



ACL PLASTICS PLC
ANNUAL REPORT 2024/25

COMPOUNDING
PROGRESS.
DELIVERING
VALUE.





COMPOUNDING **PROGRESS.** DELIVERING **VALUE.**

**AT ACL PLASTICS, DELIVERING VALUE
AT EVERY TURN IS OUR PRIMARY GOAL.**

Throughout the year under review, we remained focused on producing cable-grade PVC compounds that meet the highest global standards. While consistently upholding quality, we have also driven innovation - transforming the exceptional quality and practices we are known for, into more sustainable, environmentally conscious iterations. In doing so, we ensure not only the advancement of our company but also the progress of the entire industry.

As an industry leader, we are committed to pushing boundaries, redefining processes, and seeking new possibilities—so that progress never ends, and excellence is continually reimagined. ACL Plastics remains dedicated to setting the benchmark in cable sheathing and to delivering the highest value at all times.

As we look ahead to a prosperous future, we remain committed to compounding progress and delivering value.



CONTENT

03	About Us
04	Group Financial Highlights
06	Management Discussion
08	Financial Capital
10	Human Capital
12	Natural Capital
18	Chairman's Message
20	Managing Director's Message
22	Board of Directors
24	Product Portfolio
25	Corporate Social Responsibility at ACL Plastics
26	Group Structure
27	Risk Management
36	Chairman's statement on Corporate Governance
37	Corporate Governance
65	Director's statement on internal controls
66	Senior independent director's Statement
67	Stakeholder Engagement
68	Sustainable Wealth Creation

FINANCIAL INFORMATION

70	Financial Calendar 2024/25
71	Report of the Directors
74	Report of the Related Party Transactions Review Committee
76	Remuneration Committee Report
77	Audit Committee Report
79	Nomination and Governance Committee Report
80	Responsibility Statement of Managing Director and Chief Financial Officer
81	Independent Auditor's Report
84	Statement of Profit or Loss
85	Statement of Comprehensive Income
86	Statement of Financial Position
87	Statement of Changes in Equity - Group.
88	Statement of Changes in Equity - Company
89	Statement of Cash Flows
90	Notes to the Financial Statements
127	Global Reporting Initiative (GRI)
132	Information to Shareholders
134	Statement of Value Added - Group
135	Decade at a Glance
136	Glossary of Financial Terms
138	Notice of Meeting
139	Form of Proxy
IBC	Corporate Information

ABOUT US

ACL PLASTIC PLC IS A LEADING MANUFACTURER, SPECIALIZING IN MANUFACTURING HIGH-QUALITY CABLE GRADE PVC COMPOUNDS. IT OPERATES AS A SUBSIDIARY OF THE ACL GROUP, WHICH IS WELL RECOGNIZED IN THE CABLE & ELECTRICAL INDUSTRY

VISION



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

MISSION



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

GROUP FINANCIAL HIGHLIGHTS

	2024/25 Rs. Mn	2023/24 Rs. Mn
Performance		
Turnover	2,441	2,373
Gross Profit	575	533
Net Finance Income	58	51
Profit Before Tax	672	575
Profit After Tax	465	456
Total Equity	3,673	3,256
Key Financial Indicators		
Gross Profit Margin	24%	22%
Net Profit Margin Before Tax	28%	24%
Interest Cover (Times)	1,784	528
Return on Equity	13%	14%
Current ratio (Times)	19.10	25.79



Rs. 2,441.29 Mn

Revenue



Rs. 464.74 Mn

Net profit attributable



Rs. 871.60

Net assets per share



Rs. 110.32

Earning per share



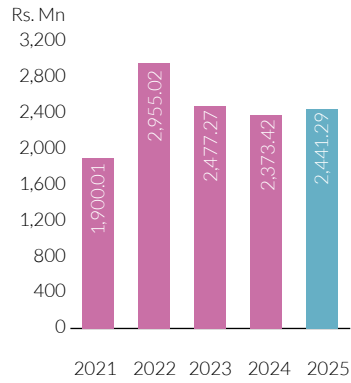
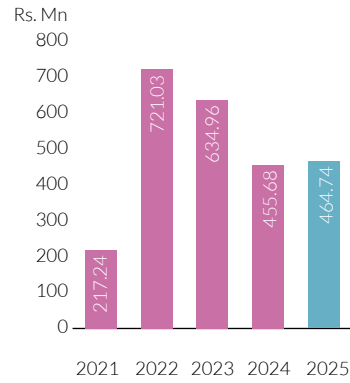
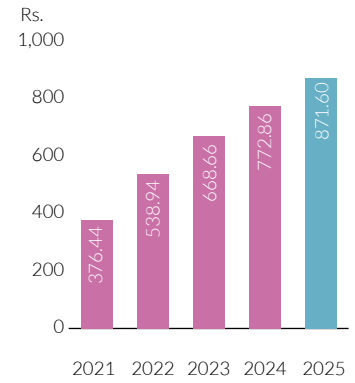
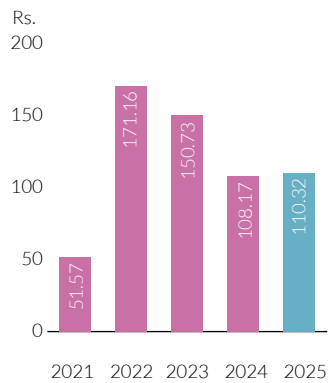
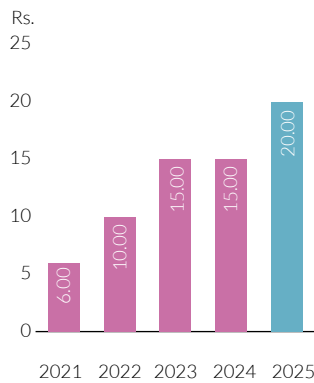
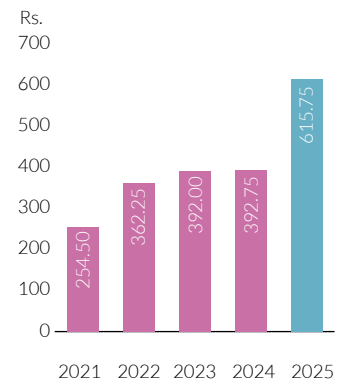
Rs. 20.00

Dividend per share



Rs. 615.75

Market value per share

REVENUE**NET PROFIT ATTRIBUTABLE****NET ASSETS PER SHARE****EARNING PER SHARE****DIVIDEND PER SHARE****MARKET VALUE PER SHARE**

MANAGEMENT DISCUSSION

ECONOMIC OVERVIEW

Sri Lanka's economy has demonstrated notable resilience and signs of stabilization in 2024, rebounding from the severe downturn of 2022. The country's Gross Domestic Product (GDP) grew by 5% in 2024, marking the highest growth rate in seven years.

Inflation trends have also shown significant improvements, after experiencing deflation in the latter half of 2024, with Consumer Price Index (CPI) rates of -0.2% in September and -0.7% in October, the economy entered a phase of mild inflation, reaching 3.8% in 2024.

The services sector has been a key driver of economic growth, with accommodation and information technology programming services leading the expansion. In the third quarter of 2024, the economy grew by 5.5%, surpassing the 1.6% growth recorded in the same quarter of the previous year.

The tourism industry has also contributed positively, with increased earnings bolstering foreign exchange reserves. Additionally, workers' remittances have played a vital role in supporting the external current account.

Looking ahead, the government has implemented fiscal measures aimed at fiscal consolidation, including plans to reduce the budget deficit from 7.6% in 2024 to 5.2% in 2025. These efforts are aligned with the targets set under the International Monetary Fund's (IMF) support program.

In summary, 2024 has been a year of recovery and stabilization for Sri Lanka's economy, with positive growth in GDP, controlled inflation, and improvements in key sectors such as services and tourism. Continued implementation of structural reforms and fiscal discipline will be essential to sustain this positive trajectory in the coming years.

ACL PLASTICS PLC

ACL Plastics PLC, a leader in the PVC manufacturing for cable industry, has consistently adapted to changing market conditions through innovation, efficiency, and a commitment to sustainability. Despite the challenges posed by economic uncertainties and regulatory changes, the company has demonstrated resilience and continued growth. This discussion provides an overview of ACL Plastics' business performance, strengths and challenges, and the external factors influencing its operations.

BUSINESS PERFORMANCE

ACL Plastics PLC demonstrated resilience and steady growth during the fiscal year 2024/2025 despite macroeconomic challenges. Through strategic decision-making, operational efficiencies, and market adaptability, the Company achieved stable financial performance. Revenue experienced a slight increase to Rs. 2,441 Mn reflecting a 3% growth from the previous year. Gross profit improved to Rs. 575 Mn, marking a 8% rise, while net profit saw a modest uptick by Rs. 9.06 Mn recording a 2% increase. External sales growth further strengthened market presence, expanding the Company's customer base.

The Company's commitment to product innovation and sustainable practices enabled it to navigate shifting market dynamics effectively. Investments in technology, supply chain optimization, and customer-centric solutions contributed to maintaining a competitive edge. Despite rising production costs and regulatory pressures, ACL Plastics continued to deliver value to its stakeholders through prudent financial management and operational agility.

SWOT ANALYSIS

Strengths:

- Established market reputation and strong customer relationships.
- Continuous operational improvements enhancing efficiency.
- Commitment to research and development for sustainable plastic solutions.
- Diversified product portfolio serving multiple industries.
- Financial stability despite economic challenges.

Weaknesses:

- Dependence on imported raw materials, exposing the company to forex risks.
- Environmental concerns surrounding plastic manufacturing.
- Rising production and energy costs impacting profitability.

Opportunities:

- Growing demand for eco-friendly plastic alternatives.
- Technological advancements enhancing production capabilities.
- Strategic partnerships for innovation and market expansion.
- Government incentives supporting sustainability-driven industries.

Threats:

- Increasing regulatory scrutiny on plastic use and waste management.
- Intensifying competition from domestic and international players.
- Economic uncertainties affecting demand and business operations.
- Fluctuations in raw material prices impacting cost structures.
- Evolving consumer preferences favoring biodegradable alternatives.

PEST ANALYSIS**Political Factors:**

- Government regulations on plastic manufacturing and waste disposal continue to shape industry practices.
- Trade policies and import restrictions impact raw material availability and pricing.
- Incentives for sustainable business practices present growth opportunities.

Economic Factors:

- Inflationary pressures influence production costs and consumer spending.
- Currency fluctuations affect raw material import costs.

Social Factors:

- Growing consumer awareness of environmental sustainability impacts product demand.
- Changing lifestyle trends influence the preference for recyclable and biodegradable plastics.
- Workforce availability and skill development play a crucial role in operational efficiency.

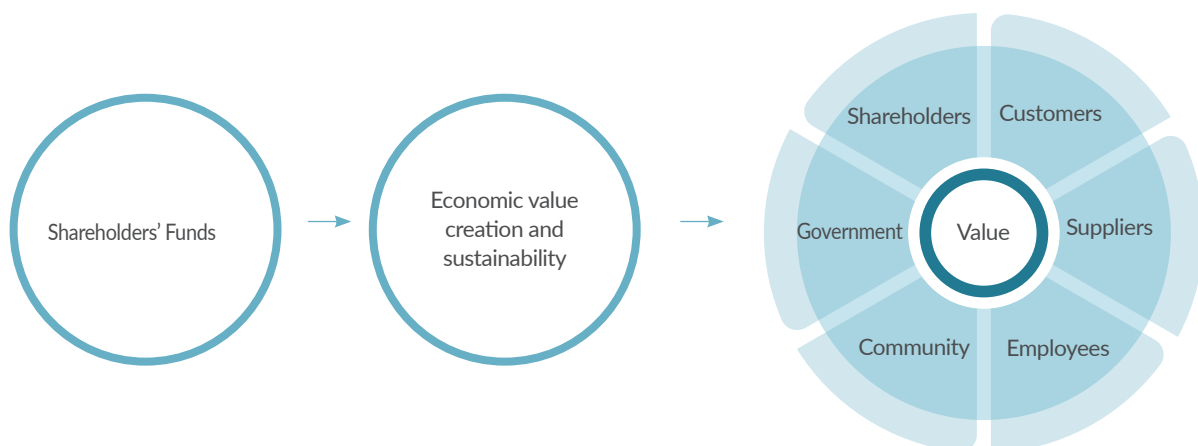
Technological Factors:

- Advancements in plastic recycling and biodegradable alternatives create innovation opportunities.
- Automation and digitalization improve production efficiency and cost-effectiveness.
- Research in sustainable materials drives long-term industry transformation.

ACL Plastics PLC remains committed to long-term growth through innovation, sustainability, and strategic expansion. By leveraging its strengths and opportunities while addressing challenges, the company is well-positioned to navigate an evolving business landscape. Continuous investment in technology, regulatory compliance, and customer-centric strategies will ensure the Company's resilience and market leadership in the years to come.

FINANCIAL CAPITAL

ACL PLASTICS GROUP DEMONSTRATED ITS COMPETENCY TO FACE CHALLENGES RESILIENTLY BY REPORTING A REVENUE OF RS. 2,441.3 MN. THE GROUP'S PROFIT AFTER TAX SLIGHTLY INCREASED BY RS. 9.06 MN WITH A 2% INCREASE COMPARED TO YEAR 2023/24.





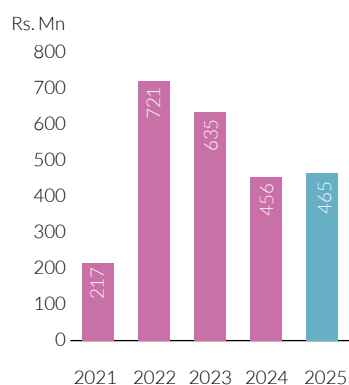
GROUP RETAINED EARNINGS



GROUP PROFIT AFTER TAX



GROUP NET ASSETS

PROFIT AFTER TAX (PAT)**FINANCIAL PERFORMANCE**

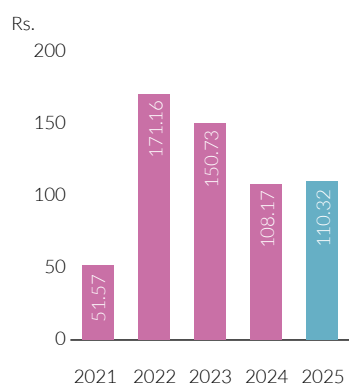
Despite a slight reduction in prices, the Group demonstrated resilience, with revenue reaching to Rs. 2,441 Mn in 2024/25 compared to Rs. 2,373 Mn in 2023/24, reflecting a marginal growth of 3%. During the year, we expanded our recycling product offerings in the market, reaching a broader customer base. As a result, we achieved external sales growth of 64.3% from recycled materials.

The GP margin of the Group slightly increased to 24% from previous year's 22%, despite the reduction in prices.

Profit before tax margin increased to 28% in financial year 2024/2025 recording a profit of Rs. 672.1 Mn compared with Rs. 574.7 Mn in financial year 2023/2024.

FINANCIAL POSITION

Group's Total Assets increased by 14% to Rs. 486.8 Mn during the 2024/25 financial year. There were no short/long term borrowings for the year.

EARNINGS PER SHARE (EPS)

Profitability	2024/25	2023/24	Change %
Revenue (Rs Mn)	2,441	2,373	3%
Gross Profit (Rs. Mn)	575	533	7%
GP Margin	24%	22%	7%
Profit After tax (Rs. Mn)	465	456	2%
NP Margin	19%	19%	0%

Financial Stability	2024/25	2023/24	Change %
Equity (Rs. Mn)	3,673	3,255	12%
Gearing	-2.84	-1.93	47%

Liquidity	2024/25	2023/24	Change %
Current ratio	19	26	35%
Quick asset ratio	16	21	32%

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.

HUMAN CAPITAL

ACL PLASTICS HAS A HUMAN CAPITAL OF 52 EMPLOYEES FOR THE YEAR UNDER REVIEW. IT IS MADE UP OF EXECUTIVE STAFF AND PERMANENT STAFF DURING THE YEAR, 14 NEW EMPLOYEES WERE HIRED, AND THE TOTAL STAFF COST FOR THE YEAR WAS 56.2 MILLION.



NO OF EMPLOYEES



NEW HIRES



REMUNERATION

No of Employees	2024/25	2023/24	2022/23	2021/22	2020/21
No of employees	52	53	52	52	55



NO OF PROMOTIONS



NO OF INJURIES



EMPLOYEE TURNOVER RATIO

Age analysis	Under 30 years	30 -50 years	Over 50 years	Total
No of employees 2024/25	9	27	16	52
No of employees 2023/24	6	28	19	53

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:

REMUNERATION AND BENEFITS

The Company remuneration and benefits for the year amounted to Rs. 56.2 Mn compared to Rs. 50.3 Mn in 2024.

No of Employees	2024/25	2023/24	2022/23	2021/22	2020/21
Salaries, wages and related costs	49,983	44,248	49,614	55,715	61,771
Defined contribution plans	3,900	3,405	3,596	4,069	4,149
Defined benefit plans	2,328	2,663	1,673	138	2,037

EMPLOYEE ENGAGEMENT

ACL Plastics took proactive steps to boost employee morale and foster unity, leading to noticeable improvements in engagement throughout the year. The Company's initiatives played a crucial role in cultivating a positive work environment.



Building on these efforts, employees collaborated closely with management to identify key challenges and enhance the Group's commercial viability. This included embracing redeployments and transfers to support the organization's ongoing growth and adaptation.

RECOGNIZING OUR EMPLOYEE

We prioritize employee retention to maintain a skilled and experienced workforce. To recognize the long-term dedication of our team, employees who have been with ACL for over 25 years are honoured with a one-pound gold coin from our Managing Director as a token of appreciation and gratitude.



EMPLOYEE TRAINING AND DEVELOPMENT

In today's dynamic and complex work environment, a progressive learning plan is crucial to meet the evolving needs of the company. At ACL Plastics, we have always emphasized the importance of developing our employees' strengths and skills as a key driver for achieving organizational goals. To prepare the next generation of leaders, the group organized leadership and motivational development seminars, alongside on-the-job training programs, with the aim of equipping them for future challenges and opportunities.

EMPLOYEE WELL-BEING AND SAFETY

Occupational health and safety measures were rigorously maintained, supported by strong governance structures, compliance with safety certifications, and robust tools and procedures for identifying and reporting potential health and safety risks. The well-being of our employees remained a top priority, and the Group successfully balanced this with the need to ensure the continuity and productivity of operations. This approach helped safeguard both our workforce and the ongoing success of the business.

NATURAL CAPITAL

ACL PLASTICS HAS BEEN ASSESSED AND FOUND TO BE IN ACCORDANCE WITH THE REQUIREMENT OF ISO 14001 ENVIRONMENTAL MANAGEMENT SYSTEM CERTIFICATE.



ENVIRONMENTAL MANAGEMENT AND STEWARDSHIP

1. Board of Directors:

- Set the strategic vision for sustainable growth.
- Champion policies for natural capital & environmental stewardship.
- Commit to ESG leadership and drive long-term value.

2. Senior Management: Turning Vision into Action

- Translate strategy into actionable goals.
- Innovate with eco-friendly technologies and resource efficiency.

- Set the green standard with measurable sustainability targets.

3. Operational Teams: The Green Engine

- Implement daily sustainable practices: energy, water, waste, and circularity.
- Optimize operations to reduce carbon footprint and enhance resilience.
- Empower teams to innovate for impact.

4. Employees: Everyday Sustainability Heroes

- Engage in small, impactful sustainable actions.

- Promote eco-conscious behaviors and resource conservation.
- Innovate, share ideas, and drive grassroots change.

5. Monitoring & Reporting: Transparent & Transformative

- Measure and report progress on natural capital impacts.
- Celebrate milestones and communicate results to all stakeholders.
- Adapt strategies to ensure continuous improvement and leadership.

PREPARING FOR THE ADOPTION OF SLFRS S1 AND S2

As the landscape of non-financial reporting evolves, ACL Plastics PLC is closely monitoring the developments. We recognize the significant benefits of aligning our non-financial reporting with SLFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information, and SLFRS S2 – Climate-related Disclosures.

To ensure a smooth and effective adoption, we have already started streamlining our processes, identifying the necessary resources, and establishing clear responsibilities. This will prepare us for the mandatory adoption of SLFRS S1 and SLFRS S2 or, if applicable, an early adoption. Additionally, we have identified a range of Sustainability-Related Risks and Opportunities (SRRSOs) and Climate-Related Risks and Opportunities (CRROs) that could impact the Group's financial viability, and are actively working to address these challenges.

SUSTAINABILITY RELATED RISK

Climate Related Risk

Physical Risks

Occur due to climate change –

Acute physical risk

This refers to extreme weather events that could potentially affect the business's operations and financial stability, including:

- Heatwaves
- Wildfires
- Storms, such as hurricanes and cyclones
- Floods

These climate-related events pose significant risks, and the business is actively assessing their potential impact on operations and financial outcomes.

Chronic physical risk

This refers to gradual shifts in climate patterns that could impact the business's operations and financial performance, including:

- Rising sea levels
- Water stress and drought
- Ocean acidification
- Desertification

These long-term climate changes present ongoing risks, and the business is closely monitoring and evaluating their potential effects on both operations and financial viability.

CLIMATE RELATED RISK

ACL Plastics identifies two main categories of climate-related risks that affect our operations: physical risks and transition risks.

Risk	Risk categorization	Description
Rising occurrence of severe weather events like heatwaves and floods	Acute Physical Risk	Extreme weather events such as heatwaves and floods can disrupt PVC production, leading to plant shutdowns, equipment damage, and delays in manufacturing. These events can also affect the supply of raw materials, increase transportation costs, and hinder distribution, ultimately resulting in decreased revenue and operational setbacks.
Water scarcity and drought conditions	Chronic Physical Risk	Water is essential for cooling and cleaning processes in PVC production. In areas affected by drought or water shortages, these critical processes may be compromised, leading to production inefficiencies, equipment overheating, and potential downtimes that negatively impact output and costs.
Policy actions for a low-carbon transition	Transition Risk – Policy and Legal Risk	With increasing regulations focusing on sustainability, the PVC industry must adopt safer and more environmentally friendly practices, particularly concerning chemical use and emissions. Adapting to these changes can lead to long-term cost savings, improved operational efficiency, and eligibility for incentives or tax breaks, but failing to do so may result in regulatory penalties.
Failure to comply with new or stricter climate change laws and regulations	Transition Risk – Reputation risk	Non-compliance with tightening climate laws and regulations in the PVC sector can harm the Company's reputation and product demand. With heightened consumer and regulatory pressure for sustainability, staying ahead of compliance is crucial to preserve market leadership, avoid legal risks, and maintain trust among stakeholders.

NATURAL CAPITAL

Risk	Risk categorization	Description
Discontinuation of products or technologies ahead of their planned lifecycle	Transition Risk – Market Risk	PVC products that rely on outdated, high-emission technologies or harmful chemicals may face early obsolescence due to regulatory changes or shifts in consumer preferences for greener alternatives. To mitigate this, the Company must invest in research and development to introduce sustainable, eco-friendly PVC products, such as those that use alternative, low-impact materials.
Competitive pressures driving the need to adapt strategies	Transition Risk – Market Risk	The PVC industry faces growing competition from manufacturers adopting more sustainable practices and products. To maintain market share, companies must invest in and rapidly implement innovative strategies that focus on reducing environmental impact, improving efficiency, and meeting customer demand for greener PVC alternatives.

CLIMATE RELATED OPPORTUNITY

Climate-related opportunities refer to the potential benefits a company can gain from addressing climate change. Efforts to mitigate and adapt to climate change can lead to opportunities, such as creating innovative products or tapping into new markets.

Opportunity	Opportunity categorization	Description
Strategic investments in energy	Investment	With the global shift toward clean energy, there is growing potential for investment in renewable energy projects, such as solar and wind power. In the PVC industry, this offers an opportunity to reduce reliance on traditional energy sources and align with sustainability goals, supported by initiatives from local and international energy authorities.
Energy-efficient PVC product lines	Innovation	As demand grows for energy-efficient infrastructure, there is increasing need for PVC products that reduce energy consumption, such as low-energy loss cables or energy-efficient building materials. PVC products with improved thermal insulation or reduced heat transfer properties can help minimize energy usage in construction and infrastructure projects.
Green Manufacturing Practices	Investment	The PVC industry can adopt sustainable production techniques to reduce environmental impact, including waste, emissions, and energy consumption. Investing in energy-efficient machinery, using renewable energy sources in production, and implementing advanced recycling processes for PVC waste can significantly lower carbon footprints while ensuring resource efficiency in manufacturing.

ENVIRONMENTAL SAFETY PROTOCOLS FOLLOWED BY THE COMPANY

National laws and regulations

The Company holds an Environmental Protection License (EPL) from the Central Environment Authority, in compliance with specified conditions. Additionally, it is certified with ISO 14001:2015 for Environmental Management and ISO 9001:2015 for Quality Management Systems, ensuring adherence to industry standards.

The four aspects environment capital at ACL Plastics is as follows

1. Water resources management
2. Energy management
3. Waste management
4. Noise management

1. Water management

To recycle wastewater, we have implemented a cooling system with cooling towers, and top management ensures continuous oversight of this process. Our approach to water management focuses on maximizing recycling and reuse, with advanced recycling units installed at our manufacturing plant. We diligently monitor the quality of the water discharged from our operations to ensure it consistently meets the standards set by the Central Environmental Authority.

Water consumption

	m3-Company
Total water withdrawn	2000
Total water consumed	2640
Industrial Usage	120
Domestic Use	2520

2. Energy management

Our main energy sources consist of electricity, fossil fuels like diesel and petrol, and renewable energy from solar power. Solar energy is harnessed at our head office, main factory, and several subsidiaries, underscoring our dedication to sustainable energy practices.

To meet the Group's energy goals, we have introduced several initiatives, such as well-defined energy usage plans designed to optimize consumption. Furthermore, we regularly conduct training sessions and awareness programs to educate employees

Energy consumption

Source	Company
Non-renewable - Electricity (Kwh)	1,246,188
Diesel (Liters)	61,745
Kerosine (Litters)	36

As part of our long-term sustainability commitment, ACL Plastics aims to establish carbon footprint reduction targets through an annual roadmap, with the ultimate goal of achieving carbon neutrality or net-zero emissions by 2050.

NATURAL CAPITAL

3. Waste management

Sustainable Waste Management Approach

At ACL Plastics, we are committed to minimizing our environmental footprint through efficient and responsible waste management practices. As part of our sustainability efforts, we have implemented streamlined procedures to ensure proper waste disposal and reduce environmental impact.

This year, overall waste generation has increased due to higher production levels, an expanded operational scope, and the introduction of enhanced data capturing systems and monitoring points.

Key waste by types

- Hazardous solid waste

ACL Plastics PLC has secured the Scheduled Waste Management License from the Central Environmental Authority by partnering with licensed hazardous waste collectors authorized to handle chemical-contaminated solid waste. This ensures that all hazardous waste is collected and disposed of in compliance with the highest safety standards, minimizing potential risks to both the environment and public health.

- Non-hazardous solid waste

We collaborate with various waste management partners to repurpose, recycle, and reuse general waste from our operations. By working with certified waste collectors, we ensure responsible waste management, supporting circular economy practices and minimizing landfill waste.

Waste generated

Waste	Kg-company
PVC Compound material	6000
Metals	1320

4. Noise Management

At ACL Plastics, we recognize the impact of industrial noise on both the environment and employee well-being. As part of our commitment to responsible operations, we have implemented stringent noise management practices to minimize disturbances within and beyond our facilities.

Key Noise Management Measures

1. Compliance with Regulatory Standards – We adhere to noise level regulations set by environmental authorities to ensure our operations remain within permissible limits.
2. Noise Monitoring and Assessment – Regular noise level assessments are conducted across our facilities to identify potential sources of excessive noise and implement corrective actions where necessary.
3. Engineering Controls – We integrate noise-reduction technologies such as soundproof barriers, vibration-dampening equipment, and enclosed machinery to minimize noise emissions.
4. Workplace Safety and Employee Protection – To safeguard employee health, we provide appropriate personal protective equipment (PPE), such as earplugs and earmuffs, and enforce designated quiet zones where necessary.
5. Training and Awareness – Employees are educated on noise management best practices, including proper equipment handling and the importance of hearing conservation.
6. Continuous Improvement – We regularly review and upgrade our noise control measures in alignment with evolving industry standards and technological advancements.

By implementing these measures, ACL Plastics ensures a safer, more sustainable working environment while minimizing noise pollution's impact on surrounding communities.

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
Energy Management	Emission from the manufacturing process	Dust collectors and dust exhaust	Yes
Waste management	Waste materials from manufacturing processes	Recycled used PVC from manufacturing process	Yes
Noise Management	Noise generated out of machinery operations	Invest in machines with soundproof option	N/A

CHAIRMAN'S MESSAGE



U. G. MADANAYAKE
Chairman



**RESILIENT GROWTH,
STRATEGIC INNOVATION:
BUILDING A
PROSPEROUS FUTURE
FOR ACL PLASTICS PLC.**



Rs. 2,441Mn

TURNOVER - GROUP

Rs. 465Mn

NET PROFIT - GROUP

On behalf of ACL Plastics PLC, I am honoured to welcome you to our 34th Annual General Meeting. It is a privilege to present our Annual Report and audited financial statements for the fiscal year ending 2024/2025. Despite persistent macroeconomic challenges, ACL Plastics PLC has demonstrated resilience, achieving significant milestones. Our strategic direction, steadfast commitment, and the dedication of our outstanding team have enabled us to overcome obstacles and sustain strong performance.

ECONOMIC OUTLOOK

Sri Lanka's economic landscape in 2024 showed signs of stabilization following previous years of turbulence. The country made notable strides in recovery, with GDP growth projected at 3.5% and inflation declining to 6.8% by mid-year, driven by prudent fiscal policies and a stable exchange rate. These improvements fostered a more predictable economic environment for businesses and households.

Foreign exchange liquidity strengthened due to sustained export proceeds, a 12% rise in worker remittances, and a tourism sector rebound, which generated over USD 2.8 billion. International arrivals exceeded pre-pandemic levels, boosting foreign reserves to approximately USD 6.5 billion. Additionally, external funding from international financial institutions reinforced economic resilience and supported debt obligations. A narrowed trade deficit, improved forex reserves, and controlled imports contributed to external stability.

The Sri Lankan Rupee maintained relative stability against the US Dollar, restoring investor confidence. Lower interest rates stimulated private sector investment and credit growth, while unemployment stabilized at 5.2%, signaling gradual labor market recovery.

Sustaining economic resilience will require ongoing structural reforms, strategic investments, and policies promoting innovation and sustainability. By capitalizing on its geographic advantages and revitalizing key industries, Sri Lanka can navigate future economic challenges and secure long-term growth.

GROUP PERFORMANCE

In response to evolving market conditions, ACL Plastics reinforced its operational efficiencies and market positioning. Through strategic decision-making and agile execution, we ensured business continuity while driving performance improvement.

In spite of these efforts, revenue for the year stood at Rs. 2,441 Mn, reflecting 3% change from the previous year, while gross profit was Rs. 575 Mn, a 8% growth. Net profit for the year reached Rs. 9.06 Mn, marking a 2% change. Notably, we achieved strong growth in external sales, further strengthening our market presence and expanding our customer base.

STAKEHOLDER RETURNS

ACL Plastics PLC's share price remained stable, closing at Rs. 615.75 as of March 31, 2025. The Company maintained its dividend payout at Rs. 20 per share, reinforcing our commitment to delivering value to shareholders while adhering to sound corporate governance practices.

FUTURE OUTLOOK

Our commitment to sustainable growth remains unwavering. We continue to explore new technologies, enhance supply chain efficiencies, and identify emerging opportunities to strengthen our local and export sales. Innovation and adaptability will be key drivers in expanding our market reach and sustaining our competitive edge.

APPRECIATION

The achievements of ACL Plastics PLC are a testament to the collective efforts of our dedicated team. The Board and I extend our sincere gratitude to our employees for their dedication and commitment. We also appreciate the unwavering support of our business partners, customers, and stakeholders throughout our 34-year journey.

Furthermore, I acknowledge the contributions of various public and private institutions in fostering a conducive business environment. Our gratitude extends to our esteemed shareholders and Board members, whose guidance has been instrumental in our continued success. Finally, I deeply appreciate the commitment of our employees, past and present, whose efforts have driven ACL Plastics towards greater achievements.

Together, we will continue to build a stronger, more prosperous future for ACL Plastics PLC.



U. G. Madanayake
Chairman

26 August 2025

MANAGING DIRECTOR'S MESSAGE



A handwritten signature in black ink, appearing to read 'Suren Madanayake', positioned above the printed name.

SUREN MADANAYAKE
Managing Director



**ADAPTING, INNOVATING, THRIVING:
ACL PLASTICS PLC CHARTS A PATH
TO SUSTAINABLE SUCCESS.**



I am delighted to present to you ACL Plastics PLC's annual report for the fiscal year 2024/2025. This has been a year of resilience and strategic progress for our company, despite the challenges we faced. ACL Plastics recorded a top line of Rs. 2,441 Mn reflecting a 3% change from the previous year. I am pleased to report that, despite the challenging business environment, we achieved a profit before taxes of Rs. 672 million and a net profit of Rs. 465 million.

FAVORABLE FACTORS

Sri Lanka experienced positive economic developments in 2024 that contributed to stability and recovery. Notable improvements included the continued decline in inflation, aided by tight monetary policy and global commodity price adjustments.

Foreign exchange liquidity saw improvements, driven by stronger market confidence, inflows from export proceeds, remittances, and tourism revenue. Additionally, the stabilization and appreciation of the exchange rate bolstered economic confidence, further strengthening Sri Lanka's financial landscape.

PVC SECTOR

The PVC industry continued to face challenges due to the prolonged economic crisis. A slowdown in construction activity driven by high interest rates, soaring construction costs, and economic uncertainty affected the sector. However, some economic variables showed positive signs, including a gradual stabilization of exchange rates and improved investor confidence, which contributed to a more favorable business environment.

Against this backdrop, ACL Plastics PLC demonstrated resilience through strategic initiatives aimed at optimizing performance. While factors such as high taxation and rising production costs due to fuel and electricity price hikes remained concerns, the company successfully navigated these challenges. As a result, ACL Plastics achieved a marginal increase in revenue during the financial year under review.

As part of our customer diversification strategy, we expanded our external customer base, reinforcing our market presence and enhancing long-term growth prospects.

We are pleased to report that ACL Plastics PLC's market value appreciated over the year, with the share price rising from Rs. 392.75 to Rs. 615.75 as of March 31, 2025. Additionally, we continued to deliver shareholder value, maintaining a dividend payout of Rs. 20 per share. Ensuring strict adherence to corporate governance regulations remained a top priority, further strengthening our foundation for sustainable success.

FUTURE OUTLOOK

As part of our commitment to sustainability and long-term growth, we plan to invest in advanced machinery equipped with soundproofing and recycling capabilities. This investment will enhance production efficiency, reduce environmental impact, and support our efforts toward responsible manufacturing. Additionally, we are exploring opportunities to diversify into new sectors, further strengthening our business portfolio.

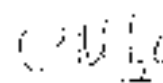
Despite prevailing economic uncertainties, our commitment to growth remains strong. We are focused on attracting new customers, staying ahead of market trends, and leveraging new technologies to optimize efficiency. Our goal is to drive innovation and expand sales in both domestic and international markets while broadening our business footprint to create new revenue streams.

APPRECIATION

I extend my heartfelt gratitude to our employees, business partners, and stakeholders for their unwavering support and dedication. Your commitment has been instrumental in helping ACL Plastics achieve its strategic goals and overcome challenges.

A special note of appreciation to the Chairman, Board of Directors, and all stakeholders for their leadership and guidance. Your vision and steadfast support have played a pivotal role in steering ACL Plastics through a challenging year and setting the stage for future success.

Looking ahead with optimism and determination, I am confident in ACL Plastics' ability to adapt to market changes, seize emerging opportunities, and create long-term value for our shareholders.



Suren Madanayake
Managing Director

26 August 2025

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, Kelani 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. 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, Cables solutions 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.

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.

COMMITTEES

-  Audit Committee
-  Remuneration Committee
-  Related party Transaction Review Committee
-  Nomination and Governance Committee

MR. MOHAN JOSEPH RATNAYAKE

Independent Non-Executive Director

Mr. Mohan J Ratnayake was appointed to the Board on 1st November 2022. He had his education at St. Joseph's College, Colombo. 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. 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 served as the Chairman of Lanka Realty Investment PLC. He currently serves as an Independent Non Executive Director of ACL Plastics PLC, UB Finance PLC, Lanka Tiles PLC, Swisstek PLC and Serendib Land PLC. He continues to serve on several Boards and chairs audit committees and other statutory Committees. He has expertise in the fields of Tea Exports, Tea Plantations and Telecommunications. He held the position of Deputy Chairman of a listed financial Institute falling under the purview of the Central Bank of Sri Lanka.

He is a Fellow of the Chartered Institute of Management Accountants UK, a Chartered Global Management Accountant and has read for an MBA.

MR. ROHAN SOMAWANSA

Independent Non-Executive Director

Mr. Rohan Somawansa is a corporate figure & he excels in strategic areas of management in Manufacturing, HR, Marketing, brand building & turnaround organizations into better financial positions. He was the President of the Asian Marketing Federation from 2018 to 2020. 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. During his tenure, he initiated Professor Phillip Kotler's visit to Sri Lanka and founded the research base people's awards, the most sought after corporate recognition program for personal brands, brands & media in Sri Lanka. In 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 DSI Samson Group. He is a director in one entity and is responsible for some key strategic functions of DSI Samson group, the corporate governing body of all companies.

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 supplies PVC compounds for Pipe hose industry, Rubber beading industry and Rubber carpet industry.

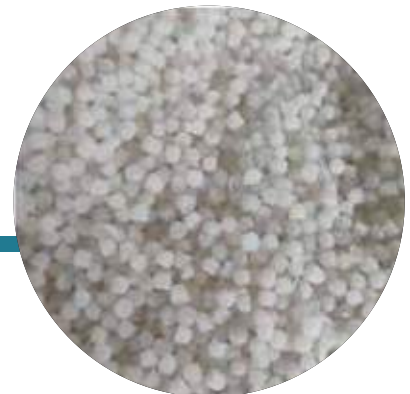
PVC Compound for fire guard cables



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 the 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 recycling of scrap stocks at our operations. Plastics 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 Plastics PLC's Effective Shareholding in the Company	Parent Company	100%
Directors	U.G.Madanayake – Chairman Suren Madanayake - Managing Director N. C. Madanayake – Director Mohan Rathnayake – Director Rohan Somawansa - Director	U.G.Madanayake – Chairman Suren Madanayake - Managing Director
Principle 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 2025	52	None

RISK MANAGEMENT

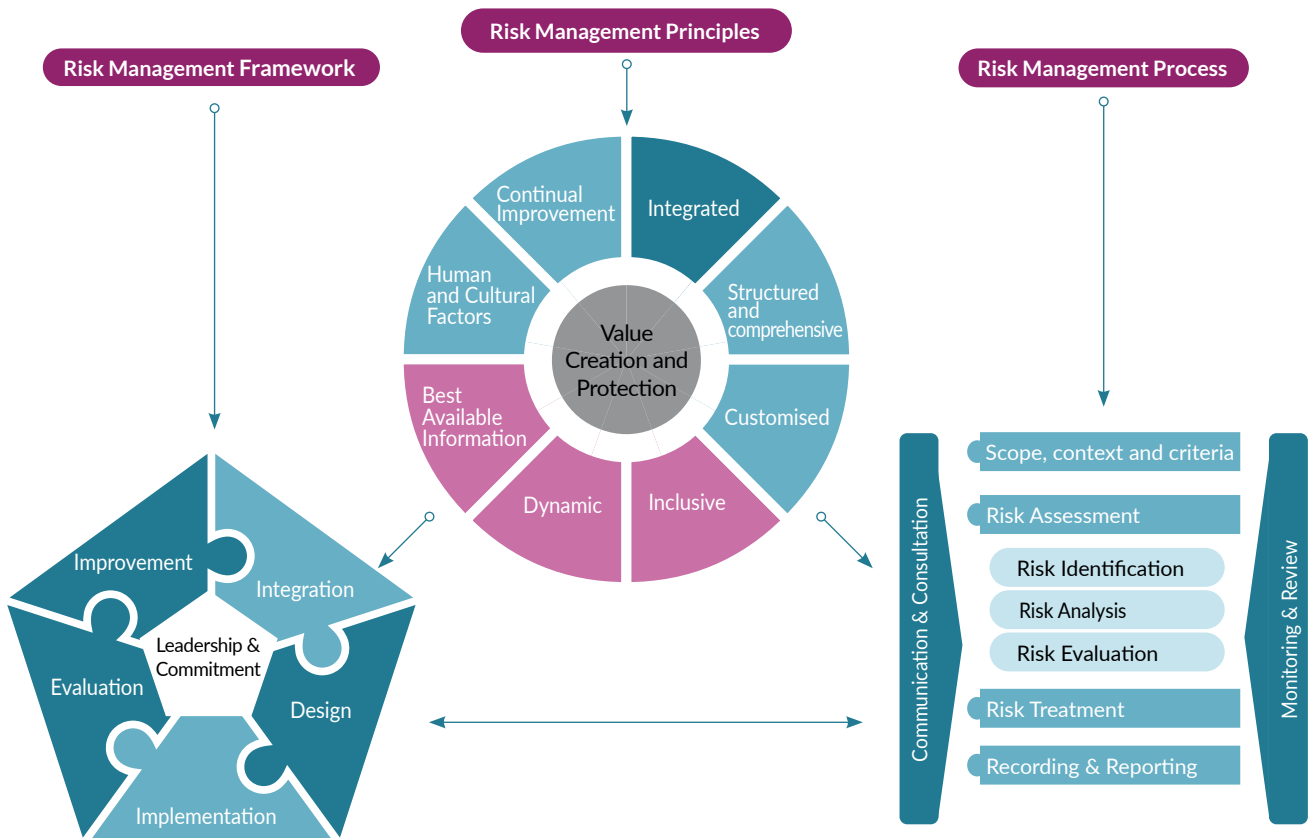
RISK MANAGEMENT

ACL Plastics PLC maintains a robust focus on the identification, assessment, and mitigation of risks to ensure the continued sustainability of its operations and the achievement of strategic objectives based on the enterprise risk management framework. The risk management framework is structured to optimize the balance between risk and return, while remaining responsive to evolving internal dynamics and external market conditions. As a manufacturer of PVC compounds, our continued success is underpinned by our ability to anticipate and capitalize on emerging opportunities within a complex operating environment. Risk and Opportunity considerations are systematically embedded into decision-making processes across all levels of the organization.

Recognizing the increasing relevance of sustainability and climate-related risks, the Company has further aligned its risk management practices with emerging global standards, including SLFRS S1 and S2. Details on ACL Plastics PLC's current progress in its sustainability reporting journey are presented in page 12 of the Annual Report. This commitment reflects our proactive stance in addressing long-term sustainable and climate related risks that may impact operational and financial resilience.

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

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:

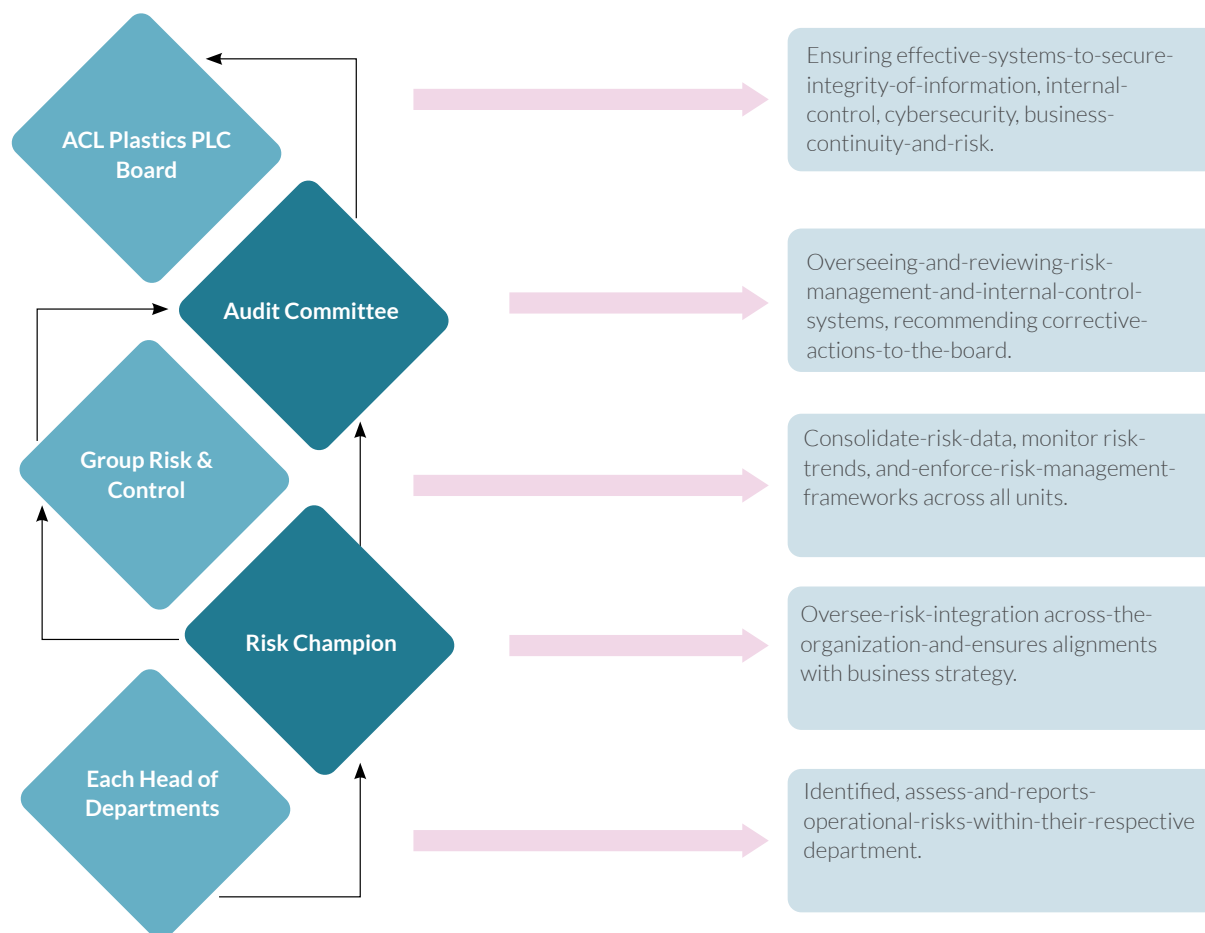
1. Customized framework and processes
2. Appropriate and timely involvement of stakeholders
3. Structured and comprehensive approach
4. Risk management is an integral part of all organizational activities
5. Risk management anticipates, detects, acknowledges, and responds to changes
6. Risk management 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 THE ACL PLASTICS PLC



APPROACH TO RISK MANAGEMENT

The ACL Plastics PLC adopts a hybrid approach to risk management, integrating both top-down and bottom-up methodologies. Strategic risks are identified by the Board of Directors and Senior Management, while operational risks are recognized at the operational level, ensuring alignment between corporate strategy and day-to-day activities. The ACL Plastics PLC Board has delegated oversight of risk management to the Audit Committee. The Risk and Control team functions as an independent unit, providing regular reports to the Audit Committee to maintain objectivity and strengthen governance. Risks are reviewed on a quarterly basis to evaluate their relevance, assess the effectiveness of mitigation strategies, and support robust Board-level oversight.

RISK MANAGEMENT STRUCTURE

Under the Group's governance framework, ACL Plastics PLC adopts the Three Lines of Defense model to ensure effective risk management and internal control. The first line of defense comprises operational-level staff who are responsible for identifying and managing risks within daily operations, ensuring adherence to established controls and protocols. The second line of defense includes senior management, who provide oversight and guidance on risk management, drafting internal policies and monitor compliance across the organization. The third line of defense consists of the ACL Plastics Board, Audit Committee, and Risk and Control Team, who offer independent assurance on the effectiveness of risk management and internal controls, reporting directly to the Audit Committee of the organization.

THREE LINES OF DEFENSE MODEL.

1st LINE OF DEFENCE	2nd LINE OF DEFENCE	3rd LINE OF DEFENCE
Operational-Level Staff are responsible for identifying and managing risks within daily operations and ensuring adherence to established controls and protocols.	Senior Management Provides oversight and guidance on risk management practices, drafting internal policies and monitoring compliance across the organization.	ACL Plastics Board, Audit Committee, and Risk and Control Team offers independent assurance on the effectiveness of risk management and internal controls, reporting directly to the Board.

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 assessment of risk likelihood at ACL Plastics PLC follows a multifaceted approach, combining historical data, existing preventive measures, and timely evaluation of current local and international conditions. This includes factors such as geopolitical tensions, economic volatility, and other high-impact events, ensuring a robust and forward-looking risk management process. A ranking of Rare, Unlikely, Moderate, Likely, and Almost Certain is assigned to all risks based on the likelihood of occurrence. The potential impact is assessed through a combination of qualitative and quantitative analysis, considering the impact for both the company and broader society. 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.

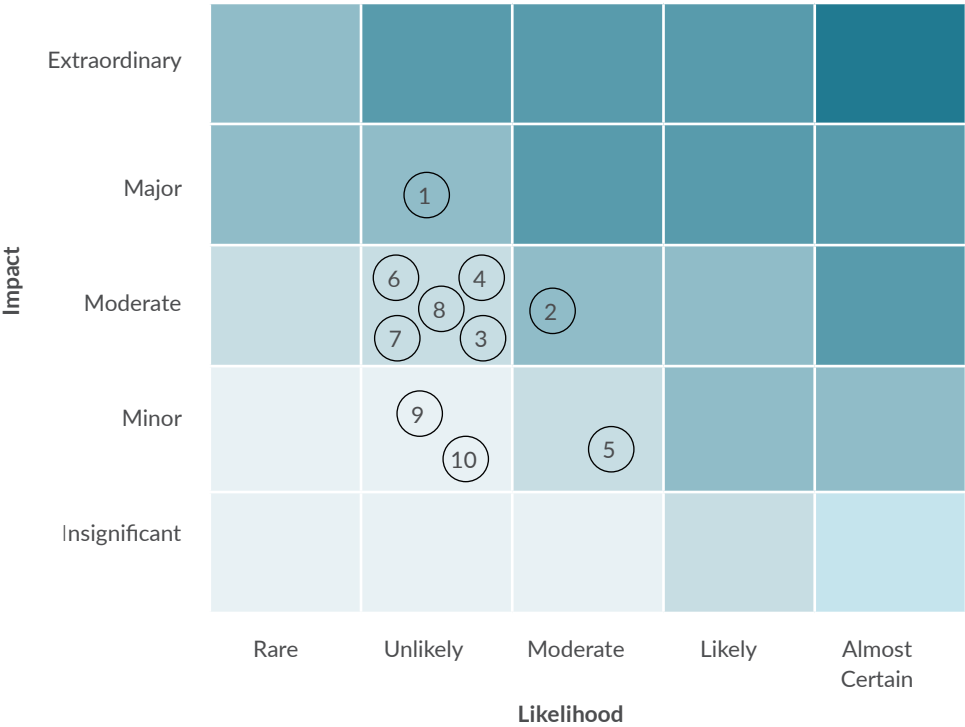
THE RISK MATRIX

Impact	Extraordinary	(S)	(H)	(H)	(H)	(E)
	Major	(S)	(S)	(H)	(H)	(H)
	Moderate	(M)	(M)	(S)	(S)	(H)
	Minor	(L)	(L)	(M)	(S)	(S)
	Insignificant	(L)	(L)	(L)	(M)	(S)
		Rare	Unlikely	Moderate	Likely	Almost Certain
		Likelihood				
		L - Low	M - Moderate	S - Significant	H - High	E - Extreme

RISK MANAGEMENT

FUTURE OUTLOOK

ACL Plastics PLC is effectively managing its risks and identifying emerging threats that could impact business operations. The Risk Heat Map below highlights key risk drivers that may affect the Company in FY 2025/26 (over a one-year horizon), assessed across the dimensions of probability, impact, and expected future movement. These risk drivers should not be viewed in isolation, as they may trigger or reinforce one another.



- 1. Information technology and cyber security Risk
- 2. Country Risk
- 3. Operational Risk
- 4. Exchange Rate Risk
- 5. Human Resource Risk
- 6. Health and Safety Risk
- 7. Sustainability and Climate Related risk
- 8. Legal and Regulatory Risk
- 9. Liquidity Risk
- 10. Business Probity Risk

SUSTAINABILITY AND CLIMATE-RELATED RISKS AND OPPORTUNITIES (SRRO & CRRO)

As a PVC compounding manufacturing company, we recognize that climate change presents both challenges and opportunities that can significantly impact on the business operations, financial performance, and strategic Direction.

Physical Risks:

These involve the direct impacts of climate change on company operations, including: sudden events like storms, floods and long-term shifts like rising temperatures or sea levels.

Acute Events: As a company we are exposed to physical risks from extreme weather events. Severe weather conditions like rain and flood, could disrupt our logistics network, delay deliveries, impact warehouse operations, and limit employee access to facilities. These risks could lead to operational slowdowns and financial implications due to climate-related disruptions.

Chronic Shifts: Long-term changes such as rising temperatures and sea levels a serious threat to planetary sustainability and have direct implications for the global economy. These long-term changes may significantly influence business strategies, operations, and financial stability across industries.

Transition Risks:

The global shift towards a low-carbon economy introduces several risks:

- **Regulatory Changes:** Future Implementation of carbon taxes and stricter emission standards can increase operational costs.
- **Technological Advancements:** Rapid innovation in sustainable technologies may render existing products obsolete if the organization fails to adapt promptly.
- **Market Dynamics:** Growing consumer preference for eco-friendly products necessitates the development of green products.



Opportunities:

Climate change also opens avenues for growth:

Product Innovation:

- Initiated to the development of new products with lower carbon footprint such as lead-free PVC products
- Manufacturing processes with reduced environmental impact, and following environmentally friendly concepts such as zero waste concept.

Market Expansion:

- Increasing demand for environmentally friendly products such as lead-free PVC products.

Operational Efficiency:

- Adoption of energy-efficient manufacturing processes can reduce costs and emissions. The ongoing process for adoption of solar power systems presents an opportunity to reduce exposure to energy price volatility and develop energy independency.

Triple Bottom Line



RISK MANAGEMENT

SNAPSHOT OF KEY RISKS & MITIGATION STRATEGIES

1. Risk Category - Information Technology and Cyber Security Risk

Risk that customers may suffer service disruptions, or that customers or the group may incur losses arising from system defects such as failures, faults, or incompleteness in computer operations, or illegal or unauthorized use of computer systems.

Mitigation Actions

- Develop and implement strategies for Business Continuity Planning (BCP) considering Disaster Recovery (DR) management.
- Continuously strengthen system security measures to mitigate cybersecurity risks.
- Oversee third-party assessments to evaluate system security and identify potential vulnerabilities.
- Manage and uphold vendor agreements to ensure reliable support services and ongoing system maintenance.
- Maintain robust and effective IT General Controls (ITGC) across the organization.
- Ensure strict compliance with IT policies and procedures to drive business value and operational integrity.

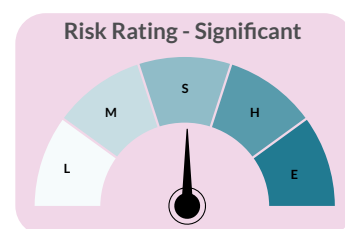


2. Risk Category - Country Risk

Negative impact arising due to adverse economic factors such as Political, Economic, Social, Technological, Environmental, and Legal.

Mitigation Actions

- Perform comprehensive and ongoing evaluation of (PESTEL) factors to proactively identify market opportunities and minimize the impact of external threats arising from adverse country conditions.
- Monitor and analyse potential impacts of legislative and regulatory changes on core business activities, enabling timely strategic adjustments and compliance readiness.
- Establish strong relationships with local government bodies, regulators, and industry associations to stay informed on upcoming policy changes and advocate for favorable regulatory conditions.

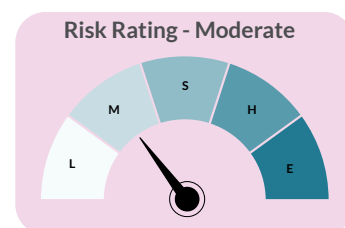


3. Risk Category - Operational Risk

An operational risk is defined as a risk incurred by an organization's internal activities. Operational risk focuses on the risks arising from the people, systems and processes through which the Company operates.

Mitigation Actions

- Practicing structured operational risk management across the organization
- Performing regular control reviews on high-risk areas to evaluate the effectiveness of existing controls
- Continuously monitoring compliance with regulatory and internal requirements via compliance dashboards
- Carrying out system control assessments in line with the annual internal audit plan
- Maintaining a Business Continuity Plan (BCP) to ensure smooth business operations amidst ongoing economic challenges.
- Adhering to ISO standards across all operations, that were stipulated in ISO 9001:2015 and ISO 14001

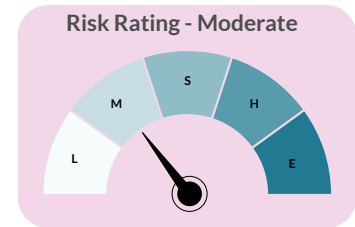


4. Risk Category - Exchange rate risk

Volatility in USD/LKR exchange rates affecting the cost of imported raw materials like copper, Aluminium and XLPE

Mitigation Actions

- Continuously monitor macroeconomic trends and changes in government policies to assess potential business impacts.
- Maintain an adequate foreign currency reserve buffer to ensure the timely execution of critical international payments.
- Stay informed on global political events that could impact trade regulations, currency stability, or supply chains.

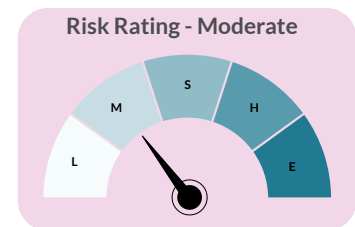


5. Risk Category - Human Resource Risk

The negative impact on the business due to the loss of key executives, inability to attract, develop, and retain a skilled workforce, and challenges in succession planning. This may affect operational continuity, leadership effectiveness, and the overall growth of the organization.

Mitigation Actions

- Maintain an employee evaluation scheme to reward talented employees.
- Maintain healthy and cordial relationships with employees at all levels through Joint Consultative Committees (JCC)
- Provide various employee benefits through the Welfare Society.
- Conduct targeted and comprehensive employee training programs as needed to support ongoing learning and development initiatives.
- Develop and implement a structured succession planning strategy to ensure leadership continuity and organizational resilience

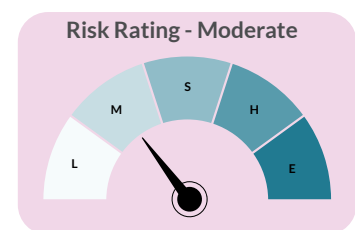


6. Risk Category - Health and Safety Risk

The likelihood that an individual may be harmed or suffers adverse health effects if exposed to a hazard

Mitigation Actions

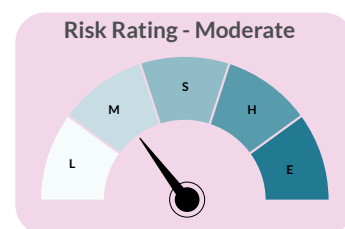
- Perform comprehensive health and safety evaluations to assess the adequacy of the Company's current safety protocols.
- Ensure the effectiveness of health and safety initiatives through ISO certifications and other relevant accreditations
- Ensure strict adherence to governmental health regulations and guidelines.



RISK MANAGEMENT

7. Sustainability and Climate related Risks

Climate-related physical and transition risks significantly impact companies' prospects. From an overall perspective on Sustainability-Related Risks (SRR) and Climate-Related Risks (CRR), the increasing global requirements, regulations, and policies aimed at sustainability are reshaping economies and markets. As the world moves away from unsustainable industrial practices toward cleaner, more sustainable technologies, companies face ongoing risks and challenges that must be addressed strategically.



Mitigation Actions

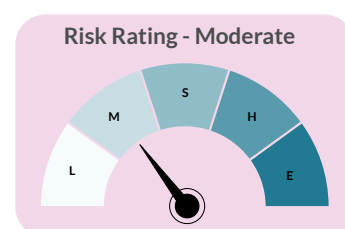
- Continuous evaluations of Sustainability related and Climate related risk and opportunities
- Implement awareness programmes focused on sustainability in financial reporting.
- Integrate Environmental, Social, and Governance (ESG) factors, into both strategic and operational decision-making processes.
- Utilize solar panels to harness renewable and environmentally-friendly energy sources, promoting sustainability and reducing carbon footprint.
- Promoting sustainable product development, including the use of eco-friendly materials and processes
- Monitoring and complying with evolving environmental regulations and sustainability reporting standards
- Engaging with stakeholders through transparent communication on sustainability initiatives and performance
- Conducting periodic assessments to identify and address emerging sustainability risks and opportunities

8. Legal and Regulatory risk

Risk The potential negative impact on the business due to non-compliance with external regulatory requirements and internal policies and procedures

Mitigation Actions

- Maintaining compliance and legal Dash Board to ensure timely compliance over regulatory requirements
- Conducting compliance assessment on a quarterly basis

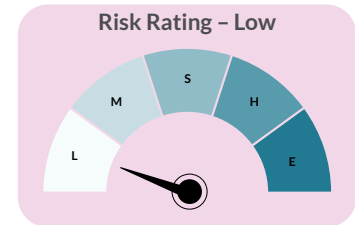


9. Liquidity Risk

Adverse impact on the liquidity position as a result of payment delays by debtors, long stock residence period, early payment to creditors, and other factors which may create a negative impact on the working capital cycle of the business

Mitigation Actions

- Conduct regular follow-ups on trade debtors and continuous reviews on the working capital management position of the business
- Expedite collection procedures of long outstanding balances through dedicated recovery officers
- Maintaining inventories effectively while complying with ISO procedures
- Processing payments for vendors as per treasury guidelines

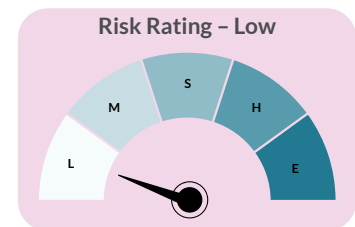


10. Risk Category – Business Probity Risk

Risk of unethical behavior, such as fraudulent invoicing or bribery, damaging the Company's reputation, integrity, and stakeholder trust.

Mitigation Actions

- Strengthening internal controls with a focus on identifying areas vulnerable to fraud and malpractices
- Enforcing a company-wide Code of Ethics to uphold integrity and accountability
- Carrying out fraud risk assessments to proactively identify potential threats
- Conducting internal audits and focused reviews on identified high-risk areas for frauds and malpractices
- Implementing and maintaining a formal whistleblowing mechanism to encourage the confidential reporting of misconduct or concerns.
- Upholding robust corporate governance practices across the organization



CHAIRMAN'S STATEMENT ON CORPORATE GOVERNANCE

THE CHAIRMAN'S STATEMENT

At ACL Plastics PLC, corporate governance is not viewed merely as a regulatory obligation but embraced as a strategic enabler that forms the bedrock of our decision-making processes, operational discipline, and stakeholder confidence. It reflects our enduring commitment to uphold the highest standards of transparency, integrity, and accountability in all aspects of our business.

It is with great responsibility and pride that I present this statement on corporate governance for the financial year under review. This statement is made in compliance with the Code of Best Practice on Corporate Governance 2023, jointly issued by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka. Furthermore, it aligns with the Continuing Listing Requirements set out in Section 9.1.3 of the Listing Rules of the Colombo Stock Exchange.

Our corporate governance framework is designed to drive sustainable long-term value creation, while reinforcing a culture rooted in ethical conduct, prudent risk management, and proactive stewardship. During the year, the Board strengthened its oversight responsibilities across several key areas including internal control systems, Risk Management, Governance stakeholder engagement, and regulatory compliance ensuring that our governance mechanisms remain agile and responsive to the evolving business landscape.

FOSTERING A CULTURE OF GOVERNANCE

The governance philosophy at ACL Plastics is deeply intertwined with our corporate values Innovation, Integrity, Responsibility, Excellence, and Urgency. These values guide our behavior, decision-making, and interactions at every level of the organization. To ensure that governance principles are effectively cascaded throughout the Company, we have enhanced internal audit functions, and maintained vigilant executive oversight. These measures reinforce our objective of cultivating a culture where governance is not only understood but lived by every employee.

CHAIRMAN'S DECLARATION

As Chairman of the Board, I am pleased to affirm that all Directors and members of the Management Team have complied with the Company's Code of Business Conduct and Ethics during the year under review. To the best of my knowledge, there have been no material breaches or violations that would undermine the ethical integrity of the Board or its individual members.

Looking forward, the Board remains steadfast in its commitment to strengthening our governance practices, with a focus on innovation, diversity, inclusivity, and resilience. We will continue to adapt and evolve, ensuring that ACL Plastics PLC remains a trusted, responsible, and future-ready corporate citizen.

On behalf of the Board of Directors, I would like to extend my sincere appreciation to our shareholders, employees, business partners, and all stakeholders for their unwavering trust and continued support.

(Sgd.)

U. G. Madanayake
Chairman

26 August 2025

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.

ACL Plastics PLC remains fully committed to maintaining the highest standards of corporate governance through strict adherence to all mandatory legal and regulatory frameworks, while also embracing key voluntary guidelines. In addition to full compliance with statutory requirements, the Company upholds the principles of the Code of Best Practice on Corporate Governance 2023, reflecting its ongoing dedication to transparency, accountability, and sustainable value creation. The summary below outlines our compliance status across all applicable frameworks.

Compliance Summary		
Adoption	Source	Adherence
Mandatory Provisions	The Companies Act No.7 of 2007 and regulations	Fully compliant
Mandatory Provisions	Listing Rules of the Colombo Stock Exchange (CSE)	
Mandatory Provisions	Securities and Exchange Commission of Sri Lanka Act No. 19 of 2021, including directives and circulars	
Mandatory Provisions	Code of Best Practice on Related Party Transactions (2013) advocated by the Securities and Exchange Commission of Sri Lanka (SEC)	
Voluntary provisions	Code of Best Practice on Corporate Governance 2023 issued jointly by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the Securities and Exchange Commission of Sri Lanka (SEC)	Compliant

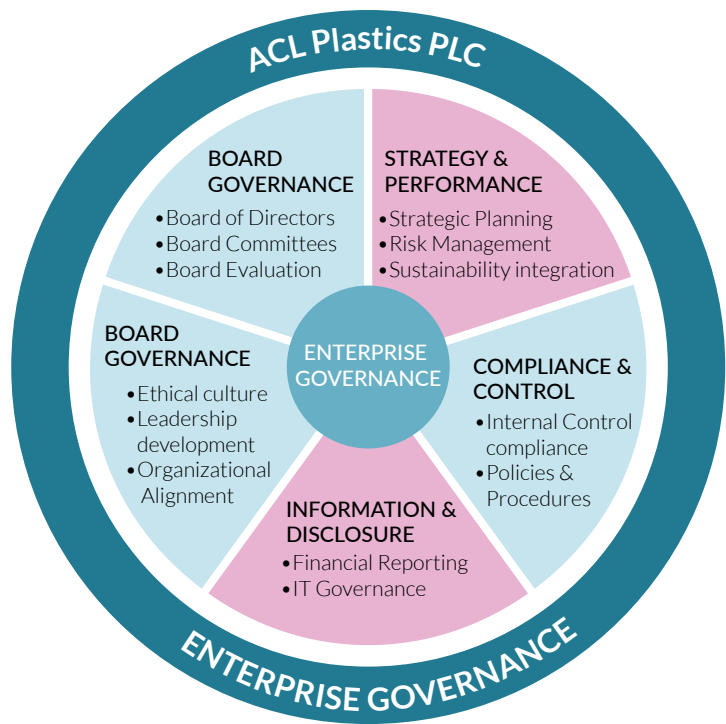
In alignment with the above guidelines, ACL Plastics PLC ensures comprehensive adherence to the Code of Best Practice on Corporate Governance 2023 through structured oversight, clear role segregation, and the effective functioning of Board Committees. The governance structure supports independent judgment, transparency in decision-making, and a culture of accountability across all levels of operation.

Through the implementation of robust internal controls, risk management systems, and stakeholder engagement mechanisms, the Company demonstrates its ongoing commitment to ethical conduct, regulatory compliance, and sustainable value creation. These initiatives collectively reinforce the integrity and resilience of ACL Plastics PLC's governance framework.

CORPORATE GOVERNANCE

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.



ROLE OF THE CHAIRMAN AND MANAGING DIRECTOR

The role of the Chairman is separate from that of the Managing Director, in line with best practices in Corporate Governance, ensuring that no single Director holds unfettered power or authority. Both the Chairman and the Managing Director are Executive Directors and close family members, and accordingly, a Senior Independent Director (SID) has been appointed to ensure compliance with Listing Rule No. 9.6.3. and Code of Best Practices in Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka Sec. No A.5.7 Furthermore, the Chairman does not hold the chairmanship of any Board Committee of ACL Plastics PLC, in adherence to Listing Rule No. 9.3.3.

Chairman’s Role and Responsibilities	Managing Director’s Role and Responsibilities
<p>Chairman leads the Board, preserving good corporate governance and ensuring that it works ethically and effectively, acting in the best interest of the Group.</p> <ul style="list-style-type: none">• 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	<p>The MD is an Executive Director appointed by the Board and is accountable for implementation of the Group’s strategic plan and driving performance.</p> <ul style="list-style-type: none">• 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 Company's achievements. It is tasked with delivering enterprising leadership within a structure of sound and efficient controls that facilitate the identification and management of risk. The Board defines the Company's strategic direction, secures the essential financial and human capital required to achieve its objectives, and monitors the effectiveness of management. Additionally, it establishes the Company's core values and principles, ensuring that responsibilities to shareholders and other stakeholders are recognized and fulfilled.



Formulating and overseeing the implementation of a robust business strategy



Appointing the Chair and, where applicable, the Senior Independent Director



Ensuring the management team have the requisite skills, experience, and knowledge to execute strategy



Establishing and maintaining an effective succession plan for the key management positions



Approving annual budgets and significant capital expenditure decisions



Defining matters reserved for the Board and delegating appropriate authority and financial powers to management



Ensuring effective systems are in place to uphold the integrity of information, internal controls, cyber security, business continuity, and risk management



Overseeing the development and implementation of an ICT roadmap aligned with the Company's Strategy, and monitoring progress through the ICT dashboard



Ensuring compliance with applicable laws, regulations, and ethical standards



Considering the interests of all stakeholders in corporate decision-making



Incorporating sustainable business practices and ESG risks and opportunities into the corporate strategy and decisions, including consideration of integrated reporting



Establishing and promoting Company values and standards, including the adoption of appropriate accounting policies and adherence to financial regulations.



Monitoring and evaluating the progress of strategy implementation, budgets, plans, and associated risks

FIT AND PROPER ASSESSMENT

ACL Plastics PLC places strong emphasis on upholding the highest standards of corporate governance and ethical leadership. As part of its commitment to regulatory compliance and good governance, the Company ensures that its Board of Directors meets the "Fit and Proper" criteria at all times.

In line with the requirements of Listing Rule No. 9.7.4 of the Colombo Stock Exchange (CSE), ACL Plastics PLC has obtained written declarations from all Directors, confirming their continued compliance with the fit and proper assessment criteria as outlined in Listing Rule No. 9.7.3. These declarations affirm that each Director possesses the integrity, competence, experience, and financial soundness necessary to discharge their fiduciary duties effectively.

Furthermore, the fit and proper evaluation also adheres to the provisions stipulated in Schedule D of the Code of Best Practice on Corporate Governance, issued by the Institute of Chartered Accountants of Sri Lanka. This process ensures that the Company not only complies with regulatory requirements but also promotes sound ethical conduct and decision-making at the Board level.

Through this structured assessment, ACL Plastics PLC reinforces its commitment to Board independence, accountability, and transparency, thereby safeguarding stakeholder confidence and maintaining long-term corporate value.

THE BOARD COMPOSITION

ACL Plastics PLC is fully committed to maintaining a balanced and well-structured Board that upholds the principles of transparency, accountability, and effective oversight. The composition of the Board has been designed to ensure a mix of skills, experience, and independence in line with recognized governance standards.

CORPORATE GOVERNANCE

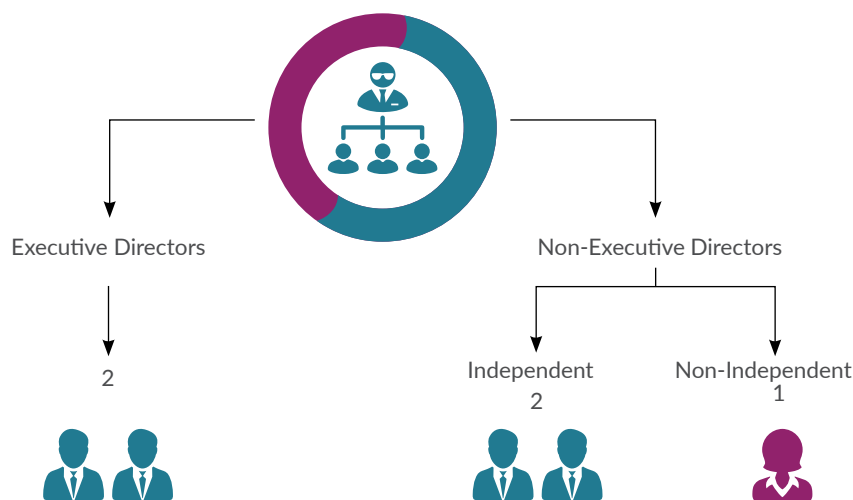
The current composition of the Board complies with the provisions of Listing Rule No. 9.8.1 of the Colombo Stock Exchange (CSE) and Section A.5.1 of the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka. As at the reporting date, the Board comprises five (05) Directors, of whom three (03) are Non-Executive Directors. Among these Non-Executive Directors, two (02) have been designated as Independent Non-Executive Directors.

The Chairman of the Board of Directors is not classified as an Independent Director, as he functions in an executive capacity and maintains familial ties with the Managing Director. Despite this, the Board of ACL Plastics PLC is structured to uphold a sound balance of independence and oversight. A majority of the Board members serve in a Non-Executive capacity, which reinforces the objectivity and integrity of Board deliberations and decision-making processes. This composition enables the Board to exercise effective oversight over management while ensuring that strategic and governance responsibilities are carried out in the best interests of all stakeholders.

The Board has formally determined that these two (02) Independent Non-Executive Directors meet the independence criteria set forth under Listing Rule No. 9.8.3 of the CSE and Section A.5.5 of the Corporate Governance Code issued by CA Sri Lanka. This determination is based on a robust evaluation of their professional background, financial and personal interests, and freedom from any business or other relationships that could materially interfere with the exercise of their independent judgment.

This composition ensures that the Board of ACL Plastics PLC benefits from a diversity of perspectives, fosters objective decision-making, and preserves a strong system of checks and balances in its governance processes. The names and profiles of the Directors are provided on pages 22 to 23 of the Annual Report.

THE BOARD COMPOSITION



THE BOARD DIVERSITY

At ACL Plastics PLC, we firmly acknowledge the importance of diversity within the Boardroom and recognize its critical role in enhancing governance, strategic insight, and decision-making. The Company is committed to building and maintaining a Board that reflects a broad spectrum of skills, experiences, and perspectives, which align with the evolving needs of the business and its long-term vision.

ACL Plastics is fully aware that diversity encompassing demographic characteristics, professional and educational backgrounds, industry experience, gender, and socio-cultural perspectives enriches the Board's collective intelligence. A diverse Board strengthens engagement with the Company's broad stakeholder base, enables richer insights into emerging market trends, and provides stronger connectivity with the external environment. This ultimately enhances the Company's responsiveness to stakeholder expectations and social responsibilities.

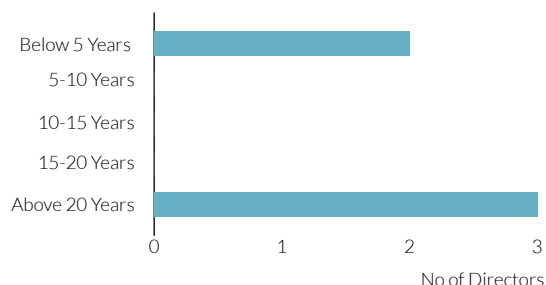
While striving for diversity, ACL Plastics PLC remains equally committed to upholding a strong culture of meritocracy. The Company believes that Board effectiveness must not be compromised in pursuit of diversity. Accordingly, all appointments to the Board are based on the candidates' qualifications, expertise, and alignment with the Company's values and strategic direction.

To this end, ACL Plastics actively seeks to attract and appoint suitably qualified individuals from varied demographics and professional backgrounds, ensuring a balanced and high-performing Board that supports sustainable value creation.

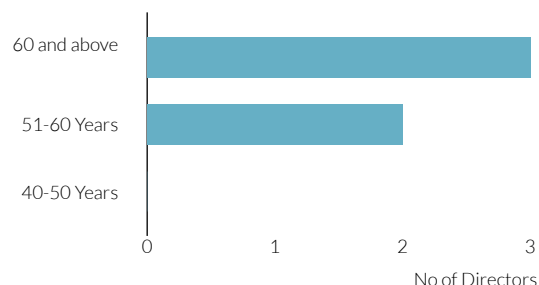
BOARD SKILLS

The Board comprises Directors with diverse and complementary skills, knowledge, and experience vital for steering the Company toward its corporate objectives and creating long-term value. Further details of their qualifications and experience are provided under the Board Profiles section of the Annual Report.

TENURE



AGE OF DIRECTORS



BOARD INDEPENDENCE

Board independence remains a critical element of strong corporate governance and is increasingly emphasized by regulators, investors, and governance bodies. ACL Plastics PLC acknowledges that true independence extends beyond formal definitions and requires practical, principle-driven implementation across its governance structure.

In line with the Corporate Governance Best Practices 2023, particularly Principal A.1.2 and its supporting guidance, the

Company ensures that independent decision-making is embedded within the Board through rigorous nomination processes, robust assurance mechanisms, and structured Board evaluations. Independence is regularly assessed not just in form, but in substance, reinforcing a culture of objectivity and accountability.

ACL Plastics PLC fosters Independent Director-led engagement, empowering these directors to contribute meaningfully to strategic discussions and governance oversight. The Company's governance

practices include periodic performance reviews and active participation of Independent Directors across key committees, as encouraged under Best Practice Guideline A.5.5 of the Corporate Governance Code 2023 and rule No. 9.18.4 of the Colombo Stock Exchange

Through these measures, ACL Plastics PLC balances regulatory compliance with operational effectiveness, promoting independence that supports both stakeholder trust and sustainable corporate performance.

The independence of all Independent Non-Executive Directors was assessed in accordance with established criteria,

Criteria for defining Independence	Status of conformity of INED
None of the INEDs have Shareholding carrying 05 per cent or more of voting rights.	Compliant
None of the INEDs is a director of another company*	Compliant
None of the INEDs have Income/non-cash benefits equivalent to 10 per cent of the Director's annual income, excluding income/non-cash benefits received, which are applicable on a uniform basis to all Non-Executive Directors on the Board.	Compliant
None of the INEDs have employment at ACL Plastics or a material business relationship with ACL Plastics currently or in the three years immediately preceding their appointment as Directors.	Compliant
None of the INEDs have a close family member who is a Director, CEO or Key Management Personnel.	Compliant
None of the INEDs have served on the Board continuously for a period exceeding nine years from the date of the first appointment.	Compliant
None of the INEDs are employed or have a material business relationship and/or significant shareholding in other companies*. Entails other companies that have significant shareholding in the Company and the Company has a business connection with	Compliant
None of the INEDs are above the age of seventy (70) years	Compliant

* Other companies in which a majority of the other Directors of the listed company are employed or are Directors, or have a significant shareholding or have a material business relationship or where the core line of business of such company is in direct conflict with the line of business of the listed company.

CORPORATE GOVERNANCE

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

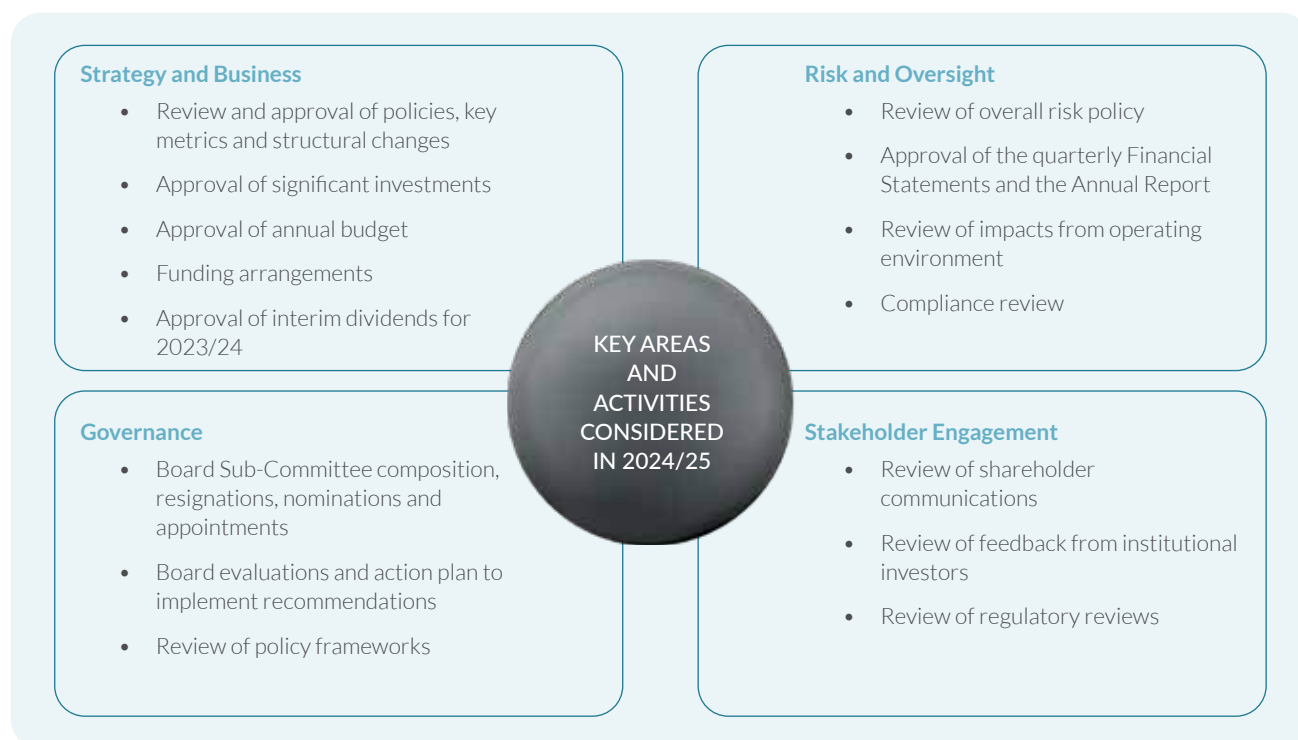
on the underlying operating model of a corporate. These checks and balances may entail, among others, the establishment of various assurance mechanisms and the use of systematic and comprehensive Board evaluation processes and Independent Director lead engagement.

FINANCE ACUMEN

The Board of ACL Plastics PLC comprises professionals with extensive expertise in Corporate Finance, Financial Reporting, Auditing, Tax Planning, Treasury Operations, and Strategic Risk Oversight. This collective financial competence enables the Board to rigorously evaluate financial performance, ensure fiscal discipline, and contribute meaningfully to strategy formulation with a focus on long-term value creation and resilience.

BOARD MEETINGS

Board meetings at ACL Plastics are structured gatherings where key decisions are made, and strategic directions are discussed and reviewed. The Board meets on a quarterly basis as scheduled in advance, with additional meetings called as needed for specific purposes. These gatherings serve as platforms for deliberating a wide range of subjects relevant to the business. A hallmark of these meetings is the open exchange of perspectives among Directors, who contribute their wealth of experience and independent judgment to the discussions and decision-making process. Furthermore, the Group Chief Financial Officer is invited to participate in Board meetings as a permanent invitee.



DIRECTORS' ATTENDANCE RECORD

The attendance of Directors at relevant meetings of the Board held during 2024/2025 was as follows.

Name of the Director	Type of Directorship	No Meetings
Mr. U.G. Madanayake	Executive Director	4/4
Mr. H.A.S. Madanayake	Executive Director	4/4
Mrs. N.C. Madanayake	Non-Executive Director	2/4
Mr. R. M. M. J. Ratnayake	Senior Independent Non-Executive Director	4/4
Mr. P.R. Somawansa	Independent Non-Executive Director	4/4

THE TOTAL NUMBER OF BOARD SEATS (EXCLUDING ACL PLASTICS PLC) HELD BY EACH DIRECTOR AS OF 31ST MARCH 2025

In compliance with Section A.10.1 of the Code of Best Practice on Corporate Governance 2023, which emphasizes the importance of transparency and accountability in the governance structure of a company, the total number of board seats held by each Director excluding their directorship in ACL Plastics PLC is disclosed as follows.


Name of the Director	No. of Board seats – Listed Companies	
	Executive	Non-Executive
Mr. U. G. Madanayake	2	1
Mr. H. A. S. Madanayake	2	3
Mrs. N. C. Madanayake	-	2
Mr. R. M. M. J. Ratnayake	-	5
Mr. P. R. Somawansa	-	-

SENIOR INDEPENDENT DIRECTOR


Mr. Mohan Ratnayake continued to serve as the Senior Independent Director (SID) of ACL Plastics PLC during the financial year under review. The appointment of a SID is a key element in strengthening the Company's corporate governance framework, as it provides an additional layer of oversight and objectivity at the Board level. In accordance with Listing Rule 9.6.3 and Best Practice Guideline A.5.7 of the Corporate Governance Code 2023, the SID is entrusted with the responsibility of leading the evaluation of the performance of both the Board and its Chairman, thereby promoting a culture of accountability and continuous improvement.

Beyond this evaluative function, the SID also acts as a vital point of contact for shareholders and Directors, particularly in situations where it may be inappropriate or ineffective for concerns to be raised through the usual channels. By offering an independent avenue for dialogue and governance assurance, the SID contributes significantly to the enhancement of Board effectiveness and supports the principles of transparency, integrity, and sound decision-making. This role is integral to upholding stakeholder confidence and ensuring the long-term sustainability of the Company's governance practices.


RESPONSIBILITIES OF THE SENIOR INDEPENDENT DIRECTOR




Convene meetings of independent directors at least once a year




Report key observations and concerns from these meetings to the Chairman and the Board




Lead the annual appraisal of the Chairman's performance




Hold a casting vote during the Chairman's appraisal meeting



Disclose the outcome of the Chairman's performance review in the Annual Report



Be available to other Directors for confidential discussions when they have unresolved concerns



Ensure that any unresolved concerns raised by directors are documented in the Board minutes

APPOINTMENT, RE-ELECTION AND RESIGNATION OF DIRECTORS

During the financial year 2024/25, the Board of ACL Plastics PLC was strengthened by the appointment of Mr. Rohan Somawansa as an Independent Non-Executive Director, with effect from 28th June 2024. Mr. Somawansa brings a wealth of experience and independent insight to the Board, further enhancing its governance framework and contributing to the Company's commitment to maintaining the highest standards of accountability and strategic oversight. His appointment aligns with the principles of sound corporate governance and reflects the Board's ongoing efforts to ensure balanced representation and robust decision-making at the highest level.

TRAINING FOR THE DIRECTORS

As per Section A.1.8 of the Code of Best Practice on Corporate Governance (2023), ACL Plastics PLC is committed to ensuring that all Directors are equipped with the knowledge and skills necessary to discharge their responsibilities effectively. Every Director undergoes a structured induction program upon appointment, providing a comprehensive understanding of the Company's operations, governance framework, and strategic priorities. The Company's policy further promotes continuous professional development by offering tailored training opportunities, aligned to the evolving needs and relevance of each Director's role, thereby fostering ongoing Board effectiveness and governance excellence.

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.

CORPORATE GOVERNANCE

ACCOUNTABILITY AND STATUTORY AUDIT

The Board is committed to upholding the highest standards of corporate accountability by ensuring a fair, balanced, and transparent presentation of the Company's financial position and future prospects. In discharging this responsibility, the Board ensures that the Quarterly and Annual Financial Statements are prepared and presented in full compliance with the Sri Lanka Accounting Standards and meet all statutory obligations under the Companies Act No. 07 of 2007.

A detailed account of the Company's performance, principal activities, and governance practices is included in the Report of the Directors, which can be found on pages 71 to 73 of this Annual Report. The Statement of Directors' Responsibilities for Financial Reporting, which outlines the Board's Accountability in preparing accurate and reliable financial statements, is disclosed on page 80, alongside the Independent Auditors' Report presented on page 81 to 83.

Furthermore, in accordance with sound governance and financial prudence, the Board has reviewed and affirmed the Company's ability to continue as a going concern. The Going Concern Declaration is explicitly addressed within the Report of the Directors on page 71 of this Annual Report, providing assurance to shareholders and stakeholders regarding the Company's ongoing viability.

INTERNAL CONTROLS

The Board of Directors of ACL Plastics PLC acknowledges its ultimate responsibility for establishing and maintaining a robust system of internal controls designed to protect shareholders' investments, safeguard Company assets, and ensure the integrity of financial and operational reporting.

In accordance with Section A.1.2 of the Code of Best Practice on Corporate Governance (2023), the Board ensures that its governance framework supports continuous Board effectiveness. This includes providing Directors with the necessary knowledge, training, and access to information to competently oversee internal control responsibilities.

The Company's internal control framework is structured to:

- Facilitate accurate and timely financial reporting
- Promote compliance with applicable laws, regulations, and internal policies
- Prevent and detect fraud and errors
- Support sound decision-making through reliable operational and management information
- Maintain efficiency and effectiveness in operational processes.

The internal control system operates across all levels of the organization and is embedded into day-to-day business functions. It is periodically reviewed for adequacy and effectiveness by the Audit Committee, which plays a critical oversight role. The Committee is empowered to escalate any material deficiencies, significant operational anomalies, or emerging control concerns to the Board as necessary.

While the system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives, it provides a reasonable but not absolute level of assurance against material misstatements, financial loss, or operational disruptions.

RISK MANAGEMENT

ACL Plastics PLC recognizes that effective risk management is essential for safeguarding the Company's assets, protecting stakeholder interests, and ensuring the sustainable delivery of strategic and operational objectives. The Company adopts a structured, enterprise-wide approach to risk management, with oversight responsibilities formally delegated by the Board to the Audit Committee.

The Audit Committee is entrusted with identifying, evaluating, and continuously monitoring the Company's risk exposures, while also advising the Board on appropriate management strategies to mitigate or respond to these risks. This proactive oversight supports informed decision-making and enables the Company to anticipate, prepare for, and adapt to both existing and emerging risk factors.

A detailed assessment of key risks is presented in the Risk Management section of this Annual Report.

ACL Plastics PLC's risk management framework is aligned with its broader sustainability and corporate responsibility commitments. The Company's approach to risk management is guided by the following core objectives:

- Delivering consistent and long-term value to customers
- Promoting environmentally sustainable and responsible product innovation
- Maintaining a safe, secure, and healthy workplace for all employees
- Preventing unexpected losses, operational breakdowns, and supply chain disruptions
- Optimizing the efficient use of finite resources and minimizing waste
- Mitigating environmental pollution and reducing the Company's ecological footprint
- Fostering responsible supplier relationships and ensuring continuity of critical inputs
- Building trust and goodwill within the communities in which the Company operates

In pursuit of these objectives, the Company continuously strengthens its risk identification and mitigation capabilities through quarterly risk assessments. The Company remains committed to enhancing its risk culture and embedding risk awareness at every level of the organization.

INTERNAL COMPLIANCE

A quarterly compliance review was conducted by the Group Risk and Control function to assess adherence to statutory and regulatory requirements, as well as to identify any material deviations from laws and internal policies. This process is an integral part of the Company's internal control framework and supports proactive risk mitigation.

To enhance transparency and oversight, a detailed compliance dashboard highlighting key findings, compliance status, and any exceptions was prepared and presented to the Audit Committee

at its scheduled meetings. In addition, formal affirmation statements were obtained from the respective responsible officers, confirming their compliance with applicable laws, regulations, and internal policies. This approach reinforces accountability and supports the Company’s ongoing commitment to regulatory integrity and governance excellence.

SEGREGATION OF DUTIES (SOD)

The ACL Plastics PLC 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 unlikely, the Group 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.

WHISTLE BLOWER POLICY

The Group has established a comprehensive whistle-blower policy in accordance with Section D.6.4 of the Code of Best Practice on Corporate Governance (2023). This policy provides an effective and secure mechanism for staff members and other stakeholders to disclose any concerns related to ethics, compliance, or other organizational matters. By ensuring that the process is both transparent and confidential, the policy encourages individuals to come forward with concerns without fear of exposure or retribution.

Under this policy, any person who discloses concerns in good faith is protected from retaliation or adverse consequences. This provision aligns with the principle outlined in D.6.4 of the Code, which emphasizes the importance

of safeguarding whistle-blowers to promote ethical behavior and transparency within the organization. Furthermore, the policy outlines a clear and structured reporting procedure, specifying the steps involved in submitting concerns and the process by which such reports will be handled.

The procedure ensures that all reports are treated with the highest level of confidentiality and are thoroughly investigated in a fair and unbiased manner. This system not only complies with regulatory standards but also reinforces the Group’s commitment to fostering an ethical corporate culture where transparency and accountability are prioritized. By adhering to these principles, the policy builds trust among employees and stakeholders, encouraging a culture where ethical concerns can be raised and addressed promptly and effectively.

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 Four Board Sub- Committees are as follows:

- i. Audit Committee
- ii. Related Party Transactions Review Committee
- iii. Remuneration Committee
- iv. Nomination and Governance Committee

Sub-Committee	Areas of Oversight
Audit Committee	<ul style="list-style-type: none">Evaluating the integrity of financial statements and adequacy of internal controlsOversight of external audit processes, including appointment, independence, and performance of external auditorsOversight of internal audit functions and reviewing internal audit plans and findingsMonitoring effectiveness of risk management systems and internal control frameworksEnsuring compliance with legal and regulatory requirements related to financial reporting
Related Party Transactions Review Committee	<ul style="list-style-type: none">Reviewing, monitoring, and approving transactions with related parties as defined under LKAS 24 and CSE Listing RulesEnsuring related party transactions are conducted on an arm’s length basis and in the best interests of the CompanyDisclosing related party transactions in accordance with regulatory requirementsAdvising the Board on necessary measures to mitigate conflicts of interest
Remuneration Committee	<ul style="list-style-type: none">Establishing and reviewing the remuneration policy for the Group, with particular focus on Key Management PersonnelSetting goals, targets, and performance benchmarks for Key Management PersonnelReviewing and approving annual salary increments, bonuses, and long-term incentive schemesEnsuring remuneration structures promote long-term shareholder value and align with market best practices

CORPORATE GOVERNANCE

Sub-Committee	Areas of Oversight
Nomination and Governance Committee	<ul style="list-style-type: none"> Identifying, evaluating, and recommending candidates for Board and senior management appointments Overseeing Board succession planning and ensuring an appropriate mix of skills, diversity, and independence Monitoring Board and Committee performance evaluations and recommending improvements Reviewing and updating corporate governance policies to align with emerging best practices Ensuring continuous professional development and training for Directors

AUDIT COMMITTEE

In compliance with Section 9.13.3 of the Colombo Stock Exchange (CSE) Listing Rules and Section D.3.1 of the Code of Best Practice on Corporate Governance (2023) issued by the Institute of Chartered Accountants of Sri Lanka, ACL Plastics PLC ensures the proper constitution of its Audit Committee to uphold the principles of independence, accountability, and sound oversight.

In line with Section 9.10.3 of the Colombo Stock Exchange (CSE) listing rules, the following announcements were made by the company due to the changes made to the composition the Audit Committee during the financial year 2024/25.

In line with the Company's ongoing Board restructuring and Committee realignment initiatives aimed at enhancing governance effectiveness, Mr. Ajit Jayaratne stepped down from his role as Chairman and member of the Audit Committee. The Board extends its sincere appreciation to Mr. Jayaratne for his valuable contributions during his tenure.

Following this change, and in strict adherence to the Colombo Stock Exchange (CSE) Listing Rule 9.13.3, as well as prevailing corporate governance best practices which mandate that the Audit Committee be chaired by an Independent Non-Executive Director, the Board appointed Mr. Mohan Joseph Ratnayake, Senior Independent Non-Executive Director, as Chairman of the Audit Committee with effect from 1st October 2024. This appointment reflects the Company's continued commitment to upholding the highest standards of transparency, accountability, and regulatory compliance in its governance structures.

Effective 1st October 2024, Mr. Rohan Somawansa, Independent Non-Executive Director, was appointed to the Audit Committee, strengthening its composition with his extensive expertise and independent oversight. Concurrently, Mr. Rajiv Casie Chitty, Non-Executive Director, ceased to serve as a member of the Audit Committee with effect from 30th September 2024. The Board extends its sincere appreciation to Mr. Casie Chitty for his valuable contributions to the Committee during his tenure.

Mrs. N. C. Madanayake, Non-Executive Director, was appointed as a member of the Audit Committee with effect from 1st October 2024, enhancing the collective experience and oversight capabilities of the Committee.

These changes reinforce ACL Plastics PLC's commitment to maintaining the highest standards of audit oversight, financial integrity, and corporate governance, in line with regulatory expectations and best practices.

Further details of the Audit Committee are given in their report on page 77

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

In accordance with the rule No 9.14 of listing rules of the Colombo Stock Exchange and the Section D.5 of the Code of Best Practice on Corporate Governance 2023, ACL Plastics PLC has established a Related Party Transactions Review Committee (RPTRC) to ensure that all related party transactions are conducted in a fair, transparent, and arm's length manner. The Committee is tasked with reviewing, approving, and recommending related party transactions in line with the regulatory requirements, thereby safeguarding the interests of shareholders and upholding good governance practices.

The composition of the Related Party Transaction Review Committee (RPTRC) of ACL Plastics PLC is in full compliance with applicable regulatory requirements, including the Colombo Stock Exchange (CSE) Listing Rules. As mandated, the Committee comprises a minimum of three Directors, with at least two being Independent Non-Executive Directors. At the discretion of the Board, Executive Directors may also serve as members. The Committee is chaired by an Independent Non-Executive Director appointed by the Board, ensuring robust oversight and independence in the review of related party transactions.

During the year under review, there were notable changes to the composition of the Committee. Mr. Ajit Jayaratne stepped down from his position as Chairman and member of the RPTRC. The Board places on record its deep appreciation for Mr. Jayaratne's invaluable guidance and steadfast commitment throughout his tenure, during which he contributed significantly to enhancing the transparency and governance of related party transactions.

Pursuant to this change and in strict adherence to CSE Listing Rule 9.14.2, which stipulates that the RPTRC must be chaired by an Independent Non-Executive Director, the Board appointed Mr. Mohan Joseph Ratnayake, Senior Independent Non-Executive Director, as Chairman of the Committee with effect from 1st October 2024. This appointment underscores the Company's unwavering commitment to maintaining the highest

standards of good governance, integrity, and regulatory compliance in all its practices.

In further strengthening the Committee's composition, Mr. Rohan Somawansa, Independent Non-Executive Director, was appointed as a member of the RPTRC effective 1st October 2024. Mr. Somawansa brings with him a wealth of experience and independent judgment, enhancing the Committee's capacity to execute its mandate effectively. Simultaneously, Mr. Rajiv Casie Chitty, Non-Executive Director, relinquished his role as a member of the Committee with effect from 30th September 2024. The Board expresses its sincere gratitude to Mr. Casie Chitty for his valuable contributions and service during his tenure.

The Committee continues to benefit from the insights of Mr. Suren Madanayake, Executive Director, who remains a serving member. The reconstituted Committee is well-positioned to provide independent, objective scrutiny of all related party transactions, further reinforcing the Company's governance framework.

These appointments and changes reflect the Company's commitment to strengthening governance frameworks while ensuring continuous compliance with regulatory best practices.

Further details of the Related Party Transactions Review Committee are given in their report on page 74

REMUNERATION COMMITTEE

The Remuneration Committee of ACL Plastics PLC is constituted in accordance with Section B.2 of the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka and Rule No. 9.12 of the Listing Rules of the Colombo Stock Exchange. The Committee is entrusted with the responsibility of determining and recommending to the Board a fair, transparent, and competitive remuneration policy for the Company's Executive Directors and Senior management, in alignment with the long-term interests of shareholders and other key stakeholders.

In keeping with corporate governance principles, the Committee comprises a minimum of three Directors, with at least two being Independent Non-Executive Directors. Executive Directors do not serve as members, and the Committee is chaired by an Independent Non-Executive Director, duly appointed by the Board. The composition during the year reflected these governance standards and was structured to safeguard objectivity and independence in the decision-making process.

During the first half of the financial year 2024/25, Mr. Ajit Jayaratne stepped down from his roles as Chairman and member of the Remuneration Committee. The Board of Directors wishes to formally record its profound appreciation for Mr. Jayaratne's exemplary leadership, strategic insight, and unwavering dedication to upholding the principles of sound governance throughout his tenure with the Company.

Following this transition, and in full compliance with the Colombo Stock Exchange Listing Rule 9.12.6 which mandates that the Remuneration Committee be chaired by an Independent Non-Executive Director the Board appointed Mr. Mohan Joseph Ratnayake, Senior Independent Non-Executive Director, as Chairman of the Remuneration Committee, effective 1st October 2024. This appointment reflects the Company's enduring commitment to uphold the highest standards of corporate governance, ethical leadership, and regulatory adherence.

To further strengthen the independence and effectiveness of the Committee, Mr. Rohan Somawansa, Independent Non-Executive Director, was appointed as a member of the Remuneration Committee, also effective from 1st October 2024. Mr. Somawansa's extensive expertise and objective perspective are expected to significantly enhance the Committee's ability to discharge its responsibilities with rigour and impartiality.

Simultaneously, Mr. Rajiv Casie Chitty, Non-Executive Director, stepped down from his position as a member of the Committee with effect from 30th September 2024. The Board extends its sincere gratitude to Mr. Casie Chitty

for his valuable contributions and active engagement in supporting the Committee's functions during his period of service.

In addition, the Board is pleased to announce the appointment of Mrs. N. C. Madanayake, Non-Executive Director, to the Remuneration Committee with effect from 1st October 2024. Her appointment further enhances the Committee's diversity of perspective and collective expertise, reinforcing the Company's commitment to transparent and accountable governance practices.

The Committee convened as necessary during the year to review and recommend a structured remuneration framework that balances fixed and performance-linked components. These measures aim to attract, retain, and incentivise Executive Directors and senior leadership, aligning individual performance with the strategic goals and sustainable value creation of the Company.

Further details of the Remuneration Committee are given in their report on page 76

NOMINATION AND GOVERNANCE COMMITTEE.

The Nomination and Governance Committee of ACL Plastics PLC is constituted in accordance with Sections A.7 and A.8 of the Code of Best Practice on Corporate Governance (2023) issued by the Institute of Chartered Accountants of Sri Lanka, and Rule 9.11 of the Listing Rules of the Colombo Stock Exchange.

In line with the regulatory requirements, the Nomination and Governance Committee is structured to comprise a minimum of three Directors, of whom at least two are Independent Directors. Furthermore, an Independent Director must be appointed as Chairperson of the Committee by the Board of Directors.

In compliance with the aforementioned Code and CSE Listing Rules, ACL Plastics PLC Formally established the Nomination and Governance Committee with effect from 1st October 2024.

CORPORATE GOVERNANCE

In accordance with Colombo Stock Exchange Listing Rule 9.11.4, which stipulates that the Committee must be chaired by an Independent Non-Executive Director, the Board appointed Mr. Mohan Joseph Ratnayake, Senior Independent Non-Executive Director, as Chairman of the Nomination and Governance Committee, effective 1st October 2024. Concurrently, Mr. Rohan Somawansa, Independent Non-Executive Director, was appointed as a member of the Committee, thereby enhancing its independent oversight and strengthening its governance credentials.

Further augmenting the Committee's depth of expertise and diversity, the Board appointed Mrs. N. C. Madanayake, Non-Executive Director, to the Nomination and Governance Committee with effect from 1st October 2024. Her inclusion reflects the Company's continued commitment to promoting inclusive governance practices and fostering robust Board oversight through a well-rounded and capable Committee.

These changes collectively underscore ACL Plastics PLC's steadfast adherence to the principles of good governance and its proactive approach in ensuring the integrity and sustainability of its Board and governance structures.

The Committee met as required during the year to review Board succession plans, assess the independence and performance of Directors, and ensure that the Board possesses the necessary skills and diversity to meet the Company's long-term strategic objectives. The Committee remains committed to fostering governance excellence and supporting a high-performing Board structure in the best interest of all stakeholders.

Further details of the Nomination and Governance Committee are given in their report on page 79

CODE OF BUSINESS CONDUCT AND ETHICS

The Company has adopted a Code of Business Conduct and Ethics applicable to its Directors, Senior management & its employees, promoting integrity and ethical leadership. ACL Plastics PLC also aligns its governance practices with the Code of Best Practice on Corporate Governance

issued by the Institute of Chartered Accountants of Sri Lanka and complies with 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

In line with the Listing Rule No. 9.2.1 of the Colombo Stock Exchange (CSE) and in adherence to the principles outlined in the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), ACL Plastics PLC has adopted a comprehensive suite of governance policies. These policies serve as a cornerstone for the Company's commitment to integrity, accountability, and transparency in all aspects of its operations.

Each policy has been designed to reflect global and local governance standards and to guide the Board of Directors and management in upholding their fiduciary responsibilities. The implementation and periodic review of these policies ensure that the Company remains resilient, ethically driven, and aligned with the expectations of our stakeholders, regulators, and the capital markets.

- (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

IT GOVERNANCE & CYBERSECURITY

In an era defined by rapid technological advancements and heightened digital interconnectivity, robust IT governance and effective cybersecurity frameworks have become foundational pillars for ensuring operational resilience, business continuity, and stakeholder confidence. At ACL Plastics PLC, we recognize that the strategic oversight and prudent management of our information and technology assets are critical enablers of sustainable growth, value creation, and corporate integrity.

Aligned with Section G of the Code of Best Practice on Corporate Governance (2023) and the Listing Rules of the Colombo Stock Exchange, the Board of Directors assumes ultimate accountability for establishing and maintaining a comprehensive IT governance framework. This framework ensures that our technology initiatives are fully integrated with the Company's overall strategic direction, that investments in digital infrastructure are value-driven, and that associated risks particularly those related to cybersecurity are proactively identified, assessed, and mitigated.

Through continuous monitoring, policy enforcement, and alignment with industry best practices, ACL Plastics PLC remains committed to safeguarding its digital ecosystem while enabling innovation and supporting long-term business objectives.

CYBERSECURITY AND DATA PROTECTION

The Company is acutely aware of the growing sophistication and frequency of cyber threats and has taken proactive measures to strengthen its cybersecurity posture. In line with Section D.3.4 of the Corporate Governance Code, we have adopted a layered and risk-based cybersecurity strategy, which includes:

- A defined Cybersecurity Policy outlining the roles, responsibilities, controls, and response mechanisms.
- Use of firewalls, encryption, multi-factor authentication, intrusion detection systems, and endpoint protection to safeguard information systems.

- Regular cyber risk assessments and internal audits conducted by the IT division and reviewed by the Audit Committee.
- Deployment of disaster recovery (DR) and business continuity plans (BCP) that are tested periodically to ensure readiness and resiliency in the face of cyber disruptions.
- Ongoing staff training and awareness programs to ensure all employees understand their roles in preventing cybersecurity incidents.

ACL Plastics PLC also ensures strict adherence to relevant Personal Data Protection Act, No. 9 of 2022 (PDPA) and maintains a secure environment for processing and storing sensitive data.

MONITORING, EVALUATION & REPORTING

In line with governance best practices, the Company has implemented mechanisms for regular monitoring and evaluation of IT-related risks and controls. Key performance indicators (KPIs), audit findings, compliance reports, and risk analytics are reviewed by senior management and reported to the Board through the Audit Committee on a quarterly basis.

During the year under review, no material cybersecurity incidents were reported, and systems operated without significant disruption. The Company continues to invest in new technologies and control systems to remain resilient against evolving cyber threats.

ACL Plastics PLC remains committed to strengthening its IT governance environment in support of operational excellence, regulatory compliance, and long-term value creation for its stakeholders.

SUSTAINABILITY: ESG RISKS AND OPPORTUNITIES

At ACL Plastics PLC, sustainability is integral to our corporate strategy, governance framework, and value creation model. We are committed to identifying, managing, and disclosing Environmental, Social, and Governance (ESG) risks and opportunities in alignment with Section H of the Code of Best Practice on Corporate Governance (2023) issued by the Institute of Chartered Accountants of Sri Lanka, and the Listing Rules of the Colombo Stock Exchange.

Further details of the ESG risk and opportunities are given in their report on page 34

GOVERNANCE AND OVERSIGHT

The Board of Directors holds ultimate responsibility for ESG oversight, ensuring that ESG considerations are embedded within our strategic decision-making processes. The Board is supported by the Audit Committee, which monitor ESG-related risks and opportunities, integrating them into our enterprise risk management framework. This approach ensures that ESG factors are systematically evaluated and addressed across all levels of the organization.

CONTINUOUS IMPROVEMENT AND FUTURE COMMITMENTS

We acknowledge that ESG considerations are dynamic and evolving. Therefore, we are committed to continuous improvement in our ESG practices, including:

- Regularly reviewing and updating our ESG policies and procedures.
- Setting measurable ESG targets and monitoring progress.

- Providing training and capacity-building programs for employees on ESG topics.
- Exploring opportunities for sustainable finance, such as green bonds, to fund environmentally beneficial projects.

By integrating ESG considerations into our core business operations, ACL Plastics PLC aims to enhance resilience, drive innovation, and contribute positively to society and the environment.

STAKEHOLDER ENGAGEMENT AND COMMUNICATION

ACL Plastics PLC remains dedicated to maintaining strong, transparent, and mutually beneficial relationships with all stakeholders. Guided by our core values and sound governance practices, we have implemented a structured stakeholder management approach that leverages multiple communication channels to address the specific interests of each stakeholder group.

INSTITUTIONAL AND OTHER INVESTORS

The Company acknowledges the important role of institutional investors in promoting good corporate governance. All shareholders are invited to actively participate in the Annual General Meeting (AGM), which serves as a key forum for dialogue, the presentation of financial results, and constructive feedback.

Through these efforts, the Company continues to foster transparency, accountability, and stakeholder confidence.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE CHECKLIST

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 sub-section (1) in relation to Subsidiaries	Yes	Financial Statements / Annual Report of the Board of Directors

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	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 of 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 of 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 of Shareholders
7.6 (vi)	Information pertaining to material foreseeable risk factors of the Entity	Yes	Risk Management
7.6 (vii)	Details of material issues pertaining to employees and industrial relations of the Entity	Yes	Human Capital
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
7.6 (ix)	Number of shares representing the Entity's stated capital	Yes	Notes to the Financial Statements

Rule	Requirement	Compliance Status	Reference within the Report
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 of Shareholders
7.6 (xi)	Financial ratios and market price information	Yes	Information of Shareholders
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
7.6 (xiii)	Details of funds raised through a public issue, rights issue, and a private placement during the year	Not Applicable	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	Not Applicable	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 Section 9 of the rule.	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 09 of the listing rules of The Colombo Stock Exchange (CSE) on Corporate Governance

Mandatory Provisions - Fully Compliant

Rule	Requirement	Compliance Status	Reference within the Report
9.1.3	Statement confirming the extent of compliance with the Corporate Governance Rules	Yes	Chairman's Statement on Corporate Governance
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. (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	Yes	All required policies have been available in the Company website.
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	Corporate Governance

CORPORATE GOVERNANCE

Rule	Requirement	Compliance Status	Reference within the Report
9.2.4	Listed entities shall make available all such policies to shareholders upon a written request being made for any such Policy	Yes	Policies will be available 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; <ul style="list-style-type: none"> (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.
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 9.10, 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. <ul style="list-style-type: none"> (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 	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: <ul style="list-style-type: none"> (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	<p>Policies on relations with shareholders and investors are available. The management have taken steps to publish the Company policy on effective communication and relations with shareholders on the website.</p> <p>The contact person for such communication please refer corporate information section</p>
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 under the policies on the matters relations to Board of Directors.
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 2025.
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 the SID Report.

Rule	Requirement	Compliance Status	Reference within the 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 9.6.1
9.6.3 & 9.6.4	The requirement for a SID and the rationale	Yes	An SID has been appointed. Please refer to the SID Report.
9.7.1, 9.7.2 & 9.7.3	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.	Yes	Nominations and Governance Committee has been established
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	Fit and proper assessment section under Corporate Governance.
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 five (05) Directors as of 31st March 2025.
9.8.2	Minimum Number of Independent Directors	Yes	The Board consists of Two (02) Independent Non-Executive Directors.
9.8.3 & 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 Directors' Independence
9.9	Requirements to be complied in relation to the Alternative Director	Not Applicable	
9.10.1	Policy on the maximum number of directorships it's Board members shall be permitted to hold.	Yes	Policy disclosed in the Code of Business Conduct and Ethics section of the Annual Report
9.10.2	Listed entities shall, upon the appointment of a new Director to its Board, make an immediate Market Announcement setting out the following: (i) A brief resume of such Director; (ii) His/her capacity of directorship; and (iii) Statement by the Entity indicating whether such appointment has been reviewed by the Nominations and Governance Committee of the Entity	Yes	Company published market announcements for the all new director appointments

CORPORATE GOVERNANCE

Rule	Requirement	Compliance Status	Reference within the Report
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.	Yes	Company published market announcement for the all-composition changes in the Board and the sub-committee appointments
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"> (a) Name, qualifications and brief profile; (b) The nature of his/her expertise in relevant functional areas; (c) Whether either the Director or close family members has any material business relationships with other Directors of the Entity; (d) Whether Executive, Non-Executive and/or Independent Director; (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; (f) Number of Board meetings of the Listed Entity attended during the year; (g) Names of Board Committees in which the Director serves as Chairperson or a member; (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, (i) The terms of reference and powers of the SID 	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.	Yes	Please refer the Report of the Nomination and Governance committee
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.	Yes	Please refer the Report of the Nomination and Governance committee
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"> 1 The members of the Nominations and Governance Committee shall; <ul style="list-style-type: none"> (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. (b) It should not comprise of Executive Directors of the Entity. 2 An Independent Director shall be appointed as the Chairperson of the Nominations and Governance Committee by the Board of Directors. 3 The Chairperson and the members of the Nominations and the Governance Committee shall be identified in the Annual Report of the Entity. 	Yes	Please refer the Report of the Nomination and Governance committee

Rule	Requirement	Compliance Status	Reference within the Report
9.11.5	Functions of the Nomination and Governance Committee	Yes	Please refer the Report of the Nomination and Governance committee
9.11.6	Disclosures in Annual Report	Yes	Please refer the Report of the Nomination and Governance committee
9.12	Remuneration Committee	Yes	Please refer the Report of the Remuneration committee
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	Procedure for setting Executive Directors' remuneration	Yes	Formal procedure in place via the Remuneration Committee
9.12.4	Remuneration for Non-Executive Directors	Yes	Remuneration policy ensures independence and equity among Non-Executive Directors
9.12.5	Remuneration Committee shall have a written Terms of Reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings	Yes	Terms of Reference approved and available for reference
9.12.6	Composition of the Remuneration Committee 1 The members of the Remuneration Committee shall; (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. (b) not comprised of Executive Directors of the Listed Entity. 2 An Independent Director shall be appointed as the Chairperson of the Remuneration Committee by the Board of Directors.	Yes	Please refer the Report of the Remuneration committee
9.12.7	Functions 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. 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.	Yes	Please refer the report of the Remuneration Committee
9.12.8	Disclosure in Annual Report The Annual Report should set out the following: (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); (b) A statement regarding the remuneration policy; and, (c) The aggregate remuneration of the Executive and Non-Executive Directors	Yes	Please refer the Remuneration Committee Report
9.13	Audit Committee	Yes	Please refer the Audit Committee Report

CORPORATE GOVERNANCE

Rule	Requirement	Compliance Status	Reference within the 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
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 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 and Directors' Profiles
9.13.4	Functions of the Audit Committee	Yes	Please refer the Audit Committee Report
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 Related Party Transactions Review 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 Transaction Review Committee	Yes	Please refer the Report of the Related Party Transactions Review Committee
9.14.4	Compliance for the general requirements set out in the rule	Yes	Please refer the Report of the Related Party Transactions Review Committee

Rule	Requirement	Compliance Status	Reference within the Report
9.14.5	Rule of Reviewing of Related Party Transactions by the Related Party Transactions Review Committee	Yes	Please refer the Report of the Related Party Transactions Review Committee
9.14.6	Shareholder Approval for the transactions as Specified by the Rules 9.14.6.(1) - 9.14.6.(3) - 9.14.9	Yes	No transactions occurred as specified in Sections 9.14.6, 9.14.9
9.14.7	Disclosures	Yes	Entity has made relevant disclosures as required by the section.
9.14.8	Disclosures in Annual Report	Yes	Please refer the Report of the Related Party Transactions Review Committee
9.16 (i)	Directors have disclosed all material interests in contracts and have refrained from voting when materially involved	Yes	Report of the Directors
9.16 (ii)	Directors have conducted a review of the internal controls and obtained reasonable assurance of their effectiveness and adherence	Yes	Corporate Governance Note
9.16 (iii)	Directors are aware of laws, rules and regulations and their changes particularly to listing rules and applicable capital market provisions	Yes	Report of the Directors
9.16 (iv)	Disclosure of material non-compliance with laws/regulations and fines by relevant authorities where the entity operates	Not Applicable	Corporate Governance

Compliance With the Code of Best Practice on Corporate Governance Issued by the Institute of The Chartered Accountants (CA Sri Lanka In 2023)

Voluntarily 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	The Board should meet regularly. Board meetings should be held at least once in every quarter of a financial year	Yes	<p>The Board generally meets on quarterly basis. Accordingly, 04 Board Meetings were scheduled annually to determine the Company's strategic direction, review the Company's operational and financial performances and to provide insight.</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 are set out in the Board of Directors section.
A.1.3	The Board collectively, and directors individually, must act in accordance with the laws of the country.	Yes	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.
	Independent professional advice		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.

CORPORATE GOVERNANCE

Code Ref.	Requirement	Status of Compliance	Level of Compliance/ Reference within the Report
A.1.4	Access to advice 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>
A.1.5	All Directors should bring independent judgment to bear, in discharging their duties and responsibilities.	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 judgment 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>

Code Ref.	Requirement	Status of Compliance	Level of Compliance/ Reference within the Report
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 chairs 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 the Role of the Chairman and MD.</p>
A.4	Availability of financial acumen	Yes	<p>The Board should ensure the availability within 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 the Board of Directors.</p>
A.5	Board Balance	Yes	<p>There should be a 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. 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 the majority of NEDs where 3 are NEDs out of 5.
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 C of the Code and Section 9.8.5 (a) 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 concludes 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	
A.5.7 & A.5.8	Senior Independent Director (SID)	Yes	A Senior Independent Director (SID) has been appointed by the Board as the Chairman and the Managing Director are close family members and Chairman being an Executive Director.

CORPORATE GOVERNANCE

Code Ref.	Requirement	Status of Compliance	Level of Compliance/ Reference within the Report
A.5.9	The Chairman should hold meetings with the Non-Executive Directors	Yes	Periodic meetings held without Executive Directors present.
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	Nomination Committee and composition	Yes	Refer to Nomination Committee Report.
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.
A.7.3	A succession plan for the Chief Executive Officer and all key management	Yes	A formal succession plan is in place and reviewed regularly.
A.7.4	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.7.5.	Nomination Committee Report	Yes	Refer to Nomination Committee Report.
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.8.2	All directors should be subject to election by shareholders at the first opportunity after their appointment	Yes	All directors are elected at the first opportunity and re-elected every three years in accordance with the Articles of Association.
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>

Code Ref.	Requirement	Status of Compliance	Level of Compliance/ Reference within the Report
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 the 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 Directors 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.2.2	Remuneration committee and composition	Yes	The "Report of the Remuneration committee" which covers all areas of this Section.
B.2.6	Position levels of remuneration of the company	Yes	The "Report of the Remuneration committee" which covers all areas of this Section.
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>
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>

CORPORATE GOVERNANCE

Code Ref.	Requirement	Status of Compliance	Level of Compliance/ Reference within the Report
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 the 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. The Company Secretary could be contacted in relation to any shareholder matter.</p>
C.3	Disclosure of major and material transactions	Yes	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.
D.	Accountability and Audit		
D. 1	Present a balanced and understandable assessment of the Company's financial position, performance, and prospects	Yes	ACL Plastics PLC has reported a true and fair view of its financial position and performance for the year ended 31st March 2025 and at the end of each quarter of 2024/25 financial year.
D.1.1	Balanced Annual Report	Yes	The Board ensures that the quarterly and annual Financial Statements of the Company 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.
D.1.2	Balanced and understandable communication	Yes	
D.1.3	CEO/CFO declaration	Yes	
			The responsibility statement of the Managing Director and CFO 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.
D.1.4	Directors' Report declarations	Yes	The "Report of the Board of Directors" covers all areas of this Section.
D.1.5	Financial reporting - statement on board responsibilities Statement on internal control	Yes	<p>The declarations required to be made by the Board are given in the Annual Report of the Board of Directors.</p> <p>"Statement of Directors' Responsibilities in relation to Annual Financial Statements" in preparation of the Financial Statements and the "Independent Auditors' Report"</p>
D.1.6	Management Discussion & Analysis	Yes	A Management Discussion and Analysis.
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 an occurrence is remote.

Code Ref.	Requirement	Status of Compliance	Level of Compliance/ Reference within the Report
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 favourable 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 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 Notes to the Financial Statements.</p>
D.2	<p>Process of risk management and a sound system of internal control to safeguard shareholders' investments and the Company's assets</p> <p>Report of the Audit and Risk Committee</p> <p>Directors' Statement of Internal Control</p>	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 PLC 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 an Audit Committee composed 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.5	Related Party Transactions Review Committee	Yes	Refer to RPT Committee Report

CORPORATE GOVERNANCE

Code Ref.	Requirement	Status of Compliance	Level of Compliance/ Reference within the Report
D.6	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 behavior 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.7	Corporate Governance Disclosures	Yes	This requirement is met through the presentation of this report.
E/F	Institutional and other investors	Yes	<p>The Annual General Meeting is used to have an effective dialogue with the shareholders on matters which are relevant and concerned 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 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>
G	Internet Of Things and Cybersecurity		Refer to IT Governance and Cybersecurity section.
H	Sustainability: ESG Risk and Opportunities		Refer to ESG risk and opportunities Governance section and Risk Management note
I	Special Considerations for Listed Entities <ul style="list-style-type: none"> • Policies • Discloses In Its Annual Report 		Refer to IT Code of Business Conduct and Ethics section.

DIRECTORS' STATEMENT ON INTERNAL CONTROLS

REQUIREMENT

In accordance with Section D.2.1.2 of the Code of Best Practice on Corporate Governance (2023) jointly issued by the Securities and Exchange Commission of Sri Lanka and the Institute of Chartered Accountants of Sri Lanka, and in line with Rule 9.13.5 of the Listing Rules of the Colombo Stock Exchange, the Board of Directors of ACL Plastics PLC presents this statement on the internal control framework of the Company for the financial year 2024/25.

RESPONSIBILITY

The Board of Directors acknowledges its ultimate responsibility for establishing and maintaining an effective system of internal controls covering financial, operational, and compliance controls as well as risk management. These controls are designed to safeguard shareholders' investments, protect the Company's assets, and ensure the integrity and reliability of financial reporting.

The Board has entrusted the Audit Committee with the task of reviewing the adequacy, effectiveness, and integrity of this internal control system and to report on any significant findings or concerns, thereby ensuring that these controls are consistently monitored, tested, and improved where necessary.

INTERNAL CONTROL PROCESS

The system of internal control in place at ACL Plastics PLC is structured to provide reasonable, though not absolute, assurance that the Company's business objectives will be achieved. It takes into account the dynamic business environment, evolving risks, and regulatory obligations.

The Audit Committee oversees the effectiveness of this system through a structured review process, which includes:

- Periodic reviews of the design and operation of internal controls of the Company;
- Annual independent discussions with the internal and external auditors to assess the adequacy of control procedures, financial reporting integrity, and any reported irregularities or weaknesses;

- Review of the risk matrix at each Audit Committee meeting, covering identification, evaluation, mitigation, and monitoring of risks across strategic, operational, financial, and compliance domains;
- Evaluation of the risk register, prepared by management and maintained at the Company level, where key risks are rated based on likelihood and impact and are accompanied by mitigation actions and responsible parties;
- Dialogues with the Managing Director and senior management to obtain clarity on critical control measures, evolving risks, and the effectiveness of the Company's risk response strategies.

The strategic risk register, updated by the management, is presented to the Audit committee for further deliberation. These discussions ensure that appropriate governance structures and internal control mechanisms are in place to address key risk exposures, and that disclosures in the financial statements are accurate and meaningful to stakeholders.

The Audit Committee also reviews the cyber security framework, business continuity planning, and control over financial reporting processes to mitigate emerging risks arising from the increasing reliance on digital systems and interconnectivity.

COMPLIANCE AND ASSURANCE

The internal control system is further reinforced through adherence to applicable Sri Lanka Accounting Standards, Companies Act No. 07 of 2007, Listing Rules of the Colombo Stock Exchange, and other relevant statutory and regulatory frameworks. Regular audits and internal control testing, conducted by both internal and external auditors, support the Company's efforts to maintain a strong compliance culture.

Where areas for improvement were identified during the year, the necessary corrective measures were promptly implemented, and no significant deficiencies or material weaknesses that could have an adverse impact on the reliability of financial reporting or safeguarding of assets were reported.

STATEMENT OF CONFIRMATION

Based on the evaluations carried out throughout the year and recommendations received from the Audit Committee, the Board of Directors of ACL Plastics PLC confirms that the internal control system as implemented during the financial year 2024/25 was effective and adequate to provide reasonable assurance regarding:

- The reliability of financial reporting;
- The safeguarding of assets;
- The prevention and detection of fraud and errors;
- Compliance with applicable laws and regulations; and
- The sound management of operational and strategic risks.

The Board remains committed to the continuous enhancement of the internal control framework in response to the changing business landscape and stakeholder expectations.

By order of the Board,

(Sgd.)

Corporate Affairs (Private) Limited Secretaries

26 August 2025

SENIOR INDEPENDENT DIRECTOR'S STATEMENT

In accordance with the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka and CSE Listing Rule No. 9.6.3, ACL Plastics PLC has appointed a Senior Independent Director (SID) to uphold the highest standards of corporate governance. This appointment is particularly relevant given that the Chairman, Mr. U.G. Madanayake, serves in an executive capacity and is a close family member of the Managing Director, Mr. H.A.S. Madanayake.

The role of the SID is integral to ensuring robust governance oversight. While the Chairman provides leadership in implementing corporate governance best practices, the SID independently reviews the Board's effectiveness, operational performance, and the Chairman's contributions. This dual structure reinforces transparency and accountability in governance matters, aligning with both regulatory requirements and stakeholder expectations.

At ACL Plastics PLC, we are deeply committed to the principles of good governance. Our approach combines strict compliance with mandatory regulations and voluntary adoption of additional best practices, fostering stakeholder trust and long-term value creation.

As the Senior Independent Director, I engage with the Chairman on governance-related matters as needed and remain available to all Directors for confidential discussions regarding the Company's affairs. This ensures an open channel for addressing any concerns while maintaining the integrity of our governance framework.

(Sgd.)

Mohan Ratnayake

Senior Independent Director
ACL Plastics PLC

26 August 2025

STAKEHOLDER ENGAGEMENT

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
Shareholders	Sustainability and CSR	Annual Report	Annually
	Corporate Governance and Ethics	Annual Report	Annually
	Shareholder Return/ Dividend	Interim financial statements Annual Report	Quarterly / Annually
	Future Business Plan	Corporate disclosures / Annual Report	As and when required
Community	Needs and requirements of the society	CSR Initiatives	As and when required
	Ethical business conduct	Compliance	Continuously
	Pollution free environment	Recycling / Effective waste management	Continuously
Government and regulatory bodies	Statutory compliances and payments	Tax returns/Meetings	Monthly/Annually
	Corporate Governance	Disclosures/ Annual Report	As and when required/ Annually
Customers	Product Quality	Customer visits	Regularly
	Availability	Social media	
	Affordability of the prices	Website	
	Product Innovations	Media	
Employees	Welfare activities	Employee welfare meetings	Regularly
	Fair remuneration	Performance Appraisal	Annually
	Career development	Performance Appraisal	Annually
	Occupational health and safety	Training and development	Regularly
Subsidiaries/Associates	Good relationship	Social gathering and participation/Meetings	Regularly
	Knowledge sharing	Training and development	Regularly

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.





FINANCIAL INFORMATION

70	Financial Calendar 2024/25
71	Report of the Directors
74	Report of the Related Party Transactions Review Committee
76	Remuneration Committee Report
77	Audit Committee Report
79	Nomination and Governance Committee Report
80	Responsibility Statement of Managing Director and Chief Financial Officer
81	Independent Auditor's Report
84	Statement of Profit or Loss
85	Statement of Comprehensive Income
86	Statement of Financial Position
87	Statement of Changes in Equity - Group.
88	Statement of Changes in Equity - Company
89	Statement of Cash Flows
90	Notes to the Financial Statements
127	Global Reporting Initiative (GRI)
132	Information to Shareholders
134	Statement of Value Added - Group
135	Decade at a Glance
136	Glossary of Financial Terms
138	Notice of Meeting
139	Form of Proxy
IBC	Corporate Information

FINANCIAL CALENDAR (2024/25)

01st Quarter Interim Financial Statements (30th June 2024 – Unaudited)	–	15th August 2024
02nd Quarter Interim Financial Statements (30th September 2024 – Unaudited)	–	08th November 2024
03rd Quarter Interim Financial Statements (31st December 2024 – Unaudited)	–	05th February 2025
04th Quarter Interim Financial Statements (31st March 2025 – Unaudited)	–	29th May 2025
Annual Report 2024/25	–	26 August 2025
34th Annual General Meeting	–	26th September 2025
Interim Dividends Proposed 2024/25	–	28th July 2025
Interim Dividends Paid 2023/24	–	23rd August 2024

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 2025, Income Statement and Statement of Comprehensive Income for the year then ended. The Company commenced commercial production in March 1993.

Review of the Year

The Chairman's Statement set out the state of affairs and performance of the Company during the year. (Pages 18 to 19)

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 18 to 19)

Independent Auditor's Report

The Independent Auditors' Report on the Financial Statements is given on pages 81 to 83 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 84 to 126 in this Annual Report.

Accounting Policies

The Accounting Policies adopted in preparation of the Financial Statements are given on pages 90 to 126. 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 pages 72 to 73.

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 2025 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 34 to the Financial Statements.

Statutory Payments

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

	2025 Rs	2024 Rs
Total turnover	2,441,285,566	2,373,421,587
Profit before taxation	672,135,754	574,681,337
Profit after taxation	464,741,235	455,680,103
Profit attributable to shareholders of ACL Plastics PLC	464,741,235	455,680,103
Unappropriated surplus brought forward		
from previous year	2,770,485,853	2,372,161,453
Transfer from revaluation reserve	(3,657,500)	5,443,575
Other adjustments	(2,382,329)	388,220
Surplus available for appropriation	2,764,446,024	2,377,993,248
Your Directors recommend:		
Dividends paid	(84,250,000)	(63,187,500)
Transfer to general reserve	-	-
Unappropriated surplus carried forward	3,144,937,257	2,770,485,853

REPORT OF THE DIRECTORS

Directors

Directors of the Company are listed on pages 22 and 23 and their respective shareholdings are given below.

	Number of shares			
	31.03.2025	% Holding	31.03.2024	%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' 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 42 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. 20.00 per share was paid on 23rd August 2024 to the shareholders of the Ordinary Shares for the financial year 2023/2024.

Capital Expenditure

The capital expenditure on acquisition of property, plant and equipment of the Company and the Group amounted to Rs. 1,302,632/-, details of which are given in Note 14 to the Financial Statements.

Property, Plant and Equipments

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

Donations

Donations amounting to Rs. 56,982/- (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 132 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 32 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 74.

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

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.

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	1,208,685,655	50%	ordinary course of business
Kelani Cables PLC	Group company	Sale of goods	1,149,121,148	47%	ordinary course of business

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 34th Annual General Meeting is on page 138 of the Annual Report.

By Order of the Board

(Sgd.)

Corporate Affairs (Pvt) Ltd

Secretaries

26 August 2025

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

Objective

The Related Party Transactions Review Committee (RPTRC) was established to ensure A C L Plastics PLC's compliance with the Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka, incorporated into the CSE Listing Rules.

The Committee's primary objective is to safeguard the interests of shareholders by ensuring that all related party transactions are conducted transparently and at arm's length. It implements a structured process to identify, review, and report such transactions to the Board in accordance with regulatory requirements.

Composition of the Related Party Transaction Review Committee

The Company established the Related Party Transactions Review Committee as a subcommittee of the A C L Plastics PLC and the following members of the Board have been appointed as members of the committee with effect from 1st October 2024.

Mr. Mohan Ratnayake – Chairman of the Committee

Mr. Rohan Somawansa – Member of the Committee

Mr. Suren Madanayake – Member of the Committee

Prior to 1st October 2024, the Related Party Transaction Review Committee of A C L Cables PLC has been functioning as the RPTRC of A C L Plastics PLC with following members.

Mr. Ajit Jayaratne – Chairman of the committee

Mr. Rajiv Casie Chitty – Member

Mr. Suren Madanayake- Member of the Committee (appointed wef 26th June 2024)

Scope of the Committee

- The Committee reviews in advance all proposed related party transactions, other than the exempted transactions falling under the preview of section 9.14.10 of the Listing Rules, 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.
- 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.
- 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.

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.
- 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.
- 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 and Attendance

Four meetings were held in 2024/2025 to review quarterly transaction reports submitted by the Finance Division. Member attendance is detailed in the report below.

Member	No Meetings	Remarks
Mr. Ajit Jayaratne	1	Meetings held prior to 1st October 2024
Mr. Rajiv Casie Chitty	1	Meetings held prior to 1st October 2024
Mr. Suren Madanayake	4	
Mr. Mohan Rathnayake	3	Meetings held after 1st October 2024
Mr. Rohan Somawansa	3	Meetings held after 1st October 2024

The Committee maintains a proactive approach, with planned quarterly meetings to monitor compliance and report findings to the Board and the activities and the views of the committee have been communicated to the board of directors on a quarterly basis, through verbal briefings and by tabling the minutes of the committee's meetings.

Conclusion

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

(Sgd.)

Mohan Ratnayake

Chairman-Related Party Transactions Review Committee

26 August 2025

REMUNERATION COMMITTEE REPORT

Role of the Remuneration Committee

The Remuneration Committee is responsible for formulating and reviewing the Group’s remuneration policy for Executive Directors and CXOs of A C L Plastics PLC. The Committee conducts an annual review of the policy and recommends any necessary changes to the Board for approval.

In determining remuneration packages, the Committee evaluates company performance benchmarks and industry standards. It is important to note that no Executive Director participates in decisions regarding their own remuneration.

Composition of the Remuneration Committee

The Remuneration Committee comprises of the following Non-Executive Directors appointed with effect from 1st October 2024

- Mr. Mohan Ratnayake – Chairman of the Committee
- Mr. Rohan Somawansa – Member of the Committee
- Mrs. N.C. Madanayake – Member of the Committee

Prior to 1st October 2024, The remuneration Committee of ALC Cables PLC has been function as the remuneration committee to A C L Plastics PLC. The members remuneration committee of A C L Cables PLC is as follows.

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

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

Meeting and Attendance

During the 2024/2025 financial year, the Committee convened twice, adhering to the corporate governance guidelines set by the SEC and CA Sri Lanka. The Committee plans to meet at least biannually to review and provide recommendations to the Board regarding the remuneration of Directors and CXOs.

Members’ attendance at meetings of the Remuneration Committee in 2024/2025 is set out in the table below.

Member	No Meetings	Remarks
Mr. Ajith Jayarathne	1	Meeting was held Prior to 1st October 2024
Mr. Rajiv Casie Chitty	1	Meeting was held Prior to 1st October 2024
Mr.Mohan Rathnayake	3	Meeting was held after 1st October 2024
Mr. Rohan Somawansa	3	Meeting was held after 1st October 2024
Mrs. N.C. Madanayake	1	Meeting was held after 1st October 2024
Mr.Suren Madanayake	3	Meeting was held after 1st October 2024

Functions of the Remuneration Committee

Key responsibilities undertaken by the Committee during the financial year included:

- Reviewing the Directors’ remuneration and severance policies,
- Determining Directors’ fees, and
- Conducting a formal evaluation of the Committee’s performance.

Remuneration Policy

A C L Plastics remuneration policy is designed to attract, retain, and motivate talent, ensuring the Group’s successful management for the benefit of shareholders. The policy includes competitive, performance-linked incentives and rewards.

In determining remuneration levels, the Committee considers:

- Individual performance,
- Benchmarking against peer and industry standards, and
- Reports from specialized consultants.

The Committee ensures that remuneration arrangements for Executive Directors align with those for other executives across the Group, while maintaining competitiveness with leading companies in the sector.

Conclusion

The Committee is satisfied that it has fulfilled its delegated responsibilities for the year under review and achieved its objectives effectively.

On behalf of the Committee

(Sgd.)
Mohan Ratnayake
Chairman of the Remuneration Committee
26 August 2025

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, the internal control and risk management systems, 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 and accuracy of the Company's financial reporting.
- The effectiveness of internal control and risk management systems.
- Compliance with statutory and regulatory frameworks.
- Oversight of the performance, independence, and objectivity of the External Auditors.
- Evaluation of the Internal Audit function, as carried out by the Group Risk & Control Division

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 and one Non-Executive Director. Biographical details of Members are set out within the 'Board of Directors' section.

Name of the Audit Committee members as follows,

- Mr. Mohan Joseph Ratnayake – Chairman of the Committee (Senior Independent Non-Executive Director)
- Mr. Rohan Somawansa - Committee member (Independent Non-Executive Director)
- Mrs. N. C. Madanayake – Committee member (Non-Executive Director)

Further details of the Audit Committee composition changes are given in their report on page 46

Meetings and Attendance

The Committee met on four occasions in 2024/2025 as per the annual meeting schedule and the corporate governance requirement. The Chairman, Managing Director, Group Chief Financial Officer and Group Head of Risk & Control are invited to attend meetings as permanent invitees.

Name of the Director	Type of Directorship	No Meetings
Mr. Suren Madanayake	Executive Director	3/4
Mrs. N.C. Madanayake	Non-Executive Director	0/4
Mr. Mohan Rathnayake	Senior Independent Non-Executive Director	3/3
Mr. Rohan Somawansa	Independent Non-Executive Director	3/3
Mr. Ajith Jayarathne	Independent Non-Executive Director	1/1
Mr. Rajiv Casie Chitty	Non-Executive Director	1/1

Financial Reporting

The Audit Committee considered related matters in respect of the 2024/2025 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 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 through Internal Audit reports.

Follow-up action was performed based on the actions agreed with the management and presented to the committee on a quarterly basis by the Group Risk & Control division.

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

During the year under review, the Group Risk & Control Division actively supported the Audit Committee by conducting comprehensive Risk Assessments across key operational and strategic areas. The team regularly reported on risk exposures, control effectiveness, and mitigation actions, enabling the Committee to evaluate the adequacy of the Company's Risk Management framework. These efforts ensured that emerging risks were promptly identified and addressed, thereby enhancing the Company's resilience and supporting sound governance practices.

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 A C L Plastics PLC for other non-audit work unless there are compelling reasons to do so. Any proposal to use the external auditors for non-audit work must be submitted to the Audit committee for approval prior to appointment.

The Audit Committee, having evaluated the performance of the external auditors, decided to recommend to the Board of A C L Plastics PLC, the re-appointment of Messrs. Deloitte Partners, Chartered Accountants (formerly known as Messrs. PricewaterhouseCoopers) 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 2024/2025 can be found in Note 06 to the financial statements.

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

Internal Control System

In 2024/2025 the Committee reviewed the effectiveness and efficiency of the Risk & Control team in terms 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 wrongdoings or other improprieties. All appropriate procedures are in place to conduct independent investigations into incidents reported through this process or if identified through other means. Even anonymous complaints are investigated.

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

On behalf of the Committee

(Sgd.)

Mohan Ratnayake

Chairman of the Audit Committee

26 August 2025

NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

Role of the Nominations and Governance Committee

The Nominations and Governance Committee (NGC) is established to support the Board in fulfilling its oversight responsibilities regarding the Board composition and Director appointments related to the entity.

The Nominations and Governance Committee comprises of the following Non-Executive Directors;

- Mr. Mohan Ratnayake – Chairman of the Committee
- Mr. Rohan Somawansa – Member of the Committee
- Mrs. N.C. Madanayake – Member of the Committee

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

Meeting and Attendance

During the 2024/2025 financial year, the Committee convened Once, adhering to the corporate governance guidelines set by the SEC and CA Sri Lanka. The Committee plans to meet at least once a year to review and provide recommendations to the Board regarding the matters pertaining to Nominations and Governance.

Members' attendance at meetings of the Committee in 2024/2025 is set out in the table below.

Member	No Meetings
Mr. Mohan Ratnayake	1
Mr. Rohan Somawansa	1
Mrs. N.C. Madanayake	-

Functions of the Nominations Committee

Key responsibilities undertaken by the Committee during the financial year included

- Evaluating and recommend candidates for Board and Board Committee appointments
- Review the structure, size and composition of the Board and Board Committees with regard to effective discharge of duties and responsibilities.

Conclusion

The Committee is satisfied that it has fulfilled its delegated responsibilities for the year under review and achieved its objectives effectively.

On behalf of the Committee

(Sgd.)
Mohan Ratnayake
Chairman of the Nominations and Governance Committee
26 August 2025

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 2025 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 81 to 83.

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 77 to 78.

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 other than those disclosed in Note 33 of the Financial Statements.
- 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 2025, have been paid or appropriately provided for.

(Sgd.)
Suren Madanayake
Managing Director

(Sgd.)
Mahesh Amarasiri
Group Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT



Deloitte Partners
100 Braybrooke Place
Colombo 2
Sri Lanka

Tel: +94 11 771 9700,
+94 11 771 9838
Fax: +94 11 230 7237
www.deloitte.com

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ACL Plastics PLC

Report on the Audit of the Financial Statements

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), which comprise the statement of financial position as at 31 March 2025, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements of the Company and the consolidated financial statements of the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2025, and of their financial performance and their cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company and the Group in accordance with the Code of Ethics for Professional Accountants issued by the Institute of

Chartered Accountants of Sri Lanka ("CA Sri Lanka Code of Ethics") and we have fulfilled our other ethical responsibilities in accordance with the CA Sri Lanka Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 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.

We have determined that there are no key audit matters to communicate in our report.

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information 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, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company and the consolidated financial statements of the Group, 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.

C S Manoharan FCA, T U Jayasinghe FCA, M D B Boysagoda FCA, H A C H Gunarathne FCA, M P M T Gunasekera FCA, N R Gunasekera FCA, M S J Henry FCA, M M R Hilmy FCA, H P V Lakdeva FCA, K M D R P Manatunga ACA, M M M Manzeer FCA, L A C Tilleeratne ACA, D C A J Yapa ACA

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

INDEPENDENT AUDITOR'S REPORT

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company and the consolidated financial statements of the Group 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:

- 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 financial statements of the Company and the consolidated financial statements of the Group or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company/ Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements of the Company and the consolidated financial statements of the Group 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 relevant ethical requirements 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, actions taken to eliminate threats or safeguards applied.

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

Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 3991.



CHARTERED ACCOUNTANTS
Colombo

26 August 2025

STATEMENT OF PROFIT OR LOSS

(all amounts in Sri Lanka Rupees)

	Notes	Group		Company	
		For the year ended 31 March 2025	2024	For the year ended 31 March 2025	2024
Revenue from contracts with customers	6	2,441,285,566	2,373,421,587	2,441,285,566	2,373,421,587
Cost of sales	8	(1,866,597,931)	(1,840,591,268)	(1,866,597,931)	(1,840,591,268)
Gross profit		574,687,635	532,830,319	574,687,635	532,830,319
Net gains/(losses) from financial assets at fair value through profit or loss	7	48,010,324	44,737	48,010,324	44,737
Other operating income	7	2,150,887	2,081,525	2,150,887	2,081,525
Total other operating income		50,161,211	2,126,262	50,161,211	2,126,262
Administrative costs	8	(10,868,163)	(10,973,550)	(9,819,769)	(10,450,932)
Operating profit		613,980,683	523,983,031	615,029,077	524,505,649
Finance income	10	58,532,060	51,788,936	48,506,292	42,962,089
Finance costs	10	(376,990)	(1,090,630)	(376,990)	(6,593,145)
Finance income - net	10	58,155,070	50,698,306	48,129,302	36,368,944
Profit before tax		672,135,753	574,681,337	663,158,379	560,874,593
Income tax expense	11	(207,394,518)	(119,001,234)	(204,701,306)	(114,702,425)
Profit for the year		464,741,235	455,680,103	458,457,073	446,172,168
Net profit attributable to shareholders of the Company		464,741,235	455,680,103	458,457,073	446,172,168
Basic/diluted earnings per share (Rs)	12	110.32	108.17	108.83	105.92
Dividend per share (Rs)	13	20.00	15.00	20.00	15.00

The notes on pages 90 to 126 form an integral part of these financial statements
Independent auditor's report - pages 81 to 83

STATEMENT OF COMPREHENSIVE INCOME

(all amounts in Sri Lanka Rupees)

	Notes	Group		Company	
		For the year ended 31 March 2025	2024	For the year ended 31 March 2025	2024
Profit for the year		464,741,235	455,680,103	458,457,073	446,172,168
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Actuarial (loss) / gain on defined benefit obligation	26	(3,403,327)	554,600	(3,403,327)	554,600
Deferred tax on actuarial loss / (gain)	27	1,020,998	(166,380)	1,020,998	(166,380)
Revaluation surplus on land and buildings		-	59,780,000	-	59,780,000
Deferred tax adjustment on revaluation	29	9,101,075	(17,934,000)	9,101,075	(17,934,000)
Changes in fair value of financial assets at fair value through other comprehensive income	17	28,023,360	6,040,550	28,023,360	6,040,550
Deferred tax on changes in fair value of financial assets at fair value through other comprehensive income	27	1,812,165	(1,812,165)	1,812,165	(1,812,165)
Other comprehensive income for the year, net of tax		36,554,271	46,462,605	36,554,271	46,462,605
Total comprehensive income for the year		501,295,506	502,142,708	495,011,344	492,634,773

The notes on pages 90 to 126 form an integral part of these financial statements
Independent auditor's report - pages 81 to 83

STATEMENT OF FINANCIAL POSITION

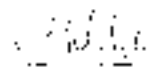
(all amounts in Sri Lanka Rupees)

	Notes	Group		Company	
		As at 31 March 2025	2024	As at 31 March 2025	2024
ASSETS					
Non-Current Assets					
Property, plant and equipment	14	353,326,097	371,999,645	353,326,097	371,999,645
Capital work in progress	14 (i)	1,136,845	-	1,136,845	-
Right-of-use assets	15	1,509,819	1,532,019	1,509,819	1,532,019
Investment in subsidiary	16	-	-	10,000,010	10,000,010
Financial assets at fair value through other comprehensive income	17	77,290,820	49,267,460	77,290,820	49,267,460
Total Non-Current Assets		433,263,581	422,799,124	443,263,591	432,799,134
Current Assets					
Inventories	19	578,153,901	563,741,719	578,153,901	563,741,719
Trade and other receivables	20	894,780,099	1,606,529,665	752,352,755	1,469,654,076
Financial assets at fair value through profit or loss	21	1,133,055,062	35,044,738	1,133,055,062	35,044,738
Short term investments	22	815,810,902	780,002,877	815,810,902	780,002,877
Cash and cash equivalents	23	101,457,737	61,621,402	101,014,004	61,177,072
Total Current Assets		3,523,257,701	3,046,940,401	3,380,386,624	2,909,620,482
Total Assets		3,956,521,282	3,469,739,525	3,823,650,215	3,342,419,616
EQUITY AND LIABILITIES					
Capital and Reserves					
Stated capital	28	79,974,555	79,974,555	79,974,555	79,974,555
Revaluation reserve	29	204,727,723	201,070,223	204,727,723	201,070,223
Revenue reserve	30.1	170,000,000	170,000,000	170,000,000	170,000,000
Financial assets at FVOCI reserve	30.2	63,992,864	34,157,339	63,992,864	34,157,339
Retained earnings		3,154,038,332	2,770,485,851	3,052,258,393	2,674,990,074
Total Equity		3,672,733,474	3,255,687,968	3,570,953,535	3,160,192,191
Non-Current Liabilities					
Defined benefit obligations	26	17,821,020	12,508,030	17,821,020	12,508,030
Deferred income tax liabilities	27	81,490,643	83,404,686	81,490,643	83,404,686
Total Non-Current Liabilities		99,311,663	95,912,716	99,311,663	95,912,716
Current Liabilities					
Trade and other payables	24	83,347,347	20,723,147	82,495,808	20,587,415
Current income tax payable	25	101,128,798	97,415,694	70,889,209	65,727,294
Total Current Liabilities		184,476,145	118,138,841	153,385,017	86,314,709
Total Liabilities		283,787,808	214,051,557	252,696,680	182,227,425
Total Equity and Liabilities		3,956,521,282	3,469,739,525	3,823,650,215	3,342,419,616

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:
26 August 2025



U. G. Madanayake
Chairman



Suren Madanayake
Managing Director

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



Mahesh Amarasiri
Group Chief Financial Officer

The notes on pages 90 to 126 form an integral part of these financial statements
Independent auditor's report - pages 81 to 83

STATEMENT OF CHANGES IN EQUITY - GROUP

(all amounts in Sri Lanka Rupees)

	Notes	Stated capital	Revenue reserve	Revaluation reserves	Financial assets at FVOCI reserve	Retained earnings	Total
Balance at 1 April 2023		79,974,555	170,000,000	164,667,798	29,928,954	2,372,161,453	2,816,732,760
Profit for the year							
Actuarial gain on defined benefit obligation	26	-	-	-	-	455,680,103	455,680,103
Deferred tax on actuarial gain	27	-	-	-	-	554,600	554,600
Gains on revaluation of land and buildings	29	-	-	-	-	(166,380)	(166,380)
Deferred tax adjustment on revaluation	27	-	-	59,780,000	-	-	59,780,000
Changes in the fair value of financial assets at FVOCI	17	-	-	(17,934,000)	-	-	(17,934,000)
Deferred tax on Changes in the fair value of financial assets at FVOCI	27	-	-	-	6,040,550	-	6,040,550
		-	-	-	(1,812,165)	-	(1,812,165)
Other comprehensive income for the year		-	-	41,846,000	4,228,385	388,220	46,462,605
Total comprehensive income for the year		-	-	41,846,000	4,228,385	456,068,323	502,142,708
Depreciation transfer - gross	29	-	-	(7,776,536)	-	7,776,536	-
Deferred tax on depreciation transfer	29	-	-	2,332,961	-	(2,332,961)	-
Dividend paid	13	-	-	-	-	(63,187,500)	(63,187,500)
Balance at 31 March 2024		79,974,555	170,000,000	201,070,223	34,157,339	2,770,485,851	3,255,687,968
Balance at 01 April 2024		79,974,555	170,000,000	201,070,223	34,157,339	2,770,485,851	3,255,687,968
Profit for the year		-	-	-	-	464,741,235	464,741,235
Actuarial loss on defined benefit obligation	26	-	-	-	-	(3,403,327)	(3,403,327)
Deferred tax on actuarial loss	27	-	-	-	-	1,020,998	1,020,998
Deferred tax adjustment on revaluation	29	-	-	9,101,075	-	-	9,101,075
Changes in the fair value of financial assets at FVOCI	17	-	-	-	28,023,360	-	28,023,360
Deferred tax on changes in the fair value of financial assets at FVOCI	27	-	-	-	1,812,165	-	1,812,165
Other comprehensive income for the year		-	-	9,101,075	29,835,525	(2,382,329)	36,554,271
Total comprehensive income		-	-	9,101,075	29,835,525	462,358,906	501,295,506
Depreciation transfer - gross	29	-	-	(7,776,536)	-	7,776,536	-
Deferred tax on depreciation transfer	29	-	-	2,332,961	-	(2,332,961)	-
Dividend paid	13	-	-	-	-	(84,250,000)	(84,250,000)
Balance at 31 March 2025		79,974,555	170,000,000	204,727,723	63,992,864	3,154,038,332	3,672,733,474

The notes on pages 90 to 126 form an integral part of these financial statements
Independent auditor's report - pages 81 to 83

STATEMENT OF CHANGES IN EQUITY - COMPANY

(all amounts in Sri Lanka Rupees)

	Notes	Stated capital	Revenue reserve	Revaluation reserves	Financial assets at FVOCI reserve	Retained earnings	Total
Balance at 1 April 2023		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 gain on defined benefit obligation	26	-	-	-	-	554,600	554,600
Deferred tax on actuarial gain	27	-	-	-	-	(166,380)	(166,380)
Gains on revaluation of land and buildings	29	-	-	59,780,000	-	-	59,780,000
Deferred tax adjustment on revaluation	27	-	-	(17,934,000)	-	-	(17,934,000)
Changes in the fair value of financial assets at FVOCI	17	-	-	-	6,040,550	-	6,040,550
Deferred tax on changes in the fair value of financial assets at FVOCI	27	-	-	-	(1,812,165)	-	(1,812,165)
Other comprehensive income for the year		-	-	41,846,000	4,228,385	388,220	46,462,605
Total comprehensive income for the year		-	-	41,846,000	4,228,385	446,560,390	492,634,775
Depreciation transfer - gross	29	-	-	(7,776,536)	-	7,776,536	-
Deferred tax on depreciation transfer	29	-	-	2,332,961	-	(2,332,961)	-
Dividend paid	13	-	-	-	-	(63,187,500)	(63,187,500)
Balance at 31 March 2024		79,974,555	170,000,000	201,070,223	34,157,339	2,674,990,074	3,160,192,191
Balance at 01 April 2024		79,974,555	170,000,000	201,070,223	34,157,339	2,674,990,074	3,160,192,191
Profit for the year		-	-	-	-	458,457,073	458,457,073
Actuarial loss on defined benefit obligation	26	-	-	-	-	(3,403,327)	(3,403,327)
Deferred tax on actuarial loss	27	-	-	-	-	1,020,998	1,020,998
Deferred tax adjustment on revaluation	29	-	-	9,101,075	-	-	9,101,075
Changes in the fair value of financial assets at FVOCI	17	-	-	-	28,023,360	-	28,023,360
Deferred tax on changes in the fair value of financial assets at FVOCI	27	-	-	-	1,812,165	-	1,812,165
Other comprehensive income for the year		-	-	9,101,075	29,835,525	(2,382,329)	36,554,271
Total comprehensive income for the year		-	-	9,101,075	29,835,525	456,074,744	495,011,344
Depreciation transfer - gross	29	-	-	(7,776,536)	-	7,776,536	-
Deferred tax on depreciation transfer	29	-	-	2,332,961	-	(2,332,961)	-
Dividend paid	13	-	-	-	-	(84,250,000)	(84,250,000)
Balance at 31 March 2025		79,974,555	170,000,000	204,727,723	63,992,864	3,052,258,393	3,570,953,535

The notes on pages 90 to 126 form an integral part of these financial statements
Independent auditor's report - pages 81-83

STATEMENT OF CASH FLOWS

(all amounts in Sri Lanka Rupees)

	Notes	Group		Company	
		Year ended 31 March 2025	2024	Year ended 31 March 2025	2024
Cash flows from operating activities					
Cash generated from operations	31	1,342,465,259	162,294,142	1,342,465,857	170,086,089
Interest paid	10	(376,990)	(1,090,630)	(376,990)	(6,593,145)
Gratuity paid	26	(417,944)	(887,905)	(417,944)	(887,905)
Income tax paid	25	(189,519,196)	(188,975,747)	(189,519,196)	(182,438,331)
Net cash generated from / (used in) operating activities		1,152,151,129	28,660,140	1,152,151,727	(19,833,292)
Cash flows from investing activities					
Interest received	10	58,036,821	144,251,298	58,036,821	135,424,451
Investment in unit trust	21	(1,050,000,000)	(35,000,000)	(1,050,000,000)	(35,000,000)
Investment in Fixed Deposits		(35,808,023)	(16,434,767)	(35,808,023)	(16,434,767)
Acquisition of property, plant and equipment	14	(1,302,633)	(14,448)	(1,302,633)	(14,448)
Capital work in progress	14 (i)	(1,136,845)	-	(1,136,845)	-
Dividend received	7	2,145,887	2,081,525	2,145,887	2,081,525
Net cash generated from investing activities		(1,028,064,793)	94,883,607	(1,028,064,793)	86,056,760
Cash flows from financing activities					
Dividend paid	13	(84,250,000)	(63,187,500)	(84,250,000)	(63,187,500)
Net cash used in financing activities		(84,250,000)	(63,187,500)	(84,250,000)	(63,187,500)
Net (decrease) / increase in cash and cash equivalents		39,836,336	3,035,968	39,836,934	3,035,968
Cash and cash equivalents at the beginning of the year		61,621,401	58,585,434	61,177,069	58,141,104
Cash and cash equivalents at the end of the year	23	101,457,737	61,621,402	101,014,004	61,177,072

The notes on pages 90 to 126 form an integral part of these financial statements
Independent auditor's report - pages 81 to 83

NOTES TO THE FINANCIAL STATEMENTS

(In the notes all amounts are shown in Sri Lanka Rupees unless otherwise stated)

1 General information

A C L 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 A C L Plastics PLC are manufacturing, dealing and marketing of PVC compound utilised inter alia for the sheathing and insulation of electric cables.

Parent company

A C L Cables PLC is the ultimate parent company of A C L Plastics PLC.

Subsidiary company

ACL Polymers (Private) Limited which was incorporated in 2005, is the wholly owned subsidiary of A C L 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 material accounting policy information

The material 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 Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka (ICASL) that are mandatorily effective for an accounting period that begins on or after 1 January 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

(a) New and amended SLFRS Accounting Standards that are effective for the first time during the current year

In the current year, the Group has applied a number of amendments to Sri Lanka Accounting Standards issued by the CA Sri Lanka that are mandatorily effective for an accounting period that begins on or after 1 January 2024.

- (i) Amendments to LKAS 7 Statement of Cash Flows and SLFRS 7 Financial Instruments: Disclosures on Supplier Finance Arrangements
- (ii) Amendments to LKAS 1 Classification of Liabilities as Current or Non-current
- (iii) Amendments to LKAS 1 Presentation of Financial Statements—Non-current Liabilities with Covenants
- (iv) Amendments to SLFRS 16 Leases—Lease Liability in a Sale and Leaseback

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) Amendments to LKAS 7 Statement of Cash Flows and SLFRS 7 Financial Instruments: Disclosures on Supplier Finance Arrangements

The Group has adopted the amendments to LKAS 7 Statement of Cash Flows and SLFRS 7 Financial Instruments: Disclosures on Supplier Finance Arrangements for the first time in the current year.

The amendments add a disclosure objective to LKAS 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, SLFRS 7 is 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.

(ii) **Amendments to LKAS 1
Classification of Liabilities as
Current or Non-current**

The Group has adopted the amendments to LKAS 1, published in January 2020, for the first time in the current year.

The amendments affect only the presentation of liabilities as current or non-current 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.

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

The Group has adopted the amendments to LKAS 1, published in November 2022, for the first time in the current year.

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 non-current). 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).

It 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.

(iv) **Amendments to SLFRS 16
Leases—Lease Liability in a Sale and
Leaseback**

The Group has adopted the amendments to SLFRS 16 for the first time in the current year.

The amendments to SLFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in SLFRS 15 Revenue from Contracts with Customers 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 SLFRS 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.

A seller-lessee applies the amendments retrospectively in accordance with LKAS 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 SLFRS 16.

(b) **New and revised SLFRS
Accounting Standards in issue but
not yet effective**

The following new accounting standards and interpretations are issued by IASB but not yet adopted by CA Sri Lanka.

(i) **Amendments to IAS 21 The Effects
of Changes in Foreign Exchange
Rates - Lack of Exchangeability**

The amendments specify how to assess whether a currency is exchangeable, and how to determine the exchange rate when it is not.

The amendments state that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

An entity assesses whether a currency is exchangeable into another currency at a measurement date and for a specified purpose. If an entity is able to obtain no more than an insignificant amount of the other currency at the measurement date for the specified purpose, the currency is not exchangeable into the other currency.

NOTES TO THE FINANCIAL STATEMENTS

2.1 Basis of preparation and statement of compliance. (Contd.)

The assessment of whether a currency is exchangeable into another currency depends on an entity's ability to obtain the other currency and not on its intention or decision to do so.

When a currency is not exchangeable into another currency at a measurement date, an entity is required to estimate the spot exchange rate at that date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions.

The amendments do not specify how an entity estimates the spot exchange rate to meet that objective. An entity can use an observable exchange rate without adjustment or another estimation technique.

The amendments are effective for annual reporting periods beginning on or after 1 January 2025, with earlier application permitted. An entity is not permitted to apply the amendments retrospectively. Instead, an entity is required to apply the specific transition provisions included in the amendments.

(ii) Amendments to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments

These amendments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system. These amendments further clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion.

These amendments add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).

The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted.

(iii) IFRS 18 Presentation and Disclosures in Financial Statements

IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Furthermore, the IASB has made minor amendments to IAS 7 and IAS 33 Earnings per Share.

IFRS 18 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss
- provide disclosures on Management-defined Performance Measures (MPMs) in the notes to the financial statements
- improve aggregation and disaggregation.

An entity is required to apply IFRS 18 for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The amendments to IAS 7 and IAS 33, as well as the revised IAS 8 and IFRS 7, become effective when an entity applies IFRS 18. IFRS 18 requires retrospective application with specific transition provisions.

(iv) IFRS 19 Subsidiaries without Public Accountability: Disclosures

IFRS 19 permits an eligible subsidiary to provide reduced disclosures when applying IFRS Accounting Standards in its financial statements.

A subsidiary is eligible for the reduced disclosures if it does not have public accountability and its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it.

An entity is only permitted to apply IFRS 19 if, at the end of the reporting period:

- it is a subsidiary (this includes an intermediate parent)
- it does not have public accountability, and
- its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

Eligible entities can apply IFRS 19 in their consolidated, separate or individual financial statements. An eligible intermediate parent that does not apply IFRS 19 in its consolidated financial statement may do so in its separate financial statements.

The new standard is effective for reporting periods beginning on or after 1 January 2027 with earlier application permitted.

(v) Annual improvements to IFRS - Volume 11

Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the

requirements in the Accounting Standards. The 2024 amendments are to the following standards:

- IFRS 1 First-time Adoption of International Financial Reporting Standards;
- IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;
- IFRS 9 Financial Instruments;
- IFRS 10 Consolidated Financial Statements; and
- IAS 7 Statement of Cash Flows.

These annual improvements are effective for annual periods beginning on or after 1 January 2026 with earlier application permitted.

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

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.

NOTES TO THE FINANCIAL STATEMENTS

2.5 Current income tax

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 income tax

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

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

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised

or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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

2.7 Investments and other financial assets

2.7.1 Classification

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

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

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

2.7.2 Recognition and derecognition

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

2.7.3 Measurement

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

Equity instruments

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

2.7.4 Subsequent measurement

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

- (a) Debt Instruments at amortised cost
- The Company measures financial assets at amortised cost if both of the following conditions are met;

Financial assets at amortised cost are subsequently measured using the Effective Interest Rate (EIR) method and are subject to impairment. Gains and losses are 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

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 statement of financial position 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 statement of financial position are those which fall due for payment on demand or within one year from the statement of financial position date. Items classified as non-current liabilities are those which fall due for payment beyond a period of one year from the statement of financial position date.

2.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable

estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and where appropriate, the risks specific to the liability. Where discounting is used the increase in the provision due to the passage of time is recognised as an interest expense.

2.18 Defined benefit plans - gratuity

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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 of function are presented Separately unless they are immaterial.

3. Financial risk management

3.1 Financial risk factors

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

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

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

(a) Market risk

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

The sensitivity analysis in the following sections relate to the position as at 31 March in 2025 and 2024.

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 2025 and 2024.
- * The statement of financial position sensitivity relates to equity instruments designated at fair value through OCI.

(i) Foreign exchange risk

As at 31st March 2025, Sri Lankan Rupee increased by 10% against the US dollar compared to its closing rate on 31st March 2024.

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 31 March		Company 31 March	
	2025	2024	2025	2024
Trade and other receivables - USD	55,827,505	160,468,154	55,827,505	160,468,154
Bank balances - USD	821,083,298	816,872,493	821,083,298	816,872,493
	876,910,803	977,340,647	876,910,803	977,340,647

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

	Group 31 March		Company 31 March	
	2025	2024	2025	2024
Net foreign exchange gain included in finance cost	(9,530,529)	(92,462,362)	(9,530,529)	(92,462,362)
Total net foreign exchange gain recognised in profit before income tax for the period	(9,530,529)	(92,462,362)	(9,530,529)	(92,462,362)

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.

NOTES TO THE FINANCIAL STATEMENTS

3.1 Financial risk factors (Contd)

(a) Market risk (Contd)

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.

	Increase in Profit / (Loss)			
	Group		Company	
	31 March 2025	2024	31 March 2025	2024
3.1 USD/LKR exchange rate – 10% increase	94,365,576	97,734,065	94,365,576	97,734,065
USD/LKR exchange rate – 10% decrease	(94,365,576)	(97,734,065)	(94,365,576)	(97,734,065)
USD/LKR exchange rate – 20% increase	188,731,152	195,468,129	188,731,152	195,468,129
USD/LKR exchange rate – 20% decrease	(188,731,152)	(195,468,129)	(188,731,152)	(195,468,129)
USD/LKR exchange rate – 30% increase	283,096,728	293,202,194	283,096,728	293,202,194
USD/LKR exchange rate – 30% decrease	(283,096,728)	(293,202,194)	(283,096,728)	(293,202,194)

(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 2025 and 2024, the Group's borrowings at variable rate were denominated in Sri Lanka Rupees.

(iii) Price risk

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

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

		Change in equity price	Effect on other comprehensive income Rs.	Effect on equity Rs.
Group				
31 March 2025	Quoted shares – (Colombo Stock Exchange)	10%	7,729,082	7,729,082
31 March 2024	Quoted shares – (Colombo Stock Exchange)	10%	4,926,746	4,926,746
Company				
31 March 2025	Quoted shares – (Colombo Stock Exchange)	10%	7,729,082	7,729,082
31 March 2024	Quoted shares – (Colombo Stock Exchange)	10%	4,926,746	4,926,746

(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	Less than 1 year	Between 1 and 2 years	Between 2 and 6 years	Over 6 years	Total
At 31 March 2025					
Financial liabilities					
Trade and other payables (Note 24) (excluding statutory liabilities)	77,792,099	-	-	-	77,792,099
Total financial liabilities	77,792,099	-	-	-	77,792,099
At 31 March 2024					
Financial liabilities					
Trade and other payables (Note 24) (excluding statutory liabilities)	16,404,777	-	-	-	16,404,777
Total financial liabilities	16,404,777	-	-	-	16,404,777
Company					
At 31 March 2025					
Financial liabilities					
Trade and other payables (Note 24) (excluding statutory liabilities)	76,940,560	-	-	-	76,940,560
Total financial liabilities	76,940,560	-	-	-	76,940,560
At 31 March 2024					
Financial liabilities					
Trade and other payables (Note 24) (excluding statutory liabilities)	16,269,046	-	-	-	16,269,046
Total financial liabilities	16,269,046	-	-	-	16,269,046

NOTES TO THE FINANCIAL STATEMENTS

3.1 Financial risk factors (Contd)

(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 2025 or 1 April 2024 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 2025 and 31 March 2024 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 2025.

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.

Borrowings

	Group 31 March		Company 31 March	
	2025	2024	2025	2024
Total borrowings	-	-	-	-
Less : Cash and cash equivalents (Note 23)	(101,457,737)	(61,621,402)	(101,014,004)	(61,177,072)
Net debt	(101,457,737)	(61,621,402)	(101,014,004)	(61,177,072)
Total equity	3,672,733,474	3,255,687,970	3,570,953,535	3,160,192,191
Total capital	3,571,275,737	3,194,066,568	3,469,939,531	3,099,015,119
Gearing ratio	-2.84%	-1.93%	-2.91%	-1.97%

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.

	Level 1	Level 2 Rs.	Total balance
As at 31 March 2025			
Group			
Assets			
Financial assets at fair value through other comprehensive income	77,290,820	-	77,290,820
Financial assets at fair value through profit or loss	-	1,133,055,062	1,133,055,062
	77,290,820	1,133,055,062	1,210,345,882
Company			
Assets			
Financial assets at fair value through other comprehensive income	77,290,820	-	77,290,820
Financial assets at fair value through profit or loss	-	1,133,055,062	1,133,055,062
	77,290,820	1,133,055,062	1,210,345,882
As at 31 March 2024			
Group			
Assets			
Financial assets at fair value through other comprehensive income	49,267,460	-	49,267,460
Financial assets at fair value through profit or loss	-	35,044,738	35,044,738
	49,267,460	35,044,738	84,312,198
Company			
Assets			
Financial assets at fair value through other comprehensive income	49,267,460	-	49,267,460
Financial assets at fair value through profit or loss	-	35,044,738	35,044,738
	49,267,460	35,044,738	84,312,198

NOTES TO THE FINANCIAL STATEMENTS

(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position 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 Note 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 26.

(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 statement of financial position date and adjusted to reflect the Company's current best estimate.

(d) Fair value of financial instruments

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

(e) Deferred tax assets

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

(f) Income tax

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

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

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

(h) Impairment of assets

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

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

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward- looking information. The majority of the trade receivables are from related parties with strong financial positions which do not require a loss allowance.

(i) Fair value of property, plant and equipment

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

(j) Useful life-time of the intangible assets

Computer software

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

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

(k) Net realisable value of inventory items

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

5 Accounting policies and comparatives

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

6 Revenue from contracts with customers

	Group		Company	
	For the year ended 31 March		For the year ended 31 March	
	2025	2024	2025	2024
Local sales from contracts with customers	2,441,285,566	2,373,421,587	2,441,285,566	2,373,421,587
Net revenue	2,441,285,566	2,373,421,587	2,441,285,566	2,373,421,587

7 Other operating income

	Group		Company	
	For the year ended 31 March		For the year ended 31 March	
	2025	2024	2025	2024
Dividend income	2,145,887	2,081,525	2,145,887	2,081,525
Net gains from financial assets at fair value through profit or loss	48,010,324	44,737	48,010,324	44,737
Other operating income	5,000	-	5,000	-
	50,161,211	2,126,262	50,161,211	2,126,262

NOTES TO THE FINANCIAL STATEMENTS

8 Expenses by nature

	Group		Company	
	For the year ended 31 March 2025	2024	For the year ended 31 March 2025	2024
Directors' emoluments	570,000	450,000	570,000	450,000
Right of use assets amortisation (Note 15)	22,200	22,200	22,200	22,200
Provision for obsolete stock [Note 19 (a)]	10,257,604	4,313,630	10,257,604	4,313,630
Auditor's remuneration	1,410,728	1,422,156	1,013,968	899,538
Depreciation (Note 14)	19,976,181	17,474,212	19,976,181	17,474,212
Staff costs (Note 9)	56,210,297	50,315,677	56,210,297	50,315,677
Raw material consumption	1,727,727,784	1,702,087,616	1,727,727,784	1,706,401,246
Other costs	61,291,300	75,479,528	60,639,666	71,165,897
Total of cost of sales and administrative costs	1,877,466,094	1,851,565,019	1,876,417,700	1,851,042,400

Other costs mainly consist of electricity expenses amounting to Rs. 35,256,133 (2024 - Rs 48,775,799), fuel expenses amounting to Rs. 4,958,009 (2024 - Rs. 5,898,696) for both Group and Company.

9 Staff costs

	Group		Company	
	For the year ended 31 March 2025	2024	For the year ended 31 March 2025	2024
Wages and salaries	41,067,550	36,029,692	41,067,550	36,029,692
Defined contribution plan	3,900,124	3,405,483	3,900,124	3,405,483
Defined benefit plan (Note 25)	2,327,607	2,662,767	2,327,607	2,662,767
Other staff costs	8,915,016	8,217,735	8,915,016	8,217,735
	56,210,297	50,315,677	56,210,297	50,315,677
Average number of employees during the year	52	53	52	53

Group and company other staff costs mainly include bonus cost amounting to Rs 4,584,245 (2024 - Rs 4,585,166) and staff welfare expenses amounting to Rs 3,941,140 (2024 - Rs 2,796,224).

10 Finance income- net

	Group		Company	
	For the year ended 31 March 2025	2024	For the year ended 31 March 2025	2024
Finance income :				
Interest income	68,062,589	144,251,298	58,036,821	135,424,451
Net foreign exchange loss	(9,530,529)	(92,462,362)	(9,530,529)	(92,462,362)
	58,532,060	51,788,936	48,506,292	42,962,089
Finance costs :				
Interest expense	(376,990)	(1,090,630)	(376,990)	(6,593,145)
	(376,990)	(1,090,630)	(376,990)	(6,593,145)
Finance income - net	58,155,070	50,698,306	48,129,302	36,368,944

11 Income tax expense

As per the Inland Revenue Act No. 24 of 2017 and amendments thereto, the company's business profits are taxable at the rate of 30% of the financial year ended 31st March 2025 (2024 - 30%)

	Group		Company	
	For the year ended 31 March 2025	2024	For the year ended 31 March 2025	2024
Current income tax	199,519,142	177,104,416	196,825,930	172,805,607
(Over) / under provision in respect of prior years	(2,144,819)	(42,671,735)	(2,144,819)	(42,671,735)
Deferred tax income (release) / charge	10,020,195	(15,431,447)	10,020,195	(15,431,447)
	207,394,518	119,001,234	204,701,306	114,702,425

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

	Group		Company	
	For the year ended 31 March 2025	2024	For the year ended 31 March 2025	2024
Profit before income tax	672,135,753	574,681,337	663,158,379	560,874,593
Tax calculated at effective tax rate of 30% (2024 - 30%)	201,640,726	172,404,401	198,947,514	168,262,378
Tax effect of income not subject to tax	(17,364,041)	(19,621,130)	(17,364,041)	(19,621,130)
Tax effect of expenses deductible/not deductible for tax purpose	15,242,457	24,321,146	15,242,457	24,164,359
(Over) / under provision in respect of prior year	(2,144,819)	(42,671,735)	(2,144,819)	(42,671,735)
Deferred tax charge/(release)	10,020,195	(15,431,447)	10,020,195	(15,431,447)
Tax charge	207,394,518	119,001,234	204,701,306	114,702,425

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	
	For the year ended 31 March 2025	2024	For the year ended 31 March 2025	2024
Net profit attributable to shareholders	464,741,235	455,680,103	458,457,073	446,172,168
Weighted average number of ordinary shares in issue	4,212,500	4,212,500	4,212,500	4,212,500
Basic/diluted earnings per share	110.32	108.17	108.83	105.92

13 Dividend per share

	Group		Company	
	For the year ended 31 March 2025	2024	For the year ended 31 March 2025	2024
Interim dividend	84,250,000	63,187,500	84,250,000	63,187,500
Number of ordinary shares in issue	4,212,500	4,212,500	4,212,500	4,212,500
Dividend per share	20.00	15.00	20.00	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
At 31 March 2023						
Cost / valuation	279,500,000	213,941,522	28,524,512	3,812,580	22,510,427	548,289,041
Accumulated depreciation	(10,520,000)	(161,873,233)	(21,117,902)	(3,004,618)	(22,093,879)	(218,609,632)
Net book amount	268,980,000	52,068,289	7,406,610	807,962	416,548	329,679,409
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)
Closing net book amount	323,500,000	41,740,966	5,957,960	664,171	136,548	371,999,645
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)
Net book amount	323,500,000	41,740,966	5,957,960	664,171	136,548	371,999,645
Year ended 31 March 2025						
Opening net book amount	323,500,000	41,740,966	5,957,960	664,171	136,548	371,999,645
Additions	-	718,441	-	584,192	-	1,302,633
Depreciation charge (Note 8)	(8,131,579)	(10,024,557)	(1,236,930)	(446,567)	(136,548)	(19,976,181)
Closing net book amount	315,368,421	32,434,850	4,721,030	801,796	-	353,326,097
At 31 March 2025						
Cost / valuation	323,500,000	214,659,963	28,524,512	4,411,220	22,510,427	593,606,122
Accumulated depreciation	(8,131,579)	(182,225,113)	(23,803,482)	(3,609,424)	(22,510,427)	(240,280,025)
Net book amount	315,368,421	32,434,850	4,721,030	801,796	-	353,326,097

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
At 31 March 2023						
Cost / valuation	279,500,000	194,665,454	28,524,512	3,812,580	22,510,427	529,012,973
Accumulated depreciation	(10,520,000)	(142,597,165)	(21,117,902)	(3,004,618)	(22,093,879)	(199,333,564)
Net book amount	268,980,000	52,068,289	7,406,610	807,962	416,548	329,679,409
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)
Closing net book amount	323,500,000	41,740,966	5,957,960	664,171	136,548	371,999,645
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)
Net book amount	323,500,000	41,740,966	5,957,960	664,171	136,548	371,999,645
Year ended 31 March 2025						
Opening net book amount	323,500,000	41,740,966	5,957,960	664,171	136,548	371,999,645
Additions	-	718,441	-	584,192	-	1,302,633
Depreciation charge (Note 8)	(8,131,579)	(10,024,557)	(1,236,930)	(446,567)	(136,548)	(19,976,181)
Closing net book amount	315,368,421	32,434,850	4,721,030	801,796	-	353,326,097
At 31 March 2025						
Cost / valuation	323,500,000	195,383,895	28,524,512	4,411,220	22,510,427	574,330,054
Accumulated depreciation	(8,131,579)	(162,949,045)	(23,803,482)	(3,609,424)	(22,510,427)	(221,003,957)
Net book amount	315,368,421	32,434,850	4,721,030	801,796	-	353,326,097

NOTES TO THE FINANCIAL STATEMENTS

14 Property, plant and equipment (Contd)

- (c) Property, plant and equipment include fully depreciated assets, the gross carrying amount of which amounted to Rs 169.7 Mn (2024 - Rs 127.9 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.

- (e) Property, plant and equipment includes assets at valuation on 31 March 2025 as follows,

Company / Group Asset	Valued amount (Rs)
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 2025		Company / Group 2024	
	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	-	(22,600,159)	-	(21,187,649)
Net book value	7,508,775	12,712,589	7,508,775	14,125,099

- (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.

	At 31 March 2025		At 31 March 2024	
	Level 2	Level 3	Level 2	Level 3
Land	169,000,000	-	169,000,000	-
Buildings	-	146,368,421	-	154,500,000
Total value	169,000,000	146,368,421	169,000,000	154,500,000

Valuation techniques used to determine fair values

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

The best evidence of fair value is current prices in an active market for similar properties. The level 2 fair value of land held for resale has been derived using the sales comparison approach based on recent sales of comparable properties in the area. Further, the key inputs under this approach are the price per perch from current year sales of comparable lots of land in the area (location and size). The buildings are valued based on the in-situ value per square feet 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)	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, Ja ela	1,690 sq.ft.	Rs. 7,500	12,500,000	Positively correlated sensitivity
	31-Mar-24	Assessment Nos. 52 & 52/1, ACL Plastics Factory Premises, Temple Road, Ekala, Ja ela.	447 sq.ft - 14,480 sq.ft and other constructions	Rs.2,200- Rs.4,400	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, Ja ela	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

(i) Capital work in progress of Company as at the reporting date includes expenses incurred for building being constructed at the factory premises.

15 Right-of-use assets

15.1 Right-of-use assets

(a) Amounts recognised in the statement of financial position

	Group 31 March		Company 31 March	
	2025	2024	2025	2024
Balance at 1 April	1,532,019	1,554,219	1,532,019	1,554,219
Depreciation during the year	(22,200)	(22,200)	(22,200)	(22,200)
Balance at the end of the year	1,509,819	1,532,019	1,509,819	1,532,019

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

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

	Group For the Year ended 31 March		Company For the Year ended 31 March	
	2025	2024	2025	2024
Right of use assets amortisation (Note 8)	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 (2024 - 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;

	For the year ended 31 March	
	2025	2024
Revenue	-	-
Finance income - net	10,025,768	14,329,363
Profit before taxation	8,977,374	13,806,745
Cash flows from operating activities	(600)	391,136
Cash flows from investing activities	-	14,329,363
Cash flows from financing activities	-	(14,720,498)
Non current assets	-	-
Current assets	142,871,091	137,319,930
Total assets	142,871,091	137,319,930
Non current liabilities	-	-
Current liabilities	31,091,133	31,824,134
Total Liabilities	31,091,133	31,824,134

17 Financial assets at fair value through other comprehensive income

17.1 Classification of financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income 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 2025			31 March 2024		
	Number of shares	Cost	Market value	Number of shares	Cost	Market value
Diversified holdings						
Hayleys PLC	389,070	2,952,614	53,302,590	389,070	2,952,614	31,942,647
Banking, finance and insurance						
Nations Trust Bank PLC	31,297	512,005	5,946,430	30,855	512,005	3,316,913
People's Insurance PLC	596,134	8,782,500	16,989,820	585,500	8,782,500	13,466,500
Plantations						
Maskeliya Plantations PLC	8,200	374,258	646,980	8,200	374,258	262,400
Kotagala Plantations PLC	45,000	676,580	405,000	45,000	676,580	279,000
Total cost of investments by the Company		13,297,957	77,290,820		13,297,957	49,267,460
Total cost of investments by the Group		13,297,957	77,290,820		13,297,957	49,267,460

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

The company has received 10,634 shares from People's Insurance PLC and 442 shares from Nations Trust Bank PLC as script dividend during the year.

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

	Group		Company	
	For the Year ended 31 March 2025	For the Year ended 31 March 2024	For the Year ended 31 March 2025	For the Year ended 31 March 2024
Balance at 1 April	49,267,460	43,226,910	49,267,460	43,226,910
Net change in fair value	28,023,360	6,040,550	28,023,360	6,040,550
Balance at the end of the year	77,290,820	49,267,460	77,290,820	49,267,460

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	Total
31 March 2025				
Assets as per the statement of financial position				
Investment instruments	1,133,055,062	-	77,290,820	1,210,345,882
Trade and other receivables (excluding pre-payments)	-	894,780,099	-	894,780,099
Short term investments	-	815,810,902	-	815,810,902
Cash and cash equivalents	-	101,457,737	-	101,457,737
	1,133,055,062	1,812,048,738	77,290,820	3,022,394,620

	Financial liabilities at fair value through profit or loss	Liabilities at amortised cost	Total
31 March 2025			
Liabilities as per the statement of financial position			
Trade and other payables (excluding statutory liabilities)	-	77,792,106	77,792,106
	-	77,792,106	77,792,106

Company	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Financial assets at FVOCI	Total
31 March 2025				
Assets as per the statement of financial position				
Investment instruments	1,133,055,062	-	77,290,820	1,210,345,882
Trade and other receivables (excluding pre-payments)	-	752,352,755	-	752,352,755
Short term investments	-	815,810,902	-	815,810,902
Cash and cash equivalents	-	101,014,004	-	101,014,004
	1,133,055,062	1,669,177,661	77,290,820	2,879,523,543

	Financial liabilities at fair value through profit or loss	Liabilities at amortised cost	Total
31 March 2025			
Liabilities as per the statement of financial position			
Trade and other payables (excluding statutory liabilities)	-	76,940,560	76,940,560
	-	76,940,560	76,940,560

(a) Financial Instruments (Contd.)

Group	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Financial assets at FVOCI	Total
-------	---	------------------------------------	---------------------------	-------

31 March 2024

Assets as per the statement of financial position

Investment 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
Short term investments	-	780,002,877	-	780,002,877
Cash and cash equivalents	-	61,177,074	-	61,177,074
	35,044,738	2,375,143,980	49,267,460	2,459,456,178

	Financial liabilities at fair value through profit or loss	Liabilities at amortised cost	Total
--	--	-------------------------------	-------

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	Total
---------	---	------------------------------------	---------------------------	-------

31 March 2024

Assets as per the statement of financial position

Investment instruments	35,044,738	-	49,267,460	84,312,198
Trade and other receivables (excluding pre-payments)	-	1,397,088,440	-	1,397,088,440
Short term investments	-	780,002,877	-	780,002,877
Cash and cash equivalents	-	61,177,074	-	61,177,074
	35,044,738	2,238,268,391	49,267,460	2,322,580,589

	Financial liabilities at fair value through profit or loss	Liabilities at amortised cost	Total
--	--	-------------------------------	-------

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)

NOTES TO THE FINANCIAL STATEMENTS

18 Financial instruments by category (Contd)

(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		Company		Rating Institute
		31 March 2025	2024	31 March 2025	2024	
Short term Investments	AA-	802,555,919	767,202,691	802,555,919	767,202,691	Fitch Ratings
	A+	13,254,983	12,800,185	13,254,983	12,800,185	Fitch Ratings
Financial assets at fair value through profit or loss	A	1,053,444,303	-	1,053,444,303	-	Lanka Rating Agency PLC
	A-	79,610,759	35,044,738	79,610,759	35,044,738	Fitch Ratings
Cash at bank	AAA	80,436,021	1,317,307	80,436,021	1,317,307	Fitch Ratings
	AA-	20,920,715	59,445,593	20,476,983	59,001,261	Fitch Ratings
	A+	-	757,506	-	757,506	Fitch Ratings

19 Inventories

	Group		Company	
	31 March 2025	2024	31 March 2025	2024
Raw materials	493,466,044	476,293,815	493,466,044	476,293,815
Work-in-progress	134	571,136	134	571,136
Finished goods	91,888,852	85,830,153	91,888,852	85,830,153
Other stocks	26,205,632	24,195,772	26,205,632	24,195,772
	611,560,662	586,890,876	611,560,662	586,890,876
Provision for obsolete stock [Note 19(a)]	(33,406,761)	(23,149,157)	(33,406,761)	(23,149,157)
Net book amount	578,153,901	563,741,719	578,153,901	563,741,719

(a) Provision for obsolete stock

	Group		Company	
	31 March 2025	2024	31 March 2025	2024
Balance at the beginning of the year	23,149,157	18,835,527	23,149,157	18,835,527
Provision made during the year	10,257,604	4,313,630	10,257,604	4,313,630
Balance at the end of the year	33,406,761	23,149,157	33,406,761	23,149,157

20 Trade and other receivables

	Group		Company	
	31 March 2025	2024	31 March 2025	2024
Trade receivables - non related parties	4,857,932	1,300,265	4,857,932	1,300,265
Loss allowance for trade and other receivables	-	-	-	-
	4,857,932	1,300,265	4,857,932	1,300,265
Trade receivable from related parties [Note 32.6 (b)]	753,138,492	933,001,033	724,431,646	909,845,933
Loan given to parent company [Note 32.6 (c)]	113,720,498	563,720,498	-	450,000,000
Advances and prepayments	-	72,565,636	-	72,565,636
Other receivables	23,063,177	35,942,232	23,063,177	35,942,242
	894,780,099	1,606,529,664	752,352,755	1,469,654,076

Other receivables mainly consist of Interest receivables amounting to Rs. 13,835,740 (2024 - Rs. 18,287,102), VAT receivables amounting to Rs. 7,019,964 (2024 - Rs. 15,150,790) for both the Group and Company.

The average interest rate (based on AWPLR rates) on loan given to holding company is 9.01% (2024 - 15.98%).

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

	Group 31 March		Company 31 March	
	2025	2024	2025	2024
Up to 3 months	879,022,961	1,590,772,525	736,595,616	1,453,896,937
3 to 6 months	15,757,139	15,757,139	15,757,139	15,757,139
More than 6 months	-	-	-	-
	894,780,100	1,606,529,664	752,352,755	1,469,654,076

Past due but not impaired

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	
	2025	2024	2025	2024
US dollars	55,827,505	160,468,154	55,827,505	160,468,154
Sri Lankan Rupees	838,952,595	1,446,061,511	696,525,250	1,309,185,922
	894,780,100	1,606,529,665	752,352,755	1,469,654,076

21. Financial assets at fair value through profit or loss

21.1 Unit trust investments at fair value through profit or loss

Financial assets at fair value through profit or loss comprise the following individual investments:

	31 March 2025			31 March 2024		
	Number of Units	Cost	Fair value	Number of Units	Cost	Fair value
NDB Wealth Management Limited	2,221,153	65,000,000	79,610,759	1,070,277	35,000,000	35,044,738
Capital Alliance Investment Limited	28,054,928	1,020,000,000	1,053,444,303	-	-	-

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

	Group 31 March		Company 31 March	
	2025	2024	2025	2024
Balance at 1 April	35,044,738	-	35,044,738	-
Investment made during the year	1,050,000,000	35,000,000	1,050,000,000	35,000,000
Net change in fair value	48,010,324	44,738	48,010,324	44,738
Balance at the end of the year	1,133,055,062	35,044,738	1,133,055,062	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 at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

22 Short term Investments

	Group 31 March		Company 31 March	
	2025	2024	2025	2024
Short term investments	815,810,902	780,002,877	815,810,902	780,002,877
	815,810,902	780,002,877	815,810,902	780,002,877

Investment in fixed deposits which disclosed under cash and cash equivalents in last year has been reclassified under short term deposits.

23 Cash and cash equivalents

	Group 31 March		Company 31 March	
	2025	2024	2025	2024
Cash at bank and in hand	101,457,737	61,621,402	101,014,004	61,177,072
	101,457,737	61,621,402	101,014,004	61,177,072

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

	Group 31 March		Company 31 March	
	2025	2024	2025	2024
Cash at bank	101,356,737	61,520,402	100,913,004	61,076,072
Cash in hand	101,000	101,000	101,000	101,000
	101,457,737	61,621,402	101,014,004	61,177,072

24 Trade and other payables

	Group 31 March		Company 31 March	
	2025	2024	2025	2024
Trade payables	68,138,080	1,464,590	68,138,080	1,464,590
Payables to related parties [Note 32.6 (a)]	164,169	5,487,670	164,169	5,487,670
Payroll related payables and other taxes	716,127	912,215	716,128	912,216
Other payables	14,328,972	12,858,672	13,477,432	12,722,939
	83,347,347	20,723,147	82,495,808	20,587,415

Other payables mainly consist of accrued expenses amounting to Rs. 4,550,346 (2024 - Rs. 5,070,090), SSCL payables amounting to Rs. 4,940,505 (2024 - Rs. 3,780,066) for both the 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.

25 Current income tax payable

	Group 31 March		Company 31 March	
	2025	2024	2025	2024
Balance at the beginning of the year	97,415,694	151,958,760	65,727,294	118,031,753
Provision for the current year (Note 11)	199,519,142	177,104,416	196,825,930	172,805,607
(Over) / under provision in respect of prior years	(2,144,819)	(42,671,735)	(2,144,819)	(42,671,735)
Payments made during the year	(193,661,219)	(188,975,747)	(189,519,196)	(182,438,331)
Balance at the end of the year	101,128,798	97,415,694	70,889,209	65,727,294

26 Defined benefit obligations

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

	Group 31 March		Company 31 March	
	2025	2024	2025	2024
At the beginning of the year	12,508,030	11,287,768	12,508,030	11,287,768
Expense recognised in statement of profit and loss (Note 26.1)	2,327,607	2,662,767	2,327,607	2,662,767
Actuarial loss/(gain) recognised in OCI (Note 26.2)	3,403,327	(554,600)	3,403,327	(554,600)
	18,238,964	13,395,935	18,238,964	13,395,935
Payments made during the year	(417,944)	(887,905)	(417,944)	(887,905)
Balance at the end of the year	17,821,020	12,508,030	17,821,020	12,508,030

26.1 Amount recognised in the statement of profit and loss

	Group 31 March		Company 31 March	
	2025	2024	2025	2024
Current service cost	732,833	630,969	732,833	630,969
Past service cost	-	-	-	-
Interest cost	1,594,774	2,031,798	1,594,774	2,031,798
	2,327,607	2,662,767	2,327,607	2,662,767

26.2 Amount recognised in comprehensive income

	Group 31 March		Company 31 March	
	2025	2024	2025	2024
Actuarial loss/ (gain)	3,403,327	(554,600)	3,403,327	(554,600)
	3,403,327	(554,600)	3,403,327	(554,600)

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 2025, 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	
	2025	2025
Rate of discount	10.50%	12.75%
Salary increment rate	10%	10%
Retirement age	60 years	60 years

NOTES TO THE FINANCIAL STATEMENTS

26.3 Sensitivity of the actuarial assumptions

	Change	31 March 2025			
		Group Financial position-liability	Comprehensive income- (charge) / credit	Company Financial position-liability	Comprehensive income- (charge) / credit
Discount rate	+1%	16,491,104	1,329,916	16,491,104	1,329,916
	-1%	19,321,812	(1,500,792)	19,321,812	(1,500,792)
Future salary increases	+1%	19,341,811	(1,520,791)	19,341,811	(1,520,791)
	-1%	16,450,807	1,370,213	16,450,807	1,370,213

	Change	31 March 2024			
		Group Financial position-liability	Comprehensive income- (charge) / credit	Company 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

26.4 Maturity analysis

The weighted average duration of the defined benefit obligations is 9.82 years (2024 – 11.54 years). The expected maturity analysis of post-employment benefits is as follows:

Group 31 March 2025	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
Defined benefit obligations	1,154,392	2,022,844	2,059,902	12,583,882	17,821,020

Group 31 March 2024	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
Defined benefit obligations	813,595	1,222,848	1,352,656	9,118,930	12,508,030

Company 31 March 2025	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
Defined benefit obligations	1,154,392	2,022,844	2,059,902	12,583,882	17,821,020

Company 31 March 2024	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
Defined benefit obligations	813,595	1,222,848	1,352,656	9,118,930	12,508,030

The weighted average duration of the defined benefit obligations is 9.82 years (2024 – 11.54 years). The expected maturity analysis of undiscounted post-employment benefits is as follows:

Group 31 March 2025	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
Defined benefit obligations	1,289,823	2,260,161	2,301,566	14,060,201	19,911,751

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

Company 31 March 2025	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
Defined benefit obligations	1,289,823	2,260,161	2,301,566	14,060,201	19,911,751

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

27 Deferred income tax liabilities

Deferred income taxes are calculated on temporary differences under the liability method using the future effective tax rate of 30% (2024 - 30%).

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

	Group 31 March		Company 31 March	
	2025	2024	2025	2024
Balance at the beginning of the year	83,404,686	78,923,588	83,404,686	78,923,588
Origination / (Reversal) of temporary differences recognised in statement of profit or loss	10,020,195	(15,431,447)	10,020,195	(15,431,447)
Origination of temporary differences recognised in other comprehensive income	(11,934,238)	19,912,545	(11,934,238)	19,912,545
Balance at the end of the year	81,490,643	83,404,686	81,490,643	83,404,686

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

(a) Movement in deferred income tax liability

	Group 31 March		Company 31 March	
	2025	2024	2025	2024
Balance at the beginning of the year	116,147,986	87,960,577	116,147,986	87,960,577
Origination/(reversal) of temporary differences recognised in statement of profit or loss	(4,012,054)	8,441,244	(4,012,054)	8,441,244
Origination of temporary differences recognised in other comprehensive income	(10,913,240)	19,746,165	(10,913,240)	19,746,165
Balance at the end of the year	101,222,692	116,147,986	101,222,692	116,147,986

NOTES TO THE FINANCIAL STATEMENTS

(b) Movement in deferred income tax asset

	Group 31 March		Company 31 March	
	2025	2024	2025	2024
Balance at the beginning of the year	32,743,300	9,036,989	32,743,300	9,036,989
Origination / (Reversal) of temporary differences recognised in statement of profit or loss	(14,032,249)	23,872,691	(14,032,249)	23,872,691
Origination / (Reversal) of temporary differences recognised in other comprehensive income	1,020,998	(166,380)	1,020,998	(166,380)
Balance at the end of the year	19,732,049	32,743,300	19,732,049	32,743,300
Net deferred income tax liability at the end of the year	81,490,643	83,404,686	81,490,643	83,404,686

27.3 Composition of deferred income tax liabilities and deferred income tax assets is as follows:

(a) Composition of deferred income tax liabilities

	Group 31 March		Company 31 March	
	2025	2024	2025	2024
Property, plant and equipment	101,222,692	114,335,820	101,222,692	114,335,820
Fair value of financial assets at FVOCI	-	1,812,165	-	1,812,165
	101,222,692	116,147,985	101,222,692	116,147,985

(b) Composition of deferred income tax assets

	Group 31 March		Company 31 March	
	2025	2024	2025	2024
Retirement benefit obligations	5,346,306	3,752,409	5,346,306	3,752,409
Provision for obsolete stock	10,022,028	6,944,747	10,022,028	6,944,747
Unrealized exchange loss	4,363,714	22,046,143	4,363,714	22,046,143
	19,732,049	32,743,299	19,732,049	32,743,299

28 Stated capital

	Group 31 March		Company 31 March	
	2025	2024	2025	2024
Number of ordinary shares issued and fully paid				
Balance at 31 March	4,212,500	4,212,500	4,212,500	4,212,500
Stated capital				
Balance at 1 April	79,974,555	79,974,555	79,974,555	79,974,555
Balance at 31 March	79,974,555	79,974,555	79,974,555	79,974,555

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

28.1 Float adjusted market capitalization

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

29 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 2025	2024	31 March 2025	2024
At the beginning of the year	201,070,223	164,667,798	201,070,223	164,667,798
Additions to the revaluation surplus	-	59,780,000	-	59,780,000
Deferred tax adjustment on revaluation	9,101,075	(17,934,000)	9,101,075	(17,934,000)
Depreciation transfer - gross	(7,776,536)	(7,776,536)	(7,776,536)	(7,776,536)
Deferred tax on transfer	2,332,961	2,332,961	2,332,961	2,332,961
At the end of the year	204,727,723	201,070,223	204,727,723	201,070,223

30 Reserves

30.1 Revenue reserve

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

30.2 Financial assets at FVOCI

The following table shows a breakdown of the statement of financial position 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.

(a) Movement of other reserve

	Group		Company	
	Financial assets at FVOCI	Total	Financial assets at FVOCI	Total
At 1 April 2023	29,928,954	29,928,954	29,928,954	29,928,954
Changes in the fair value of financial assets at FVOCI	4,228,385	4,228,385	4,228,385	4,228,385
At 31 March 2024	34,157,339	34,157,339	34,157,339	34,157,339
Changes in the fair value of financial assets at FVOCI	29,835,525	29,835,525	29,835,525	29,835,525
At 31 March 2025	63,992,864	63,992,864	63,992,864	63,992,864

(b) Nature and purpose of other reserves

Financial assets at FVOCI

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

NOTES TO THE FINANCIAL STATEMENTS

31 Cash generated from operations

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

	Group 31 March		Company 31 March	
	2025	2024	2025	2024
Profit before tax	672,135,753	574,681,337	663,158,379	560,874,593
Adjustments for:				
Depreciation of property, plant and equipment (Note 14)	19,976,181	17,474,212	19,976,181	17,474,212
Dividend income (Note 7)	(2,145,887)	(2,081,525)	(2,145,887)	(2,081,525)
Interest expense (Note 10)	376,990	1,090,630	376,990	6,593,145
Interest income (Note 10)	(68,062,589)	(144,251,298)	(58,036,821)	(135,424,451)
Unrealized gain on financial assets measured at FVTPL (Note 7)	(48,010,324)	(44,737)	(48,010,324)	(44,737)
Amortization of leasehold properties (Note 15.1)	22,200	22,200	22,200	22,200
Provision for defined benefit obligations (Note 26.1)	2,327,607	2,662,767	2,327,607	2,662,767
Changes in working capital:				
(Increase) / Decrease in inventories	(14,412,182)	(6,232,111)	(14,412,182)	(6,232,112)
(Increase) / Decrease in receivables and prepayments	717,633,310	(260,624,019)	717,301,321	(180,140,135)
Increase / (Decrease) in trade and other payables	62,624,200	(20,403,313)	61,908,393	(93,617,869)
Cash generated from operations	1,342,465,259	162,294,142	1,342,465,857	170,086,089

32 Directors' interests in contracts and related party transactions

- 32.1 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.
- 32.2 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.
- 32.3 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.
- 32.4 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.

32.5 Directors' interests in contracts and related party transactions(contd.)

	Relationship	Company Year ended 31 March	
		2025	2024
(a) Sale of goods (inclusive of taxes)			
ACL Cables PLC	Parent entity	1,426,137,773	1,556,991,414
Kelani Cables PLC	Affiliate	1,355,912,260	1,157,835,713
		2,782,050,033	2,714,827,127
(b) Purchase of goods (inclusive of taxes)			
ACL Cables PLC	Parent entity	9,170,547	8,525,194
Kelani Cables PLC	Affiliate	4,721,319	3,928,167
		13,891,866	12,453,361
(c) Interest income from loans			
ACL Cables PLC	Parent entity	14,329,835	71,895,808
		14,329,835	71,895,808
(d) Loan settled from related party			
ACL Cables PLC	Parent entity	450,000,000	150,000,000
		450,000,000	150,000,000
(e) Interest expenses on borrowings			
ACL Polymers (Private) Limited	Subsidiary	-	5,502,515
		-	5,502,515
(f) Interest income on loans - Group			
ACL Cables PLC to ACL Polymers (Private) Limited		10,025,768	8,826,847
		10,025,768	8,826,847

32.6 Balances arising from above related party transactions as at the statement of financial position date are as follows;

	Relationship	Group 31 March		Company 31 March	
		2025	2024	2025	2024
(a) Payable to related parties					
ACL Cables PLC	Parent entity	-	5,368,497	-	5,368,497
Kelani Cables PLC	Affiliate	164,169	119,173	164,169	119,173
		164,169	5,487,670	164,169	5,487,670
(b) Receivable from related parties					
ACL Cables PLC	Parent entity	481,350,416	528,402,437	452,643,570	505,247,337
Kelani Cables PLC	Affiliate	271,788,076	404,598,596	271,788,076	404,598,596
		753,138,492	933,001,033	724,431,646	909,845,933
(c) Receivable on loans					
ACL Cables PLC	Parent entity	113,720,498	563,720,498	-	450,000,000
		113,720,498	563,720,498	-	450,000,000

NOTES TO THE FINANCIAL STATEMENTS

32.6 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 9.01% (2024 - 15.98%).

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 2025 other than those disclosed above.

(e) Key management compensation

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

	Group 31 March		Company 31 March	
	2025	2024	2025	2024
Directors' emoluments	570,000	450,000	570,000	450,000

33 Commitments & Contingencies

Commitments

Financial commitments

The company has a commitment on letter of credit amounting to LKR 42 million as at 31 March 2025. (2024-52 million)

Capital commitments

There were no material capital commitments outstanding at the balance sheet date. (2024-Null)

Contingent Liabilities

The company has a bank guarantee amounting to LKR 15 million given to third parties as at 31 March 2025. (2024-15 million)

ACL Polymers (Private) Limited

The Department of Inland Revenue raised an assessment on income tax for the year of assessment 2007/2008 relating to the exemption claimed for profits under section 17 of the Inland Revenue Act, No. 10 of 2006. The Company submitted an appeal against the said assessment within the stipulated time frame in accordance with the Inland Revenue Act. The Court of Appeal has given the judgment in favour of ACL Polymers (Private) Limited on 9th December 2023. The assessment value is LKR 45 Mn out of which management has recognized a provision of LKR 28 Mn. However, the Management has decided not to reverse the provision since IRD has appealed Supreme Court to challenge the judgment given by the Court of Appeal.

34 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. 25/- per share on 28th July 2025, for the year ended 31st March 2025. The total amount of the Dividend is Rs. 105,312,500.

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, analysing 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.
GRI 2: General Disclosures			
The organization and its reporting practices			
2-1	Organizational details	Corporate information	IBC
2-2	Entities included in the organization's sustainability reporting	Group structure, Value addition, subsidiaries information	26
2-3	Reporting period, frequency and contact point	Directors report, Chairman and MD's report, corporate information	71, 18, 20, IBC
2-4	Restatements of information	There were no restatements of financial information during the year	-
2-5	External assurance	Independent Auditor report	81
Activities and workers			
2-6	Activities, value chain and other business relationships	About us, Product range	03, 24
2-7	Employees	Human capital	10
2-8	Workers who are not employees	N/A	-
Governance			
2-9	Governance structure and composition	Corporate governance	37
2-10	Nomination and selection of the highest governance body	Nomination committee	79
2-11	Chair of the highest governance body	Corporate governance - Role of the Chairman	36
2-12	Role of the highest governance body in overseeing the management of impact	Corporate governance - Key responsibilities of the Board	39
2-13	Delegation of responsibility for managing impacts	Sub committees	74 to 79
2-14	Role of the highest governance body in sustainability reporting	Corporate governance - Board effectiveness	37
2-15	Conflicts of interest	Corporate governance	37

GLOBAL REPORTING INITIATIVE (GRI)

GRI Index No.	Description	Reported Section	Page No.
2-16	Communication of critical concerns	Corporate governance - Board meeting attendance	42
2-17	Collective knowledge of the highest governance body	Board of Directors	22
2-18	Evaluation of the performance of the highest governance body	Corporate governance - Key areas of Board meetings	37
2-19	Remuneration policies	Remuneration committee	76
2-20	Process to determine remuneration	Remuneration committee	76
2-21	Annual total compensation ratio	KMP compensation note in financial section	126
Strategy, policies and practices			
2-22	Statement of sustainable development strategy	Sustainable Wealth Creation	68
2-23	Policy commitments	Corporate Governance	37
2-24	Embedding policy commitments	Corporate Governance	37
2-25	Process to remediate negative impacts	Intellectual Capital	
2-26	Mechanisms for seeking advice and raising concerns	Human capital	10
2-27	Compliance with laws and regulations	Risk Management	27
2-28	Membership associations	Board of Directors	22
Stakeholder engagement			
2-29	Approach to stakeholder engagement	Stakeholder analysis	67
2-30	Collective bargaining agreements	Stakeholder analysis	67
GRI 3: Material Topics			
Disclosures on material topics			
3-1	Process to determine material topics	Determining Materiality	127
3-2	List of material topics	Determining Materiality	127
3-3	Management of material topics	Determining Materiality	127
TOPIC SPECIFIC DISCLOSURES			
GRI 201: Economic Performance			
3-3	Management Approach	Value creation to Stakeholders	08
201-1	Direct economic value generated and distributed	Value creation to Stakeholders	08
201-2	Financial implications and other risks and opportunities due to climate change	Natural capital (Solar power project)	12
201-3	Defined benefit plan obligations and other retirement plans	Employees	10
201-4	Financial assistance received from government	Social and relationship capital	25
GRI 203: Indirect Economic Impacts			
3-3	Management Approach	Social and relationship capital	25
203-1	Infrastructure investments and service supported	Social and relationship capital	25
203-2	Significant indirect economic impacts	Financial calendar	70
GRI 204: Procurement Practices			
3-3	Management Approach	Social and relationship capital	25
204-1	Proportion of spending on local suppliers	Social and relationship capital	25

GRI Index No.	Description	Reported Section	Page No.
GRI 207: Approach to tax			
3-3	Management Approach	Financial Statements Policies – Taxation	94
207-1	Approach to tax	Financial Statements Policies – Taxation	94
207-2	Tax governance, control, and risk management	Risk management – Legal compliance	27
207-3	Stakeholder engagement and management of concerns related to tax	Stakeholder analysis	67
GRI 301: Materials			
3-3	Management Approach	Natural capital	12
301-1	Materials used by weight or volume	Natural capital	12
301-2	Recycled input materials used	Natural capital	12
301-3	Reclaimed products and their packaging materials	Natural capital	12
GRI 302: Energy			
3-3	Management Approach	Natural capital	12
302-1	Energy consumption within the organization	Natural capital	12
302-2	Energy consumption outside of the organization	Natural capital	12
302-3	Energy intensity	Human capital	10
302-4	Reduction of energy consumption	Natural capital	12
302-5	Reductions in energy requirements of products and services	Natural capital	12
GRI 303: Water			
3-3	Management Approach	Natural capital	12
303-1	Water withdrawal by source	Natural capital	12
303-2	Water sources significantly affected by withdrawal of water	Natural capital	12
303-3	Water recycled and reused	Natural capital	12
GRI 305: Emissions			
3-3	Management Approach	Natural capital	12
305-1	Direct (Scope 1) GHG emissions	Natural capital	12
305-2	Energy indirect (Scope 2) GHG emissions	Natural capital	12
305-3	Other indirect (Scope 3) GHG emissions	Natural capital	12
305-5	Reduction of GHG emissions	Natural capital	12
GRI 306: Effluents & Waste			
3-3	Management Approach	Natural capital	12
306-1	Water discharge by quality and destination	Natural capital	12
306-2	Waste by type and disposal method	Natural capital	12
GRI 307: Environmental Compliance			
3-3	Management Approach	Natural capital	12
307-1	Non-Compliance with environmental laws and regulations	Corporate governance, Natural capital, Risk Management	37, 12, 27
GRI 308: Supplier Environmental Assessment			
3-3	Management Approach	Social and relationship capital	25
308-1	New suppliers that were screened using environmental criteria	Social and relationship capital	25
308-2	Negative environmental impacts in the supply chain and actions taken	Social and relationship capital	25

GLOBAL REPORTING INITIATIVE (GRI)

GRI Index No.	Description	Reported Section	Page No.
GRI 401: Employment			
3-3	Management Approach	Financial Capital, Human Capital	08,10
401-1	New employee hires and employee turnover	Human Capital	10
401-2	Benefits provided to full-time employees that are not provided to temporary or parttime employees	Human Capital	10
401-3	Parental leave	Human Capital	10
GRI 403: Occupational Health and Safety			
3-3	Management Approach	Human Capital	10
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Human Capital	10
GRI 404: Training and Education			
3-3	Management Approach	Human Capital	10
404-1	Average hours of training per year per employee	Human Capital	10
404-2	Programs for upgrading employee skills and transition assistance programs	Human Capital	10
404-3	Percentage of employees receiving regular performance and career development reviews	Human Capital	10
GRI 405: Diversity and Equal Opportunity			
405-1	Diversity of governance bodies and employees	Human Capital	10
GRI 406: Non-discrimination			
3-3	Management Approach	Stakeholders' analysis	67
406-1	Incidents of discrimination and corrective actions taken	Human Capital	10
GRI 407: Freedom of Association and Collective Bargaining			
3-3	Management Approach	Human Capital	10
	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Human Capital	10
GRI 408: Child Labor			
3-3	Management Approach	Human Capital	10
408-1	Operations and suppliers at significant risk for incidents of child labor	Human Capital – Age analysis	10
GRI 409: Forced or Compulsory Labor			
3-3	Management Approach	Social and relationship capital	25
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Risk analysis – HR Risk	33

GRI Index No.	Description	Reported Section	Page No.
GRI 413: Local Communities			
3-3	Management Approach	Social and relationship capital	25
413-1	Operations with local community engagement, impact assessments, and development programs	Social and relationship capital	25
413-2	Operations with significant actual and potential negative impacts on local communities	Social and relationship capital	25
GRI 414: Supplier Social Assessment			
414-1	New suppliers that were screened using social criteria	Social and relationship capital	25
414-2	Negative social impacts in the supply chain and actions taken	Social and relationship capital	25
GRI 416: Customer Health and Safety			
3-3	Management Approach	Social and relationship capital	25
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Social and relationship capital	25
GRI 419: Socioeconomic Compliance			
419-1	Non-compliance with laws and regulations in the social and economic area	Social and relationship capital	25

INFORMATION TO SHAREHOLDERS

Distribution of Shares as at 31st March 2025

Category	Number of Shareholders	%	Number of Ordinary Shares
1 - 1,000 shares	1,429	5.01%	211,180
1,001 - 5,000 shares	145	7.48%	314,949
5,001 - 10,000 shares	24	4.29%	180,851
10,001 - 50,000 shares	19	11.27%	474,913
50,001 - 100,000 shares	4	6.73%	283,638
100,001 - 500,000 shares	1	9.60%	404,600
500,001 - 1,000,000 shares	-	0.00%	-
Over 1,000,000 shares	1	55.61%	2,342,369
Total	1623	100%	4,212,500

Analysis Report of Shareholders as at 31st March 2025

Category	Number of Shares	Total Holdings %
Institutional	3,024,792	71.81%
Individuals	1,187,708	28.19%
Total	4,212,500	100%

Twenty Largest Shareholders

	2025		2024	
	Number of Shares	% of Holding	Number of Shares	% of Holding
ACL Cables PLC	2,746,969	65.21%	2,746,969	65.21%
Sithampalam A	94,592	2.25%	94,592	2.25%
Jayawardhana L T R S L	70,546	1.67%	11,740	0.28%
Sunilgavasker V	65,000	1.54%	110,959	2.63%
Seylan Bank PLC/Emile Joseph Gunesekera	53,500	1.27%	53,500	1.27%
Vasudevan S & Vasudevan S	50,000	1.19%	106,000	2.52%
Corea E	48,376	1.15%	24,751	0.59%
People'S Leasing & Finance PLC/Mr. H M Abdulhusse	36,545	0.87%	36,545	0.87%
People'S Leasing & Finance PLC/Mr. L B Ariyaratn	35,000	0.83%		
Raaymakers M A T	30,922	0.73%	9,726	0.23%
Abdulhussein R H	25,664	0.61%	25,664	0.61%
Suriyabandara U I	25,537	0.61%	24,015	0.57%
Gautam R	24,420	0.58%	24,800	0.59%
Durga S	22,669	0.54%	21,000	0.50%
Dialog Finance PLC/ S Thayanthan	22,525	0.53%		
Hatton National Bank PLC/Arunasalam Sithamp	20,900	0.50%	20,900	0.50%
Madanayake H A S	20,801	0.49%	20,801	0.49%
Wickramesooriya V S P & Wickramesooriya S E	20,045	0.48%		
Abdulhussein Y H	20,000	0.47%	20,000	0.47%
Senkadagala Finance PLC/B D P Dilrukshi	18,114	0.43%		

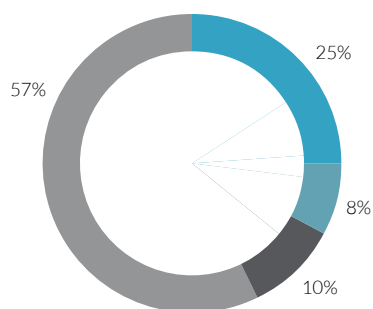
Information to Shareholders (Contd.)

		Company 31 March	
		2025	2024
Company			
a)	Earnings per share (Rs)	108.83	105.92
b)	Dividend per share (Rs)	20.00	15.00
c)	Dividend payout ratio	0.18	0.14
d)	Net assets value per share (Rs)	871.60	750.19
e)	Market value per share (Rs)		
	- Highest value (Rs)	749.75	400.00
	- Lowest value (Rs)	376.25	335.25
	- Value as at the end of financial year (Rs)	615.75	392.75
f)	No of tradings for the year	8,707	4,083
g)	Total No of shares traded	712,432	261,359
h)	Total turnover (Rs)	362,882,207	99,429,367
i)	Percentage of Shares held by the public	33.87%	33.87%
j)	Number of Public shareholders	1,609	1,596
k)	No. of foreign Shareholders	14	14
Group			
a)	Earnings per share (Rs.)	110.32	108.17
b)	Dividend per share (Rs.)	20	15
c)	Dividend payout ratio	0.18	0.14
d)	Net assets value per share (Rs.)	871.60	772.86

STATEMENT OF VALUE ADDED - GROUP

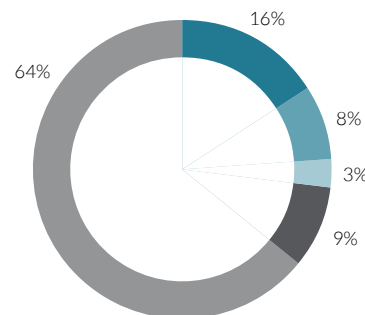
	%	2025 Rs. '000	%	2024 Rs. '000
Total revenue		2,441,286		2,373,422
Other operating & interest income		108,693		53,915
		2,549,979		2,427,337
Cost of material and services bought in		(1,726,641)		(1,711,582)
Total value added by the group		823,338		715,755
Value added shared with				
Government of Sri Lanka	25%	207,395	16%	119,001
(Taxes)				
Employees	8%	66,576	8%	55,699
(Salaries and other costs)				
Lenders	0%	377	3%	22,187
(Interest on loan capital)				
Shareholders	10%	84,250	9%	63,188
(Dividends)				
Retained in the business	56%	464,741	64%	455,680
(Depreciation & retained profits)				
	100%	823,338	100%	715,755

2024/25



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

2023/24



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

DECADE AT A GLANCE - GROUP

Trading Results

Year Ended	31 March 2025 LKR '000	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
Turnover	2,441,286	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
Profit before tax	672,136	574,681	870,652	844,496	208,245	223,005	57,361	95,380	244,715	276,865
Taxation	(207,395)	(119,001)	(235,692)	(123,471)	(28,956)	(67,239)	(27,563)	(21,049)	(75,064)	(70,629)
Profit after tax	464,741	455,680	634,960	721,025	179,289	155,765	29,798	74,331	169,651	206,236

Balance Sheet

As At	31 March 2025 LKR '000	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
Stated capital	79,975	79,975	79,975	79,975	79,975	79,975	79,975	79,975	79,975	79,975
Revaluation reserve	204,728	201,070	164,668	185,884	190,989	126,210	129,492	132,774	112,935	124,244
Revenue reserve	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000
Other Reserves	63,993	34,157	29,929	35,798	30,086	3,494	7,588	9,559	9,985	8,470
Retained profit	3,154,038	2,770,486	2,372,161	1,798,618	1,106,946	948,371	815,866	807,205	754,931	605,830
	3,672,734	3,255,688	2,816,732	2,270,275	1,577,996	1,328,050	1,202,921	1,199,513	1,127,826	988,519
Property plant & equipment	354,463	372,000	329,679	347,903	329,862	280,958	274,992	290,636	239,201	253,384
Operating lease prepayment	1,510	1,532	1,554	1,576	1,599	1,621	1,621	1,643	1,665	1,687
Financial assets at fair value through OCI	77,291	49,267	43,227	49,096	43,383	16,792	20,886	22,856	23,083	21,567
Deferred tax asset	-	-	-	-	-	-	1,957	3,960	1,774	-
Current assets	3,523,258	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
Current & non current liabilities	(283,788)	(214,052)	(284,463)	(779,587)	(479,089)	(185,151)	(141,388)	(177,783)	(100,107)	(171,373)
Capital employed	3,672,734	3,255,688	2,816,732	2,270,275	1,577,996	1,328,050	1,202,921	1,199,513	1,127,826	988,519
Ratios										
Gross profit margin	24%	22%	32%	24%	10%	15%	5%	8%	18%	22%
Net profit margin after tax	19%	19%	26%	24%	9%	10%	2%	5%	12%	16%
Sales growth	3%	-4%	-16%	56%	20%	6%	10%	-6%	13%	10%
Profit before tax growth	17%	-34%	3%	306%	-7%	289%	-40%	-61%	-12%	131%
Current ratio	19.10	25.79	14.04	3.68	4.11	12.37	17.97	10.24	16.73	6.15
Net asset per share (Rs)	871.60	772.86	668.66	538.94	374.60	315.26	285.56	284.75	267.73	234.66
Dividend per share (Rs)	20.00	15.00	15.00	10.00	6.00	6.00	6.00	6.00	6.00	4.00
Earning per share (Rs)	110.32	108.17	150.73	171.16	42.56	36.98	7.07	17.65	40.27	48.96
Market value per share (Rs)	615.75	392.75	392.00	362.25	254.50	115.20	78.80	111.00	183.90	155.00
Price earning ratio	5.58	3.63	2.60	2.12	5.98	3.12	11.14	6.29	4.57	3.17
Dividend cover ratio	5.52	7.21	10.05	17.12	7.09	6.16	1.18	2.94	6.71	12.24
Dividend payout ratio	18%	14%	10%	6%	14%	16%	85%	34%	15%	8%
Gross profit	574,688	532,830	786,787	712,998	192,239	231,508	78,450	110,653	259,273	283,935
Number of shares	4,213	4,213	4,213	4,213	4,213	4,213	4,213	4,213	4,213	4,213
Dividend paid	84,250	63,188	63,188	42,125	25,275	25,275	25,275	25,275	25,275	16,850
Current liabilities	184,476	118,139	194,252	720,539	409,713	98,143	58,157	103,383	57,503	143,512

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 counter party to a transaction fails to meet. It's 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 assets 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-fourth Annual General Meeting of A C L Plastics PLC will be held at the Auditorium of A C L Cables PLC, No. 60, Rodney Street, Colombo 08 on 26th September 2025 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 2025 with the report of the Auditors thereon.
02. To re-elect as a Director Mrs. N C Madanayake who retires by rotation being eligible for re-election in terms of Article No. 85 of Articles of Association.
03. 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.
04. Messrs. Deloitte Partners, Chartered Accountants (formerly known as Messrs PricewaterhouseCoopers) and authorize the Directors to determine their remuneration.
05. To authorize the Directors to determine donations to charities.

By Order of the Board

(Sgd.)

Corporate Affairs (Private) Limited
Secretaries

26 August 2025

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 - ACL PLASTICS PLC

I/We (Name).....

 of.....
being a Shareholder/ Shareholders
 of the above Company hereby appoint (Name and NIC of Proxy Holder)

 or failing him/ herof.....

 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 26 September 2025 at 10.00 a.m. and at any adjournment thereof.

Signed this day of2025

.....
 Signature

INSTRUCTIONS FOR COMPLETION OF PROXY

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

Internet : www.acl.lk

Board of Directors

U. G. Madanayake - Chairman

Suren Madanayake - Managing Director

Mrs. N. C. Madanayake

Mr. Mohan Joseph Ratnayake

Mr. Rohan Somawansa

Company Secretary

M/s. Corporate Affairs (Pvt) Ltd

No: 68/1, Dawson Street,

Colombo 02.

Group Chief Financial Officer

Maresh Amarasiri

MBA, FCMA, CGMA, B.Sc (Eng), MIESL

Auditors

Messrs. Deloitte partners

Chartered Accountants

Bankers

Standard Chartered Bank

Hatton National Bank

Nations Trust Bank

Feedback and Queries

The Company welcomes feedback and queries regarding this report and encourages readers to direct their responses to; investor.relations@acl.lk or write to:

Messrs Corporate Affairs (Private) Limited. 68/1, Dawson Street, Colombo 02.

Designed & produced by

emagewise

Printed by Digital Plates & Printing by
Softwave Printing and Publishing (Pvt) Ltd

