

A large, abstract graphic composed of numerous thin, blue lines that form a complex, flowing, and somewhat chaotic shape. The lines are interconnected at various points, creating a sense of movement and digital connectivity. The overall effect is reminiscent of a data visualization or a stylized representation of a process flow.

CREATING  
**VALUE**  
TRANSFORMING  
**PROCESSES**





CREATING  
**VALUE**  
TRANSFORMING  
**PROCESSES**

We at ACL Plastics have persevered within our industry for over three decades, keeping in focus our desire to create value, deliver a positive impact, and transform standards and practices for the betterment of the environment and society.

In the year under review, ACL Plastics has continued to make its mark as manufacturers of the highest quality cable grade PVC compounds, and has changed the game of cable sheathing by transforming our manufacturing processes to propel the industry forward. We have, by embracing the route of sustainability and accountability in our operations, set the new standard for cable sheathing and by doing so, have created value beyond expectations, within the network of industries in which we operate.

As we reflect on a year spent redefining the norm and augmenting the merits of an entire field, we are grateful to our forward-thinking leaders, our dedicated staff and to our determined partners for enabling ACL Plastics to execute a paradigm shift in what it means to create value and transform processes within our industry.

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## FINANCIAL INFORMATION

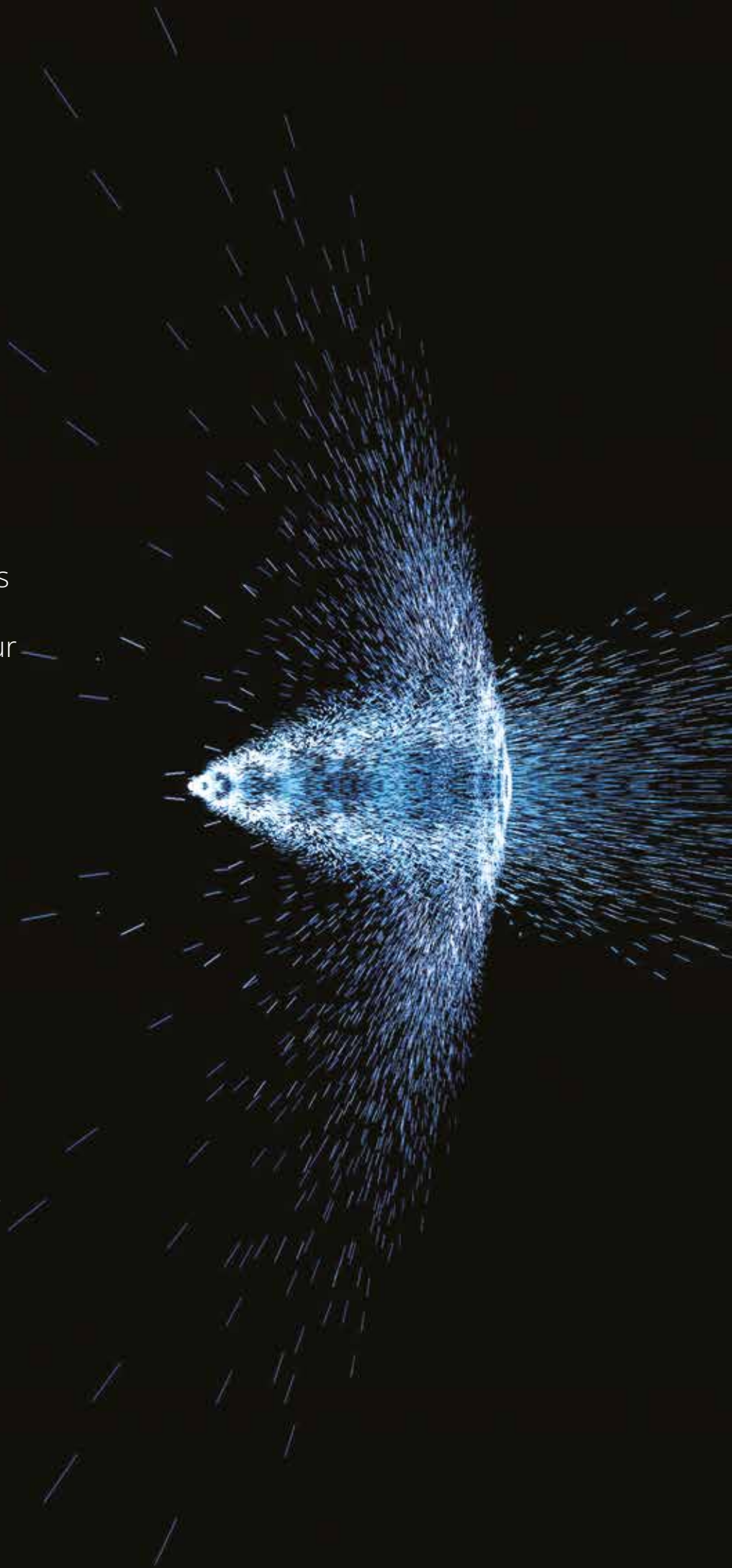
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## **OUR VISION**

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

## **OUR MISSION**

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



# Group Financial Highlights

	2023/24	2022/23
	Rs.Mn	Rs.Mn
Turnover	2,373	2,477
Gross Profit	533	787
Net Finance Income	51	102
Profit Before Tax	575	870
Profit After Tax	456	635
Total Equity	3,256	2,816

## Key Financial Indicators

Gross Profit Margin	22%	32%
Net Profit Margin Before Tax	24%	35%
Interest Cover (Times)	528	84
Return on Equity	14%	23%
Current ratio (Times)	25.70	14.04



**Rs.2,373Mn** Revenue



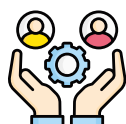
**Rs.15.00** Dividend Per Share



**Rs.3,470Mn** Total Assets

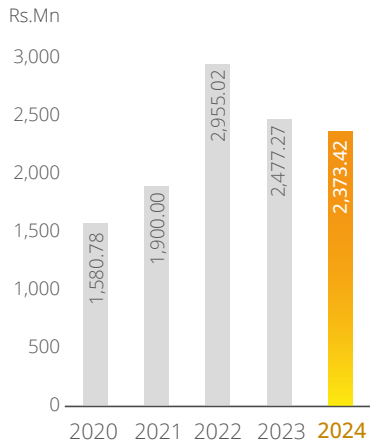


**Rs.3,256Mn** Shareholders' Funds

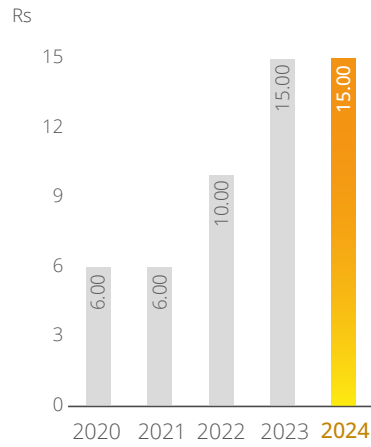


**Rs.108.17** Earnings Per Share

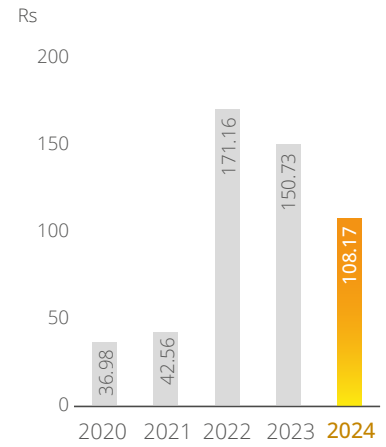
### Revenue



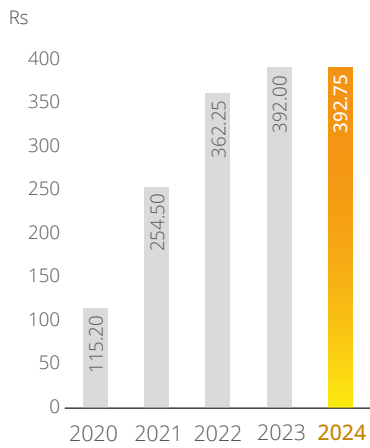
### Dividend Per Share



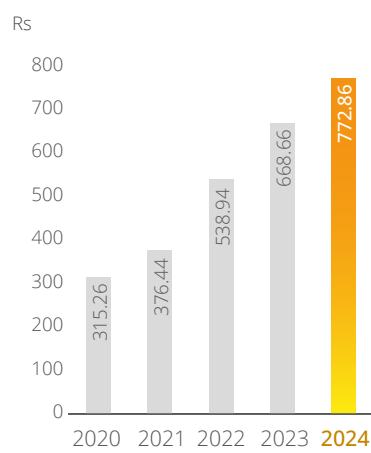
### Earning Per Share



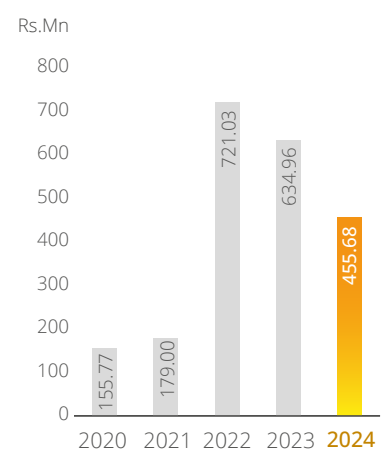
### Market Value Per Share



### Net Assets Per Share



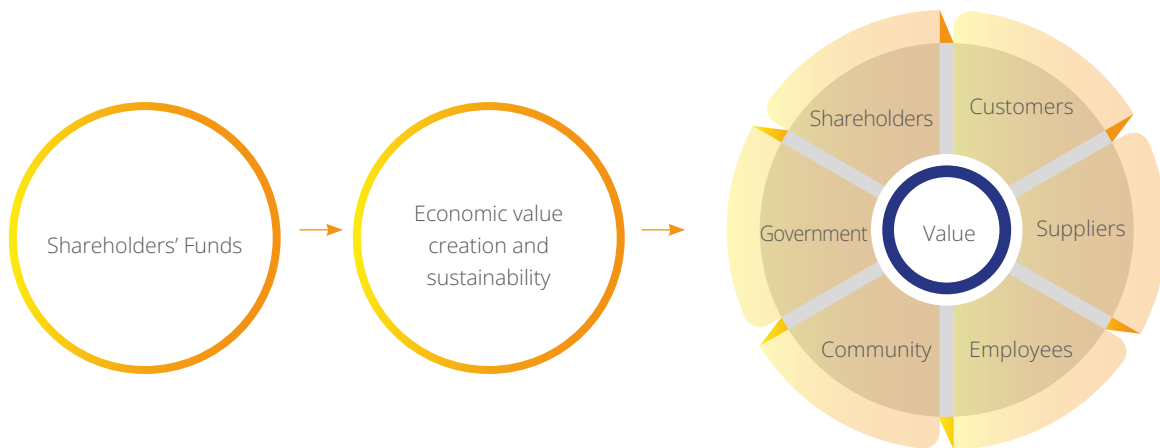
### Net Profit After Tax



# Financial Capital



**THE ACL PLASTICS GROUP DEMONSTRATED ITS COMPETENCY TO FACE CHALLENGES RESILIENTLY BY REPORTING A REVENUE OF RS. 2,373.4 MN.**



Rs. **2,770.5** Mn

Group Retained Earnings

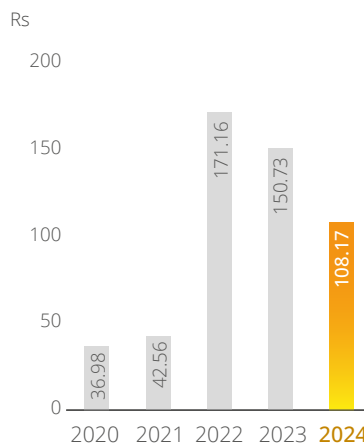
Rs. **455.7** Mn

Group Profit After Tax

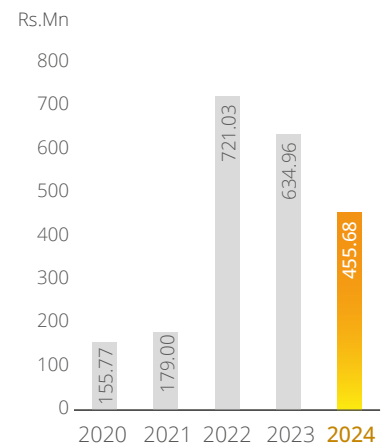
Rs. **3,255.7** Mn

Group Net Assets

Earning Per Share



Net Profit After Tax





## FINANCIAL PERFORMANCE

Due to the reduction in the prices, it was noted that decline in the revenue marginally by 4%, Rs. 2,373 Mn in 2023/24 (In 2022/23 – Rs. 2,477 Mn). However, despite the economic challenges Group produced an exceptional level of sales unit growth of 1,258.7 Tons (37%), 4,694 Tones in 2023/24 (3,435 Tons in 2022/23).

Further, we have expanded our market by reaching more customers during the year.

The GP margin of the Group decreased to 22% from previous year's 32%, as a result of the price reduction of PVC in line with price revisions of cable industry.

Profit before tax decreased by 28% in financial year 2023/2024 recording a profit of Rs. 574.7 Mn compared with Rs. 870 Mn in financial year 2022/2023.

## FINANCIAL POSITION

Group's Total Assets increased by 12% to Rs. 368.5 Mn during the 2023/24 financial year.

Company current ratio increased from 11.44 to 33.71 during the year.

There is no short/long term borrowing for the year.

## PROFITABILITY

	2023/24	2022/23	Change %
Revenue (Rs. Mn)	2,373	2,477	(4%)
Gross Profit (Rs. Mn)	533	787	(32%)
GP Margin	22%	32%	(29%)
Profit After tax (Rs. Mn)	456	635	(28%)
NP Margin	19%	26%	(25%)

## FINANCIAL STABILITY

	2023/24	2022/23	Change %
Equity (Rs. Mn)	3,225	2,817	14%
Borrowings (Rs. Mn)	-	-	0%
Gearing	0%	0%	0%

## LIQUIDITY

	2023/24	2022/23	Change %
Current ratio	13.6	9.6	41%
Quick asset ratio	20.41	7.2	184%

## FUTURE OUTLOOK

We will focus on strengthening our manufacturing and distribution capabilities with cost optimization and driving operational efficiencies whilst keeping an eye on the operational environment. The following key risks are envisaged in the next financial year:

1. Currency volatility
2. Price fluctuation in raw materials
3. Unstable political environment
4. Policy inconsistency

# Human Capital



**ACL PLASTICS HAS A HUMAN CAPITAL OF 53 EMPLOYEES FOR THE YEAR UNDER REVIEW. IT IS MADE UP OF EXECUTIVE STAFF, PERMANENT STAFF, AND CONTRACT EMPLOYEES. DURING THE YEAR, 8 NEW EMPLOYEES WERE HIRED, AND THE TOTAL STAFF COST FOR THE YEAR WAS 50.3 MILLION.**

## 53

No of employees

### NO OF EMPLOYEES

	2023/24	2022/23	2021/22	2020/21	2019/20
No of employees	53	52	52	55	52

## 8

New hires

## 2

No of promotions

## 0

No of injuries

## 13.46%

Employee turnover ratio

## Rs. 50.3 Mn

Remuneration

### OUR HUMAN CAPITAL STRATEGIES

Our work culture and strategies are based on solid governance, work ethics, and policies to ensure an encouraging working environment for our employees in the following key areas:

### REMUNERATIONS AND BENEFITS

The Company remuneration and benefits for the year amounted to Rs. 50.3 Mn compared to Rs. 54.9 Mn in 2023.

### EMPLOYEE REMUNERATION AND BENEFITS

(Rs. 000)	2023/24	2022/23	2021/22	2020/21	2019/20
Salaries, wages and related costs	44,248	49,614	55,715	61,771	61,661
Defined contribution plans	3,405	3,596	4,069	4,149	3,802
Defined benefit plans	2,663	1,673	138	2,037	4,367

## 54

Total training hours

## EMPLOYEE ENGAGEMENT

The existing circumstances posed a challenge to employee involvement, resulting in a reduction in engagement throughout the year. Despite the economic downturn, ACL Plastics has adopted a number of initiatives to enhance employee morale and unity. As a result of these initiatives, employees worked with Management to identify the organization's pain points and to improve the Group's commercial viability by accepting redeployments and transfers.



## AGE ANALYSIS

(Rs. 000)	Under 18 years	18 - 30 years	31 -50 years	Over 50 years	Total
No of employees 2023/24	-	6	28	19	53
No of employees 2022/23	-	5	30	17	52

## RECOGNIZING OUR EMPLOYERS

We encourage employee retention at our workplace to ensure that our trained workforce remains with us. Employees who have worked for ACL for more than 25 years get a one-pound gold coin from our Managing Director as a token of appreciation and recognition.

Monthly meetings provide an opportunity for employees to discuss their ideas and contribute to the Company's success. The Production Manager participates in these meetings with employees, personnel, and executives. This committee consists of members



## SUMMARY OF TRAINING PROGRAMMES

Training program	Objective of training	Duration
Capacity Utilization	Improve operation effectiveness	8 hours
Machine Breakdown	Minimize Production losses	8 hours
5S	Standardized workplace	4 hours
Emergency Medical Services	Handling emergency situations	8 hours
Workplace Safety	Minimize losses	8 hours
Quality Management System	Improve production quality	8 hours
Occupational Health and Safety	Improve employee's health	8 hours
Handling on Fire Extinguishers	Improve knowledge of fire extinguishers	2 hours

from management and employees from each section. The Production Manager and upper management address concerns in each division and implement remedial actions.

## EMPLOYEE TRAINING AND DEVELOPMENT

A progressive learning plan is essential for fulfilling future Company needs in today's dynamic and complicated working environment. As a firm, we have always believed that developing people's strengths and skills is significantly more vital for achieving Company goals. The Group held leadership and motivational development seminars, as well as on-the-job training programs, with the purpose of preparing the future generation.

## EMPLOYEE WELL-BEING AND SAFETY

Occupational health and safety measures were maintained, backed up by strong governance structures, safety certification compliance, and tools and procedures for identifying and reporting potential health and safety risks. Further, health of our employees was of utmost importance and the Company successfully balanced this with the need to ensure continuity and productivity of operations.

# Natural Capital



**ACL Plastics has been assessed and found to be in accordance with the requirement of 14001 Environmental Management System certificate.**

The four aspects environment capital at ACL Plastics is as follows:



▶ Water resources management



▶ Green House Gas emission



▶ Waste management



▶ Noise Management

## **WASTE WATER MANAGEMENT**

To recycle waste water, we installed a cooling system with cooling towers. The top management prioritizes monitoring this procedure.

Our water management philosophy emphasizes recycling and reusing, with cutting-edge recycling units installed at our manufacturing plant. We constantly monitor the quality of the water discharged from our operations, and they remain within the criteria set by the Central Environmental Authority.



### RECYCLING WASTE MATERIAL

PVC resin and calcium carbonate, both imported, are the primary raw materials for PVC compounds. The material cost is around 65% of the total cost. To reduce emission from the manufacturing process, we have installed dust collectors and dust exhaust devices in our material feeding lines.



The scrap PVC is recycled and used to make PVC compounds for the shoe industry. We intend to develop this procedure by investing in an excluder and crusher machine in the future. Solid trash generated by our operations is isolated at the source and disposed of with minimal environmental impact. To reduce paper waste, we encourage communication through electronic or digital channels and generate as many e-reports as feasible.

### TOTAL ENERGY CONSUMPTION WITHIN THE ORGANISATION

Non-renewable sources	Unit of Measure	Number of Units
Diesel	LTS	16,121
Kerosene Oil	LTS	61
Gear Oil	LTS	204
Total		16,386

Energy consumption per unit (Kg) revenue (Rs) 2023/24 - 1.18

Energy consumption per unit (Kg) revenue (Rs) 2022/23 - 1.65

### FUTURE INVESTMENTS

#### SOLAR PROJECT

The Company intends to invest in solar projects by placing solar panels on the roofs of production facilities.



#### STANDARD SOUNDPROOF GRANULAR WITH COLLECTOR

The Company aims to invest in Standard Soundproof Granular with collector for recycling the scraps. This will help to increase smoothness of the production with sustainability aspects.



The following are the details of the Company's current environmental aspects for its work stream. This work stream mainly comprises emissions, waste, noise and water.

Environmental Aspects	Impact/ Consequences	Example of measure	Monetary savings
Water Resources Management	Waste water from manufacturing processes	Recycling and reuse cooling system with cooling towers	Yes
Emission	Emission from the manufacturing process	Dust collectors and dust exhaust	Yes
Waste management	Waste materials from manufacturing processes	Recycling used PVC from manufacturing process	Yes
Noise Management	Noise generated out of machinery operations	Invest in machines with soundproof option	N/A

# Chairman's Statement



**We are pleased to report that ACL Plastics PLC's shares appreciated in market value over the year, with the share price reaching Rs. 392.75 as of March 31, 2024. The Company also maintained a dividend payout of Rs. 15 per share.**

Rs. **2,373** Mn

**TURNOVER - GROUP**

Rs. **456**

**NET PROFIT - GROUP**

Rs. **15**

**DIVIDEND PER SHARE**

On behalf of ACL Plastics PLC, I am delighted to welcome you to our 33rd Annual General Meeting. It is my pleasure to present our Annual Report and audited financial accounts for the fiscal year ending 2023/2024. Despite facing significant macroeconomic challenges and adverse economic conditions, ACL Plastics PLC has emerged strong, achieving remarkable success. Our unwavering dedication, strategic efforts, and the commitment of our exceptional staff have enabled us to overcome these hurdles and achieve outstanding results.

## **ECONOMIC OUTLOOK**

The economic landscape of Sri Lanka saw considerable change in 2023, marking a shift from the difficulties of the previous year. Key economic indicators showed improvement, paving the way for recovery and stability. Notably, inflation, which had peaked at 69.8% in September 2022, approached single digits by July 2023, signaling enhanced price stability. This reduction was influenced by tight monetary policy, resolving supply-side issues, currency strengthening, and global commodity price declines.

Foreign exchange liquidity, which was extremely scarce in 2022, improved in 2023 due to increased market confidence spurred by the IMF's Extended Fund Facility, higher export proceeds, worker remittances, and tourism revenue. Support from institutions like the Asian Development Bank and the World Bank further eased liquidity constraints.

The exchange rate stabilized and appreciated, contributing to overall economic stability. Additionally, tourism rebounded impressively, with visitor numbers increasing by 107% to 1,487,303, generating USD 2,068 million in revenue. Worker remittances also saw a significant rise, increasing by 58% to USD 5,970 million in 2023.

However, the economy contracted by 2.3% in 2023, with the industrial and service sectors experiencing negative growth due to reduced consumer spending, supply chain disruptions, and lower business activity. In contrast, the agriculture sector showed resilience and growth, highlighting its potential.

Addressing the ongoing challenges in the industrial and service sectors will be crucial for accelerating economic recovery and promoting sustainable growth. Targeted interventions, regulatory reforms, and investment initiatives will be necessary to rejuvenate these sectors and enhance economic resilience.

### GROUP PERFORMANCE

In response to the ongoing challenges faced by Sri Lankan businesses, ACL Plastics undertook a comprehensive repositioning and optimization of its operations to enhance resilience and strengthen our performance. Our dedicated team demonstrated exceptional strategic vision and agile decision-making, ensuring smooth continuity in our pursuit of success.

Despite these efforts, we reported a revenue of Rs. 2,373.4 million, a 4.2% decrease from the previous year, and a gross profit of Rs. 532.8 million, a 32% decrease from the previous year. Net profit for the year was Rs. 455 million, a 28% decrease from the previous year. These reductions were primarily due to a decrease in PVC prices, although production volume increased significantly. Alongside this increase in production, we also achieved strong growth in our external customer base, strengthening and expanding our market presence.

### STAKEHOLDER RETURNS

We are pleased to report that ACL Plastics PLC's shares appreciated in market value over the year, with the share price reaching Rs. 392.75 as of March 31, 2024. The Company also maintained a dividend payout of Rs. 15 per share.

### FUTURE OUTLOOK

Despite economic stagnation, our commitment to growth remains unwavering. We are dedicated to attracting new customers and staying at the forefront of emerging trends and profitable opportunities. Our focus extends beyond mere sustenance; we are committed to enhancing our existing capabilities while exploring new technologies to improve our supply chain operations. Through innovation, we aim to expand our sales in both the local and export markets.

### APPRECIATION

The accomplishments of ACL Plastics PLC are a testament to the dedication and hard work of our entire team. The Board and I express our deepest gratitude to our staff, whose relentless efforts have elevated ACL to the leading position in the PVC industry in Sri Lanka. I also extend my heartfelt thanks to our retail, project, and business partners, customers, and all other stakeholders for their continued support throughout our 33-year journey.

I would like to acknowledge the contributions of various public and private institutions in fostering a favorable business environment, particularly in the face of challenging economic conditions. Your support has been instrumental in our growth and success.

We are deeply grateful to our shareholders and outstanding Board members for their invaluable assistance and expertise, guiding ACL towards continued success. Finally, my profound gratitude goes to all our employees, past and present, for their unwavering dedication and steadfast commitment. Your collective efforts have driven ACL Plastics to greater heights and a brighter future. Your contributions are sincerely appreciated as we continue to strive for excellence.



**U. G. Madanayake**  
Chairman

02nd August 2024

# Managing Director's Message



**To improve resilience and boost performance, ACL Plastics performed a thorough repositioning and optimization of its operations in response to the current problems experienced by Sri Lankan enterprises. Our committed Group showed outstanding strategic vision and quick decision-making, which allowed us to keep moving forward with our goal of success.**

I am delighted to present to you ACL Plastics PLC's Annual Report for the fiscal year 2023–2024. For our Company, which faced several challenges during the fiscal year, this has been a decent year. Despite the difficulties, ACL Plastics was able to produce a top line of Rs. 2.37 billion, a marginal decrease from the previous year. I am overjoyed to report that, despite challenging business and economic conditions, we were able to record profit before taxes of Rs. 574.7 million whilst recording the profit for the period of Rs. 455.7 million.

#### **FAVOURABLE FACTORS**

Sri Lanka saw a number of positive economic developments in 2023 that helped the country recover and stabilize. Among these were the noteworthy



reduction in inflation, which was brought about by restrictive monetary policy and changes in the price of commodities globally.

Furthermore, the improvement in market confidence and inflows from several sources such as conversions of export proceeds, remittances, and tourism revenues contributed to the alleviation of shortages in foreign exchange liquidity, which in turn strengthened economic conditions. Additional factors that supported general stability were the currency rate's appreciation and stabilization. Foreign exchange reserves and economic confidence were greatly bolstered by the tourism sector's renaissance, which was characterized by a notable rise in arrivals, earnings, and worker remittances.

These encouraging events demonstrated resilience and the possibility for further expansion, laying the groundwork for Sri Lanka's economic recovery.

### **PVC SECTOR**

The PVC industry did not perform up to expectations, which can be mainly linked to the country's protracted economic crisis. There has been a decrease in the number of construction projects, which the industry attributes to rising interest rates, skyrocketing cement costs, and economic unpredictability.

Numerous causes, such as the depreciation of the rupee, a decline in construction activity, higher interest rates, high taxation, and decline in purchasing power, all had a negative impact on the amount of PVC sales. As a result, during the financial year under review, the PVC industry saw a significant fall in market demand. The increase in Fuel prices and Electricity rates had an impact on our production costs.

### **ACL PLASTICS PLC**

To improve resilience and boost performance, ACL Plastics performed a thorough repositioning and optimization of its operations in response to the current problems experienced by Sri Lankan enterprises. Our committed Group showed outstanding strategic vision and quick decision-making, which allowed us to keep moving forward with our goal of success.

As a customer diversification strategy we strengthened and expanded our market position by growing our external customer base in tandem with this production rise.

We are happy to inform that the market value of ACL Plastics PLC's shares increased during the course of the year, with the share price rising to Rs. 392.5 as of March 31, 2024. Additionally, the business continued to pay out Rs. 15 in dividends per share. As part of our dedication to corporate governance, we made sure all laws and regulations were adhered to.

### **FUTURE OUTLOOK**

We are planning to make an investment in solar energy as part of our commitment to social responsibility.

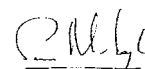
We are nevertheless steadfastly committed to expansion in spite of the current economic slump. We are committed to drawing in new clients and remaining on the cutting edge of successful ventures and new trends. Beyond just survival, we are dedicated to improve our operations by investing in new technologies and refining our current skills. Our goal is to increase sales through innovation in both internal and external markets.

### **APPRECIATIONS**

I extend my sincere appreciation to our business associates, stakeholders, and employees for their invaluable support and dedication throughout the year. Their hard work and commitment have been instrumental in achieving our strategic goals and navigating challenges effectively.

Special thanks to the Chairman, the Board of Directors, and all stakeholders for their leadership and guidance. Your strategic vision and unwavering support have been critical in steering ACL Plastics through a challenging year and positioning us for future success.

As we look to the future with optimism and determination, I am confident in ACL Plastics' ability to adapt to market dynamics, capitalize on emerging opportunities, and deliver long-term value to our shareholders.



**Suren Madanayake**  
Managing Director

02nd August 2024

# Board of Directors

## Mr. U. G. Madanayake

Chairman

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

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

## Mr. Suren Madanayake

Managing Director

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

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

## Mrs. N. C. Madanayake

Non-Executive Director

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

**Mr. Mohan Joseph Ratnayake**

Senior 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 Realty 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.

**Mr. Rohan Somawansa**

Independent Non-Executive Director

*Appointed w.e.f. 28th June 2024*

Rohan Somawansa is a corporate figure who excels in strategic areas of management in Manufacturing, HR, Marketing, brand building & turning around organizations into better financial positions. He was the President of the Asian Marketing Federation from 2018 to 2020 and currently, he is holding the post of advisor & member of the AMF Foundation which is the supreme administrative body in AMF. He was President of the premier marketing body, Sri Lanka Institute of Marketing in 2010/11, where during his tenure he initiated professor Phillip Kotler's visit to Sri Lanka & founded the research-based, People's Awards, the most sort after corporate recognition program for personal brands, brands & media in Sri Lanka. As a recognition for his services rendered to marketing in Asia, he was conferred Honorary Fellow member status by the prestigious Marketing institute of Singapore & Fellow status by the Institute of Marketing Malaysia. He was selected as one of the Best 50 marketing professionals by World CMO Counsel, screened in Putrajaya, Malaysia in 2013. Currently, he is employed at the DSI Samson Group. He is a Director in one entity and is responsible for some key strategic functions of DSI Samson Group's corporate governing body of all companies.

**Dr. Kamal Weerapperuma**

Independent Non-Executive Director

*resigned w.e.f. 31st December 2023*

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

# PRODUCT PORTFOLIO

**ACL Plastics comply with most local and international test certificates including ISO 14001-2015, ISO 45001-2018 and ISO 9001-2015 Manufacturing of PVC Compound.**

## **CABLES GRADE**

ACL Plastics evolved as the No. 1 PVC compound company for cable grade in Sri Lanka since inception in 1991. During its 33-year operation the Company has grown to become a specialized manufacturer and supplier of an extensive range of PVC and conductors with superior quality and standard unmatched by any other in the island.

ACL Plastics continued to expand its sector through innovation and dominate the market with the introduction of new products including fire guard PVC compound. ACL Plastics cables comply with most local and international test certificates including ISO 14001-2015, ISO 45001-2018 and ISO 9001-2015 Manufacturing of PVC Compound.

## **SHOE INDUSTRY**

ACL Plastics has strengthened its value chain and become one of the key local suppliers to most of Sri Lanka's shoe manufacturing industries by providing high-quality PVC compound for shoe sole production.

## **OTHER INDUSTRIES**

Complying with international standards, ACL Plastics PLC are supplying PVC compounds for Pipe hose industry, Rubber beading industry and Rubber carport industry.

PVC Compound for fire guard cables



PVC Compound for shoe industry



PVC Compound for cable grade



PVC Compound for Pipe hose



# CORPORATE SOCIAL RESPONSIBILITY AT ACL PLASTICS

ACL Plastics PLC has taken steps to create an acceptable foundation for corporate social responsibility inside the organization. This has been put into action by incorporating people, social, and environmental considerations into the business. The CSR project is implemented in three key categories.

The three aspects CSR model at ACL Plastics is as follows:



## COMMUNITY ENGAGEMENT AND DEVELOPMENT

### A Safe and Healthy Work Environment:

Given the nature of our employees' employment, particularly at our factories, we insure over 50 of them under a comprehensive corporate medical insurance system.

- ACL Plastics also has a special reward scheme for the children of our employees as well. This is in recognition for those who gained best results at their Grade 5 scholarship, GCE Ordinary Level and GCE Advanced Level examinations. This special reward scheme is named "Nana thilina" and conducted under full supervision and guidance of the human resource division at ACL Plastics.



## ENVIRONMENTAL RESPONSIBILITY

The Company is committed to reducing its environmental footprint, and our approach is consistent with that of the parent company, which provides clear guidelines for tracking, monitoring, and optimizing the use of natural resources to ensure a positive contribution to our environment and ecosystems in a holistic and consistent manner. National environmental certifications help us refine our environmental approach. (ISO 14001:2015)

The most important aspect of environmental stewardship is the recycle of scrap stocks at our operations. Plastic trash that is not used in the manufacture of cables is recycled in accordance with national guidelines.

The same approach is used on all industrial byproducts, and we ensure that our industrial production does not contaminate the environment.

# GROUP STRUCTURE

Description / Company	ACL Plastics PLC	ACL Polymers (Pvt) Ltd
Registration Number	PQ 87	PV 3371
Date of Incorporation	17.07.1991	06.09.2005
Corporate Status	Public Limited Company	Private Limited Company
ACL Cables PLC's Effective Shareholding in the Company	Parent Company	100%
Directors	U.G.Madanayake - Chairman	U. G. Madanayake - Director
	Suren Madanayake - Managing Director	Suren Madanayake - Director
	Rohan Somawansa - Director (appointed w.e.f. 28/06/24)	
	Mrs. N. C. Madanayake - Director	
	Mohan Ratnayake - Director	
	Dr. Kamal Weerapperuma - Director (resigned w.e.f. 31/12/23)	
Principal Activity	Manufacturing Cable grade PVC Compound	Dormant
Auditors	Deloitte Partners	Deloitte Partners
Secretaries	Corporate Affairs (Pvt) Ltd	Management Applications (Pvt) Ltd
Total Number of Employees as at 31st March 2024	53	None

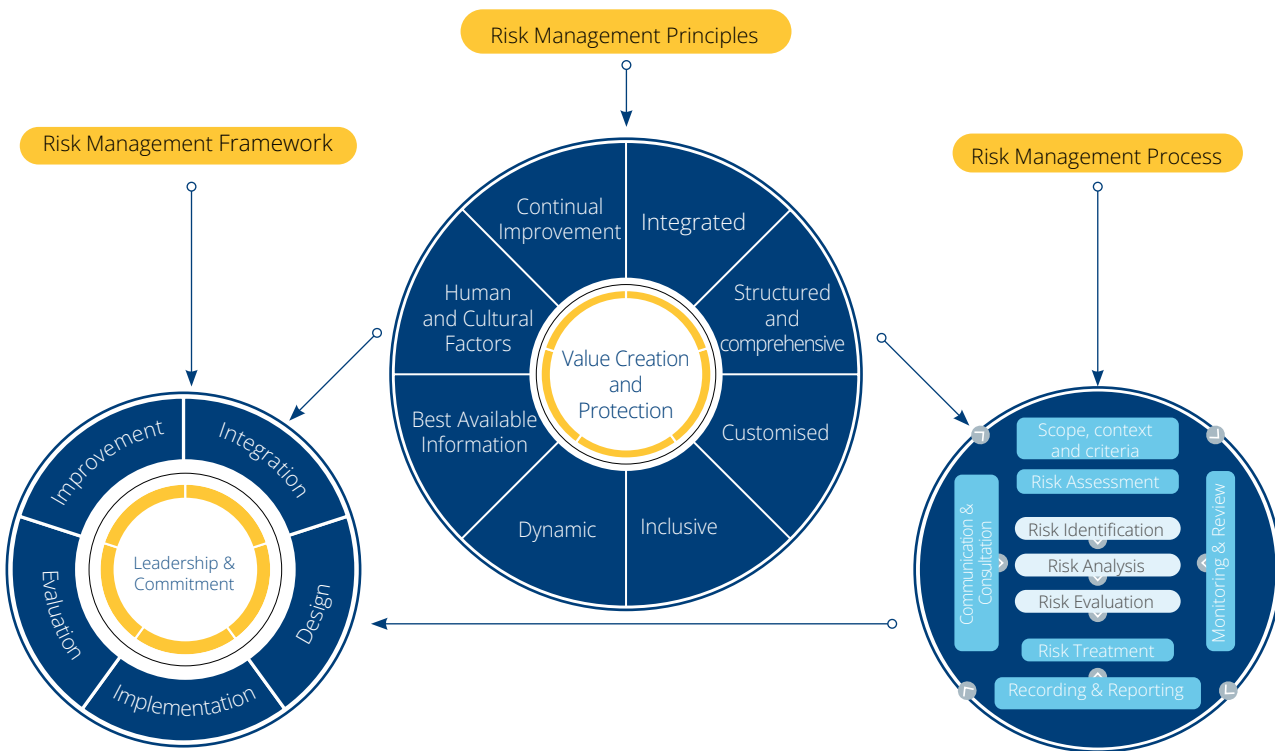
# RISK MANAGEMENT

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 return. Company is exposed to broad array of risks which are based on the current external and internal factors.

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

Considering rapid changes in the market that we are operating in, the Company is keen in executing an Enterprise Risk Management that is in line with ISO 31000 – Risk Management Framework. 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

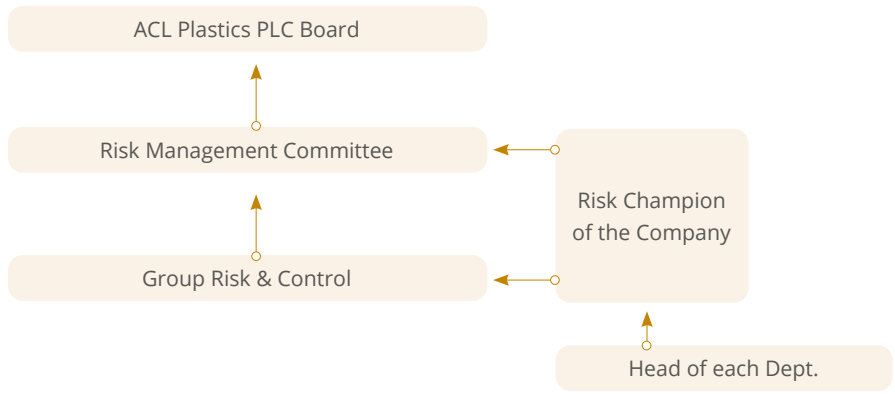


The ISO 31000 guidelines provide a statement of risk management principles. The eight principles are described below:

1. Customized framework and processes
  2. Appropriate and timely involvement of stakeholders
  3. Structured and comprehensive approach
  4. Risk management is an integral part of all organizational 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

## RISK MANAGEMENT REPORTING STRUCTURE OF 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 categorized 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.

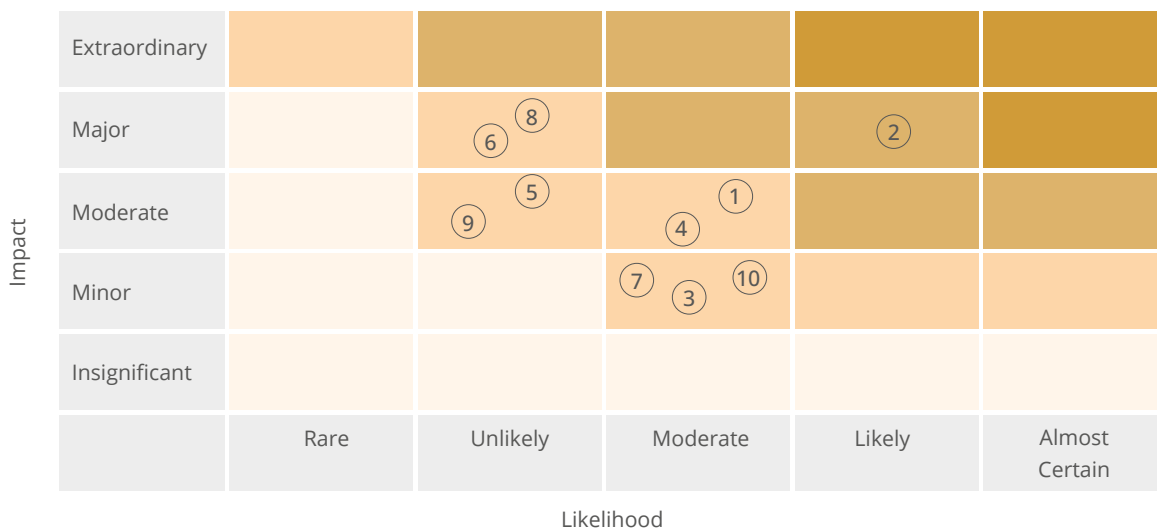
Risk Matrix

Impact	Extraordinary	M	S	S	H	H
	Major	L	M	S	S	H
	Moderate	L	M	M	S	S
	Minor	L	L	M	M	M
	Insignificant	L	L	L	L	L
		Rare	Unlikely	Moderate	Likely	Almost Certain
Likelihood						
	H	S	M	L		
	High	Significant	Moderate	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 2024/25 (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. Operational Risk     | 5. Information Systems Risk             | 9. Technological Risk  |
| 2. Country Risk         | 6. Legal and Regulatory Compliance Risk | 10. Exchange Rate Risk |
| 3. Human Resource Risk  | 7. Business Probity risk                |                        |
| 4. Health & Safety Risk | 8. Environmental Risk                   |                        |

## SNAPSHOT OF KEY RISKS AND MITIGATION STRATEGIES

Risk Exposure	Description	Risk Rating	Risk Mitigation actions
<b>Operational Risk</b>	Potential losses due to inadequate internal controls, failures of internal processes, people, and systems as a result of natural and human activities	Moderate	<ul style="list-style-type: none"> <li>Conduct Enterprise Risk Management and Internal Audit procedures across the Group</li> <li>Conduct continuous control reviews on high-risk areas to assess the strength of the existing control system</li> <li>Continuous monitoring of regulatory compliance and other internal requirements through compliance dashboards</li> <li>Conduct system control reviews as per the annual internal audit plan</li> <li>Establish BCP (Business Continuity Planning) to ensure the smooth continuation of business operations while eliminating operational constraints due to prevailing economic crises.</li> <li>Maintain ISO standards in all operational activities</li> </ul>
<b>Country Risk</b>	Negative impact arising due to adverse economic factors such as Political, Economic, Social, Technological, Environmental, and Legal	Significant	<ul style="list-style-type: none"> <li>Comprehensive analysis of PESTEL factors on a regular basis to grab market opportunities and minimize the impact of threats due to adverse conditions.</li> <li>Conduct constant reviews of macroeconomic factors to assess the impact on business performance</li> <li>Continuous assessments of impacts due to changes in the tax structure of the country</li> </ul>

# Risk Management

Risk Exposure	Description	Risk Rating	Risk Mitigation actions
<b>Human Resources Risk</b>	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	<ul style="list-style-type: none"> <li>Maintain an employee evaluation scheme to reward talented employees.</li> <li>Provide various employee benefits through the Welfare Society.</li> <li>Provide specific and general employee training wherever necessary.</li> </ul>
<b>Health and Safety Risk</b>	The likelihood that an individual may be harmed or suffers adverse health effects if exposed to a hazard	Moderate	<ul style="list-style-type: none"> <li>Conducting health and safety assessments to evaluate the adequacy of existing safety measures maintained by the Company</li> <li>Ensuring the effectiveness of health and safety measures through ISO and other certifications</li> <li>Ensuring compliance with Health guidelines issued by the Government</li> </ul>
<b>Information Systems</b>	Delays in decision-making due to inaccurate or non-availability of timely information from key computer systems	Moderate	<ul style="list-style-type: none"> <li>Enhancing system performance through continuous version upgrading</li> <li>Maintaining data backups to minimize data losses in case of an emergency</li> <li>Enhancing system security levels on a regular basis to minimize cyber security risk</li> <li>Maintaining vendor agreements for support services and system maintenance</li> <li>Maintaining effectively and sound IT general control (ITGC) system across the Company</li> <li>Revising IT policies and procedures with the aim of creating value for the business</li> </ul>
<b>Legal and Regulatory Compliance Risk</b>	The potential negative impact on the business due to non-compliances with external regulatory requirements and internal policies & procedures	Moderate	<ul style="list-style-type: none"> <li>Maintaining compliance &amp; legal Dashboard to ensure timely compliance over regulatory requirements</li> <li>Conducting compliance assessment on a quarterly basis</li> </ul>
<b>Business Probity risk</b>	Business probity risk is related to the governance and ethics of the organization. It can arise from unethical behaviour by one or more participants in a particular process.	Moderate	<ul style="list-style-type: none"> <li>Implement whistle-blowing policy across the Group and conducting investigations in effective manner.</li> <li>Strengthening existing internal control systems based on the recommendations given by the internal and statutory auditors.</li> <li>Conducting frequent audits on high-risk areas such as cash, inventory, Procurement, Sales &amp; Collections etc.</li> <li>Monitoring employee activities through CCTV.</li> <li>Maintaining segregation of duties</li> <li>Minimizing human involvement through automation and digitalization</li> <li>Conducting IT audits to identify system loopholes</li> <li>Conducting Internal Audits under the supervision of the Audit Committee.</li> </ul>
<b>Environmental Risk</b>	Probability of negative outcomes, non-compliances and reputational risk occurring as a result of business operations causing damage to the environment	Moderate	<ul style="list-style-type: none"> <li>Compliance with ISO 14001 environmental management guidelines.</li> <li>Annual renewal of environmental protection license for each site which is issued by the Environmental Authority</li> </ul>
<b>Technological Risk</b>	Probability of technological changes adversely affecting the Company's performance	Moderate	<ul style="list-style-type: none"> <li>Develop a long-term plan to replace existing critical machineries with technologically advanced machines.</li> <li>Obtain ISO certifications and accreditations from relevant authorities while ensuring the ability to meet local and international requirements with required technological enhancements</li> </ul>
<b>Exchange Rate Risk</b>	Potential losses as a result of adverse movement in the exchange rates.	Moderate	<ul style="list-style-type: none"> <li>Strengthening Group exports to enhance Dollar earnings</li> <li>Managing existing Dollar reserves of the Group effectively</li> </ul>

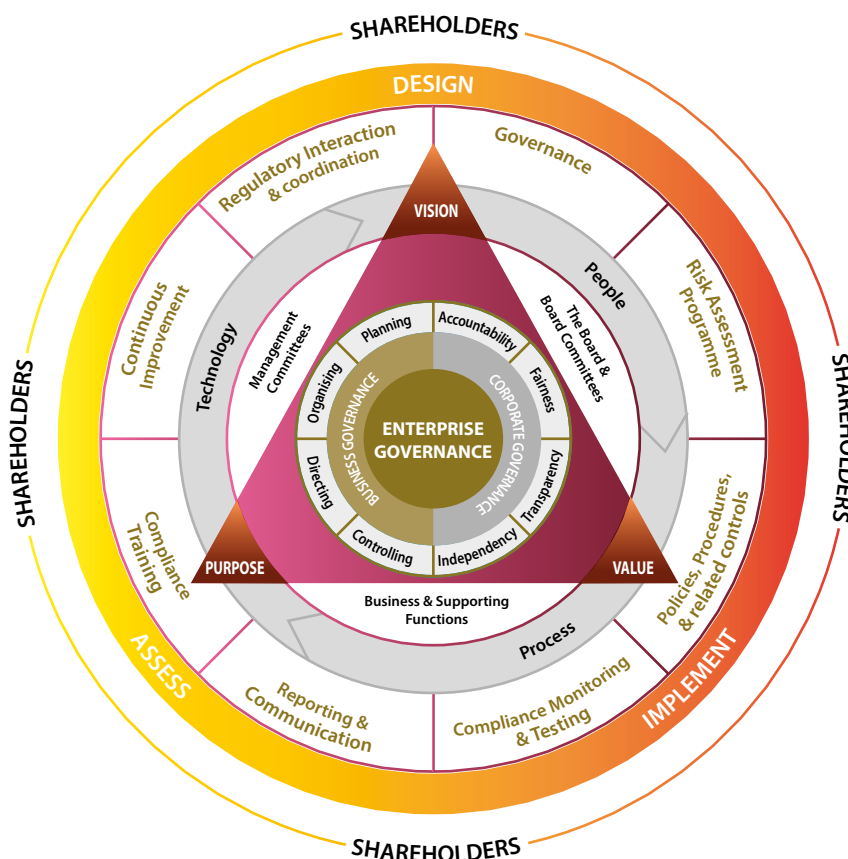
# CORPORATE GOVERNANCE

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 optimizing 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 organization 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 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 organization's resources are used responsibly"



## COMPLIANCE SUMMARY

### Regulatory Benchmarks

Standard / Principle / Code	Adherence
The Companies Act No.7 of 2007 and regulations	Mandatory Provisions - 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	Voluntary provisions – Compliant (except few provisions)
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)	

Governance is to ensure the accountability of certain individuals in an organization 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.

# Corporate Governance

## THE CHAIRMAN'S ROLE AND RESPONSIBILITIES

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 maximize the efficiency of Board output. His aim is that Board meetings should allow full and free discussion, taking account of the interest of the Company's various stakeholders whilst promoting high standard corporate governance.

The main responsibilities of the Chairman are;

- Ensure that the new Board members are given appropriate induction.
- Lead the Board and manage the business of the Board.
- Approve the agenda for each Board meeting.
- Ensure that the Board members receive accurate, timely and clear information to enable the Board to make sound decisions.
- Ensure regular meetings, the minutes of which are accurately recorded and where appropriate include the individual and collective views of the Directors.
- Facilitate and encourage discussions among all Directors in the decision making.
- Represent the views of the Board to the public

## THE MANAGING DIRECTOR'S ROLE AND RESPONSIBILITIES

The MD is an Executive Director appointed by the Board and is accountable for implementation of the Group's strategic plan and driving performance.

- Formulate, obtain, approve and implement the Company's strategies and manage the day-to-day operations of the Company.
- Developing and recommending budgets to the Board.
- Continuously monitoring and reporting to the Board on the performance of the Company.
- Establishing an optimum organizational structure which is appropriate for the execution of the Company's Strategy.
- Compliance with all the applicable legal and regulatory obligations.
- Managing the financial and the business risk of the Company's operations and identifying the potential risks of the Company.

## 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 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 issued by the Institute of Chartered Accountants of Sri Lanka (ICASL) as at annual report published date. The Board consists of three Non-Executive Directors and two of them are Independent Non-Executive Directors as at annual report published date. The Board has determined that the two independent Non-Executive Directors satisfy the criteria for "Independence" set out in the Listing Rules.

Board Appointment and Retirement in 2023/24

## APPOINTMENTS

- Appointments of Mr. Priyantha Rohan Somawansa as Independent Non-Executive Director with effect from 28th June 2024.
- Designation of Mr. R M Mohan Joseph Ratnayake (IND/ NED) as the Senior Independent Director with effect from 30th November 2023.

## RETIREMENT

- After completing a nine-year tenure as a member, Dr. Kamal Weerapperuma retired from the Board with effect from 31st December 2023.

## 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.

## FINANCE ACUMEN

The Board consists of members specialized 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, scrutinize performance and help develop Board strategy with a global perspective and outlook.



## DIRECTORS' ATTENDANCE RECORD

The attendance of Directors at relevant meetings of the Board and of the Audit, Remuneration and RPTR Committees held during 2023/2024 was as follows.

Name of Director / Committee member	Board (4 meetings)	Audit Committee (4 meetings)	Remuneration Committee (2 meetings)	Related Party Transactions Review Committee (4 meetings)
<b>Executive Directors</b>				
Mr. U. G. Madanayake - Chairman	✓ ✓ ✓ ✓	- - - -	- -	- - - -
Mr. Suren Madanayake - Managing Director	✓ ✓ ✓ ✓	- - - -	- -	- - - -
<b>Senior Independent Non-Executive Director</b>				
Mr. Mohan Ratnayake	✓ ✓ ✓ ✓	- - - -	- -	- - - -
<b>Non-Executive Directors</b>				
Mrs. N. C. Madanayake	✓ ✓ ✓ ✓	- - - -	- -	- - - -
Dr. Kamal Weerapperuma	✓ ✓ - -	- - - -	- -	- - - -
Mr. Rohan Somawansa	- - ✓ ✓	- - - -	- -	- - - -
<b>Members of the Audit Committee, Remuneration Committee and Related Party Transactions Review Committee</b>				
Mr. Ajit Jayaratne	- - - -	✓ ✓ ✓ ✓	✓ ✓ - -	✓ ✓ ✓ ✓
Mr. Rajiv Casie Chitty	- - - -	✓ ✓ ✓ ✓	✓ ✓ - -	✓ ✓ ✓ ✓

# Corporate Governance

## 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.

## 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 53 to 54 of this report. The Statements of Directors' Responsibility for financial reporting and report of the Auditors are stated on pages 62 to 64 respectively. The Going Concern Declaration by the Board of Directors in this regard is presented in the report of Directors on page 53 of this Annual Report.

## INTERNAL CONTROL

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 optimize 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 an 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,
- Minimizes 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, recognizing that any system can only provide reasonable and not absolute assurance against material misstatement or loss.

## INTERNAL COMPLIANCE

A quarterly review has been performed by the Group Risk and Control to ensure compliance with statutory and other regulatory procedures, and also to identify any significant deviations from the expected norms. The Compliance Dashboard has been prepared and presented to Audit Committee meetings.

## SEGREGATION OF DUTIES

ACL Plastics is very much aware of the need to ensure that no individual has excessive system access to execute transactions across entire or several business processes which have critical approval linkages, in the context that increasing use of information technology and integrated financial controls creates unintended exposures within the Company. SoD dictates that problems such as fraud, material misstatements and manipulation of financial statements have the potential to arise when the same individual is able to execute two or more conflicting, sensitive transactions. Separating disparate jobs into task-oriented roles can often result in inefficiencies and costs which do not meet the cost versus benefit criteria. Whilst the attainment of a zero SoD conflict state is utopian, the Company continues to take steps to identify and evaluate existing conflicts and reduce residual risks to an acceptable level under a cost versus benefit rationale. No material conflicts were reported during the year.

## STAKEHOLDER MANAGEMENT AND EFFECTIVE COMMUNICATION

Following are the key stakeholder management methodologies adopted by the Company. Whilst the Company has multiple channels enabling effective communication, there were no material concerns that were raised during the year by stakeholders regarding the operations of the Company.

## BOARD SUB-COMMITTEES

The Board has delegated some of its functions to Board Sub-Committees, 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 Transactions 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. Currently, the Audit Committee of ACL Cables is also functioning as the Audit Committee of ACL Plastics. However, as per the new corporate governance requirement a separate Audit Committee will be established on or before 01st October 2024..

The Audit Committee comprises the following two Independent Non-Executive Directors of 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 Audit Committee are given in their report on page 59.

## 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. Currently, the AC of ACL Cables is also functioning as the RPTRC of ACL Plastics. However, as per the new corporate governance requirement a separate RPTRC will be established on or before 01st October 2024.

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

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

Further details of the Related Party Transactions Review Committee are given in their report. In line with the Listing Rule 9.3.1 Suren Madanayake has been appointed to the RPT Committee on 26.06.2024.

## 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 the following two Independent Non-Executive Directors of ACL Cables PLC. Currently the Remuneration Committee of ACL Cables is also functioning as the Remuneration Committee of ACL Plastics. However, as per the new corporate governance requirement, a separate Remuneration Committee will be established on or before 01st October 2024.

- 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.

## 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.

List of Policies established and maintained by ACL Plastics PLC in compliance with CSE Listing Rule No. 9.2.1, for 2023/2024.

- (a) Policy on the matters relating to the Board of Directors
- (b) Policy on Board Committees
- (c) Policy on Corporate Governance, Nominations and Re-election
- (d) Policy on Remuneration
- (e) Policy on Internal Code of Business Conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities
- (f) Policy on Risk Management and Internal Controls
- (g) Policy on Relations with Shareholders and Investors
- (h) Policy on Environmental, Social and Governance Sustainability
- (i) Policy on Control and Management of Company Assets and Shareholder Investments
- (j) Policy on Corporate Disclosures
- (k) Policy on Whistle-blowing
- (l) Policy on Anti-Bribery and Corruption

# Corporate Governance

## SENIOR INDEPENDENT DIRECTOR (SID)

According to the code of best practice on Corporate Governance, if the chairman is not independent, the board must appoint one person among the Independent Non-Executive Directors as “Senior Independent Director” (SID). Considering the fact that the Chairman of ACL Plastic PLC is not an independent director, the presence of the Senior Independent Director is important to ensure that no one has unlimited decision-making powers, and matters discussed at the board level are done in an environment that facilitates independent thinking by individual directors. The Senior Independent Director also acts as the independent party to whom concerns may be raised on a confidential basis. The Senior Independent Director is made available to discuss the interests of shareholders including minority shareholders.

The ACL Plastic PLC Senior Independent Director information has been disclosed in the annual report.

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 percent of voting rights	None of the individual INEDs’ shareholdings exceed 1 percent
Income/non-cash benefits equivalent to 20 percent of the Director’s annual income	INEDs income/cash benefits are less than 20 percent of an individual Director’s annual income
Employment at ACL Plastic PLC and/or material business relationship with ACL Plastic PLC	None of the INEDs are employed or have been employed at ACL Plastic 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 Appointment and Retirement in 2023/24.
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 Plastic and/ or ACL Plastic 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

## WHISTLE BLOWER POLICY

A whistle-blower policy is in place within the Company as an efficient way for staff members and other interested parties to disclose any concerns about ethics and compliance. The transparent and private process established by the policy encourages reporting of such concerns and under the policy a person who discloses something in good faith will not face retaliation, according to the policy, it also addresses the reporting procedure and how such reports are handled.

## CORPORATE GOVERNANCE CHECK LIST

CSE Rule No.	Subject	Applicable Requirement	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



CSE Rule No.	Subject	Applicable Requirement Status	Compliance Status	Applicable section in the Annual Report
7.10.2 (a)	Independent Directors (IDS)	2 or 1/3 of NEDs, whichever is higher, should be independent.	Yes	The Board comprises of 02 Executive Directors and 03 Non-Executive Directors up to 31st December 2023.  However, the Board consists of 01 Independent Director between 01st January 2024 to 31st March 2024.  The new Director has been appointed to the Board with effect from 28th June 2024 satisfying the independent criteria as per the Rule.
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	<ul style="list-style-type: none"> <li>The Board shall annually determine the independence or non-independence of each NED.</li> <li>Names of IDs should be disclosed in the Annual Report (AR).</li> </ul>	Yes	Corporate Governance
7.10.3 (b)	Disclosures Relating to Directors - Independence	The Board has determined that 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	Board of Directors
7.10.4 (a-h)	Criteria for Defining "Independence"	Criteria for Identifying the independence 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
7.10.5 (a)	Composition of Remuneration Committee (RC)	<ul style="list-style-type: none"> <li>RC shall comprise of a minimum of two INEDs, or of NEDs a majority of whom shall be independent, whichever shall be higher.</li> <li>A NED shall be appointed as the Chairman of the Committee.</li> </ul>	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)	<ul style="list-style-type: none"> <li>Names of Directors comprising the RC.</li> <li>Statement of Remuneration Policy</li> <li>Aggregated remuneration paid to EDs and NEDs.</li> </ul>	Yes	Corporate Governance and Remuneration Committee Report

# Corporate Governance

CSE Rule No.	Subject	Applicable Requirement Status	Compliance Status	Applicable section in the Annual 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)	<ul style="list-style-type: none"> <li>AC shall comprise a minimum of two INEDs, or of NEDs a majority of whom shall be independent, whichever shall be higher.</li> <li>A NED shall be appointed as the Chairman of the Committee.</li> <li>MD and Chief Financial Officer shall attend AC meetings.</li> <li>The Chairman of the AC or one member should be a member of a recognized professional accounting body.</li> </ul>	Yes	Corporate Governance and the Audit Committee Report
7.10.6 (b)	Functions of Audit Committee (AC)	<p>Overseeing of the –</p> <ul style="list-style-type: none"> <li>Preparation, presentation and adequacy of disclosures in the financial statements in accordance with Sri Lanka Accounting Standards.</li> <li>Compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements.</li> <li>Processes to ensure that the internal controls and risk management are adequate to meet the requirements of the Sri Lanka Auditing Standards.</li> <li>Assessment of the independence and performance of the external auditors.</li> <li>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.</li> </ul>	Yes	Corporate Governance and the Audit Committee Report
7.10.6 (c)	Disclosure in Annual Report Relating to Audit Committee (AC)	<ul style="list-style-type: none"> <li>Names of Directors comprising the AC.</li> <li>The AC shall make a determination of the independence of the Auditors and disclose the basis for such determination.</li> <li>The AR shall contain a Report of the AC setting out the manner of compliance with their functions.</li> </ul>	Yes	Audit Committee Report
9	Related Party Transactions Review Committee (RPTRC)	The Company shall have a RPTRC.	Yes	Corporate Governance

CSE Rule No.	Subject	Applicable Requirement Status	Compliance Status	Applicable section in the Annual Report
9.2.1	Functions of Related Party Transactions Review Committee (RPTRC)	<ul style="list-style-type: none"> <li>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.</li> </ul>	Yes	Corporate Governance and the Related Party Transactions Review Committee Report
9.2.2	Composition of Related Party Transactions Review Committee (RPTRC)	<ul style="list-style-type: none"> <li>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.</li> </ul>	Yes	Corporate Governance and the Related Party Transactions Review Committee Report

#### STATEMENT OF COMPLIANCE TO THE COMPANIES ACT NO. 7 OF 2007

Sections	Compliance Status	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	Group Structure
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	Group Structure
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	Independent Auditors Reports
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

# Corporate Governance

## STATEMENT OF COMPLIANCE UNDER SECTION 7.6 OF THE LISTING RULES OF THE COLOMBO STOCK EXCHANGE (CSE) ON ANNUAL REPORT DISCLOSURE

Rule	Requirement	Compliance Status	Reference within the Report
7.6 (i)	Names of the Directors of the Entity with profiles	Yes	Board of Directors
7.6 (ii)	Principal activities of the entity and its subsidiaries during the year, and any changes therein	Yes	Director's report/Group Structure
7.6 (iii)	The names and the number of shares held by the 20 largest holders of voting and non-voting shares and the percentage of such shares held	Yes	Information to Shareholders
7.6 (iv)	The float adjusted market capitalization, public holding percentage (%), number of public shareholders and under which option the Listed Entity complies with the Minimum Public Holding requirement	Yes	Information to Shareholders
7.6 (v)	A statement of each Director's holding and Chief Executive Officer's holding in shares of the Entity at the beginning and end of each financial year	Yes	Information to Shareholders
7.6 (vi)	Information pertaining to material foreseeable risk factors of the Entity	Yes	Managing Risk
7.6 (vii)	Details of material issues pertaining to employees and industrial relations of the Entity	Yes	Managing Risk
7.6 (viii)	Extents, locations, valuations, and the number of buildings of the Entity's land holdings and investment properties	Yes	Notes to the Financial Statements Page no 95
7.6 (ix)	Number of shares representing the Entity's stated capital	Yes	Notes to the Financial Statements
7.6 (x)	A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings	Yes	Information to Shareholders
7.6 (xi)	Financial ratios and market price information	Yes	Information to Shareholders Page no 122 to 123
7.6 (xii)	Significant changes in the Company's or its subsidiaries' fixed assets, and the market value of land, if the value differs substantially from the book value as at the end of the year	Yes	Notes to the Financial Statements Page no 94 to 97
7.6 (xiii)	Details of funds raised through a public issue, rights issue, and a private placement during the year	N/A	The Company had no public issue, rights issue or private placement during the year under review
7.6 (xiv)	Information in respect of Employee Share Ownership or Stock Option Schemes	N/A	The Company had no share option/ purchase schemes made available during the year under review
7.6 (xv)	Disclosures pertaining to Corporate Governance practices in terms of Rules 7.10.3, 7.10.5 c. and 7.10.6 c. of Section 7 of the Listing Rules	Yes	Corporate Governance
7.6 (xvi)	Related Party Transactions exceeding 10 per cent of the equity or 5 per cent of the total assets of the Entity as per audited financial statements, whichever is lower	Yes	Notes to the Financial Statements

**STATEMENT OF COMPLIANCE UNDER SECTION 9 OF THE LISTING RULES OF THE COLOMBO STOCK EXCHANGE (CSE) ON CORPORATE GOVERNANCE MANDATORY PROVISIONS - COMPLIANT (EXCEPT FEW PROVISIONS)**

Rule	Requirement	Compliance Status	Details
9.1.3	All listed entities shall publish a statement confirming the extent of compliance with the corporate governance rules set out herein, in the annual report of the entity	Yes	Corporate Governance Note
9.2.1	Listed entities shall establish and maintain the following policies and disclose the existence of such policies together with the details relating to the implementation of such policies by the entity on its website.  (m) Policy on the matters relating to the Board of Directors (n) Policy on Board Committees (o) Policy on Corporate Governance, Nominations and Re-election (p) Policy on Remuneration (q) Policy on Internal Code of Business Conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities (r) Policy on Risk Management and Internal Controls (s) Policy on Relations with Shareholders and Investors (t) Policy on Environmental, Social and Governance Sustainability (u) Policy on Control and Management of Company Assets and Shareholder Investments (v) Policy on Corporate Disclosures (w) Policy on Whistle-blowing (x) Policy on Anti-Bribery and Corruption	Yes	To be published on the website on or before the effective date of 01st October 2024
9.2.2	Any waivers from compliance with the Internal Code of business conduct and ethics or exemptions granted	Not Applicable	Company will be on alert regarding such events and will be disclosed when required.
9.2.3	(I) List of policies in place as per Rule 9.2.1, with reference to website  (II) Any changes to policies adopted.	Yes	Annual report page number 29
9.2.4	Listed entities shall make available all such policies to shareholders upon a written request being made for any such Policy	Yes	The Company is currently working on incorporating a process to provide such policies to shareholders upon written request.
9.3.1	Listed entities shall ensure that the following Board committees are established and maintained at a minimum and are functioning effectively. The said Board committees at minimum shall include;  (a) Nominations and Governance Committee (b) Remuneration Committee (c) Audit Committee (d) Related Party Transactions Review Committee.	Yes	The Company has established all the mandatory sub committees. The Nominations and Governance Committee will be established on or before 1st October 2024  Please refer to the Board Subcommittees of this report.

# Corporate Governance

Rule	Requirement	Compliance Status	Details
9.3.2	Listed entities shall comply with the composition, responsibilities and disclosures required in respect of the above-Board committees as set out in these Rules	Yes	Please refer to the Board sub committees report in of this report and sections 9.11, 9.12, 9.13 & 9.14 below.
9.3.3	The Chairperson of the Board of Directors of the listed entity shall not be the Chairperson of the Board committees referred to in Rule 9.3.1 above	Yes	The Chairman of the Board does not act as chairman of any committee.
9.4.1	Listed entities shall maintain records of all resolutions and the following information upon a resolution being considered at any General Meeting of the Entity. The Entity shall provide copies of the same at the request of the Exchange and/or the SEC.  (a) The number of shares in respect of which proxy appointments have been validly made;  (b) The number of votes in favor of the resolution  (c) The number of votes against the resolution; and  (d) The number of shares in respect of which the vote was directed to be abstained	Yes	The Company Secretary maintains records of the said information and the Company shall provide copies of the same at the request of the CSE & SEC.
9.4.2	Communication and relations with shareholders and investors:  (a) Listed entities shall have a policy on effective communication and relations with shareholders and investors  (b) Listed entities shall disclose the contact person for such communication.  (c) The policy on relations with shareholders and investors shall include a process to make all Directors aware of major issues and concerns of shareholders	Yes	The management will take steps to publish the Company policy on effective communication and relations with shareholders on the website on or before 1 October 2024.  The contact person for such communication please refer Corporate information section
9.5.1	Listed entities must establish and maintain a formal policy for their Board of Directors	Yes	The Company maintains a formal policy in this regard covering the areas specified in section 9.5.1
9.5.2	Listed entities shall confirm compliance with the requirements of the policy referred to in Rule 9.5.1 above in the Annual Report and provide explanations for any non-compliance with any of the requirements with reasons for such non-compliance and the proposed remedial action.	Yes	The entity confirms the compliance of section 9.5.1 in the Annual Report for the year ended 31 March 2024.
9.6.1	The Chairperson of every Listed Entity shall be a Non-Executive Director and the positions of the Chairperson and CEO shall not be held by the same individual, unless otherwise a SID is appointed by such Entity in terms of Rule 9.6.3 below.	Yes	The Chairman of the Company is a Executive Director and a SID has been appointed. Please refer to SID Report.
9.6.2	A Listed Entity that is unable to comply with Rule 9.6.1 above shall make a Market Announcement within a period of one (1) month from the date of implementation of these Rules or an immediate Market Announcement from the date of non-compliance.	Not Applicable	The Company complied with the Rule 9.61
9.6.3	The requirement for a SID	Yes	An SID has been appointed. Please refer to the SID Report.
9.6.4	Rationale for the appointment of a senior independent director set out in the annual report	Yes	

Rule	Requirement	Compliance Status	Details
9.7.1	The listed entities shall take necessary steps to ensure that their Directors and the CEO are, at all times, fit and proper persons as required in terms of these Rules: In evaluating fitness and propriety of the persons referred in these Rules, listed entities shall utilize the "Fit and Proper Assessment Criteria"	Yes	The Company obtains declarations from Directors on an annual basis confirming that each of them have continuously satisfied the fit and proper assessment criteria as per the Rule.
9.7.4	Listed entities shall ensure that persons recommended by the Nominations and Governance Committee as Directors are fit and proper as required in terms of these Rules before such nominations are placed before the shareholders' meeting or appointments are made.		The listed entity will establish a Nominations and Governance Committee on or before 1st October 2024. Until such time the Board will act as the Nominations and Governance Committee.
9.7.5	a) A statement that the Directors and CEO of the Entity satisfy the Fit and Proper assessment criteria stipulated in the CSE  b) Any non-compliance and remedial actions taken by the Entity	Yes	Board of Directors profiles are given in the page 16 to 17.
9.8.1	The Board of Directors of a listed entity shall, at a minimum, consist of five (05) Directors	Yes	The Board consists of 05 Directors up to 31st December 2023  However, from 01st January 2024 to 31st March 2024 the Board Consist only four Directors.  The new Director has been appointed to the Board with effect from 28th June 2024 satisfying the Board composition criteria as per the Rule.
9.8.2	Minimum Number of Independent Directors	Yes	Refer 7.10.2 (a)
9.8.3 (I to viii)	Requirements for meeting the criteria to be an independent director	Yes	Corporate governance
9.8.5	The Board of Directors of listed entities shall require:  (a) Each Independent Director to annually submit a signed and dated declaration of their "independence" or "non-independence"  (b) Annually assess the "independence" or "non- independence" of each Independent Director based on their declaration and other available information  (c) If the Board finds that the independence of an Independent Director is compromised according to the criteria in Rule 9.8.3, it should immediately issue a market announcement regarding this determination.	Yes	Please refer the Board Independence
9.9	Requirements to be complied in relation to the Alternative Director	NA	
9.10.1	Listed entities shall disclose its policy on the maximum number of directorships its Board members shall be permitted to hold in the manner specified in Rule 9.5.1. In the event such a number is exceeded by a Director(s), the Entity shall provide an explanation for such non- compliance in the manner specified in Rule 9.5.2 above.		The policy on the maximum number of directorships its Directors are permitted to hold will be disclosed in the Annual Report for 2024/25.

# Corporate Governance

Rule	Requirement	Compliance Status	Details
9.10.2	<p>Listed entities shall, upon the appointment of a new Director to its Board, make an immediate market announcement setting out the following;</p> <ul style="list-style-type: none"> <li>(i) a brief resume of such Director;</li> <li>(ii) his/her capacity of directorship; and</li> <li>(iii) Statement by the Entity indicating whether such appointment</li> </ul> <p>has been reviewed by the Nominations and Governance Committee of the Entity</p>	Yes	The new Director has been appointed after 31st March 2024 and relevant market announcement setted out through the CSE website.
9.10.3	Listed entities shall make an immediate Market Announcement regarding any changes to the composition of the Board Committees referred to in Rule 9.3 above containing, at minimum, the details of changes including the capacity of directorship with the effective date thereof.	NA	No changes to the Board or the Sub Committees during the year
9.10.4	<p>Listed entities shall also disclose the following in relation to the Directors in the Annual Report:</p> <ul style="list-style-type: none"> <li>(a) name, qualifications and brief profile;</li> <li>(b) the nature of his/her expertise in relevant functional areas;</li> <li>(c) whether either the Director or Close Family Members have any material business relationships with other Directors of the Entity;</li> <li>(d) whether Executive, Non-Executive and/or Independent Director;</li> <li>(e) the total number and names of companies in Sri Lanka in which the Director concerned serves as a Director and/or Key Management Personnel;</li> <li>(f) number of Board meetings of the Listed Entity attended during the year;</li> <li>(g) names of Board Committees in which the Director serves as Chairperson or a member;</li> <li>(h) Details of attendance of Committee Meetings of the Audit, Related Party Transactions Review, Nominations and Governance and Remuneration Committees. Such details shall include the number of meetings held and the number attended by each member; and,</li> <li>(i) The terms of reference and powers of the SID</li> </ul>	Yes	Please refer the Directors' profiles, Committee Meeting Reports, Committee meeting Attendance and SID report
9.11.1	Listed entities shall have a Nominations and Governance Committee that conforms to the requirements set out in Rule 9.11 of these Rules.		To be complied on or before the effective date of 01st October 2024
9.11.2	Listed entities shall establish and maintain a formal procedure for the appointment of new Directors and re-election of Directors to the Board through the Nominations and Governance Committee.	Yes	The policy of the Board of Directors will stipulate such requirements
9.11.3	The Nominations and Governance Committee shall have written terms of reference clearly defining its scope, authority, duties, and matters pertaining to the quorum of meetings.		To be complied on or before the effective date of 01st October 2024



Rule	Requirement	Compliance Status	Details
9.11.4	<p>Composition of the Committee complied with as per section 9.11.4 the committee.</p> <ol style="list-style-type: none"> <li>1 The members of the Nominations and Governance Committee shall; <ol style="list-style-type: none"> <li>(a) comprise of a minimum of three (03) Directors of the Listed Entity, out of which a minimum of two (02) members shall be Independent Directors of the Listed Entity.</li> <li>(b) It should not comprise of Executive Directors of the Entity.</li> </ol> </li> <li>2 An Independent Director shall be appointed as the Chairperson of the Nominations and Governance Committee by the Board of Directors.</li> <li>3 The Chairperson and the members of the Nominations and the Governance Committee shall be identified in the Annual Report of the Entity.</li> </ol>		To be complied on or before the effective date of 01st October 2024
9.11.5	Functions of the Nominations and Governance Committee		To be complied on or before the effective date of 01st October 2024
9.11.6	Disclosures in Annual Report		To be complied on or before the effective date of 01st October 2024
9.12.2	Listed entities shall have a Remuneration Committee that conforms to the requirements set out in Rule 9.12 of these Rules	Yes	Please refer the Report of the Remuneration committee
9.12.3 to 5	The remuneration committee shall establish and maintain a formal and transparent procedure for Directors, defining its scope, authority, duties and matters pertaining to the quorum of meetings	Yes	Report of the Remuneration committee
9.12.6	<p>Composition of the Remuneration Committee</p> <ol style="list-style-type: none"> <li>1 The members of the Remuneration Committee shall; <ol style="list-style-type: none"> <li>(a) comprise a minimum of three (03) Directors of the Entity, out of which a minimum of two (02) members shall be Independent Directors of the Listed Entity.</li> <li>(b) not comprised of Executive Directors of the Listed Entity.</li> </ol> </li> <li>2 An Independent Director shall be appointed as the Chairperson of the Remuneration Committee by the Board of Directors.</li> </ol>	Yes	Please refer the Report of the Remuneration committee
9.12.7	<p>Functions</p> <ol style="list-style-type: none"> <li>1 The Remuneration Committee shall recommend the Report on remuneration payable to the Executive Directors and CEO of the Listed Entity and/or equivalent position thereof to the Board of the Listed Entity which will make the final determination upon consideration of such recommendations.</li> <li>2 The Remuneration Committee may engage any external consultant or expertise that may be considered necessary to ascertain or assess the relevance of the remuneration levels applicable to Directors and CEO.</li> </ol>	Yes	Please refer the Report of the Remuneration committee on page 58
9.12.8	<p>Disclosure in Annual Report</p> <p>The Annual Report should set out the following:</p> <ol style="list-style-type: none"> <li>(a) Names of the Chairperson and members of the Remuneration Committee and the nature of directorships held by such members (or persons in the parent company's Remuneration Committee in the case of a group company);</li> <li>(b) A statement regarding the remuneration policy; and,</li> <li>(c) The aggregate remuneration of the Executive and Non-Executive Directors</li> </ol>	Yes	Please refer the Remuneration committee report.

# Corporate Governance

Rule	Requirement	Compliance Status	Details
9.13	Audit Committee	Yes	Please refer the Audit committee report.
9.13.1	Where Listed entities do not maintain separate Committees to perform the Audit and Risk Functions, the Audit Committee of such Listed entities shall additionally perform the Risk Functions set out in Rule 9.13 of these Rules.	Yes	Please refer the Audit committee report.
9.13.2	The Audit Committee shall have a written terms of reference clearly defining its scope, authority and duties	Yes	Please refer the Audit committee report on page 59 to 60
9.13.3	<p>Composition</p> <p>1 The members of the Audit Committee shall;</p> <p>(a) comprise of a minimum of three (03) directors of the Listed Entity, out of which a minimum of two (02) or a majority of the members, whichever higher, shall be Independent Directors.</p> <p>(b) not comprise of Executive Directors of the Entity.</p> <p>2 The quorum for a meeting of the Audit Committee shall require that the majority of those in attendance to be independent directors.</p> <p>3 The Audit Committee may meet as often as required provided that the Audit Committee compulsorily meets on a quarterly basis prior to recommending the financials to be released to the market.</p> <p>4 If both, the Parent Company and the subsidiary are 'Listed entities', the Audit Committee of the Parent Company may function as the Audit Committee of the subsidiary</p> <p>5 An Independent Director shall be appointed as the Chairperson of the Audit Committee by the Board of Directors.</p> <p>6 Unless otherwise determined by the Audit Committee, the CEO and the Chief Financial Officer (CFO) of the Listed Entity shall attend the Audit Committee meetings by invitation.</p> <p>7 The Chairperson of the Audit Committee shall be a Member of a recognized professional accounting body.</p>	Yes	Please refer the Audit Committee Report in and Directors Profiles
9.13.4	Functions of the Audit Committee		
9.13.5	Disclosures in Annual Report	Yes	Please refer the Report of the Audit Committee
9.14	Board Related Party Transactions Review Committee	Yes	Please refer the Report of the Audit Committee
9.14.1	Listed entities shall have a Related Party Transactions Review Committee (RPT) that conforms to the requirements set out in Rule 9.14 of these Rules	Yes	Please refer the Report of the Related Party Transactions Review Committee
9.14.2	The Related Party Transactions Review Committee (RPT) shall comprise a minimum of three (03) Directors of the Entity, out of which two (02) members shall be Independent Directors of the Listed Entity. It may also include executive directors, at the option of the Entity. An Independent Director shall be appointed as the Chairperson of the Committee	Yes	The Related Party Transactions Review Committee has been expanded to 03 members after 1st April 2024.
9.14.3	Functions of the Related Party Transactions Review Committee	Yes	Please refer the Report of the Related Party Transactions Review Committee

Rule	Requirement	Compliance Status	Details
9.14.6	Shareholder Approval for the transactions as Specified by the Rules 9.14.6.(1) – 9.14.6.(3)	Yes	No transactions were occurred as specified in section 9.14.6
9.14.7	Disclosures	Yes	Entity has been made relevant disclosures as required by the section.
9.14.8	Disclosures in Annual Report - Related party transactions	Yes	Please refer the Report of the Related Party Transaction Review Committee
9.16	Directors have disclosed all material interests in contracts and have refrained from voting when materially involved	Yes	Report of the Director

#### COMPLIANCE WITH THE CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE ISSUED BY THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SRI LANKA (CA SRI LANKA) IN 2017 VOLUNTARY PROVISIONS

Code Ref.	Requirement	Status of Compliance	Level of Compliance/ Reference within the Report
A.1	An effective Board should direct, lead and control the company		
A.1.1	Regular Board meetings, provide information to the Board on a structured and regular basis	Yes	<p>The Board generally meets on a quarterly basis, but more frequently whenever it is necessary.</p> <p>Accordingly, four Board Meetings are scheduled annually to determine the Company's strategic direction, review the Company's operational and financial performances and to provide insight.</p> <p>Ad-hoc meetings are also scheduled to discuss and review specific matters which require the attention of the Board between scheduled Board meetings.</p> <p>Apart from taking decisions at Board meetings, the Board also takes decisions via circular resolutions which are required to be signed by all the Directors.</p> <p>The attendance at Board meetings held during the financial year is set out on Board and subcommittee meeting attendance</p>
A.1.2	Role and Responsibilities of the Board	Yes	Role and responsibilities of the Board is set out in the Board of Directors section
A.1.3	Act in accordance with laws of the Country  Independent professional advice	Yes	<p>The Board collectively and the Directors individually act in accordance with the laws of the country of operation which are applicable to the business enterprise. The Board of Directors ensures that procedures and processes are in place to ensure that the Company complies with all applicable laws and regulations.</p> <p>A procedure has been established for Directors to seek independent professional advice from external parties when necessary at the expense of the Company. There were instances during the financial year under review that Board members sought such advice which were attended to by the Company.</p>
A.1.4	Access to advise and services of the Company Secretary	Yes	<p>The Directors have access to the advice and services of the Board Secretary. The Board Secretary ensures that Board procedures, relevant statutory obligations and other applicable rules and regulations are complied with.</p> <p>The Board Secretary had provided the Board with support and advice relating to Corporate Governance matters, Board procedures, and applicable rules and regulations during the financial year. The Board Secretary ensures that the Board members are provided with timely and accurate information to fulfill their duties.</p> <p>The appointment and removal of the Board Secretary is a decision taken by the Board as a whole.</p>

# Corporate Governance

Code Ref.	Requirement	Status of Compliance	Level of Compliance/ Reference within the Report
A.1.5	Independent judgement	Yes	<p>The Directors exercise independent judgment in all decisions pertaining to strategy, performance, resource allocation and standards of business conduct.</p> <p>Non-Executive Directors are responsible for bringing independent and objective judgement and scrutinizing the recommendations/proposals made by the corporate management led by the Managing Director on issues of strategy, performance, resource utilization and business conduct.</p>
A.1.6	Dedicate adequate time and effort to matters of the Board and the Company	Yes	<p>The members of the Board dedicate adequate time and effort to fulfill their duties and responsibilities as Directors of the Company. In addition to attending Board meetings, they have attended Sub-Committee meetings and have also contributed to decision making through circular resolutions where necessary. The composition of Board Sub-Committees and Meeting attendance are mentioned under Board and subcommittee meeting attendance.</p>
A.1.7	Calls for resolutions by at least 1/3rd of Directors	Yes	<p>Any Director can call for a resolution to be presented to the Board if deemed necessary.</p>
A.1.8	Board induction and training	Yes	<p>The Board recognizes the need for continuous training and expansion of knowledge and undertakes such professional development as they consider necessary in assisting them to carry out their duties as Directors.</p> <p>Directors are therefore encouraged to participate in continuous professional and self-development activities.</p> <p>In addition, an induction programme is in place for newly appointed Directors to familiarize them with the Company's business operation and internal control system.</p>
A.2	Chairman and CEO	Yes	<p>There should be a clear division of responsibilities between the Chairman and the Chief Executive Officer to ensure a balance of power and authority, in such a way that any individual has no unfettered powers of decisions.</p> <p>The roles of the Chairman and Managing Director are segregated. The Chairman's main responsibility is to lead, direct and manage the Board to ensure that it operates effectively and fully discharges its legal and regulatory responsibilities. The Managing Director is responsible for the day-to-day operations of the Company and the Group.</p>
A.3	Chairman's role in preserving good corporate governance	Yes	<p>The Chairman should lead and manage the Board, ensuring that it discharges its legal and regulatory responsibilities effectively and fully, and preserves order, and facilitates the effective discharge of the Board function.</p> <p>The Chairman in running the Board and facilitates the effective discharge of Board proceedings. All the Directors are encouraged to participate in decision making and their views are obtained to ensure that the Board functions in an efficient manner which is beneficial to the stakeholders and the Company.</p> <p>The role of the Managing Director is mentioned in Role of the Chairman and MD.</p>
A.4	Availability of financial acumen	Yes	<p>The Board should ensure the availability within of those with sufficient financial acumen and knowledge to offer guidance on matters of finance.</p> <p>The Board is equipped with members having sufficient financial acumen and knowledge.</p> <p>Directors' qualification and experience are set out in Board of Directors.</p>

Code Ref.	Requirement	Status of Compliance	Level of Compliance/ Reference within the Report
A.5	Board Balance	Yes	<p>There should be balance of Executive and Non-Executive Directors so that no individual or small group of individuals can dominate the Board's decision-making.</p> <p>The Board comprises of 02 Executive Directors and 03 Non-Executive Directors up to 31st December 2023.</p> <p>The new Non-Executive Director has been appointed 28th June 2024. Each of them brings vast experience and the ability to exercise independence and judgment when taking informed decisions.</p>
A.5.1	The Board should include sufficient number of NEDs	Yes	The Board consists of majority of NEDs where 3 are NEDs out of 5 as of 31st December 2023 and 2 NEDs as of 31st March 2024.
A.5.2	If the Board includes only 3 NEDs, they should be independent	Not Applicable	
A.5.3	Independence of Directors	Yes	Independent Directors are independent of management and free of business dealings that may be perceived to materially interfere with the exercise of their unfettered and independent judgment.
A.5.4	Annual declaration of independence by Directors	Yes	Independent Directors have submitted written declarations of their independence as required by Schedule J of the Code and section 7.10.2(b) of the Listing Rules.
A.5.5	Annual determination of independence of NEDs	Yes	The Board considers Non-Executive Directors' independence on an annual basis and concluded for the financial year that each of them continues to be free from any business or other relationship that could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgment.
A.5.6	Alternate Directors	Not Applicable	No alternative Directors have been appointed
A.5.7 & A.5.8	Senior Independent Director (SID)	Yes	A senior Independent Director has been appointed by the Board as the Chairman and the Managing Director are close family members and Chairman being an Executive Director.
A.5.10	Recording of dissent in minutes	Yes	All concerns raised by the Directors on matters of the Company and wished to be recorded have been duly recorded in the Board minutes with sufficient details.
A.6	Supply of Information	Yes	<p>Management should provide time-bound information in a form and of quality appropriate to enable the Board to discharge its duties.</p> <p>Financial and non-financial information are analysed and presented to the Board to make informed and accurate decisions.</p>
A.7	Appointments to the Board and Re-election	Yes	<p>A formal and transparent procedure should be followed for the appointment of new Directors to the Board.</p> <p>The Board assesses the suitability of the prospective nominees to the Board and approves the persons as "fit and proper" to serve as a member of the Board.</p>
A.7.1	Establishing a Nomination Committee, Chairman and Terms of Reference		This will be appointed on or before 01st of October 2024
A.7.2	Annual assessment of Board composition	Yes	An assessment is made of the Board composition to ascertain whether the combined knowledge and experience of the Board matches the strategic demands facing the Company when considering new appointments to the Board.

# Corporate Governance

Code Ref.	Requirement	Status of Compliance	Level of Compliance/ Reference within the Report
A.7.3	Disclosures on appointment of new directors	Yes	Details of new Directors are disclosed to the shareholders at the time of their appointment by way of public announcements to the Colombo Stock Exchange as well as in the Annual Report, along with a brief resume of the Director.
A.8	Directors to submit themselves for re-election	Yes	All Directors should submit themselves for re-election at regular intervals and at least once in every three years, and all Non-Executive Directors should be appointed for a specific term and subject to re-election.
A.9	Appraisal of Board and sub-Committee Performances	Yes	<p>The Board should periodically appraise its own performance against the pre-set targets to ensure that the Board responsibilities are satisfactorily discharged.</p> <p>The Board carries out an evaluation of its performance in the discharge of its key responsibilities. Each member of the Board and Board Sub-Committees carried out a self-assessment of his own effectiveness as an individual as well as effectiveness of the Board as a team.</p>
A.10	Annual Report to disclose specified information regarding Directors	Yes	Details in respect of each Director should be disclosed in the Annual Report for the benefit of the shareholders and disclosed under Board of Directors.
A.11	Appraisal of the CEO	Yes	<p>The Board of Directors should at least annually assess the performance of the Chief Executive Officer.</p> <p>At the commencement of each financial year, the Board, in consultation with the Managing Director sets financial and non-financial goals based on the short-, medium- and long-term objectives of the Company.</p> <p>The annual appraisal of the Managing Director is carried out by the Board at pre-agreed performance targets at the end of each financial year.</p>
B.	Directors Remuneration		
B.1	Establish process for developing policy on executive and director remuneration.	Yes	The Remuneration Committee makes recommendations to the Board regarding a remuneration policy for the Executive Director and the corporate management team that is consistent with the objectives of the Company.
B.2	Level and Make Up of Remuneration	Yes	<p>The Board makes assessments on the fact that the remuneration of Executive and the Non-Executive Directors reflects the market expectations and is sufficient to attract and retain the quality of Directors needed run the Company.</p> <p>The remuneration package of the Managing Director is structured to link rewards to corporate and individual performance, ensuring there is strong alignment between the short-term and long-term interests of the Company.</p>
B.3	Disclosures related to remuneration in Annual Report	Yes	<p>The Company should disclose the Remuneration Policy and the details of Remuneration of the Board as a whole.</p> <p>Remuneration policy is disclosed in the Report of the Remuneration Committee.</p> <p>The total remuneration paid to the Directors is disclosed in Notes to the Financial Statements.</p>
	- Remuneration Policy statement		
	- Aggregate Board remuneration paid		
	- HRRC report		

Code Ref.	Requirement	Status of Compliance	Level of Compliance/ Reference within the Report
C	Relations with Shareholders		
C.1	Constructive use of the AGM and Other General Meetings	Yes	<p>The Notice of the Annual General Meeting and the relevant documents are published and dispatched to the shareholders 15 working days prior to the meeting as required by Section 135(1) of the Companies Act No. 7 of 2007.</p> <p>The Company proposes a separate resolution for each item of business at the Annual General Meeting giving shareholders the opportunity to vote on each issue separately.</p>
C.2	Communication with shareholders	Yes	<p>The Company disseminates information pertaining to the performance of the Company through the publication of the Interim Financial Statements and the Annual Report in a timely manner. Information is provided to the shareholders prior to the Annual General Meeting to give them an opportunity to raise any issues relating to business of ACL Plastics, either verbally or in writing prior to the Annual General Meeting.</p> <p>Immediate announcements are also made to the Colombo Stock Exchange on any information which is considered price sensitive.</p> <p>The Company Secretary could be contacted in relation to any shareholder matter.</p>
C.3	Disclosure of major and material transactions	Yes	<p>The Directors ensure that any transaction that would materially affect the net asset base of the Company or Group is communicated to the shareholders and required approvals are obtained in accordance with the Statutes. There were no major or material transactions during the year, which materially affected the net asset base of the Company.</p>
D.	Accountability and Audit		
D. 1	Present a balanced and understandable assessment of the Company's financial position, performance, and prospects	Yes	<p>ACL Plastics PLC has reported a true and fair view of its financial position and performance for the year ended 31st March 2024 and at the end of each quarter of 2023/24 financial year.</p> <p>The Board ensures that the quarterly and annual Financial Statements of the Company and Group are prepared and published in compliance with the requirements of the Companies Act No. 7 of 2007, Sri Lanka Accounting Standards (LKASs and SLFRSs) and the Rules of the Colombo Stock Exchange.</p>
D1.1	Balanced Annual Report	Yes	
D.1.2	Balanced and understandable communication	Yes	<p>The responsibility statement of the Managing Director and Head of Finance has been set out declaring that the financial records of the Company have been properly maintained and are following relevant accounting standards and that the system of risk management and internal control operates effectively.</p>
D.1.3	CEO/CFO declaration	Yes	
D.1.4	Directors Report declarations	Yes	<p>The "Annual Report of the Board of Directors" which covers all areas of this Section.</p>

# Corporate Governance

Code Ref.	Requirement	Status of Compliance	Level of Compliance/ Reference within the Report
D.1.5	Financial reporting - Statement on Board responsibilities Statement on internal control	Yes	The declarations required to be made by the Board is given in the Annual Report of the Board of Directors.  "Statement of Directors' Responsibilities in relation to Annual Financial Statements" in preparation of the Financial Statements the "Independent Auditors' Report".
D.1.6	Management Discussion & Analysis	Yes	A Management Discussion and Analysis is contained in the "Managing Director's Review"
D.1.7	Net Assets < 50%	Not applicable	In the unlikely event of the net assets of the Company falling below 50% of Shareholders' Funds the Board will summon an Extraordinary General Meeting (EGM) to notify the shareholders of the position and to explain the remedial action being taken. Likelihood of such occurrence is remote.
D.1.8	Related Party Transactions	Yes	<p>The Directors have instituted an effective and comprehensive system of Internal Controls for identifying, recording and disclosure of related party transactions.</p> <p>Steps have been taken by the Board to avoid any conflict of interest that may arise, in transacting with related parties. Further, the Board ensures that no related party benefits from favorable treatment. The pricing applicable to such transactions is based on the assessment of risk and pricing model of the Company and is comparable with what is applied to transactions between the Company and its unrelated parties.</p> <p>Related Party Transactions Review Committee was established by the Board w.e.f 1st January 2016 in accordance with the guidelines of the Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka.</p> <p>Related Party Transactions Review policy and procedures are discussed in the Related Party Transactions Review Committee report.</p> <p>All related party transactions as defined in Sri Lanka Accounting Standard-24 (LKAS 24) on "Related Party Transactions" are disclosed in note to the Financial Statements.</p>
D.2	Process of risk management and a sound system of internal control to safeguard shareholders' investments and the Company's assets Report of the Audit and Risk Committee Directors' Statement of Internal Control	Yes	<p>The Board is responsible for establishing a sound framework of risk management and internal control and monitoring its effectiveness on a continuous basis. Through such an effective framework, ACL Plastics manages business risks and ensures that the financial information on which business decisions are made and published is reliable and ensures that the Company's assets are safeguarded against unauthorized use or disposition.</p> <p>The Board has appointed a three-member Audit Committee comprising of Independent Non-Executive Directors.</p> <p>The Audit Committee on quarterly basis reviews the Risk Register of the Company and the Group in the context of likelihood and their impact to the Group along with the effectiveness of the system of internal controls to address them to a satisfactory level. Strategies adopted by the Company to manage its risk are set out in the risk management report.</p>
D.3	Audit Committee	Yes	Refer to Audit Committee Report.
D.4	Related Party Transactions Review Committee	Yes	Please refer to Related Party Transaction Committee Report.



Code Ref.	Requirement	Status of Compliance	Level of Compliance/ Reference within the Report
D.5	Code of Business Conduct and Ethics	Yes	<p>The Company has adopted a Code of Business Conduct and Ethics and the Directors are committed to the Code and the principles contained therein.</p> <p>A set of guidelines for ethical behaviour has also been compiled to assist employees to act responsibly and to make the correct decisions in their day-to-day work. The Code of Conduct explains the principles for dealing with business associates, general partners, colleagues, and the community in which the Company operates.</p> <p>The Corporate Governance Report sets out the manner and extent to which the Company has complied with the principles and provisions of the Code.</p> <p>The Board is not aware of any material violations of any of the provisions of the Code of Business Conduct and Ethics by any Director or any corporate management member of the Company.</p>
D.6	Corporate Governance Disclosures	Yes	This requirement is met through the presentation of this report.
E/F	Institutional and other investors	Yes	<p>The Company is committed to maintain good communications with investors. The Chairman conducts a structured dialogue with the shareholders based on the mutual understanding of objectives and ensures that the views of the shareholders are communicated to the Board as a whole.</p> <p>The Annual General Meeting is used to have an effective dialogue with the shareholders on matters which are relevant and concern to the general membership.</p> <p>The Managing Director has regular discussions with key institutional shareholders to share highlights of the Company's performance and with the view to obtaining constructive feedback. The feedback obtained from institutional shareholders is communicated to the entire Board by the Managing Director.</p> <p>Individual shareholders are encouraged to carry out adequate analysis and seek the independent advice prior to investing or divesting directly in shares of the Company.</p> <p>All shareholders are encouraged to participate at meetings of the Company and a Form of Proxy accompanies each Notice providing shareholders who are unable to attend such meeting the opportunity to cast their vote.</p>
H	Principals of Sustainability Reporting	Yes	

# Corporate Governance

## STATEMENT OF SENIOR INDEPENDENT DIRECTOR

The 'Code of Best Practice on Corporate Governance 2023' (The Code), issued by The Institute of Chartered Accountants of Sri Lanka, along with CSE Listing Rule No. 9.6.3, advises the appointment of a Senior Independent Director (SID) in the instances where the Chairperson and Chief Executive Officer roles are held by the same person, where the Chairperson is not an Independent Non-Executive Director, or where the Chairperson and CEO are close family members or related parties. At ACL Cables PLC, the appointment of a Senior Independent Director is necessary as per this Listing Rule, given that our Chairman, Mr. U.G Madanayake, is an Executive Director and a close family member of the Managing Director, Mr. H.A.S Madanayake.

The SID plays a vital role in providing a mechanism to evaluate the Chairman's role. While the Chairman is responsible for leading the observance of best Corporate Governance practices, the SID's role involves assessing the Board's effectiveness, the Company's operations, and the Chairman's performance. The SID's presence underscores the importance of transparency in governance matters.

ACL Cables PLC remains dedicated to the principles of good governance and consistently strives to uphold best practices. The Company ensures strict compliance with mandatory requirements while also voluntarily adhering to additional standards to enhance stakeholder trust and drive value creation.

As the SID, I am involved in governance discussions with the Chairman as necessary. Moreover, I am available to any Director for confidential consultations regarding the Company's affairs when needed.

(Sgd.)

**Mohan Ratnayake**

Senior Independent Director

02nd August 2024

# STAKEHOLDER ENGAGEMENT

ACL Plastics views stakeholder involvement as critical to promoting sustainability and improving resource utilization. The engagement strategy involves identifying stakeholders' needs and expectations, which greatly influence strategic decisions.

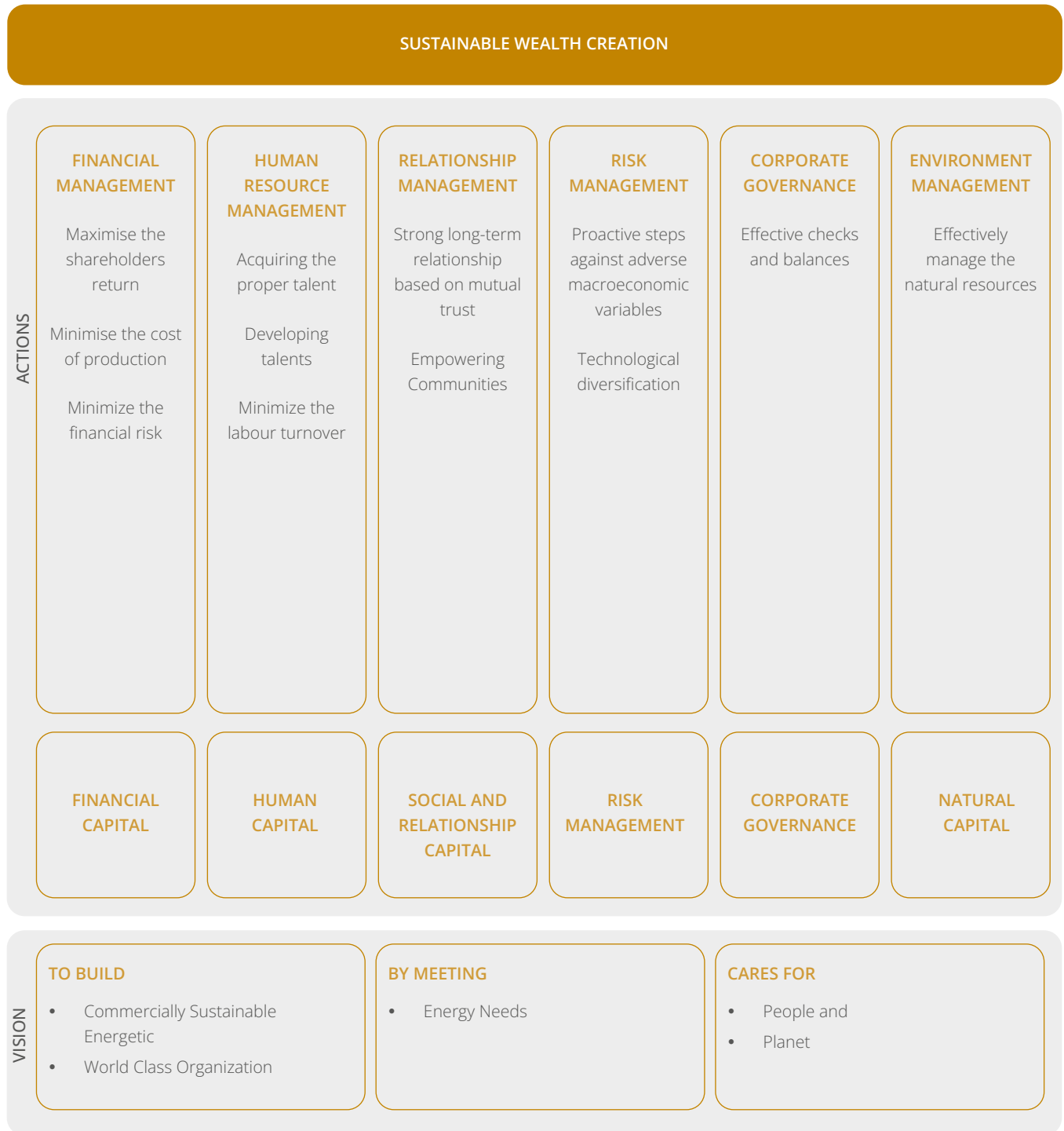
We have established procedures to meet stakeholder expectations and have a positive effect through our business practices. These include a business code of conduct, environmental management system, well-organized financial and human resource operations, and effective management. Taking these actions ensures we meet the demands and ambitions of our stakeholders and improve their quality of life through our business processes. ACL Plastics prioritizes stakeholder communication and compliance as part of its sustainability and ESG management efforts.

The key stakeholder issues and management strategies are as follows.

Stakeholder	Key issues/concerns	Process of engagement	Frequency of engagement
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>Sustainability and CSR</li> <li>Corporate governance and ethics</li> <li>Shareholder return/ dividend</li> <li>Future business plan</li> </ul>	<ul style="list-style-type: none"> <li>Annual general meeting</li> <li>Annual report</li> <li>Interim financial statements</li> <li>Corporate disclosures</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly</li> <li>Monthly</li> <li>Annually</li> <li>Periodically</li> </ul>
<b>Community</b>	<ul style="list-style-type: none"> <li>Job opportunities</li> <li>Ethical business conduct</li> <li>Pollution-free environment</li> </ul>	<ul style="list-style-type: none"> <li>Effective waste management</li> <li>Recycling</li> </ul>	<ul style="list-style-type: none"> <li>Continuously</li> </ul>
<b>Government and regulatory bodies</b>	<ul style="list-style-type: none"> <li>Statutory compliances and payments</li> <li>Corporate governance</li> </ul>	<ul style="list-style-type: none"> <li>Annual Report</li> <li>Tax returns</li> </ul>	<ul style="list-style-type: none"> <li>Annually</li> <li>Quarterly</li> <li>Monthly</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>Product quality</li> <li>On time availability</li> <li>Affordability of the prices</li> <li>Product innovations</li> </ul>	<ul style="list-style-type: none"> <li>Customer visits</li> <li>Social media</li> </ul>	<ul style="list-style-type: none"> <li>Regularly</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>Job security</li> <li>Fair remuneration</li> <li>Career development</li> <li>Occupational health and safety</li> <li>Welfare activities</li> </ul>	<ul style="list-style-type: none"> <li>Employee welfare meetings</li> <li>Training and development</li> <li>Employee networking events</li> <li>Group meetings</li> </ul>	<ul style="list-style-type: none"> <li>Daily</li> <li>Quarterly</li> <li>Monthly</li> <li>Regularly</li> <li>Regularly</li> </ul>
<b>Sister Companies</b>	<ul style="list-style-type: none"> <li>Good relationship</li> <li>Knowledge sharing</li> </ul>	<ul style="list-style-type: none"> <li>Social gathering and participation</li> </ul>	

# SUSTAINABLE WEALTH CREATION

ACL Plastics PLC's strategic plan is based on our overarching vision, purpose, and values. The corporation is acutely aware of its actions, which are in line with the goal of increasing long-term value for shareholders while serving the demands of all stakeholders.



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### **FINANCIAL CALENDAR (2023/24)**

01st Quarter Interim Financial Statements (30th June 2023 – Unaudited)	–	15th August 2023
02nd Quarter Interim Financial Statements (30th September 2023 – Unaudited)	–	09th November 2023
03rd Quarter Interim Financial Statements (31st December 2023 – Unaudited)	–	15th February 2024
04th Quarter Interim Financial Statements (31st March 2024 – Unaudited)	–	30th May 2024
Annual Report 2022/23	–	29th August 2023
32nd Annual General Meeting	–	21st September 2023
Interim Dividends Proposed	–	28th July 2023
Interim Dividends Paid	–	29th August 2023

# 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 2024, 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 12 to 13)

## 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 (pages 12 to 13)

## Independent Auditor's Report

The Independent Auditors' Report on the Financial Statements is given on page 62 to 64 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 65 to 116 in this Annual Report.

## Accounting Policies

The Accounting Policies adopted in preparation of the Financial Statements are given on pages 71 to 81. 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 55.

## 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 2024 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

	31/03/2024	31/03/2023
	Rs.	Rs.
Total turnover	2,373,421,587	2,477,267,108
Profit before taxation	574,681,337	870,651,760
Profit after taxation	455,680,103	634,959,568
Profit attributable to shareholders of ACL Plastics PLC	455,680,103	721,025,774
Unappropriated surplus brought forward		
from previous year	2,372,161,453	1,798,618,202
Transfer from revaluation reserve	5,443,575	4,357,735
Other adjustments	388,220	(2,586,553)
Surplus available for appropriation	2,833,673,353	2,435,348,952
<b>Your Directors recommend:</b>		
Dividends paid	(63,187,500)	(63,187,500)
Transfer to general reserve	-	-
Unappropriated surplus carried forward	2,770,485,853	2,372,161,453

## Directors

Directors of the Company are listed on pages 16 and 17 and their respective shareholdings are given below.

	Number of shares			
	31.03.2024	% Holding	31.03.2023	% 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
Mr. Mohan Rathnayake	-	-	-	-
Mr. Rohan Somawansa	-	-	-	-

### 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

After completing a nine-year tenure as a member, Mr. Kamal Weeraperuma retired from the board with effect from 31st December 2023

### Directors' Remuneration

Remuneration received by the Directors is set out in Note 31 to the Financial Statements.

### Directors Meetings

The details of Directors' meetings are set out on page 27 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 29th August 2023 to the shareholders of the Ordinary Shares for the financial year 2022/23

### Capital Expenditure

The capital expenditure on acquisition of property, plant and equipment of the Company and the Group amounted to Rs. 14,448/-, 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. 20,000/- (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 122 of the annual report.

### Environmental Protection

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

### Related Party Transactions

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

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

Related Party Transactions Committee Report is given on page 57.

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	1,314,736,270	55%	ordinary course of business
Kelani Cables PLC	Group company	Sale of goods	977,047,912	41%	ordinary course of business

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

There were 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 is given in the note 31.

#### 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 25 to 27 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 Deloitte partners, Chartered Accountants who also were the auditors of the subsidiary Company and offer themselves for re-appointment.

Audit fees payable to Deloitte Associates, by the Company and the Group amounted to Rs. 899,538 and Rs. 1,422,156 respectively.

#### Notice of Meeting

The Notice of the 33rd Annual General Meeting is on page 128 of the Annual Report.

By Order of the Board

(Sgd.)  
Corporate Affairs (Pvt) Ltd  
Secretaries  
02nd August 2024

# 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.

# 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 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)
- Mr. Rajiv Casie Chitty - Member (Independent Non-Executive Director)
- Mr. Suren Madanayake - The Managing Director of the Company was appointed as a member w.e.f. 26th June 2024.

## 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 2023/2024 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 27.

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

02nd August 2024

# Remuneration Committee Report

## Role of the Remuneration Committee

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;

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

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

## Meeting and Attendance

The Committee met on two occasions in the 2023/2024 financial year while complying with the SEC and Code of Best Practice 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'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 specialize 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.

## 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

02nd August 2024

# 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. 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)
- Mr. Rajiv Casie Chitty – Member of the audit committee (Independent Non-Executive Director)

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 2023/2024 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 2023/2024 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.

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

# Audit Committee Report

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. Deloitte partners 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 2023/2024 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 2023/2024 the Committee reviewed the effectiveness and efficiency of the Risk & Control team in term of internal audit, Risk management and other governance-related areas to assess the strength of the existing internal control and Risk management systems.

## Whistleblowing

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

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

On behalf of the Committee

(Sgd.)

**Ajit Jayaratne**

Chairman of the Audit Committee

02nd August 2024

# Responsibility Statement of Managing Director and Chief Financial Officer

## Compliance with Laws and Regulations

The Financial Statements of ACL Plastics PLC (the Company) and the Consolidated Financial Statements of the Company and its subsidiaries (the Group) for the year ended 31st March 2024 are prepared in accordance with the following requirements:

- Sri Lanka Accounting Standards issued by The Institute of Chartered Accountants of Sri Lanka (SLFRS/LKAS),
- Companies Act No. 07 of 2007,
- Listing Rules of the Colombo Stock Exchange,
- Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, and
- Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka.

## Financial Reporting

The Significant Accounting Policies applied in the preparation of the consolidated Financial Statements are appropriate and consistently followed, unless otherwise noted in the accompanying statements. These policies and the estimates that require significant judgment and complexity were discussed with the Audit Committee and the Company's External Auditors. There are no deviations from the prescribed Accounting Standards in their adoption. Comparative information has been reclassified where necessary to align with the current presentation.

The Board of Directors and the management of the Company assume responsibility for the accuracy and objectivity of these Financial Statements. The estimates and judgments related to the Financial Statements were made on a prudent and reasonable basis, ensuring that the Financial Statements provide a true and fair view, and that the transactions accurately represent the Company's financial position.

We confirm, to the best of our knowledge, that the Financial Statements, Significant Accounting Policies, and other financial information included in this Annual Report fairly present all material aspects regarding the financial position, operational results, and Cash Flows of the Group for the year under review. We also confirm that the Group has sufficient resources to continue operating and have used the Going Concern basis in preparing these Financial Statements.

## System of Internal Control

The Company has implemented a robust system of internal control and accounting records to safeguard assets and prevent and detect fraud and other irregularities. These systems are continuously reviewed, evaluated, and updated. Based on our evaluations for the financial period under review, we confirm that there were no significant deficiencies or material weaknesses in the design or operation of internal controls, and no fraud involving management or employees was detected. The Internal Auditors conduct periodic audits to provide reasonable assurance that the Group's established policies and procedures are consistently followed. Nonetheless, there are inherent limitations in any system of internal control and accounting that must be acknowledged.

## Report of Independent Auditors

Messrs Deloitte Partners, Chartered Accountants, audited the Financial Statements, and their report is presented on pages 62 to 64.

## Audit Committee

The Audit Committee meets periodically with the Internal Auditors and the Independent Auditors to review their performance, discuss auditing, internal control, and financial reporting issues. To ensure full independence, the Independent Auditors and Internal Auditors have unrestricted access to the Audit Committee

to discuss any substantial matters. The Audit Committee Report is provided on pages 59 to 60.

## Conclusion

We confirm, to the best of our knowledge, that:

- The Group has complied with all applicable laws, regulations, and guidelines, with no material litigation against the Group
- The internal control system is functioning effectively.
- The Financial Statements accurately reflect the nature and substance of transactions, and reasonably present the Company's financial position, with the Going Concern basis applied in their preparation.
- All taxes, duties, levies, statutory payments by the Group, and contributions, levies, and taxes payable on behalf of and in respect of the employees of the Group as of 31st March 2024, have been paid or appropriately provided for.

(Sgd.)

**H A S Madanayake**  
Managing Director

(Sgd.)

**Mahesh Amarasiri**  
Group Chief Financial Officer

02nd August 2024

# Independent Auditor's Report



Deloitte Partners  
100 Braybrooke Place  
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## To the Shareholders of ACL Plastics PLC

### Report on the audit of the financial statements

#### Our opinion

We have audited the financial statements of ACL Plastics PLC (the Company) and the consolidated financial statements of the Company and its subsidiary (the Group). The financial statements of the Company and the consolidated financial statements of the Group comprise:

- the statement of financial position as at 31 March 2024;
- 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 material accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company and the Group as at 31 March 2024, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

#### Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We 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"). We have fulfilled our other ethical responsibilities in accordance with the Code of Ethics.

#### Key audit matters

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

#### The Group and Company:

Key audit matter	How our audit addressed the Key audit matter
<p><b>Fair valuation of freehold lands and buildings.</b> <i>(Refer Notes 2.8 and 14 in the consolidated financial statements for disclosures of related accounting policy and balances)</i></p> <p>The Group's and Company's freehold lands and buildings carried at fair values of LKR 169 million and LKR 154.5 million respectively, as at 31 March 2024.</p> <p>All properties were externally valued by an independent valuation expert, having related professional qualifications.</p> <p>The value of these properties is dependent on the valuation methodology adopted (market approach) and the inputs into the valuation model.</p>	<p>Our audit approach mainly included substantive audit procedures as follows:</p> <ul style="list-style-type: none"><li>• assessed the experience, qualifications, and independence of the external valuation expert;</li><li>• checked the completeness and accuracy of the information provided to the valuer by management;</li><li>• obtained the valuation reports and evaluated the appropriateness of the valuation methodology adopted with methods used in general practice in the industry, significant estimates and assumptions;</li><li>• assessed the reasonableness of the freehold lands and buildings values determined by the valuer using market approach by comparing them to publicly available information on the property market considering factors such as location, size of the land extent;</li></ul>

C S Manoharan FCA, T U Jayasinghe FCA, H P V Lakdeva FCA, K M D R P Manatunga ACA, L A C Tillekeratne ACA, M D B Boyagoda FCA, N R Gunasekera FCA, W D A S U Perera ACA, D C A J Yapa ACA, Minfaz Hilmy FCA

Regd. Office: P.O. Box 918, 100 Braybrooke Place, Colombo 02, Sri Lanka. Reg. No.: w/4179



Key audit matter	How our audit addressed the Key audit matter
<p>In determining the fair values using market approach, the valuer has considered factors like the location, size and market prices of comparable properties.</p> <p>We considered this to be a matter of most significance to our audit due to:</p> <ul style="list-style-type: none"> <li>Freehold land and buildings balance in the statement of financial position being material.</li> <li>Key areas of significant judgments, estimates and assumptions used in the valuation of freehold land and buildings.</li> </ul>	<ul style="list-style-type: none"> <li>inspected the valuation reports and agreed the fair values to the consolidated financial statements; and</li> <li>checked the adequacy and appropriateness of management's disclosures in the financial statements.</li> </ul>

### Other information

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

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

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

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

# Independent Auditor's Report

- 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 and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 separate/consolidated 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 separate/ consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on other legal and regulatory requirements

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



CHARTERED ACCOUNTANTS

CA Sri Lanka membership number 2857

COLOMBO

02nd August 2024

# Statement of Profit or Loss

(all amounts in Sri Lanka Rupees)

	Note	Group		Company	
		Year ended 31 March		Year ended 31 March	
		2024	2023	2024	2023
Revenue from contracts with customers	6	2,373,421,587	2,477,267,108	2,373,421,587	2,477,267,108
Cost of sales	8	(1,840,591,268)	(1,690,479,858)	(1,840,591,268)	(1,690,479,858)
<b>Gross profit</b>		<b>532,830,319</b>	<b>786,787,250</b>	<b>532,830,319</b>	<b>786,787,250</b>
Net gains/(losses) from financial assets at fair value through profit or loss	7	44,738	-	44,738	-
Other operating income	7	2,081,525	3,124,973	2,081,525	3,124,973
Total operating income		2,126,262	3,124,973	2,126,262	3,124,973
Administrative costs	8	(10,973,550)	(11,357,389)	(10,450,932)	(10,385,632)
<b>Operating profit</b>		<b>523,983,031</b>	<b>778,554,834</b>	<b>524,505,649</b>	<b>779,526,591</b>
Finance income	10	51,788,936	102,335,088	42,962,089	92,318,088
Finance costs	10	(1,090,630)	(10,238,164)	(6,593,145)	(23,832,664)
Finance income - net	10	50,698,306	92,096,924	36,368,944	68,485,424
<b>Profit before tax</b>		<b>574,681,337</b>	<b>870,651,758</b>	<b>560,874,593</b>	<b>848,012,015</b>
Income tax expense	11	(119,001,234)	(235,692,190)	(114,702,425)	(229,317,085)
<b>Profit for the year</b>		<b>455,680,103</b>	<b>634,959,568</b>	<b>446,172,168</b>	<b>618,694,930</b>
<b>Net profit attributable to shareholders of the Company</b>		<b>455,680,103</b>	<b>634,959,568</b>	<b>446,172,168</b>	<b>618,694,930</b>
Basic/diluted earnings per share (Rs)	12	108.17	150.73	105.92	146.87
<b>Dividend per share (Rs)</b>	13	<b>15.00</b>	<b>15.00</b>	<b>15.00</b>	<b>15.00</b>

The notes on pages 71 to 116 form an integral part of these financial statements  
Independent auditor's report - pages 62 to 64

# Statement of Comprehensive Income

(all amounts in Sri Lanka Rupees)

Year ended 31st March	Note	Group		Company	
		Year ended 31 March		Year ended 31 March	
		2024	2023	2024	2023
<b>Profit for the year</b>		455,680,103	634,959,568	446,172,168	618,694,930
<b>Other comprehensive income / (expense)</b>					
<b>Items that will not be reclassified to profit or loss</b>					
Actuarial (loss) / gain on defined benefit obligation	25	554,600	(3,695,076)	554,600	(3,695,076)
Deferred tax on actuarial gain / (loss)	25	(166,380)	1,108,523	(166,380)	1,108,523
Revaluation surplus on land and buildings	28	59,780,000	-	59,780,000	-
Deferred tax on revaluation of Land and Buildings		(17,934,000)	-	(17,934,000)	-
Changes in the fair value of equity investments at fair value through other comprehensive income (FVTOCI)	17	6,040,550	(5,869,148)	6,040,550	(5,869,148)
Deffered tax on changes in fair value through other comprehensive income (FVTOCI)	26	(1,812,165)	-	(1,812,165)	-
Tac impact on effect of change in tax rates on revaluation reserve		-	(16,858,947)	-	(16,858,947)
<b>Other comprehensive (expenses) / income for the year, net of tax</b>		46,462,605	(25,314,648)	46,462,605	(25,314,648)
<b>Total comprehensive income for the year</b>		502,142,708	609,644,920	492,634,773	593,380,282


The notes on pages 71 to 116 form an integral part of these financial statements  
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# Statement of Financial Position

(all amounts in Sri Lanka Rupees)

	Note	Group		Company	
		As at 31 March 2024	2023	As at 31 March 2024	2023
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Property, plant and equipment	14	371,999,645	329,679,409	371,999,645	329,679,409
Right-of-use assets	15	1,532,019	1,554,219	1,532,019	1,554,219
Investment in subsidiary	16	-	-	10,000,010	10,000,010
Financial assets at fair value through other comprehensive income (FVOCI)	17	49,267,460	43,226,910	49,267,460	43,226,910
<b>Total Non-Current Assets</b>		<b>422,799,124</b>	<b>374,460,538</b>	<b>432,799,134</b>	<b>384,460,548</b>
<b>Current Assets</b>					
Inventories	19	563,741,719	557,509,607	563,741,719	557,509,607
Trade and other receivables	20	1,606,529,665	1,345,905,646	1,469,654,076	1,289,513,941
Financial assets at fair value through profit or loss	21	35,044,738	-	35,044,738	-
Cash and cash equivalents	23	841,624,281	823,320,233	841,179,949	822,875,901
<b>Total Current Assets</b>		<b>3,046,940,403</b>	<b>2,726,735,486</b>	<b>2,909,620,482</b>	<b>2,669,899,449</b>
<b>Total Assets</b>		<b>3,469,739,527</b>	<b>3,101,196,024</b>	<b>3,342,419,616</b>	<b>3,054,359,997</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and Reserves</b>					
Stated capital	27	79,974,555	79,974,555	79,974,555	79,974,555
Revaluation reserve	28	201,070,223	164,667,798	201,070,223	164,667,798
Revenue reserve	29.1	170,000,000	170,000,000	170,000,000	170,000,000
Financial assets at FVOCI reserve	29.2	34,157,339	29,928,954	34,157,339	29,928,954
Retained earnings		2,770,485,853	2,372,161,453	2,674,990,074	2,286,173,610
<b>Total Equity</b>		<b>3,255,687,970</b>	<b>2,816,732,760</b>	<b>3,160,192,191</b>	<b>2,730,744,916</b>
<b>Non-Current Liabilities</b>					
Defined benefit obligations	25	12,508,030	11,287,768	12,508,030	11,287,768
Deferred tax liability	26	83,404,686	78,923,588	83,404,686	78,923,588
<b>Total Non-Current Liabilities</b>		<b>95,912,716</b>	<b>90,211,356</b>	<b>95,912,716</b>	<b>90,211,356</b>
<b>Current Liabilities</b>					
Trade and other payables	24	20,723,147	41,126,460	20,587,417	114,205,284
Bank overdraft	23	-	1,166,688	-	1,166,688
Income tax payable	22	97,415,694	151,958,760	65,727,294	118,031,753
<b>Total Current Liabilities</b>		<b>118,138,841</b>	<b>194,251,908</b>	<b>86,314,711</b>	<b>233,403,725</b>
<b>Total Liabilities</b>		<b>214,051,557</b>	<b>284,463,264</b>	<b>182,227,426</b>	<b>323,615,081</b>
<b>Total Equity and Liabilities</b>		<b>3,469,739,527</b>	<b>3,101,196,024</b>	<b>3,342,419,616</b>	<b>3,054,359,997</b>

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 02nd August 2024.

  
U. G. Madanayake  
Chairman

  
Suren Madanayake  
Managing Director

The notes on pages 71 to 116 form an integral part of these financial statements  
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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

# 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
<b>Balance at 1 April 2022</b>		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 gain on defined benefit obligation	24	-	-	-	-	(3,695,076)	(3,695,076)
Deferred tax on actuarial gain	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)
<b>Total comprehensive income for the year</b>		-	-	(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	-	-	1,867,600	-	(1,867,600)	-
Dividend paid	13	-	-	-	-	(63,187,500)	(63,187,500)
<b>Balance at 31 March 2023</b>		79,974,555	170,000,000	164,667,798	29,928,954	2,372,161,453	2,816,732,760
<b>Balance at 01 April 2023</b>		79,974,555	170,000,000	164,667,798	29,928,954	2,372,161,453	2,816,732,760
Profit for the year		-	-	-	-	455,680,105	455,680,105
Actuarial loss on defined benefit obligation	24	-	-	-	-	554,600	554,600
Deferred tax on actuarial loss	25	-	-	-	-	(166,380)	(166,380)
Gains on revaluation of land and buildings	28	-	-	59,780,000	-	-	59,780,000
Deferred tax on revaluation		-	-	(17,934,000)	-	-	(17,934,000)
Changes in the fair value of equity investments at FVOCI	17	-	-	-	6,040,550	-	6,040,550
Deferred tax on changes in fair value of equity at FVTOCI		-	-	-	(1,812,165)	-	(1,812,165)
Other comprehensive income for the year		-	-	40,033,835	4,228,385	388,220	46,462,605
<b>Total comprehensive income</b>		-	-	40,033,835	4,228,385	456,068,325	502,142,710
Depreciation transfer - gross	28	-	-	(7,776,536)	-	7,776,536	-
Deferred tax on depreciation transfer	28	-	-	2,332,961	-	(2,332,961)	-
Dividend paid	13	-	-	-	-	(63,187,500)	(63,187,500)
<b>Balance at 31 March 2024</b>		79,974,555	170,000,000	199,258,058	34,157,339	2,770,485,853	3,255,687,970

The notes on pages 71 to 116 form an integral part of these financial statements  
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# 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
<b>Balance at 1 April 2022</b>		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 gain on defined benefit obligation	24	-	-	-	-	(3,695,076)	(3,695,076)
Deferred tax on actuarial gain	25	-	-	-	-	1,108,523	1,108,523
Deferred tax impact to the revaluation surplus on tax rate changes	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)
<b>Total comprehensive income for the year</b>				(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)
<b>Balance at 31 March 2023</b>		79,974,555	170,000,000	164,667,798	29,928,954	2,286,173,609	2,730,744,916
<b>Balance at 01 April 2023</b>		79,974,555	170,000,000	164,667,798	29,928,954	2,286,173,609	2,730,744,916
Profit for the year		-	-	-	-	446,172,170	446,172,170
Actuarial loss on defined benefit obligation	24	-	-	-	-	554,600	554,600
Deferred tax on actuarial loss	25	-	-	-	-	(166,380)	(166,380)
Gains on revaluation of land and buildings				59,780,000			59,780,000
Deferred tax on revaluation				(17,934,000)			(17,934,000)
Changes in the fair value of equity investments at FVOCI	17			-	6,040,550	-	6,040,550
Deferred tax on changes in fair value of equity at FVTOCI					(1,812,165)		(1,812,165)
<b>Other comprehensive income for the year</b>				41,846,000	4,228,385	388,220	46,462,605
<b>Total comprehensive income for the year</b>				41,846,000	4,228,385	446,560,390	492,634,775
Depreciation transfer - gross	28			(7,776,536)	-	7,776,536	-
Deferred tax on depreciation transfer	28			2,332,961	-	(2,332,961)	-
Dividend paid	13			-	-	(63,187,500)	(63,187,500)
<b>Balance at 31 March 2024</b>		79,974,555	170,000,000	201,070,223	34,157,339	2,674,990,074	3,160,192,191

The notes on pages 71 to 116 form an integral part of these financial statements  
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# Statement of Cash Flows

(all amounts in Sri Lanka Rupees)

	Note	Group		Company	
		Year ended 31 March		Year ended 31 March	
		2024	2023	2024	2023
<b>Cash flows from operating activities</b>					
Cash generated from operations	30	162,338,879	308,876,901	170,130,825	331,347,981
Interest paid	10	(1,090,630)	(10,238,164)	(6,593,145)	(23,832,664)
Unit trust income	7	(44,738)	-	(44,738)	-
Gratuity paid	25	(887,905)	(1,616,675)	(887,905)	(1,616,675)
Income tax paid	22	(188,975,747)	(181,516,876)	(182,438,331)	(180,370,056)
<b>Net Cash (Used in) / Generated from operating activities</b>		<b>(28,660,141)</b>	<b>115,505,186</b>	<b>(19,833,294)</b>	<b>125,528,586</b>
<b>Cash flows from investing activities</b>					
Interest received	10	144,251,298	77,458,278	135,424,451	67,441,278
Investment in unit trust	21	(35,000,000)	-	(35,000,000)	-
Payments for property, plant and equipment	14	(14,448)	(474,848)	(14,448)	(474,848)
Dividend received	7	2,081,525	3,020,048	2,081,525	3,020,048
<b>Net cash flows from / (used in) investing activities</b>		<b>111,318,375</b>	<b>80,003,478</b>	<b>102,491,528</b>	<b>69,986,478</b>
<b>Cash flows from financing activities</b>					
Dividend paid	13	(63,187,500)	(63,187,500)	(63,187,500)	(63,187,500)
Proceeds from import loans		-	48,502,800	-	48,502,800
Repayments of import loans		-	(225,770,303)	-	(225,770,303)
<b>Net cash used in financing activities</b>		<b>(63,187,500)</b>	<b>(240,455,003)</b>	<b>(63,187,500)</b>	<b>(240,455,003)</b>
<b>Net (decrease) / Increase in cash and cash equivalents</b>		<b>19,470,735</b>	<b>(44,946,339)</b>	<b>19,470,734</b>	<b>(44,939,939)</b>
Cash and cash equivalents at the beginning of the year		822,153,546	867,099,884	821,709,215	866,649,152
<b>Cash and cash equivalents at the end of the year</b>	23	<b>841,624,281</b>	<b>822,153,545</b>	<b>841,179,949</b>	<b>821,709,214</b>

The notes on pages 71 to 116 form an integral part of these financial statements  
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# 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.

In the current year, the group has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

### (a) New standards and amendments – applicable 1 January 2023

The Group has applied the following standards and amendments for the first time for their annual reporting periods commencing 1 January 2023:

- i) IFRS 17 Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17)"
- ii) Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements— Disclosure of Accounting Policies
- (iii) Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- (iv) Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates

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) IFRS 17 Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17)

The group has adopted IFRS 17 and the related amendments for the first time in the current year. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.

# Notes to the Financial Statements

IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

The group does not have any contracts that meet the definition of an insurance contract under IFRS 17."

(ii) **Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements— Disclosure of Accounting Policies**

The group has adopted the amendments to IAS 1 for the first time in the current year. The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions,

other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

(iii) **Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction**

The group has adopted the amendments to IAS 12 for the first time in the current year. The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

Amendments to IAS 12 Income Taxes—International Tax Reform—Pillar Two Model Rules

The group has adopted the amendments to IAS 12 for the first time in the current year. The IASB amends the scope of IAS 12 to clarify that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements qualified domestic minimum top up taxes described in those rules.

The amendments introduce a temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognize nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

Following the amendments, the group is required to disclose that it has applied the exception and to disclose separately its current tax expense (income) related to Pillar Two income taxes.

(iv) **Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates"**

The group has adopted the amendments to IAS 8 for the first time in the current year. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

(b) **New standards and amendments issued but not effective or early adopted in 2023**

At the date of authorisation of these financial statements, the group has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective.

(i) **Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognized in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The directors of the parent company anticipate that the application of these amendments may have an impact on the group's consolidated financial statements in future periods should such transactions arise.

(ii) **Amendments to IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Non-current**

The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or noncurrent in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2024, with early application permitted. The IASB has aligned the effective date with the 2022 amendments to IAS 1. If an entity applies the 2020 amendments for an earlier period, it is also required to apply the 2022 amendments early.

The directors of the parent company anticipate that the application of these amendments may have an impact on the group's consolidated financial statements in future periods."

(iii) **Amendments to IAS 1 Presentation of Financial Statements—Non-current Liabilities with Covenants**

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or noncurrent). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The ICASL also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

# Notes to the Financial Statements

The amendments are applied retrospectively for annual reporting periods beginning on or after 1 January 2024. Earlier application of the amendments is permitted. If an entity applies the amendments for an earlier period, it is also required to apply the 2020 amendments early.

The directors of the parent company anticipate that the application of these amendments may have an impact on the group's consolidated financial statements in future periods.

## (iv) Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures—Supplier Finance Arrangements

The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

The term 'supplier finance arrangements' is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information.

To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements:

- The terms and conditions of the arrangements
- The carrying amount, and associated line items presented in the entity's statement of financial

position, of the liabilities that are part of the arrangements

- The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers"
- Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement
- Liquidity risk information

The amendments, which contain specific transition reliefs for the first annual reporting period in which an entity applies the amendments, are applicable for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted.

## (v) Amendment to IFRS 16 Leases—Lease Liability in a Sale and Leaseback

The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following

a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

As part of the amendments, the IASB amended an Illustrative Example in IFRS 16 and added a new example to illustrate the subsequent measurement of a right-of-use asset and lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The illustrative examples also clarify that the liability, that arises from a sale and leaseback transaction that qualifies as a sale applying IFRS 15, is a lease liability.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. If a seller-lessee applies the amendments for an earlier period, it is required to disclose that fact.

A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied IFRS 16.

## 2.2 Principles of consolidation

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

## Subsidiaries

### (a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

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

Transaction costs are expensed as incurred. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss. Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that

meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

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

## 2.3 Foreign currency translation

### (a) Functional and presentation currency

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

### (b) Transactions and balances

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

Foreign exchange gains and losses resulting from the settlement of such transactions and from the

translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

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

## 2.4 Borrowing costs

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

## 2.5 Taxation

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

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

## 2.6 Deferred taxation

Deferred income tax is provided in full, using the liability method, on temporary differences at the reporting date between the tax bases of assets

# Notes to the Financial Statements

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 recognised 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.

### 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.

# Notes to the Financial Statements

## 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, 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.

# Notes to the Financial Statements

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 related party customers are on average 90 days from the sale of goods. Apart from related party customers, all other sales are on cash basis.

## 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 or 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 2024 and 2023.

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 2024 and 2023.
- 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 2024, rupee increased by 10% against the US dollar compared to its closing rate on 31st March 2023.

#### 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	
	2024	2023	2024	2023
Trade and other receivables - USD	160,468,154	153,543,631	160,468,154	153,543,631
Bank balances - USD	816,872,493	790,036,433	816,872,493	790,036,433
	977,340,647	943,580,064	977,340,647	943,580,064

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

	Group		Company	
	31 March		31 March	
	2024	2023	2024	2023
Net foreign exchange gain included in finance cost	(92,462,362)	24,876,810	(92,462,362)	24,876,810
Total net foreign exchange gain recognised in profit before income tax for the period	(92,462,362)	24,876,810	(92,462,362)	24,876,810

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 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 31 March		Company 31 March	
	2024	2023	2024	2023
USD/LKR exchange rate – 10% increase	97,734,065	94,358,006	97,734,065	94,358,006
USD/LKR exchange rate – 10% decrease	(97,734,065)	(94,358,006)	(97,734,065)	(94,358,006)
USD/LKR exchange rate – 20% increase	195,468,129	188,716,013	195,468,129	188,716,013
USD/LKR exchange rate – 20% decrease	(195,468,129)	(188,716,013)	(195,468,129)	(188,716,013)
USD/LKR exchange rate – 30% increase	293,202,194	283,074,019	293,202,194	283,074,019
USD/LKR exchange rate – 30% decrease	(293,202,194)	(283,074,019)	(293,202,194)	(283,074,019)

(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 2024 and 2023, 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 31 March		Company 31 March	
	2024	2023	2024	2023
	Interest rate – increase 5% (2023 – 5%)	Nil	Nil	Nil
Interest rate – decrease 5% (2023 – 5%)	Nil	Nil	Nil	(2,850,000)

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 2023/24.

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

	Group 31 March		Company 31 March	
	2024	2023	2024	2023
	Variable rate borrowings	Nil	Nil	Nil

Variable rate borrowings are consists of loans from subsidiary. The loans are granted on the terms of "payable on demand" and the interest is charged based on AWPLR 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.

## Notes to the Financial Statements

### (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.
<b>Group</b>				
31 March 2024	Quoted shares – (Colombo Stock Exchange)	10%	4,926,746	4,926,746
31 March 2023	Quoted shares – (Colombo Stock Exchange)	10%	4,322,691	4,322,691

		Change in equity price	Effect on profit Rs.	Effect on equity Rs.
<b>Company</b>				
31 March 2024	Quoted shares – (Colombo Stock Exchange)	10%	4,926,746	4,926,746
31 March 2023	Quoted shares – (Colombo Stock Exchange)	10%	4,322,691	4,322,691

(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 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 6 years	Over 6 years	Total
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**Financial liabilities**

Trade and other payables (Note 24) (excluding statutory liabilities)	16,404,777	-	-	-	16,404,777
<b>Total financial liabilities</b>	<b>16,404,777</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,404,777</b>

At 31 March 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 6 years	Over 6 years	Total
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**Financial liabilities**

Trade and other payables (Note 24) (excluding statutory liabilities)	6,357,450	-	-	-	6,357,450
<b>Total financial liabilities</b>	<b>6,357,450</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,357,450</b>

**Company**

At 31 March 2024	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 24) (excluding statutory liabilities)	16,269,046	-	-	-	16,269,046
<b>Total financial liabilities</b>	<b>16,269,046</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,269,046</b>

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 24) (excluding statutory liabilities)	79,436,274	-	-	-	79,436,274
<b>Total financial liabilities</b>	<b>79,436,274</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>79,436,274</b>

# 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 2024 or 1 April 2023 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 2024 and 31 March 2023 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 2024.

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		Company	
	Year ended 31 March		Year ended 31 March	
	2024	2023	2024	2023
Total borrowings	Nil	Nil	Nil	Nil
Less : Cash and cash equivalents (Note 23)	(841,624,282)	(823,320,233)	(841,179,950)	(822,875,901)
Net debt	(841,624,282)	(823,320,233)	(841,179,950)	(822,875,901)
Total equity	3,255,687,970	2,816,732,760	3,160,192,191	2,730,744,916
Total capital	2,414,063,688	1,993,412,527	2,319,012,239	1,907,869,015
Gearing ratio	-34.86%	-41.30%	-36.27%	-43.13%

### 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 2024	Level 01	Level 2	Total balance
<b>Group</b>			
<b>Assets</b>			
Financial assets at fair value through profit or loss		35,044,738	35,044,738
Financial assets at fair value through other comprehensive income	49,267,460	-	49,267,460
	49,267,460	35,044,738	84,312,198
<b>Company</b>			
<b>Assets</b>			
Financial assets at fair value through profit or loss		35,044,738	35,044,738
Financial assets at fair value through other comprehensive income	49,267,460	-	49,267,460
	49,267,460	35,044,738	84,312,198

# Notes to the Financial Statements

As at 31 March 2023	Level 1	Total balance
<b>Group</b>		
<b>Assets</b>		
Financial assets at fair value through profit or loss	Nil	Nil
Financial assets at fair value through other comprehensive income	43,226,910	43,226,910
	43,226,910	43,226,910
<b>Company</b>		
<b>Assets</b>		
Financial assets at fair value through profit or loss	Nil	Nil
Financial assets at fair value through other comprehensive income	43,226,910	43,226,910
	43,226,910	43,226,910

## (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.

# Notes to the Financial Statements

(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	
	2024	2023	2024	2023
Local sales from contracts with customers	2,373,421,587	2,477,267,108	2,373,421,587	2,477,267,108
Net revenue	2,373,421,587	2,477,267,108	2,373,421,587	2,477,267,108

## 7 Other operating income

	Group		Company	
	Year ended 31 March		Year ended 31 March	
	2024	2023	2024	2023
Dividend income	2,081,525	3,020,048	2,081,525	3,020,048
Fair value gain from financial assets at FVTOCI - Unit trust	44,738	-	44,738	-
Other operating income	-	104,925	-	104,925
	2,126,263	3,124,973	2,126,263	3,124,973

## 8 Expenses by nature

	Group		Company	
	Year ended 31 March		Year ended 31 March	
	2024	2023	2024	2023
Directors' emoluments [Note 31.6 (e)]	450,000	270,000	450,000	270,000
Right of use assets amortisation (Note 15)	22,000	22,000	22,000	22,000
Provision for obsolete stock [Note 19 (a)]	4,313,630	16,108,243	4,313,630	16,108,243
Auditor's remuneration	1,422,156	1,098,642	899,538	789,527
Depreciation (Note 14)	17,474,212	18,697,965	17,474,212	18,697,965
Staff costs (Note 9)	50,315,677	54,883,695	50,315,677	54,883,695
Raw material consumption	1,702,087,616	1,563,419,284	1,706,401,246	1,579,527,527
Other costs	75,479,528	47,337,418	71,165,897	30,566,531
<b>Total cost of sales and administrative costs</b>	<b>1,851,564,819</b>	<b>1,701,837,247</b>	<b>1,851,042,200</b>	<b>1,700,865,490</b>

Other costs mainly consist of electricity expenses amounting to Rs. 48,775,799 (2023 - Rs. 23,461,000), fuel expenses amounting to Rs. 5,898,696 (2023 - Rs. 5,076,600) for both Group and Company.

## 9 Staff costs

	Group		Company	
	Year ended 31 March		Year ended 31 March	
	2024	2023	2024	2023
Wages and salaries	36,029,692	39,886,727	36,029,692	39,886,727
Defined contribution plan	3,405,483	3,596,090	3,405,483	3,596,090
Defined benefit plan (Note 25)	2,662,767	1,673,187	2,662,767	1,673,187
Other staff costs	8,217,735	9,727,691	8,217,735	9,727,691
	<b>50,315,677</b>	<b>54,883,695</b>	<b>50,315,677</b>	<b>54,883,695</b>
Average number of employees during the year	53	52	53	52

Group and company other staff costs mainly include bonus cost amounting to Rs 4,585,166 (2023 -Rs 3,862,728) and staff welfare expenses amounting to Rs 2,796,224 (2023 - Rs 4,449,368).

# Notes to the Financial Statements

## 10 Finance income-net

	Group		Company	
	Year ended 31 March		Year ended 31 March	
	2024	2023	2024	2023
Finance income :				
Interest income	144,251,298	77,458,278	135,424,451	67,441,278
Net foreign Exchange gain / (loss)	(92,462,362)	24,876,810	(92,462,362)	24,876,810
	51,788,936	102,335,088	42,962,089	92,318,088
Finance costs :				
Interest expense	(1,090,630)	(10,238,164)	(6,593,145)	(23,832,664)
	(1,090,630)	(10,238,164)	(6,593,145)	(23,832,664)
Finance income - net	50,698,306	92,096,924	36,368,944	68,485,424

## 11 Income tax

As per the Inland Revenue Act No. 24 of 2017 and amendends thereto, the company's business profits are taxable at the rate of 30% of the financial year ended 31st March 2024 (2023 - 18% and 30%%)

	Group		Company	
	Year ended 31 March		Year ended 31 March	
	2024	2023	2024	2023
Current income tax	177,104,416	200,271,069	172,805,607	193,895,964
Under / (Over) provision in respect of prior years	(42,671,735)	23,758,791	(42,671,735)	23,758,791
Deferred tax income charge/(release)	(15,431,447)	11,662,330	(15,431,447)	11,662,330
	119,001,234	235,692,190	114,702,425	229,317,085

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	
	2024	2023	2024	2023
Profit before income tax	574,681,337	870,651,758	560,874,593	848,012,015
Tax calculated at effective tax rate of 30% (18% and 30% -2023)	172,404,401	208,956,422	168,262,378	203,522,884
Tax effect of income not subject to tax	(19,621,130)	(11,109,368)	(19,621,130)	(11,109,368)
Tax effect of expenses deductible/not deductible for tax purpose	24,321,146	2,424,014	24,164,360	1,482,448
Under / (Over) provision in respect of prior year	(42,671,735)	23,758,791	(42,671,735)	23,758,791
Deferred tax charge/(release)	(15,431,447)	11,662,330	(15,431,447)	11,662,330
<b>Tax charge</b>	<b>119,001,234</b>	<b>235,692,190</b>	<b>114,702,425</b>	<b>229,317,085</b>

## 12 Earnings per share

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

	Group		Company	
	Year ended 31 March		Year ended 31 March	
	2024	2023	2024	2023
Net profit attributable to shareholders	455,680,103	634,959,568	446,172,168	618,694,930
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	108.17	150.73	105.92	146.87

## 13 Dividend per share

	Group		Company	
	Year ended 31 March		Year ended 31 March	
	2024	2023	2024	2023
Interim dividend paid	63,187,500	63,187,500	63,187,500	63,187,500
	63,187,500	63,187,500	63,187,500	63,187,500
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	15.00	15.00	15.00

# 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
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### 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)
<b>Net book amount</b>	<b>274,240,000</b>	<b>63,308,287</b>	<b>8,725,837</b>	<b>931,854</b>	<b>696,548</b>	<b>347,902,526</b>

### 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)
<b>Closing net book amount</b>	<b>268,980,000</b>	<b>52,068,289</b>	<b>7,406,610</b>	<b>807,962</b>	<b>416,548</b>	<b>329,679,409</b>

### 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)
<b>Net book amount</b>	<b>268,980,000</b>	<b>52,068,289</b>	<b>7,406,610</b>	<b>807,962</b>	<b>416,548</b>	<b>329,679,409</b>

### Year ended 31 March 2024

Opening net book amount	268,980,000	52,068,289	7,406,610	807,962	416,548	329,679,409
Additions	-	-	-	14,448	-	14,448
Revaluation surplus	59,780,000	-	-	-	-	59,780,000
Depreciation charge (Note 8)	(5,260,000)	(10,327,323)	(1,448,650)	(158,239)	(280,000)	(17,474,212)
<b>Closing net book amount</b>	<b>323,500,000</b>	<b>41,740,966</b>	<b>5,957,960</b>	<b>664,171</b>	<b>136,548</b>	<b>371,999,645</b>

### At 31 March 2024

Cost / valuation	323,500,000	213,941,522	28,524,512	3,827,028	22,510,427	592,303,489
Accumulated depreciation	-	(172,200,556)	(22,566,552)	(3,162,857)	(22,373,879)	(220,303,844)
<b>Net book amount</b>	<b>323,500,000</b>	<b>41,740,966</b>	<b>5,957,960</b>	<b>664,171</b>	<b>136,548</b>	<b>371,999,645</b>



## 14 Property, plant and equipment - Company

(b)	Land and buildings	Plant, machinery and accessories	Equipment tools and implements	Furniture fittings and office equipment	Motor vehicles	Total
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### 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)
<b>Net book amount</b>	<b>274,240,000</b>	<b>63,308,287</b>	<b>8,725,837</b>	<b>931,854</b>	<b>696,548</b>	<b>347,902,526</b>

### 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)
<b>Closing net book amount</b>	<b>268,980,000</b>	<b>52,068,289</b>	<b>7,406,610</b>	<b>807,962</b>	<b>416,548</b>	<b>329,679,409</b>

### 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)
<b>Net book amount</b>	<b>268,980,000</b>	<b>52,068,289</b>	<b>7,406,610</b>	<b>807,962</b>	<b>416,548</b>	<b>329,679,409</b>

### Year ended 31 March 2024

Opening net book amount	268,980,000	52,068,289	7,406,610	807,962	416,548	329,679,409
Additions	-	-	-	14,448	-	14,448
Revaluation surplus	59,780,000	-	-	-	-	59,780,000
Depreciation charge (Note 8)	(5,260,000)	(10,327,323)	(1,448,650)	(158,239)	(280,000)	(17,474,212)
<b>Closing net book amount</b>	<b>323,500,000</b>	<b>41,740,966</b>	<b>5,957,960</b>	<b>664,171</b>	<b>136,548</b>	<b>371,999,645</b>

### At 31 March 2024

Cost / valuation	323,500,000	194,665,454	28,524,512	3,827,028	22,510,427	573,027,421
Accumulated depreciation	-	(152,924,488)	(22,566,552)	(3,162,857)	(22,373,879)	(201,027,776)
<b>Net book amount</b>	<b>323,500,000</b>	<b>41,740,966</b>	<b>5,957,960</b>	<b>664,171</b>	<b>136,548</b>	<b>371,999,645</b>

## 14 Property, plant and equipment

- (c) Property, plant and equipment include fully depreciated assets, the gross carrying amount of which amounted to Rs 127.9 Mn (2023 - Rs 127.8 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 2024 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 2024 as follows,

Company / Group Asset	Valued amount
Land	169,000,000
Buildings	154,500,000

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

	Company / Group 2024		Company / Group 2023	
	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	(21,187,649)	Nil	(19,775,139)
Net book value	7,508,775	14,125,099	7,508,775	15,537,609

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

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

Fair value hierarchy	At 31 March 2024		At 31 March 2023	
	Level 2	Level 3	Level 2	Level 3
Land	169,000,000	-	148,000,000	-
Buildings	-	154,500,000	-	120,980,000
Total value	169,000,000	154,500,000	148,000,000	120,980,000

### Valuation techniques used to determine fair values level 02

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-24	Lot 1 - Part of OTS Idama,ACL Staff Quarters,Sand Piper Road, Nivasipura, Ekala - Kurunduwatta,Kotugoda, Jaela	1690 sq.ft.	Rs. 7500	12,500,000	Positively correlated sensitivity
	31-Mar-24	Assessment Nos. 52 & 52/1, ACL Plastics Factory Premises, Temple Road, Ekala, Jaela.	447 sq.ft - 14,480 sq.ft and other constructions	Rs.2200- Rs.4400	142,000,000	Positively correlated sensitivity
Land	31-Mar-24	Lot 1 - Part of OTS Idama,ACL Staff Quarters,Sand Piper Road, Nivasipura, Ekala - Kurunduwatta,Kotugoda, Jaela	0A-0R-10.19P	Rs. 650,000	6,500,000	Positively correlated sensitivity
	31-Mar-24	Lot 10, Part of Straatenwyk Estate,Suhada Mawatha, Off Samagi Mawatha, Ekala, Ja ela	3A-0R-34P	Rs.47,000,000	151,000,000	Positively correlated sensitivity
	31-Mar-24	Lot 10, Part of Straatenwyk Estate,Suhada Mawatha, Off Samagi Mawatha, Ekala, Ja ela	0A-0R-20P	Rs.575,000	11,500,000	Positively correlated sensitivity

## 15 Right-of-use assets

### 15.1 Right-of-use assets

#### (i) Amounts recognised in the balance sheet

	Group		Company	
	31 March		31 March	
	2024	2023	2024	2023
Balance at 1 April	1,554,219	1,576,419	1,554,219	1,576,419
Depreciation during the year	(22,200)	(22,200)	(22,200)	(22,200)
<b>Balance at 31 March</b>	<b>1,532,019</b>	<b>1,554,219</b>	<b>1,532,019</b>	<b>1,554,219</b>

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

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

	Group		Company	
	Year ended 31 March		Year ended 31 March	
	2024	2023	2024	2023
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 (2023 - Rs 10,000,010) invested in ordinary shares of ACL Polymers (Private) Limited, representing 100% of its issued share capital.

In the Company's financial statements, investments in subsidiaries have been accounted for at cost.

Summarised financial information in respect of ACL Plastics PLC's subsidiaries reflecting amount before inter Company eliminations, is set out below.

The significant figures extracted from the financials of ACL Polymers (Pvt) Ltd.

	Year ended 31 March	
	2024	2023
Revenue	Nil	Nil
Finance income - net	14,329,363	23,611,500
Profit before taxation	13,806,745	22,639,743
Cash flows from operating activities	391,136	(23,617,900)
Cash flows from investing activities	14,329,363	23,611,500
Cash flows from financing activities	(14,720,498)	Nil
Non current assets	Nil	Nil
Current assets	137,319,930	130,139,843
<b>Total assets</b>	<b>137,319,930</b>	<b>130,139,843</b>
Non current liabilities	Nil	Nil
Current liabilities	31,824,134	34,151,983
<b>Total Liabilities</b>	<b>31,824,134</b>	<b>34,151,983</b>

## 17 Financial assets at fair value through other comprehensive income (FVTOCI)

### 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 2024			31 March 2023		
	Number of shares	Cost	Market value	Number of shares	Cost value	Market value
<b>Diversified holdings</b>						
Hayleys PLC	389,070	2,952,614	31,942,647	389,070	2,952,614	28,013,040
<b>Banking, finance and insurance</b>						
Nations Trust Bank PLC	30,855	512,005	3,316,913	30,230	512,005	1,934,720
People's Insurance PLC	585,500	8,782,500	13,466,500	585,500	8,782,500	12,705,350
<b>Plantations</b>						
Maskeliya Plantations PLC	8,200	374,258	262,400	8,200	374,258	299,300
Kotagala Plantations PLC	45,000	676,580	279,000	45,000	676,580	274,500
<b>Total cost of investments by the Company</b>		<b>13,297,957</b>	<b>49,267,460</b>		<b>13,297,957</b>	<b>43,226,910</b>
<b>Total cost of investments by the Group</b>		<b>13,297,957</b>	<b>49,267,460</b>		<b>13,297,957</b>	<b>43,226,910</b>

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

The company has received 625 shares from Nations 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	
	2024	2023	2024	2023
Balance at 1 April	43,226,910	49,096,058	43,226,910	49,096,058
Net change in fair value	6,040,550	(5,869,148)	6,040,550	(5,869,148)
Balance at 31 March	49,267,460	43,226,910	49,267,460	43,226,910

# Notes to the Financial Statements

## 18 Financial instruments by category

### (a) Financial instruments

Group	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Financial assets at FVOCI income (FVOCI)	Total
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31 March 2024

#### Assets as per the statement of financial position

Equity instruments	35,044,738	-	49,267,460	84,312,198
Trade and other receivables (excluding pre-payments)		1,533,964,029	-	1,533,964,029
Cash and cash equivalents		841,624,281	-	841,624,281
	35,044,738	2,375,588,309	49,267,460	2,459,900,507

Group	Financial Liabilities at fair value through profit or loss	Liabilities at amortised cost	Total
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31 March 2024

#### Liabilities as per the statement of financial position

Trade and other payables (excluding statutory liabilities)		-	(11,251,501)	(11,251,501)
		-	(11,251,501)	(11,251,501)

Company	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Financial assets at FVOCI income (FVOCI)	Total
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31 March 2024

#### Assets as per the statement of financial position

Equity instruments	35,044,738	-	49,267,460	84,312,197
Trade and other receivables (excluding pre-payments)	-	1,397,088,440	-	1,397,088,440
Cash and cash equivalents	-	841,179,949	-	841,179,949
	35,044,738	2,238,268,389	49,267,460	2,322,580,587

Company	Financial Liabilities at fair value through profit or loss	Liabilities at amortised cost	Total
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31 March 2024

Liabilities as per the statement of financial position

Trade and other payables (excluding statutory liabilities)	-	(11,387,233)	(11,387,233)
	-	(11,387,233)	(11,387,233)

Group	Financial assets at amortised cost	Financial assets at FVOCI income (FVOCI)	Total
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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
	2,047,257,243	43,226,910	2,090,484,154

Group	Liabilities at fair value through profit or loss	Liabilities at amortised cost	Total
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31 March 2023

Liabilities as per the statement of financial position

Trade and other payables (excluding statutory liabilities)	Nil	9,477,646	9,477,646
	Nil	9,477,646	9,477,646

Company	Financial assets at amortised cost	Financial assets at FVOCI income (FVOCI)	Total
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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

## Notes to the Financial Statements

Company	Assets at fair value through profit or loss	Liabilities at amortised cost	Total
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31 March 2023

Liabilities as per the statement of financial position

Trade and other payables (excluding statutory liabilities)	Nil	82,556,469	82,556,469
	Nil	82,556,469	82,556,469

### (b) Credit quality by class of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

	Rating	Group 31 March		Company 31 March	
		2024	2023	2024	2023
Equity instruments (Unit Trust)	A-	35,044,738	-	35,044,738	-
Cash and cash equivalents	AAA	1,317,307	8,303,486	1,317,307	8,303,486
	A	826,648,284	801,051,073	826,203,952	800,606,741
	A-	13,557,690	13,919,874	13,557,690	13,919,874

## 19 Inventories

	Group 31 March		Company 31 March	
	2024	2023	2024	2023
Raw materials	476,293,815	474,828,841	476,293,815	474,828,841
Work-in-progress	571,136	134	571,136	134
Finished goods	85,830,153	87,346,276	85,830,153	87,346,276
Other stocks	24,195,772	14,169,883	24,195,772	14,169,883
	586,890,876	576,345,134	586,890,876	576,345,134
Provision for obsolete stock [19(a)]	(23,149,157)	(18,835,527)	(23,149,157)	(18,835,527)
Net book amount	563,741,719	557,509,607	563,741,719	557,509,607

### (a) Provision for obsolete stock

	Group 31 March		Company 31 March	
	2024	2023	2024	2023
Balance at the beginning of the year	18,835,527	2,727,284	18,835,527	2,727,284
Provision charge during the year	4,313,630	16,108,243	4,313,630	16,108,243
Balance at the end of the year	23,149,157	18,835,527	23,149,157	18,835,527



## 20 Trade and other receivables

	Group 31 March		Company 31 March	
	2024	2023	2024	2023
Trade receivables - non related parties	1,300,265	-	1,300,265	-
Loss allowance for trade and other receivable	-	-	-	-
	1,300,265	-	1,300,265	-
Trade receivable from related parties [Note 31.6 (b)]	933,001,033	698,960,996	909,845,933	684,569,281
Loan given to parent company [Note 31.6 (c)]	563,720,498	492,000,000	450,000,000	450,000,000
Advances and prepayments	72,565,636	121,968,635	72,565,636	121,968,635
Other receivables	35,942,232	32,976,015	35,942,242	32,976,025
	1,606,529,665	1,345,905,646	1,469,654,076	1,289,513,941

Other receivables mainly consist of Interest receivables amounting to Rs. 18,287,102 (2023 - Rs. 30,983,353), VAT receivables amounting to Rs. 15,150,790 (2023 - Rs. 25,873,166) for both Group and Company.

The average interest rate (based on AWPLR rates) on loan given to holding company is 15.98% (2023 - 23.85%).

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

	Group 31 March		Company 31 March	
	2024	2023	2024	2023
Up to 3 months	1,590,772,526	1,245,600,128	1,453,896,937	1,189,208,423
3 to 6 months	15,757,139	62,014,076	15,757,139	62,014,076
More than 6 months	Nil	38,291,442	Nil	38,291,442
	1,606,529,665	1,345,905,646	1,469,654,076	1,289,513,941

### Past due but not impaired

Debtors with a carrying amount of Rs. Nil (2023 - Rs 38,291,442), 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	
	2024	2023	2024	2023
US dollars	160,468,154	169,486,565	160,468,154	113,094,860
Sri Lankan Rupees	1,446,061,511	1,176,419,081	1,309,185,922	1,176,419,081
	1,606,529,665	1,345,905,646	1,469,654,076	1,289,513,941

# Notes to the Financial Statements

## 21 Financial assets at fair value through profit or Loss

### 21.1 Unit trust investments at fair value through profit or loss

Equity investments at FVOCI comprise the following individual investments:

	31 March 2024			31 March 2023		
	Number of units	Cost	Market value	Number of shares	Cost value	Market value
NDB Wealth Management LTD	1,070,277	35,000,000	35,044,738	-	-	-

### 21.2 Movement in financial assets at fair value through profit or loss

	Group 31 March		Company 31 March	
	2024	2023	2024	2023
Balance at 1 April	-	-	-	-
Investment made during the year	35,000,000	-	35,000,000	-
Net change in fair value	44,738	-	44,738	-
Balance at 31 March	35,044,738	-	35,044,738	-

Financial assets at fair value through Profit or Loss are carried in the Statement of Financial Position at fair value with net changes in fair value recognised in the Statement of Profit or Loss. Investments in unit trust are included in financial assets fair value through profit or loss. Unit trusts are measured using market price in markets that are not active.

## 22 Income tax payable

	Group 31 March		Company 31 March	
	2024	2023	2024	2023
Balance at the beginning of the year	151,958,760	109,445,776	118,031,753	80,747,054
Provision for the current year (Note 11)	177,104,416	200,271,069	172,805,607	193,895,964
Under / (Over) provision in respect of prior years	(42,671,735)	23,758,791	(42,671,735)	23,758,791
Payments made during the year	(188,975,747)	(181,516,876)	(182,438,331)	(180,370,056)
Balance at 31 March	97,415,694	151,958,760	65,727,294	118,031,753

### 23 Cash and cash equivalents

	Group		Company	
	31 March		31 March	
	2024	2023	2024	2023
Cash at bank and in hand	61,621,406	58,585,433	61,177,074	58,141,101
Fixed Deposits	780,002,876	764,734,800	780,002,876	764,734,800
	841,624,282	823,320,233	841,179,950	822,875,901

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

	Group		Company	
	31 March		31 March	
	2024	2023	2024	2023
Cash at bank and in hand	841,624,281	823,320,233	841,179,949	822,875,901
Bank overdrafts	-	(1,166,688)	-	(1,166,688)
	841,624,281	822,153,545	841,179,949	821,709,213

### 24 Trade and other payables

	Group		Company	
	31 March		31 March	
	2024	2023	2024	2023
Trade payables	1,464,590	2,040,246	1,464,590	2,040,246
Payables to related parties [Note 31.6 (a)]	5,487,670	Nil	5,487,670	16,303,796
Loans from related parties [Note 31.6 (d)]	Nil	Nil	Nil	57,000,000
Payroll related payables and other taxes	912,215	586,381	912,216	586,382
Accrued expenses and other payables	12,858,672	38,499,833	12,722,940	38,274,860
	20,723,147	41,126,460	20,587,416	114,205,284

Other payables mainly consist of accrued expense amounting to Rs. 5,070,090 (2023 - Rs. 3,916,979), SSCL payables amounting to Rs. 3,780,066 (2023 - Rs. 5,189,267) 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.

# Notes to the Financial Statements

## 25 Defined benefit obligations

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

	Group 31 March		Company 31 March	
	2024	2023	2024	2023
At beginning of year	11,287,768	7,536,180	11,287,768	7,536,180
Expense recognised in statement of profit and loss (Note 25.1.1)	2,662,767	1,673,187	2,662,767	1,673,187
Actuarial loss/(gain) recognised in OCI (Note 25.1.2)	(554,600)	3,695,076	(554,600)	3,695,076
	13,395,935	12,904,443	13,395,935	12,904,443
Payments made during the year	(887,905)	(1,616,675)	(887,905)	(1,616,675)
At the end of the year	12,508,030	11,287,768	12,508,030	11,287,768

### 25.1.1 Amount recognised in the statement of profit and loss

	Group 31 March		Company 31 March	
	2024	2023	2024	2023
Current service cost	630,969	452,326	630,969	452,326
Past service cost	-	-	-	-
Interest cost	2,031,798	1,220,861	2,031,798	1,220,861
	2,662,767	1,673,187	2,662,767	1,673,187

### 25.1.2 Amount recognised in comprehensive income

	Group 31 March		Company 31 March	
	2024	2023	2024	2023
Actuarial loss/ (gain)	(554,600)	3,695,076	(554,600)	3,695,076
	(554,600)	3,695,076	(554,600)	3,695,076

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 2024, 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	
	2024	2023
Rate of discount	13%	18.0%
Salary increment rate	10%	15%
Retirement age	60 years	60 years

## 25.2 Sensitivity of the actuarial assumptions

	Change	31 March 2024			
		Group		Company	
		Financial Position-Liability	Comprehensive income-(Charge) / Credit	Financial Position-Liability	Comprehensive income - (Charge) / Credit
Discount rate	+1	11,506,820	1,001,210	11,506,820	1,001,210
	-1	13,643,158	(1,135,128)	13,643,158	(1,135,128)
Future salary increases	+1	13,678,779	(1,170,749)	13,678,779	(1,170,749)
	-1	11,460,655	1,047,375	11,460,655	1,047,375

	Change	31 March 2023			
		Group		Company	
		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

## Notes to the Financial Statements

### 25.3 Maturity analysis

The weighted average duration of the defined benefit obligation is 11.54 years (2023 – 17.66 years). The expected maturity analysis of post-employment benefits is as follows:

Group 31 March 2024	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
Defined benefit obligation	813,595	1,222,848	1,352,656	9,118,930	12,508,029

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	9,664,836	11,287,768

Company 31 March 2024	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
Defined benefit obligation	813,595	1,222,848	1,352,656	9,118,931	12,508,029

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

The weighted average duration of the defined benefit obligation is 11.54 years (2023 – 17.66 years). The expected maturity analysis of undiscounted post-employment benefits is as follows:

Group 31 March 2024	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
Defined benefit obligation	957,171	1,438,645	1,591,359	10,728,153	14,715,328

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

Company 31 March 2024	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
Defined benefit obligation	957,171	1,438,645	1,591,359	10,728,155	14,715,328

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

## 26 Deferred income tax

Deferred income taxes are calculated on temporary differences under the liability method using the future effective tax rate of 30% (2023 - 18% and 30%).

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

	Group 31 March		Company 31 March	
	2024	2023	2024	2023
Balance at the beginning of the year	78,923,588	51,510,834	78,923,588	51,510,834
Origination/(reversal) of temporary differences recognized in statement of profit or loss	(15,431,447)	11,662,330	(15,431,447)	11,662,330
Origination of temporary differences recognised in other comprehensive income	19,912,545	15,750,424	19,912,545	15,750,424
<b>Balance at the end of the year</b>	<b>83,404,686</b>	<b>78,923,588</b>	<b>83,404,686</b>	<b>78,923,588</b>

## Notes to the Financial Statements

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

(i) Movement in deferred income tax liability

	Group 31 March		Company 31 March	
	2024	2023	2024	2023
Balance at the beginning of the year	87,960,577	53,358,257	87,960,577	53,358,257
Origination/(reversal) of temporary differences recognised in statement of profit or loss	8,441,243	17,743,373	8,441,243	17,743,373
Origination of temporary differences recognised in other comprehensive income	19,746,165	16,858,947	19,746,165	16,858,947
<b>Balance at the end of the year</b>	<b>116,147,985</b>	<b>87,960,577</b>	<b>116,147,985</b>	<b>87,960,577</b>

(ii) Movement in deferred income tax asset

	Group 31 March		Company 31 March	
	2024	2023	2024	2023
Balance at the beginning of the year	9,036,989	1,847,423	9,036,989	1,847,423
Origination/(reversal) of temporary differences recognised in statement of profit or loss	23,872,691	6,081,043	23,872,691	6,081,043
Origination/(reversal) of temporary differences recognised in other comprehensive income	(166,380)	1,108,523	(166,380)	1,108,523
<b>Balance at the end of the year</b>	<b>32,743,300</b>	<b>9,036,989</b>	<b>32,743,300</b>	<b>9,036,989</b>
<b>Net deferred tax liability at the end of the year</b>	<b>83,404,685</b>	<b>78,923,588</b>	<b>83,404,685</b>	<b>78,923,588</b>

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

(i) Composition of deferred tax liabilities

	Group 31 March		Company 31 March	
	2024	2023	2024	2023
Property, plant and equipment	10,800,200	2,358,957	10,800,200	2,358,957
Surplus on revaluation of land and building	103,535,620	85,601,620	103,535,620	85,601,620
Fair value of equity investments at fair value through other comprehensive income	1,812,165	-	1,812,165	-
	<b>116,147,985</b>	<b>87,960,577</b>	<b>116,147,985</b>	<b>87,960,577</b>



(ii) Composition of deferred tax assets

	Group 31 March		Company 31 March	
	2024	2023	2024	2023
Retirement benefit obligation	3,752,409	3,386,331	3,752,409	3,386,331
Provision for impairment of inventories	6,944,747	5,650,658	6,944,747	5,650,658
Unrealized exchange loss	22,046,143	-	22,046,143	-
	32,743,299	9,036,989	32,743,299	9,036,989

**27 Stated capital**

	Group 31 March		Company 31 March	
	2024	2023	2024	2023
<u>Number of ordinary shares issued and fully paid</u>				
Balance at 31 March	4,212,500	4,212,500	4,212,500	4,212,500
<u>Stated capital</u>				
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.

# Notes to the Financial Statements

## 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	
	2024	2023	2024	2023
At beginning of year	164,667,797	185,884,480	164,667,797	185,884,480
Additions to the revaluation surplus	59,780,000	-	59,780,000	-
Deferred tax on addition to the revaluation reserve	(17,934,000)	(16,858,947)	(17,934,000)	(16,858,947)
Depreciation transfer - gross	(7,776,536)	(6,225,336)	(7,776,536)	(6,225,336)
Deferred tax on transfer	2,332,961	1,867,601	2,332,961	1,867,601
<b>At the end of the year</b>	<b>201,070,223</b>	<b>164,667,797</b>	<b>201,070,223</b>	<b>164,667,797</b>

## 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

	Group / Company	
	Financial assets at FVOCI	Total
At 1 April 2022	35,798,102	35,798,102
Changes in the fair value of equity investments at FVOCI	(5,869,148)	(5,869,148)
<b>At 31 March 2023</b>	<b>29,928,954</b>	<b>29,928,954</b>
Changes in the fair value of equity investments at FVOCI	4,228,385	4,228,385
<b>At 31 March 2024</b>	<b>34,157,339</b>	<b>34,157,339</b>

#### 29.2(b) Nature and purpose of other reserve

##### Financial assets at FVOCI

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

### 30 Cash generated from operations

#### Reconciliation of profit before tax to cash generated from operations:

	Group		Company	
	31 March		31 March	
	2024	2023	2024	2023
Profit before tax	574,681,337	870,651,758	560,874,593	848,012,015
Adjustments for:				
Depreciation of property, plant and equipment (Note 14)	17,474,212	18,697,965	17,474,212	18,697,965
Dividend income (Note 7)	(2,081,525)	(3,020,048)	(2,081,525)	(3,020,048)
Interest expense (Note 10)	1,090,630	10,238,164	6,593,145	23,832,664
Interest income (Note 10)	(144,251,298)	(77,458,278)	(135,424,451)	(67,441,278)
Amortization of leasehold properties (Note 15.1)	22,200	22,200	22,200	22,200
Provision for defined benefit obligations (Note 24.1)	2,662,767	1,673,187	2,662,767	1,673,187
Changes in working capital:				
Increase in inventories	(6,232,111)	(103,384,846)	(6,232,112)	(103,384,846)
Increase in receivables and prepayments	(260,624,019)	(19,752,142)	(180,140,135)	(9,960,121)
(Decrease)/increase in trade and other payables	(20,403,313)	(388,791,060)	(93,617,870)	(377,083,758)
<b>Cash generated from operations</b>	<b>162,338,879</b>	<b>308,876,901</b>	<b>170,130,825</b>	<b>331,347,981</b>

### 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.

## Notes to the Financial Statements

	Relationship	Company	
		Year ended 31 March 2024	2023

### 31.5 (a) Sale of goods (inclusive of taxes)

ACL Cables PLC	Parent entity	1,556,991,414	1,581,118,311
Kelani Cables PLC	Affiliate	1,157,835,713	1,100,965,633
		2,714,827,127	2,682,083,944

### (b) Purchase of goods (inclusive of taxes)

ACL Cables PLC	Parent entity	8,525,194	3,524,799
Kelani Cables PLC	Affiliate	3,928,167	3,555,127
		12,453,361	7,079,926

### (c) Interest income from loans

ACL Cables PLC	Parent entity	71,895,808	Nil
		71,895,808	Nil

### (d) Loan settled from related party

ACL Cables PLC	Parent entity	150,000,000	-
		150,000,000	-

### (e) Interest expenses on borrowings

ACL Polymers (Private) Limited	Subsidiary	5,502,515	13,594,500
		5,502,515	13,594,500

### (f) Interest on borrowings

	Relationship	Group	
		31 March 2024	2023
ACL Cables PLC to ACL Plastics PLC		71,895,808	10,017,000
ACL Cables PLC to ACL Polymers		8,826,847	Nil
		80,722,655	10,017,000

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

#### (a) Payable to related parties

	Relationship	Group		Company	
		31 March 2024	2023	31 March 2024	2023
ACL Polymers (Private) Limited	Subsidiary	-	-	-	16,303,796
Kelani Cables PLC	Affiliate	119,173	-	119,173	-
ACL Cables PLC	Parent entity	5,368,497	-	5,368,497	-
		5,487,670	-	5,487,670	16,303,796

(b) Receivable from related parties

	Relationship	Group 31 March		Company 31 March	
		2024	2023	2024	2023
ACL Cables PLC	Parent entity	528,402,437	410,147,121	505,247,337	395,755,406
Kelani Cables PLC	Affiliate	404,598,596	288,813,874	404,598,596	288,813,874
		933,001,033	698,960,995	909,845,933	684,569,281

(c) Receivable on loans

	Relationship	Group 31 March		Company 31 March	
		2024	2023	2024	2023
ACL Cables PLC	Parent entity	563,720,498	492,000,000	450,000,000	450,000,000
		563,720,498	492,000,000	450,000,000	450,000,000

(d) Payable on loans

	Relationship	Group 31 March		Company 31 March	
		2024	2023	2024	2023
ACL Polymers (Private) Limited	Subsidiary	-	-	-	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 AWPLR - 0.2%. The average interest rate for the year was 15.98% (2023 - 23.85%).

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 2024 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		Company 31 March	
	2024	2023	2024	2023
Directors' emoluments	450,000	270,000	450,000	270,000

# Notes to the Financial Statements

## 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. 20/- per share on 25th July 2024, for the year ended 31st March 2024. The total amount of the Dividend is Rs. 84,250,000.

## 33 Impact from rapid change in macro economic factors

### Current Economic Condition of the Country

The economic landscape of Sri Lanka saw considerable change in 2023, marking a shift from the difficulties of the previous year. Key economic indicators showed improvement, paving the way for recovery and stability. Notably, inflation, which had peaked at 69.8% in September 2022, approached single digits by July 2023, signaling enhanced price stability. This reduction was influenced by tight monetary policy, resolving supply-side issues, currency strengthening, and global commodity price declines. The exchange rate stabilized and appreciated, contributing to overall economic stability. Additionally, tourism rebounded impressively, with visitor numbers increasing by 107% to 1,487,303, generating USD 2,068 million in revenue. Worker remittances also saw a significant rise, increasing by 58% to USD 5,970 million in 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 unfavorable business impact.

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.

# Global Reporting Initiative (GRI)

Global Reporting Initiatives created the Sustainability Reporting Guidelines. Global Reporting Initiative (GRI) standards are widely adopted by corporates worldwide, including Sri Lanka. These standards outline principles and indicators for organizations to assess and report on their economic, environmental, and social performance.

GRI indicates that a company has committed to a corporate responsibility program and will report on its progress to stakeholders. These recommendations promote stakeholder engagement in sustainability debates, presentation of CSR reports, and benchmarking efforts. A sustainability report using the GRI framework evaluates an organization's performance against laws, codes, performance requirements, and voluntary efforts.

## Determining Materiality

Material considerations have a big impact on how stakeholders evaluate our commitment to sustainability and meet their requirements. These important components shape our strategic planning and operations, ultimately contributing to our success. We evaluate materiality to solve issues that may impact our capacity to generate value across the value chain. Adapting to changing stakeholder needs is crucial for effective responses over time.

This report summarizes the Company's initiatives to address stakeholder issues during the fiscal year. This study involves identifying significant sustainability risks and stakeholders, analyzing relevant themes, and developing management strategies to address them.

ACL Plastics PLC's strategic blueprint builds on our broad vision, mission, and values. The company aligns its actions with its strategy to create long-term value for shareholders while meeting the needs of stakeholders.

## General Standard Disclosures

GRI Index No.	Description	Reported Section	Page No.
<b>GRI 2: General Disclosures</b>			
<b>The organization and its reporting practices</b>			
2-1	Organizational details	Corporate information	IBC
2-2	Entities included in the organization's sustainability reporting	Group structure	20
2-3	Reporting period, frequency and contact point	Directors report, Chairman and MD's report, corporate information	12,14,53
2-4	Restatements of information	There were no restatements of financial information during the year	
2-5	External assurance	Independent Auditor report	62-64
<b>Activities and workers</b>			
2-6	Activities, value chain and other business relationships	Report of the directors, Product portfolio	18,53
2-7	Employees	Human capital	8-9
2-8	Workers who are not employees	N/A	
<b>Governance</b>			
2-9	Governance structure and composition	Corporate governance	25-26
2-10	Nomination and selection of the highest governance body	Corporate governance	27
2-11	Chair of the highest governance body	Corporate governance - Role of the Chairman	26
2-12	Role of the highest governance body in overseeing the management of impact	Corporate governance - Key responsibilities of the Board	26
2-13	Delegation of responsibility for managing impacts	Corporate governance - Segregation of Duties	28

## Global Reporting Initiative (GRI)

GRI Index No.	Description	Reported Section	Page No.
2-14	Role of the highest governance body in sustainability reporting	Corporate governance	28
2-15	Conflicts of interest	Corporate governance	27
2-16	Communication of critical concerns	Corporate governance - Board meeting attendance	27
2-17	Collective knowledge of the highest governance body	Board of Directors	16 - 17
2-18	Evaluation of the performance of the highest governance body	Corporate governance - Key areas of Board meetings	27
2-19	Remuneration policies	Remuneration committee	58
2-20	Process to determine remuneration	Remuneration committee	58
2-21	Annual total compensation ratio	KMP compensation note in financial section	115
<b>Strategy, policies and practices</b>			
2-22	Statement of sustainable development strategy	Sustainable Wealth Creation	50
2-23	Policy commitments	Corporate Governance	29
2-24	Embedding policy commitments	Corporate Governance	29
2-25	Process to remediate negative impacts	Stakeholders Engagement	49
2-26	Mechanisms for seeking advice and raising concerns	Stakeholders Engagement, Human capital	9, 49
2-27	Compliance with laws and regulations	Risk Management	24
2-28	Membership associations	Board of Directors	16 - 17
<b>Stakeholder engagement</b>			
2-29	Approach to stakeholder engagement	Stakeholders Engagement	49
2-30	Collective bargaining agreements	Stakeholders Engagement	49
<b>GRI 3: Material Topics</b>			
<b>Disclosures on material topics</b>			
3-1	Process to determine material topics	Determining Materiality	117
3-2	List of material topics	Determining Materiality	117
3-3	Management of material topics	Determining Materiality	117
<b>TOPIC SPECIFIC DISCLOSURES</b>			
<b>GRI 201: Economic Performance</b>			
3-3	Management Approach	Chairman and MD's report	12, 14
201-1	Direct economic value generated and distributed	Statement of Value Added	124
201-2	Financial implications and other risks and opportunities due to climate change	Not applicable	
201-3	Defined benefit plan obligations and other retirement plans	Employees	8
201-4	Financial assistance received from government	Not applicable	



GRI Index No.	Description	Reported Section	Page No.
<b>GRI 203: Indirect Economic Impacts</b>			
3-3	Management Approach	Social and relationship capital	19
203-1	Infrastructure investments and service supported	Social and relationship capital	19
203-2	Significant indirect economic impacts	Financial calendar	52
<b>GRI 204: Procurement Practices</b>			
3-3	Management Approach	Social and relationship capital	19
204-1	Proportion of spending on local suppliers	Social and relationship capital	19
<b>GRI 207: Approach to tax</b>			
3-3	Management Approach	Financial Statements Policies – Taxation	75
207-1	Approach to tax	Financial Statements Policies – Taxation	75
207-2	Tax governance, control, and risk management	Risk management – Legal compliance	24
207-3	Stakeholder engagement and management of concerns related to tax	Stakeholder Engagement, Risk management	24, 49
<b>GRI 301: Materials</b>			
3-3	Management Approach	Natural Capital	10 - 11
301-1	Materials used by weight or volume	Data withheld due to confidentiality	
301-2	Recycled input materials used	Natural Capital	10-11
301-3	Reclaimed products and their packaging materials	Not relevant	
<b>GRI 302: Energy</b>			
3-3	Management Approach	Natural Capital	10-11
302-1	Energy consumption within the organization	Natural Capital	11
302-2	Energy consumption outside of the organization	Not applicable	
302-3	Energy intensity	Natural Capital	11
302-4	Reduction of energy consumption	Not applicable	
302-5	Reductions in energy requirements of products and services	Natural Capital	10-11
<b>GRI 303: Water</b>			
3-3	Management Approach	Natural Capital	10-11
303-1	Water withdrawal by source	Natural Capital	10-11
303-2	Water sources significantly affected by withdrawal of water	Natural Capital	10-11
303-3	Water recycled and reused	Natural Capital	10-11
<b>GRI 305: Emissions</b>			
3-3	Management Approach	Natural Capital	10-11
305-1	Direct (Scope 1) GHG emissions	Data not available	
305-2	Energy indirect (Scope 2) GHG emissions	Data not available	
305-3	Other indirect (Scope 3) GHG emissions	Data not available	
305-5	Reduction of GHG emissions	Natural Capital	10-11

## Global Reporting Initiative (GRI)

GRI Index No.	Description	Reported Section	Page No.
<b>GRI 306: Effluents &amp; Waste</b>			
3-3	Management Approach	Natural Capital	10-11
306-1	Water discharge by quality and destination	Natural Capital	10-11
306-2	Waste by type and disposal method	Natural Capital	10-11
<b>GRI 307: Environmental Compliance</b>			
3-3	Management Approach	Natural Capital	10-11
307-1	Non-Compliance with environmental laws and regulations	Environment capital, Risk Management	10-11, 24
<b>GRI 308: Supplier Environmental Assessment</b>			
3-3	Management Approach	Social and relationship capital	19
308-1	New suppliers that were screened using environmental criteria	Social and relationship capital	19
308-2	Negative environmental impacts in the supply chain and actions taken	Social and relationship capital	19
<b>GRI 401: Employment</b>			
3-3	Management Approach	Human Capital	8-9
401-1	New employee hires and employee turnover	Human Capital	8-9
401-2	Benefits provided to full-time employees that are not provided to temporary or parttime employees	Remuneration and benefits	8
401-3	Parental leave	Data Not available	
<b>GRI 403: Occupational Health and Safety</b>			
3-3	Management Approach	Human Capital	8-9
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Human Capital	8-9
<b>GRI 404: Training and Education</b>			
3-3	Management Approach	Human Capital	8-9
404-1	Average hours of training per year per employee	Human Capital	8
404-2	Programs for upgrading employee skills and transition assistance programs	Human Capital	8
404-3	Percentage of employees receiving regular performance and career development reviews	Data not available	

GRI Index No.	Description	Reported Section	Page No.
<b>GRI 405: Diversity and Equal Opportunity</b>			
405-1	Diversity of governance bodies and employees	Board of directors, Human capital	8, 16-17
<b>GRI 406: Non-discrimination</b>			
3-3	Management Approach	Stakeholder Engagement	49
406-1	Incidents of discrimination and corrective actions taken	Human Capital	8,9
<b>GRI 408: Child Labor</b>			
3-3	Management Approach	Human Capital	8-9
408-1	Operations and suppliers at significant risk for incidents of child labor	No child labour Human capital - Age analysis	8
<b>GRI 409: Forced or Compulsory Labor</b>			
3-3	Management Approach	Social and relationship capital	19
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Risk analysis – HR Risk	24
<b>GRI 413: Local Communities</b>			
3-3	Management Approach	Social and relationship capital	19
413-1	Operations with local community engagement, impact assessments, and development programs	Social and relationship capital	19
413-2	Operations with significant actual and potential negative impacts on local communities	Social and relationship capital	19
<b>GRI 414: Supplier Social Assessment</b>			
414-1	New suppliers that were screened using social criteria	Social and relationship capital	19
414-2	Negative social impacts in the supply chain and actions taken	Social and relationship capital	19
<b>GRI 416: Customer Health and Safety</b>			
3-3	Management Approach	Social and relationship capital	19
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Complied with regulations	
<b>GRI 419: Socioeconomic Compliance</b>			
419-1	Non-compliance with laws and regulations in the social and economic area	Complied with regulations	

# Information to Shareholders

## Distribution of Shares as at 31st March 2024

Category	Number of Shareholders	% Rs.	Number of Ordinary Shares
1 - 1,000 shares	1,410	5.36%	225,858
1,001 - 5,000 shares	130	6.96%	293,262
5,001 - 10,000 shares	26	4.66%	196,250
10,001 - 50,000 shares	18	9.14%	385,110
50,001 - 100,000 shares	2	3.52%	148,092
100,001 - 500,000 shares	3	14.76%	621,559
500,001 - 1,000,000 shares	-	0.00%	-
Over 1,000,000 shares	1	55.61%	2,342,369
<b>Total</b>	<b>1590</b>	<b>100%</b>	<b>4,212,500</b>

## Analysis Report of Shareholders as at 31st March 2021

Category	Number of Shares	Total Holdings %
Institutional	2,989,379	70.96%
Individuals	1,223,121	29.04%
<b>Total</b>	<b>4,212,500</b>	<b>100%</b>

## Twenty Largest Shareholders

Category	2024		2023	
	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	110,959	2.63%	140,730	3.34%
Saraswathi V. & Vasudevan S.	106,000	2.52%	106,000	2.52%
Sithampalam A.	94,592	2.25%	94,592	2.25%
Seylan Bank PLC/Emile Joseph Gunesekera & Mich	53,500	1.27%	53,300	1.27%
People'S Leasing & Finance Plc/Mr.H.M. Abdulhusse	36,545	0.87%	36,545	0.87%
Abdulhussein R.H.	25,664	0.61%	25,664	0.61%
Suriyabandara U.I.	24,015	0.57%	24,015	0.57%
Gautam R.	24,800	0.59%	24,800	0.59%
Corea E.	24,751	0.59%	24,751	0.59%
Corea Gihan Asoka Mr.	23,625	0.56%	23,625	0.56%
Sabaratnam K.	22,631	0.54%	22,631	0.54%
J.B. Cocoshell (Pvt) Ltd	22,179	0.53%	25,000	0.59%
Wijeweera C.	21,985	0.52%	32,090	0.76%
Durga S.	21,000	0.50%	21,000	0.50%
Hatton National Bank PLC/Arunasalam	20,900	0.50%	20,900	0.50%
Madanayake H.A.S.	20,801	0.49%	20,801	0.49%
Seylan Bank PLC/Eagle Crest (Pvt) Ltd	20,218	0.48%		
Abdulhussein Y.H.	20,000	0.47%	19,500	0.46%
Madanayake N.C.	17,751	0.42%	17,751	0.42%

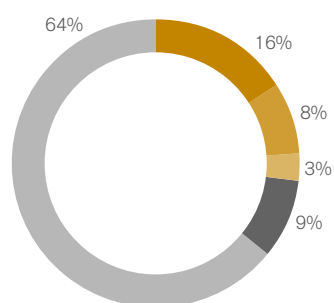
## Information to Shareholders

	2024	2023
<b>Company</b>		
a) Earnings per share (Rs)	105.92	146.87
b) Dividend per share (Rs)	15.00	15.00
c) Dividend payout ratio	0.15	0.10
d) Net assets value per share (Rs)	750.19	648.25
e) Market value per share (Rs)		
- Highest value (Rs)	400.00	429.75
- Lowest value (Rs)	335.25	336.75
- Value as at the end of financial year (Rs)	392.75	392.00
f) No of tradings for the year	4,083	9,155
g) Total No of shares traded	261,359	584,191
h) Total turnover (Rs)	99,429,367	255,733,779
i) Percentage of Shares held by the public	33.87%	33.87%
j) Number of Public shareholders	1,596	1,399
k) No. of foreign Shareholders	14	14
<b>Group</b>		
a) Earnings per share (Rs.)	108.17	150.73
b) Dividend per share (Rs.)	15	15
c) Dividend payout ratio	0.14	0.10
d) Net assets value per share (Rs.)	772.86	668.66

# Statement of Value Added - Group

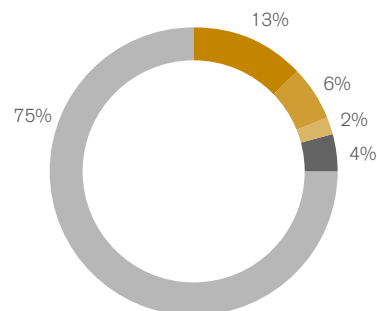
	%	2023/24 Rs. '000	%	2022/23 Rs. '000
Total revenue		2,373,422		2,477,267
Other operating & interest income		53,915		159,114
		2,427,337		2,636,381
Cost of material and services bought in		(1,711,582)		(2,149,115)
<b>Total value added by the group</b>		<b>715,754</b>		<b>487,266</b>
<b>Value added shared with</b>				
Government of Sri Lanka (Taxes)	16%	119,001	13%	123,471
Employees (Salaries and other costs)	8%	55,699	6%	59,923
Lenders (Interest on loan capital)	3%	22,187	2%	18,471
Shareholders (Dividends)	9%	63,188	4%	42,125
Retained in the business (Depreciation & retained profits)	64%	455,680	75%	721,026
	100%	715,754	100%	965,016

**2023/24**



- Government of Sri Lanka
- Employees
- Lenders
- Shareholders
- Retained in the business

**2022/23**



- Government of Sri Lanka
- Employees
- Lenders
- Shareholders
- Retained in the business

# Decade at a Glance

## Trading Results

Year ended 31st March	31 March 2024 LKR '000	31 March 2023 LKR '000	31 March 2022 LKR '000	31 March 2021 LKR '000	31 March 2020 LKR '000	31 March 2019 LKR '000	31 March 2018 LKR '000	31 March 2017 LKR '000	31 March 2016 LKR '000	31 March 2015 LKR '000
Turnover	2,373,422	2,477,267	2,955,017	1,900,005	1,580,780	1,487,779	1,355,597	1,449,361	1,283,520	1,165,991
Profit before tax	574,681	870,652	844,496	208,245	223,005	57,361	95,380	244,715	276,865	119,961
Taxation	(119,001)	(235,692)	(123,471)	(28,956)	(67,239)	(27,563)	(21,049)	(75,064)	(70,629)	(33,531)
Profit after tax	455,680	634,960	721,026	179,289	155,765	29,798	74,330	169,651	206,236	86,430

## Balance Sheet

Year ended 31st March	31 March 2024 LKR '000	31 March 2023 LKR '000	31 March 2022 LKR '000	31 March 2021 LKR '000	31 March 2020 LKR '000	31 March 2019 LKR '000	31 March 2018 LKR '000	31 March 2017 LKR '000	31 March 2016 LKR '000	31 March 2015 LKR '000
Stated capital	79,975	79,975	79,974	79,974	79,974	79,974	79,974	79,974	79,974	79,974
Capital reserve	201,070	164,668	185,884	190,989	126,210	129,492	132,774	112,935	124,244	119,361
Revenue reserve	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000
Other Reserves	34,157	29,929	35,798	30,086	3,494	7,588	9,559	9,985	8,470	12,995
Retained profit	2,770,486	2,372,161	1,798,618	1,106,946	948,371	815,866	807,205	754,931	605,830	412,845
	3,255,688	2,816,733	2,270,274	1,577,995	1,328,049	1,202,920	1,199,512	1,127,825	988,518	795,175
Property plant & equipment	372,000	329,679	347,903	329,862	280,958	274,992	290,636	239,201	253,384	263,263
Operating lease prepayment	1,532	1,554	1,576	1,599	1,621	1,621	1,643	1,665	1,687	1,710
Financial assets at fair value through OCI	49,267	43,227	49,096	43,383	16,792	20,886	22,856	23,083	21,567	18,562
Deferred tax asset	-	-	-	-	-	1,957	3,960	1,774	-	-
Current assets	3,046,940	2,726,735	2,651,287	1,682,240	1,213,830	1,044,853	1,058,201	962,210	883,254	651,014
Current & non current liabilities	(214,052)	(284,463)	(779,586)	(479,089)	(185,151)	(141,388)	(177,784)	(100,108)	(171,374)	(139,374)
Capital employed	3,255,688	2,816,733	2,270,276	1,577,995	1,328,050	1,202,921	1,199,512	1,127,825	988,518	795,175
<b>Ratios</b>										
Gross profit margin	22%	32%	24%	10%	15%	5%	8%	18%	22%	12%
Net profit margin after tax	19%	26%	24%	9%	10%	2%	5%	12%	16%	7%
Sales growth	-4%	-16%	56%	20%	6%	10%	-6%	13%	10%	2%
Profit growth	-34%	3%	306%	-7%	289%	-40%	-61%	-12%	131%	11%
Current ratio	25.79	14.04	3.68	4.11	12.37	17.97	10.24	16.73	6.15	6.59
Net asset per share	772.86	668.66	538.94	374.60	315.26	285.56	284.75	267.73	234.66	188.77
Dividend per share	15.00	15.00	10.00	6.00	6.00	6.00	6.00	6.00	4.00	2.00
Earning per share	108.17	150.73	171.16	42.56	36.98	7.07	17.65	40.27	48.96	20.52
Market value per share	392.75	392.00	362.25	254.50	115.20	78.80	111.00	183.90	155.00	108.20
Price earning ratio	3.63	2.60	2.12	5.98	3.12	11.14	6.29	4.57	3.17	5.27
Dividend cover ratio	7.21	10.05	17.12	7.09	6.16	1.18	2.94	6.71	12.24	10.26
Dividend payout ratio	14%	10%	6%	14%	16%	85%	34%	15%	8%	10%
Gross profit	532,830	786,787	712,998	192,239	231,508	78,450	110,653	259,273	283,935	137,989
Number of shares	4,212,500	4,212,500	4,212,500	4,212,500	4,212,500	4,212,500	4,212,500	4,212,500	4,212,500	4,212,500
Dividend paid	63,188	63,188	42,125	25,275	25,275	25,275	25,275	25,275	16,850	8,425
Current liabilities	118,139	194,252	720,539	409,713	98,143	58,157	103,383	57,503	143,512	98,756

# Glossary of Financial Terms

## Accounting Policies

The specific principles, bases, conventions, rules and practices adopted by an enterprise in preparing and presenting Financial Statements.

## Amortization

The systematic allocation of the depreciable amount of an intangible asset over its useful life.

## AWDR

The Average Weighted Deposit Rate is calculated by the Central Bank monthly and half yearly based on the weighted average of all outstanding interest bearing deposits of commercial banks and the corresponding interest rates.

## AWPLR

The Average Weighted Prime Lending Rate is calculated by the Central Bank weekly, monthly and half yearly based on commercial bank's lending rates offered to their prime customers.

## Basic Earnings Per Share

Profits attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue during the year.

## Borrowings

All interest bearing liabilities.

## Capital Employed

Total equity, minority interest and interest bearing borrowings.

## Capital Reserves

Reserves identified for specific purposes and considered not available for distribution.

## Cash Equivalents

Liquid investments with original maturity period of three months or less.

## Contingent Liability

A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within control of the enterprise.

## Credit Rating

An evaluation of a corporate's ability to repair its obligations or the likelihood of not defaulting, carried out by an independent rating agency.

## Credit Risk

Risk that the counterparty to a transaction fails to meet

its contractual obligations in accordance to the agreed terms and conditions.

## Corporate Governance

The process by which corporate entities are governed. It is concerned with the way in which power is exercised over the management and direction of the entity, the supervision of executive action and accountability to owners and others.

## Current Ratio

Current assets divided by current liabilities. A measure of liquidity.

## Debt /Equity

Debt as a percentage of total equity less minority interest if any.

## Deferred Taxation

The tax effect of temporary differences deferred to/from another period, which would only qualify for inclusion on a tax return at a future date.

## Dividends

Distribution of profits to holders of equity investment.

## Dividend Cover

Profit attributable to ordinary shareholders divided by dividend. Measures the number of times dividend is covered by distributable profit.

## Dividend Yield

Dividend per share as a percentage of the market price. A measure of return on investment

## Derivatives

Financial contracts whose values are derived from the values of underlying assets.

## Earnings per Share

Earnings Per Ordinary Share (EPS) Profits attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue during the year.

## Effective Tax Rate

Income tax expenses divided by profit from ordinary activities before tax.

## Equity

Shareholders' funds.

## Fair Value

The amount at which an asset is exchanged or a liability settled, between knowledgeable and willing parties in an arm's length transaction.

## Fair Value Through Profit or Loss (FVPL)

Financial instruments that are held for trading and are designated as at fair value through profit and loss.



**Financial Asset**

Any asset that is cash or an equity instrument of another entity or a contractual right to receive cash or another financial asset from another entity or a contractual right to exchange financial instruments with another entity under conditions that are potentially favorable.

**Financial Instruments**

Any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

**Financial Liability**

A contractual obligation to deliver cash or another financial asset to another entity or exchange financial instruments with another entity under conditions that are potentially unfavourable.

**Gearing**

Proportion of total interest bearing borrowings to capital employed.

**Impairment**

Occurs when recoverable amount of an asset is less than its carrying amount.

**Interest Cover**

Profit before tax plus net finance cost divided by net finance cost. Measure of an entity's debt service ability.

**Liquidity Risk**

The risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

**Loans and receivables**

A financial asset with fixed and determinable payments that are not quoted in an active market and do not qualify as trading assets.

**Market Capitalization**

Number of shares in issue multiplied by the market value of a share at the report date.

**Market Risk**

Possibility of loss arising from changes in the value of a financial instrument as a result of changes in market variables such as interest rates, exchange rates, credit spreads and other asset prices.

**Net Assets Per Share**

Shareholders' funds divided by the weighted average number of ordinary shares in issue. A basis of share valuation.

**Net Worth**

Total equity less minority interest if any.

**Operating Profit**

Profit before tax, share of profit of associates and net finance cost.

**Price Earnings Ratio**

Market price of a share divided by earnings per share as reported at that date.

**Prudence**

Inclusion of a degree of caution in the exercise of judgment needed in making the estimates required under conditions of uncertainty, such that assets or income are not overstated and liabilities or expenses are not understated.

**Related Parties**

Parties who could control or significantly influence the financial and operating policies of the business.

**Return on Equity**

Profit before tax divided by total equity less minority interest if any.

**Return on Total Assets**

Profit before tax plus finance cost divided by total average assets.

**Revenue Reserves**

Reserves considered as being available for distribution and investments.

**Segments**

Constituent business units grouped in terms of similarity of operations.

**Stated Capital**

The total amount received by the Company or due and payable to the Company in respect of issue and calls of shares are referred to as stated capital.

**Value Addition**

The quantum of wealth generated by the activities of the Group measured as the difference between turnover and the cost of material and services bought in.

**Working Capital**

Capital required to finance day-to-day operations computed as the excess of current assets over current liabilities.

# Notice of Meeting

**NOTICE IS HEREBY GIVEN** that the Thirty-Third Annual General Meeting of A C L Plastics PLC will be held at the Auditorium of A C L Plastics PLC, No. 60, Rodney Street, Colombo 08 on 28th August 2024 at 10.00 am for the following purposes.

01. To receive and adopt the Report of the Directors and the Statement of Accounts for the year ended 31st March 2024 with the report of the Auditors thereon.
02. To re-elect as a Director Mr Mohan Joseph Ratnayake who retires by rotation being eligible for re-election in terms of Article No. 85 of Articles of Association.
03. To re-elect Mr. Priyantha Rohan Somawansa, who was appointed as a Director during the year and who retires in terms of Article 91, of the Articles of Association of the Company.
04. 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.
05. Messrs. Deloitte Partners, Chartered Accountants (formerly known as Messrs PricewaterhouseCoopers) and authorize the Directors to determine their remuneration.
06. To authorize the Directors to determine donations to charities.

By Order of the Board

(Sgd.)

**Corporate Affairs (Private) Limited**

Secretaries

02nd August 2024

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 28th August 2024 at 10.00 a.m. and at any adjournment thereof.

Signed this.....day of.....2024

.....  
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: .....

Residential Address : .....

Email Address: .....

NIC: .....





# CORPORATE INFORMATION

## **Name**

ACL Plastics PLC

## **Legal Form**

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

## **Registration Number**

PQ 87

## **Stock Exchange Listing**

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

## **Registered Office**

60, Rodney Street, Colombo 08

## **Contact Details**

Telephone : (094) 112 697 652

Fax : (094) 112 699 503

E-mail : info@acl.lk

: investor.relations@acl.lk

Internet : www.acl.lk

## **Company Secretary**

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**

Messrs. Deloitte partners  
Chartered Accountants

## **Bankers**

Standard Chartered Bank  
Hatton National Bank  
Nations Trust Bank

## **Board of Directors**

Mr. U. G. Madanayake - Chairman

Mr. Suren Madanayake - Managing Director

Mrs. N. C. Madanayake

Mr. Mohan Joseph Ratnayake

Mr. Rohan Somawansa

