24,876,810	132,097,195	24,876,810	132,097,195

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 USD/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. The assumed movement, in the spread of the exchange rate sensitivity analysis, is based on the current observable market environment.

Sensitivity (Contd.)

	Increase in profit/(loss)			
	Group		Company	
	31 March		31 March	
	2023	2022	2023	2022
USD/LKR exchange rate – 10% increase	94,358,006	108,664,917	94,358,006	108,664,917
USD/LKR exchange rate – 10% decrease	(94,358,006)	(108,664,917)	(94,358,006)	(108,664,917)
USD/LKR exchange rate – 20% increase	188,716,013	42,605,339	188,716,013	42,605,339
USD/LKR exchange rate – 20% decrease	(188,716,013)	(42,605,339)	(188,716,013)	(42,605,339)
USD/LKR exchange rate – 30% increase	283,074,019	21,302,669	283,074,019	21,302,669
USD/LKR exchange rate – 30% decrease	(283,074,019)	(21,302,669)	(283,074,019)	(21,302,669)

(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 2023 and 2022, the group's borrowings at variable rate were denominated in Sri Lanka Rupees.

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

	Group		Company	
	31 March		31 March	
	2023	2022	2023	2022
Interest rate – increase 5% (2022 – 5%)	Nil	8,863,375	2,850,000	8,863,375
Interest rate – decrease 5% (2022 – 5%)	Nil	(8,863,375)	(2,850,000)	(8,863,375)

The spread of basis points for the interest rate sensitivity analysis is assumed based on movement of base floating interest rates in the market during financial year 2022/23.

	Group		Company	
	31 March		31 March	
	2023	2022	2023	2022
Variable rate borrowings	Nil	(234,267,502)	(57,000,000)	(177,267,502)

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" and the interest is shared based on 3 months treasury bill rate.

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 2023 Quoted shares – (Colombo Stock Exchange)	10%	4,322,691	4,322,691
31 March 2022 Quoted shares – (Colombo Stock Exchange)	10%	4,909,606	4,909,606

	Change in equity price	Effect on profit Rs.	Effect on equity Rs.
Company			
31 March 2023 Quoted shares – (Colombo Stock Exchange)	10%	4,322,691	4,322,691
31 March 2022 Quoted shares – (Colombo Stock Exchange)	10%	4,909,606	4,909,606

(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 2023	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)	6,357,450	-	-	-	6,357,450
Total financial liabilities	6,357,450	-	-	-	6,357,450

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	177,267,503	-	-	-	177,267,503
Total financial liabilities	606,631,905	-	-	-	606,631,905

Company

At 31 March 2023	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)	79,436,274	-	-	-	79,436,274
Total financial liabilities	79,436,274	-	-	-	79,436,274

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	668,003,425	-	-	-	668,003,425

Notes to the Financial Statements

(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 2023 or 1 April 2022 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 2023 and 31 March 2022 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 2023.

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.

	Group Year ended 31 March		Company Year ended 31 March	
	2023	2022	2023	2022
Total borrowings (Note 23.2)	Nil	177,267,503	Nil	177,267,503
Less : Cash and cash equivalents (Note 22)	(823,320,233)	(871,008,254)	(822,875,901)	(870,557,522)
Net debt	(823,320,233)	(693,740,751)	(822,875,901)	(693,290,019)
Total equity	2,816,732,760	2,270,275,340	2,730,744,916	2,200,552,135
Total capital	1,993,412,527	1,576,534,589	1,907,869,015	1,507,262,116
Gearing ratio	(41.30%)	(44.00%)	(43.13%)	(46.00%)

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 2023	Level 1	Total balance
Group		
Assets		
Financial assets at fair value through other comprehensive income	43,226,910	43,226,910
	43,226,910	43,226,910
Company		
Assets		
Financial assets at fair value through other comprehensive income	43,226,910	43,226,910
	43,226,910	43,226,910

As at 31 March 2022	Level 2	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

(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 2.7.3 and 2.7.4. 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.

(d) 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.

(e) 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.

(f) 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.

(g) 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.

(h) 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.

(i) 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.

(j) 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.

(k) 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.

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	
	2023	2022	2023	2022
Local sales from contracts with customers	2,477,267,108	2,955,017,260	2,477,267,108	2,955,017,260
Net revenue	2,477,267,108	2,955,017,260	2,477,267,108	2,955,017,260

7 Other income

	Group		Company	
	Year ended 31 March		Year ended 31 March	
	2023	2022	2023	2022
Dividend income	3,020,048	2,199,258	3,020,048	2,199,258
Other income	104,925	-	104,925	-
	3,124,973	2,199,258	3,124,973	2,199,258

8 Expenses by nature

	Group		Company	
	Year ended 31 March		Year ended 31 March	
	2023	2022	2023	2022
Directors' emoluments (Note 31.8 (e)]	270,000	420,000	270,000	420,000
Right of use assets amortisation (Note 15)	22,000	22,000	22,000	22,000
Provision for obsolete stock [Note 19 (a)]	16,108,243	-	16,108,243	-
Auditor's remuneration	1,098,642	789,630	789,527	651,000
Depreciation (Note 14)	18,697,965	17,797,857	18,697,965	17,797,857
Staff costs (Note 9)	54,883,695	59,923,377	54,883,695	59,923,377
Raw material consumption	1,563,419,284	2,134,857,642	1,579,527,527	2,134,857,642
Other costs	47,337,418	37,353,294	30,566,531	37,340,944
Total cost of sales and administrative costs	1,701,837,247	2,251,163,799	1,700,865,489	2,251,012,820

Other costs mainly consist of electricity expenses amounting to Rs. 23,461,000 (2022 - Rs. 23,603,092), repairs and maintenance amounting to Rs. 7,421,739 (2022 - Rs. 5,559,108) for both Group and Company.

9 Staff costs

	Group		Company	
	Year ended 31 March		Year ended 31 March	
	2023	2022	2023	2022
Wages and salaries	39,886,727	46,352,766	39,886,727	46,352,766
Defined contribution plan	3,596,090	4,069,318	3,596,090	4,069,318
Defined benefit plan (Note 24)	1,673,187	138,635	1,673,187	138,635
Other staff costs	9,727,691	9,362,657	9,727,691	9,362,657
	54,883,695	59,923,376	54,883,695	59,923,377
Average number of employees during the year	42	42	42	42

Group other staff costs mainly include bonus cost amounting to Rs 3,862,728 (2022 -Rs 4,218,375) and staff welfare expenses amounting to Rs 4,449,368 (2022 - Rs 3,180,089).

Notes to the Financial Statements

10 Finance income-net

	Group		Company	
	Year ended 31 March		Year ended 31 March	
	2023	2022	2023	2022
Finance income :				
Interest income	77,458,278	24,817,765	67,441,278	22,172,815
Net Exchange gain	24,876,810	132,097,195	24,876,810	132,097,195
	102,335,088	156,914,961	92,318,088	154,270,011
Finance costs :				
Interest expense	(10,238,164)	(18,471,263)	(23,832,664)	(22,060,838)
	(10,238,164)	(18,471,263)	(23,832,664)	(22,060,838)
Finance income - net	92,096,924	138,443,698	68,485,424	132,209,173

11 Income tax

As per the Inland Revenue Act No. 24 of 2017 and amendments thereto, the company's business profits are taxable at the rate of 18% for the first six months and 30% for the last six months of the financial year ended 31st March 2023 (2022 - 18%)

	Group		Company	
	Year ended 31 March		Year ended 31 March	
	2023	2022	2023	2022
Current tax	200,271,069	125,586,753	193,895,964	124,090,467
Under provision in respect of prior years	23,758,791	-	23,758,791	-
Deferred tax charge/(release)	11,662,330	(2,116,110)	11,662,330	(2,116,110)
	235,692,190	123,470,643	229,317,085	121,974,357

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	
	2023	2022	2023	2022
Profit before tax	870,651,758	844,496,417	848,012,015	838,412,872
Tax calculated at effective tax rate of 18% and 30% (18% -2022)	208,956,422	152,009,355	203,522,884	150,914,317
Tax calculated at effective tax rate of 14%	-	307,896	-	307,896
Tax effect of income not subject to tax	(11,109,368)	(27,573,585)	(11,109,368)	(27,974,833)
Tax effect of expenses deductible/not deductible for tax purpose	2,424,014	843,087	1,482,448	843,087
Under provision in respect of prior year	23,758,791	-	23,758,791	-
Deferred tax charge/(release)	11,662,330	(2,116,110)	11,662,330	(2,116,110)
Tax charge	235,692,190	123,470,643	229,317,085	121,974,357

12 Basic/diluted 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 Year ended 31 March		Company Year ended 31 March	
	2023	2022	2023	2022
Net profit attributable to shareholders	634,959,568	721,025,774	618,694,930	716,438,516
Weighted average number of ordinary shares in issue (Note 27)	4,212,500	4,212,500	4,212,500	4,212,500
Basic/diluted earnings per share	150.73	171.16	146.87	170.07

13 Dividend per share

	Group Year ended 31 March		Company Year ended 31 March	
	2023	2022	2023	2022
Interim dividend paid	63,187,500	42,125,000	63,187,500	42,125,000
	63,187,500	42,125,000	63,187,500	42,125,000
Number of ordinary shares in issue (Note 27)	4,212,500	4,212,500	4,212,500	4,212,500
Dividend per share	15.00	10.00	15.00	10.00

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 31 March 2021						
Cost / valuation	279,500,000	178,103,341	28,080,512	3,781,732	22,510,427	511,976,012
Accumulated depreciation	-	(140,345,798)	(17,559,694)	(2,674,439)	(21,533,879)	(182,113,810)
Net book amount	279,500,000	37,757,543	10,520,818	1,107,293	976,548	329,862,202
Year ended 31 March 2022						
Opening net book amount	279,500,000	37,757,543	10,520,818	1,107,293	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	931,854	696,548	347,902,526
At 31 March 2022						
Cost / valuation	279,500,000	213,941,522	28,080,512	3,781,732	22,510,427	547,814,193
Accumulated depreciation	(5,260,000)	(150,633,235)	(19,354,675)	(2,849,878)	(21,813,879)	(199,911,667)
Net book amount	274,240,000	63,308,287	8,725,837	931,854	696,548	347,902,526
Year ended 31 March 2023						
Opening net book amount	274,240,000	63,308,287	8,725,837	931,854	696,548	347,902,526
Additions	-	-	444,000	30,848	-	474,848
Revaluation surplus	-	-	-	-	-	-
Depreciation charge (Note 8)	(5,260,000)	(11,239,998)	(1,763,227)	(154,740)	(280,000)	(18,697,965)
Closing net book amount	268,980,000	52,068,289	7,406,610	807,962	416,548	329,679,409
At 31 March 2023						
Cost / valuation	279,500,000	213,941,522	28,524,512	3,812,580	22,510,427	548,289,041
Accumulated depreciation	(10,520,000)	(161,873,233)	(21,117,902)	(3,004,618)	(22,093,879)	(218,609,632)
Net book amount	268,980,000	52,068,289	7,406,610	807,962	416,548	329,679,409

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 2021						
Cost / valuation	279,500,000	158,827,273	28,080,512	3,781,732	22,510,427	492,699,944
Accumulated depreciation	-	(121,069,730)	(17,559,694)	(2,674,439)	(21,533,879)	(162,837,742)
Net book amount	279,500,000	37,757,543	10,520,818	1,107,293	976,548	329,862,202
Year ended 31 March 2022						
Opening net book amount	279,500,000	37,757,543	10,520,818	1,107,293	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	931,854	696,548	347,902,526
At 31 March 2022						
Cost / valuation	279,500,000	194,665,454	28,080,512	3,781,732	22,510,427	528,538,125
Accumulated depreciation	(5,260,000)	(131,357,167)	(19,354,675)	(2,849,878)	(21,813,879)	(180,635,599)
Net book amount	274,240,000	63,308,287	8,725,837	931,854	696,548	347,902,526
Year ended 31 March 2023						
Opening net book amount	274,240,000	63,308,287	8,725,837	931,854	696,548	347,902,526
Additions	-	-	444,000	30,848	-	474,848
Revaluation surplus	-	-	-	-	-	-
Depreciation charge (Note 8)	(5,260,000)	(11,239,998)	(1,763,227)	(154,740)	(280,000)	(18,697,965)
Closing net book amount	268,980,000	52,068,289	7,406,610	807,962	416,548	329,679,409
At 31 March 2023						
Cost / valuation	279,500,000	194,665,454	28,524,512	3,812,580	22,510,427	529,012,973
Accumulated depreciation	(10,520,000)	(142,597,165)	(21,117,902)	(3,004,618)	(22,093,879)	(199,333,564)
Net book amount	268,980,000	52,068,289	7,406,610	807,962	416,548	329,679,409

14 Property, plant and equipment

(c) Property, plant and equipment include fully depreciated assets, the gross carrying amount of which amounted to Rs 127.8 Mn (2022 - Rs 103.7 Mn). These assets are still in use.

(d) 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

Notes to the Financial Statements

(e) 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

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

	Company / Group 2023		Company / Group 2022	
	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	(19,775,139)	Nil	(18,362,629)
Net book value	7,508,775	15,537,609	7,508,775	16,950,119

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

(h) The Directors are of the view that market values as at 31st March 2023 have not materially changed from the value determined as at 31 March 2021.

Fair value hierarchy	At 31 March 2023 Level 2	At 31 March 2023 Level 3	At 31 March 2022 Level 2	At 31 March 2022 Level 3
Land	148,000,000	-	148,000,000	-
Buildings	-	120,980,000	-	126,240,000
Total value	148,000,000	120,980,000	148,000,000	126,240,000

Valuation techniques used to determine level 2 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 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 constructions	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 31 March		Company 31 March	
	2023	2022	2023	2022
Balance at 1 April	1,576,419	1,598,619	1,576,419	1,598,619
Depreciation during the year	(22,200)	(22,200)	(22,200)	(22,200)
Balance at 31 March	1,554,219	1,576,419	1,554,219	1,576,419

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

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

	Group Year ended 31 March		Company Year ended 31 March	
	2023	2022	2023	2022
Depreciation charge of right-of-use assets	22,200	22,200	22,200	22,200
	22,200	22,200	22,200	22,200

Notes to the Financial Statements

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 (2022 - 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 2023			31 March 2022		
	Number of shares	Cost	Market value	Number of shares	Cost value	Market value
Diversified holdings						
Hayleys PLC	389,070	2,952,614	28,013,040	389,070	2,952,614	29,919,483
Banking, finance and insurance						
Nations Trust Bank PLC	30,230	512,005	1,934,720	28,499	512,005	1,285,305
People's Insurance PLC	585,500	8,782,500	12,705,350	585,500	8,782,500	17,623,550
Plantations						
Maskeliya Plantations PLC	8,200	374,258	299,300	8,200	374,258	78,720
Kotagala Plantations PLC	45,000	676,580	274,500	45,000	676,580	189,000
Total cost of investments by the Company		13,297,957	43,226,910		13,297,957	49,096,058
Total cost of investments by the Group		13,297,957	43,226,910		13,297,957	49,096,058

On disposal of these equity investments, any related balance within the FVOCI reserve is reclassified to retained earnings. The company has received 1,731 shares from Nation Trust Bank PLC as bonus shares during the year.

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

	Group		Company	
	31 March		31 March	
	2023	2022	2023	2022
Balance at 1 April	49,096,058	43,383,934	49,096,058	43,383,934
Net change in fair value	(5,869,148)	5,712,124	(5,869,148)	5,712,124
Balance at 31 March	43,226,910	49,096,058	43,226,910	49,096,058

Notes to the Financial Statements

18 Financial instruments by category

(a) Financial instruments

Group	Financial assets at amortised cost	Financial assets at FVOCI income (FVOCI)	Total
31 March 2023			
Assets as per the statement of financial position			
Equity instruments	Nil	43,226,910	43,226,910
Trade and other receivables (excluding pre-payments)	1,223,937,011	Nil	1,223,937,011
Cash and cash equivalents	823,320,233	Nil	823,320,233
	2,047,257,244	43,226,910	2,090,484,244

Group	Financial Liabilities at fair value through profit or loss	Liabilities at amortised cost	Total
31 March 2023			
Liabilities as per the statement of financial position			
Trade and other payables (excluding statutory liabilities)	-	9,477,646	9,477,646
Import loans	-	-	-
	-	9,477,646	9,477,646

Company	Financial assets at amortised cost	Financial assets at FVOCI income (FVOCI)	Total
31 March 2023			
Assets as per the statement of financial position			
Equity instruments	Nil	43,226,910	43,226,910
Trade and other receivables (excluding pre-payments)	1,167,545,306	Nil	1,167,545,306
Cash and cash equivalents	822,875,901	Nil	822,875,901
	1,990,421,207	43,226,910	2,033,648,117

Company	Financial Liabilities at fair value through profit or loss	Liabilities at amortised cost	Total
31 March 2023			
Liabilities as per the statement of financial position			
Trade and other payables (excluding statutory liabilities)	-	82,556,469	82,556,469
Import loans	-	-	-
	-	82,556,469	82,556,469

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	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

Company	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

19 Inventories

	Group		Company	
	31 March		31 March	
	2023	2022	2023	2022
Raw materials	474,828,841	411,850,018	474,828,841	411,850,018
Work-in-progress	134	134	134	134
Finished goods	87,346,276	36,261,503	87,346,276	36,261,503
Other stocks	14,169,883	8,740,390	14,169,883	8,740,390
	576,345,134	456,852,045	576,345,134	456,852,045
Provision for obsolete stock [19(a)]	(18,835,527)	(2,727,284)	(18,835,527)	(2,727,284)
Net book amount	557,509,607	454,124,761	557,509,607	454,124,761

(a) Provision for obsolete stock

	Group		Company	
	31 March		31 March	
	2023	2022	2023	2022
Balance at the beginning of the year	2,727,284	2,727,284	2,727,284	2,727,284
Provision charge during the year	16,108,243	-	16,108,243	-
Balance at the end of the year	18,835,527	2,727,284	18,835,527	2,727,284

20 Trade and other receivables

	Group 31 March		Company 31 March	
	2023	2022	2023	2022
Trade receivables - non related parties	Nil	1,491,708	Nil	1,491,708
Loss allowance for trade and other receivable	Nil	Nil	Nil	Nil
	Nil	1,491,708	Nil	1,491,708
Trade receivable from related parties [Note 31.7 (b)]	698,960,996	1,099,968,623	684,569,281	1,095,368,931
Loan given to parent company [Note 31.7 (c)]	492,000,000	42,000,000	450,000,000	-
Advances and prepayments	121,968,635	169,873,533	121,968,635	169,873,533
Other receivables	32,976,015	12,819,642	32,976,024	12,819,648
	1,345,905,646	1,326,153,506	1,289,513,941	1,279,553,820

The average interest rate (based on 90 days treasury bill rates) on loan given to holding company is 23.85% (2022 - 6.30%).

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

	Group 31 March		Company 31 March	
	2023	2022	2023	2022
Up to 3 months	1,245,600,128	996,897,337	1,189,208,423	950,297,651
3 to 6 months	62,014,076	310,913,735	62,014,076	310,913,735
More than 6 months	38,291,442	18,342,434	38,291,442	18,342,434
	1,345,905,646	1,326,153,506	1,289,513,941	1,279,553,820

Past due but not impaired

Debtors with a carrying amount of Rs. 38,291,442 (2022 - Rs. 18,342,434), which are past due (more than 6 months) for the Group and the Company respectively at the end of the reporting period but the Company has not impaired as there have not been a significant change in credit quality and the Directors of the Company believe that overdue amounts are 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	
	2023	2022	2023	2022
US dollars	169,486,565	121,985,904	113,094,860	75,386,218
Sri Lankan Rupees	1,176,419,081	1,204,167,601	1,176,419,081	1,204,167,601
	1,345,905,565	1,326,153,506	1,289,513,941	1,279,553,820

Notes to the Financial Statements

21 Income tax payable

	Group 31 March		Company 31 March	
	2023	2022	2023	2022
Balance at the beginning of the year	109,445,776	43,016,155	80,747,054	14,193,469
Provision for the current year (Note 11)	200,271,069	125,586,753	193,895,964	124,090,467
Under provision in respect of prior years	23,758,791	-	23,758,791	-
Payments made during the year	(181,516,876)	(59,157,132)	(180,370,056)	(57,536,882)
Balance at 31 March	151,958,760	109,445,776	118,031,753	80,747,054

22 Cash and cash equivalents

	Group 31 March		Company 31 March	
	2023	2022	2023	2022
Cash at bank and in hand	58,585,433	215,913,092	58,141,101	215,462,360
Fixed Deposits	764,734,800	655,095,162	764,734,800	655,095,162
	823,320,233	871,008,254	822,875,901	870,557,522

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

	Group 31 March		Company 31 March	
	2023	2022	2023	2022
Cash at bank and in hand	823,320,233	871,008,254	822,875,901	870,557,522
Bank overdrafts	(1,166,688)	(3,908,370)	(1,166,688)	(3,908,370)
	822,153,545	867,099,884	821,709,213	866,649,152

23

23.1 Trade and other payables

	Group 31 March		Company 31 March	
	2023	2022	2023	2022
Trade payables	2,040,245	422,511,725	2,040,246	422,511,726
Payables to related parties [Note 31.7 (a)]	Nil	774,908	16,303,796	5,287,267
Loans from related parties [Note 31.7 (d)]	Nil	Nil	57,000,000	57,000,000
Payroll related payables and other taxes	586,381	553,116	586,382	553,117
Accrued expenses and other payables	38,499,833	6,077,770	38,274,860	5,936,930
	41,126,460	429,917,519	114,205,284	491,289,040

Other payables mainly consist of VAT payables amounting to Rs. 25,873,166 (2022 - Refund of Rs. 4,404,569), SSCL Payables amounting to Rs. 5,189,267 (2022 - Nil) for both Group and Company.

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

23.2 Short term borrowings

	Group		Company	
	31 March		31 March	
	2023	2022	2023	2022
Import loans	Nil	177,267,503	Nil	177,267,503
	Nil	177,267,503	Nil	177,267,503

24 Defined benefit obligations

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

	Group		Company	
	31 March		31 March	
	2023	2022	2023	2022
At beginning of year	7,536,180	17,432,937	7,536,180	17,432,937
Expense recognised in statement of profit and loss (Note 24.1.1)	1,673,187	138,635	1,673,187	138,635
Actuarial (gain) / loss recognised in OCI (Note 24.1.2)	3,695,076	(9,349,900)	3,695,076	(9,349,900)
	12,904,443	8,221,672	12,904,443	8,221,672
Payments made during the year	(1,616,675)	(685,492)	(1,616,675)	(685,492)
At end of year	11,287,768	7,536,180	11,287,768	7,536,180

24.1.1 Amount recognised in income statement

	Group		Company	
	31 March		31 March	
	2023	2022	2023	2022
Current service cost	452,326	376,854	452,326	376,854
Past service cost	-	(1,685,153)	-	(1,685,153)
Interest cost	1,220,861	1,446,934	1,220,861	1,446,934
	1,673,187	138,635	1,673,187	138,635

24.1.2 Amount recognised in comprehensive income

	Group		Company	
	31 March		31 March	
	2023	2022	2023	2022
Actuarial loss/ (gain)	3,695,076	(9,349,900)	3,695,076	(9,349,900)
	3,695,076	(9,349,900)	3,695,076	(9,349,900)

Notes to the Financial Statements

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 2023, 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	
	2023	2022
Rate of discount	18%	16.2%
Salary increment rate	15%	10%
Retirement age	60 years	60 years

24.2 Sensitivity of the actuarial assumptions

		31 March 2023			
		Group		Company	
	Change	Financial Position- Liability	Comprehensive income-(Charge) / Credit	Financial Position- Liability	Comprehensive income - (Charge) / Credit
Discount rate	+1	10,177,949	1,109,819	10,177,949	1,109,819
	-1	12,564,635	(1,276,867)	12,564,635	(1,276,867)
Future salary increases	+1	12,607,074	(1,319,306)	12,607,074	(1,319,306)
	-1	10,126,575	1,161,193	10,126,575	1,161,193

		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

24.3 Maturity analysis

The weighted average duration of the defined benefit obligation is 17.66 years (2022 – 18.48 years). The expected maturity analysis of post-employment benefits is as follows:

Group 31 March 2023	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
Defined benefit obligation	366,763	538,898	717,271	9,664,835	11,287,767

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

Company 31 March 2023	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
Defined benefit obligation	366,763	538,898	717,271	9,664,836	11,287,768

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

The weighted average duration of the defined benefit obligation is 17.66 years (2022 – 18.48 years). The expected maturity analysis of undiscounted post-employment benefits is as follows:

Group 31 March 2023	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
Defined benefit obligation	431,486	633,998	843,848	11,370,395	13,279,727

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

Company 31 March 2023	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
Defined benefit obligation	431,486	633,998	843,848	11,370,395	13,279,727

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

25 Deferred income tax

Deferred income taxes are calculated on temporary differences under the liability method using the future effective tax rate of 30% (2022 - 18%).

25.1 The gross movement in the deferred income tax account was as follows:

	Group 31 March		Company 31 March	
	2023	2022	2023	2022
Balance at the beginning of the year	51,510,834	51,943,962	51,510,834	51,943,962
Origination/(reversal) of temporary differences recognized in statement of profit or loss	11,662,330	(2,116,110)	11,662,330	(2,116,110)
Origination of temporary differences recognised in other comprehensive income	15,750,424	1,682,982	15,750,424	1,682,982
Balance at the end of the year	78,923,588	51,510,834	78,923,588	51,510,834

25.2 The movement in the deferred income tax account was as follows:

(i) Movement in deferred income tax liability

	Group 31 March		Company 31 March	
	2023	2022	2023	2022
Balance at the beginning of the year	53,358,257	55,572,802	53,358,257	55,572,802
Origination/(reversal) of temporary differences recognised in statement of profit or loss	17,743,373	(2,214,545)	17,743,373	(2,214,545)
Origination of temporary differences recognised in other comprehensive income	16,858,947	-	16,858,947	-
Balance at the end of the year	87,960,577	53,358,257	87,960,577	53,358,257

(ii) Movement in deferred income tax asset

	Group 31 March		Company 31 March	
	2023	2022	2023	2022
Balance at the beginning of the year	1,847,423	3,628,840	1,847,423	3,628,840
Origination/(reversal) of temporary differences recognised in statement of profit or loss	6,081,043	(98,435)	6,081,043	(98,435)
Origination/(reversal) of temporary differences recognised in other comprehensive income	1,108,523	(1,682,982)	1,108,523	(1,682,982)
Balance at the end of the year	9,036,989	1,847,423	9,036,989	1,847,423
Net deferred tax liability at the end of the year	**78,923,588**	**51,510,834**	**78,923,588**	**51,510,834**

25.3 Composition of deferred tax liabilities and deferred tax assets is as follows:

(i) Composition of deferred tax liabilities

	Group 31 March		Company 31 March	
	2023	2022	2023	2022
Property, plant and equipment	45,813,209	28,069,836	45,813,209	28,069,836
Surplus on revaluation of land	42,147,368	25,288,421	42,147,368	25,288,421
	87,960,577	53,358,257	87,960,577	53,358,257

Notes to the Financial Statements

(ii) Composition of deferred tax assets

	Group 31 March 2023	Group 31 March 2022	Company 31 March 2023	Company 31 March 2022
Retirement benefit obligation	3,386,331	1,356,512	3,386,331	1,356,512
Provision for impairment of inventories	5,650,658	490,911	5,650,658	490,911
	9,036,989	1,847,423	9,036,989	1,847,423

26 Commitments

Financial commitments

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

Capital commitments

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

27 Stated capital

	Group 31 March 2023	Group 31 March 2022	Company 31 March 2023	Company 31 March 2022
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

The ordinary shares of ACL Plastics PLC are quoted on the Colombo Stock Exchange. The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are eligible for one vote per share at General Meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Float adjusted market capitalization

27.1 Float adjusted market capitalization

The Company complies with option 5 of the Listing Rules 7.14.1 (a) – Rs 2.5 Bn Float Adjusted Market Capitalization which requires 20% minimum Public Holding and 500 public share holders.

28 Revaluation reserve

The revaluation reserve 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		Company	
	31 March		31 March	
	2023	2022	2023	2022
At beginning of year	185,884,480	190,989,256	185,884,480	190,989,256
Deferred tax on effect of change in tax rates	(16,858,947)	-	(16,858,947)	-
Depreciation transfer - gross	(6,225,336)	(6,225,336)	(6,225,336)	(6,225,336)
Deferred tax on transfer	1,867,601	1,120,560	1,867,601	1,120,560
At the end of the year	164,667,798	185,884,480	164,667,798	185,884,480

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 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
Changes in the fair value of equity investments at FVOCI	(5,869,148)	(5,869,148)
At 31 March 2023	29,928,954	29,928,954

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.

Notes to the Financial Statements

30 Cash generated in operations

Reconciliation of profit before tax to cash generated from operations:

	Group 31 March		Company 31 March	
	2023	2022	2023	2022
Profit before tax	870,651,758	844,496,417	848,012,015	838,412,872
Adjustments for:				
Depreciation of property, plant and equipment (Note 14)	18,697,965	17,797,857	18,697,965	17,797,857
Dividend income (Note 7)	(3,020,048)	(2,199,258)	(3,020,048)	(2,199,258)
Interest expense (Note 10)	10,238,164	18,471,263	23,832,664	22,060,838
Interest income (Note 10)	(77,458,278)	(24,817,765)	(67,441,278)	(22,172,815)
Amortization of leasehold properties (Note 15.1)	22,200	22,200	22,200	22,200
Provision for defined benefit obligations (Note 24.1)	1,673,187	138,635	1,673,187	138,635
Changes in working capital:				
Increase in inventories	(103,384,846)	(145,716,765)	(103,384,846)	(145,716,765)
Decrease / (Increase) in receivables and prepayments	(19,752,142)	(398,632,356)	(9,960,121)	(395,987,403)
(Decrease) / Increase in trade and other payables	(388,791,060)	284,710,661	(377,083,758)	289,308,179
Cash generated from operations	308,876,901	594,270,888	331,347,981	601,664,340

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 2023	2022
31.5 (a) Sale of goods (inclusive of taxes)			
ACL Cables PLC	Parent entity	1,581,118,311	1,496,920,312
Kelani Cables PLC	Affiliate	1,100,965,633	1,240,400,589
		2,682,083,944	2,737,320,901
31.6 (b) Purchase of goods (inclusive of taxes)			
ACL Cables PLC	Parent entity	3,524,799	Nil
Kelani Cables PLC	Affiliate	3,555,127	774,908
		7,079,926	774,908
(c) Interest income from loans			
ACL Cables PLC	Parent entity	Nil	Nil
		Nil	Nil
(d) Loan settled from related party			
ACL Cables PLC	Parent entity	Nil	Nil
		Nil	Nil
(e) Interest expenses on borrowings			
ACL Polymers (Private) Limited	Subsidiary	13,594,500	3,589,575
		13,594,500	3,589,575

(f) Interest on borrowings

	Group 31 March 2022	2021
ACL Cables PLC	10,017,000	2,644,950

31.7 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 2023	2022	Company 31 March 2023	2022
ACL Polymers (Private) Limited	Subsidiary	Nil	Nil	16,303,796	4,512,359
Kelani Cables PLC	Affiliate	Nil	774,908	Nil	774,908
		Nil	774,908	16,303,796	5,287,267

Notes to the Financial Statements

(b) Receivable from related parties

	Relationship	Group 31 March 2023	2022	Company 31 March 2023	2022
ACL Cables PLC	Parent entity	410,147,121	805,610,486	395,755,406	801,010,794
Kelani Cables PLC	Affiliate	288,813,874	294,358,138	288,813,874	294,358,138
		698,960,995	1,099,968,623	684,569,281	1,095,368,931

(c) Receivable on loans

	Relationship	Group 31 March 2023	2022	Company 31 March 2023	2022
ACL Cables PLC	Parent entity	492,000,000	42,000,000	450,000,000	-
		492,000,000	42,000,000	450,000,000	-

(d) Payable on loans

	Relationship	Group 31 March 2023	2022	Company 31 March 2023	2022
ACL Polymers (Private) Limited	Subsidiary	Nil	Nil	57,000,000	57,000,000
		Nil	Nil	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 23.85% (2022 - 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 2023 other than those disclosed above.

31.8 (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 31 March 2023	2022	Company 31 March 2023	2022
Directors' emoluments	270,000	420,000	270,000	420,000

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.

Proposed cash dividend

Management has declared an Interim Dividend of Rs. 15/- per share on 28th July 2023, for the year ended 31st March 2023. The total amount of the Dividend is Rs.63,187,500.00.

33 Impact From Rapid Change In Macro Economic Factors

Current Economic Condition of the Country

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

Impact on Business Operations

The Management assessed the current economic conditions, in preparation of financial statements and is of the view that Company has appropriate processes in place to identify and take necessary actions to minimise any unfavourable business impact. Lack of foreign exchange liquidity in the banking sector has resulted in delayed foreign supplier payments whether for capital or consumable goods creating challenges in sustaining the smooth business operations. However, Company has taken necessary measures to face such challenges to ensure continuous operations.

As per the accounting policies, the Company reviewed the carrying values of property, plant and equipment, intangible assets, inventory, trade and other receivables as at the reporting date, especially the impact the current economic condition could have on these assets and determined that no impairment is necessary. Further, the Company also reviewed the medium term business plans and is satisfied that necessary procedures are in place to mitigate any adverse impact on the operations and to safeguard assets.

Hence, the Board of Directors, is of the view that the economic conditions in the country have not significantly impacted Company performance for the year under review. The Board is satisfied that the Company has business plans with adequate resources to continue the business and mitigate the risks for the next 12 months from the date of approval of these financial statements.

Information to Shareholders

Distribution of Shares as at 31st March 2023

Category			Number of Shareholders	% Rs.	Number of Ordinary Shares
1	-	1,000 shares	1,412	5.46%	229,945
1,001	-	5,000 shares	138	7.27%	306,298
5,001	-	10,000 shares	20	3.51%	147,769
10,001	-	50,000 shares	18	9.18%	386,897
50,001	-	100,000 shares	2	3.51%	147,892
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			1594	100%	4,212,500

Analysis Report of Shareholders as at 31st March 2023

Category	Number of Shares	Total Holdings %
Institutional	3,139,868	74.54%
Individuals	1,072,632	25.46%
Total	4,212,500	100%

Twenty Largest Shareholders

	2023		2022	
Category	Number of Shares	% of Holding	Number of Shares	% 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%	140,730	3.34%
Saraswathi V. & Vasudevan S.	106,000	2.52%	10,600	2.52%
Sithampalam A.	94,592	2.25%	94,592	2.25%
Seylan Bank PLC/Emile Joseph Gunesekera & Mich	53,300	1.27%	53,051	1.26%
People's Leasing & Finance PLC/Mr.H.M. Abdulhusse	36,545	0.87%	36,545	0.87%
Wijeweera C.	32,090	0.76%	44,035	1.05%
Abdulhussein R.H.	25,664	0.61%	25,664	0.61%
J.B. Cocoshell (Pvt) Ltd	25,000	0.59%	-	0.00%
Gautam R.	24,800	0.59%	24,500	0.58%
Corea E.	24,751	0.59%	24,751	0.59%
Suriyabandara U.I.	24,015	0.57%	22,717	0.54%
Corea Gihan Asoka Mr.	23,625	0.56%	23,625	0.56%
Sabaratnam K.	22,631	0.54%	22,631	0.54%
Durga S.	21,000	0.50%	21,000	0.50%
Hatton National Bank PLC/Arunasalam	20,900	0.50%	19,900	0.47%
Madanayake H.A.S.	20,801	0.49%	20,801	0.49%
Abdulhussein Y.H.	19,500	0.46%	19,500	0.46%
Madanayake N.C.	17,751	0.42%	17,751	0.42%
Mannapperuma M.D.H.	14,376	0.34%	-	0.00%

Information to Shareholders

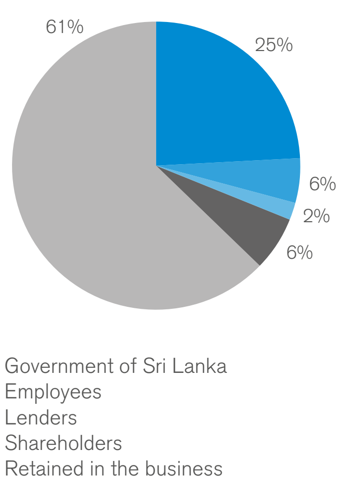
Information to Shareholders

		2023	2022
Company			
a)	Earnings per share (Rs)	146.87	170.07
b)	Dividend per share (Rs)	15.00	10.00
c)	Dividend payout ratio	0.10	0.06
d)	Net assets value per share (Rs)	648.25	522.39
e)	Market value per share (Rs)		
	- Highest value (Rs)	429.75	1,008.00
	- Lowest value (Rs)	336.75	352.00
	- Value as at the end of financial year (Rs)	392.00	362.25
f)	No of tradings for the year	9,155	5,246
g)	Total No of shares traded	584,191	452,551
h)	Total turnover (Rs)	255,733,779	323,782,836
i)	Percentage of Shares held by the public	33.87%	33.87%
j)	Number of Public shareholders	1,399	1,399
k)	No. of foreign Shareholders	14	10
Group			
a)	Earnings per share (Rs.)	150.73	171.16
b)	Dividend per share (Rs.)	15	10
c)	Dividend payout ratio	0.10	0.06
d)	Net assets value per share (Rs.)	668.66	538.94

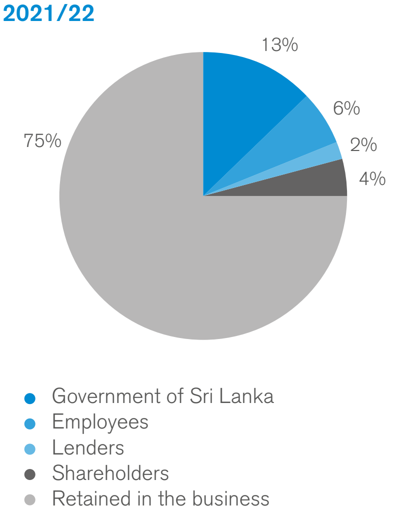
Statement of Value Added - Group

	%	2022/23 Rs. '000	%	2021/22 Rs. '000
Total revenue		2,477,267		2,955,017
Other operating & interest income		105,460		159,114
		2,582,727		3,114,131
Cost of material and services bought in		(1,571,002)		(2,149,115)
Total value added by the group		1,011,725		965,016
Value added shared with				
Government of Sri Lanka	25%	235,692	13%	123,471
(Taxes)				
Employees	6%	55,699	6%	59,923
(Salaries and other costs)				
Lenders	2%	22,187	2%	18,471
(Interest on loan capital)				
Shareholders	6%	63,188	4%	42,125
(Dividends)				
Retained in the business	61%	634,960	75%	721,026
(Depreciation & retained profits)				
	100%	1,011,725	100%	965,016

2022/23



2021/22



Five Year Summary - Group

Trading Results

Year ended 31st March	2023 Rs.'000	2022 Rs.'000	2021 Rs.'000	2020 Rs.'000	2019 Rs.'000
Turnover	2,477,267	2,955,017	1,900,005	1,580,780	1,487,779
Operating profit	778,555	706,053	186,214	225,240	75,929
Profit before tax	870,652	844,496	208,245	223,005	57,361
Taxation	(235,692)	(123,471)	(28,956)	67,239	27,563
Profit after tax	634,960	721,026	179,289	155,765	29,798

Balance Sheet

As at 31st March	2023 Rs.'000	2022 Rs.'000	2021 Rs.'000	2020 Rs.'000	2019 Rs.'000
Share capital	79,974	79,974	79,974	79,974	79,974
Capital reserve	164,668	185,884	190,989	126,210	129,492
Revenue reserves	170,000	170,000	170,000	170,000	170,000
Other Reserves	29,929	35,798	30,086	3,494	7,588
Retained profit	2,372,161	1,798,618	1,106,946	948,371	815,866
	2,816,732	2,270,275	1,577,995	1,328,050	1,202,920
Property plant & equipment	329,679	347,903	329,862	280,958	274,992
Operating lease prepayment	1,554	1,576	1,599	1,621	1,621
Financial assets at fair value through OCI	43,226	49,096	43,383	16,792	20,886
Deferred tax asset	-	-	-	-	1,957
Current assets	2,726,735	2,651,287	1,682,240	1,213,830	1,044,853
Current & non current liabilities	(284,463)	(779,586)	(479,089)	(185,151)	(141,388)
Capital employed	2,816,733	2,270,275	1,577,995	1,328,050	1,202,920

Notice of Meeting

NOTICE IS HEREBY GIVEN that the Thirty-Second Annual General Meeting of A C L Plastics PLC will be held at the Auditorium of A C L Cables PLC, No. 60, Rodney Street, Colombo 08 on 21st September 2023 at 9.00 am for the following purposes.

(1) To receive and adopt the Report of the Directors and the Statement of Accounts for the year ended 31st March 2023 with the report of the Auditors thereon.

(2) (a) To re–elect as a Director Dr D G Kamal Edger Weerapperuma who retires by rotation being eligible for re-election in terms of Article No. 85 of Articles of Association.

(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 a Director of the Company and that the age limit of 70 years referred to in Section 210 of 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 a Director of the Company and that the age limit of 70 years referred to in Section 210 of 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 a Director of the Company and that the age limit of 70 years referred to in Section 210 of Companies Act No. 07 of 2007 shall not apply to him.

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

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

(6) To consider and if thought fit to pass the following Special Resolution:

Special Resolution 1:

That the following be added as the third paragraph of Rule No.47 of the Articles of Association of the Company:

A General Meeting of shareholders may be held either-

(a) by a number of shareholders who constitute a quorum, being assembled together at the place, date and time appointed for the meeting; or

(b) by means of audio, or audio and visual communication by which all shareholders participating and constituting a quorum, can simultaneously hear each other throughout the meeting.

(7) To consider and if thought fit to pass the following Special Resolution:

Special Resolution 2

That the following sentence be included immediately after the first paragraph of Rule No. 143 of the Articles of Association of the Company:

Notices to shareholders as aforesaid may be sent electronically via email addresses provided by the shareholder.

By Order of the Board of ACL Plastics PLC

(Sgd.)
Corporate Affairs (Private) Limited
Secretaries

24th August 2023

NOTE:

(a) A Shareholder is entitled to appoint a Proxy to attend and vote in his stead and a FORM OF PROXY is attached to this Report for this purpose. A Proxy need not be a Shareholder of the Company. The instrument appointing a Proxy must be deposited at the Registered Office, No. 60, Rodney Street, Colombo 08, not less than forty eight (48) hours before the time appointed for the Meeting.

(b) Shareholders are kindly requested to hand-over duly perfected and signed Attendance Slip to the Registration counter.

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 represent me/us, to speak and vote whether on a show of hands or on a poll for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on 21st September 2023 at 9.00 a.m. and at any adjournment thereof.

Ordinary Resolutions set out in the Notice of Meeting:

		FOR	AGAINST
1	To receive and adopt the Report of the Directors and the Statement of Accounts for the year ended 31st March 2023 with the report of the Auditors thereon.		
2	To re–elect as a Director Dr D G Kamal Edger Weerapperuma who retires by rotation being eligible for re-election in terms of Article No. 85 of Articles of Association.		
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 a Director of the Company and that the age limit of 70 years referred to in Section 210 of 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 a Director of the Company and that the age limit of 70 years referred to in Section 210 of 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 a Director of the Company and that the age limit of 70 years referred to in Section 210 of Companies Act No. 07 of 2007 shall not apply to him.		
4	To re–appoint Messrs. PricewaterhouseCoopers, as Auditors of the Company and authorize the Directors to determine their remuneration.		
5	To authorize the Directors to determine donations to charities.		
6	To consider and if thought fit to pass the following Special Resolution:		
	That the following be added as the third paragraph of Rule No.47 of the Articles of Association of the Company:		
	A General Meeting of shareholders may be held either-		
	(a) by a number of shareholders who constitute a quorum, being assembled together at the place, date and time appointed for the meeting; or		
	(b) by means of audio, or audio and visual communication by which all shareholders participating and constituting a quorum, can simultaneously hear each other throughout the meeting.		
7	To consider and if thought fit to pass the following Special Resolution:		
	That the following sentence be included immediately after the first paragraph of Rule No. 143 of the Articles of Association of the Company:		
	Notices to shareholders as aforesaid may be sent electronically via email addresses provided by the shareholder.		

Signed this..day of...2023

....

Signature

INSTRUCTIONS FOR COMPLETION

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

IMPORTANT NOTICE TO SHAREHOLDERS

Consequent to the change of Articles of Association as detailed in the Notice of Meeting in accordance with the digitalization initiative, please provide the following information to investor.relations@acl.lk, for future Notices of Meetings to be sent to the e-mail address provided by you.

Full name: ....

Email Address: ....

NIC: ....

Notes

Notes

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	: investor.relations@acl.lk
Internet	: www.acl.lk

Board of Directors

Mr. U. G. Madanayake - Chairman

Mr. Suren Madanayake - Managing Director

Mrs. N. C. Madanayake

Mr. Mohan Joseph Ratnayake

Dr. Kamal Weerapperuma

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

Designed & produced by
emagewise
Printed by Softwave Printing and Packaging (Pvt) Ltd

ACL
PLASTICS

www.acl.lk