

# Mettle



ALUMEX PLC  
ANNUAL REPORT 2023/24

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# Mettle

Even though it was a challenging year for the Company, we at Alumex remained an ever-constant beacon of solidity, strength and leadership. We also proved, as we have in the past, that our mettle may be tested but we will continue to prevail and maintain our stature in the industry as pioneers of great ideas, new ventures and undaunted expansion. Our positioning as the best in the business also remained unchallenged as we continued to make strides in sustainability, laying the groundwork for an ESG framework that will fortify our future plans.

Our team, our strategy and our limitless vision for the future held us in good stead as we proved yet again that our mettle will see us through challenge and opportunity.

## Purpose, Vision, Mission and Values



### Purpose Statement

“Together, we elevate living through sustainable and innovative Aluminium solutions”



### Vision

To be the premier Aluminium extrusion manufacturer in the South Asian Region.



### Mission

We will create customer intimacy with innovative Aluminium solutions through world-class, sustainable manufacturing practices.

## Values

#### **H** – Honesty and integrity

Ethical and transparent in all our dealings.

#### **A** – Accountability

Holding ourselves responsible to deliver what we promise.

#### **Y** – Yes, WE can!

(Team work) - Working with each other and with our partners across boundaries, to make things happen.

#### **L** – Love for humanity

Treating everyone with respect and dignity, providing for the development of our people and rewarding them for good performance.

#### **E** – Enduring Customer Value

Enhancing experiences for every customer, from the rural farmer to the global consumer.

#### **Y** – Yes, we WILL WIN!

(A will to win) - Exhibiting the will to win that which is important to Hayleys and its shareholders.

#### **S** – Social Responsibility as a Good Corporate Citizen

Caring for the communities in which we work, actively supporting their growth and being environmentally responsible in all we do.

&

#### **I** – Innovation

Transforming ideas into products and services to create economic, social and environmental value in the pioneering spirit of Hayleys.

## Reasons to Invest in Alumex

# 1.

### Market Leadership

- Over 46% market share in Sri Lanka, supplying to a wide range of customer segments.
- State-of-the-art warehousing and logistics infrastructure for island-wide distribution.
- Solid brands – Alumex, LUMIN and Alco.

**5-Year – Compound Average Growth of Sales: 26%**

# 2.

### Going Beyond Borders

- Strong, established presence in key South Asian markets.
- Penetration into high value-added markets in Europe and North America.
- Entry into the Australian and New Zealand markets.

**FY 2023/24 – Growth in Export Volume: 21%**

# 3.

### Outstanding Returns to Environment

- Aluminium extrusions are emerging as a champion of sustainability in construction. They offer a lightweight alternative to bulkier materials, reducing the environmental impact.

**During the Year 5,803 Trees Saved**

# 4.

### State-of-the-Art Manufacturing Facilities

- Largest manufacturer in Sri Lanka with an annual capacity of 22,000 metric tons of Aluminium extrusions.
- Capability to produce customised value-added solutions.
- Strategic investments for ongoing capacity expansion and continuous upgrades.

**5-Year – Cumulative Capex: Rs. 2,288 Mn**

# 5.

### Upholding Quality and Standards

- Quality certifications for highest warranty.
- Multiple quality certifications for finishing processes.
- Manufacturing licences for world-renowned proprietary systems.

**5-Year – Cumulative Certification and Licensing Investment: Rs. 57 Mn**

# 6.

### Product and Process Development

- Focused research on value addition and new product development.
- Ongoing process improvements to drive cost efficiencies.

**5-Year – Cumulative Research and Development Investment: Rs. 62 Mn**

# About this Report

## About Our Report

We are pleased to present to you the Integrated Annual Report of Alumex PLC (“the Company”) for the year ended 31st March 2024.

In a concise yet transparent comprehensive, and an accurate manner, we have endeavoured to place before you, our valued shareholders, a balanced review of financial, environmental, and social impacts of our operations, within a strong governance structure creating value for our communities while contributing positively to the national economy.

## Scope and Boundary

The report encompasses the operations of Alumex PLC, and reports on both financial and non-financial aspects for the financial year 2023/24. Its primary intention is to present the information required by the shareholders and conform to regulatory requirements, while giving an account of the many aspects of our operations to all our stakeholders.

## Reporting Improvement in the FY 2023/24

We have included the following, in improving our report:

- ⊙ Integrated Reporting Framework of the International Integrated Reporting Council (<IR > Framework
- ⊙ Adoption of the GRI tags
- ⊙ Disclosure required by the Sustainability Accounting Standards Board (SASBs)
- ⊙ Disclosures required under Task Force on Climate-Related Financial Disclosures (TCFD)

## Reporting Framework

### Financial Reporting

Sri Lanka Accounting Standards (SLFRS/LKAS) issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)

The Companies Act No. 7 of 2007

Sri Lanka Financial Reporting Standards

Integrated Reporting Framework of the International Integrated Reporting Council

### Non-Financial Reporting

Global Reporting Initiative (GRI) Standards

Listing Rules of the Colombo Stock Exchange

Securities and Exchange Commission of Sri Lanka Act No. 19 of 2021, including directives and circulars

Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka 2023 (CA Sri Lanka)

IFRS S1 – Disclosure of Sustainability-related Financial Information

IFRS S2 - Climate-related Disclosures

United Nations Sustainable Development Goals (SDG’s).

## Combined Assurance

Alumex applies an assurance model in its reporting. In addition to the Company’s system of internal controls and internal audit function, assurance on the financial statements is provided by Messrs. Ernst and Young.

## By Messrs. Ernst and Young

Assurance report on financial reporting on pages 159 to 161.

Assurance report on integrated reporting on pages 214 to 215.

## Materiality

This report provides information on all matters we believe could substantially affect our value creation in a structured manner. In determining these issues, we have considered the needs of our stakeholders on page 26 opportunities and risks in the operating landscape on page 50 and our economic, social and environmental impacts. Please refer to page 28 for further information on how the Group determines its material topics.

## About this Report

### Guiding Principles

The following principles were applied in preparing the report to provide a credible review of our performance and operations.

- Reliability – Internal controls and processes currently implemented deliver reliability of both financial and non-financial information.
- Conciseness – We have covered all critical matters in a complete but a concise manner.
- Authentic presentation – A balanced view, based on positive or negative outcomes are reported in a faithful manner.
- Materiality – Material matters are identified and reported in a responsible manner.
- Ensuring Integrated Reporting – Icons are used to integrate the variety of topics that are reporting, giving connectivity of information.
- Inclusion of International Standards in Reporting – GRI tagging, SASB and TCFD are used to ensure compliance with the required international standards.

### Restatement of Information

There is no restatement of financial or non-financial information which was audited last year, unless otherwise related to 2023/24 operations.

### Forward-looking Statements

This report contains certain forward-looking statements with regard to Alumex PLC's financial position, results, operations, and business activities. These statements involve risk and uncertainty as they relate to and depend on events that will occur in the future may differ materially from what was expressed in the forward-looking statements. As such, all forward-looking statements are deemed to be applicable on the date

of publication and Alumex PLC does not accept any obligation to revise information expressed in these forward-looking statements.

### Audit and Assurance

The Company adheres to both internal and external models in audit and assuring.

The Board of Directors is responsible for ensuring the integrity and the accuracy of this Integrated Report. The Board hereby confirms that in its opinion this report provides all material issues and presents the Company's performance in a fair manner and is prepared in accordance with the Framework.

Signed on behalf of the Board:



**Mr. A. M. Pandithage**  
Chairman

### Feedback and Inquiries

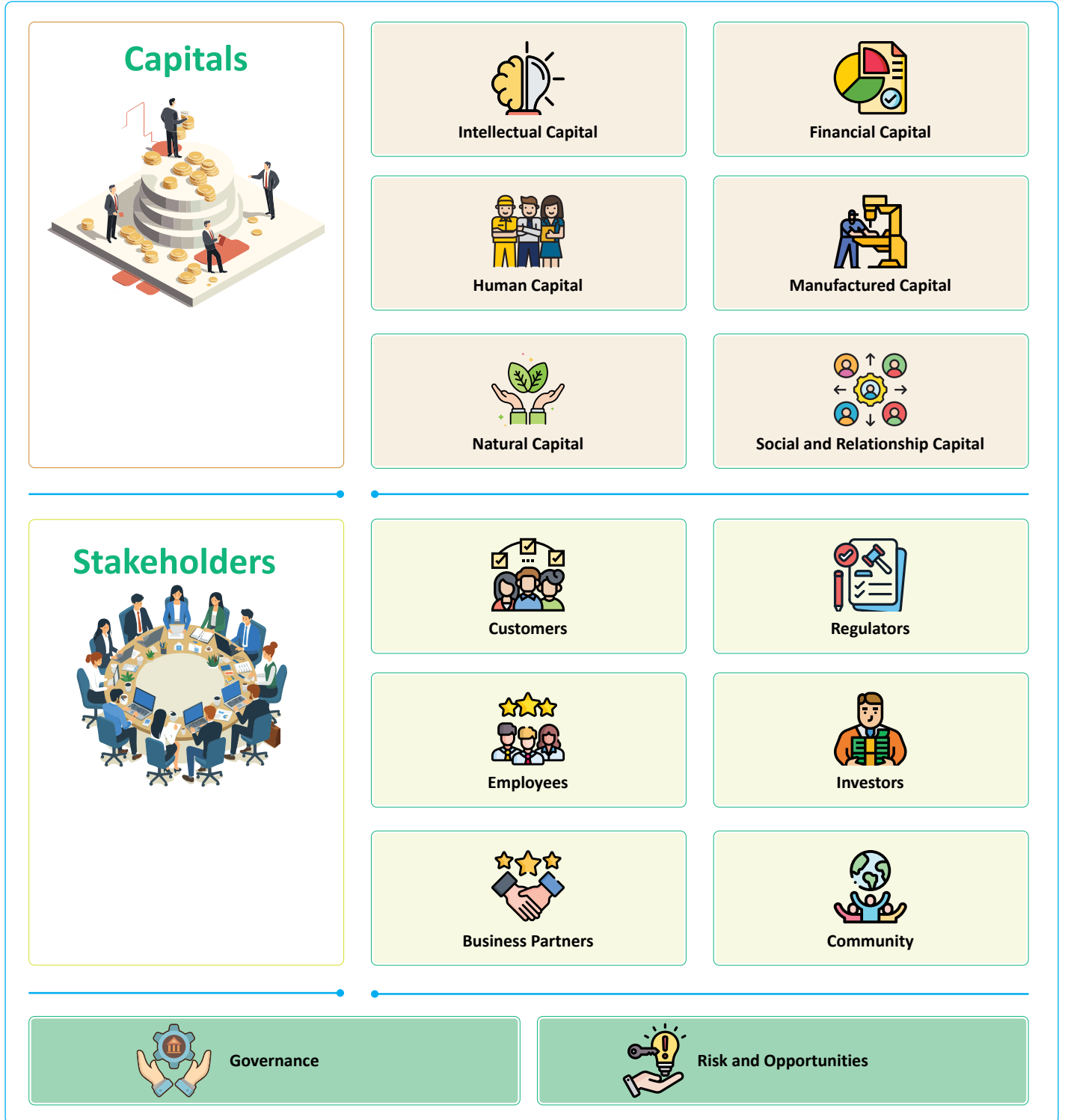
We value your feedback which will help us improve the comprehensiveness of our report for the new financial year. Please contact the following for inquiries regarding the Annual Report. You can also forward your suggestions to:

The Chief Financial Officer,  
Alumex PLC,  
Pattiwila Road,  
Sapugaskanda,  
Makola,  
Tel - 94 11 2400332,  
Email: [info@alumexgroup.com](mailto:info@alumexgroup.com).  
[www.alumexgroup.com](http://www.alumexgroup.com)



# About this Report

## Navigating our Report





## Achievements and Awards



**1. National Industry Excellence Awards 2023 – Industrial Development Board**  
*Super Gold Winner – Large Scale – Metal, Die and Mold Machinery Tools Sector*

**2. CNCI Achiever Awards 2023 – The Ceylon National Chamber of Industries**  
*Industry Excellence – Top Ten Awards and Silver Award in the National Level Manufacturing Sector – Extra Large Category*

**3. Presidential Export Awards 2021/22 – Export Development Board**  
*Overall Award Emerging Exporter of the Year*

**4. Presidential Export Awards 2022/23 – Export Development Board**  
*Merit Award - Light Engineering Products Category*

**5. NCE Export Awards 2023 - National Chamber of Exporters**  
*Silver Award in the Extra-Large Category of Machinery & Light Engineering Products Sector in recognition of export performance in the year 2022-2023*

**6. TAGS Awards 2023 (Annual Report Awards) - CA Sri Lanka**  
*Silver Award - Manufacturing Sector (Group Turnover above LKR 10 Bn)*

**7. CMA Excellence in Integrated Reporting Awards 2023 – CMA Sri Lanka**  
*10 Best Integrated Reports and Winner “Best Integrated Reports – Other (Materials) Category”*

**8. National Supply Chain Excellence Awards 2023 – The Institute of Supply and Material Management**  
*Best Supply Chain Practicing Organisation 2023 – 2nd Runner-Up of the large-scale enterprise category*

**9. National Business Excellence Awards - The National Chamber of Commerce**  
*1st Runner up Medium Category. 2023*

**10. Annual Green Awards 2023 - The Ceylon Institute of Builders**  
*Gold Award for Sustainable Product Certificate - Product “Özon” Low Carbon Aluminium*

### Awards received to Employees of Alumex PLC - at the National Award Ceremonies

**11. National Supply Chain Excellence Awards 2023 – Institute of Supply and Materials Management in collaboration with the Ministry of Industries and Industrial Development Board**  
*Winner – National Award of Excellence for the Best Supply Chain Professional 2023 – Mr. Rajith Ranasinghe*

**12. SLIM National Sales Awards 2023 – Sri Lanka Institute of Marketing**  
*Gold Award – Best Sales Executive in the Industrial Manufacturing and Energy Sector – Mr. Gihan Rodrigo*

## Historical Milestones

# 1986

**Alumex (Private) Limited is initiated as a South Korean-Sri Lankan joint venture**

**1988**

Commercial operations began with the 6" extruder and an anodizing plant

**2012**

Consolidation process was commenced to simplify the ownership structure and AAMT was renamed as Alumex (Private) Limited

**1999**

First powder coating plant was added to the production process

**2011**

Ownership of the Group brought under a single Company, Alutec Anodizing and Machine Tools (Private) Limited (AAMT) through a share swap

**2000**

7" largest extruder in the country was installed at the Makola factory

**2010**

3rd extruder was commissioned to manufacture component products  
Hayleys PLC acquires controlling ownership of Alumex

**2006**

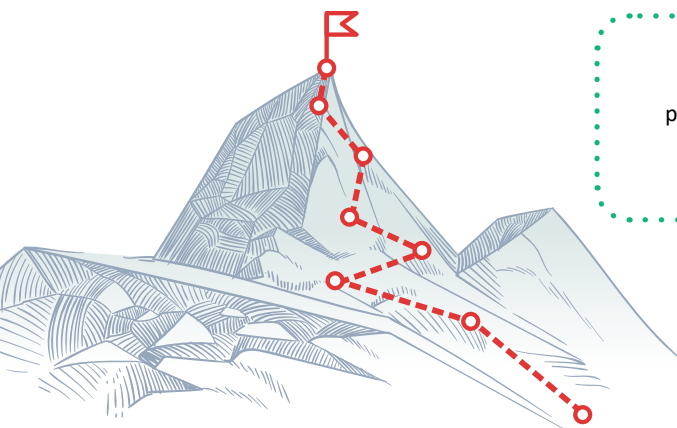
The Korean shareholding was acquired by the Sri Lankan partners

**2008**

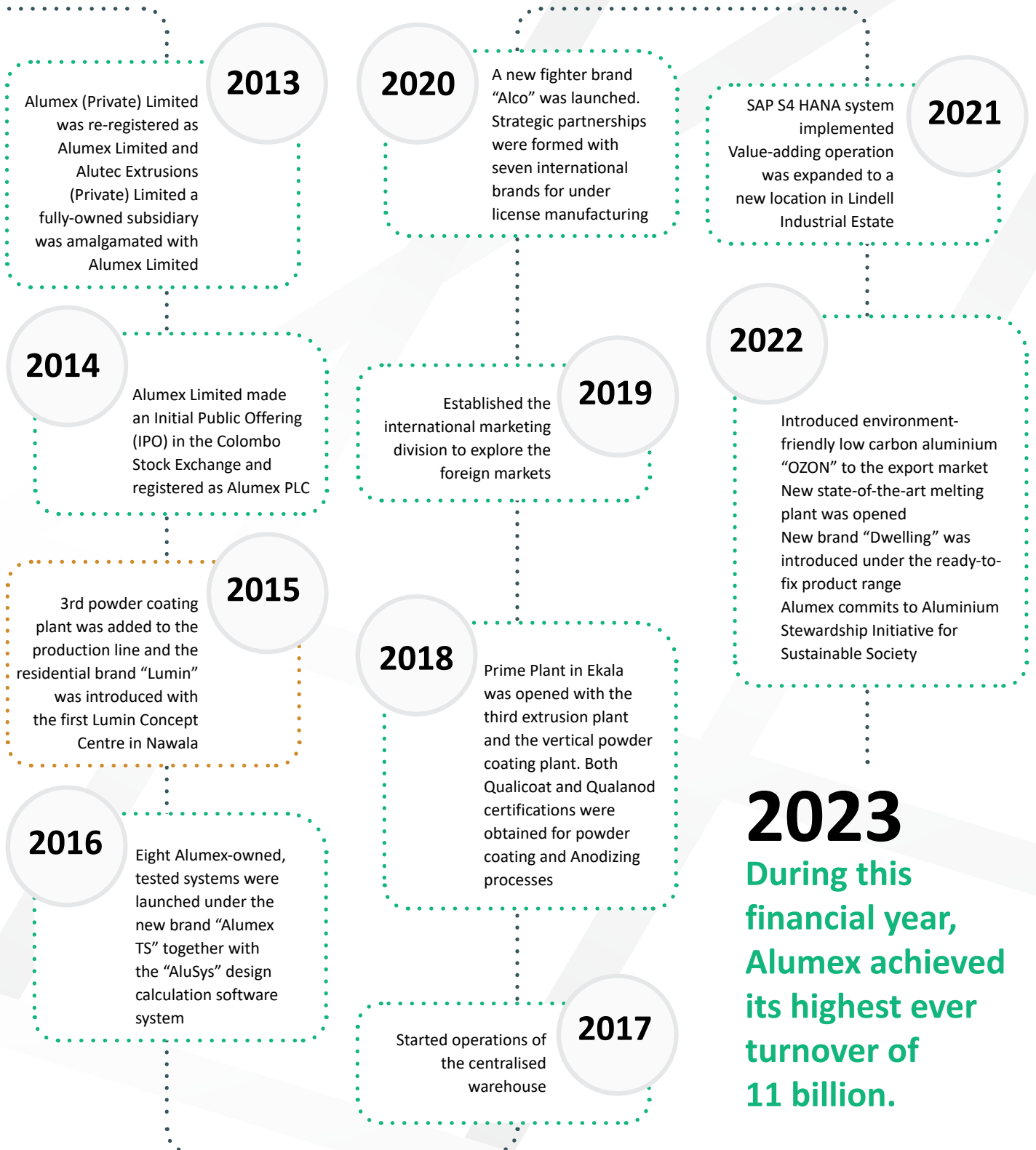
Second anodizing plant and first wood finish plant were installed

**2009**

Second powder coating plant for small orders was added to the production line



## Historical Milestones



**Chairman's Statement**



## Chairman's Statement

Alumex PLC recorded a year of turnaround, to achieve Revenue growth of 8% to Rs. 10.99 Bn while Profit After Tax amounted to Rs.186 Mn, compared to a loss of Rs. 10.21 Mn for the year ended 31st March 2023. Performance was upheld by commendable volume growth in both the domestic and export markets supported by the gradual improvement in Sri Lanka's macro-economic conditions as well as the Company's strategic foresight in pursuing deeper penetration in export markets, which generated a Revenue of USD10.29 Mn during the year. The performance during the financial year demonstrates not only the strength and resilience of the Company but its agility in adapting to market conditions and seizing emerging opportunities. This is testament to our ability to deliver value today while continuing to focus on a sustainable long term.

It is my pleasure to welcome you to the 17th Annual General Meeting of the Company and present to you the Annual Integrated Report and Financial Statements, that record a concise and balanced view of the Company's performance and value creation during the year.

### Operating Context

The Sri Lankan economy entered a path of recovery in 2023 supported by improved fiscal conditions, continued disinflation and conducive interest rates. Although the economy recorded an overall contraction of 2.3% in 2023, the second half of the year posted turnaround with all sub-sectors recording growth, signaling improved sentiments and increased vibrancy in economic activity. The construction industry also demonstrated signs of recovery towards the latter part of the year, following liquidity injections and gradual recommencement of infrastructure projects, both by the government and private sectors. The government's budget allocations spotlight key enablers of the market growth, with notable infrastructure spending on transport and highways, alongside investments in health, education, power and energy,

**“Revenue growth of 8% to Rs. 10.99 Bn while Profit After Tax amounted to Rs.186 Mn, compared to a loss of Rs. 10.21 Mn for the year ended 31st March 2023.”**

urban development, housing, and tourism, offering reasons for optimism in the next financial year. The domestic retail market also witnessed an upward trajectory, which is likely to gather momentum in the upcoming months.

As global aluminium prices eased and the Sri Lankan Rupee strengthened against the US Dollar, the Company sought to pass on the benefit to its customers through considerable price reductions which aided customer retention in a highly competitive market. However, the appreciation of the Rupee inevitably impacted our export earnings, which recorded a decline in Revenue despite a near 21% increase in volumes.

### Governance and Leadership

The Company's continued resilience is backed by the strength of its governance mechanisms which has enabled its stability throughout economic cycles. The Company benefits from the robust policies, structures and procedures of its parent entity, upheld by core values of accountability, transparency and integrity. The Company is fully by compliant with immediate requirements of the recently issued Listing Rules No. 9 on Corporate Governance and will ensure full compliance with all requirements by the announced effective dates. During the year, the Group adopted the Bribery and Anti-

Corruption policy as well as the Shareholder and Investor Communication policy of Hayleys PLC which was launched during the year.

As articulated in the Bribery and Anti-Corruption policy, the Company has zero tolerance for corruption and I, together with the Board of Directors remain committed to ensuring that the Company has in place the required governance structures and internal controls to mitigate the risk of corruption. During the year, the Company was also fully compliant to all relevant laws and regulations, including those pertaining to anti-corruption.

I extend a warm welcome to Mr. M.J.S. Rajakariar and Mr. D.T.R. De Silva, who were appointed Directors to the Board as of January 2024. In aligning with the new Corporate Governance requirements of the Colombo Stock Exchange, Mr. A.J. Hirdaramani and Mr. T.A. Akbarally who functioned as Alternate Directors resigned from the Board. Mr. R.P. Pathirana also resigned from the Board during the year and I thank all three outgoing Directors for the unstinted support during their tenure.

### Integrating ESG

As a responsible corporate citizen and as an integral part of a respected conglomerate, the Hayleys Group, we are fully aligned to the Hayleys Lifecode, and to our ambitious ESG agenda contained in Elevate Living which will be launched within the current year. In an industry where finite resources are the input for the final product, we endeavour to contribute to the prosperity of the planet and the people in a sustainable way, through responsible usage of scarce resources and disposing waste in a responsible manner. Given the relatively high emissions associated with the aluminium value chain, we are proactively seeking measures to reduce our carbon footprint through responsible sourcing and pursuing opportunities in renewable energy. These endeavours are backed by the Company's membership



## Chairman's Statement

in the Aluminium Stewardship Initiative (ASI), a global collaboration which aims to foster responsible production, sourcing and stewardship of Aluminium.

### Employee well-being

As an organisation that prioritises the well-being of our employees, health and safety is a priority at Alumex. Several HR initiatives were taken to support them through 2023, as the first half of the year continued to be challenging and uncertain in their daily lives. We do not engage in child labour or forced labour and strive to create a gender-equitable workplace. The section on Human Capital will enumerate our initiatives in detail.

As Sri Lanka's premier aluminium extruder, we are committed to driving capacity building across industry stakeholders, acting as a catalyst for skill development. During the year, we partnered several government and private sector organisations to train over 3600 fabricators, enhancing knowledge on new products, fabrication capabilities and technology. We continued to strengthen the occupational health and safety aspect of our operations to make our premises a safe place for all our stakeholders.

### Future Focus

We remain optimistic about aluminum's long-term fundamentals, despite the short-term volatilities. Our metal is a key component in modern and sophisticated lifestyles and long-term demand dynamics remain favourable, given a growing middle class and aspirations for a higher standard of

living. ongoing transition to build lifestyle and light engineering products, and renewable energy infrastructure, helping society move toward to a low-carbon future.

As we look forward to 2024 and beyond, our intent is to stay true to our values, deliver operational and commercial excellence with rigorous cost management, offer value added offering to the local market and relentlessly pursue growth in export markets. The Alumex ESG Roadmap, Elevate Living, will be implemented and monitored to strategically integrate sustainability considerations across our business to achieve strategic outcomes.

### Acknowledgements

I would like to convey my sincere appreciation to my colleagues on the Board for their invaluable support and wise counsel during the year. I commend the Managing Director and the Team Alumex for their untiring efforts, diligence, and commitment in returning a strong set of results for the Company in this financial year as we continue to raise the bar for Sri Lanka's Aluminum extrusions industry, and for making us a brand in the export markets. I thank the regulatory bodies for their support through a difficult period and appreciate our suppliers, customers and all stakeholders for the trust and confidence they have placed in us and for continuing to inspire us.



**Mohan Pandithage**  
Chairman

07 May 2024

**Managing Director's Review**



## Managing Director's Review

Dear Stakeholder

With strategic foresight in penetrating the export markets, and relentless pursuit of operational efficiencies, Alumex delivered a resilient performance during the financial year ending 31st March 2024. Through swift realignment of our strategic priorities, we navigated the year 2023/24 to return to profitability, maintain our market leadership status and deliver sustainable value to our stakeholders. Our resilience under a challenging environment is a tribute to the Alumex team supported by the leadership and guidance of our parent Company, Hayleys Group. True to the saying that oaks grow strong in contrary winds and diamonds are made under pressure, we emerged stronger from the volatility and uncertainty that were defining factors over the past 2 years.

### Performance Review

The Company's revenue increased by 8% to Rs 10,993 Mn. Performance was upheld by the gradual recovery in domestic demand which led to a 14% volume growth in the domestic segment. The export segment delivered an impressive volume growth of 22%, attesting to the Company's ongoing efforts to pursue new markets and clients through innovation and excellent customer service.

The benefits of reduction in raw material pricing and local currency appreciation were passed on to customers by reducing the prices at two stages. Nevertheless, Gross Profit increased by 11% increase to Rs 2,266 Mn, due to increase in volumes while Net Finance Cost decreased by 23% to Rs 821 Mn, compared to Rs. 1,069 Mn in the previous year further supporting profitability. This reduction is primarily a result of the decline in the Average Weighted Prime Lending Rate (AWPLR) from a peak of 21.40% in April 2023 to 10.69% in March 2024. Resultantly, the Company returned to profitability during the year, recording a

Profit Before Tax of Rs. 232 Mn increased by 51% from Rs. 153 Mn in the previous year. Although the impact of effective tax rate changes happened in the previous year resulted in substantial deferred tax cost to record a loss of Rs. 10.21 Mn, without such unusual adjustments, Profit After Tax of the current year clocked in at Rs 186 Mn.

With the increase in sales performance in second half and with positive expectations for future business, trade debtors and inventory balances were increased at the yearend by 66% and 41% respectively. This resulted in the increase of bank borrowings to Rs 5,966 Mn impacting the gearing ratio also to increase to 62% which is expected to reduce to previous levels during the current financial year.

### Diversification and Expansion

We pursued diversification through strengthening our position in light engineering and lifestyle products that are rapidly gaining traction in the market as a viable alternative to timber. This has enabled us to drive increased value addition in the local product portfolio, thereby aptly positioning the Company for the anticipated upturn in domestic demand. We also introduced die casting technology which will support conversion of aluminium scrap to finished products for the international market. Expansion took place in the export market with the USA and New Zealand offering further opportunities. Our products were already well embedded in these markets, and we were able to drive deeper penetration through leveraging our strong brand, excellent stakeholder relationships, and product proposition, to explore new avenues. The Company also placed strategic emphasis on operational efficiencies and resource optimisation through effective management of working capital, relentless pursuit of energy efficiencies and exploring sustainable ways to reduce waste.

**“Gross Profit increased by 11% increase to Rs. 2,266 Mn, due to increase in volumes while Net Finance Cost decreased by 23% to Rs. 821 Mn, compared to Rs. 1,069 Mn in the previous year further supporting profitability.”**

### Our People

The strength, resilience and the loyalty of our people were a driving force behind the Company's success, particularly given the extraordinary challenges we faced in recent years. In turn, we ensured their financial, physical and mental well-being while continuing to invest in skill and capacity development. With the economic conditions on the mend, we are confident that our skilled and dedicated team will seize every opportunity to drive the Company's strategic aspirations. The Section on Human Capital on pages 82 to 94 enumerates the many initiatives taken to recruit, train and retain our employees.



## Managing Director's Review

### Strong Relationships

We built strong relationships with our stakeholders through above the line advertising, maintaining proactive and close engagement with professionals' institutions and continuing to invest our time and effort in industry skill development. During the year, we also launched a digital marketing platform for our products, Alumex E-Store further supporting increased customer accessibility. In line with the ESG aspirations of our parent, the Company is also formulating a holistic ESG Roadmap, which will seek to embed environmental, social and governance considerations into our strategy and operations.

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**“Profit Before Tax of Rs. 232 Mn increased by 51% from Rs. 153 Mn in the previous year.”**

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### Future Focus 2024/25

With the economy on a growth trajectory, we are excited about the opportunities presented by a recovering construction industry. While we are cognizant of the challenges ahead and will remain vigilant to potential downside risks, we are optimistic that interventions made in recent years to strengthen our product portfolio, manufacturing capabilities and market diversification will enable the Company to remain at the forefront of the industry while driving growth. Export market development will be a key focus while offering value added products to the local market. Parallel focus will also be placed on product development, operational efficiencies and ESG integration.

We are excited to note aluminium gaining trust and confidence over timber, and the boom in the solar industry that naturally translates to increase demand for the product. We are further motivated and welcome the support of the government and various professional bodies and councils to improve local manufacturing competitiveness to ensure market development in a sustainable manner.

Against this backdrop, we plan to introduce several new product segments to the local market, while increasing the sales volumes to existing export markets and adding new destinations to our exports. Capacity expansion in export oriented light engineering products, and lifestyle products are also on the cards. Upgrading existing manufacturing facilities will be a focus as we seek to drive operational efficiencies and optimise resources. Parallely, we will continue to upgrade and upskill our talent, and fabricators as we seek to drive socio-economic value across the entire Aluminium value chain.

On the technological front, we are evaluating the advantages of AI in manufacturing operations while product identity will be improved with a QR code to protect Alumex products and differentiate them from the rest. An advanced production planning module will be introduced to replace the existing for better efficiency and delivery.

### Appreciations

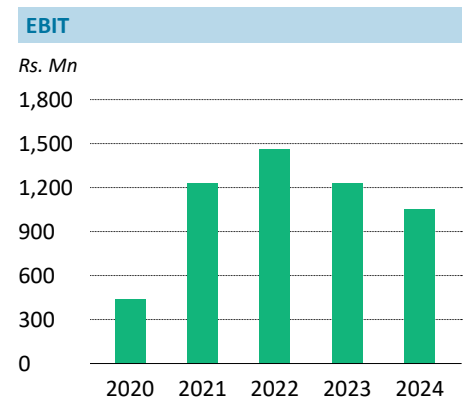
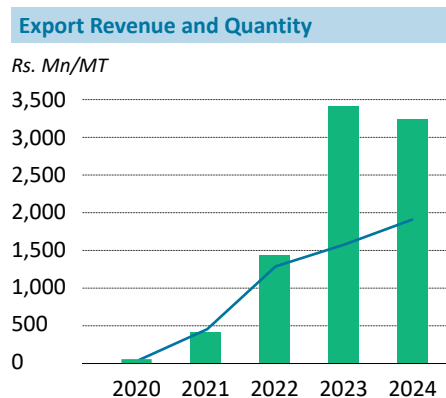
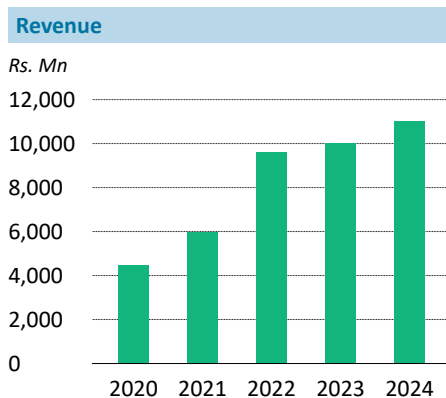
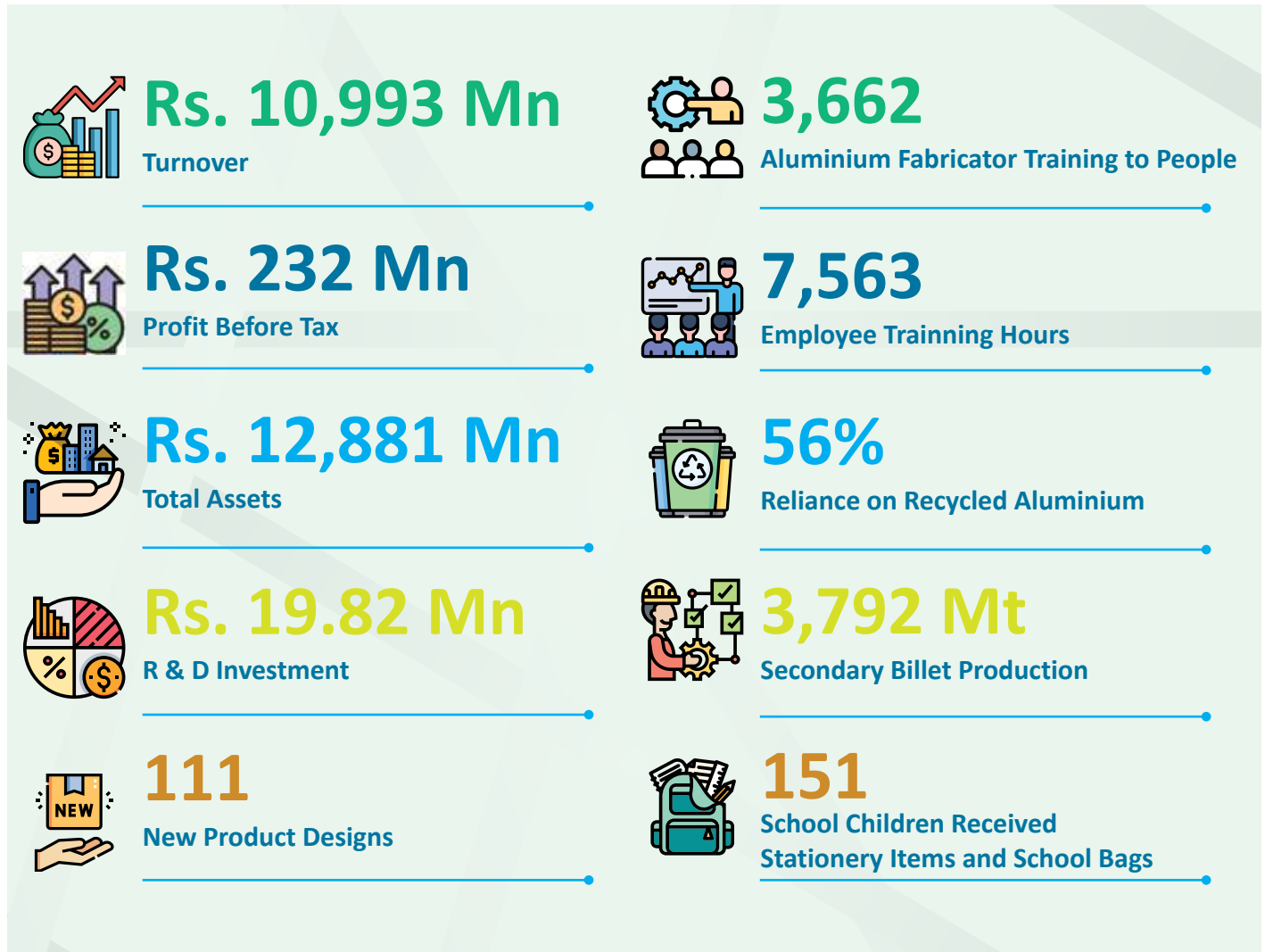
I would like to convey my heartfelt appreciation to my Management Team and employees for their unstinted commitment, talents and passion which have seen position catapult to market leadership and helped us to remain resilient in turbulent times, delivering against our strategic priorities.

I would also like to thank our Chairman, Deputy Chairman and my colleagues on the Board for their visionary leadership and the guidance and confidence in me. My sincere thanks are extended also to our customers, suppliers, business partners, shareholders and other stakeholders for their continued trust and loyalty and the inspiration they give us to keep raising the bar for ourselves and the industry.

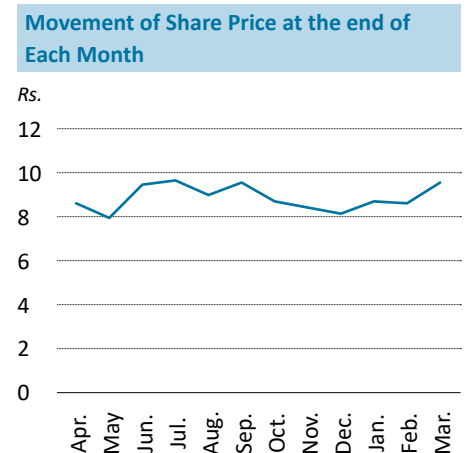
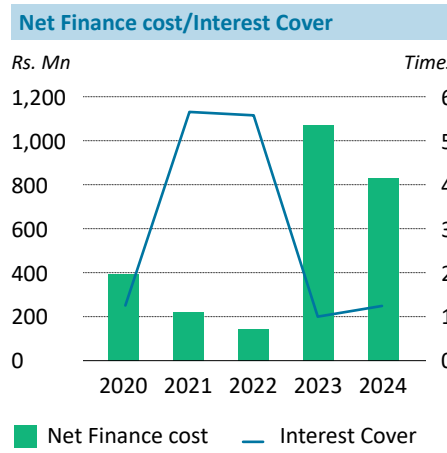
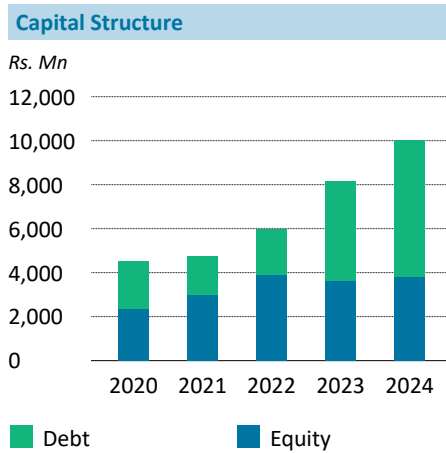
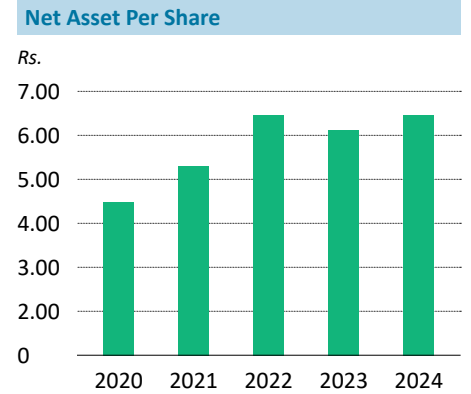
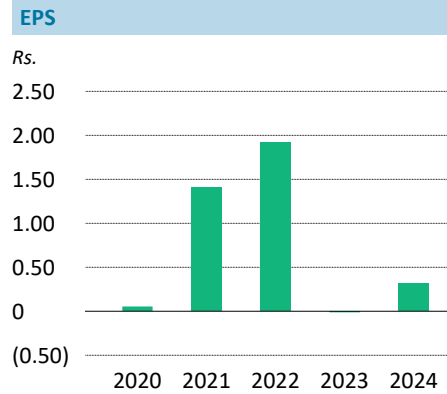
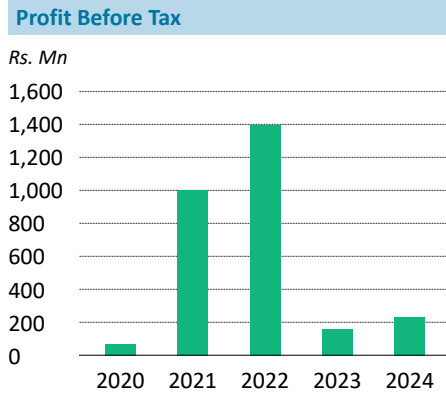


**Pramuk Dediwela**  
Managing Director  
07 May 2024

## Year at a Glance



## Year at a Glance



## Who We Are

Alumex is today Sri Lanka's largest and leading manufacturer of Aluminium extrusions with a captive market share of 46%; in commercial, industrial, residential and architectural Aluminium extrusion profiles. Since the launch of commercial operations in 1988, Alumex's commitment to excellence and a focus on innovation has propelled it to be a trailblazer who has transformed Sri Lanka's construction sector.

Since pioneering Sri Lanka's foray into global markets in 2019, Alumex today exports its sustainably manufactured products to 13 countries in five continents. Its contribution to Sri Lanka's export revenue in just a span of five years has seen phenomenal growth; well facilitated by its commitment to highest quality, innovation and international accreditations and sustainable practices.

"In the year under review, we achieved another significant milestone by introducing the Alumex Digital Marketing platform, known as "Alumex Store." This launch marks a crucial step forward in strengthening our marketing and distribution capabilities, empowering us to effectively compete in both local and international markets."

"Our manufacturing facilities adhere to global standards and are renowned for their excellence. We boast cutting-edge capabilities in Aluminium extrusion, complemented by advanced processes including melting and casting, die manufacturing, and surface finishing. With expertise in anodizing, powder coating, and wood finish technologies, we ensure superior quality across profiles and component items. Our versatile capabilities extend to producing both Alumex and customised extrusion products, catering to the needs of local and export markets alike.

During the year there were no significant changes to the Company's capital structure or supply chain.

Our product offering reflects our commitment to cater to the full spectrum of market needs:

- ⦿ Comprising three core brands which lead their respective market spaces: Alumex, Lumin, Alco
- ⦿ Do It Yourself (DIY) range of pre-fabricated doors & windows (Dwelling)



### Our Competitive Edge:

- ⦿ Ability to meet the full spectrum of market needs.
- ⦿ In-house expertise and R&D to innovate and excel.
- ⦿ Brand hallmarks of high-quality consistency & reliability.
- ⦿ State-of-the-art manufacturing plants.
- ⦿ Environmentally and socially conscious decision making.
- ⦿ An ESG integrated model for sustainability.
- ⦿ International Accreditations.

### Our Distribution Network:

- ⦿ 9 Distribution Centres, 3 LUMIN Concept Centres.
- ⦿ Network of dealers and distributors in all 9 provinces.

### Our Locations:

- ⦿ Head Office and main factory: Sapugaskanda, Makola.
- ⦿ Other factories: Prime Plant at Ekala, Ja-Ela.
- ⦿ Value adding plant and 3R plant: Lanka Industrial Estates Makola.

Testaments to the quality of what and how we produce:



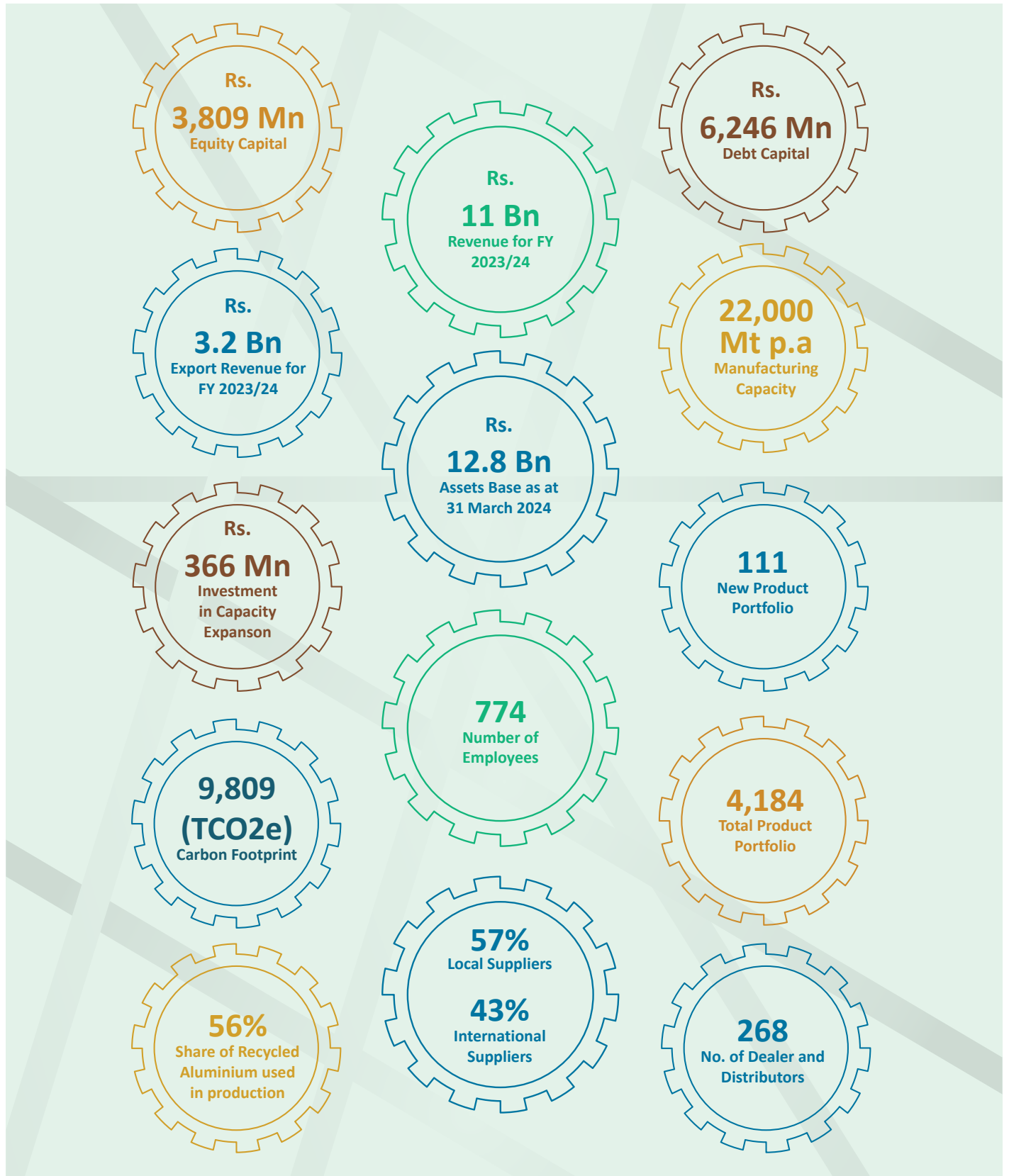
Highest quality standards our products meet:



International accreditations: ASI



## Who We Are



## Our Business Partners

### Norway

#### Hydro Aluminium

Hydro Aluminium-Norway is a Norwegian Aluminium and renewable energy company, head-quartered in Oslo.



### Germany

#### ORG ADATA AG

A leading technology-driven Company which develops analytical software systems.



### Italy

#### ALIT Technologies SRL

Manufacturing company of chemical paint stripping machines and paint stripping products for metal paint removal.



#### AluK

A leader in the design and manufacture of a range of sophisticated Aluminium building systems.



### France

#### AXALTA COATING SYSTEMS FRANCE SAS

Axalta Coating Systems France SAS manufactures specialty chemicals. The Company sells paints and coating products. Axalta serves transportation industry worldwide.



### India

#### Akzo Nobel India Limited

Since 1792, they've been supplying the innovative paints and coatings that help to color people's lives and protect what matters most.



#### Chemetall India (Pvt) Ltd

As a leading supplier of Surface Technologies, Chemetall has set itself the highest quality and performance targets: With even more efforts than before, they want to drive our growth strategy and become the technological world market leader.



#### Vedanta Limited

Vedanta is a leading producer of Oil & Gas, Zinc, Lead, Silver, Copper, Iron Ore, Steel, Aluminium & Power.



### UAE

#### Surtec Middle East LLC

SurTec Middle East LLC, est. 1999, is a market leader in surface finishing across the Middle East region.



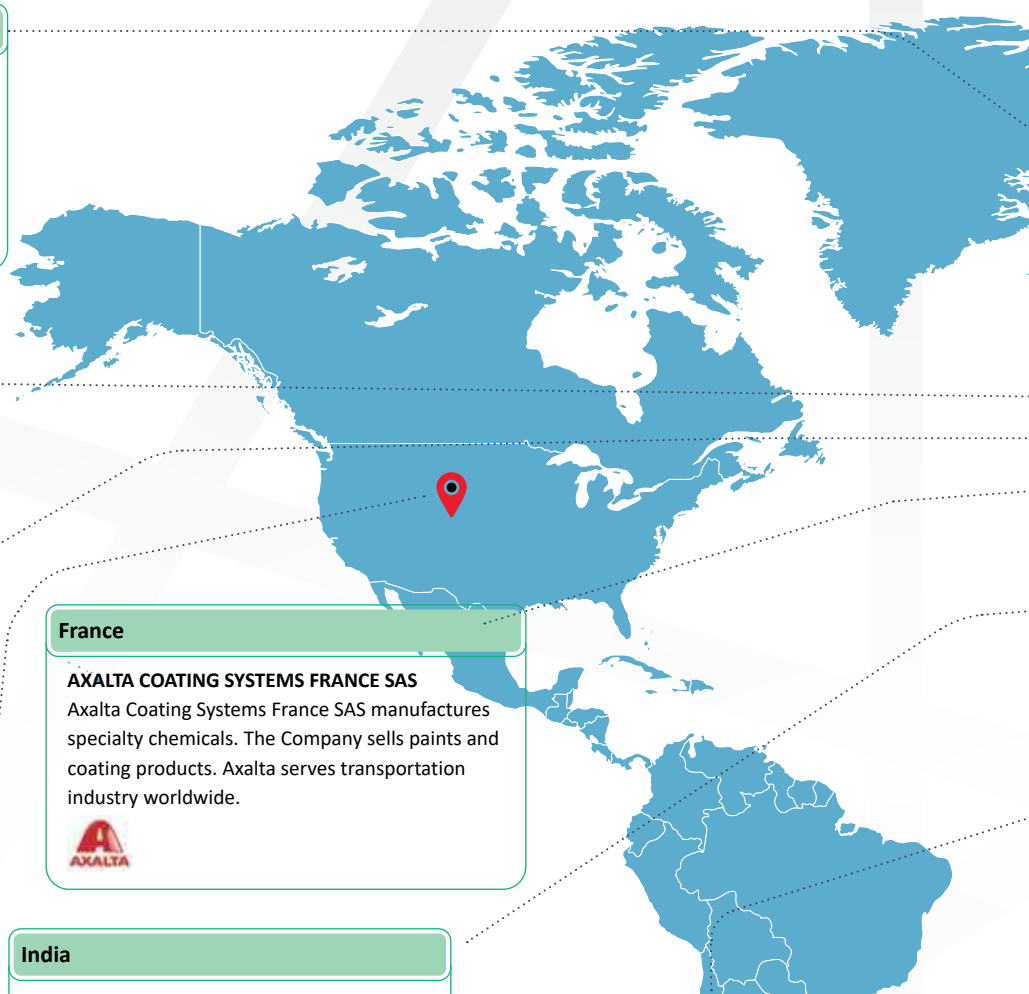
#### JOTUN MENA

JOTUN is the premier brand in Europe and the Middle East, manufacturing powder and thermal polymer alloy coatings.



#### Emirates Global Aluminium Company

The most productive single-site Aluminium smelter in the world, and the fifth largest Aluminium producer in the world.



### USA

#### Dupont Corian

A manufacturer of advanced composite product used as a decorative material.

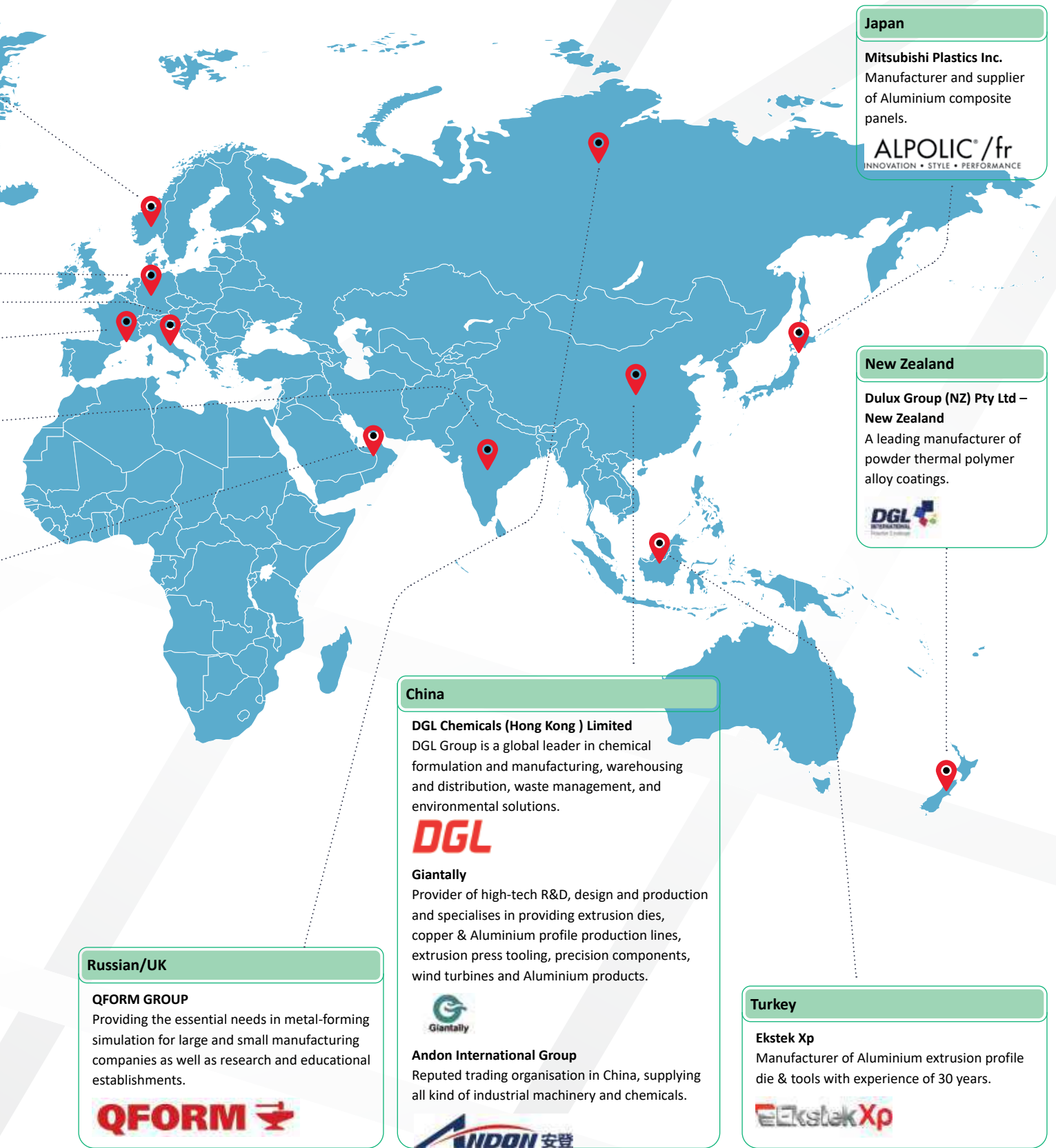


#### Candorview

Most innovative system design Company based in Wilmington, Delaware, USA.



## Our Business Partners



**Japan**

**Mitsubishi Plastics Inc.**  
Manufacturer and supplier of Aluminium composite panels.

**ALPOLIC®/fr**  
INNOVATION • STYLE • PERFORMANCE

**New Zealand**

**Dulux Group (NZ) Pty Ltd – New Zealand**  
A leading manufacturer of powder thermal polymer alloy coatings.

**DGL Structural**  
Protective Coatings

**China**

**DGL Chemicals (Hong Kong) Limited**  
DGL Group is a global leader in chemical formulation and manufacturing, warehousing and distribution, waste management, and environmental solutions.

**DGL**

**Giantally**  
Provider of high-tech R&D, design and production and specialises in providing extrusion dies, copper & Aluminium profile production lines, extrusion press tooling, precision components, wind turbines and Aluminium products.

**Andon International Group**  
Reputed trading organisation in China, supplying all kind of industrial machinery and chemicals.

**ANDON 安登**

**Turkey**

**Ekstek Xp**  
Manufacturer of Aluminium extrusion profile die & tools with experience of 30 years.

**Ekstek Xp**

**Russian/UK**

**QFORM GROUP**  
Providing the essential needs in metal-forming simulation for large and small manufacturing companies as well as research and educational establishments.

**QFORM**



# Value Creation Model

Operating Environment  
Macro Environment  
Micro Environment

Competitors

Environmental



Together, we elevate living through sustainable and innovative aluminium solutions

**Vision** To be the Premier Aluminium Extrusion Manufacturer in the South Asian Region.

## Inputs



### Financial Capital

Shareholders' Fund	Rs. 3,809 Mn
Debt	Rs. 6,245 Mn
Finance Facilities	Rs. 7,030 Mn

Pg 63 to 73



### Manufactured Capital

Monthly Production Capacity	946 MT
Investments in Machineries	Rs. 207 Mn
New Investments	Rs. 366 Mn

Pg 74 to 77



### Human Capital

Employees	774
Training Hours	7,563 hrs
Female Representation	5%

Pg 82 to 94



### Social & Relationship Capital

Customer Base	268
Supplier Base	832
Relationship with our Business Partners	
Community Partnership	

Pg 95 to 100



### Natural Capital

Material Consumption	7,413 MT
Energy Consumption	192,391.32
Water Consumption	84,458,000 ltr

Pg 101 to 108



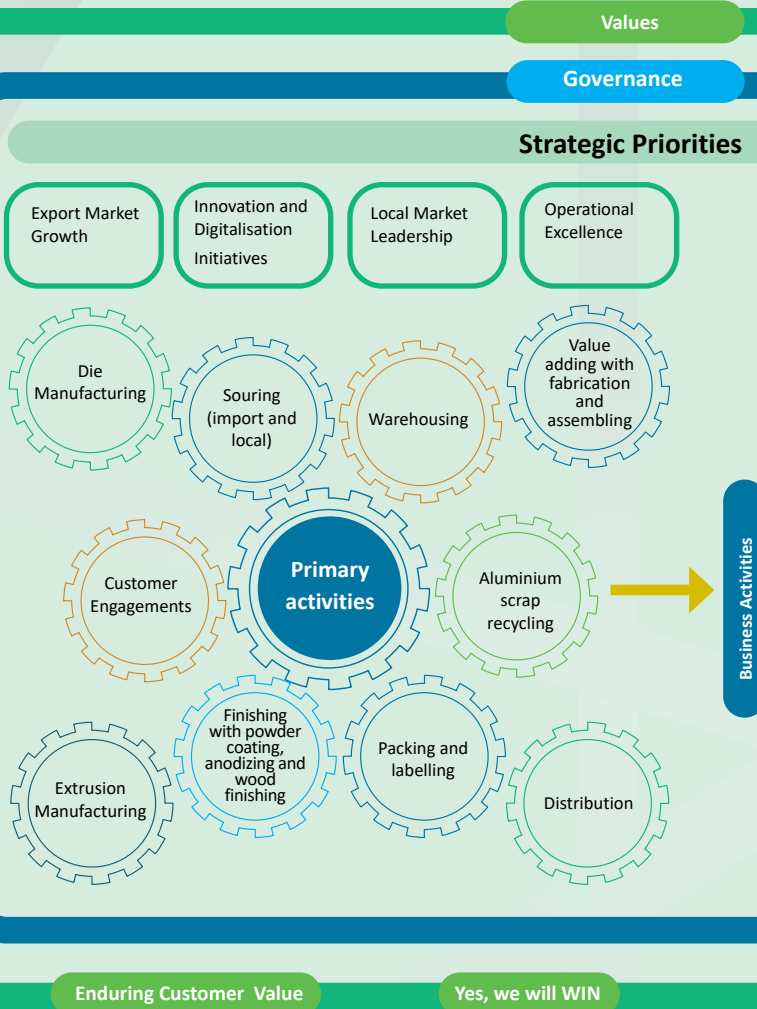
### Intellectual Capital

Tacit Knowledge	
Information System	
Industrial Designs	
Brands: Alumex, Lumin, ABS, Dwelling	

Pg 78 to 81

Accountability

Honesty and Integrity



Suppliers

Social

Micro Environment

Political

## Risks and Opportunities



### Economic

- Macro-economic uncertainty
- Exchange rate dynamics
- Interest rate trends
- Inflation
- Disposable income
- Policy direction and stability
- Regulatory developments

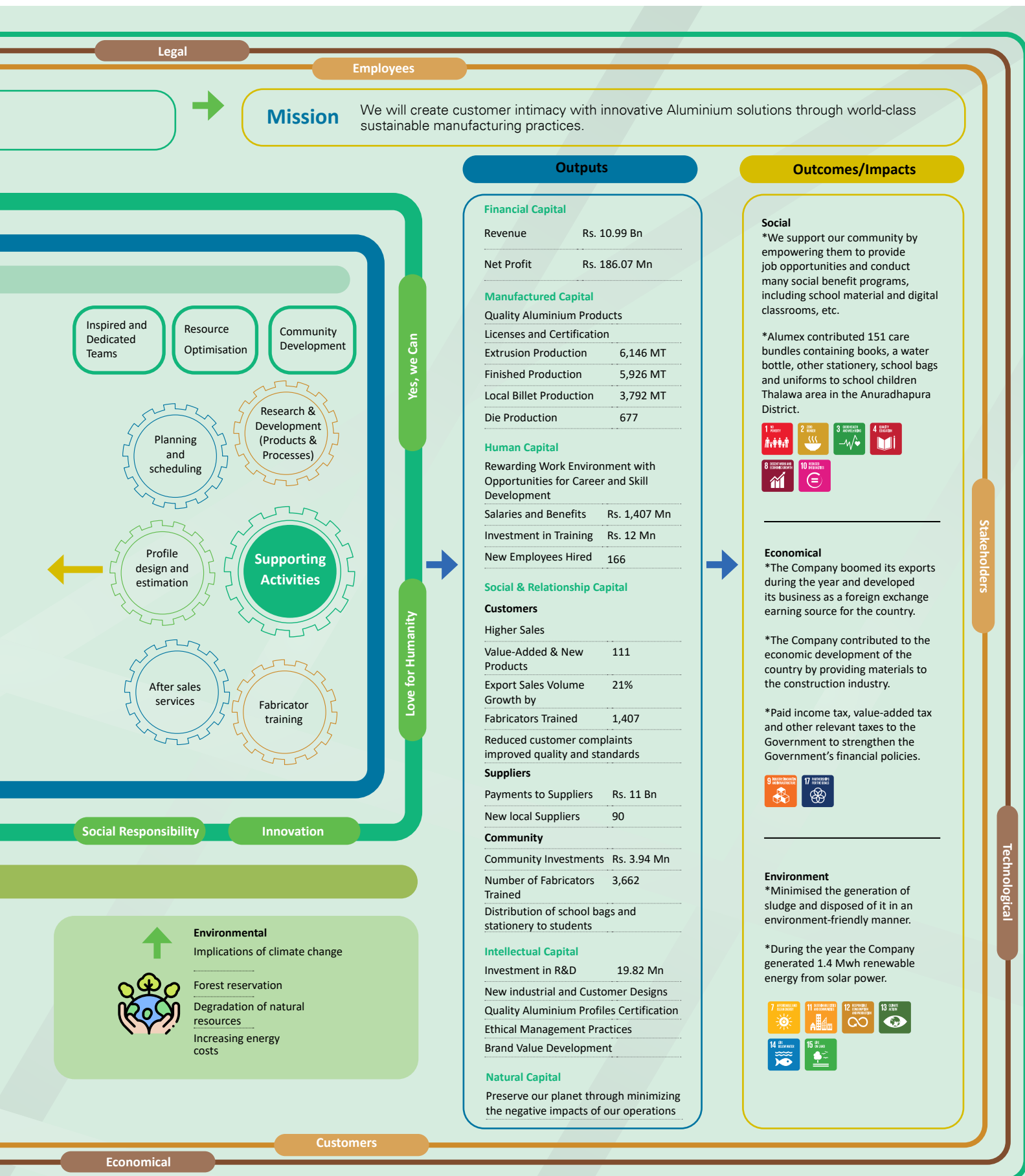


### Social

- Skilled labour limitations
- Health and safety
- Population growth and urbanisation
- Changes in consumer behaviour



# Value Creation Model



## Mission

We will create customer intimacy with innovative Aluminium solutions through world-class sustainable manufacturing practices.

## Outputs

### Financial Capital

Revenue	Rs. 10.99 Bn
Net Profit	Rs. 186.07 Mn

### Manufactured Capital

Quality Aluminium Products	
Licenses and Certification	
Extrusion Production	6,146 MT
Finished Production	5,926 MT
Local Billet Production	3,792 MT
Die Production	677

### Human Capital

Rewarding Work Environment with Opportunities for Career and Skill Development

Salaries and Benefits	Rs. 1,407 Mn
Investment in Training	Rs. 12 Mn
New Employees Hired	166

### Social & Relationship Capital

#### Customers

Higher Sales	
Value-Added & New Products	111
Export Sales Volume Growth by	21%
Fabricators Trained	1,407
Reduced customer complaints improved quality and standards	

#### Suppliers

Payments to Suppliers	Rs. 11 Bn
New local Suppliers	90

#### Community

Community Investments	Rs. 3.94 Mn
Number of Fabricators Trained	3,662
Distribution of school bags and stationery to students	

### Intellectual Capital

Investment in R&D	19.82 Mn
New industrial and Customer Designs	
Quality Aluminium Profiles Certification	
Ethical Management Practices	
Brand Value Development	

### Natural Capital

Preserve our planet through minimizing the negative impacts of our operations

## Outcomes/Impacts

### Social

\*We support our community by empowering them to provide job opportunities and conduct many social benefit programs, including school material and digital classrooms, etc.

\*Alumex contributed 151 care bundles containing books, a water bottle, other stationery, school bags and uniforms to school children Thalawa area in the Anuradhapura District.



### Economical

\*The Company boomed its exports during the year and developed its business as a foreign exchange earning source for the country.

\*The Company contributed to the economic development of the country by providing materials to the construction industry.

\*Paid income tax, value-added tax and other relevant taxes to the Government to strengthen the Government's financial policies.



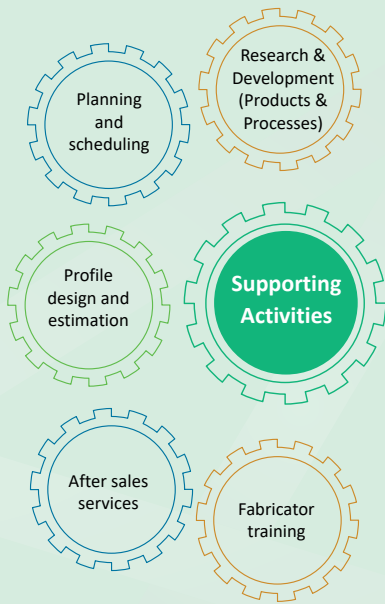
### Environment

\*Minimised the generation of sludge and disposed of it in an environment-friendly manner.

\*During the year the Company generated 1.4 Mwh renewable energy from solar power.



Inspired and Dedicated Teams    Resource Optimisation    Community Development



Yes, we Can

Love for Humanity

Social Responsibility    Innovation

**Environmental**  
Implications of climate change  
Forest reservation  
Degradation of natural resources  
Increasing energy costs

Stakeholders

Technological

Economical

Customers



**Our perseverance is  
supported by a united vision**

# Stakeholder Engagement

**Stakeholder Engagement is a pivotal aspect of our Company’s strategic planning. It is hinged upon identifying, categorising, and understanding the many needs of our stakeholders. To this end, we conduct a stakeholder mapping exercise and tailor our interaction strategies to suit the needs of each suite of stakeholders.**

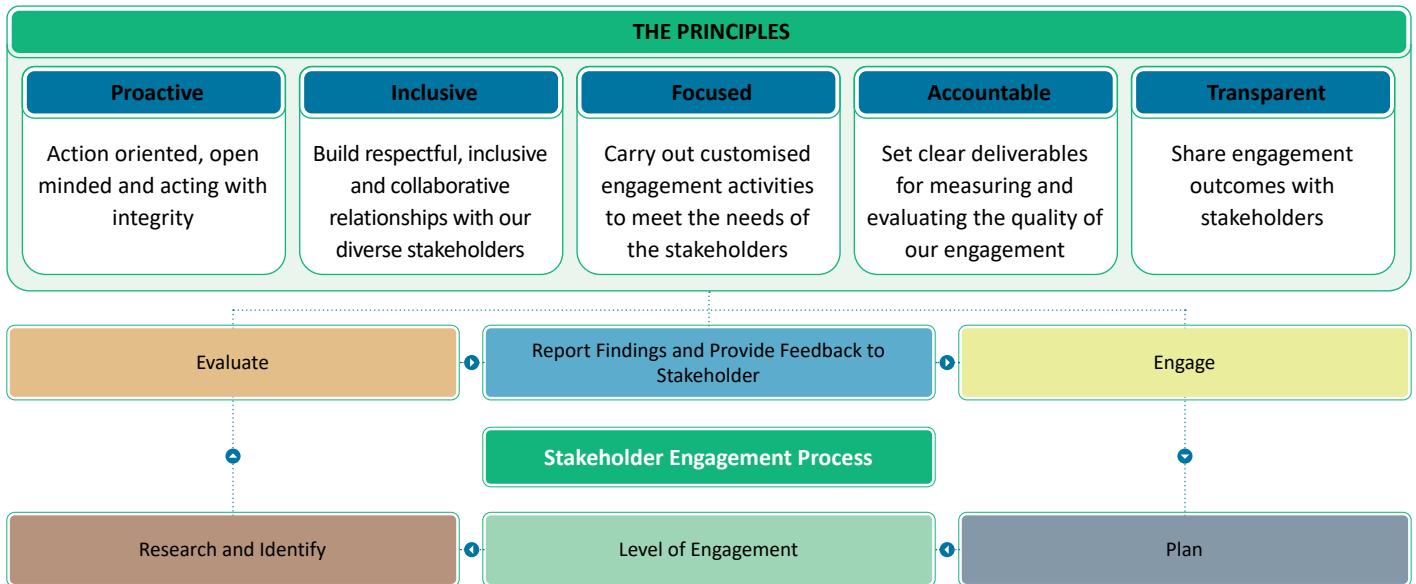
*Extending beyond the planning process, the Stakeholder Engagement process includes continuous communication, and adaptation throughout the lifecycle of a stakeholder relationship.*

## Management Approach

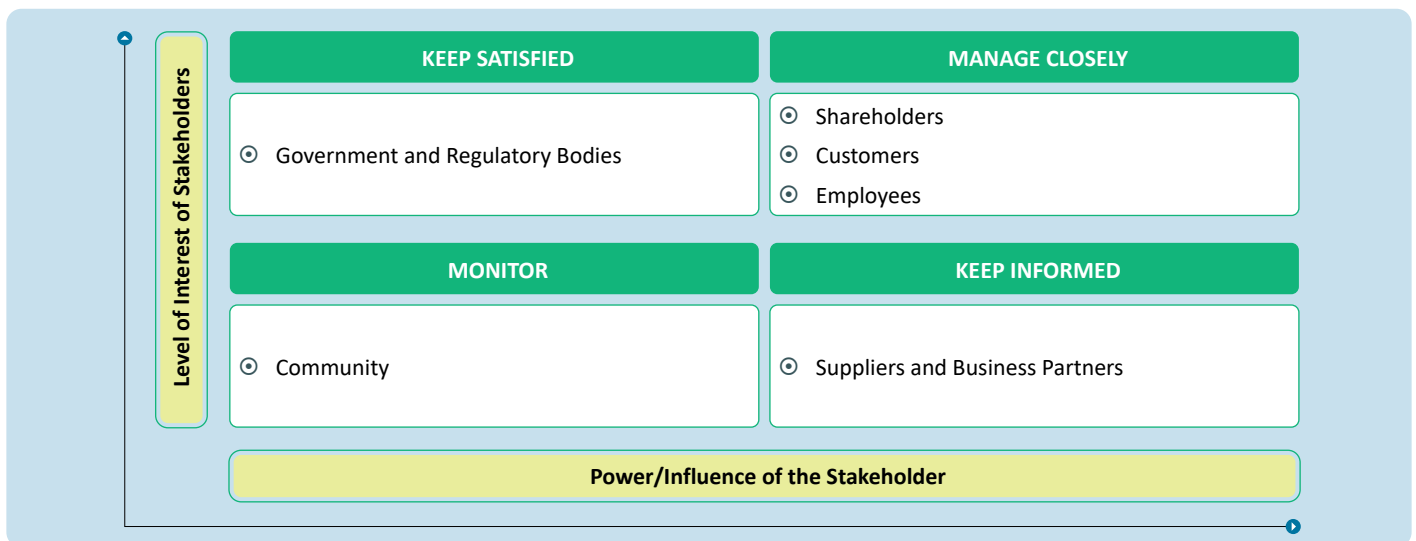
We approach our stakeholder management process with transparency and ethical business conduct. Stakeholder mapping process is a crucial exercise we conduct which is augmented by a strong interactive communication process sans bias or discrimination keeping within the ESG agenda of the Company.

*To build strong relationships, dynamic interaction is an absolute necessity between the Company and our stakeholders, to navigate the many complexities of the business environment.*

## Stakeholder Engagement Framework





## Stakeholder Mapping





## Stakeholder Engagement

Stakeholder Category	Priority	Method of Engagement	Frequency	Stakeholder Issues and Expectation	Strategic Response
 Shareholders	High/Focused	Interim Financial Reports Annual Report Company website Corporate disclosures Press conferences and releases	Weekly Annually Quarterly Annually As and when required	<ul style="list-style-type: none"> <li>⊙ Sustainable growth in earnings</li> <li>⊙ Responsible corporate management</li> <li>⊙ Growth opportunities</li> <li>⊙ Future plans</li> <li>⊙ Transparency and timely disclosures</li> </ul>	<ul style="list-style-type: none"> <li>⊙ Deliver a smart growth strategy with profitability and returns</li> <li>⊙ Provide timely disclosures on corporate performance, plans and goals</li> <li>⊙ Comply with laws, rules and regulations</li> </ul>
 Customers	High/Focused	Annual dealer awards Company website Social media, Customer visits, Exhibitions and trade shows, Training programmes	Daily Quarterly Monthly Annually As and when required	<ul style="list-style-type: none"> <li>⊙ Architectural designs</li> <li>⊙ Product quality and value-addition</li> <li>⊙ Product innovations</li> <li>⊙ Technical training</li> <li>⊙ Ease of transactions</li> <li>⊙ Price and availability</li> <li>⊙ Timely delivery services</li> </ul>	<ul style="list-style-type: none"> <li>⊙ New product development</li> <li>⊙ Establishing new dealerships</li> <li>⊙ Opening LUMIN concept centres</li> <li>⊙ Extending technical training opportunities</li> </ul>
 Employees	High/Focused	Management meetings Dialogue with trade unions Communications via memos and e-mails Employee networking events, performance appraisals, workplace improvement meetings, meetings to review goal achievements	Daily Monthly Bi-annually Annually	<ul style="list-style-type: none"> <li>⊙ Organisational developments</li> <li>⊙ Workplace improvements</li> <li>⊙ Review of remuneration policies and practices</li> <li>⊙ Training and development</li> <li>⊙ Health and safety</li> </ul>	<ul style="list-style-type: none"> <li>⊙ Equal opportunity employment</li> <li>⊙ Fair remuneration and benefits</li> <li>⊙ Skills training</li> <li>⊙ Career development</li> <li>⊙ Rewarding for performance</li> <li>⊙ Ensuring a healthy and safe workplace</li> </ul>
 Suppliers and Business Partners	Medium Moderate	On-site visits meetings with suppliers Regular dialogue and interaction annual report	As and when required Annually	<ul style="list-style-type: none"> <li>⊙ Discussions on ease of transactions, prompt payments and procurement policies, Agreements of long-term partnerships</li> <li>⊙ Quality of service</li> </ul>	<ul style="list-style-type: none"> <li>⊙ Building long-term relationships</li> <li>⊙ Upholding contractual obligations</li> <li>⊙ Giving fair referrals</li> <li>⊙ Advocating best business practices</li> </ul>
 Government and Regulatory bodies	Medium Keep informed	Annual report Annual tax returns Submission of special reports, submission of disclosures, meetings and workshops	As and when required Annually	<ul style="list-style-type: none"> <li>⊙ Compliance with statutory and regulatory requirements</li> <li>⊙ Corporate governance</li> <li>⊙ Payment of statutory dues</li> </ul>	<ul style="list-style-type: none"> <li>⊙ Best business practices</li> <li>⊙ Complying with relevant laws, rules and regulations</li> <li>⊙ Timely tax payments</li> <li>⊙ Submission of statutory reports and disclosures</li> </ul>
 Local Community and Society	Medium Engage as part of the social capital for sustainability purposes	Focus group discussions, Training for undergraduates, fabricator training for school leavers, Community development projects, written and oral communications, Company website, Social media, Employee volunteerism	As and when required	<ul style="list-style-type: none"> <li>⊙ Capacity development</li> <li>⊙ Discussions on environmental and social impacts</li> <li>⊙ Discussions on sponsorships and donations</li> <li>⊙ Direct and indirect job opportunities</li> </ul>	<ul style="list-style-type: none"> <li>⊙ Extending technical training opportunities for the community</li> <li>⊙ Carrying out community development projects and environmental campaigns</li> <li>⊙ Community recruitments</li> <li>⊙ Employee volunteering for community projects</li> </ul>

## Economic Contribution

With over thirty-three years of experience as a market leader in aluminium extrusions, and with a large export market, Alumex PLC plays a vital role in supporting Sri Lanka's economy. Our innovative solutions manufactured to global standard with precision technology for a high-quality product, cater to a variety of sectors including construction, industry, renewable energy and residential consumption.

In this section, we will enumerate our Company's contribution to the national economy, emphasising the value created and distributed to stakeholders.

### Management Approach

Pivotal to the Company's value creation is the sound maintenance of its financial position, and business conduct that contributes positively to a conserved environment and socially sustainable development. We exert all efforts to maximise value for shareholders and stakeholders while minimising our footprint, while seeking avenue to enhance our handprint. The Board of Directors has implemented a robust strategy with specific targets and objectives to drive economic value creation, while establishing core values that augment the Company's standing as an ethical corporate citizen.

### Creating Value

We are acutely aware of our responsibility towards the nation. Over the years, we have made considerable and consistent investments in our infrastructure to significantly contribute to the economy and uplift the livelihoods of its people. We have a manufacturing capacity of 22,000 MT and are considered the market leader in aluminium extrusions. Alumex is also the largest aluminium exporter in Sri Lanka and our market reach extends to Asia, Australia, Europe, the USA, New Zealand, UK and Canada.

### Infrastructure Investment

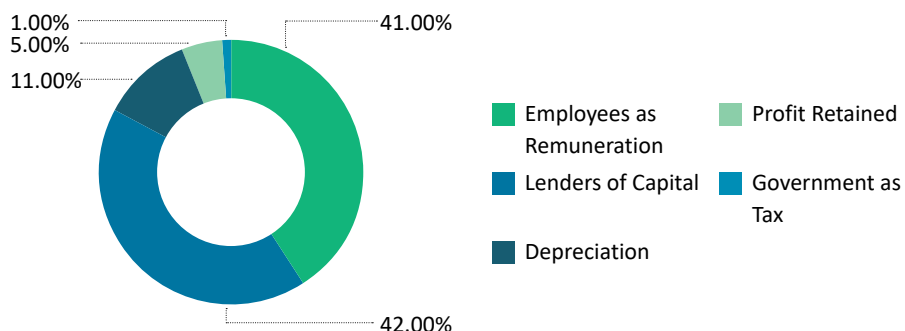
	Investment to Date Rs. '000	Annual Capacity MT
Aluminium Extrusion Plant	49,759	22,000
Powder Coating Plant	14,998	16,600
Wood Finish Plant	6,787	1,200
Anodizing Plant	13,501	5,400
Aluminium Melting	280,686	6,000
	<b>2023/24 Rs. Mn</b>	<b>2022/23 Rs. Mn</b>

### Value Created

Revenue from contracts with customers	10,992,977	10,214,848
Other Income	53,775	84,286
Finance income	648,257	724,256
Cost of materials and services bought in	(8,212,868)	(7,578,380)
	<b>3,482,141</b>	<b>3,445,010</b>

	Share %	2024	Share %	2023
<b>Value Distributed</b>				
To Employees as remuneration	41%	1,407,146	27%	917,542
To Government as tax		-	11%	383,765
To Shareholders as dividend		-	4%	149,651
To Lenders of capital	42%	1,469,172	52%	1,793,194
<b>Value retained for expansion &amp; growth</b>				
Depreciation	11%	374,102	10%	360,719
Profit retained	5%	186,072	-5%	(159,861)
Differed Tax	1%	45,649		-
		<b>3,482,141</b>		<b>3,445,010</b>

### Value Distributed (%)



# Identifying Material Issues

## Scope and Boundary

Alumex PLC creates the financial reporting boundary of the Annual Report 2023/24 with both entities included in the materiality assessment boundary. Materiality is derived in multiple ways: through our ongoing risk assessment efforts, due to changes in both internal and external operating environment, insights from stakeholder feedback, investor queries, industry forums as well as global mega trends. Broader issues identified in this manner are then prioritised using the following assessment criteria to identify the relative importance of these topics to stakeholders and their importance to the organisation.



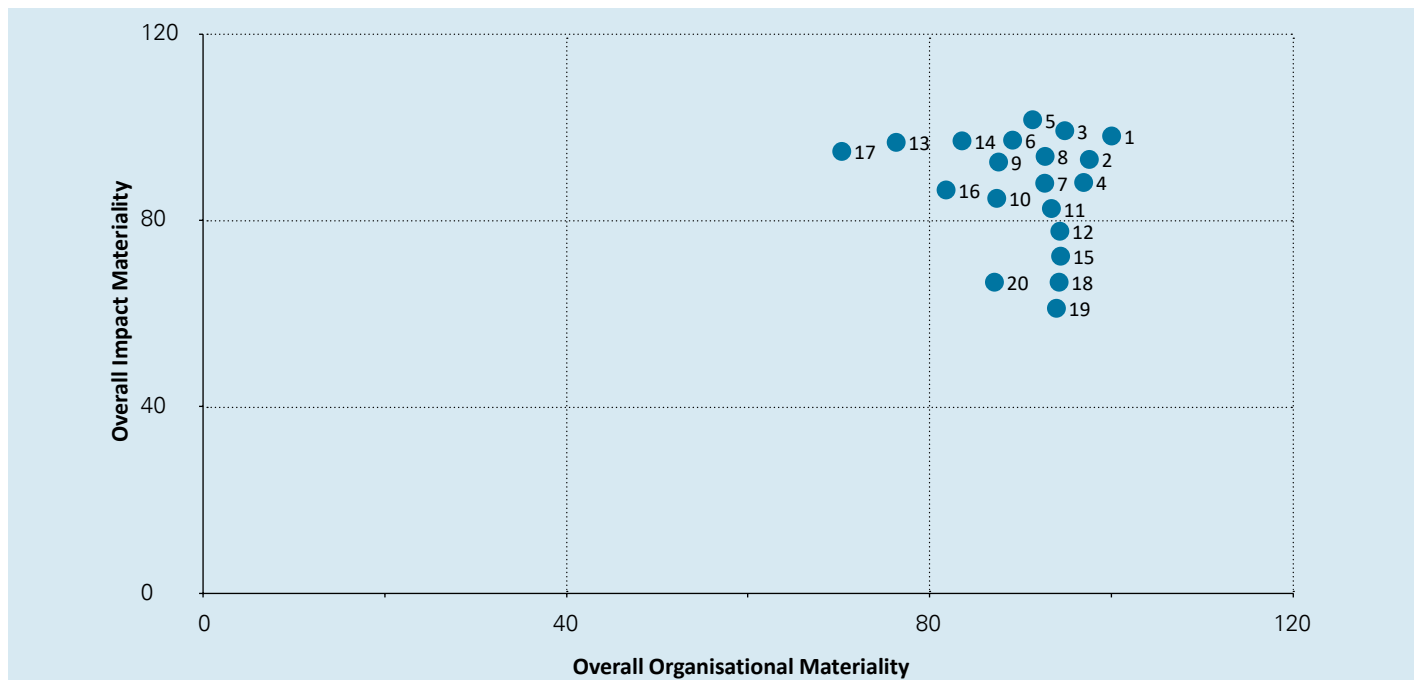
### Importance to the Company

- Financial Impact
- Innovation Opportunity
- Reputation
- Externalities
- Strategic Link
- Risk

### Importance to Stakeholders

- Customers
- Employees
- Shareholders
- Suppliers
- Business Partners
- Government
- Communities

We identified 20 material topics for 2023/24 which were then mapped on a Materiality Matrix to measure their impact on our business against their importance to stakeholders.



## Identifying Material Issues

The process of deriving priority rankings enables us to establish topic boundaries and determine how best to integrate each material topic into our strategy and business model. Topics with significant implications for both the organisation and stakeholders are assigned a 'High' reporting priority, while those falling within the High to Medium significant range are categorised as Medium reporting priorities.

Annually, the Company's sustainability team conducts a formal review of material topics. During this process, pre-existing topics are assessed to determine their continued relevance in the current business context. The review also identifies any new material issues that could potentially impact our strategy, business model and resource allocation. Any observed changes are then presented for Board approval.

Ranking	Material Matters	Ranking in 2023/24	GRI Standard	Capital Impacted
1	Technology and Product Innovation	3	Non GRI	Intellectual Capital – Page 80.
2	Regulations and Compliance	11 & 15	GRI 2-9	Social & Relationship Capital – Page 100.
3	Energy Consumption	16	GRI 302-305	Natural Capital – Page 103.
4	Emissions and Air Quality	8	GRI305	Natural Capital – Page 104.
5	Waste	22	GRI306	Natural Capital – Page 106.
6	Biodiversity	New	GRI404	Sustainability – Page 30.
7	Employee Wellbeing	New	GRI 404	Human Capital – Pages 87 to 89.
8	Water and Effluents	22	GRI 306	Natural Capital – Page 105.
9	Customer Satisfaction	2	GRI 416	Social and Relationships Capital – Page 98.
10	Material	4	GRI301	Natural Capital – Page 102.
11	Tax	5	GRI 207	Finance Capital – Page 69.
12	Foreign Exchange Impacts	6	Non GRI	Finance Capital – Page 68.
13	Energy Cost	7	GRI 302 305	Natural Capital – Page 103.
14	Operational Efficiency & Productivity	9	Non GRI	Finance Capital – Page 68.
15	Government Policy	10	GRI 305 306	Social and Relationship Capital – Page 95.
16	Operational Safety and Emergency Preparedness	New	GRI 404	Human Capital – Pages 90 to 91.
17	Economic Performance	12	GRI 201	Finance Capital – Page 64.
18	Market Presence	13	GRI 202	Social and Relationship Capital – Page 95.
19	Product Quality	14	Non GRI	Social and Relationship Capital – Page 96.
20	Manufacturing Capability	18	GRI 407	Manufactured Capital – Page 76.

## Identifying Material Issues

Compared to last year, where we focused on 30 material topics, this year we're covering a slightly narrower range of 20. This table details the specific additions and removals, along with the rationale behind these adjustments.

Material Matters	Include/ Exclude	Justification
Biodiversity	Include	We living in a small world with limited resources. Giving attention on the biodiversity and surrounding is a must. Also we hope to meet the global standards.
Employee Well-being	Include	As a man powered manufacturing Company, our employees are the biggest asset we got. As a leading Company we have to take care of our employees.
Operational Safety and Emergency Preparedness	Include	Operational Safety and emergency preparedness have high importance in a heavy machinery working environment. This give employees a safe working environment and improve their satisfaction.
Chemical management	Include	We use high variety of chemical compounds in a different processes and this have less significant level comparing to the other factor. Also our laboratory and stores conducting continues inspections on chemical management as well.
Interest rate movements	Exclude	Due to the Financial instability in the country , Interest rate movement had high significance and due to the stability of economical condition this point have excluded from the list.
Public policy	Exclude	Due to the financial stability and the good relationship with stakeholders and other interested parties, this also have excluded from the list
Availability of foreign exchange	Exclude	Due to the financial crisis of the country in last year, the availability of foreign exchange is limited and it is a significantly impacted to the business as well. But due to the financial stability in the country this has been excluded from the list.
Procurement practices	Exclude	After developing non operational procedures and supplier screening process, procurement practices have been updated so this also exclude from the list as well.



# Our Strategy

## Strategy

In line with our Vision “To be the premier Aluminium extruder in the South Asia Region”, we define our Strategy to operate our business with consistency while focusing on our key strategic goals and priorities for a sustainable and resilient future.

**Strategic Pillars are fundamental to our business as they establish a framework for decision-making and guide the Company’s trajectory.**

## Three Key Pillars



## Management Approach

Foundational to our strategy are three key pillars which remains relevant and were strong resilient in the face of adversity that encountered us during the last two financial years. Their core essence is rooted in the Company’s Vision and Mission, emphasising customer service, innovation, and sustainable manufacturing practices and the purpose statement of the Company is “Together, we elevate living through sustainable and innovative Aluminium solutions”.

## Resource Allocation and Trade Off

Our resource allocation strategies prioritise stakeholder value while ensuring social and environmental sustainability. Balancing short-term and long-term impacts, we formulate action plans during annual corporate planning sessions. These plans, aligned with strategic priorities, include department-specific budgets. Strategic decisions undergo thorough deliberation by the Board of Directors before finalising resource allocation mechanics for the year. This resource allocation is determined through set of guidelines set out below.

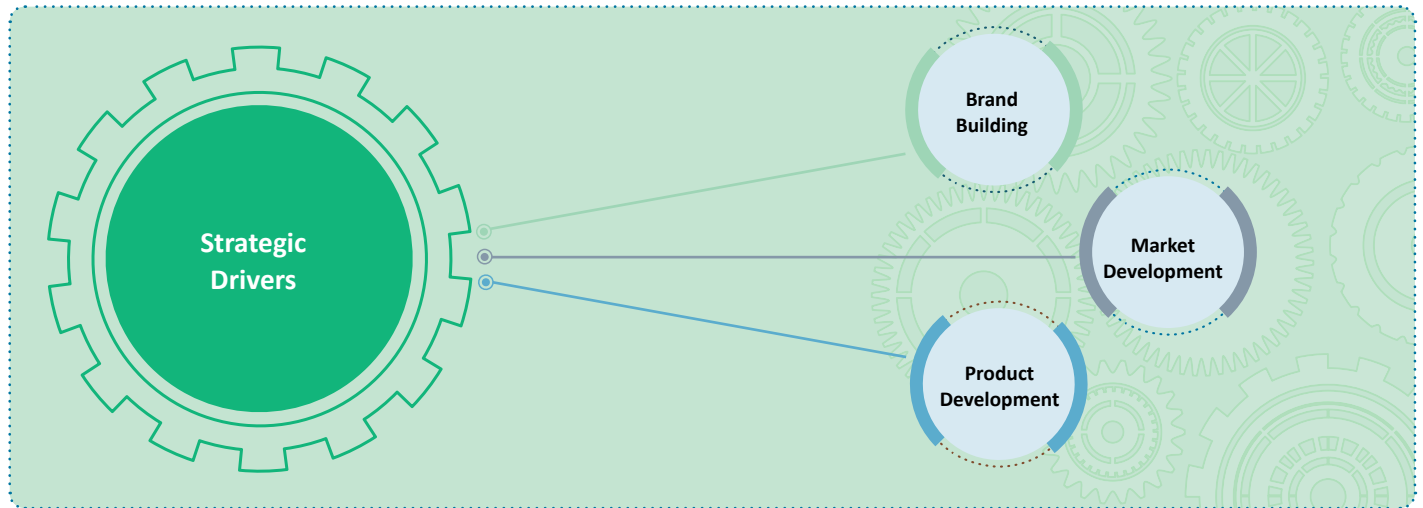
- ⦿ Alignment to Purpose and Vision
- ⦿ Capabilities and competencies
- ⦿ Financial aspirations
- ⦿ Risks and vulnerabilities
- ⦿ Progress against targets

## Pillar 1 : Local Market Leadership

We are Sri Lanka’s premier Aluminium extrusions manufacturer and hold a dominant 46% market share across various sectors including commercial, industrial, residential, and architectural. The Company’s primary strategic focus is on local market operations, which contribute to 67% of the annual revenue. Most earnings come from generic products under the Alumex and Alco brands within the local market segment.

However, the past years have seen challenging market conditions. The construction industry in Sri Lanka, already slowed down by the 2021 pandemic, faced further setbacks due to supply chain disruptions, increased import costs, and declining consumer purchasing power. The sector further slumped leading to a drop in our domestic demand by over 60%, a significant increase from the 40% decline experienced during the pandemic year. This led to an oversupply, sparking fierce price competition. The construction industry is still at an extremely low ebb but we have made significant inroads into light engineering market and lifestyle products, capitalising on our strong brand promise and quality assured products.

## Our Strategy



### Risks

- ⊙ Vulnerability to supply chain disruptions, such as delays in raw material procurement, or production bottlenecks.
- ⊙ Adherence to local regulations and compliance standards, including environmental regulations, import/export restrictions, and tax laws.
- ⊙ Ensuring consistent product quality to maintain customer satisfaction and trust, as any lapses could damage the brand reputation.
- ⊙ Staying abreast of technological advancements in aluminium manufacturing and product innovation to remain competitive in the market.
- ⊙ Potential disruption due to political instability, or social issues that could affect business operations and consumer behaviour.
- ⊙ Influx of substandard imports at lower prices leading to unhealthy competition, threatening the long-term sustainability of the local industry.

### Opportunities

- ⊙ Market expansion into new market segments, such as construction, automotive, electronics, and packaging, by showcasing the versatility and adaptability of aluminium.
- ⊙ Offering customisable aluminium products to meet the unique needs of different customer segments can enhance customer satisfaction and loyalty.
- ⊙ Staying updated with market trends and consumer preferences allows us to adapt our offerings accordingly, staying ahead of the competition and maintaining market leadership.

### Initiatives in 2023/24

- ⊙ Install machines and hoist foundation to the new Die casting plant for the preparation of the operations.
- ⊙ Renaissance Of Alumex Programme launched in January with an aim to elevate Alumex's operations to align with global standards.
- ⊙ Invest on the R & D to launch new 111 products in to the local market.

### Resource Allocation

- ⊙ Rs. 20.6 Mn for advertising and promotion
- ⊙ Rs. 0.3 Mn for fabricator training
- ⊙ Rs. 13.3 Mn for R&D

### Measuring Progress

Target	Performance 23/24	Performance 22/23
Strengthening dealer network	37 New dealer appointments	52 new dealer appointments
Expanding fabricator training	202 Programmes for 3,662 participants	124 Programmes for 2,185 participants
Focused brand-building	Strength up of current brands	Dwelling Brand
New product development	111 new products	180 new products

## Our Strategy

### Future Focus

#### Short-Term

- ⊙ Strengthening distribution network
- ⊙ Launching fully-fledged marketing and branding campaigns
- ⊙ Strengthening relationships with fabricators

#### Medium to Long-Term

- ⊙ Strengthening the fabricator training programme to incorporate customised curricula
- ⊙ Intensifying fabricator training on Lumin range and establish an advanced fabrication training facility
- ⊙ Carrying out well-structured customer satisfaction and feedback surveys to ascertain market trends
- ⊙ Opening dealer-managed concept centres island-wide
- ⊙ Adding new brands to the portfolio to reinforce differentiation in the market

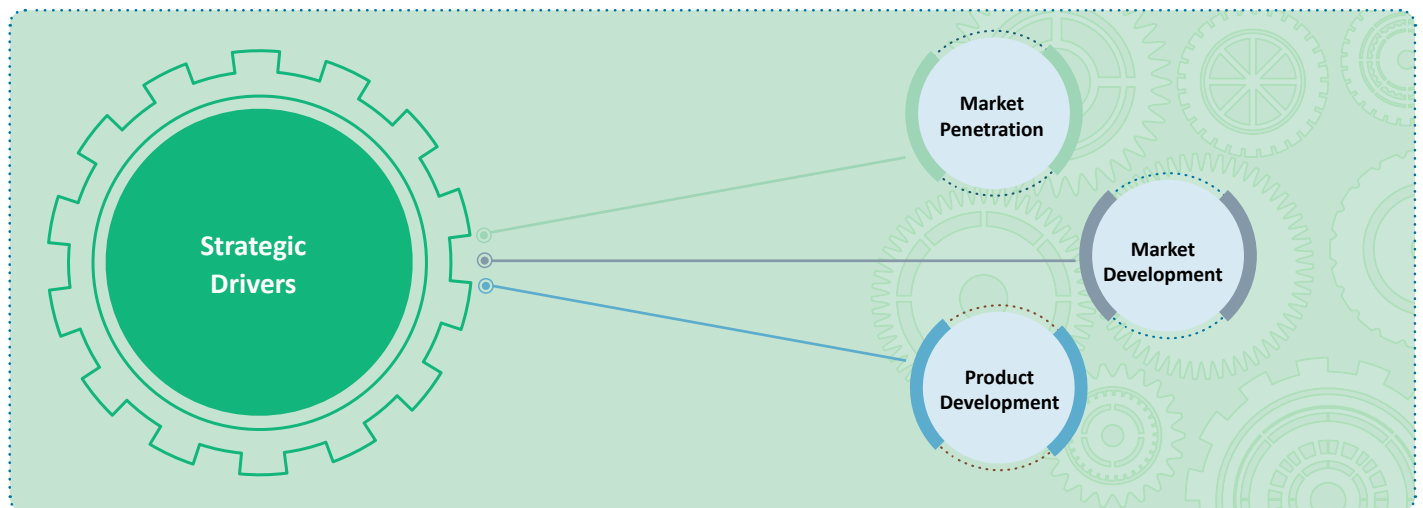
### Pillar 2: Expedite Export Market Growth

The global aluminium market size was valued at USD 229.85 Bn in 2023 . It is projected to grow from USD 243 Bn to USD 393 Bn by 2032 exhibiting a CAGR of 6.2% during the forecast period. The distribution of primary aluminium worldwide is diverse, indicating the global nature of the market. The product's unique combination of lightweight and exceptional strength has drastically transformed sectors from aerospace to automotive. This data indicates a promising future for the global aluminium market, driven by various factors such as industrial growth, technological advancements, and increasing demand in various sectors.

As such, despite the local market's downturn, we aggressively expanded into export markets, breaking into new territories, and deepening our footprint in existing ones. Our export volumes saw a surge of 21% and our export revenue has considerable increment, mainly due to the depreciation of the rupee.

We broadened Alumex's global presence by venturing into two additional countries, bringing our total to 14 worldwide. Our robust product offerings and sustainable manufacturing practices have positioned us well for ongoing growth. We deepened our market share in the US and New Zealand, which were already earning us a significant share of revenue.

Our low-carbon product line continued to capture the market and stands as witness to our efforts at responsible manufacturing for a circular economy.



## Our Strategy

### Risks

- ⊙ Disruptions in the supply chains, such as raw material shortages, transportation bottlenecks or production delays, could ability to meet export demands in a timely manner.
- ⊙ Exposure to natural disasters or climate change related events, such as extreme weather conditions or rising sea levels, could disrupt production facilities, supply chains, and logistic affecting export market growth plans.
- ⊙ Possibility of restrictive trade measures against Sri Lanka by the international community due to political concerns.

### Initiatives in 2023/24

- ⊙ Introducing a software to improve container loading efficiency.
- ⊙ Streamlining TIEP operation.
- ⊙ Investment into new machinery and capacities for new product rate.
- ⊙ Investment into new machinery and capacities for new product range.

### Resource Allocation

- ⊙ Rs. 10.1 Mn for promotions
- ⊙ Rs. 6.5 Mn for R&D
- ⊙ Rs. 16 Mn for participating in exhibitions

### Future Focus

#### Short-Term

- ⊙ Customer acquisition through digital marketing and participation in exhibitions
- ⊙ Promote new products
- ⊙ Capacity expansions

### Opportunities

- ⊙ Leverage existing trade agreements and explore opportunities to negotiate new agreements to facilitate easier access to international trade barriers for Sri Lankan aluminium exports.
- ⊙ Focus on building long term relationship with international customer through excellent customer service, responsiveness, and ongoing communication to understand their needs and preferences better.
- ⊙ Growing demand for Aluminium as a more environment-friendly alternative due to its properties as an infinitely recyclable metal.
- ⊙ Growing need for circular economies.

### Measuring Progress

Target	Performance 23/24	Performance 22/23
Revenue growth	By 21% to Rs. 3.2 Bn	By 136% to Rs. 3.42 Bn
Expanding to new markets	Expand to new segments	Two new countries
Expanding value-added product portfolio	39 new value-added products	37 new value-added products
Adding new customers	Two new customers	Three new customers
Promotions to new customers	Participation in 6 international exhibitions	Participation in 6 international exhibitions

### Medium to Long-Term

- ⊙ Develop markets across all six continents
- ⊙ Increase production capacity and capability on the Value-added product segment



Alumex Global Presence

## Our Strategy

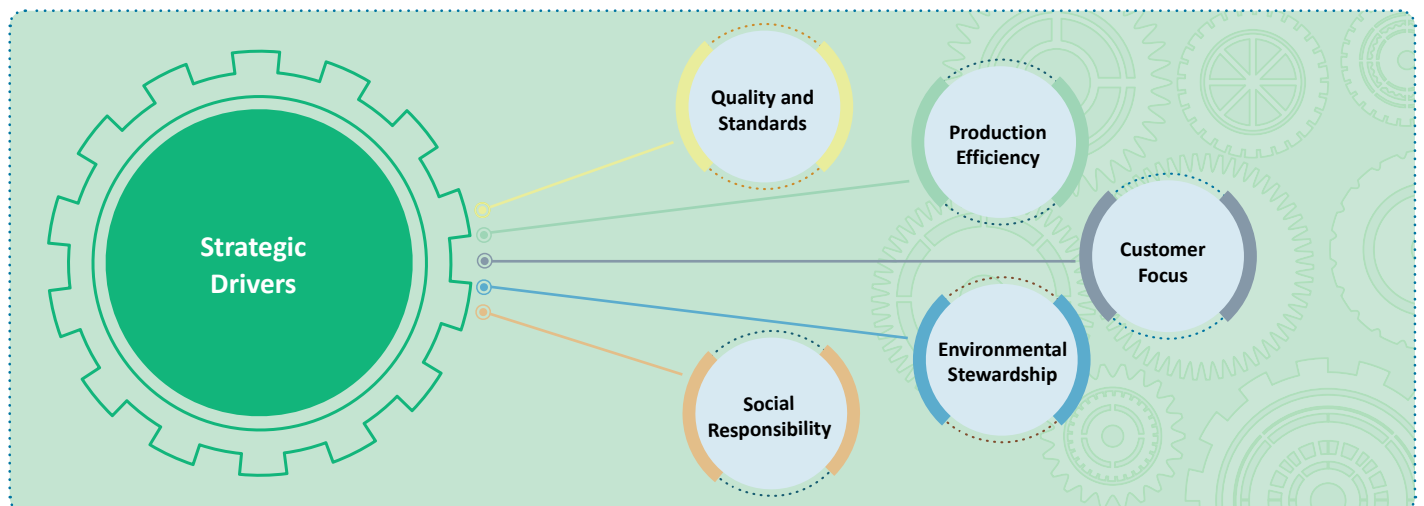
### Pillar 3: Operational Excellence

Operational excellence is a framework for the Company to focus on growth and execute our strategy better than the competition. In this context, we apply lean manufacturing techniques, with employees at all levels working to improve the business operations to achieve long-term sustainable growth and profitability. Process efficiency, quality control, flexibility and innovation are the key principles on which we achieve operational excellence with back-end analyses, improvement and validation, being the monitoring tools for further enhancements.

The Company's commitment to operational excellence has propelled it to become a local market leader and achieve rapid export expansion within a short span of five years. To ensure high standards, the Company actively sought and obtained several international accreditations.

- ⦿ ISO 9001: The Company adheres to the ISO 9001 Quality Management System, a globally recognised standard for quality assurance.
- ⦿ Product Quality: Recently, the Company's product quality received international accreditation labels, including Qualicoat, Qualicoat SeaSide, and Qualnod.
- ⦿ Sustainability: The Company integrates manufacturing excellence with environmental aspirations, emphasising social and environmental impacts.

In summary, the Company's pursuit of excellence extends beyond operations—it encompasses quality, sustainability, and global recognition.



## Our Strategy

### Risks

- Challenges in attracting and retaining skilled workforce, especially in specialised roles, may hinder innovation, productivity and operational efficiency.
- Vulnerability natural disasters such as cyclones, flood, or earthquakes could disrupt operations, damage infrastructure, and result in production downtime.
- High cost of frequent technology adoption.
- Possibility of further increases in costs of electricity and fuel.
- High environmental footprint in terms of using non-renewable material, energy usage, water withdrawal, solid waste including hazardous waste and carbon emissions.
- Unit cost increases in low production order volumes and fixed overheads.

### Opportunities

- Implementing lean manufacturing Practices to streamline production processes, reduce waste, and optimise resource Utilisation.
- Exploring new market segments or geographical regions to expand the customer base and reduce dependency on specific market conditions.
- Cultivating a culture of continuous improvement where employees are encouraged to identify and implement efficiency enhancements across all levels of the organisation.
- Being a benchmark for local Aluminium industry to uplift standards.
- Leading the way in the industry to drive innovation.
- Capacity development and skills development to empower youth.
- Advance technology and know-how by securing the license to manufacture proprietary systems.
- SAP and ERP systems, which facilitate data accuracy and timely reporting.

### Initiatives in 2023/24

- Gears up to incorporate automation under the “Renaissance of Alumex” programme, the implementation of Manufacturing Execution Systems (MES) emerges as a pivotal initiative with extensive impact.
- Perform daily preventative maintenance in production facilities to guarantee seamless operations, safety, and cost efficiency.
- Driving 45 cost reduction/efficiency improvement projects.
- Focused actions to reduce aged inventories.
- Infrastructure developments to focusing environment and occupational health and safety improvements.

### Resource Allocation

- Rs. 8.6 Mn on license & certification.
- Capital Ex: Rs. 9 Mn for digitalisation and improvements.
- Rs. 3,034 Mn worth of Aluminium scrap purchased from the local market.
- Rs. 12 Mn investment in training and development.
- Rs. 3.9 Mn investment in CSR activities.

### Future Focus

#### Short-Term

- Obtain ISO 14001 and 45001 standard certifications.
- Launch of Group-wide cost reduction programme

### Measuring Progress

Target	Performance 23/24	Performance 22/23
Continue to maintain existing portfolio of licences	All existing licences were renewed	All existing licences were renewed
Digitalise operation management	Expand Use of smart sheet for operation management	Use of smart sheet for operation management
Reduce rejects	Increased by 0.1%	Reduced by 17%
On-time delivery	Maintained at 65% level	Maintained at 95% level
Energy intensity (MJ/Revenue)	7.62	6.56
Increase use of recycled Aluminium	Decreased by 7%	Increased by 40%
Increase value created for the community	Food donation to schools 202 Fabricator training programmes	Food donation to schools 124 Fabricator training programmes

#### Medium to Long-Term

- Supervisory, Executive and Management development programmes.
- Technical skills development programmes for operational employees.
- Investment in new technologies.
- Driving medium to long-term agreed ESG targets.
- Invest on rooftop solar projects.



## Our Strategy

### Strategy in Value Creation

Our triple bottom-line performance reflects its ability to create value across three critical dimensions.

1. **Economic:** Alumex's financial success, growth, and profitability contribute to its economic impact. This includes revenue generation, cost management, and overall financial health.
2. **Social:** Alumex's commitment to social responsibility is evident through its positive influence on employees, communities, and stakeholders. This encompasses fair labour practices, community engagement, and employee well-being.
3. **Environmental:** Alumex's environmental performance focuses on sustainability. It involves minimising environmental impact, resource conservation, and responsible manufacturing practices.

Aligning with our three strategic pillars, our triple bottom-line success augments our position as the market leader in the industry and embeds our product and the Brand, both in the domestic and international markets.

### Overall Operations - Key Indicators and Achievements

Key Indicators	Unit of Measurement	Target 2023/24	Achievement	Actuals	
				2023/24	2022/23
<b>Economic Indicators</b>					
Local Market Share	%	50	92%	46	49
Export Share in Revenue	%	36	92%	33	34
Export Sales	MT	2,520	76%	1,921	1,583
Brand Portfolio	Number	4	103%	4	4
Dealers and Distributors	Number	240	100%	268	231
Aluminium Extrusion Production	MT	6,229	99%	6,146	4,831
Work Productivity	Metric Tons worker	1MT	60%	0.6 MT	0.5 MT
Capital Expenditure	Rs. Mn	328	112%	366 Mn	554 Mn
<b>Social Indicators</b>					
Training Hours	Hours	7,425	101%	7,563	12,270
Training Hours on Health and Safety	Hours	340	107%	366	334
New Fabricator Trainings	Number of Trainees	3,000	122%	3,662	2,185
<b>Environmental Indicators</b>					
Use of recycles aluminium	MT	5,896	72%	4,266	2,907
Investment on ESG and Sustainability	Rs. Mn	58.5	88%	51.65	56.51

## Alumex Commitment to ESG

Alumex PLC is dedicated to implementing its ESG policy based on the Elevate Living concept. The starting point for our ESG journey is our commitment to integrity, transparency, and compliance for sustainable development, that resonated through the Company. We believe that this fosters an environment of accountability, building confidence among stakeholders and investors.

Sustainability flows from a position of strength that incorporates Environmental, Social and Governance processes aligning them with global standards. As this mandates an all-encompassing approach to how we do business, we drive wellbeing in all aspects of our operations.

Our ESG Goals are strategically crafted and relentlessly pursued.



ESG Strategy	Long Term Target	Target 23/24	Achievement
Reliance on Sustainable and Renewable Energy Sources.	15% Energy requirement to be met through renewable energy by 2030	5% energy requirement to be met through renewable energy.	Achieved 7% reliance on solar power
Reduction in Energy Intensity by improving Operational Efficiency.	5 % reduction in energy by 2030	1% Reduction in Energy intensity.	Marginal increase in energy intensity by 3.9% while achieving 14.42 GJ/MT
Phase Out our absolute carbon footprint.	5% Reduction in Scope 1 and 2 Emissions.	1% Reduction in Scope 1 and 2 Emission.	Scope 1 emission reduced by 1% Scope 2 emission increased by 22%
	10% reduction in absolute carbon emissions of scope 3 by 2030.	1% Reduction in Scope 3 Emission.	Increased by 15%
Application of Sustainable water sources.	10% improvement of sustainable water source	2% improvement of sustainable water source	Pending to be Achieved
Reduction in water intensity through efficiency improvement.	5% improvement of Water intensity from 2019/20	1% improvement of water intensity	34% improvement
Value Addition Through Waste generation	Zero land filling by 2030	5% reduction in land filling	Non hazardous waste reduced by 20%
	30% recycled/ reclaimed material used in the production process	20% recycled/ reclaimed material used in the production process	56% of recycled aluminium used

# Alumex Commitment to ESG

## Our Method

Governance	ESG Steering Committee	Training
To ensure the progress of the ESG initiatives established a sustainability division under the system certification department.	ESG Steering committee has been formed to implement sustainability in the decision-making process.	Provided training to the ESG core team members on Consultant Development programme on Quantification of organisation level carbon footprint based on ISO 14064-1:2018 standard which was conducted by National Cleaner Production Center (NCPC)
To strengthen the internal audit team, training sessions have been scheduled. Employees have been educated on the issues by organising training sessions and forums.	The main committee is responsible for driving this ESG initiatives and decisions. To make suggestions and analyse the progress three subcommittees were established.  Three subcommittees are environment, social and governance.  Each subcommittee consists of committee representatives and individuals possessing expertise in each field to add value to ESG initiatives.	Conducted two-day workshop on implementation of ISO 14001:2015 standard for 40 executives from cross functional departments by Sri Lanka Standard Institution (SLSI)  Conducted two-day workshop on implementation of ISO 45001:2018 standard for 40 executives from cross functional departments by Sri Lanka Standard Institution (SLSI)

As the Company has gained membership in the ASI in Transformation and Production class, the requirements of the ASI framework form a strong foundation for the Company's already robust ESG agenda. ASI framework which is in draft form currently, will be implemented across the business in 2024.

These projects are selected in line with strategic objectives, resource availability, and stakeholder input. As we positively contribute to our ESG goals, we are aware of the brand visibility it creates to enhance our market share, launching new products or services, improving operational efficiency, or entering new markets. From the initial state of conducting a feasibility report, we ensure to obtain the inputs of the relevant stakeholders in applying the ESG principles that comprehensively achieves the outcomes we desire.

Communities can raise their concerns about Company projects through various channels, such as safety committee meetings, public forums, correspondence, or through designated community liaison

officers. The Company utilises multiple modes of communication to engage with communities, including websites, social media platforms, newsletters, and. Customer feedback forms also used to collect data.

## Participation

We value and assure the stakeholder participation in our sustainability initiatives and encourage them to partner us in conducting CSR products that serve the community. Employees are often involved in CSR initiatives through volunteer programmes, internal committees, and awareness campaigns. They may participate in community service activities, environmental conservation projects, or fund-raising events organised by the Company.

Customers are often engaged in CSR initiatives through marketing campaigns, product promotions, and customer loyalty programmes. The Company may communicate its CSR efforts through product labeling, packaging, and advertising to raise awareness and encourage consumer support for socially responsible practices.

## Alumex Commitment to ESG



### Our Contribution to UNSDGs

Aligned with the United Nations Sustainable Development Goals (UNSDGs), Alumex is dedicated to advancing global sustainability. Our approach, detailed in our Sustainable Development Goals pages 109 to 110, encompasses environmental stewardship, social inclusivity, and economic empowerment.

### Future Focus

Combined with the ASI framework, our ESG agenda will implement the following in 2024:

- ⦿ Finalise the process of obtaining ISO 14001, ISO 45001, and ISO 14064 certifications for the facility. This will entail completing any outstanding requirements, conducting internal audits, and preparing for external audits.
- ⦿ Continue efforts to obtain ASI (Aluminium Stewardship Initiative) certification for the facility. These mandates fulfilling ASI requirements, implementing necessary changes to align with ASI standards, and preparing for certification assessments.

- ⦿ Develop and implement training programmes to raise employee awareness of sustainability goals and practices. We plan to conduct programmes to include workshops, seminars, and online training modules on topics such as environmental conservation, health and safety, and social responsibility by expert resources on those disciplines.
- ⦿ Identify and implement initiatives to reduce carbon emissions and mitigate climate change impacts. This may include energy efficiency projects, renewable energy investments, and carbon offset programmes.

### Accolades

- ⦿ National Business Excellence Awards
  - Winner of the Manufacturing - Other Sector
  - 1st Runner - Up Medium Category
- ⦿ Awarded gold for sustainable product certificate at annual green award ceremony 2023 by Ceylon institute of builders.

## Performance Highlights

		2024	Change %	2023	2022
<b>Earnings Highlights and Ratios</b>					
Revenue	Rs. Mn	10,993	7.62	10,215	9,595
Earnings Before Interest, Taxes, Depreciation & Amortization (EBITDA)	Rs. Mn	1,427	(9.05)	1,569	1,779
Results from Operating Activities (EBIT)	Rs. Mn	1,053	(13.89)	1,222	1,488
Profit Before Tax	Rs. Mn	232	50.92	154	1,382
Income Tax	Rs. Mn	46	(72.12)	164	230
Profit After Tax	Rs. Mn	186	(1922.56)	(10)	1,152
Profit Attributable to shareholders	Rs. Mn	186	(1922.56)	(10)	1,152
Dividends	Rs. Mn	-	(100.00)	150	359
Gross Profit Margin	%	20.61	2.69	20.07	23.75
Operating Profit Margin	%	9.58	(19.99)	11.97	15.50
Net Profit Margin	%	1.69	(1793.55)	(0.10)	12.00
Earnings Per Share (Basic)	Rs.	0.31	(1654.21)	(0.02)	1.92
Return on Assets (ROA)	%	1.44	(1588.19)	(0.10)	9.54
Return on Capital Employed (ROCE)	%	0.12	(13.74)	0.14	0.21
Return on Equity	%	0.05	(1940.39)	(0.003)	0.34
Interest Cover	No. of times	1.27	23.47	1.03	5.55
<b>Financial Position Highlights and Ratios</b>					
Total Assets	Rs. Mn	12,881	22.47	10,518	12,069
Total Debt	Rs. Mn	6,246	37.50	4,542	4,923
Equity Attributable to Equity Holders of the Parent	Rs. Mn	2,597	8.62	2,391	2,615
Stated Capital	Rs. Mn	284	(0.00)	284	284
Revenue Reserve	Rs. Mn	928	(0.57)	934	983
Gearing	%	62.11	11.46	55.73	55.91
Debt / Equity	%	163.95	30.25	125.88	126.83
Equity Asset Ratio	%	29.57	(13.80)	34.31	32.16
Net Assets Per Share	Rs.	6.36	5.54	6.03	6.49
Current Ratio	No. of times	1.09	6.98	1.02	1.15
Quick Asset Ratio	No. of times	0.38	9.54	0.35	0.58
No. of Shares in Issue	No.	598,605,680	0.00	598,605,680	598,605,680
<b>Market / Shareholder Information</b>					
Market Value Per Share	Rs.	9.60	17.07	8.20	7.70
Highest Market Price Per Share	Rs.	10.60	(3.64)	11.00	18.40
Lowest Market Price Per Share	Rs.	7.70	42.59	5.40	7.00
Value as at End of Financial Year	Rs.	5,747	17.07	4,909	4,370
Dividend Per Share	Rs.	-	(100.00)	0.25	0.60
Price Earnings Ratio	No. of times	31	(106.42)	(481)	4
Effective Dividend Rate (Dividend Yield)	%	-	(100.00)	3.05	7.79
Dividend Payout Ratio	%	-	(100.00)	(1,466)	31.18
Dividend Cover	No. of times	-	(100.00)	(0.07)	3.21
<b>Others</b>					
Economic Value Generated	Rs. Mn	3,482	4.54	3,331	3,360
Economic Value Distributed	Rs. Mn	2,876	(8.10)	3,130	2,275
- Government	Rs. Mn	-	(100.00)	(644)	382
- Employees	Rs. Mn	1,407	18.15	1,191	976
- Others	Rs. Mn	1,469	(43.12)	2,583	917
Value Added Per Employee	Rs. Mn	4.50	(4.07)	4.69	3.82
Company Employment	No.	774	5.31	735	879
Average Revenue Per Employee	Rs. Mn	14.20	2.20	13.90	10.92
Average Operating Income Per Employee	Rs. Mn	1.36	(18.23)	1.66	1.69
<b>Interest Rate of Comparable Government Security</b>					
- Treasury Bill (1 year)	%	0.10	(57.71)	0.24	0.12
- Treasury Bond (5 year)	%	0.12	(55.99)	0.28	0.20

## Performance Highlights

		2024	Change %	2023	2022
<b>Consolidated Statement of Social Performance</b>					
<b>Employees</b>					
Employees on Payroll	No.	774	5.31	735	879
Female Representation	%	5	25.97	4	4
New Recruits	No.	176	208.77	57	311
Investment in Training	Rs. Mn	11.70	29.56	9.03	7.38
Income Tax	Rs. Mn	-	-100.00	163.75	229.85
Training Hours	Hours	7,563	-38.36	12,270	3,779
Average Training Hours Per Employee	Hours	9.77	-41.47	16.69	4.30
Dividends	Rs. Mn	-	-100.00	150	359
Retention Rate	%	88.00	0.65	87.43	88.50
Workplace Injuries	No.	78	254.55	22	27
Lost Working Days	No.	35	-42.62	61	425
<b>Customers</b>					
Customers Acquired	No.	90	63.64	55	22
Revenue Generated	Rs. Mn	10,993	7.62	10,215	9,595
<b>Suppliers and Business Partners</b>					
Total Number of Supplier	No.	2,385	-2.05	2,435	1,096
SME Suppliers	No.	796	-56.67	1,837	916
Payments to Suppliers	Rs. Mn	10,720	-6.74	11,495	10,843
Proportion of Spending on Local Suppliers	%	57	-12.31	65	50
Suppliers Supported through Development Programmes	No.	-	0.00	-	1
<b>Community Engagement</b>					
Investment in, Gifts Donation and CSR	Rs. Mn	3.94	420.04	0.76	5.89
No. of New Products Developed	No.	111	-15.00	180	189
Investment in R&D	Rs. Mn	19.82	52.02	13.04	6.11
<b>Consolidated Statement of Environmental Performance</b>					
Total Energy Consumption	GJ	83,718	24.91	67,023	122,668
Non-Renewable Energy Consumption	GJ	76,902	27.22	60,448	116,203
Renewable Energy Generated	KWh	1,893,403	3.67	1,826,299	1,829,380
<b>Renewable Energy Generated %</b>					
Out of Total Energy Consumed	%	8.14	-18.60	10.00	3.00
Out of Total Electricity Consumed	%	23.00	-18.31	28.16	20.43
Total Carbon Footprint (GHG emission)	tCO2e	9,809	10.10	8,909	13,426
Scope 01 Emissions	tCO2e	4,083	-0.87	4,119	6,159
Scope 02 Emissions	tCO2e	4,542	21.51	3,738	5,562
Scope 03 Emissions	tCO2e	1,214	15.40	1,052	1,703
Total Water Withdrawal	m3	60,612	-18.69	74,540	98,995
Recycled Water Usage	%	1.69	838.89	0.18	13.33
Solid Waste	MT	974	-99.95	1,785,617	2,018,231
Effluents Discharged	m3	84,458	13.31	74,540	75,246
Waste Water Treated Through Internal Treatment Plants	%	100	0.00	100	100
Energy Intensity (Energy Per Revenue)	MJ / Rs. Mn	7.62	16.07	6.56	12.78
Emission Intensity (Emission Per Revenue)	KgCO2e / Rs. Mn	0.89	2.31	0.87	1.40
Water Intensity (Water Withdrawal Per Revenue)	L / Rs. Mn	5.51	-24.44	7.30	10.32
<b>Consolidated Statement of Economic Performance</b>					
Foreign Exchange Income Earned	USD Mn	10.29	7.30	9.59	6.88
Supplier Reach	No.	2,385	-2.05	2,435	1,096
<b>Capacity Building</b>					
Property, Plant and Machinery	Rs. Mn	365.58	-34.06	554.43	747.48
Job Creation Outside the Western Province	No.	12	-36.84	19	58
Tax Paid	Rs. Mn	-	-100.00	(644)	382.10
Innovations (Total New Products Introduced)	No.	111	-15.00	180	189



# Aluminium Industry Review



Known for its versatility and sustainability, Aluminium is one of the most significant and abundant metals on earth, primarily extracted from bauxite ore. Major reserves of the ore is found in countries such as Guinea, Australia, and Vietnam, and leading production in China. Although the industry faced volatility during the pandemic, its value and relevance to today's living is immense, reflected in the increasing demand and prices. Recyclable aluminium uses less energy than producing new aluminium making it a more sustainable option. The United States, especially, has made great strides in using recycled aluminium, vastly reducing its carbon footprint. As the industry evolves, sustainability and innovation play key roles in its future growth and environmental impact mitigation.

Over the past six decades, the production of this metal has grown exponentially, outpacing other metals. It is now ranked as the world's second most widely used metal, second only to steel. Its recyclable capacity and indefiniteness in recyclability contributes vastly to sustainability. Corrosion-resistant and light weight, its uses are both residential and industrial, long lasting and needs minimal maintenance. Its appeal, as a stylish alternative and sleek appearance has made it popular for its functionality and longevity.

## Aluminium and the triple-bottom-line

### Environmental

#### Saves Trees

Using Aluminium in the construction industry in place of wood products prevents usage of trees for construction work. Used Aluminium is also 100% recyclable.

#### Saves Energy

Aluminium is widely for light management: its reflective properties help to reduce energy consumption for lighting and heating.

The incomparable recyclability of Aluminium, which is part of its genetic code, is a key factor in its environmental friendliness. Its recycling requires only 5% of the energy required during its initial production. Moreover, it does not lose any of its properties during recasting.

### Social

#### Visual Appeal

Aluminium can be anodised or lacquered in any colour and customised to meet decorative needs. Such Aluminium treatments can also increase the durability of the material and its corrosion resistance.

#### Safe

Aluminium does not burn and is, therefore classified as noncombustible material (A1 fire reaction class).

### Economic

#### Versatile

Aluminium alloys supported by specific production processes change its physical and mechanical properties to meet requirements of a large number of applications

#### Durable

Aluminium alloys are resistant to water, corrosion and immune to the harmful effects of UV rays, thus ensuring a lasting endurance.

#### Low Maintenance

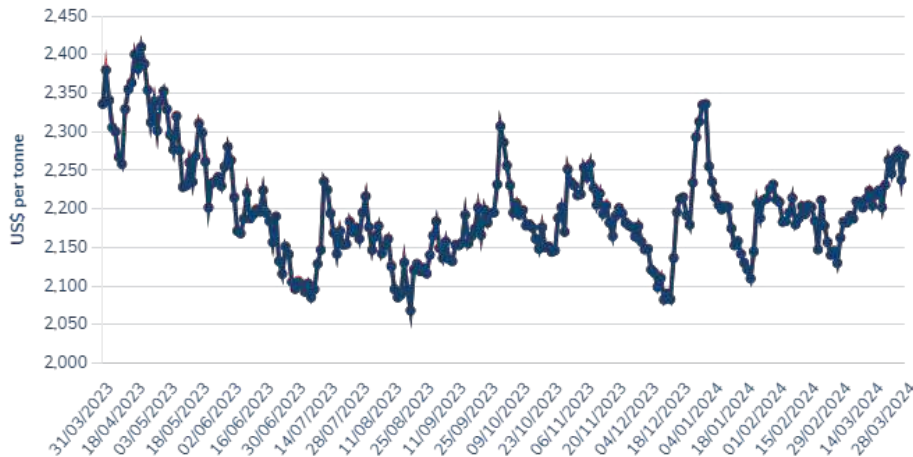
Aluminium does not require any special maintenance and is, thus, a highly cost-effective long-term solution.

# Aluminium Industry Review

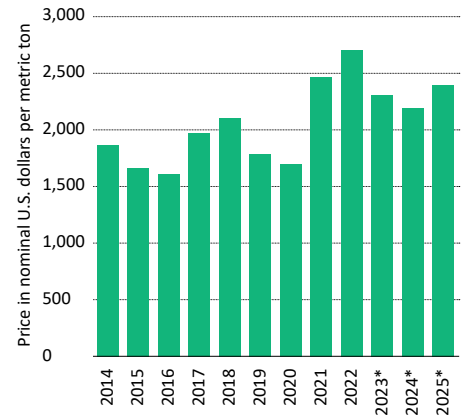
## Aluminium Market in 2023

Reflected below are the price and market behaviours of aluminium for the FY 2023/24.

London Metal Exchange Aluminum Prices – April 2023 – March 2024

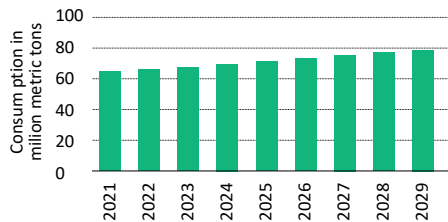


Average Price of Aluminum from 2014 to 2025



<https://www.statista.com/statistics/675845/average-prices-aluminum-worldwide/>

Global Aluminum Consumption Projections 2021-2029



<https://www.statista.com/statistics/675845/average-prices-aluminum-worldwide/>

## Aluminium's relevance in the construction industry

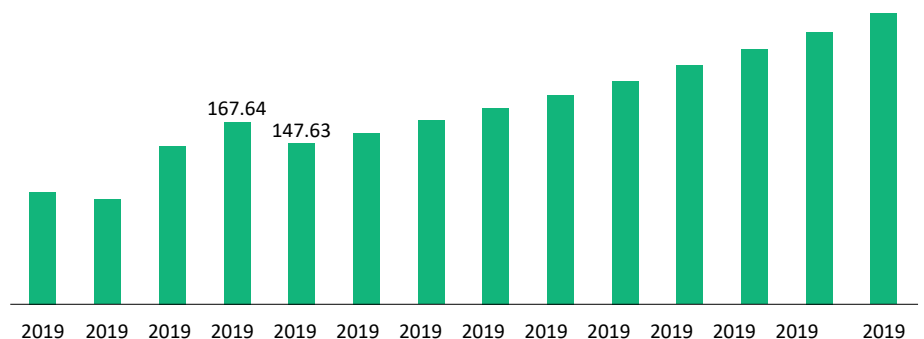
The construction industry is one of top three applicators of aluminium, with the iconic Empire State Building in New York City being the first skyscraper to extensively use aluminium in its structure. As the metal evolved to be a staple in construction, its value as a low density but strong structural element took root enhancing the malleability for intricate designs. Today, it is highly sought after in construction, from curtain walls to roofing systems, and in this era where sustainability of our planet is dangerously required, renewable energy sector's demand for the metal, is exponentially on the increase. The Asia-Pacific region is expected

to be the largest market for aluminium during the period 2024-2029. Industries such as electronics, building and construction, aerospace, etc., are growing in countries such as China, India, and Japan. This is due to the expansion of a variety of industries, in the region.

(Source: <https://www.mordorintelligence.com/industry-reports/aluminium-market>)

- The expansion of Chinese automotive manufacturing industry
- India's likely housing boom forecasted to be around USD 1.3 trillion over the next seven years
- The expansion of the Indian electronics market, where India is slated to be the fifth largest electronics manufacturer by 2025
- Expansion in the packaging industry, in India and Japan, giving rise to demand for aluminium foil
- Rapidly expanding end-user industries in the Asia Pacific region

Asia Pacific Aluminium Market Size, 2019-2032 (USD Billion)

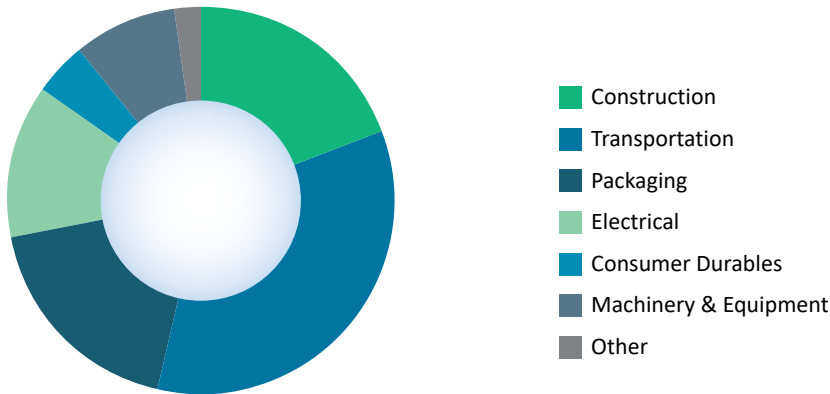


[www.fortunebusinessinsights.com](http://www.fortunebusinessinsights.com)

# Aluminium Industry Review

The global aluminium market size was valued at \$229.85 billion in 2023 & is projected to grow from \$243.89 billion in 2024 to \$393.70 billion by 2032. (fortunebusiness.com)

Global Aluminium Market Share by End use, 2023

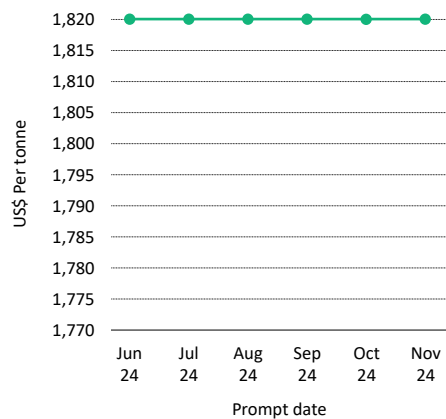


www.fortunebusinessinsights.com

Based on aluminium’s end-user history and forecasts, its growth drivers are embedded in the transportation industry, construction, packaging, and machinery and equipment segments. The demand of electric vehicles and with automative giants such as Mercedes and BMW opting for aluminium due to the metal’s physical properties and lightweight nature, and usage of the metal in counter tops and cladding in residential buildings, combined with its corrosion resistant DNA, the metal is an attractive and durable alternative in most of activities impacting the daily lives of the people, worldwide.

Its wide spread adoption across many segments, no doubt will drive its growth for the foreseeable future.

LME’s Aluminum Alloy’s closing price curve



<https://www.lme.com/en/metals/non-ferrous/lme-aluminium>

## Outlook

Demand for aluminium is on an upward trajectory and will keep growing unless geopolitical tensions intervene by way of sanctions for Russian manufactured aluminium. The London Metal Exchange has so far not acted on Russian metal deliveries, providing stability in the market. Rising energy costs is another factor to bear in mind, as smelter processes come at a high cost.

The current and projected economic factors signal a more favourable outlook for Alumex PLC. The anticipated decrease in interest rates promises additional savings compared to the current financial year, bolstering the company’s bottom line. Market prices have stabilised, minimising the impact of inflation on cost elements and enhancing consumers’ purchasing power, thus fostering favourable demand dynamics in the local market. However, the ongoing strengthening of the local currency presents both advantageous and challenging outcomes for Alumex. While it lowers production costs for the domestic market, thereby improving margins, it may also stimulate increased imports, intensifying market competition. Conversely, this trend could further erode margins in the export segment.

Moreover, the robust growth momentum in the construction industry, coupled with reductions in construction material prices, is poised to drive heightened demand for aluminum extrusions and benefit Alumex PLC.

Despite these challenges, the market demand for aluminium is increasingly gathering momentum. We are optimistic that the industry will flourish as it is fast becoming a necessity across the industry landscape replacing traditional materials thus far used in those industries.

Alumex PLC, with its robust governance, risk management and market leadership is well positioned to take advantage of the upward tick in demand, in the export markets as well as in the local market, as global inflation is on the downward trend that allows for development projects to move ahead. It is encouraging to note that the Asia Pacific region leading the demand and no doubt, the Company will stand to gain with this increase, as a key player in the aluminium extrusions in Sri Lanka.

## Economic Review

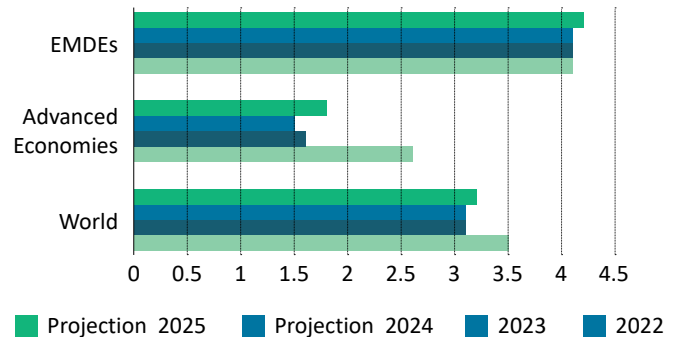


### Global

The global economy, is projected to grow at 3.2% through 2024 to 2025, maintaining the same pace in growth in 2023 while navigating challenges. As cited by the World Bank in the Global Economic Prospects January 2024, however, a slowdown is visible due to tight monetary policies, financial restrictions, and sluggish global trade. Although the growth is adversely impacted by the geopolitical tensions in the Middle East, a prolonged conflict in the European region, and uncertainty in commodity markets, greater than expected resilience in the United States, some emerging markets, developing economies, and the fiscal support in China, balanced the adversity and change the trajectory.

The unexpected economic resilience, despite significant central bank interest rate hikes aimed at restoring price stability, also reflects the ability of households in major advanced economies to draw on substantial savings accumulated during the pandemic. As inflation converges toward target levels and central banks pivot toward policy easing in many economies, a tightening of fiscal policies aimed at curbing high government debt, with higher taxes and lower government spending, is expected to weigh on growth.

### World Economic Outlook Growth Projections



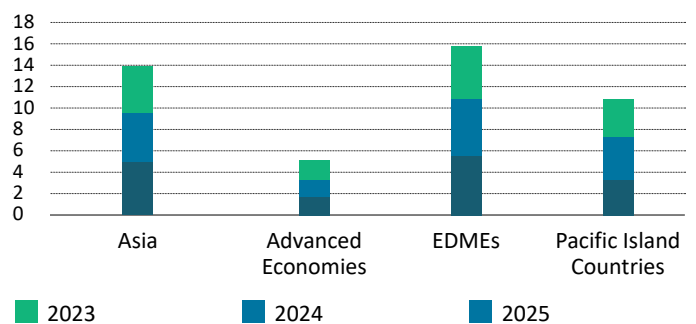
World-economic-outlook-update-january-2024

It is heartening to note that disinflation is at a steady growth averting a hard landing for the global economy. Global headline inflation is expected to fall to 5.8% in 2024 and to 4.4% 2025, with the 2025 forecast revised down. This may translate into easing financial conditions, and greater consumer spending that may have a spin off effects on the imports that translate into export earnings to countries like Sri Lanka.

### Regional

The regional growth outperformed the expectation achieving 5.0% in 2023, though the projection for 2024 is 4.5%, a marginal slowing down. Though inflation had continued to decline some economies still experience price pressures and currency depreciation.

### Regional Growth 2023 and Projections 2024-2025



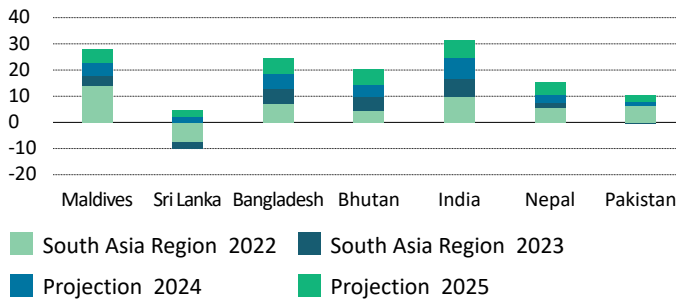
IMF regional-economic-outlook-for-asia-and-pacific-April-2024

## Economic Review

### Sri Lanka

The country's economic trajectory gained a recovery mode in 2023, after several quarters of contraction and was supported by disinflation, improved external resilience, stronger currency and an inflow of remittances. The Central Bank of Sri Lanka (CBSL) implemented a suite of strong fiscal policies that underpinned the recovery mode, and the IMF's bail out package reinforced overall macroeconomic conditions. Though the prices soared, and the cost-of-living skyrocketed, the trade deficit contracted due to increased services exports and worker remittances. Despite volatility, the rupee continued to strengthen though CBSL adopted a market-based exchange rate policy.

#### South Asia Region 2022-2023 and Projection 2024-2025



World Bank South Asia Overview

The merchandise export performance in March 2024 amounted to US\$ 1,138.9 million recording an increase of 9.77 % compared to March 2023. Furthermore, export performance in March 2024 increased by 7.51 % compared to the preceding month, February 2024. The value of services exports for the month of March 2024 was US\$ 275.1 Million, increasing 8.39 % over the corresponding period of 2023. Subsequently, total exports for the month of March 2024 was recorded as US\$ 1.4 Billion including merchandise and services exports .

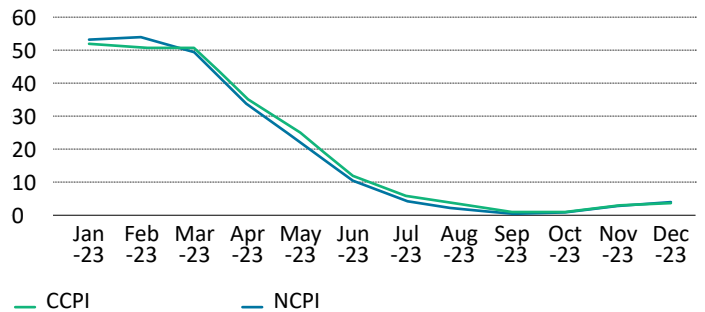
### Inflation

Sri Lanka experienced an unprecedented high rate of inflation in the first half of 2023, due to supply and demand dynamics, fuel price fluctuations and seasonal effects related to agricultural seasons. The double-digit inflation (59.2%) decreased to a single digit (4.0%) towards the latter part of 2023, that were under pinned by revamped government policies, global commodity price fluctuations and tariff hikes.

Headline inflation (CCPI) decelerated to 5.9% in February 2024, from 6.4% in January 2024, mainly due to deceleration in non-food inflation.

Sri Lanka is an agri based economy, and as such, climatic conditions significantly impact the cost of food items that has a natural impact the headline inflation, which is climate induced. As weather patterns bear on the crop cultivation and harvesting, unpredictable price volatility invades the market. In this CBSL incorporates climate related variables into assessing climate change impacts on the inflation to make better policy decisions.

#### Inflation



Export Development Board website

### Interest Rates

Overall market interest rates slid downwards as a result of easing monetary policy measures implemented by CBSL, and as a result of risk premia attached to yields on government securities post the domestic debt Optimisation (DDO) initiative. The downward trend, however, gradually slowed pace, while credit extended by the banks witnessed a contraction of outstanding credit in January 2024, mainly due to the appreciation of the rupee by 6.7% (up to the point of writing) against the US dollar and possible private debt settlements.

### External Sector

The trade deficit widened in January 2024, as import restrictions were released on some items while earnings from tourism and other services significantly increased. Worker remittances continued to be improved and the gross official reserves of the government increased to Rs. 4.5 Bn by end February 2024.

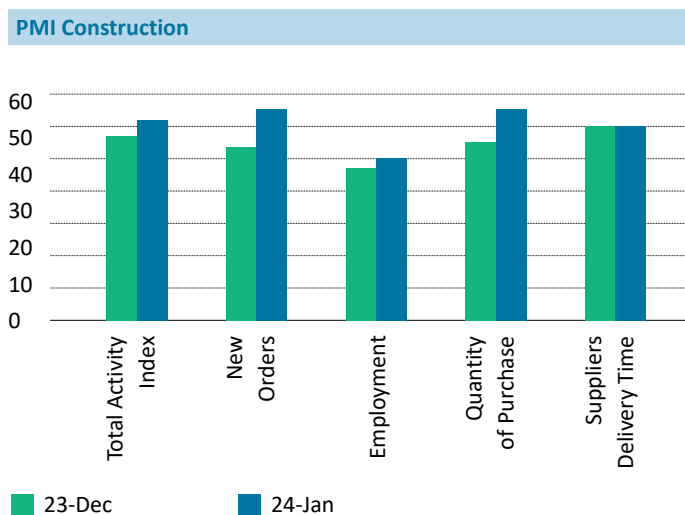
### Construction Industry

The industry suffered a severe setback due to supply and demand contractions, due to the economic crises in 2022. One of Sri Lanka's foremost GDP contributors and employment generators, the challenges faced by the industry are yet to be overcome. The glimmer of hope is that the economy being on a growth mode, the expected and lasting recovery with decreased interest rates and material costs and recommencement of suspended government projects will gradually build up the industry to its former glory.

## Economic Review

During the year, the Urban Infrastructure and Township Development completed its Siyak Nagara programme in several regions, that converted regional town centres into citizen centric cities, including those in Nuwara Eliya, Kurunegala, and Galle. The National Housing Development Authority took steps to restart the Mihindupura housing project under a public-private partnership in 2023. Several water supply projects were completed during the year by the National Water Supply and Drainage Board.

As cited in Sri Lanka Purchasing Managers' Index for Construction (PMI-Construction) an expansion of construction activities is reflected in January 2024, as indicated by the Total Activity Index recording an index value of 52.9. This is a first, from January 2022, where the index exceeded the neutral threshold. New orders were on the rise, while stalled projects recommenced albeit on a slower pace. Employment continued to contract also at a slower pace but the outlook remains positive, subject to the macroeconomic conditions in the country.



CBSL PMI January 2024

### Share Market

Share trading experienced a noteworthy turnover from its daily average turnover (ADT) of Rs. 715Mn in January to Rs. 1.8Bn ADT in March with 74.91% local and 25.09% foreign participation to turnover. This is attributable to prohibitive net interest rates for investors, who wish to avoid risky investments. CBSL's adjustments to the policy rates and as the AWPLR is sliding toward 10%, a credit growth is expected in the medium term.

### Growth

After six quarters of contraction, the economy recorded a positive performance in the second half of 2023 and a sustained recovery and a growth of 3% in 2024 are expected. Tourism's speedy recovery is forecasted to create momentum for further growth while the industry sector is set to take advantage of the recently uplifted import restrictions. Declining interest rates and raw material prices are yet a positive sign to recommence the previous halted infrastructure development, both by the government and the private sector.

### Outlook

Inflation is expected to stabilise over the medium term, although the Value Added Tax temporarily increased it in the early part of 2024. However, the indication is that the effects are not as heavy as initially envisaged amid a subdued demand. The current projections, however, are subject to many conditions such as global energy prices, gradual growth of the country's major trading partners, and the debt restructuring scenario.

We look with optimism to a strengthening economy, disinflation and growth.



Our resilience is strengthened by sustainable actions



## SWOT Analysis



### Strengths (S)

- ⊙ Leadership in the business
- ⊙ Brand image in community
- ⊙ In-house fabricator training facility
- ⊙ Product diversification
- ⊙ Under licensed products
- ⊙ Alumex proprietary systems
- ⊙ International accreditations
- ⊙ Largest Aluminium exporter in the country
- ⊙ Being part of a conglomerate
- ⊙ In-house Aluminium casting technology
- ⊙ Advanced manufacturing technology
- ⊙ Advanced technology in die designing & manufacturing
- ⊙ Well experienced workforce in key manufacturing areas
- ⊙ High production capacity
- ⊙ Advanced product testing facility
- ⊙ Approved applicator for international brands
- ⊙ Exclusive dealer network

### Weaknesses (W)

- ⊙ High inventory cost in RM/FG
- ⊙ Space management in the premises
- ⊙ Production planning inefficiencies
- ⊙ Project planning & deployment inefficiencies
- ⊙ Unstable process parameters
- ⊙ Ineffective problem-solving culture
- ⊙ Resistance to adhere system
- ⊙ Technical know-how of new employees
- ⊙ Compliance to Preventive Maintenance
- ⊙ High energy utilisation
- ⊙ House keeping
- ⊙ High overhead cost
- ⊙ Information Security
- ⊙ Handling of waste
- ⊙ ROI on new projects & initiatives
- ⊙ Employ satisfaction
- ⊙ Organisational learning culture
- ⊙ First time order review & prototype inefficiency

### Opportunities (O)

- ⊙ Import restrictions on Aluminium profiles
- ⊙ Possible export market expansion
- ⊙ Possibility of recycling
- ⊙ Usage of green labeled raw material
- ⊙ Government enforcement on renewable energy (Solar)
- ⊙ Government encouragement on export market
- ⊙ Export restrictions on Aluminium scrap

### Threats (T)

- ⊙ Insufficient foreign currency in the country
- ⊙ Low financial rating of the country
- ⊙ High inflation
- ⊙ Interest rate
- ⊙ High income tax rate
- ⊙ Design transcription
- ⊙ Rupee against US dollar
- ⊙ Lower profit margin in substandard products of local competitors
- ⊙ External bad debtors
- ⊙ Ad-hoc changes to laws, policies & regulations of the government
- ⊙ Political instability
- ⊙ High lead time of purchase
- ⊙ Shortage of local suppliers
- ⊙ FTAs of the Government & removal of duty
- ⊙ Decline in growth of construction industry

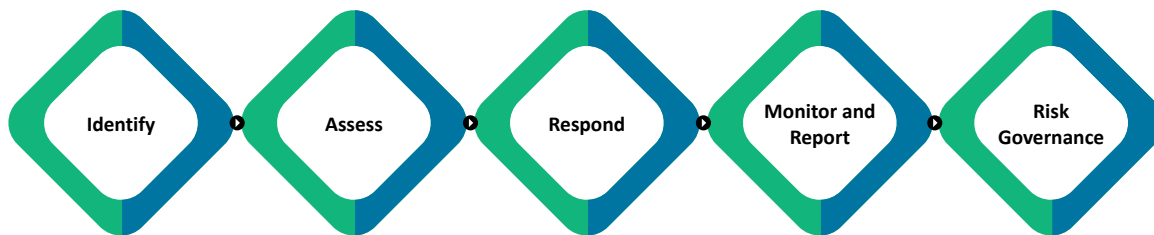
# Risk Management

## Risk Environment

Sri Lanka's economic landscape showed a growth rate of 4.5% by the fourth quarter of 2023, signaling a positive trajectory after the recent crisis. This was an encouraging trend for all business segments as a reawakening of the economy heralded opportunities, amid challenges.

## Management Approach

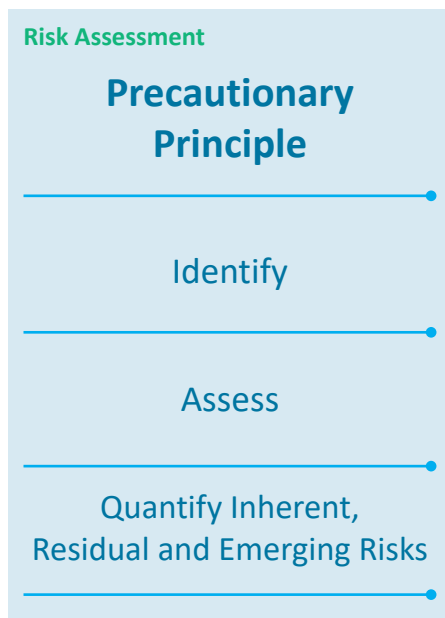
We employ a risk management approach that balances stakeholder expectations while safeguarding the Company's interests. This approach involves adopting the precautionary principle to identify, assess, and quantify inherent, residual, and emerging risks. These risk assessments are integrated into the annual business plan and the five-year strategic roadmap. Additionally, risks associated with specific objectives are documented during objective-setting processes.



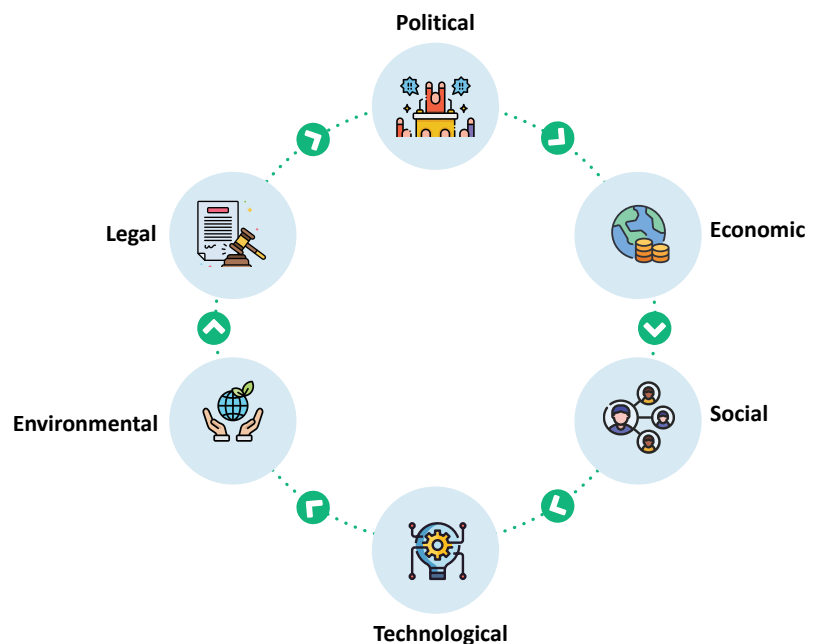
## Risk Identification

The initial step in effective risk management is the identification of risks. At Alumex, this formal process begins alongside the annual corporate planning and budgeting exercises. The Management Committee of Alumex PLC reviews the PESTEL analysis and Porter's Five Forces analysis prepared by the Finance Department. Porter's Five Forces is a renowned framework for analysing the competitive environment of an industry. It encompasses five critical dimensions: Competitive Rivalry, Supplier Power, Buyer Power, Threat of Substitution, and Threat of New Entrants. Risk identification within this model involves assessing how each force could potentially weaken a Company's position or profitability.

These analyses highlight the risks and opportunities that will shape the Company's strategy and objectives. Additionally, ongoing risk factors are identified by the Hayleys Group business advisory and control units, the Hayleys Group Management Committee, and through management discussions with Alumex and external stakeholders.



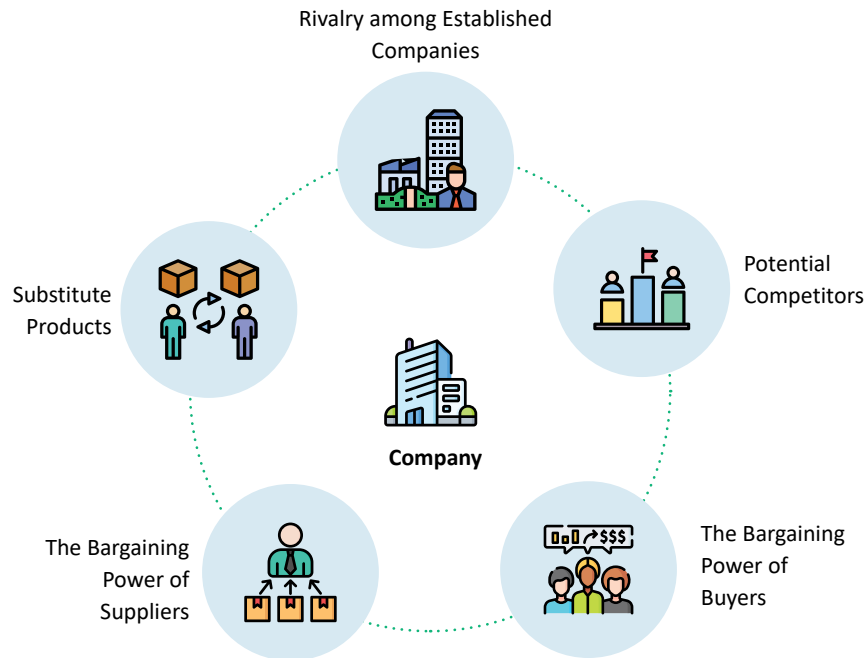
## Environmental Analysis





# Risk Management

## Industrial Analysis



## PESTEL Analysis FY 2023/24



### Political

The political landscape of Sri Lanka in 2023 was marked by significant turmoil and change. The year witnessed widespread protests against economic hardship and governance issues, while also navigating an economic crisis that necessitated international assistance. The resilience of Sri Lanka's democracy was tested as the nation grappled with these complex issues and the quest for transformation and stability continued.



### Economic

Sri Lanka's economic landscape in 2023 was marked by significant challenges. The economy contracted by 7.9% in the first half of the year, with sectors like construction, manufacturing, and financial services being the hardest hit due to credit shortages and supply chain disruptions. Despite these difficulties, there were signs of recovery as the year progressed, with inflation decreasing sharply to 4% in August from a peak of 69.8% in the previous year, and the Central Bank cutting policy rates to stimulate growth. Additionally, the trade deficit contracted by US\$1 billion, driven by import restrictions and a decrease in import demand, while remittance flows and tourism earnings improved, leading to an accumulation of foreign reserves.



### Social

Sri Lanka's societal landscape was characterised by significant digital growth and economic challenges. The country saw an increase in internet users to 14.58 million, with a penetration rate of 66.7%, reflecting a more connected society and an informed populace. However, the cost of living affected the nation, and many households were pushed below the poverty line.



### Technological

The country also made strides in digital inclusivity, with a notable increase in social media users to 7.20 million, reflecting a deep integration of digital communication within society. Furthermore, Sri Lanka's commitment to enhancing its digital infrastructure was evident in the active 36.18 million cellular mobile connections, surpassing the total population and indicating a robust mobile network coverage. This progress is a testament to Sri Lanka's dedication to fostering a digitally empowered nation.



### Environmental

In 2023, Sri Lanka's environmental landscape was marked by significant sustainability efforts. The country's commitment to environmental stewardship was highlighted by the Global Reporting Initiative, which noted the widespread adoption of sustainability reporting standards among Sri Lankan organisations. Moreover, the Ministry of Environment's dedication to managing natural resources and protecting biodiversity was recognised with the UN Decade of Restoration Flagship Award, reflecting the nation's progress in rebuilding vital mangrove ecosystems. These achievements underscore Sri Lanka's ongoing dedication to balancing economic development with environmental conservation.



### Legal

The legal landscape of Sri Lanka in 2023 has been marked by significant events and changes. The indefinite postponement of local government elections and concerns over human rights and freedom of expression.

# Risk Management

## Industry Analysis FY 2023/24



### Competition for Market Dominance

In 2023, the aluminium industry in Sri Lanka experienced a competitive landscape as established manufacturers vied for market dominance. The demand in various industries such as automotive, and electronics, which favoured lightweight and corrosion-resistant aluminium products, indicating a consumer shift towards innovative aluminium solutions in construction and hardware. This period of rivalry fostered advancements in technology and product quality, contributing to innovation.



### Potential Competitors

Key players in the market are likely to face competition from both established companies and new entrants leveraging advancements in technology and research. Reports suggest that the market will see innovations and improved product standards, which could intensify the competitive landscape.



### Bargaining power of Buyers

The bargaining power of buyers for aluminium in Sri Lanka in 2023 appears to be influenced by several factors. This interest could potentially increase the bargaining power of buyers due to higher demand. Additionally, the presence of local manufacturers which offers a wide range of aluminium products, may contribute to a competitive market environment, further impacting buyer bargaining power. However, the overall market dynamics would be determined by the interplay of demand, supply, and economic conditions prevailing in the country.



### Bargaining Power of Suppliers

The bargaining power of suppliers for aluminium is influenced by various factors, including market demand, production capacities, and global economic trends. The market dynamics are also shaped by the country's export activities, with data indicating a notable amount of aluminium exports valued at US\$56 Mn during the year. These elements collectively contribute to the bargaining power of suppliers within the Sri Lankan aluminium industry.



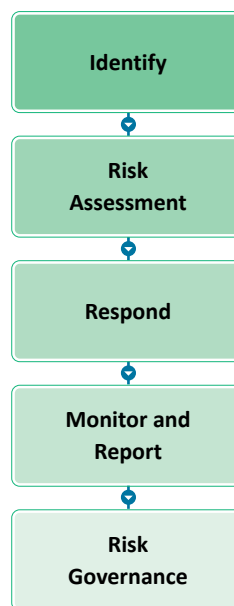
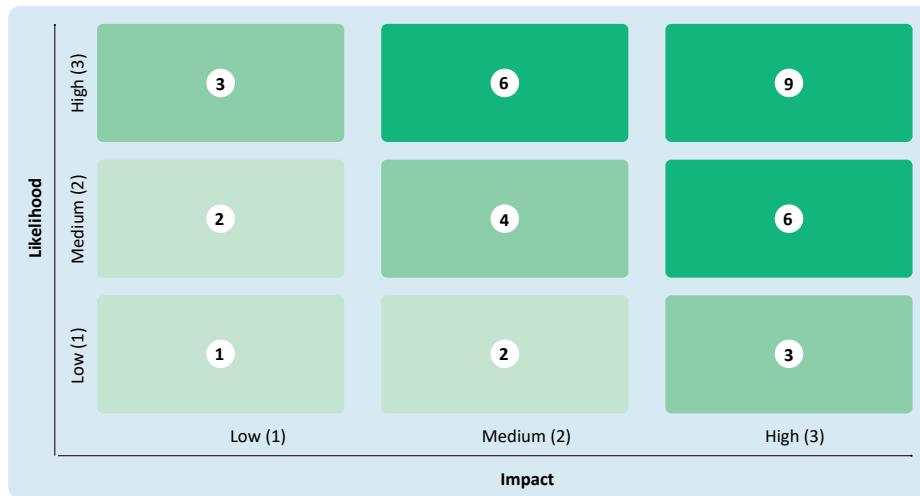
### Substitute Products

In Sri Lanka, the search for alternatives to aluminium has been driven by the need for materials that are both cost-effective and sustainable. In 2023, industries have been exploring options such as advanced polymers and composites, which offer similar qualities to aluminium but with potential benefits like lower weight and improved environmental impact. These materials are being considered for a variety of applications, including construction, packaging, and automotive parts, reflecting a global trend towards more sustainable manufacturing practices.

# Risk Management

## Risk Assessment

We employ the COSO Framework for risk assessment. This framework evaluates risks based on their likelihood and impact, resulting in a probability-weighted impact. High-risk areas, positioned in the top right corner of the matrix, require immediate and focused attention.



## Respond

In the dynamic business landscape, responding to risk is a critical component of management. We adhere to a robust risk response plan typically involved in identifying potential risks, assessing their impact and likelihood, and implementing strategies to mitigate them. Strategies range from avoiding risks by altering business plans, transferring risks through insurance, reducing risks by implementing controls, or accepting some risks with contingency plans in place. We tailor our risk response to the nature of the risks and the organisation's risk tolerance, ensuring a proactive approach to maintaining project success and business continuity.

## Monitor and Report

In the final stage of the risk management process, we assess the effectiveness of implemented strategies. Monitoring occurs at various organisational levels, involving different parties. During monthly performance review meetings, the Corporate Management team and Senior Managers review significant risks and their action plans. Additionally, the Hayleys Group Board Director responsible for Alumex conducts monthly risk area reviews. The Audit Committee, with ultimate responsibility for risk management oversight, reviews risks and action plans quarterly, providing recommendations to the Board.

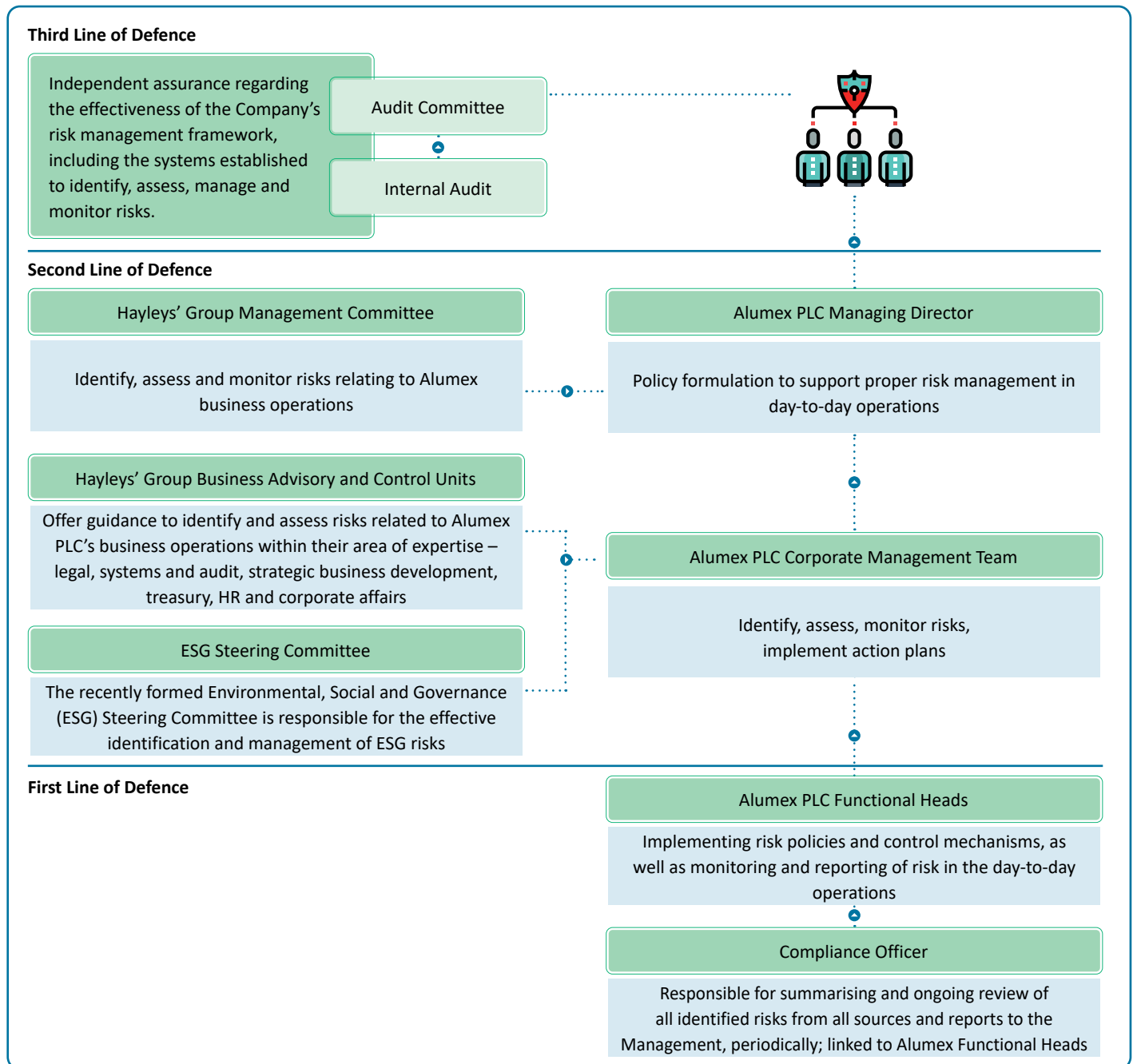
## Risk Governance

The risk governance model plays a crucial role in our risk management approach. In a dynamic operating environment with evolving regulatory requirements, market trends, and competitors, the model emphasises both individual responsibility and collective oversight. A comprehensive reporting process ensures effective monitoring, management, and reporting of all risks. The Alumex PLC Board, as the apex body, applies sound corporate governance principles to assess and manage risks, ensuring alignment with the Company's risk governance structure.



# Risk Management

## Risk Governance Structure



The Alumex Management Committee assumes a leadership role in the overall risk management process, including risk identification, implementation, and monitoring. They follow a bottom-up approach for risk identification. Additionally, the Management team evaluates available options to mitigate risks. Functional Heads, along with their respective teams, contribute valuable information and feedback for effective risk management. The Hayleys Group's Management Committee, business advisory and control units, legal, management audit, systems review, strategic development, treasury, HR, and corporate affairs all play pivotal roles in this process.

## Risk Management




### Risk Awareness Culture





Risk awareness is an ingrained corporate culture at the Company. We believe that creating awareness among our employees about risk identification, assessment, mitigation, monitoring, and reporting should be a thread that weaves across the business and operational areas. From the Senior Manager level to each employee, we strive to inculcate this, as it helps the Company to swiftly take control measures, in case of a risk incident.

### Risk, Strategy and Resource Allocation

When defining strategy and allocating resources, we focus on the many factors in the risk universe as enumerated in the previous pages. Effective risk strategy and resource allocation are critical components of organisational management. They involve identifying potential risks, assessing their impact, and strategically allocating resources to mitigate them. We ensure that regulatory and enforcement efforts are focused where they are most needed, optimising the use of finite resources across a broad range of risk exposures. By integrating risk considerations into strategic planning, we can prevent losses, seize opportunities, and enhance overall efficiency.

### Risk Factors and Management Actions

 Taken action to mitigate
  Remain unchanged
  Risk level increased

No.	Risk Category	Risk Element	Implications	Mitigating Measures	Risk Level					Risk Trend	
					Previous Assessments		Forecast 2024/25				
					2022/23	2023/24	Short Term	Medium Term	Long Term		
<b>Risk of Finance Capital</b>											
1	Interest rate risk arising due to interest rate volatility		Short-term and long-term volatility in interest rates could impact on the cost of Aluminium due to the high cost of financing and the cost of borrowing	<ul style="list-style-type: none"> <li>Effective management of working capital</li> <li>Maintain a proper combination of fixed and floating rates</li> </ul>	High	Medium	Medium	Medium	Medium	Medium	
2	Foreign currency risk arising from exposure to foreign currency positions		Short-term and long-term losses can arise when foreign currency assets and liabilities are translated into local currency as at the balance sheet date, or when transactions are carried out in foreign currency	<ul style="list-style-type: none"> <li>Maintain foreign currency-denominated assets to hedge against liabilities</li> <li>Increase export earnings</li> </ul>	High	High	Medium	Low	Low	Low	
3	Macroeconomic vulnerabilities Arise due to volatility in interest rates, inflation and unstable political environment		Short-term and long-term may impact to the demand, hindering profit and cash flows negatively	<ul style="list-style-type: none"> <li>Identify alternative revenue sources and Implementation of cost reduction initiatives</li> </ul>	High	High	High	Medium	Medium	Medium	
4	Liquidity risk inability to meet payment obligations in full and on time when they become due		Short-term and long-term nonavailability of sufficient funds may interrupt the smooth functioning of the Company's operations	<ul style="list-style-type: none"> <li>Effective treasury function to forecast fund requirement and availability</li> <li>Maintain a portfolio of short-term liquid asset</li> <li>Arrange sufficient financial facilities</li> </ul>	Medium	Medium	Medium	Low	Low	Low	

## Risk Management

No.	Risk Category	Risk Element	Implications	Mitigating Measures	Risk Level					Risk Trend
					Previous Assessments		Forecast 2024/25			
					2022/23	2023/24	Short Term	Medium Term	Long Term	
5	Political instability Unstable political environment		Short-term and long-term ad hoc policy decisions affect the business as a whole	<ul style="list-style-type: none"> <li>Stay up-to-date with the policy changes and their impact on the business</li> <li>Effective decision-making to mitigate the negative impact on Company</li> </ul>	Medium	Medium	Medium	Medium	Medium	↔
6	Commodity price risk fluctuations in Aluminium prices in the world market		Short-term and long-term increase in Aluminium raw material prices will create losses due to fixed selling prices	<ul style="list-style-type: none"> <li>Monitor price trends and book forward</li> <li>Quote variable prices to customers, based on the LME prices</li> </ul>	Medium	Medium	Low	Medium	Medium	↔
<b>Risk of Natural Capital</b>										
7	Using hazardous chemicals risk of using hazardous chemicals for production can cause health and safety issues		Short-term and long-term public resistance and/or regulatory involvement on environmental pollution protection	<ul style="list-style-type: none"> <li>Shifting to environment friendly chemicals</li> <li>Developing effluent water treatment process</li> <li>Safe disposal of solid waste</li> </ul>	Medium	Medium	Medium	Medium	Medium	↔
9	Labour shortages and reduction in skilled and unskilled labour		Short-term and long-term increase in production costs due to higher wages	<ul style="list-style-type: none"> <li>Automation</li> <li>Increase living standards of employees to reduce turnover</li> </ul>	Medium	Medium	High	High	Medium	
10	Industrial health and safety could lead to workplace accidents, penalties, negative image and hiring difficulties on future requirements		Short-term and long-term lower productivity due to higher employee turnover and dissatisfaction of existing employees	<ul style="list-style-type: none"> <li>Providing necessary safety equipment to all employees</li> <li>Focused training on health and safety to all employees</li> <li>Insurance coverage to mitigation</li> </ul>	Low	Low	Low	Medium	Medium	↔
<b>Risk of Social and Relationship Capital</b>										
11	Single customer/supplier Risk of having a few major customers and/or suppliers		Short-term and long-term loss of a major customer can affect revenues and the loss of a major supplier affects the supply of critical raw materials for manufacture	<ul style="list-style-type: none"> <li>Diversify and increase the customer bases</li> <li>Develop multiple supplier networks</li> </ul>	Low	Low	Low	Low	Low	↔

## Risk Management

No.	Risk Category	Risk Element	Implications	Mitigating Measures	Risk Level					Risk Trend
					Previous Assessments		Forecast 2024/25			
					2022/23	2023/24	Short Term	Medium Term	Long Term	
12	Availability of raw materials Risk of nonavailability of local and imported raw materials		Short-term and long-term loss of a major customer can affect revenues and the loss of a major supplier affects the supply of critical raw materials for manufacture	<ul style="list-style-type: none"> <li>Maintain adequate stock</li> <li>Develop a multiple-supplier network</li> </ul>	Low	Low	Low	Low	Low	↔
<b>Risk of Intellectual Capital</b>										
13	Confidentiality of information Loss of confidential data through security breaches in the IT systems		Short-term and long-term loss of the unique profile designs of Alumex to competitors	<ul style="list-style-type: none"> <li>Extensive controls and reviews to maintain the security of IT infrastructure and data regular backup of data and off-site storage of data backup system</li> </ul>	Low	Low	Medium	Medium	Medium	↔

### IFRS S1 and S2

The International Financial Reporting Standards (IFRS) S1 and S2 represent a significant advancement in the integration of sustainability-related financial information into the core reporting framework for entities. IFRS S1, titled “General Requirements for Disclosure of Sustainability-related Financial Information,” mandates entities to disclose information about sustainability-related risks and opportunities that could reasonably be expected to influence their financial condition or operating results. This standard is designed to enhance the relevance, consistency, and comparability of sustainability-related information, which is increasingly important for investors and other stakeholders in assessing an entity’s long-term prospects.

Complementing IFRS S1, IFRS S2 focuses specifically on “Climate-related Disclosures,” setting out more detailed requirements for reporting on how climate-related risks and opportunities are identified, managed, and influenced by the entity’s governance and strategy. Both standards took effect for reporting periods beginning on or after January 1, 2024, with early adoption permitted. These standards mark a transformative step by the International Sustainability Standards Board (ISSB) in standardising global sustainability reporting, thereby enabling investors and other stakeholders to make more informed decisions based on reliable and comparable data.

The development of IFRS S1 and S2 is a response to the growing demand for transparency in how companies address environmental, social, and governance (ESG) factors. By providing a structured framework for disclosure, these standards aim to prevent ‘greenwashing’ and ensure that sustainability-related financial information is presented with the same rigor as traditional financial reporting. The ISSB’s initiative is supported internationally and is seen as a crucial step towards a sustainable global economy.

In compliance with these requirements, we have attached duly filled S1 and S2 matrices with incidents that may impact our operations as a part of the Risk Report.

## Risk Management

### Sustainability Related Risks & Opportunities

	Fiscal Year Ending 31st March 2024			Short term	Medium-term	Long term
Sustainability-related risks and opportunities (SRROs) that could reasonably be expected to affect the organisation's prospects (N1)	Description	Effects on 1. cash flows 2. financial performance 3. financial position	Significant risk of a material adjustment to the carrying amounts of assets and liabilities in the next annual reporting period?	Anticipated effects on access to finance cost of capital financial position (N2) cashflows (N3) financial performance (N3)	Anticipated effects on access to finance cost of capital financial position (N2) cashflows (N2) financial performance (N2)	Anticipated effects on access to finance cost of capital financial position (N2) cashflows (N2) financial performance (N2)
Technology and product innovations	Technology and product innovations impact the Company heavily due to extensive dependency on the technology and innovations.	<p>-Research and development (R&amp;D) for new technologies and product innovations can lead to significant upfront costs.</p> <p>-It will enhance the Company's revenue in the long run, and the Company has to borrow or finance with the equity funds</p>	NO	<p>Can create a competitive advantage in the short and long term.</p> <p>Advanced technology leads to cost reduction and product quality improvements.</p>	From initialisation, journey towards sustainable production at garnering operational and cost efficiencies, help to better manage cash flows.	Operational Efficiency, cost reduction and competitive edge in the Market
Emerging ESG and sustainability related regulations	<p>Regulations are becoming increasingly stringent, particularly from the European market. These include greenwashing directives, requirements on packaging and decarbonisation among others.</p> <p>Compliance with the rules and regulations is vital in the current context.</p>	<p>Increased cost of compliance over the immediate-term, although over the medium and longer-term savings could be generated considering potential reputational risks of non-compliance</p> <p>Non-compliance could also affect the Company's ability to access capital</p>	NO	<p>Noncompliance may result in fines to the Company.</p> <p>Compliance results enhance the Company's goodwill and positively impact the Company's profit.</p>	Well managed ESG prepares the way for the Company to manage utilisation of resources in a cost effect and responsible manner.	Reputational standing and the brand acceptance will improve while gaining recognition as an entity focused on preservation of the planet while operating a profitable venture.
Energy consumption	Aluminium extrusion is an energy-intensive process, and minimising energy use is crucial for both the environmental and financial sides.	The Company has to invest largely in energy due to the nature of the industry.	NO	Alternative energy sources may reduce the cost of manufacturing, and sometimes, the Company has to modify existing plants and machinery to consume the available energy sources or improve the energy intensity.	Reduced cost of manufacturing with a pricing edge in the market and reputational enhancement as an ethical user of scarce resources	Reduced cost of manufacturing with a pricing edge in the market and reputational enhancement as an ethical user of scarce resources

## Risk Management

	Fiscal Year Ending 31st March 2024			Short term	Medium-term	Long term
Sustainability-related risks and opportunities (SRROs) that could reasonably be expected to affect the organisation's prospects (N1)	Description	Effects on 1. cash flows 2. financial performance 3. financial position	Significant risk of a material adjustment to the carrying amounts of assets and liabilities in the next annual reporting period?	Anticipated effects on access to finance cost of capital financial position (N2) cashflows (N3) financial performance (N3)	Anticipated effects on access to finance cost of capital financial position (N2) cashflows (N2) financial performance (N2)	Anticipated effects on access to finance cost of capital financial position (N2) cashflows (N2) financial performance (N2)
Using high levels of recycle materials (opportunity)	Aluminium is one of the most recyclable metals. By incorporating a high percentage of recycled content into their products, extrusion companies can significantly reduce their environmental impact while sharpening the competitive edge to access new markets	Recycling materials has cost advantage to the Company over the primary materials.  This has positive impact to the Company's profitability and the financial position.	NO	Positive impact on the Company's profitability and the financial position.	Refer the short term impact column	Positive impact on the Company's profitability and the financial position and recognition as an entity that contributes to the enhancement of resources as depletion is inevitable in the segment.
Sustainable sourcing and ethical labour practices	Has positive impact to the social environment as responsible person	Sourcing raw materials from responsible producers who prioritise environmental and social sustainability strengthens the Company's commitment to ethical practices. That will ensure long term sustainability of the Company and reduce risk of uncertainties by loosing raw materials and other inputs from the social environment.	No	Contribution to the environmental conservation and employee wellbeing	Refer the short term column	Contribution to the environmental conservation and employee wellbeing and become an employer of choice and increase retention.
Opportunity to sharpen competitive edge	Sustainable practices enhanced the Company image and some markets are more focused on the sustainable practices and willing to pay higher price than the others.	Company can maximise its sales to these markets at a premium price. And has an opportunity to make additional profit margin over its competition in medium and long run.	No	Advantage in the international markets that are focused on sustainable business practices	Advantage in the international markets that are focused on sustainable business practices and be identified as a champion for sustainable production	Advantage in the international markets that are focused on sustainable business practices and be identified as a champion for sustainable production, form long term partnerships, greater market penetration, profitability.



## Risk Management

Climate-related risks and opportunities (CRROs) that could reasonably be expected to affect the organisation's prospects	Description	Physical risk/ Transition risk?	Fiscal Year Ending 31st March 2024			
			Effects on cash flows financial performance financial position	Significant risk of a material adjustment to the carrying amounts of assets and liabilities in the next annual reporting period?	Effects on access to finance cost of capital cash flows financial performance financial position	Effects on Access to finance Cost of capital cash flows financial performance financial position
<b>N1</b> Possible carbon tax mechanism	Taxes correlated to the carbon emissions of exports to EU (through the Carbon Border Adjustment mechanism) could reduce competitiveness if emissions are unabated	Transitional	The Company has immediate costs, and that decreases the Company's cash flow. Reducing carbon emissions entails investment in the medium term, but will result in improved profitability in the long-term	Currently not anticipated	Profitability can be impacted	Profitability can be impacted
Sri Lanka shift to renewable energy	According to Sri Lanka's Net Zero plan, the country is gearing to scale up renewable energy to be 70% of total energy consumption by 2030	Transitional	Transforming to renewable energy requires significant initial investments. Therefore, the Company has incurred short-term costs but can be gained in the long run due to the low per-unit cost of renewable energy, especially in the solar segment.	Currently not anticipated	Increase in operating cost	Long term gain in cost reduction
Industry decarbonisation	The Aluminium Sector is a significant emitter of greenhouse gas emissions, and regulations pertaining to tackling emissions along the value chain are evolving rapidly.	Transitional	The Company is required to develop a comprehensive decarbonisation strategy aligned with business goals. This may require major investments in the medium and long term.	Currently not anticipated	Major investment may increase operating cost	Long term gain in cost reduction



Our ability to withstand the storm is a legacy of our beliefs

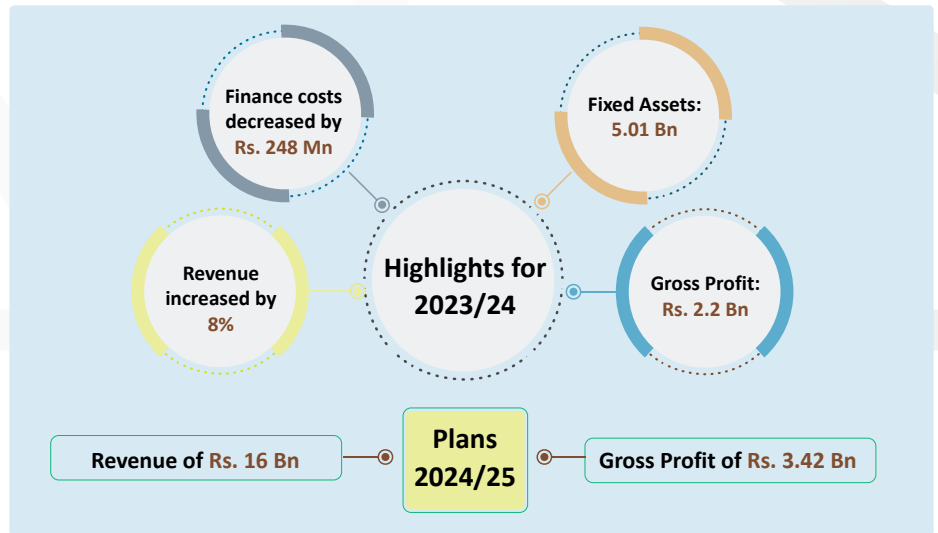




## Financial Capital



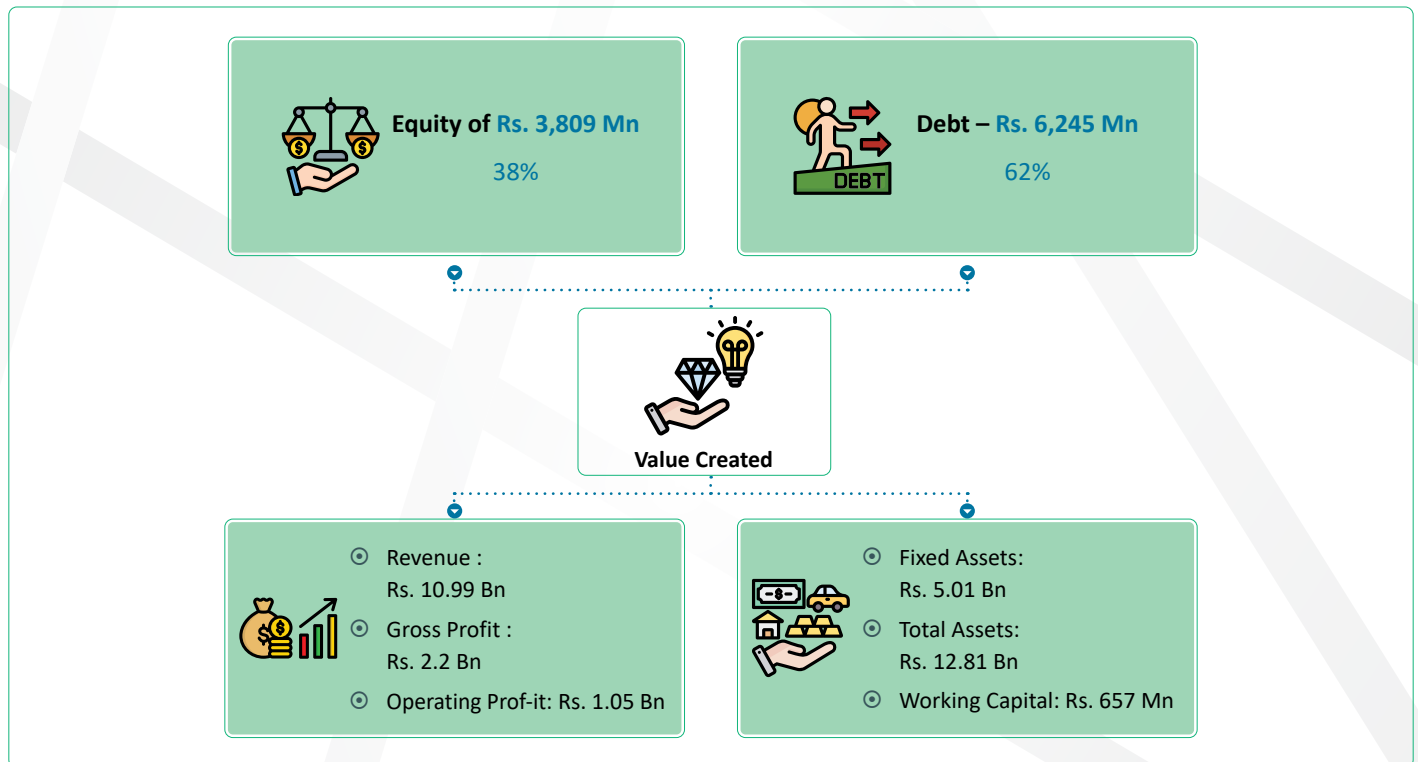
The gradual normalisation of the construction industry towards the end of the year is encouraging, supporting demand. The Company has also increased its efforts in developing new export markets as well as growing existing ones.



### Management Approach

Managing Financial Capital is a cornerstone for any enterprise's success. This report outlines Alumex PLC's approach to Financial Capital management during the fiscal year 2024.

At Alumex PLC, we firmly believe that efficient financial management is crucial for achieving sustainable growth and securing our long-term viability. Our approach to Financial Capital management is anchored in the following key principles:



## Financial Capital

### Strategic Financial Planning

This principle emphasises aligning financial decisions with the Company's overall business strategy. It involves forecasting future financial needs, considering various growth scenarios, and creating a roadmap to achieve financial objectives.

### Effective Budgeting

Effective budgeting translates strategic plans into actionable financial targets. It involves creating detailed spending plans for different departments and activities. Regular monitoring and adjustments to the budget throughout the year ensure resources are aligned with current priorities and changing circumstances.

### Robust Financial Controls

Robust financial controls are essential for safeguarding Company assets and ensuring the accuracy and reliability of financial information. This includes implementing internal control procedures to prevent fraud, errors, and waste. Strong financial controls build trust with stakeholders and provide Management with a clear picture of the Company's financial health.

### Continuous Improvement

Financial management is an ongoing process that requires continuous improvement. This principle emphasises the importance of regularly evaluating financial performance, identifying areas for improvement, and implementing changes to optimise financial practices.

### Stakeholder Engagement

Effective financial management requires open communication and engagement with stakeholders, including investors, creditors, employees, and customers. Company clearly communicate its financial strategy, performance, and risks to stakeholders. This fosters trust, transparency, and allows stakeholders to make informed decisions regarding their involvement with the Company.

By adhering to these principles, Alumex PLC strives to create a robust financial foundation that fuels our business operations, facilitates strategic investments, and enables us to deliver value to all stakeholders.

### Overview

The 2023/24 financial year presented Alumex PLC with significant challenges, mirroring the ongoing economic crisis impacting Sri Lanka. Similar to the previous year, lower demand in the domestic market and persisting high-interest rates continue to constrain the Company's financial performance.

### Key Economic Challenges:

The macroeconomic environment in Sri Lanka in 2023 was characterised by a series of challenges and policy responses aimed at stabilisation and growth. The International Monetary Fund (IMF) predicted a contraction of the economy by -3%, while the Central Bank of Sri Lanka (CBSL) held a slightly more optimistic projection of -2%. Despite the contraction, there were signs of macroeconomic stabilisation as the year progressed, with the currency regaining some value, a sharp fall in inflation rates,

and a deceleration in output contraction.

The CBSL's efforts to rebuild reserves and stabilise the exchange rate showed tentative signs of success, although the overall economic and policy environment remained difficult.

The nation faced a contraction in its economy by 7.9% in the first half of the year, primarily due to difficulties in construction, manufacturing, real estate, and financial services sectors. These sectors were hit hard by shrinking private credit, input shortages, and supply chain disruptions, exacerbating the negative welfare impacts of income contractions and job losses from the previous year. However, there were signs of recovery towards the latter part of the year, with the Central Bank reporting a growth of 4.5% in the fourth quarter. The construction industry nose-dived and is still in dire straits.

Inflation, which had peaked at an alarming 69.8% in September 2022, saw a sharp decline to 4% by August 2023, providing some relief to households and helping to curb further increases in food insecurity and malnutrition, particularly among the poorer segments of the population. This deceleration in inflation allowed the Central Bank to cut policy rates, which in turn, contributed to a reduction in the 91-day T-bill rates to below 20% for the first time since April 2022.

In summary, the macroeconomic environment in Sri Lanka in 2023 was marked by significant challenges, but the policy measures adopted by the Government and the CBSL, along with the gradual improvement in global economic conditions, laid the groundwork for a hopeful return to positive growth in 2024.

## Financial Capital

### Impact on Company:

**Declining Demand:** The aforementioned factors have led to a decline in demand for aluminium extrusions, primarily due to the contraction of the construction sector.

### Company Response:

In response to these challenging circumstances, the Company is actively exploring new strategies to: stimulate demand: The Company is implementing initiatives to reignite demand for its products despite the unfavourable market conditions.

**Optimise operations:** Alumex PLC is streamlining its operations to enhance efficiency and reduce costs.

**Improve financial performance:** The Company is undertaking measures to strengthen its financial health in the near future.

**Review financing structure:** Alumex PLC is reassessing its financing strategies to potentially minimise interest expenses and bolster its financial performance in the foreseeable future.

By proactively addressing these challenges, the Company aims to navigate the current economic climate and position itself for sustainable growth once the market stabilises.

### Financial Performance

Despite a challenging economic environment, the Company achieved a commendable performance in 2023/24. The Company's revenue increased by 8% to reach Rs. 11 billion, demonstrating its resilience and ability to adapt.

**Strong export performance:** The Company's export segment witnessed impressive quantity growth of 21%, demonstrating continued success in international markets.

**Increased local market revenue:** Local market revenue also rose by 14% in term of quantity as well as value, indicating the Company's ability to adapt to market conditions. This increase recorded irrespective to the downward price adjustments implemented during the year.

### Profitability Impacted by Financing Costs

While revenue increased, profitability increase was marginal in term of value impacted by high interest rates led financing costs a long with increase in distribution and finance cost. Consequently, operating profit for the year decreased by 14% compared to 2022/23, reaching Rs. 1.05 billion.

### Looking Forward

Despite challenges, the Company demonstrated resilience. External factors such as inflation, supply chain disruptions and currency fluctuations posed significant hurdles but the ability to swiftly adapt to changing conditions allowed the Company to mitigate risks and maintain stability.

Growth in export volumes is a positive indicator and reflects the Company's competitiveness in international markets. Strategic efforts are being exercised to expand the export market and will continue leveraging on existing strengths, while exploring new markets.

Simultaneously, the Company's strategic adjustments in the local market are crucial. These include product diversification, pricing strategies, and customer segmentation, while understanding local consumer preferences and tailoring offerings to suit those needs to increase market share.

Identifying cost-saving opportunities across operations, supply chains, and overheads will continue streamlining processes and eliminating inefficiencies contribute to sustained profitability.

Balancing profitability with environmental and social responsibility however, ensures holistic growth which is for the long-term. We are committed to engage in sustainable business combined with the ASI requirements.

In summary, the Company's ability to navigate challenges lies in a holistic approach combining financial prudence, strategic agility, and customer centricity. We will continue to focus on this strategic approach and steer ahead with confidence in our ability to be resilient.

## Financial Capital

### Financial Stability 2019-2023

Criteria	Performance indicator	2024	2023	2022	2021	2020
Capital structure	Debt: Equity (%)	62:38	56:44	56:44	48:52	57:43
	Cash flows from operations (Rs. Mn)	(1,366)	515	(839)	1,785	188
	Dividend payout ratio (%)	-	-	31	37	-
Liquidity	Current assets ratio	1.09	1.02	1.15	1.10	1.12
	Quick assets ratio	0.38	0.35	0.58	0.52	0.42
	Finance facilities - Trade (Rs. Mn)	6,070	5,329	4,155	2,230	2,130
	Finance facilities - Bank OD (Mn)	960	690	595	470	470
	Finance facilities - Remaining long-term loans (Mn)	-	-	-	-	-
Solvency and reserves	Interest cover (Times)	1.27	1.03	6.87	5.76	1.27
	Net reserve position (Rs. Mn)	3,809	3,609	3,598	2,690	2,098
	No of financial institutions providing funds	9	9	8	8	8

### Capital Performance

#### Financial review

##### Revenue

The Company is pleased to announce a robust performance in the 2024 fiscal year, with total revenue reaching Rs. 11 billion, representing an impressive 8% increase compared to the previous year. This growth was driven by a combination of volume and value increases across both local and export markets.

##### Local Market Strength:

The local market saw a significant upswing, with both revenue and volume rising by 14% to reach Rs. 7.7 billion. This positive performance reflects the Company's ability to adapt to market conditions and effectively serve its local customer base.

##### Export Expansion:

The export segment continued its impressive trajectory, achieving a volume increase of 21%, reaching Rs. 3.2 billion and export revenue in LKR term was affected by appreciation of rupee, However in term of USD export revenue increased by 8% USD 10.3 Mn. This growth underscores the success of the Company's international sales and marketing efforts, solidifying its position in key overseas markets.

### Building on Previous Momentum:

This year's performance builds upon the local revenue growth of 14% achieved in 2023/24. While export revenue in USD term experienced a increased by 8% in 2024, the 2024 results demonstrate a successful recovery and continued investment in both local and global markets.

### Looking Forward:

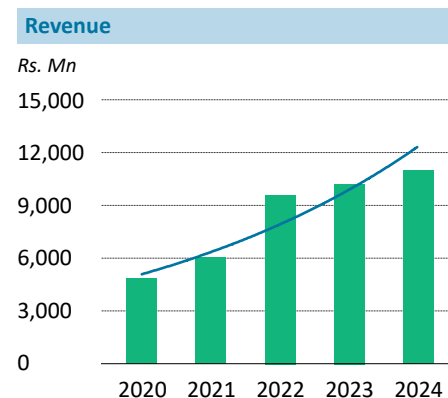
The Company remains committed to its long-term growth strategy, focused on achieving a balanced expansion through:

**Innovation:** Continuously developing new and valuable products for both local and international customers.

**Operational excellence:** Streamlining operations to enhance efficiency and maintain competitiveness.

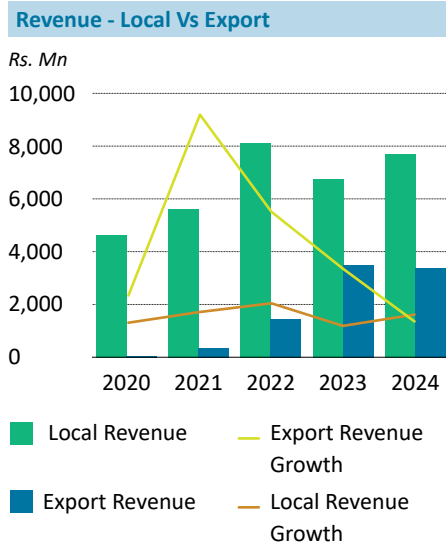
**Customer-centric focus:** Prioritising exceptional service and meeting the evolving needs of customers in all markets.

By upholding these core principles, Alumex PLC is confident in its ability to deliver sustained growth and maximise value for its stakeholders.





## Financial Capital



### Earnings Before Interest and Tax (EBIT)

The Company's 2023/24 Earnings Before Interest and Tax (EBIT) reflects a challenging operating environment marked by negative and slow growth of the economy in the first two quarters and the appreciation of the rupee. While the Company achieved a 10% increase in gross profit to Rs. 2.2 billion, other factors contributed to a 14% decline in operating profit to Rs. 1.05 billion.

### Gross Profit Growth Amidst Cost Challenges:

The 11% increase in gross profit demonstrates the Company's ability to partially mitigate the impact of unabsorbed overhead cost to lower output. However, a decline in other income by 36% further limited profit growth.

### Expense Management Strategies:

The Company took proactive measures to manage operating expenses in a resilient economy. However, distribution expenses increased by a commendable 34% to Rs. 431 million overing rise in advertising and sales promotion expenses. This was further aggregated by a 42% increase in administrative expenses to Rs. 837 million. It's important to note that a significant portion of this increase (Rs. 168 million)

is attributable to the Social Security Responsibility Levy (SSCL), a newly imposed Government levy.

### EBIT Decline and Looking Forward:

Despite these efforts, the combined effect of cost pressures and reduced other income resulted in a 14% decline in operating profit to Rs. 1.05 billion. While this represents a decrease, it highlights the Company's commitment to cost control and its ability to partially offset external challenges.

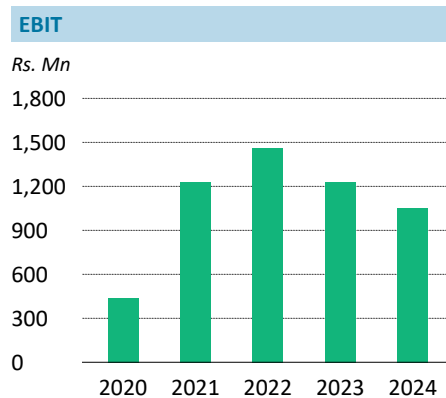
### Moving forward, the Company will likely continue to focus on:

Strategic pricing to maintain margins in a volatile cost environment.

Identifying and implementing further expense reduction initiatives across the organisation, excluding unavoidable Government levies.

Exploring opportunities to increase other income streams.

By maintaining these efforts, the Company can navigate current economic headwinds and position itself for future profitability.



### Commodity prices

This section analyses the price movements of relevant commodities in the global market from April 2023 to March 2024.

### Aluminium (LME USD per MT):

The price of Aluminium on the LME exhibited a volatile trend throughout the period, with a noticeable decline followed by a partial recovery. Here's a breakdown of the price movement:

April – June 2023: Prices commenced at USD 2,342 per MT in April and entered a downward trajectory, reaching a low of USD 2,096 per MT in June. This initial decline could be attributed to various factors such as e.g., global economic slowdown, LME supply increase.

July – September 2023: Prices rebounded somewhat, reaching USD 2,307 per MT in September.

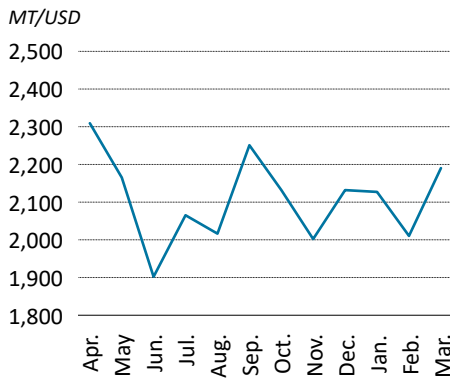
October 2023 – March 2024: Prices displayed fluctuations within a narrower range, with some minor dips and corrections. The final price in March 2024 was USD 2,270 per MT, indicating a partial recovery from the June 2023 low.

The price movements of these commodities can be influenced by various global factors, including geopolitical tensions, supply chain disruptions, energy costs, and overall economic conditions.

Prices of other main imported raw materials, namely coloured polyester powders, chemicals and wood effect paper, no noticeable price movement is observed whilst prices of all material in rupee terms showed some decrease due to the Rupee's appreciation against the USD Dollars. The Sri Lankan Rupee appreciated by 9% over year from Rs. 329 per US Dollar in April 2023 to Rs. 299 per US Dollar in March 2024.

## Financial Capital

### LME Price per MT in USD



### Foreign Exchange Availability and Exchange Rate Movement

#### Gradual Stabilisation After Volatile Period:

Following a period of significant volatility in the previous year (March 2022 - March 2023), Sri Lanka's foreign exchange situation and exchange rate movement exhibited a trend towards gradual stabilisation during the period of April 2023 to March 2024.

#### Exchange Rate Movement:

The Sri Lankan Rupee (LKR) displayed a mixed performance throughout the year. Compared to the significant depreciation experienced in the previous year, the LKR displayed a more stable performance, with fluctuations occurring within a narrower range.

There was a slight overall appreciation of the LKR throughout the year, with the exchange rate moving from LKR 321.50 per USD in April 2023 to LKR 299.88 per USD in March 2024.

#### Foreign Exchange Availability:

The relative stability in the exchange rate could result in improvement in foreign exchange reserves compared to the previous year's critical shortage. Sri Lanka foreign exchange reserve stand USD 4.5 Bn increased by 66% compared to the USD 2.7 Bn which provide cousins for companies to grow.

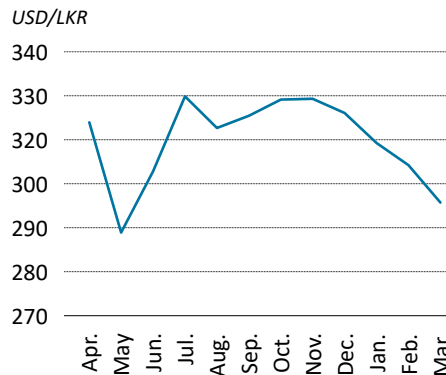
### Impact on Company:

The high exchange rate volatility experienced in the previous year likely had a significant impact on Alumex PLC's profitability. The more stable exchange rate environment in 2023-2024 could offer some relief and allow for better business planning. However, continued monitoring of foreign exchange availability and potential fluctuations remains crucial.

### Looking Forward:

The ongoing economic situation and external factors will continue to influence Sri Lanka's foreign exchange situation and exchange rate. Company should stay updated on these developments and implement strategies to mitigate potential risks associated with currency fluctuations.

### Exchange Rate Movement



### Positive Impact of Relaxed Regulations

The Sri Lankan government's decision to relax import restrictions in 2023 proved to be a positive development for Company's performance in the financial year 2024.

**Improved Access to Raw Materials:** The easing of restrictions facilitated easier access to essential raw materials required for aluminium extrusions production. These likely reduced delays and ensured a more consistent supply chain, contributing to operational efficiency.

### Inventory Management Optimisation:

With more streamlined import processes, Company might have been able to optimise inventory management, reducing the need for excessive stockpiling and potentially lowering associated costs.

**Revenue:** Easier access to raw materials could have supported higher production volumes, potentially contributing to increased revenue, particularly in the export segment.

**Profitability:** A more efficient supply chain and potentially lower raw material costs might have improved Company's profit margins.

### Looking Forward:

The continued easing of import restrictions, if managed effectively, can provide Company with several advantages in the long run.

**Enhanced Innovation:** Access to a broader range of materials could fuel research and development efforts, leading to the creation of innovative new products.

**Market Expansion:** The ability to source materials competitively could open doors for Company to explore new markets or expand its presence in existing ones.

**Overall Competitiveness:** By leveraging a more efficient supply chain and a wider range of material options, Company can strengthen its position in the competitive aluminium extrusions industry.

### Conclusion:

The relaxation of import restrictions in Sri Lanka during 2023/24 had a positive impact on Company's performance in 2023/24. Improved access to raw materials, potentially lower costs, and the potential for innovation are key benefits that can contribute to the Company's continued success in the future.

## Financial Capital

### Net Finance Cost and Interest Cover

Company achieved a noteworthy improvement in its Net Finance Cost and Interest Cover during the 2023/24 financial year. This positive development is attributed to a significant reduction in interest rates and a strategic approach to debt management.

#### Reduced Net Finance Cost:

Net Finance Cost for 2023/24 decreased by 23% to Rs. 821 million, compared to Rs. 1,069 million in the previous year. This reduction is primarily a result of the decline in the Average Weighted Prime Lending Rate (AWPLR) from a peak of 21.40% in April 2023 to 10.69% in March 2024.

#### Improved Interest Cover:

The Interest Cover Ratio, which measures a Company's ability to service its debt obligations with operating profit, also improved in 2023/24. It rose to 1.27 times, compared to 1.03 times in the previous year. This improvement reflects a combination of the reduced interest burden and potentially higher operating profit.

#### Previous Year's Challenge:

The previous year (2022/23) presented significant challenges due to soaring interest rates. The AWPLR reached nearly 30% during that period, driving the Company's interest expenses to an unprecedented high of Rs. 1,068 million. To cope with rising inflation and working capital requirements, Company relied heavily on borrowing, leading to a high level of debt at expensive interest rates.

#### Looking Forward:

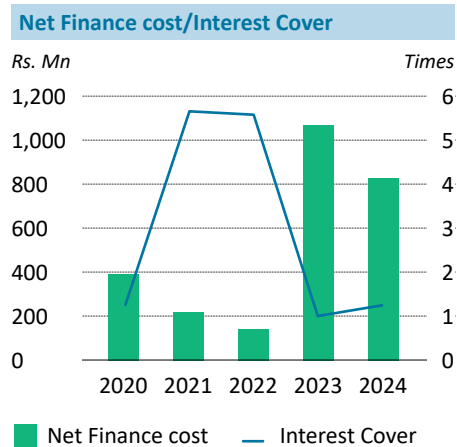
The substantial decrease in interest expenses and improved Interest Cover Ratio are positive developments for Company's financial health. This can lead to:

**Enhanced Profitability:** Lower interest costs translate directly to improved profitability, allowing Alumex PLC to invest in growth initiatives.

**Increased Financial Flexibility:** A stronger Interest Cover Ratio demonstrates the Company's ability to manage its debt burden effectively, providing greater financial flexibility.

**Improved Investor Confidence:** These positive developments are likely to be viewed favorably by investors, potentially enhancing Company's access to capital on more favourable terms in the future.

By maintaining a strategic approach to debt management and capitalising on favourable interest rate conditions, the Company is well-positioned for continued financial improvement and future growth.



### Profit After Tax

The Company achieved a significant turnaround in profitability during the 2023/24 financial year, recording a Profit After Tax (PAT) of Rs. 186 million. This represents a remarkable improvement compared to the previous year's loss of Rs. 10 million.

#### Turning the Tide:

While the absolute value of the PAT may not be substantial, the percentage increase high-lights a successful year for the Company. This achievement can be attributed to several factors: **Reduced Interest Expenses:** As discussed earlier, the significant decrease in interest rates played a crucial role in improving profitability.

**Strategic Cost Management:** Company's efforts to optimise costs likely contributed to a more sustainable financial position.

**Revenue Growth:** The 8% increase in revenue, particularly in the export segment, also bolstered profitability.

#### Taxation Considerations:

The corporate tax rate remained at 30% throughout the year. Total tax expenses of Rs. 46 million were recorded in the Profit & Loss statement, comprising Rs. 46 million deferred tax provision.

The reconciliation between accounting profit and taxable income is available in Note 9, in the Notes to the Financial Statements. A summarised computation of deferred tax is given in Note 10.

#### Comparison to Previous Year:

In the previous year (2022/23), despite a revenue increase, the Company incurred a loss of Rs. 10 million. This was primarily due to high interest costs, increased competition, and a decline in local market demand. Additionally, the corporate tax rate hike to 30% further impacted profitability.

#### Looking Forward:

Company's return to profitability in 2023/24 is a positive sign for the Company's future.

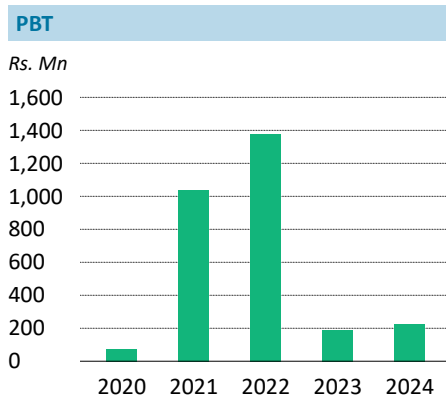
Moving forward, continued focus on: **Operational Excellence:** Maintaining efficient operations and exploring further cost-saving measures.

**Innovation:** Developing new and innovative products to stay ahead of the competition.

**Market Responsiveness:** Adapting to evolving market conditions and customer needs.

By upholding these strategies, Company can build upon this year's success and ensure longterm financial sustainability.

## Financial Capital



### Cash Flow and Liquidity Position

While Alumex PLC's return to profitability in 2023/24 is a positive development, the Company's cash flow statement reveals ongoing challenges in managing its liquidity position.

### Operating Cash Flow Under Pressure:

Operating Cash Flow turned negative, recording a net outflow of Rs. 1,366 million. This could be attributed to several factors, including: Working Capital Investment: A significant investment of Rs. 2 billion in working capital, encompassing both increases in inventories and trade and other receivables (Rs. 1.483 billion and Rs. 948 million respectively) and an increase in trade and other payables (Rs. 392 million). This was mainly due to replacement of inflated inventory with comparatively high value of inventories passed to customers.

### Investing Activities:

Cash flow from investing activities remained negative at Rs. 356 million. This reflects continued investment in the state-of-the-art aluminum recycling plant and upgrades to machinery, buildings, and office equipment.

### Financing Activities:

Financing activities generated a positive cash flow of Rs. 281 million. This includes obtaining a new term loan of Rs. 1 billion, partially offset by repayments of existing loans (Rs. 642 million) and lease rentals (Rs. 78 million).

### Overall Cash Flow and Liquidity:

The net cash flow for the year was negative at Rs. 1.4 billion. This indicates a cash burn situation, where the Company's outflows exceeded its inflows.

### Comparison to Previous Year:

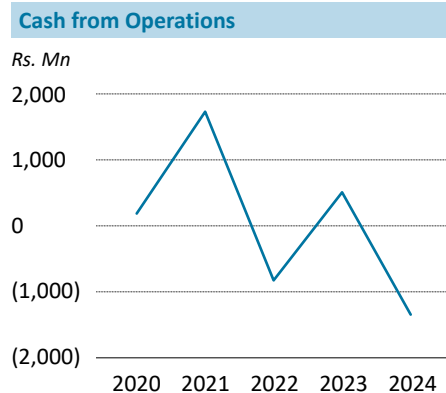
While the Company improved its profitability compared to the prior year, the cash flow situation remains a concern. The previous year saw a net inflow from operating activities, which has now reversed.

### Looking Forward:

The Company needs to address its cash flow challenges to ensure long-term financial stability. Some key strategies could include: Optimising Working Capital Management: Implementing stricter credit control procedures, reducing inventory levels, and negotiating better payment terms with suppliers.

Evaluating Capital Expenditures: Carefully assessing the return on investment for future projects before committing significant capital.

By addressing these challenges and implementing effective cash flow management strategies, the Company can improve its liquidity position and support its long-term growth objectives.



### ROCE and ROE

The Company's profitability ratios present a mixed picture for the 2023/24 financial year. While Return on Equity (ROE) improved, Return on Capital Employed (ROCE) declined slightly compared to the previous year.

### Return on Capital Employed (ROCE):

ROCE decreased to 12% from 14% in the previous year. This indicates that Alumex PLC generated a slightly lower return on the total capital employed in the business (both equity and debt).

The potential reasons for this decline could include: A decrease in operating profit before tax.

An increase in total capital employed including debt financing for investment in permanent working capital.

### Return on Equity (ROE):

ROE increased to 5% from 0% in the previous year.

### This improvement can be attributed to:

A return to profitability (positive PAT) compared to the previous year's loss.

Comparatively lower tax amount and interest cost.

### Looking Forward:

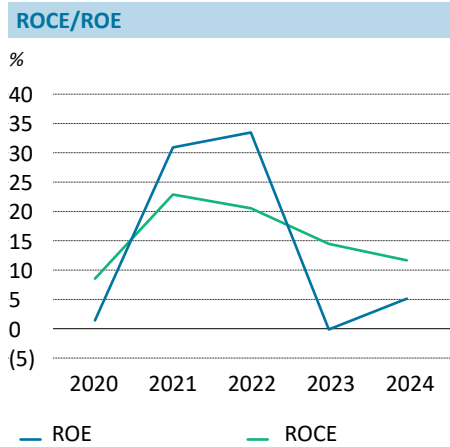
The Company will focus on strategies to improve both ROCE and ROE: Enhancing Operational Efficiency: Optimising operations to generate higher profits and improve the return on capital employed.

Debt Management: Maintaining a healthy balance sheet by managing debt levels effectively.

Profitability Growth: Implementing strategies to increase profitability and maximise shareholder returns.

## Financial Capital

By focusing on these areas, the Company can improve its overall financial performance and create long-term value for its shareholders.



### Asset Turnover

The Company's asset turnover ratios in 2023/24 reveal a mixed picture, with a decline in overall asset turnover but an improvement in non-current asset turnover.

#### Overall Asset Turnover (ATO):

The total asset turnover ratio decreased to 0.85 times from 0.97 times in the previous year. This indicates that the Company is generating less revenue per unit of total assets compared to the previous year.

The decline can be attributed to investments in current assets, particularly inventory and receivables.

#### Non-Current Asset Turnover:

The non-current asset turnover ratio increased to 2.19 times from 2.04 times in the previous year. This positive trend indicates that the Company is generating more revenue per unit of non-current assets (primarily property, plant, and equipment).

This improvement may be due to maintaining a stable level of fixed assets while increasing revenue. Potential benefits from the previously installed state-of-the-art technology for the local billet manufacturing plant.

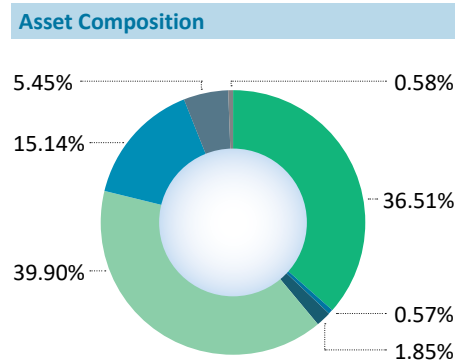
#### Looking Forward:

The Company will strive to improve its overall asset turnover ratio while maintaining a healthy non-current asset turnover:  
Inventory Management: Implement strategies to optimise inventory levels and reduce holding costs.

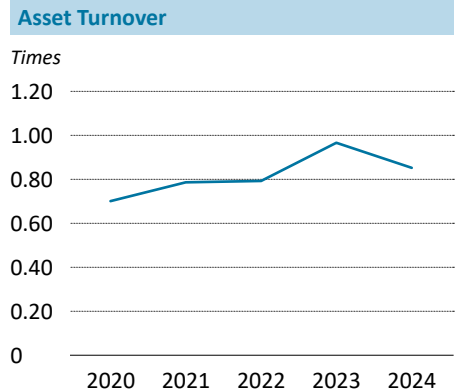
Receivables Management: Improve credit control procedures to accelerate cash collection from customers.

Capacity Utilisation: Ensure efficient Utilisation of existing fixed assets to maximise return on investment.

By focusing on these areas, Company can improve its asset Utilisation and generate higher returns from its overall asset base.



- Property, Plant and Equipment
- Intangible Assets
- Right-of-Use Assets
- Inventories
- Trade and Other Receivables
- Advances and Prepayments
- Cash and Cash Equivalents



### Borrowings

The Company's borrowing levels increased significantly in the 2023/24 financial year, reflecting the Company's efforts to manage working capital and restructure its balance sheet. Total borrowing increased to Rs. 6.24 billion from Rs. 4.54 billion in the previous year. This represents a rise of Rs. 1.7 billion, driven by a Rs. 1.36 billion increase in short-term loans, primarily used to finance working capital needs, especially inventory and Rs. 342 million increase in long-term borrowing, including a Rs. 1 billion term loan obtained for balance sheet restructuring.

#### Debt Profile:

The Company's debt profile now consists of 70% short-term borrowings and 30% long-term borrowings. This shift towards short-term debt could increase the Company's vulnerability to interest rate fluctuations.

#### Looking Forward:

The Company needs to carefully manage its increased borrowing levels:  
Working Capital Optimisation: Implement strategies to reduce inventory levels and improve receivables collection to decrease short-term financing needs.

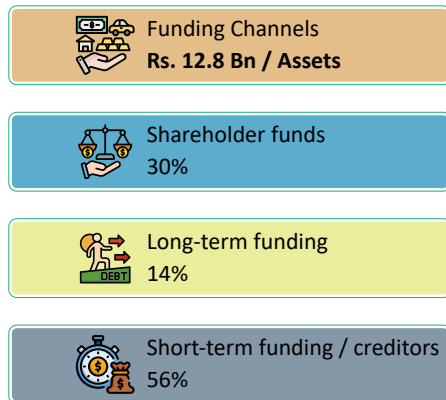
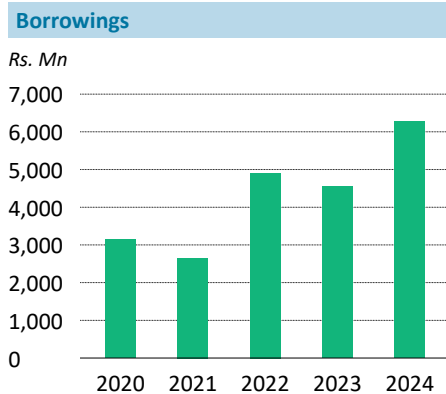
Long-Term Debt Strategy: Develop a long-term plan to manage debt maturity and potentially extend the debt profile by increasing long-term borrowings.



## Financial Capital

**Financial Flexibility:** Maintain a healthy balance between debt and equity to ensure financial flexibility and the ability to invest in future growth opportunities.

By addressing these challenges and implementing a prudent debt management strategy, the Company can mitigate the risks associated with increased borrowing and ensure its long-term financial health.



### Capital Structure and Gearing

The Company's capital structure in 2023/24 shows a concerning trend of rising debt levels relative to equity. This increased leverage could pose risks to the Company's financial stability.

### Capital Composition:

Shareholder equity increased by 6% to Rs. 3.80 billion. However, total debt saw a more significant increase of 37% to Rs. 6.2 billion. The primary driver of the debt increase was working capital requirements, particularly for inventory financing.

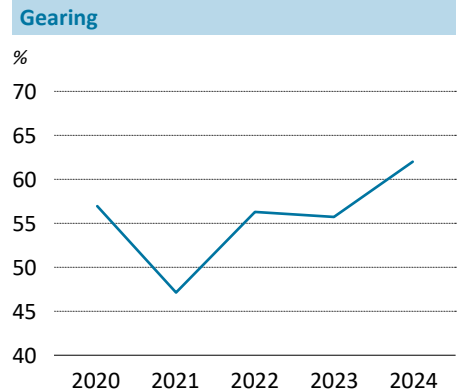
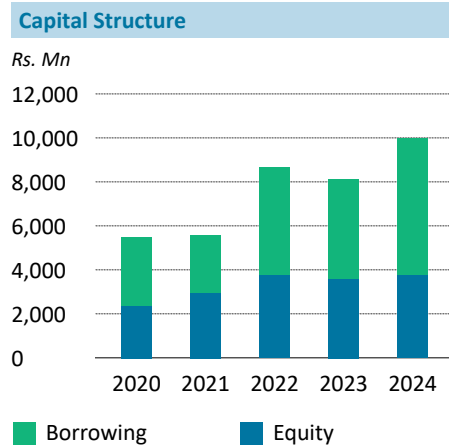
### Gearing Ratio:

The gearing ratio, which measures the proportion of debt to equity, increased to 62% from 56% in the previous year. This rise reflects the faster growth of debt compared to equity. A higher gearing ratio indicates greater financial risk, as the Company becomes more reliant on borrowed funds.

### Looking Forward:

The Company will address its rising leverage to ensure long-term financial health: Debt Management Strategy: Developing a plan to control debt levels and potentially reduce the reliance on short-term borrowings.

**Working Capital Optimisation:** Implementing strategies to manage working capital more effectively, potentially reducing the need for external financing. By taking these steps, Company can strengthen its capital structure, mitigate financial risks, and position itself for sustainable growth.



### Earnings Per Share (EPS), Dividend Per Share (DPS), Shareholder returns

The Company's profitability metrics in 2023/24 indicate a positive turnaround compared to the previous year, while dividends have not been cleared for the interim period. EPS increased significantly to 31 cents per share from a negative 2 cents per share in the previous year. This improvement reflects the return to profitability achieved by the Company in the current financial year. No dividend was declared or paid during the financial year. This decision can be attributed to the Company's lower profitability level in the interim period.

Net asset value per share increased slightly to Rs. 6.36 from Rs. 6.03 in the previous year. This indicates a small improvement in the Company's book value per share.

Last year, the Company experienced a negative EPS due to a tax provision and declared a final dividend for the previous financial year.

### Looking Forward:

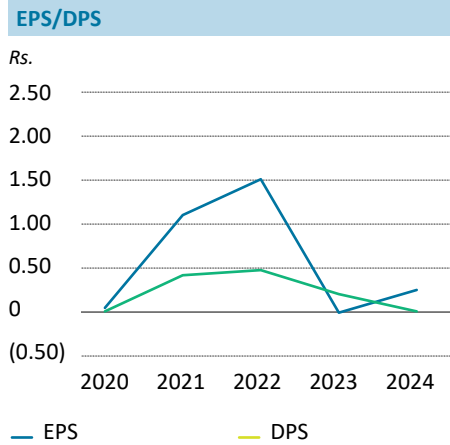
**Dividend Sustainability:** The Company will establish a clear strategy for future dividend payments based on its financial performance and growth prospects.

**Shareholder Value Creation:** Balancing dividend payouts with reinvestment in the business for long-term growth is crucial for maximising shareholder value.



## Financial Capital

By demonstrating a commitment to both profitability and shareholder returns, The Company can build trust with its investors and attract new investment opportunities.



### Financial Strength

The Company obtained several financial facilities from local and international banks (as shown below) for the purpose of funding its import and working capital requirements. Interest rates and commissions for these facilities were reviewed periodically, whilst rate changes on facilities were determined based on market rates. The Company did not receive any direct financial assistance from the government during the reporting year.

- Facilities for Letter of Credit and import loan – Rs. 6,070 million
- Facilities for bank overdraft – Rs. 960 million

### Financial Risk Management

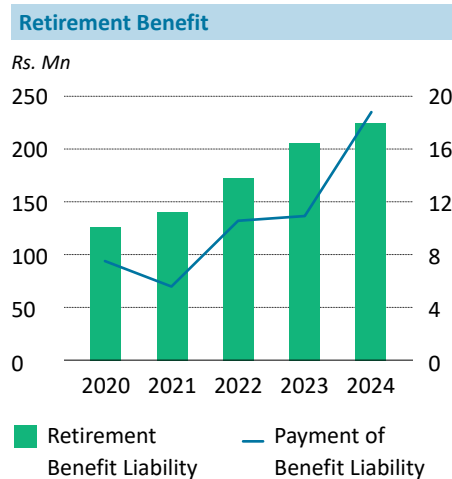
The risk elements affecting the financial operations of the Company in relation to credit, liquidity, operations and the markets are duly explained in the Note 29 in the Notes to the Financial Statements and Risk Management section on page 200. However, the main risk element substantially affecting the results of the Company in the year under review, were interest rate risk and foreign

currency risk. The Company manages its foreign currency risk to a larger extent by maintaining foreign currency-denominated assets to hedge against the liability. However, the Company was exposed to interest rate risk at a high pace due to the majority loan portfolio at variable interest rate.

### Defined benefit plan obligations and other retirement plans

The Company's defined benefit plan is in line with statutory requirements outlined under the Payment of Gratuity Act, No.12 of 1983. The defined benefit is calculated by independent actuaries using Projected Unit Credit (PUC) method as recommended by LKAS 19 – "Employee benefits". The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability. The present value of Rs. 222 Mn in 31 March 2024.

The Company paid Rs. 19 Mn to employees retiring during reporting period compared to the Rs. 11 Mn paid in the previous financial year.



### Performance of the share

Alumex PLC's share price exhibited a mixed trend throughout the financial year 2023/24 (April 2023 – March 2024), with some periods of increase followed by consolidation or decline.

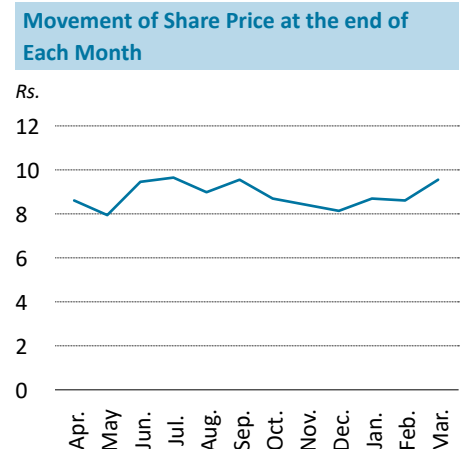
In the previous year (2022/23), the share price showed a more significant upward trend in the latter half of the year. Alumex PLC's overall market capitalisation value also increased year-on-year. Alumex PLC's financial performance, including profitability and future growth prospects, likely influenced investor sentiment and share price fluctuations. Wider market conditions, economic factors, and investor confidence may have also played a role.

### Looking Forward:

Alumex PLC's future financial performance, strategic decisions, and overall market conditions will determine the future trajectory of its share price.

### Investor Takeaway:

While the share price showed some recovery in 2023/24, it remains crucial for Alumex PLC to deliver sustained profitability and growth to attract long-term investors and boost shareholder value.



## Manufactured Capital

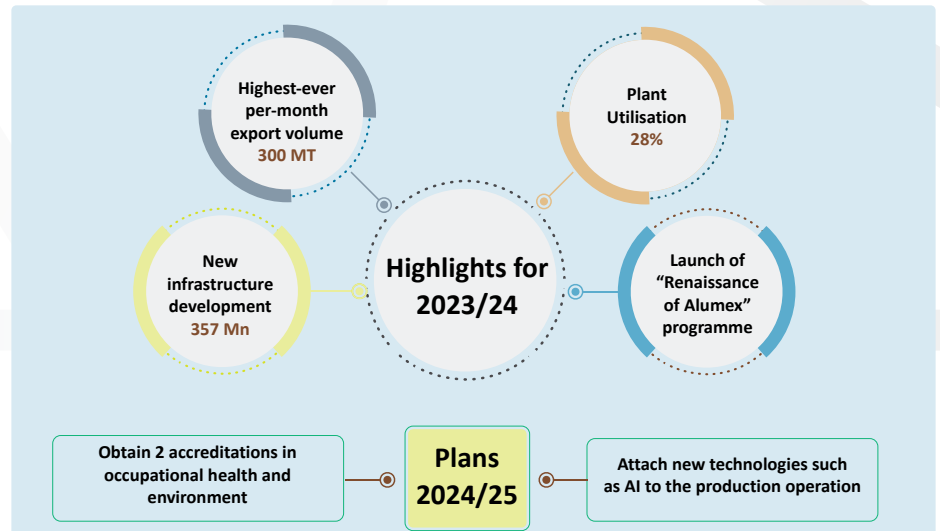


Our Manufactured Capital encompasses the properties we possess and the advancements in technological hardware we finance, aimed at enhancing operational effectiveness. We are committed to maintaining these assets in a state-of-the-art condition and ensuring their upkeep, while prioritising the health and safety of our staff and visitors at our offices and production facilities.

In the fiscal year 2023-2024, we embarked on a journey of strategic improvements with the goal of maximising production efficiency and enhancing productivity. These initiatives were carefully executed to guarantee continuous growth and maintain a competitive edge in the global market. The following key actions were among the significant improvements undertaken.

### Strategic Imperatives and Actions Capacity Expansion

Make strategic investments in new infrastructure, plants, machinery, and equipment, adhering to the best practices in procurement and contract awarding.



### Management Approach

A methodical strategy, emphasis on health and safety, and vigilant tracking of efficiency improvement opportunities resulted in a production achievement of 5,926 MTs in the reviewed year. We refined our procedures, bolstered our workforce, and fine-tuned our supply chain to reach this significant landmark.

### Technology Upgrades and Maintenance

Stay updated with the most recent technological advancements in the industry and guarantee prompt updates to factory infrastructures, plants, and machinery.

Perform daily preventative maintenance in production facilities to guarantee seamless operations, safety, and cost efficiency.

### Renaissance of Alumex

We embarked on a transformative voyage with the initiation of the "Renaissance of Alumex" programme. This strategic endeavour is crafted to reshape and strengthen the Company's standing as a frontrunner in the industry over the forthcoming two years. Concentrating on

innovation, operational superiority, and sustainable growth, the programme presents an all-encompassing blueprint targeted at propelling ongoing enhancement across fundamental pillars.

### Automation

Automation is set to bring about a significant transformation in manufacturing processes, heralding a new age of efficiency, productivity, and competitiveness. As the Company gears up to incorporate automation under the "Renaissance of Alumex" programme, the implementation of Manufacturing Execution Systems (MES) emerges as a pivotal initiative with extensive impact.

## Manufactured Capital



### Our Assets

#### New Investments and Capacity Expansion

All new investments and capacity expansions are meticulously aligned with our business objectives. Decisions are made annually by the Board, in accordance with the company's strategic plan. We prepare annual CAPEX budgets with distinct return on investment parameters set for different investment thresholds. The Board makes CAPEX decisions based on investigative reports that assess not only financial viability but also the environmental and social impacts associated with these investments.

Our procurement process, which has been refined in line with global best practices, plays a crucial role in our efforts to acquire the most suitable assets for our specific needs. We adhere to procurement best practices to validate supplier credibility, considering factors such as product quality, installed capacity, availability of spare parts, pre and post-sales service, and their environmental and social performance. This also includes adherence to plant safety standards. For infrastructure projects, we evaluate the contractor's track records and their ability to meet deadlines and other requirements.

#### Maintenance and Asset Rationalisation

We employ a team of skilled engineers to supervise the regular maintenance and care of our machinery and equipment, in accordance with the manufacturers' guidelines. Furthermore, to guarantee that our plants function at their peak, we actively assess and renew all service contracts as necessary.

To function at the optimum level, we phase out any obsolete or under performance plant and machinery from our portfolio and invest in state-of-the-art plant and machinery, that offers the trade off of higher production at a lower cost.

Our core infrastructure accounts for 37% of our asset base.

#### Technology Assets

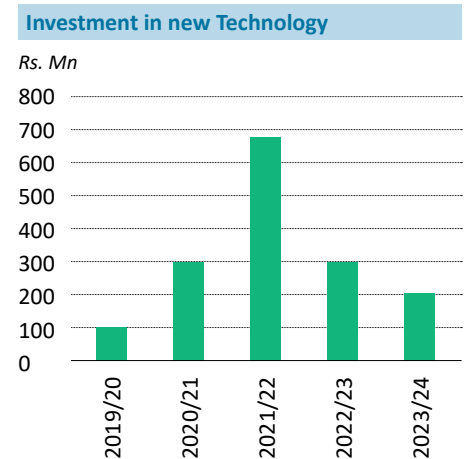
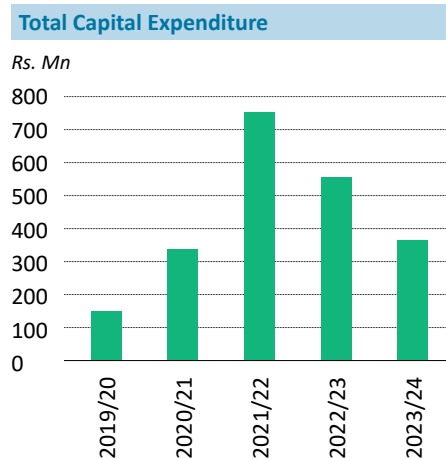
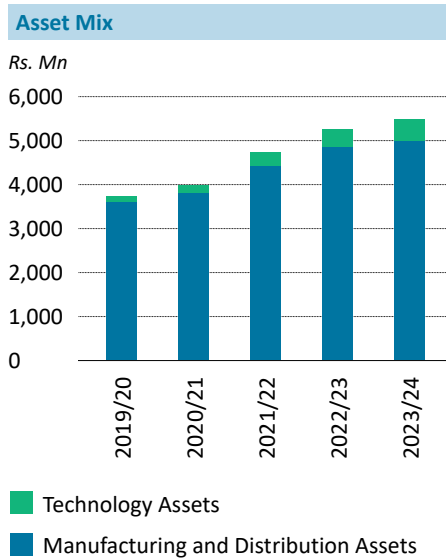
Alumex persistently amplifies its emphasis on technology-centric assets and applications to revolutionise its fundamental infrastructure, aligning with international Aluminium industry norms. Our technology investments are guided by a prudent approach as we explore the most suitable technologies to enhance our distinctive business model.

The incorporation of technology and digital platforms, notably SmartSheet, has significantly influenced the manufacturing procedures. It has boosted efficiency and collaboration, facilitated data-driven decisions, and promoted a customer-focused approach. Technology acts as a springboard for innovation and expansion. As the Company persists in its digital transformation journey, it stands ready to uncover new prospects, propel operational superiority, and generate enduring value for all stakeholders.

#### New Infrastructure Investment in 2023/24

Description	Value '000
Buildings	128,218
Plant & Machinery	122,943
Motor Vehicles	0
Office Equipment	20,155
Furniture & Fittings	1,225
Tools & Equipment	84,462

## Manufactured Capital



## Installed Capacity and Utilisation

Description	Plant Capacity	Plant Capacity	Utilisation	Utilisation
	2023/24	2022/23	2023/24	2022/23
	(MT p.a)			
Extrusions	22,200	22,000	6,136	5,022
Anodizing	5,400	5,400	1,196	832
Powder Coating	16,600	16,600	3,774	3,039
Wood Effect Finishing	1,200	1,200	388	320
Melting	12,000	12,000	4,266	4,773



## Manufactured Capital

### Our Manufacturing Universe

Alumex PLC's Manufacturing Universe is designed with a flexible model that allows for the seamless insertion of additional manufacturing plants. This model emphasises efficient space management, ensuring that new facilities can be integrated smoothly into the existing infrastructure. By prioritising adaptability and scalability, Alumex PLC ensures that their manufacturing operations can expand without disrupting current workflows, fostering continuous growth and innovation in a sustainable manner.

### Future Focus

Short Term	Medium Term	Long Term
<ul style="list-style-type: none"> <li>⦿ Procure CNC machinery for the die manufacturing department to enhance efficiencies and optimise throughput.</li> <li>⦿ Introduce shot blasting machines to craft products for new markets.</li> <li>⦿ Automate the process of the container/truck loading and unloading to optimise efficiencies with a dock leveler.</li> <li>⦿ Obtain environment license (ISO 14001) and occupational health and safety licence (ISO 45001) to align with sustainability standards.</li> </ul>	<ul style="list-style-type: none"> <li>⦿ Augment the current renewable energy infrastructure to guarantee an additional 1,384 Kw to the Company's energy needs, specifically through solar power.</li> <li>⦿ Procure machinery that is energy-efficient, a dedicated committee has been established to oversee this task.</li> <li>⦿ The bulk of the investment was directed towards procuring a state-of-the-art Aluminium melting plant and scrap processing equipment, which is expected to boost the production capacity by an additional 4,800 metric tonnes per year.</li> </ul>	<ul style="list-style-type: none"> <li>⦿ Invest die casting machines for new market ventures.</li> </ul>

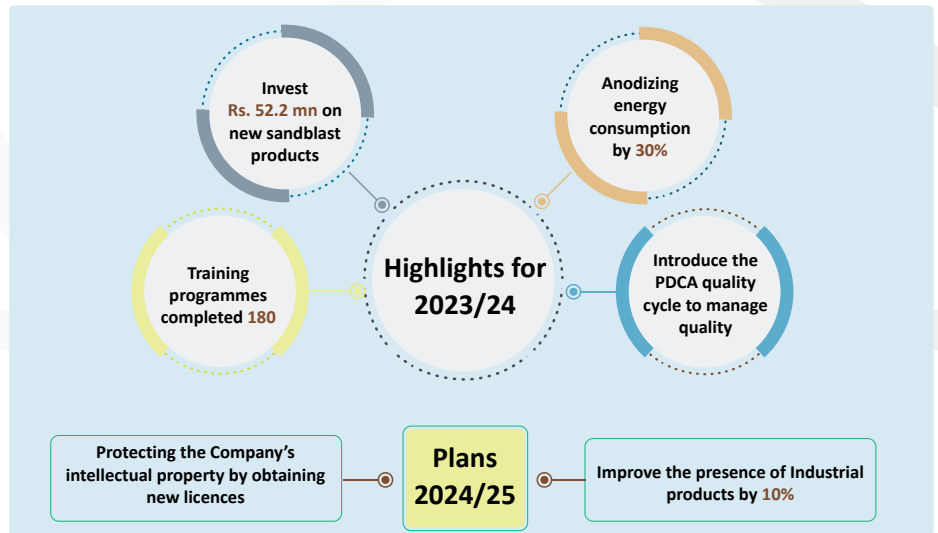
Our ESG (Environmental, Social, and Governance) agenda centres on achieving long-term sustainable development for both people and the planet, with a focus on prosperity for all. ESG principles are integral to our strategic planning, guiding how we engage with stakeholders and deliver value to society. As an industry, we recognise the depletion of natural resources resulting from our core business activities. However, we remain committed to minimising our impact and advancing toward a circular economy, and enumerate sustainable development in all our stakeholder interactions and how we do business, as an ethical corporate citizen.

Our Manufactured Capital is a key component of our extruding lifecycles until the product reaches the market. As such, we stringently manage investment, operation and risk mitigation to ensure our production level is at its optimum.

# Intellectual Capital



The expertise, tacit knowledge base, and quality adherence we have gained over the years, the manufacturing know-how while complying with local and international standards, training and development, technological advancements, and digital innovations represent our Intellectual Capital.



## Management Approach

As the leading aluminium extruder in Sri Lanka, serving both local and global markets, we place paramount importance on maintaining quality while ensuring the health and safety of our people. In a rapidly evolving industry, keeping pace with technological advancements is crucial for staying competitive. This necessitates the continuous upgrading of knowledge and skills.

Recognising this, we have made the protection and enhancement of our Intellectual Capital a strategic priority. Our management agenda is focused on investing in our people, fostering a culture of learning, and promoting innovation. This approach not only enhances our competitiveness but also ensures the delivery of high-quality products and services to our clients.

In essence, our commitment to quality, safety, and Intellectual Capital underscores our dedication to excellence and sustainable growth.

Introduced Sandblast products to the market  
Technological Investment

**Rs. 51 Mn**

**30%**

Reduction in energy consumption by upgrading Anodizing Process Rectifier

PDCA Quality Cycle introduced to manage quality

Introduced a new melting process to improve extrudability

**7,563**  
Training hours

**180**  
Training programmes conducted



# Intellectual Capital

## Our Commitment

Enhancing Intellectual Capital is a key priority for our Management. As such, we allocate adequate resources to upgrade and retain quality. We understand that our Intellectual Capital - the knowledge, experience, and skills of our employees - is a vital asset. Therefore, we invest in continuous learning and development programmes, ensuring that our team stays at the forefront of industry advancements. This not only enhances our Intellectual Capital but also ensures the delivery of high-quality products and services to our clients.

## Components of our Intellectual Capital



## Strategic Imperatives and Strategic Action

Corporate Capital Standing	Nurture Alumex values and leverage corporate standing to stay ahead of the competition
Tacit Knowledge and Improvements	Strategically strengthen and draw tacit knowledge for growth and expansion
Enhance Brand Equity	Build and leverage brand equity of Alumex and Lumin
Research and Development	Prioritise R&D, invest for development of products and product standard
Licensing and Certifications	Invest in accredited testing for products to obtain international certifications and partner with international brands for licensing their aluminum products locally

## The Brand

Our brands, Alumex and Lumin have undergone substantial growth and earned notable recognition in the marketplace. They are emblematic of top-tier aluminium extrusions, pioneering products, and unparalleled customer service. The report highlights the journey of our brand’s progression, its standing in the market and our forward-looking strategies for continued expansion. We own a portfolio of primary brands and trademarks, encompassing Alumex, Lumin, Alumex Building Systems, Dwelling, AluSys and Alco. These brands collectively offer a broad spectrum of aluminium extrusion products and solutions, tailored to meet the needs of diverse industries and customer segments.

During the year under review, although there were no additions to our brand portfolio, we remained committed to a strategic approach for potential brand introductions. This approach involves comprehensive market research, in-depth analysis of brand positioning, thorough legal assessments, and valuable customer feedback. All these steps are meticulously undertaken to ensure that any new brand aligns seamlessly with our Company’s core values and objectives.



## How we strengthened our brand value

We carried out several initiatives to measure and strengthen our brand value.



## Intellectual Capital

### Communicating for Brand Enhancement

Our approach to external stakeholders' communication incorporated a blend of both digital and conventional methods. We initiated digital campaigns that emphasised our product attributes, shared customer experiences, and provided valuable insights into the industry on social media platforms like LinkedIn, Instagram, and Facebook. We engaged in industry specific events, sponsored pertinent publications, and collaborated with key influencers to expand our brand visibility and foster effective engagement with our stakeholders.

We made remarkable strides on social media platforms, witnessing a substantial surge in followers, engagement, and reach. Our digital content strategy is centered around weaving compelling narratives, sharing enlightening content, and creating interactive posts. This approach allows us to establish a meaningful connection with our audience while highlighting our proficiency in aluminium extrusions technology.

### Certifications and Licences

Certifications and Licences serve as crucial yardsticks that allow us to measure ourselves against international best practices, thereby elevating our standards and those of the industry. The attainment of these certifications, following a thorough examination and evaluation of our systems, processes, factory capabilities, and sustainability measures, provides a valuable external validation of various aspects such as our quality standards and future sustainability. This gives us a competitive advantage. These certifications necessitate regular, periodic audits to ensure our ongoing commitment to uphold these standards.

As a testament to our unwavering adherence to these stringent measures and standards, Alumex stands as the sole Aluminium extrusions manufacturer in the South Asian region to hold three globally recognised licences. These include the Qualicoat license for lacquering, painting, and coating of Aluminium architectural applications; Qualicoat Seaside for high-quality, weather-resistant Aluminium applications for coastal construction; and Qualanod to guarantee the quality of anodized Aluminium.

### Ethics

Alumex is dedicated to upholding the highest ethical standards and regulatory compliance in all business activities. Our commitment to integrity ensures that our operations are conducted with the utmost propriety. Business ethics are integral to our approach, and compliance has been a cornerstone since our inception. We maintain 100% regulatory compliance across all business aspects, positioning Alumex as a leader in compliance, with adherence to recommendations by various regulatory bodies.

Functioning within a strong corporate governance framework and implementing a stringent risk management foundation based on policies and procedures that ensure business ethics are continuously upheld, we are also strongly supported by our parent Company Hayleys Group and the Hayleys LifeCode as a way of life in our corporate culture. In the same vein, we voluntarily adopt the Code of Business Practices developed by Chartered Accountants of Sri Lanka and comply with the Listing Rules (as amended) of the Colombo Stock Exchange. We stringently comply with the Corporate Governance Regulations and adhere to exchange control measures in our FOREX transactions.

We hold membership at the Ceylon Chamber of Commerce and the National Chamber of Exporters.

### Strategic Partnerships

We value our connections with global principals and strategic allies, recognising them as vital wellsprings of knowledge. These partnerships open doors to innovative technologies and contemporary best practices within the Aluminium sector, bolstering our competitive stance and operational prowess.



## Intellectual Capital

### Certifications and Licences for FY 2023/24



### Revamping our Processes

Several processes were revamped in FY 2023/24 to further streamline our operations.

Operational	Anodizing Process	Quality Control and Assurance	Process Improvement	Risk Management
<ul style="list-style-type: none"> <li>Investment in technology to introduce sandblast products to the market to be innovative and respond to market needs at a capacity of 220 Mt.</li> </ul>	<ul style="list-style-type: none"> <li>The rectifier anodizing process was updated for high efficiency, resulting in a 30% reduction in energy consumption.</li> </ul>	<ul style="list-style-type: none"> <li>The Company employs the PDCA Cycle, systematic approach to quality management. A cross-functional team meets regularly to optimise process and minimise customer complaints.</li> </ul>	<ul style="list-style-type: none"> <li>The Company introduced a new melting process to enhance chemical composition, thereby improving extrudability.</li> </ul>	<ul style="list-style-type: none"> <li>An intrusive focus was given to overall compliance, regulatory requirements, employee training and development and supply chain management.</li> </ul>

### Our Asset Base of Tacit Knowledge

We deeply value the extensive knowledge and insights that our long-standing employees contribute to our business. We honour this wealth of experience by fostering a culture of mentorship and continuous learning. To further strengthen our team's capabilities, we invest in targeted training programmes that enhance both technical skills and industry acumen. Training and development is articulated in detail In Human Capital on pages 88 to 89.

The Die Correction team counts a cumulative experience exceeding 30 years and excels in corrections and testing, fostering an extensive knowledge base. This expertise allows us to fulfill intricate extrusion needs with precision. Our dedicated in-house die design team conducts, through analyses and simulations, crafting dies that balance cost-efficiency, timely delivery, and superior product finish.

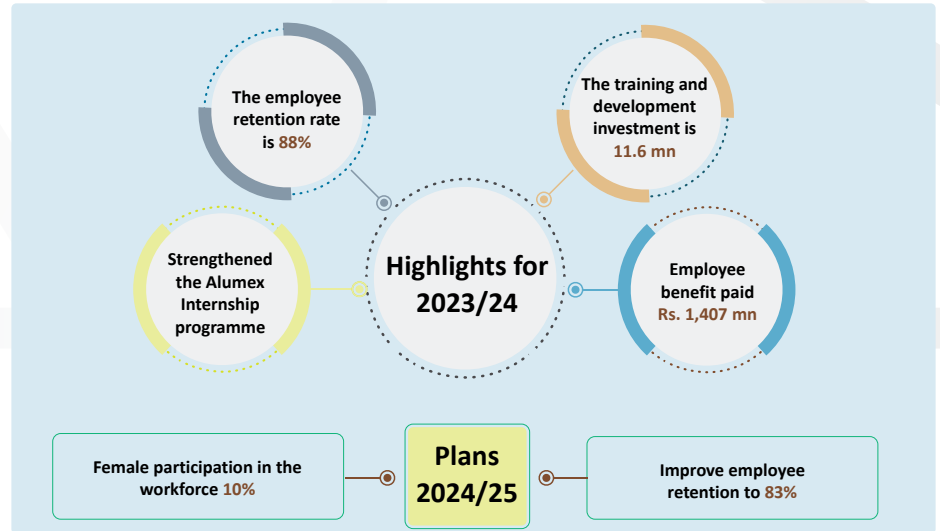
We strategically prioritise the advancement of knowledge within the construction sector, underscored by our substantial R&D investments. Our efforts are geared towards augmenting design capabilities and agility to evolving market trends and consumer needs. Our seasoned die designers and die correctors carry over 35 years of experience and we are empowered to design bespoke products that align with end-user specifications, thereby enhancing our market competitiveness.

Our designs are registered with the National Intellectual Property Office under the Intellectual Property Act of Sri Lanka No 52 of 1979.

## Human Capital



Our employees are a valuable asset who have played a crucial role in our success over the years. Their commitment, loyalty, and hard work in facing the challenges of the past few years were the driving force behind successful resurgence in 2023/24. It is a testament to their commitment that we achieved a resilient growth in the year under review.



### Management Approach

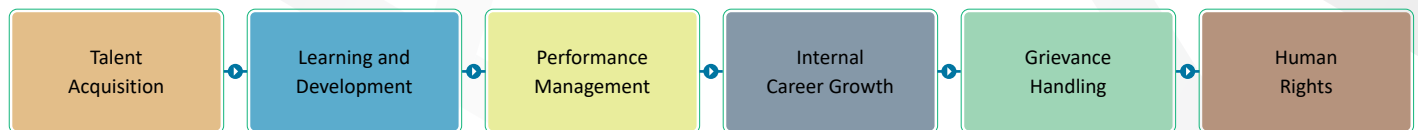
We consider employees to be the strategic partners of the business, and work towards creating a culture of belonging, through learning and development and be future ready, to do sustainable business. Working within a strong Corporate Governance framework, our HR policies and procedures create a work-conducive and growth-oriented work place for our people.

### Most Valuable Asset

In an intensely competitive industry, further strained by external pressures and unprecedented uncertainties, we continued to invest in and upskill most valuable asset - people. We prepared them to face challenges, weather storms, and emerge as a future-ready, efficient, and forward-thinking workforce. HR practices, processes, and procedures played a crucial role in this endeavour, complementing efforts to recruit the best talent and retain a skilled workforce, thereby ensuring sustainable growth for the future.

### HR Governance

HR governance is based on five core policies.



## Human Capital

Our approach to managing Human Capital is grounded in the principles of our parent organisation, Corporate HR Policy of the Hayleys Group and the internal HR framework of the Company. These guidelines form the foundation of the Human Capital management strategy.

The Human Resources (HR) department at Alumex is under the direct supervision of the Company's Managing Director. This arrangement allows for the effective governance of all activities related to the development of Human Capital across the Company, in accordance with the HR strategic plan. This plan is developed on an annual basis and is instrumental in ensuring that the right individuals, equipped with the necessary skills, are positioned correctly and timely to carry out operational plans, thereby achieving the Company's objectives. The formulation of the HR strategic plan also allows the HR department to consider new trends in the economy, legislation, technology, and competition that could affect the Company's human resources.

The HR department at Alumex is responsible for the enforcement of HR policies and the maintenance of up-to-date HR systems. It ensures a work environment that is conducive and compliant with legal changes, regulatory requirements, and best practices. A significant role of the HR function is to foster a strong Company culture and ensure that all employees remain dedicated to the values and culture of Alumex.

Although the economic crisis abated towards the latter part of 2022, its aftermath of was felt across the first half of 2023. The multitude of challenges still affected

both employees and the Company, albeit to different extents. In that context, the cooperative spirit and understanding demonstrated by employees, who agreed to operational flexibility, new work schedules, and interdepartmental transfers where necessitated, bearing evidence to the strength of employee relations. This reflects the Alumex approach of viewing its employees as business partners.

### Strategic Imperatives

With a brand that has been highly visible and deeply ingrained in the country and across international markets and currently aligned with one of the most diverse and esteemed conglomerates, Hayleys PLC, Alumex effectively manages its most precious asset - its Human Capital-incorporating ESG principles into its management framework. This is done within a robust policy structure that complies with all regulatory requirements and local laws. We work on several overarching principles, which are detailed below, in this respect.

### Diversity, Equity and Inclusion Current Composition

#### Female Representation by Employee Level

Board Directors	Nil
Management	02
Executives	16
Non-executives	21
Total	39

New Recruits	Promotions	Exists
9	3	39

### The Goals

Increase female participation in the workforce

Address unconscious bias

Increase women in leadership roles

Goal 2025 Female participation in the workforce by 10%

Goal 2030 Women in leadership roles 5%

We are committed to creating a workplace that offers equal opportunities, where gender equality is standard. We prioritise health and safety, engagement, and open communication, and we have established a corporate culture that lays the foundation for learning and development, thereby fostering sustainable growth. This is the framework within which we introduce, review, and communicate policies and procedures to employees.

### Female representation

Production Office	05
CWH	05
Finance	04
HR & Amin	04
International Marketing	04
Invoicing	02
Lumin-Galle/Nawala	02
Marketing	02
Design	02
R & D	02
Sales Admin	02
Central Procurement and Material	01
Corporate Office	01
Die Design & Manufacturing	01
Production Planning	01
Stores	01
<b>Total</b>	<b>39</b>



## Human Capital

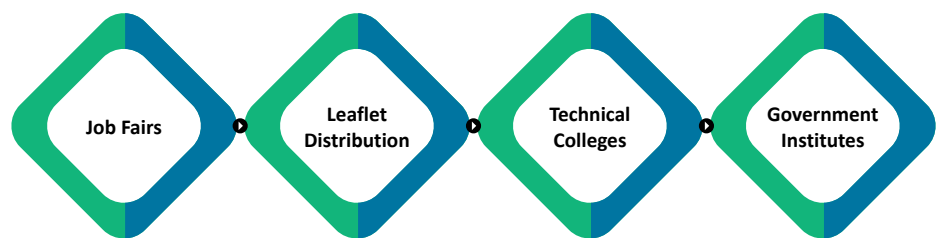
Being an aluminium extruder belonging to light Engineering trade, female representation of our team is currently at a lower rate than that of their male counterparts. Currently we are exploring ways and means where we could increase the female participation in our workforce including upskilling them to take on non-traditional roles.

### Talent Acquisition

Our commitment to equitable recruitment practices is indeed noteworthy. The introduction of a recruitment tracker system has revolutionised the talent acquisition process, enhanced efficiency and reinforced the Company's dedication to transparency and fairness. By prioritising merit and talent, we ensure the selection of the most qualified candidates, contributing to a diverse and inclusive workforce. This strategy is in line with global best practices and has a significant positive influence on the Company's culture and operational achievements. The successful recruitment of a substantial number of new employees serves as a clear indicator of the effectiveness of these policies and the Company's upward growth. We are evidently establishing a standard in recruitment excellence, which is crucial for enduring sustainability and maintaining a competitive edge in the industry.

The recruitment process we follow is a highly streamlined one, which combines both internal and external recruitment strategies to support our goal of sourcing the candidates who are the best fit in terms of talents and capabilities as well as their ability to align with our unique culture and values system. The external recruitment strategies focus on attracting suitable candidates from different areas of the country. In this regard, we work closely with local universities, vocational technical training institutes and professional bodies and schools. The highest number of new recruits in any year has been from the Western Province as most of our operations are in it.

Another valuable source for recruitment is the Alumex internship programme that offers graduate students from various universities and technical or vocational training institutes the opportunity to complete their practical training modules. The search for the individuals that best fit the job profile is followed by a stringent selection process. Applicants for Executive level positions are subject to multiple screening tests and several rounds of interviews before final selections are made, whilst floor-level employees (manual grade) face one interview with the participation of respective Head of Department and HR representation. All new recruits remain on probation for six months during which time the employee's performance is closely monitored by their immediate Supervisor. They are also scrutinised holistically to assess not only their work performance, but also their mindset, attitudes, relations with team, physical and mental aptitudes, general intelligence, and the ability to acquire new knowledge.



### Team Profile

Our team profile is an essential tool that encapsulates the unique composition, strengths, and achievements of the team. It serves as a snapshot that can communicate a team's expertise, build credibility, and foster trust with stakeholders, clients, or colleagues. Crafting a well-structured and visually appealing team profile can be a demanding task, but it's a valuable investment that can significantly impact how a team is perceived in the professional world. The collective capabilities and individual contributions set the stage for successful collaborations and employee engagement.



Male – 735  
**95%**



Female – 39  
**5%**

### Team Composition

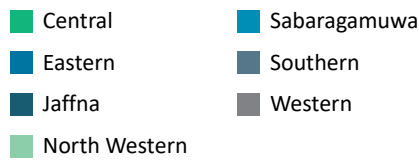
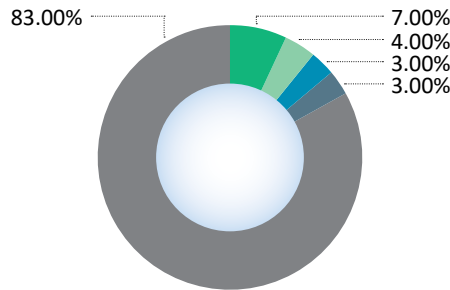
Grade	%	No. of Employees
Corporate Management	0.26%	2
General Manager	0.39%	3
Deputy General Manager	0.78%	6
Senior Manager	0.90%	7
Manager	2.45%	19
Assistant Manager	2.58%	20
Senior Executive	2.97%	23
Executive	6.20%	48
Junior Executive	2.45%	19
Clerical & Supervisory	24.03%	186
Operations Assistant	47.93%	371
Casual	9.04%	70
<b>Total</b>		<b>774</b>



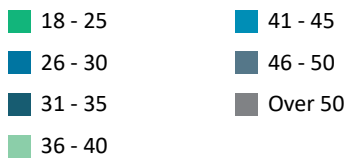
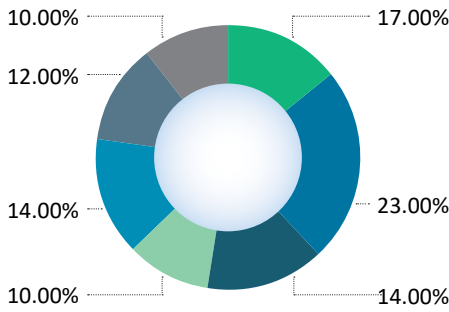
# Human Capital

## Recruitment in 2023/24

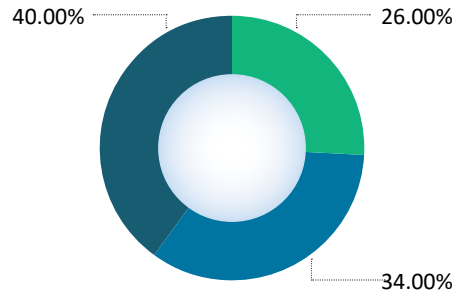
Province Wise Total Recruitment



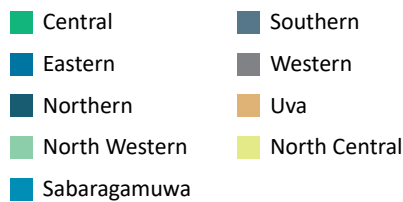
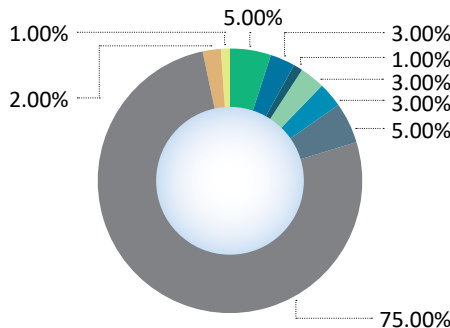
Age Wise Total Cadre Distribution



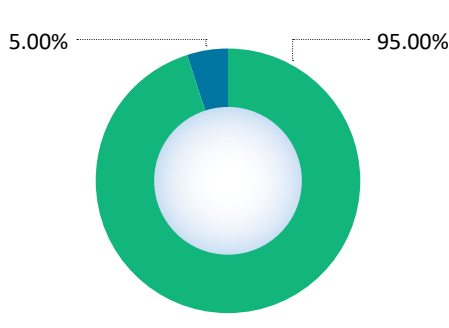
Average Remuneration and Benefits per Employee



Province Wise Total Cadre Distribution



Total Recruitment



Alumex's commitment to merit-based employment practices ensures that all aspects of employment, including hiring, wages, promotions, and benefits, are determined by the individual's ability to perform their job functions. This approach aligns with the Company's dedication to providing equal opportunities for training and career development, fostering an environment where every employee has the chance to grow and succeed based on their merits.

New employees at Alumex are introduced to the Company's values through mandatory training in the Code of Conduct, which emphasises the importance of inclusion and non-discrimination. Leadership principles at Alumex also play a crucial role, as managers are expected to exemplify the treatment of colleagues with respect and dignity. To maintain this standard, a formal grievance-handling process is in place, allowing for the reporting and addressing of any discrimination incidents. The absence of recorded incidents of discrimination or harassment during the reporting period reflects the effectiveness of Alumex's policies and its commitment to a respectful and inclusive workplace.

### Talent Retention

Talent retention is a critical aspect of our success, especially in the dynamic labour market of 2024 and the specialist knowledge and skill that are needed in our specific industry. Effective strategies for retaining top talent include creating a positive work environment, offering competitive compensation and benefits, and providing opportunities for career development.

## Human Capital

We invest in practices and policies that not only attract but also keep retain best performers. This includes fostering a culture that supports work-life balance, prioritising employee wellness, and ensuring transparent communication. Additionally, flexible work arrangements and robust leadership development are key factors in reducing turnover and maintaining a thriving workforce. For the year under review, our employee retention rate was 88 %.

### Remuneration and Benefits

We provide competitive salaries and benefits that meet or exceed industry standards, in line with the country's statutory requirements. The salary structures for all employee grades are based on Section 10 of the Shop and Office Employees (Regulation of Employment and Remuneration) Act. The National Minimum Wage Act sets the minimum wage levels for all categories and the Company offerings are far above the statutory requirements.

We ensure equal pay for men and women in similar roles. As a result, the Company-wide basic salary ratio of female to male is 1:1. Our standard entry-level wage is 33% higher

than the minimum wage mandated by the National Minimum Wage of Workers Act No. 3 of 2021. This demonstrates Alumex's commitment to providing competitive remuneration to its employees.

We are fully committed to fulfilling all statutory retirement benefit obligations for its employees. In compliance with Sri Lankan labor laws, the Company contributes 12% of the total earnings of each employee to the Employees' Provident Fund and 3% to the Employees' Trust Fund. Additionally, Alumex makes necessary allocations to meet its gratuity obligations.

Other than the basic salary the Company offers several types of variable pay schemes not limited to attendance incentives, production incentives, shift allowances, skill allowances, etc. Also the Company has a skill grading scheme for manual grade employees' in a key positions in the Company can earn higher basic salary depending on their grading in the skill matrix.

The remuneration of key management personnel is determined by the Board of Directors at the Hayleys Group level, based on recommendations from the HR and sector leadership teams. This committee

also periodically reviews staff salaries. Remuneration structures are regularly reviewed and updated to align with market rates and to reflect the Company's future aspirations.

Category	Hours
2021/22	898,161
2022/23	1,190,803
2023/24	1,407,146

### Employee Wellbeing

Ensuring employee wellbeing is a key component of talent retention. A multifaceted concept that encompasses the mental, physical, emotional, and economic health of individuals within an organisation is influenced by workplace relationships, resources, and decisions, and is enhanced by a positive culture that prioritises wellbeing.

To improve employee wellbeing, we adopt various strategies such as creating a culture of psychological safety, offering flexible work schedules, and providing social support. These measures not only contribute to the health and happiness of employees but also lead to increased productivity and performance. We offer a suite of benefits to ensure we take good care of our employees.



## Human Capital

Benefit	E	C	M	Benefit	E	C	M
Life Insurance	✓	✓	✓	Personal Protective Equipment	✓	✓	✓
Health Insurance including outpatient facility and spectacles	✓			Production, Attendance, Shift and Grading incentives		✓	✓
Disability and Invalidity Cover	✓	✓	✓	Department, Shift and Cost of Living Allowance		✓	✓
Retirement Benefit	✓	✓	✓	Sales Incentive	✓		
Loan Scheme	✓	✓	✓	Bonus	✓	✓	✓
Meal Facility	✓	✓	✓	Leave Encashment		✓	✓
Transport	✓	✓	✓	Company Doctor Service	✓	✓	✓
Uniforms	✓	✓	✓	Mobile Phone and Mobile Expenses reimbursement	✓	✓	
Subscription for professional bodies and support for higher studies	✓			Membership to Hayleys Group Recreation Club	✓	✓	
Library Service	✓	✓	✓	Employee Sales – Aluminium profiles at discounted rates	✓	✓	✓
Cash awards for employees' children – 5yr scholarship, O/L, entrance to State Universities	✓	✓	✓	School bags and stationery for employees' children	✓	✓	✓
Subsistence – official duty	✓	✓	✓	Study leave – professional exams			
Finances for critical illnesses	✓	✓	✓	Workman's Compensation Insurance	✓	✓	✓
Long service award (25 yrs)	✓	✓	✓	Death donation scheme	✓	✓	✓
Personal Accident Cover	✓	✓	✓				

### Performance Management

Alumex has implemented a comprehensive performance management system that incorporates a progressive approach to goal-oriented performance evaluations across all levels of the Company, including executive, clerical, and manual grades. All employees can participate in a bi-annual two-way appraisal process, where performance is assessed against goals set at the start of the year. The final performance appraisals for executives and above are conducted via Oracle HRIS, while reviews for staff and manual grade employees are conducted manually and are paper based.

Performance at both the departmental and Company levels are reviewed during monthly management meetings, presided over by the Managing Director. These meetings involve discussions on strategies, operations, and markets in relation to the performance of the previous month and action plans for the upcoming month.

The performance of floor-level manual employees is assessed annually. These assessments serve as the basis for determining bonus awards and identifying training needs. Employees are evaluated based on behaviour and performance criteria, with predefined weights assigned to aspects such as job knowledge, work quality, dependability, positive attitude, teamwork, safety, and housekeeping.

The performance of employees in clerical and supervisory roles at Alumex is assessed bi-annually and annually, based on their set goals. A balanced scorecard system is utilised to establish these goals. The Company evaluates competencies across eight categories: customer focus, building high-performance teams and developing people, initiative, decision-making and problem-solving, effective communication, teamwork, innovation, and sound business judgment.

Performance evaluations for executive-grade employees are conducted through a web-based HR information system using a balanced scorecard system. This system is similar to the one used for clerical and supervisory grades, but it places a higher emphasis on competency based KPIs. This is particularly used to assess their readiness to assume greater responsibility and accountability for the Company's strategic performance. Executives do not receive monthly production-based incentives as they are responsible for the overall annual results. We appraised our people as follows.

## Human Capital

147

Executive Grades

186

Clerical Grades

371

Manual Grades

Recognition and reward of high performers are crucial aspects of performance management. Equally important is the support provided to under performers to identify the root causes of their under performance if any, and ways to address these issues. This is in line with the Company's strategic imperatives. Under performers are assigned a designated mentor who can provide guidance and insights to help overcome challenges and improve performance. If mentoring does not yield the desired results, the HR Department arranges for counseling or specialised training interventions as needed.

The executive, clerical, and allied grade employees are evaluated against performance goals, competencies and Company values. The performance of manual grade employees are based on the achievement of the departmental goals and their behavioural traits, assessed under different weight-ages and three different evaluators.

### Promotions in the FY 2023/24

Held Position	Promoted Position	No. of Promotions
Clerical	Junior Executive	08
Junior Executive	Executive	04
Executive	Senior Executive	08
Senior Executive	Assistant Manager	05
Assistant Manager	Manager	08
Manager	Senior Manager	05
Senior Manager	DGM	03
Total		41

### Rewards and Recognition

The annual salary increases and bonus payments for executive employees are directly tied to their individual performance. Similarly, the annual bonuses for all permanent non-executive employees are performance-based. The rate of salary increase of executives are depend on the calibrated appraisal scores / ratings received through the balanced scorecard performance management system, which places everyone on a bell curve, under each department and finally in the Company as a whole.

The percentage increase in salary is determined using a statistical method that aligns with the approved budget. Top performers on the bell curve receive additional merits in the calculation of increments and bonuses. This standardised calculation method ensures that the performance reward system is fair and equitable across all employee levels.

The standard salary increases for clerical, supervisory, and manual grades are negotiated on an annual basis during the review of the wage agreement. This ensures that the increments are fair and in line with the Company's financial capabilities and market trends. This process is a key part of Alumex's commitment to maintaining competitive and fair remuneration for all its employees.

### Incentives

Incentive schemes for floor-level employees are structured in such a way that monetary rewards are tied to periodically monitored productivity ratios. Incentives related to production are based on actual production volumes, with greater rewards offered for surpassing set targets. Team performance incentives for production and productivity are determined by performance indicators such as efficiency, productivity yield, and reject rates.

Additionally, we have implemented attendance incentives that are based on monthly attendance records to encourage higher attendance among non-executive employees. This approach ensures that employees are motivated to maintain high productivity and regular attendance.

### Learning and Development

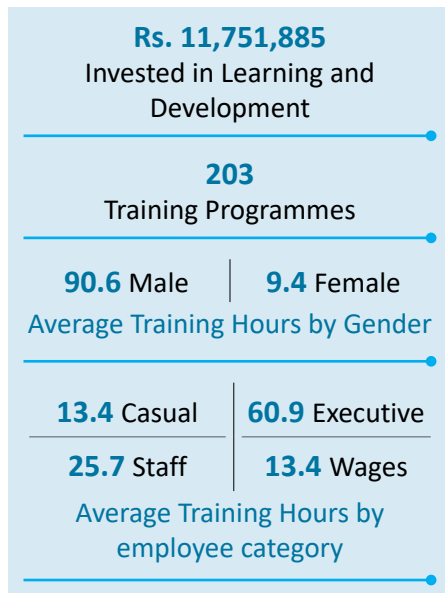
Our annual training plan and budget form the foundation for all mainstream training conducted throughout the year. Our training and development initiatives encompass both continuous and needs-based training. Continuous training involves regular training programmes aimed at motivating individuals, fostering the right culture, developing leadership skills, and enhancing knowledge.

Needs-based training is often specialised, such as technical training to improve hard skills, or soft skills training for specific functions or operations. For instance, the need for knowledge in export marketing has become increasingly urgent over the past two years.

Over the years, we have broadened the scope of its training and development activities with the goal of fostering a culture of continuous learning. The training priorities during the year under review included enhancing skill levels to meet the evolving nature of the orders we receive, transitioning from generic profiles to more sophisticated and complex ones. This required an upgrade of in-house skills in manufacturing and

## Human Capital

engineering. Our team is also being trained to meet new cycle times and produce products at costs demanded by export buyers. This approach ensures that Alumex remains competitive and continues to deliver high-quality products and services.



### Training Topics Programme Name

- ⊙ National Training & Qualification on NDT Personnel
- ⊙ Business Etiquettes
- ⊙ Online Characterisation Training Innoval
- ⊙ Power Studio SCADA Introduction
- ⊙ Negotiation Skill & Problem Solving
- ⊙ Awareness session on mental, physical changes of children and how we can understand them as parents
- ⊙ Canva for HR / Marketing
- ⊙ Good governance practices/fair trade/prevention of bribery and corruption/applications of consumer affairs flow
- ⊙ MDP (Management Development Plan)
- ⊙ Finance for Non-Financial Professionals
- ⊙ Transforming Workplace Culture from “Good to Great” - Innovate - Collaborate - Elevate

- ⊙ E-mail etiquette / business writing
- ⊙ Communication skills, people management (EI), problem solving and decision-making skills
- ⊙ Fire Warden Training – 2023
- ⊙ Certificate Course in Quality Management
- ⊙ People Leader Development Programme

### Occupational Health and Safety

Occupational health and safety (OHS) in manufacturing is a critical aspect that ensures the well-being of employees and the smooth operation of industrial activities. It encompasses a wide range of practices designed to minimise risks and prevent workplace injuries and illnesses. Accordingly, effective safety practices in manufacturing include developing a safety culture, organising first aid response, using safety equipment properly, and educating workers on potential hazards.

As a producer of Aluminium extrusions, Alumex’s operations involve a significant amount of manual handling of products, machinery, equipment, and chemicals, all of which carry potential safety risks. Therefore, the safety, health, and welfare of our employees are of utmost importance to us. We not only fully comply with all legal and regulatory frameworks relevant to our business, but we also take pride in our world-class management systems that bolster our efforts to ensure the safety of our employees in their daily operations. Safety governance is a vital part of our management system. It encompasses a thorough framework of policies and procedures that help to instill and internalise our safety vision among our employees.

### Identifying and Segmenting

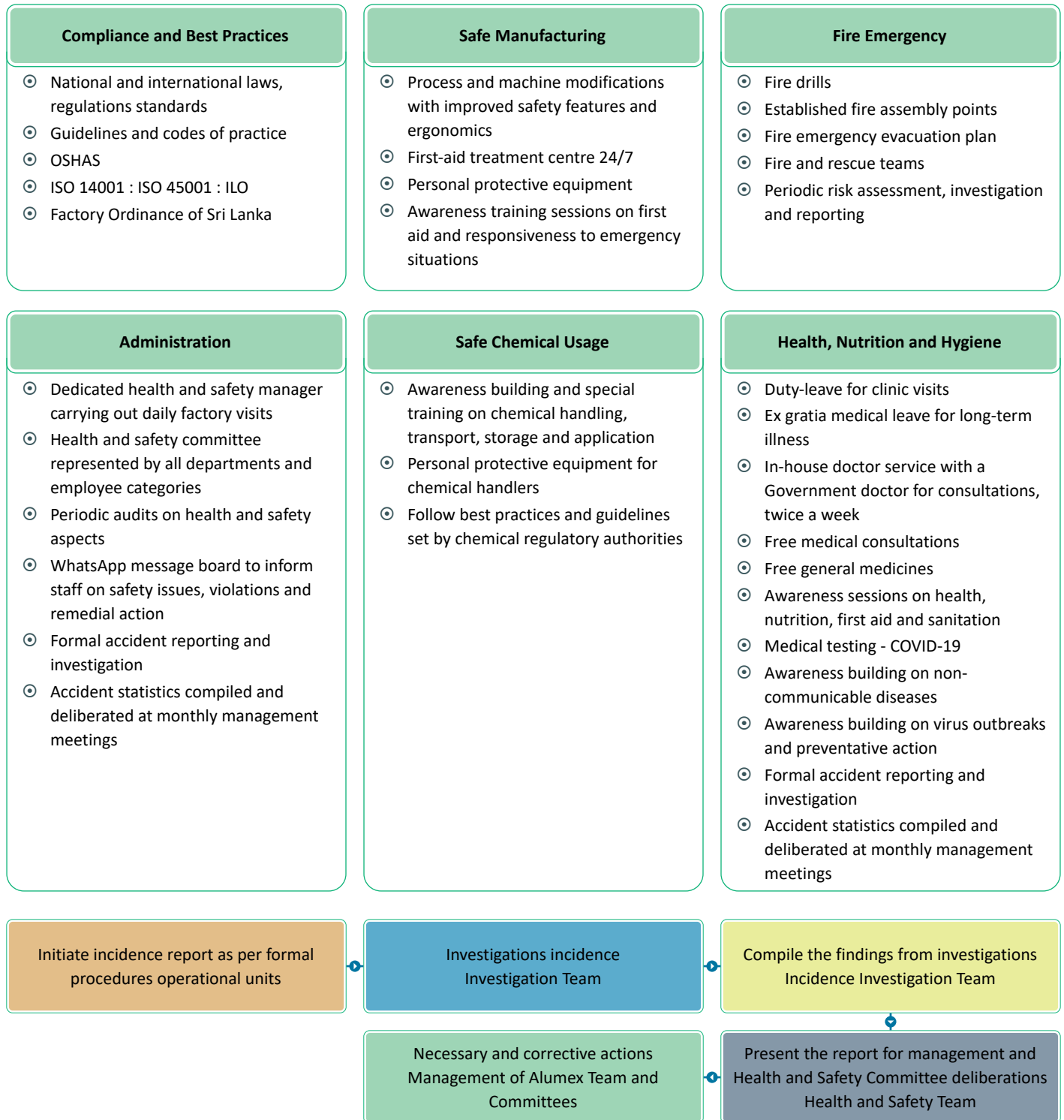
Manufacturing Process (Moulding, Extrusions, Die Manufacturing)	Finishing Process (Anodizing, Value Adding , Powder Coating, Packing)	Other
<b>Physical Hazards</b>	<b>Physical Hazards</b>	Falling from heights
Noise	Noise	Trips and slips
Hot Environment	Hot Environment	Manual handling
Electrocution	Electrocution	Hot work
Confined Space	Ventilation issues	Use of flammable material
<b>Chemical Hazards</b>	<b>Chemical Hazards</b>	
Chemical Fumes	Chemical Powder	
Toxic Gases	Direct Exposure to Chemicals	
<b>Ergonomical Hazards</b>	<b>Ergonomical Hazards</b>	
Handling Weight	Handling Weight	
Repetitive Movements	Repetitive Movements	
Improperly stationed workstations and chairs	Improperly stationed workstations and chairs	
<b>Psychosocial Hazards</b>	<b>Psychosocial Hazards</b>	
Working for Long Hours	Working for long hours	
Stress	Training and Skills	
Training and Skills		







## Human Capital



## Human Capital

During the period under review, there were no permanent or partial disability or fatality causing incidents reported.

	2023/24	2022/23
Reportable Injuries	1.16	1.92
Lost time Injury rate	0.48	0.81
Severity Injury rate	7.03	5.35

### Employee Engagement

Employee relations and engagement are pivotal aspects at Alumex focusing on creating a harmonious work environment where employees feel valued and motivated. Effective employee relations strategies can lead to higher levels of engagement, which in turn can enhance productivity and reduce turnover. Engaged employees typically exhibit a strong connection to their Company's goals and values, often going above and beyond their job requirements.



To foster this environment, we implemented various practices such as clear communication of expectations, recognition of excellent work, and opportunities for career advancement. Additionally, ensuring employees feel heard and respected can contribute significantly to a positive workplace culture and the communication policy that we adhere to, allows them the space to do so. As the concept of employee engagement continues to evolve, it remains a key factor in the overall health and success of our Company.

We carried out several initiatives to encourage employee participation in the work place and inculcate team spirit and a belonging in the Company.

Event Name	Description
January 1st Programme	Held on the 1st of January, this event brings together the Alumex family in readiness to face the new financial year.
Literature Day	Held on the 30th January, this provided an opportunity for employees who are reading savvy to engage in an uplifting and enlightening day, away from their work stations.
Annual Cricket Match	Promoted team-spiritedness and fun filled competition in February.
Hayleys Sport Night	The sport night was a well-attended event on 10th March, where camaraderie was very much in evidence.
Mother's Day Celebrations	Honouring all mothers at Alumex and held on 17th May, it was well received and appreciated.
Art Competition	24th June 2023
Beach Cleaning Day	We contributed to the sustainability of our environment on 9th July
Medical Camp Nawaloka Hospital	This supported our employees to take necessary measures for a healthy lifestyle. It was held on 13th September.
Annual Get Together 2023	Where the Alumex family celebrates together and held on 9th December.
Blood Donation Campaign	Giving back to the community is a way of life and the campaign was held on 26th January 2024
EOM January 2024	21st February 2024
Women's Day Celebrations	International Womens' Day was celebrated on 08th March 2024

# Human Capital

## Employee Communication

Employee communication is a vital aspect at Alumex, serving as the lifeline between Management and staff. It encompasses a variety of methods, including email, instant messaging, and face-to-face interactions, to facilitate a two-way exchange of information and ideas. Effective communication not only ensures that employees are well-informed but also fosters an environment of transparency and trust. As the workplace evolves, so does the approach to employee communication, with an increasing emphasis on open dialogue and active listening to enhance engagement and productivity. We have established several ways in which we communicate with our employees.

Workplace Improvement Meetings	We Care Programme	Scheduled formal meetings and continuous discussions	The Grievance Handling Policy & Procedure
These are held bi-monthly with the participation of Senior Management, serve as a platform for employee representatives from various divisions to voice and address workplace-related issues and staff grievances. This forum fosters open communication and promotes a proactive approach to problem-solving within the organisation. It is an integral part of our commitment to maintaining a positive and productive work environment.	This is an initiative where the HR team visits all divisions to engage in discussions about individual employee concerns and to address common and recurring issues. This proactive approach demonstrates our commitment to understanding and resolving employee grievances, reinforcing the notion that we truly care about our employees' well-being.	These are held to foster effective dialogue between union representatives and various department heads. Employees in clerical, supervisory, and manual grades are unionised under the Free Trade Zone and General Services Employees' Union. This structure ensures that all employees' rights and interests are well-represented and protected.	This allows any employee who is unsatisfied with the resolution of their grievance within their department to escalate their concerns and seek a solution through the grievance process. This process is independently managed by the Hayleys Group and is mediated by the Group HR Manager. If necessary, the grievance can be further escalated for review by the Head of HR, Executive Director, and/or the Managing Director. This ensures that all employee concerns are heard and addressed appropriately.

## Human Rights, Child Labour, and Forced Labour

Human rights are fundamental rights and freedoms that every individual in the world possesses from birth until death. These universal rights are grounded in shared principles such as dignity, fairness, equality, respect, and independence. These principles are legally defined and safeguarded. The United Nations General Assembly adopted the Universal Declaration of Human Rights (UDHR) in 1948. This landmark document declared the unalienable rights to which every person is entitled, irrespective of race, colour, religion, sex, language, political or other opinion, national or social origin, property, birth, or other status.

Human rights are crucial for the complete growth of individuals and communities. When upheld, they lay the groundwork for a just and equitable society where everyone can fully participate in decisions that impact their lives. However, these rights also entail the responsibility to respect the rights of others. This balance is essential for maintaining harmony and mutual respect in any society.



Upholding the principles set forth by the International Labour Organisation and the Universal Declaration of Human Rights, Alumex places a strong emphasis on human rights within its operations. The Company has implemented measures to protect these rights and ensure that any necessary disciplinary actions do not infringe upon an individual's human rights. We are glad to report that there were no reported or nuanced incidents in the year under review contrary to the values we hold.

## Succession Planning

The Company holds the belief that the groundwork for its top positions should be laid today. As such, a select group of individuals are being progressively trained and mentored. These individuals are being prepared to assume key roles in their respective areas, stepping in to fill the vacancies created by retirements and resignations. To facilitate their growth into these higher roles, the selected top performers are given ample job exposure through projects, assignments, foreign tours, and job expansions. This approach ensures a smooth transition and the continued success of the Company.

# Human Capital

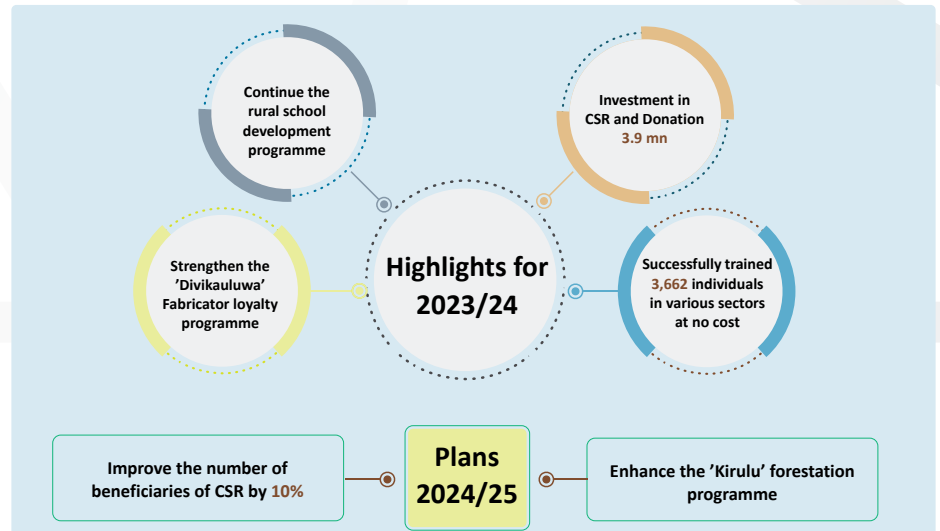
## Future Focus

Perspective	Objectives	Strategies & Actions
 <p><b>Financial Perspective</b></p>	<ul style="list-style-type: none"> <li>Manage the per-head HR on cost within the budgetary level</li> <li>Manage the per-head admin cost within the budgetary level</li> <li>Automate administrative and HR processes for better efficiency and better use of available resources</li> </ul>	<ul style="list-style-type: none"> <li>Manage the headcount at least at 98% at any given month</li> <li>Manage employment ratio between Company and outsourced employees at 80%:20%</li> <li>Effective rate negotiations with outsourced service providers</li> <li>Automate non-value adding HR and administrative services for the better use of resources through self-service portals and intranet</li> </ul>
 <p><b>Customer Focus</b></p>	<ul style="list-style-type: none"> <li>To secure 80% of GPTW employee satisfaction level by 2025</li> <li>Achieve and continue the GPTW accreditation status from 2024 onwards</li> <li>To manage employee absenteeism of permanent cadre (non-annual) less than 5% by 2025</li> <li>To reduce employee turnover of permanent staff up to 6 % by 2025</li> <li>Achieve 90% satisfaction level in Admin and Welfare measures by 2024</li> <li>Address 90% of the issues identified through “We Care” visits within a month</li> </ul>	<ul style="list-style-type: none"> <li>Conduct employee satisfaction surveys every two years and take remedial actions for the issues observed and for improvements</li> <li>Reduce absenteeism to less than 5% through better visibility and sharing of information, increased employee motivation and through timely implemented administrative controls and reward management initiatives</li> <li>Secure reasonable income levels, increased motivation, career development of employees and better employee relations for the retention of employees</li> <li>Establish and maintain platforms for employee dialogue and participation via “We Care”, facility developments and WPI forums</li> <li>Roll out one key engagement activities per quarter</li> </ul>
 <p><b>Internal Business Perspective</b></p>	<ul style="list-style-type: none"> <li>Improve and develop HR landscape of the Company by adopting industry best practices to achieve a national-level award by 2024</li> <li>Win a national level CSR award by 2025</li> <li>Create a conducive and ergonomically sound working environment in all operational areas</li> <li>Introduce ER initiatives and enhance employee engagement level year by year</li> <li>Ensure zero industrial disputes and zero lost time due to industrial actions of unions</li> </ul>	<ul style="list-style-type: none"> <li>Conduct a gap analysis and implement actions with industry best practices from 2023</li> <li>Introduce and implement long-term strategic plan for CSR and roll out the same from 2023</li> <li>Implement a programme to upgrading all work locations by 2024</li> <li>Create a better workplace with legal and procedural compliance, sound industrial relations, employee engagement and sound employee relations to ensure zero lost time and zero complaints by 2023</li> <li>Drive employee suggestion scheme and Kaizen scheme with the collaboration of ops team from 2023 H2</li> </ul>
 <p><b>Learning and Growth</b></p>	<ul style="list-style-type: none"> <li>Enhance employee capabilities to yield improved operational indicators with the implementation of competency development system from 2023</li> <li>Drive competency assessment and competency development programmes covering all employees</li> <li>Achieve 80% of competency availability by 2027</li> <li>Develop Alumex talent pool by 2023 H2 and Alumex talent academy with in-house training modules by 2025</li> </ul>	<ul style="list-style-type: none"> <li>Roll out an Executive development programme in 2024</li> <li>Implement internal trainer pool and run the Alumex talent academy</li> <li>Implement a Company-wide programme for attitudinal change, and a long-term programme for cultural change from 2023</li> <li>Maintain 15 hours per-head training hours for Executives and 8 hours for Non-Executives from 2023</li> <li>Develop individual competency development road map for each Executive by 2024</li> <li>Develop Alumex course manuals for internal training programmes by 2024</li> </ul>

## Social and Relationship Capital



We understand and define Social and Relationship Capital as an exercise that combines collective efforts at managing well the Customer, Supplier and Community landscape in which we operate for the business to be a market leader.



### Management Approach

As a key enabler in our business, we view the Social and Relationship Capital as an asset base that needs hands-on interaction, nurturing, and deeply ingrained values. We approach this asset with care and responsibility, building sustainable relationships for the future.

**“Social Capital makes us smarter, healthier, safer, richer, and better able to govern a just and stable democracy.”**

– Robert D Putnam –

This reflects the profound impact that social bonds and networks have on individual and collective well-being.

### Customer Capital Strategic Imperatives

Local Market Development	International Business Development	Customer Engagement	Marketing Communication	Product Development	Product Responsibility
Expand outreach and strengthen distribution network to increase market share	Explore new markets to diversify Our strategy focuses on expanding into new markets, innovating customised products, building our brand, fostering customer relationships, and maintaining sustainable and efficient operations.	Deliver superior customer service and resolve any grievances in a timely manner. Strengthen pre and after sales service. Concept stores to enhance hands-on product experience. Use digital portals for customer support and easy access	Responsible promotion of the brand without greenwashing	Collaborate with academia and allocate sufficient funds for Research and Development (R&D) efforts of the Company, to upgrade and diversify the product range	Stringently adhered to all product guidelines, regulations standards, industry and international best practices to ensure a high quality product while prioritising customer data protection and compliance with local laws and regulations






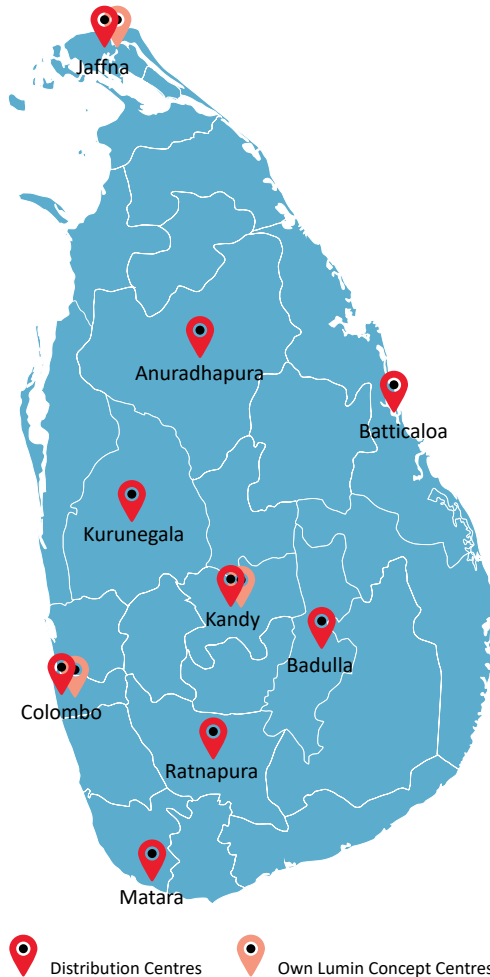
## Social and Relationship Capital

### Product Mix

We offer a diverse product mix that caters to a wide range of applications. Our portfolio includes high-quality aluminium profiles for architectural, hardware, residential, industrial, and solar uses, with options for customisation to meet specific project requirements. We pride ourselves on delivering innovative and durable solutions that enhance functionality and aesthetics, ensuring our products meet the highest standards of quality and performance.

Our diversified products are marketed to industrial giants as well as householders. A fulltime R&D team intrusively focuses on delivery value and quality to stay relevant in a dynamic industrial landscape and to cater to latent and emergent needs of the customer.

Product Reach	New Product Portfolio	
	Retail Market	Industrial Market
116 Dealers 09 Distribution Centres		
148 Dealers 09 Distribution Centres		99      90
Own 3 Lumin Concept Centres and 12 Centres Managed by Customers		



### Expanding on our Export customer base

Since becoming the first Sri Lankan aluminium extrusion manufacturer to venture into the export market with our inaugural shipment in 2019, Alumex PLC has made significant strides. Over the past five years, we have expanded our global presence to 13 countries, bolstering our customer base and establishing ourselves as a trusted supplier in international markets.

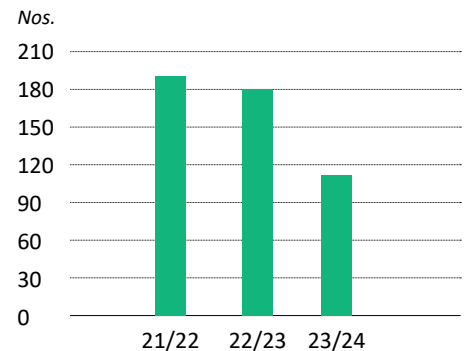
In this period of growth, Alumex has not only broadened its geographical reach but also diversified its product portfolio. We have successfully added new segments to our offerings, catering to a wider range of industries and applications. This expansion reflects our commitment to innovation and our ability to adapt to the evolving needs of our customers worldwide.

### Product Availability

In our customer experience management strategy, we ensure that our products are readily available to customers. Our network of dealers and

exclusive Alumex-branded distributors are vital to maintaining a healthy relationship with our end user base. With strategically appointed warehouses in each province, significantly benefiting both the customer and the dealer. Our Lumin brand, which is for the residential market provided a value-added service to the customer with free shop drawings and share details with Lumin-certified fabricators who are equipped to handle the high end Lumin product ensuring customer satisfaction.

### New Products Launched



## Social and Relationship Capital

### Market Communication

Our promotional campaigns for the domestic market use the radio and digital platforms. While pursuing our international market penetration, our brands, Lumin, Alumex and Alco are aggressively marketed domestically and contributed equally to our revenue growth. We do not engage in greenwashing our marketing communication as we deliver a value added quality product to the both local and international markets, based on our sustainability development principles and core ethics. As the market is meet to some extent being invaded by lower quality imports that do not comply with international standards, we positioned our brand Alco for a lower-end market, enhancing its brand awareness.

Our online portal for Alumex with island-wide delivery for both commercial and residential consumers continues, and we are glad to report our marketing communication complied with all regulations and there were no incidents of non-compliance.

### Product Responsibility

All Aluminium extrusions produced by Alumex comply with the regulatory framework set out under SLS 1410:2011 and SLS 1411:2011. We have acquired several certifications and manufacturing licences and engage in global knowledge transfer through our overseas market partners. As such, we manufacture a high-quality product, through manufacturing systems that are upgraded as needed. The 35-year quality assurance we give our product is ample evidence of the quality of our products.

We voluntarily adopt industry-specific standards in the way of British and European Standard Specifications, British Standards, and relevant ISO standards for extrusions. We only use AA6063 aluminium alloy in product manufacturing. All our raw materials are sourced from globally reputed companies. These include aluminium billets, chemicals, and powders. Product quality is subjected to rigorous due diligence conducted by governing bodies and licensing agencies. We are also subjected to routine audits by these

agencies to identify any areas, if any, for ongoing improvement.

There were no incidents of non-compliance of product safety regulation or violation of voluntary codes reported in the current financial year and hence no fines penalties that the Company had to pay.

### Packaging and Labeling

We follow international best practices in packaging although there is no industry-specific packaging for aluminium. Accordingly anodized and mill finish extrusions are securely packed with polythene whilst bronze anodized products are packed with an additional protective tape layer. Finished, powder coated, and wood finish Aluminium profiles are foam wrapped prior to polythene packaging.

Bar coding is complete with all relevant information in product labelling and there were no incidents of non-compliance as to product or service information during the year under review.

### Customer Base

Our diverse customer base includes a wide range of stakeholders, such as large industries and dealers who collaborate with us on tender projects, architects, end consumers, and channel markets that showcase our products in the retail market. Our overseas customers are mostly B2B customers, in Canada, USA, Australia, New Zealand, Germany, Italy and the Maldives.

As the leading extruder of aluminium, we are committed to serving our customers on equal terms with high quality products and superior customer service.

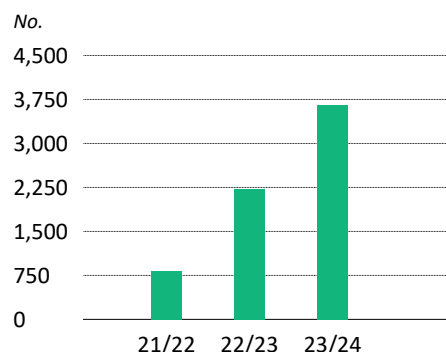
### Customer Support and Engagement

Providing our customers with best-in-class pre and after sales, is inherently built into our customer relationship management and service. Technical assistance, free consultations, site visits, technical drawings, and after sales service are all packaged into our service level while technical

teams recommended fabricators provide installation expertise that extends beyond the after sales service. We conducted over 20 awareness sessions to fabricators to improve their knowledge on technical and new product aspects. Over 1000 fabricators participated for these programmes.

We implement a broad-based framework where we customise our engagement with different customer groups. A dedicated sales team carries out customer interactions with the island-wide channel partners while routine customer satisfaction surveys reach out to a wider audience of end users. Technical training initiatives we carry out on product awareness for fabricators and other relevant parties serve to strengthen our ties with these stakeholders.

#### Fabricators Training (No. of Trainees)



The success of our Company is intrinsically aligned with our community of fabricators, suppliers, end users and other allied networks. We continued with our loyalty programme 'Divikauluwa', where the bar code on our products will afford fabricators the opportunity to earn points to be credited to their accounts. The points can be redeemed, saved, or used in emergencies.

To enhance the visibility of our already strong brand, we plan to conduct seasonal promotional campaigns introducing bonus points and rewards. By creating mutually beneficial business platforms, we believe that our stakeholder relationships will grow and mature, for a profitable business, well into the long term.

## Social and Relationship Capital

### Customer Complaint Handling

Customer feedback, whether commendation or complaint, plays a crucial role in enhancing our product and service delivery and retaining our position in the market as the leader in aluminium extrusions. The Customer Support Team oversees this process, and complaints are swiftly resolved, as a top priority. Documented complaints are analysed for continuous improvement and building in further enhancements to our practices, processes, and policies where necessary.

### Customer Data Privacy

Customer data privacy is a high priority for which we have provided all necessary protocols and systems. In addition, our employees are periodically made aware of this requirement as we, as a leading aluminium manufacturer, enter into non-disclosure agreements (NDAs) with its B2B customers, both locally and internationally. As the NDAs include a plethora of customer sensitive data, and proprietary information exclusive to the Company and the customer, we stringently apply the said protocols in securing customer data. We are glad to report that there were no data breaches during the year under review.

### Customer Satisfaction

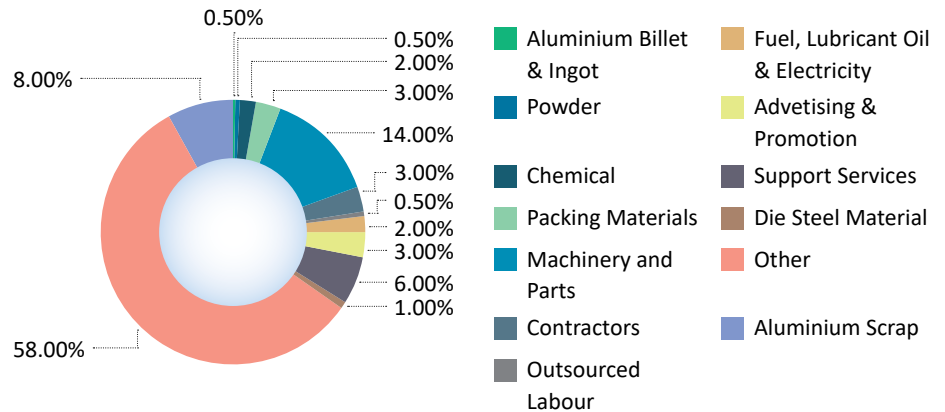
In order to archive long term stabilisability customer satisfaction is non-negotiable. While tracking this factor on a daily business level through sale point operations, we gather quarterly data on the level of customer satisfaction for analysis on five key metrics and action. Findings are shared with Management during monthly meetings. In 2023 overall customer satisfaction reached 78%. In the Service category, our main indicator is readiness to delivery (RTD) of the orders 77% and delivery in full, on time (DIFOT) 65% maintained.

### Supplier Capital

We source our raw materials from a variety of suppliers. In onboarding them and continuously monitoring the procurement practices, we carry out an initial screening as

well as apply fair and equitable principles to nurture and manage these relationships crucial to our ongoing and uninterrupted manufacturing process.

#### Suppliers - Category



### Procurement Best Practices

In keeping with our procurement guidelines which are policy driven, we work within the ESG framework and the core values to interact with fairness, integrity, high ethics and in an environment of unbiased manner, where all our suppliers are screened according to the Alumex Supplier Evaluation Checklist, defined incorporating global best practices. With priority to anti-corruption policies, we evaluate our suppliers on merit, reliability, ethical sourcing and timely delivery.

All high value undertakings are subjected to a tender process, where a separate committee evaluates all tenders received and works with

an open and honest approach to award such tenders.

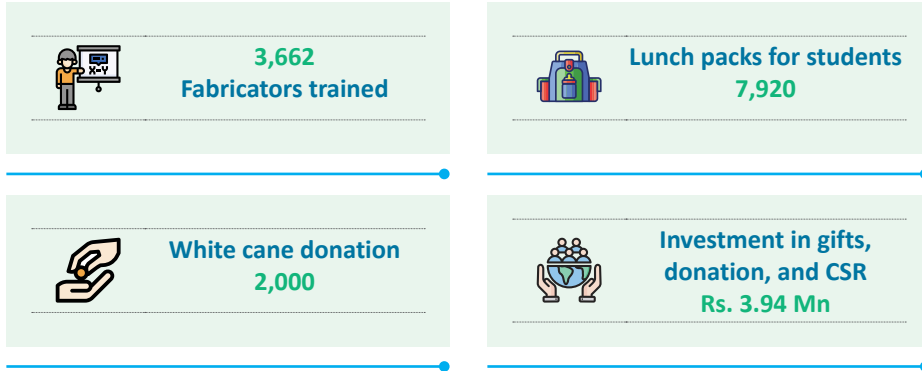
### Supplier due diligence

We source from large international suppliers and leading local entities who are well known for their business conduct. They are evaluated independently for their ESG principles which are disclosed to the public. Although we do not annually carry out a ESG screening, we implement an annual screening for their labour sourcing practices, to ensure such sourcing complies with labour laws and adhere to global best practices, safeguarding human rights and preventing child labour or forced labour. Our specialised audit framework includes site visits to verify

## Social and Relationship Capital

the environmental credentials of packaging material suppliers. The supplier audit framework is independently managed by the Alumex Internal Control Department, and findings from the site audits are shared with relevant suppliers. We work closely with them to address any identified gaps.

### The Community



Our flagship community initiative, the White Cane Donation continued for the 11th successive year, meeting the needs of visually impaired members of society. Students in the vicinity of our factories received a balanced meal, by way of a lunch pack, as economic hardships continued to plague their parents and society in general.

Another one of our community contributions is “Sathdiyawara” – Rural school development project which was begun by one of the Hayleys Group’s sister companies. This was started somewhere in 2016. It during covid continued during the year as well, fulfilling a dire need of many poverty-stricken rural villages.



Alumex contributed to the care bundles containing books, a water bottle, other stationery, school bags and uniforms for school children, enabling them to continue their education. The packs were distributed to children in the Thalawa area in the Anuradhapura District. A total of 151 children from schools have benefited from this initiative to date. Alumex’s contribution amounted to Rs. 0.76 Mn during the year. Blood donation campaign: 97 employees volunteered and donated blood.

The Aluminium Fabrication Training school by Alumex, launched in 1998, reached its 26th year and continued to create win-win value for the industry and youth. The school,

with the support of the Sri Lanka Vocational Training Authority and the National Apprentice and Industrial Training Authority, trains approximately 35,000 individuals every year. During the year we trained 3,662 individuals, covering many institutions.

### Provision of Employment

As a sustainability measure, we hire from the communities we operate in. In 2023/24, 164 of our staff were recruited from the areas where we conduct business. Among them 25% hold executive and management positions and 10% of the community recruits are females while a large number of temporary workers are also hired from the locality.

### Impact on the Community

The issue escalation process for the community is available in line with our sustainability principles, for the community to lodge any issues on adverse impacts from our operations that disrupt their daily lives. We are cognisant of the emission, effluent, and noise pollution that could emanate from a manufacturing plant and have taken stringent measures to ensure we do not contribute inordinately to the eroding of the environment.

We maintain close relationships with the local authorities and work alongside them, if there is any concern that the community escalates to us or to the local bodies with a



## Social and Relationship Capital

transparent view of resolving them. We are, however, glad to report that we had no such complaints within the year under review.



### Regulatory Authorities

Alumex abides by all tax laws and ensures that all tax and statutory obligations and payments are met on time. In the year under review, we contributed Rs. 873 Mn. by way of taxes and other duties to the Government. Other statutory payments, including contributions to the Income Tax, VAT, SSCL, PAL, CESS and PAYE obligations to the Inland Revenue on employee earnings were paid in full and on time.

### Compliance, Anti-Competition and Ethics

The “Alumex Way” policy, aligned with the Hayleys Group’s ethics and principles, serves as the overarching mandate to guide the Board, the Management and employees. The code sets out clear anti-corruption, anti-competitive behaviours, nondiscrimination and equal opportunity guidelines.

Periodic employee training and access to the Company’s intranet ensure that all policies are well internalised.

Our well-structured Compliance function is made up of a dedicated team of professionals who ensure strict compliance with all required laws and regulations.

### Whistleblower Policy, anti-competition, and anti-trust behaviour

The Whistleblower Policy offers an avenue to report any perceived breach of Alumex values and policies or any violations of laws and regulations. All complaints submitted through the Whistleblower mechanism are escalated to the Senior Management and then to the Board, where necessary, for corrective action. During the reporting year there were no incidents of corruption, discrimination or legal actions taken by or against the Company on anti-competitive behaviour, anti-trust and monopoly practices.

### Memberships, Associations and Affiliations

With our standing in the industry, we are aware of our influence and capacity for advocacy and improvement in the aluminium industry and to impart best practices we glean from our overseas markets to the local bodies. As such we are proactive in the key associations in the country and lobby for significant industry improvements and incentives where needed.

Some of our senior managers hold positions in many of these associations.

Currently our Managing Director and Group Manager Marketing hold the following positions: Managing Director is a Council Member of the Foundry Development and Services Institute, Sri Lanka. Light Engineering Sector of the Export Development, and a Board Member of the Economic Association of Sri Lanka.

The Group Manager Marketing is a Council Member of the Manufacturing and Engineering Services Industry Skills Council (MESSCO).

Membership in industry associations:  
Chamber of Construction Industry  
International Chamber of Commerce  
National Chamber of Exporters of Sri Lanka. The Ceylon Chamber of Commerce. Employers’ Federation of Ceylon.

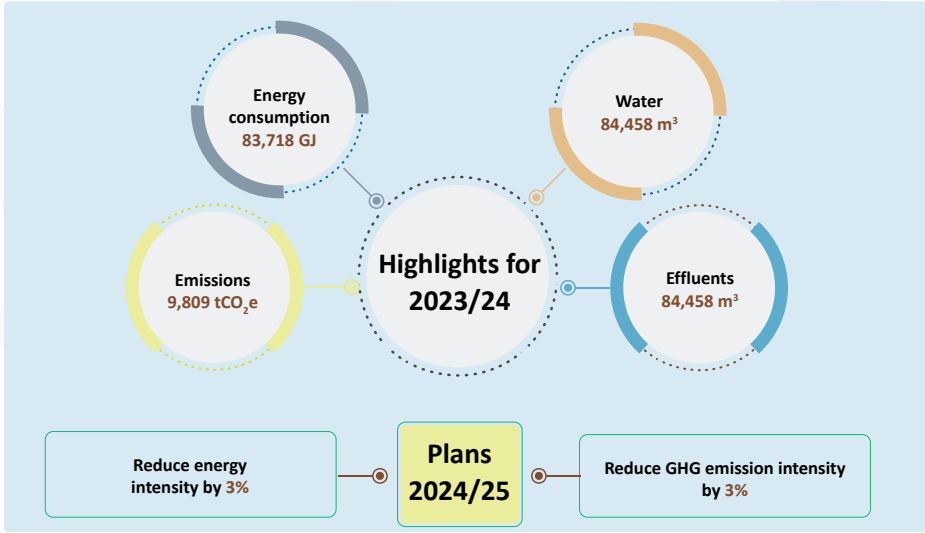
We view our Social and Relationship Capital as an integral part of our sustainable journey and are committed to delivering value and gaining value from this mutually beneficial landscape.



# Natural Capital



Responsible usage of Natural Capital is at the core of our Company's ecosystem, being cognisant of the natural resource depletion that takes place in the process of manufacturing Aluminium extrusions. As such, our approach in managing and enhancing the natural capital is scientific and holistic, encompassing sustainable practices throughout the operational cycles.



### Management Approach

The Environmental Protection Licence issued by the Central Environmental Authority (CEA) forms the basis of our operation from a compliance point of view. In addition, we voluntarily adhere to and incorporate local and global best practices underlining Aluminium manufacturing and pledge commitment to several global initiatives to conduct business maintaining a balance between profitability and sustainability.

As such, we meticulously plan, control, and manage five key points of impacts in the manufacturing and packaging process, namely the management of materials, energy, water resources, emissions, and solid waste.

### Our Commitment

In line with our core values, we have seamlessly integrated ESG principles into our business operations. We are making significant investments to increase energy efficiency and generate sustainable energy sources, aiming to minimise Greenhouse Gas (GHG) emissions that contribute to global warming.

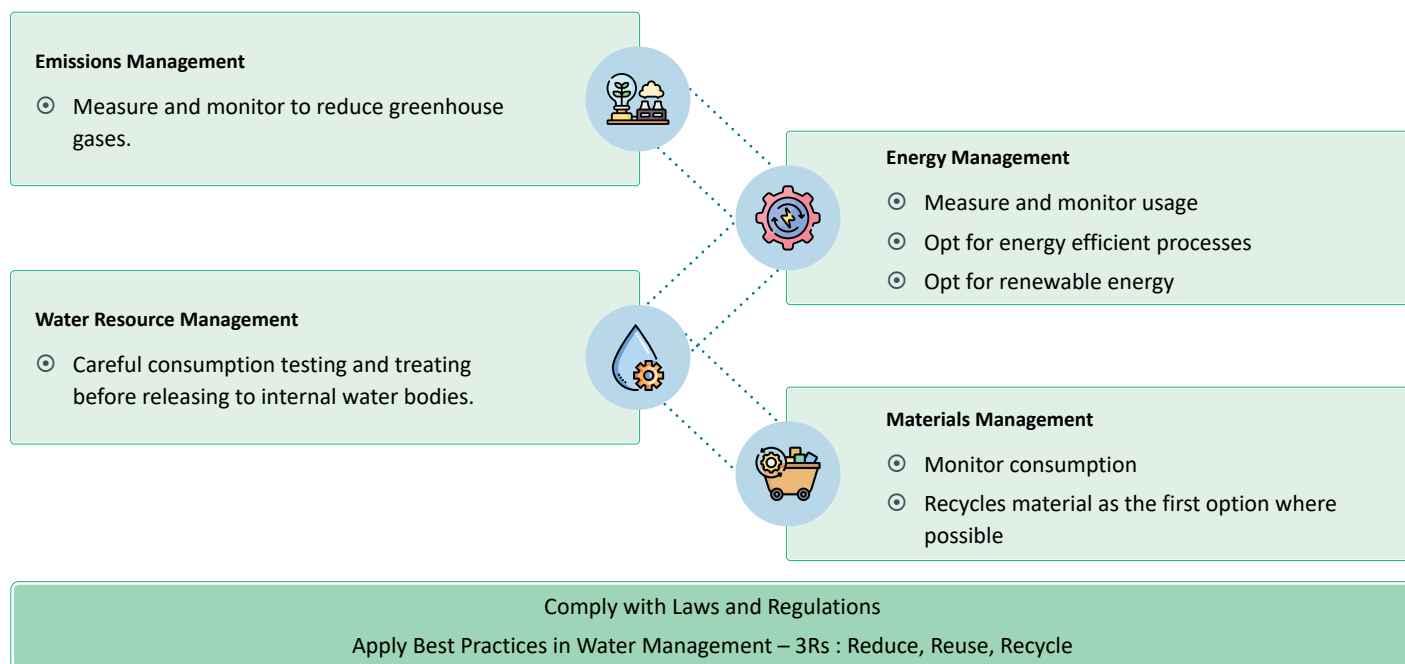
Our investments are further supplemented by projects that drive efficiencies in the consumption of raw materials, water, and energy. We employ methodologies such as Total Productive Maintenance, Lean, and Six Sigma to achieve these efficiencies.

Moreover, our 3R material concept (Reduce, Reuse, Recycle) aligns with the goal of 'Responsible Consumption and Production'. This approach helps us minimise the environmental impact from the primary aluminium extraction process.

Through these initiatives, we are not only contributing to sustainability but also demonstrating our unwavering commitment to social responsibility and ethical governance.

## Natural Capital

### Minimising our Footprint



### Material Management

In our commitment to sustainable manufacturing, we have made significant strides in reducing our dependence on non-renewable resources. We are proud to record that reclaimed aluminium now accounts for 57% of our total annual material consumption. This shift towards using recycled materials has not only reduced our environmental impact but also resulted in substantial economic benefits. During the past year, we achieved foreign exchange savings amounting to USD 9.5 Mn.

Our journey towards sustainability continues and we remain dedicated to exploring further opportunities for improvement.

Material Consumption (MT)				Recycled and Reclaimed Products (MT)			
Product Category	2023/24	2022/23	Variance	Product Category	2023/24	2022/23	Variance
Non-recycled Aluminium logs	3,352	2,967	13%	Recycled Aluminium billets/ logs - onsite	4,266	2,907	47%
Recycled Aluminium logs	4,061	4,369	7%	Aluminium extrusions sold	5,803	4,981	17%
Recycled Aluminium as % of total Aluminium consumed	56%	60%	8%	Reclaimed products	403	605	89%
				Reclaimed as % of extrusions sold	7%	12%	42%

## Natural Capital

### Energy Management

Being a part of an energy-intensive industry, Alumex prioritises the efficient use of energy and maximisation of renewable energy sources. As part of our strategic imperatives, we invest in energy-efficient equipment through our Capital Expenditure (CAPEX) plan. We also allocate an annual budget for the maintenance and enhancement of our production equipment's overall efficiency.

We have implemented a system of continuous employee recognition for the creation and measurement of daily energy consumption. This motivates our employees to take ownership for energy usage and monitoring. It allows us to compare our energy usage against benchmark levels and promptly address any deviations. These initiatives form a crucial part of our commitment to energy efficiency.

### Energy Consumption

Consumption (Mega Joules)	2023/24	2022/23	Variance %
<b>Energy Consumption within the Organisation</b>			
<b>Direct</b>			
Petrol for Vehicles	757,668	695,108	9
Diesel for Vehicles	516,297	465,132	11
Diesel for Plants and Generators	28,101,190	17,099,030	64
Furnace Oil	21,955,450	19,566,340	12
LP Gas	44,924,979	46,123,048	-3
Total	96,255,384	83,948,658	15
<b>Indirect</b>			
Electricity for plants	25,158,618	19,364,182	30
Electricity for administration areas	3,430,720	3,987,398	-14
Total	28,589,338	23,351,580	22
Total energy consumed within the organisation (1)	124,844,722	107,300,238	16
<b>Energy Consumption Outside the Organisation</b>			
<b>Direct</b>			
Petrol for vehicles	581,720	564,777	3
Diesel for vehicles	2,636,193	2,571,896	2
Total energy consumed outside the organisation (2)	3,217,913	3,136,673	3
<b>Total energy consumed (1+2)</b>	<b>128,062,635</b>	<b>110,436,911</b>	<b>16</b>

#### Note:

#### Conversions

#### Average Energy Content of Fuel

The methodology used for energy consumption within the organisation is the direct measurement of actual consumption at the factories and administration areas.

**Energy Consumption Outside the Organisation:** This refers to external transportation (third party) used by the Company for bringing in raw material to our locations as well as outward carriage of finished goods to the eight warehouses located across the island. This also includes the pooled transportation occasionally provided to our employees. The methodology used for energy consumption outside the organisation is the estimation based on predetermined distances multiplied by an average fuel consumption rate.

## Natural Capital

### Energy Intensity

Energy Consumed	2023/24	2022/23	Variance %
Total energy consumed	83,718	67,023	24
Total material consumed	5,419	7,336	-26
Total production output	5,926	4,830	23
Average energy consumption – Material consumed	15,449	9,095	70
Average energy consumption – Output	14,127	13,814	2

### Emissions Management

We understand that our manufacturing operations have an impact on the environment and the communities surrounding our plants. To mitigate this impact, we refrain from using any ozone-depleting chemicals or substances listed under the Montreal Protocol. However, due to the nature of our business, certain ozone-depleting substances are inevitably released during metal cleaning in our laboratory, our heating and cooling systems, and from the use of motor vehicles for commuting and transport purposes.

We take full responsibility for the significant emissions our Company produces, including Oxygen, Carbon Monoxide, Oxides of Nitrogen, and Sulfur Dioxide. We have set clear control limits in line with CEA guidelines to manage these emissions, and we ensure these parameters are not exceeded through stringent monitoring.

Our efforts to minimise our emissions footprint extend to improving energy efficiency across our operations. Our Aluminium recycling efforts significantly contribute to reducing energy consumption. In fact, recycling saves over 90% of the energy required to produce Aluminium logs from bauxite ore. On average, recycling one kilogram of Aluminium saves 55 megajoules of energy. Recycling also minimises the emission of toxic gases such as Sulfur Oxide (SOX) and Nitrogen Oxide (NOx) released during the production of Aluminium logs, thereby indirectly lowering Alumex PLC's overall footprint.

We measure and report on Scope 1, Scope 2, and Scope 3 emissions as per the GHG protocol. Emissions are calculated in-house across the overall operations of the Company.

### Emissions Intensity

Scope	Description	2023/24 (tCO2)	Share %	2022/23 (tCO2)	Share %	Variance
Scope 1	Emission (tCO2)	4,083	21	4,119	21	-1%
Scope 2	Emission (tCO2)	4,542	23	3,738	19	22%
Scope 3	Emission (tCO2)	1,214	6	1,052	5	15%
Total	Greenhouse Gas Emissions	9,809	50	8,909	45	10%

Our greenhouse gas emissions intensity stood at 4,083 tCO2e per metric ton of material consumed. Emissions intensity in the year decreased by 0.87% over the previous year. Please refer to the section on Alumex Commitment to ESG on page 38 which reflects the initiatives we took to contribute positively to the preservation of the environment, in an effort to equalise the negative impacts of the manufacturing process.

## Natural Capital

### Water Management

The Company's interaction with water is significant, as it is used across almost 76% of our production processes, including anodizing, Powder Coating, cooling towers, and for consumption by our employees. Our water requirements are met through various sources. At our main factory in Sapugaskanda, located within the Lindel Industrial Zone, water is provided by the zone's water system, which extracts water from the Kelani River. Our Prime plant in Ekala sources water from onsite deep tube wells. We also extract small quantities of water from shallow wells at our sites, mainly for use at our Aluminium recycling foundry and for the fire extinguishing hydrant system. Importantly, water drawn from onsite wells does not impact any common water bodies located in these areas.

We have set a strategic goal to reduce our water consumption across our manufacturing processes by at least 5% each year. This objective is underpinned by meticulous planning, coordinated action, and continuous monitoring. Our commitment to water conservation is a testament to our dedication to sustainable practices and environmental stewardship.



### Water Resources Statement

Consumption Base	2023/24	2022/23	Variance %
<b>Water Withdrawal</b>			
Total water withdrawal (third party withdrawal, surface water)	60,162	74,540	-19
<b>Water Consumed</b>			
Water consumed in manufacturing plants	44,319	56,658	-22
Water consumed by employees	15,843	17,882	-11
Water recycled / reused	9,900	13,200	-25
Total water recycled as % of water consumed	16.4	18	-9
<b>Water Discharged</b>			
Purified water discharged	60,162	74,540	-19
Purified water discharged as % of water withdrawn	100%	100%	

We have set our objectives for the Water Use Intensity (WUI) which will be applied in the new financial year to calculate the water usage across our business.



## Natural Capital

### Waste Management

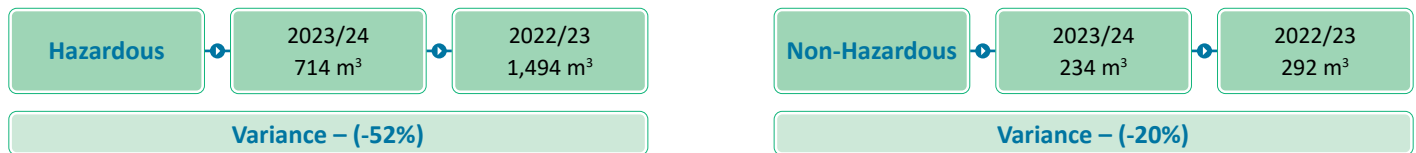
We are committed to adhering to the best practices in waste handling and management across all our factories. We not only comply with all regulatory requirements but also strive to align with global best practices for waste management. We have taken significant steps to minimise our environmental impact. One such initiative is the introduction of paper packaging, replacing polythene, which has considerably reduced our adverse effects on the environment.

Having identified 37 waste items generated through our production process, we have implemented a robust waste segregation system for hazardous and non-hazardous waste. The hazardous waste is sent to the INSEE Eco cycle for incineration. We also collaborate with the Western Power plant to incinerate waste and convert that energy into electrical power.

For non-hazardous waste, we have a stringent monitoring system in place. We implement strategies such as reuse, recycle, composting, and incineration at the facilities mentioned above. E-waste is dispatched to our parent Company, Hayleys Group for disposal. During the year under review, we had not collected the required quantity of e-waste for disposal.

Our commitment to waste management reflects our dedication to sustainability and environmental stewardship.

### Waste Generated



Category	Type of Waste	Type	Waste	Share %
Hazardous	ETP Sludge	Incineration (mass burn)	453	63
	Ash	Recycling	138	19
	Ash	Reuse	123	17
Total	Total	Total	714	
Non-Hazardous	Garden Waste	Composting	111	48
	Biomass Waste	Energy Recovery	5	2
	Polythene Waste	Incineration (mass burn)		
	Plant Waste	Recycling	111	48
	Cardboard Waste	Reuse	6	3
Total			234	



## Natural Capital

### Effluents Management

We are deeply committed to environmental stewardship. All wastewater generated from our manufacturing processes is treated at our on-site effluent treatment plants, which adhere to the guidelines set by the Central Environmental Authority (CEA).

The quality of the treated water is rigorously monitored and measured against the CEA's water quality parameters. We conduct daily tests at our in-house lab to ensure the water quality before it is released into the environment.

In addition to our internal monitoring, we engage the services of an accredited laboratory for independent sampling of water quality monthly. This ensures an unbiased assessment of our wastewater management practices.

Through these measures, we aim to minimise our environmental impact and contribute to the preservation of our planet's precious water resources.

### Our Commitment to protected Natural Capital

Like many sectors, our industry is acutely aware of the immediate threats posed by climate change, including disruptions to the supply chain, extreme weather patterns, and their implications on our physical assets and product demand. More importantly, we are cognisant of the medium to long-term business implications as the global market increasingly seeks to reduce its carbon footprint and shows a preference for environmentally sustainable products and services.

We understand that companies failing to adopt sustainable practices and adapt to this changing landscape may lose market share and face challenges in maintaining profitability. Therefore, adaptation is not just a strategic imperative for us, but also an opportunity for innovation and growth in the burgeoning green economy which is mutually beneficial.

Environmental sustainability is a key priority in our business strategy. The launch of Ozon in the previous year exemplifies our proactive approach towards integrating environmentally friendly initiatives into our business, propelling us to new heights of growth.

Furthermore, we are aligning our strategies and systems with the Hayleys ESG framework and are on track to meet the requirements to receive the ISO 14001 : 2015 certification in the new financial year which is a key priority. Our efforts at conducting our business in line with our ESG Agenda are contained on page 38 of this report.



## Future Targets

We maintain a positive outlook on the future prospects of aluminium, despite temporary fluctuations in the near term. The long-term demand for aluminium remains promising, fueled by the expanding middle class and their desire for improved quality of life. Additionally, the ongoing trend towards producing lifestyle and lightweight engineering products, as well as renewable energy infrastructure, aligns with societal aspirations for a greener, low-carbon future.

Sri Lanka's aluminium market is expected to significantly grow in the coming years. This is attributable to the increased demand for lightweight and corrosion-resistant material in the automotive, construction, electrical, and the electronics industries. Similarly, with the economy on the mend and the construction industry's reawakening, the recommended infrastructure development projects will create a considerable domestic demand for extrusions and fabrications. We relentlessly pursue growth opportunities in export markets.

To meet this upbeat outlook for aluminium, we have carefully crafted our targets for the coming year.

### Strengthen Research & Development (R&D) and Product Development

Competitiveness in the market is dependent on the speed with which we respond to market demands, whether nuanced or latent. The agility with which we seize opportunities was spear headed by our R&D department, which develops futuristic products to suit differentiated customer needs. Whether industrial or residential, anodized or wood-finished, our R&D is in the forefront of analysing needs, planning the specifics and advise product development to ensure our market leadership is retained. We will invest in R&D to further augment their capabilities.

### AI and Process Development

In the modern business world, AI is here to stay and should be taken advantage of, if the organisation's projection is futuristic. We are a forward-thinking and future-ready Company, that plans for sustainable development while delivering value to our current customers. We plan to fully utilise the capabilities of AI and advanced analytics to generate not only market data but carry out process re-engineering to ensure, primarily, that our manufacturing processes are cost effective. Improving production and process efficiencies that are the mainstream input to our manufacturing platforms, therefore is a priority in 2024.

### Capacity Expansion in the local market

It is heartening to note the uptick in Sri Lanka's economy, that brings with it the reawakening of business. Therefore, we are glad to detect the recommencement of government and private sector construction projects that were stalled in the last two years. With this in mind, we plan to value add to the local markets and further venture into lightweight products that are increasingly becoming popular in the residential sector. Similarly, we will closely monitor health sector requirements for which aluminium fabrications are a requirement.

### Further penetration into international markets

While pursuing our opportunities in the established and mature international markets, we plan to explore emerging markets to export our superior product. The export market yielded good results in 2023/24 and we will aggressively pursue every opportunity to develop these markets, whether established or new.

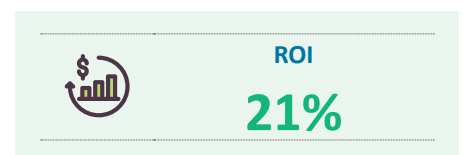
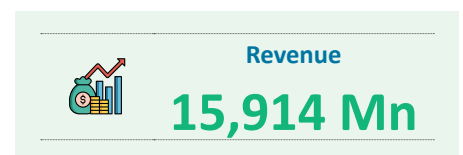
### ESG Agenda through Elevate Living

With the implementation of our ESG arm, Elevate Living, ESG integration will focus on managing our footprint while enhancing our

hand print in the community and for the preservation of biodiversity. We are glad to report of our membership in the Aluminium Stewardship Initiative (ASI) – Production and Transformation which forms an integral part of our ESG agenda.

Our expectations for the short- to medium- and long-term are provided under strategy discussion on page 77. Further the future strategies for value creation are detailed in the capital reports below









Capital Report	Page No
Financial Capital	63-73
Human Capital	82-94
Social and Relationship Capital	95-100
Intellectual Capital	78-81
Manufactured Capital	74-77
Natural Capital	101-107



## Sustainable Development Goals

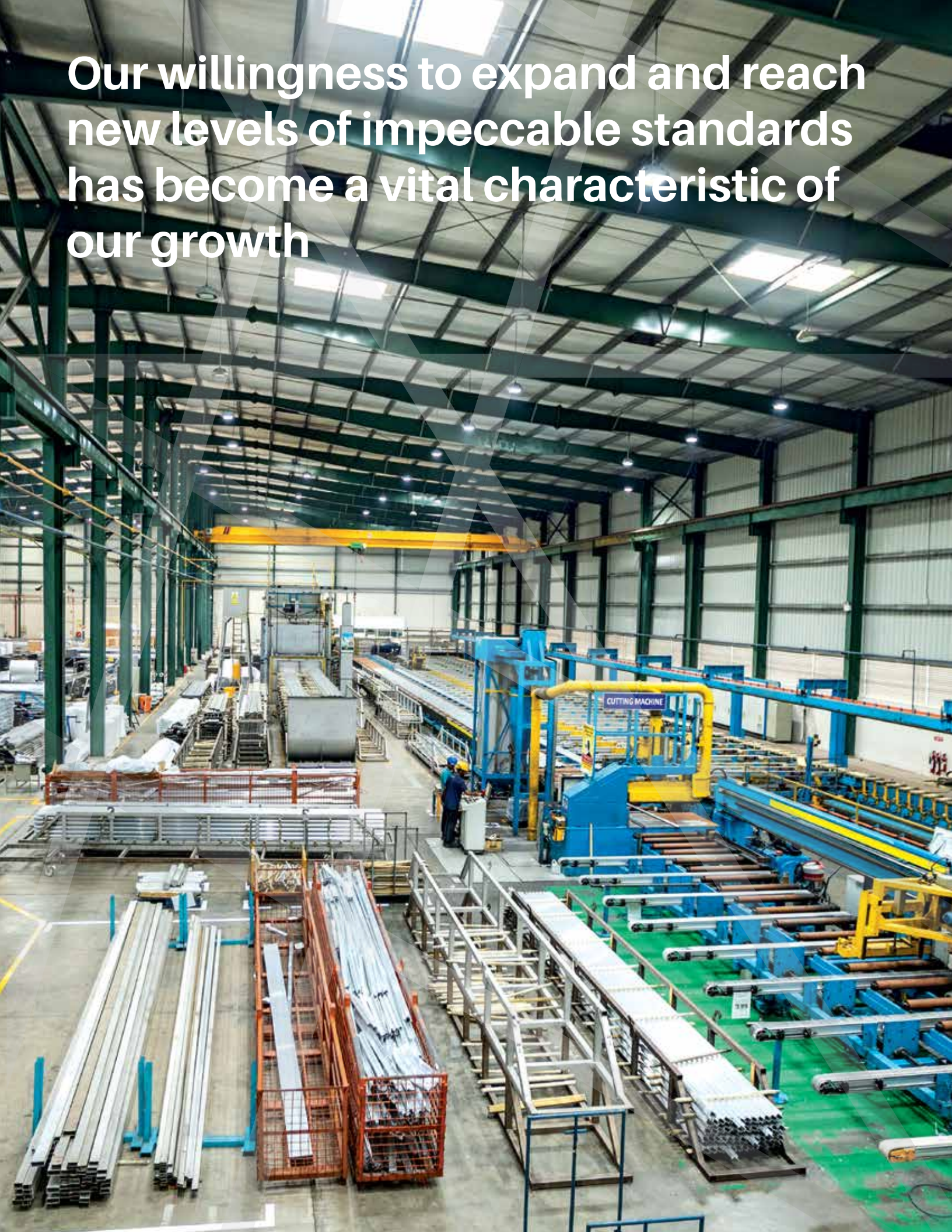
SDG Goals	Activities done in FY 2023/24
<p><b>No Poverty</b></p> 	<p>We have been paying a reasonable salary which is far above the minimum wage of Sri Lanka and other earned allowances to our employees to sustain their living.</p> <p>We distributed of 40% of the value created to our employees reaching over Rs. 1,407 Mn. We also distributed Rs. 6.1 Bn to local suppliers.</p>
<p><b>Zero Hunger</b></p> 	<p>We provide meals and tea for all employees. We provide 40 meal parcels for students per day at two schools in the vicinity</p>
<p><b>Good Health &amp; Well Being</b></p> 	<p>We secure the health and well-being of our employees through our Health and Safety scheme and organise monthly health awareness programmes.</p> <p>We invested Rs. 18.8 Mn in health and safety initiatives in the reporting year.</p>
<p><b>Education</b></p> 	<p>We provide regular knowledge enhancement facilities to our employees through various training programmes.</p> <p>This year, we invested Rs. 11.06 Mn in Training &amp; Development.</p>
<p><b>Gender Equality</b></p> 	<p>We do not discriminate any decision based on gender. We provide equal opportunities in recruitment, offering salaries, offering promotions, etc.</p>
<p><b>Clean and sanitation</b></p> 	<p>Both factories provide clean water and sanitation facilities to ensure staff well-being.</p> <p>We also have in place water treatment facilities to discharge treated water into water bodies. Water and sanitation facilities investment for the year stood at Rs. 51.6 Mn.</p>
<p><b>Affordable and clean energy</b></p> 	<p>We continue to focus on enhancing energy efficiency. We invested in solar energy through a rooftop solar plant at the Central Warehouse in Sapugaskanda and Prime Plant at Ekala. We also use recycled Aluminium in the manufacturing process, rather than using bauxite, which requires high energy for processing. This indirectly contributes to energy savings. In indirect terms, this translates to savings of 179,373 liters of fossil fuels and reduces our carbon footprint by 481 tCO2e. Page 104.</p>
<p><b>Decent work and economic growth</b></p> 	<p>We introduced a ready to Fix Aluminium doors and windows concept under the Dwelling brand for our customers to improve their lifestyle.</p> <p>We adopted our executive team for the People's leadership development programme to improve workplace productivity.</p> <p>We established and drove 41 Sustainable Business Development Projects to improve efficiency in consumption and production.</p> <p>We conduct 115 in-house fabrication training sessions for 3,662 participants from VTA students, other governmental and non-governmental bodies, etc. to improve the economy.</p>

## Sustainable Development Goals

SDG Goals	Activities done in FY 2023/24
<p><b>Industry innovation and infrastructure</b></p> 	<p>We launched a new re-melting plant as a dramatic improvement by extending our local billet manufacturing facility with less energy and emissions.</p> <p>We commenced operating a scrap collecting and processing plant (3R Plant) to improve the quality of billets.</p> <p>We invested Rs. 19.8 Mn in Research and Development.</p>
<p><b>Reduced Inequalities</b></p> 	<p>We maintain equity in all our decisions and policy matters.</p>
<p><b>Sustainable cities and communities</b></p> 	<p>We collect used beverage cans and we recycle those beverage cans by consuming for local billets manufacturing with the purpose of creating a clean environment.</p> <p>We invest Rs. 24.8 Mn for our solid waste disposal to make an unpolluted environment.</p>
<p><b>Responsible consumption and production</b></p> 	<p>We save 9,900,000 Litre monthly through our DI plant at our Sapugaskanda plant.</p>
<p><b>Climate Action</b></p> 	<p>Recycled 3,744 MT of Aluminium and reduced GHG by 43% compared with the last financial year to prevent 'global warming'. Also, it reduced 92% of total energy compared to the primary Aluminium manufacturing process.</p>
<p><b>Life Below Water</b></p> 	<p>To ensure a greener world and zero harm to the natural water bodies. We recycled all processed water through the effluent treatment plant; recycle, reuse and incinerate all plastic and polythene which can pollute marine and freshwater resources.</p>
<p><b>Life on land</b></p> 	<p>We have continued the annual re-forestation project by planting 206 trees to minimise global warming in this financial year.</p> <p>Also, Alumex is a green material that can be used a substitute for wood and we have saved 5,803 trees for the nation during the year.</p>
<p><b>Peace justice and strong institutions</b></p> 	<p>We follow the regulatory and procedural guidelines of the statutory bodies and the Employers' Federation of Ceylon.</p>
<p><b>Partnership for the goals</b></p> 	<p>We obtained membership in the Aluminium Stewardship Initiative (ASI). We facilitated knowledge transfer and bought in the latest technology from advanced nations.</p>

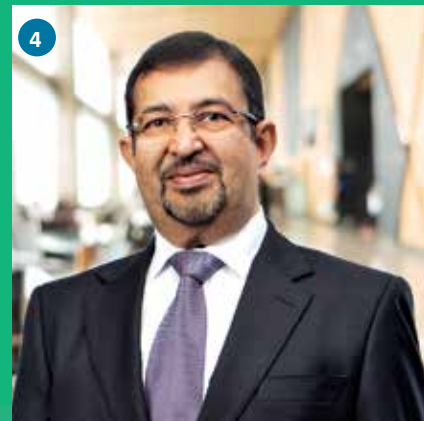


Our willingness to expand and reach new levels of impeccable standards has become a vital characteristic of our growth





## Board of Directors



1. Mr. Mohan Pandithage  
*Chairman*

2. Mr. Sarath Ganegoda  
*Deputy Chairman*

3. Mr. Pramuk Dediwela  
*Managing Director*

4. Mr. Asghar Akbarally  
*Non-Executive Director*

5. Dr. Harsha Cabral, PC  
*Independent Non-Executive Director*

6. Mr. Somasiri Munaweera  
*Independent Non-Executive Director*

7. Mr. Prageeth Rajapaksha  
*Executive Director*

8. Mr. Mano Rajakariar  
*Independent Non-Executive Director*

9. Mr. Ranil De Silva  
*Independent Non-Executive Director*

## Board of Directors

### Mr. Mohan Pandithage *Chairman*

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Mr. Pandithage currently serves as the Chairman and Chief Executive of Hayleys PLC, a position he has held since his appointment in July 2009.

Appointed to the Board of Alumex PLC in 2010.

As an accomplished industry veteran and respected leader in the field of transportation and logistics, he was honoured with the prestigious 'Best Shipping Personality' Award by the Institute of Chartered Shipbrokers, in recognition of his outstanding contributions to the industry. Additionally, he was presented with a Lifetime Achievement Award by the Seatrade-Sri Lanka Ports, Trade and Logistics (SLPTL). He was the first Sri Lankan to be awarded the Pinnacle Lifetime Award by the Chartered Institute of Logistics and Transport (CILT). He was also inducted as a 'Legend of Logistics' by the Sri Lanka Logistics and Freight Forwarding Association, in acknowledgment of his invaluable services to Sri Lanka's logistics industry.

Mr. Pandithage serves as Honorary Consul of the United Mexican States (Mexico) to Sri Lanka. He is a Fellow of the Chartered Institute of Logistics and Transport (UK) and a Member of the Advisory Council of the Ceylon Association of Shipping Agents (CASA). He also serves as a Council Member of the Employers' Federation of Ceylon.

As an Executive Chairman of multiple companies within the Hayleys Group, Mr. Pandithage possesses extensive leadership experience across a broad spectrum of industries. Presently, he holds the position of Executive Chairman at Dipped Products PLC, Haycarb PLC, Hayleys Fibre PLC, Talawakelle Tea Estates PLC, Kelani Valley Plantations PLC, Horana Plantations PLC, Hayleys Fabric PLC, Singer (Sri Lanka) PLC, The Kingsbury PLC and Hayleys Leisure PLC.

### Mr. Sarath Ganegoda *Deputy Chairman*

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Mr. Ganegoda rejoined Hayleys in March 2007. He was appointed to the Group Management Committee in July 2007 and he appointed to the Board of Alumex PLC in November 2010. Fellow Member of Fellow Member of Institute of Chartered Accountants of Sri Lanka and Member of Institute of Certified Management Accountants of Australia. Holds an MBA from the Postgraduate Institute of Management, University of Sri Jayewardenepura. Worked for Hayleys Group between 1987 and 2002, ultimately as an Executive Director. Subsequently, held several senior management positions in large private sector entities in Sri Lanka and overseas. Has responsibility for the Strategic Business Development Unit, Group Information Technology of Hayleys PLC and appointed as the Deputy Chairman of Alumex PLC in October 2020. He serves on the Boards of Dipped Products PLC, Hayleys Fabric PLC, Haycarb PLC, Hayleys Fibre PLC, Kelani Valley Plantations PLC, Singer (Sri Lanka) PLC, The Kingsbury PLC, Horana Plantations PLC and Hayleys Leisure PLC.

### Mr. Pramuk Dediwela *Managing Director*

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Mr. Dediwela started his career in January 1989 and has over 35 years of experience in the fields of marketing and sales, material and logistics, finance, manufacturing and administration as well as human resources under Alumex Group. He was appointed as an Executive Director of the Alumex PLC and its subsidiaries in December 2010, as the Chief Operating Officer in November 2017 and as the Managing Director in July 2018.

Mr. Dediwela is a financial economist cum marketer and holds a Master in Financial Economics (University of Colombo), Master of Business Administration (University of Southern Queensland), Postgraduate Diploma in Business and Financial Administration (CA Sri Lanka/Cranfield - UK), Postgraduate Diploma in Marketing

(Chartered Institute of Marketing - UK) and Diploma in Management (OUSL).

Mr. Dediwela is a member of the Advisory Committee on Metal & Light Engineering under Export Development Board / Ministry of Industries and Member of the Sri Lanka Economics Association. He is a Council Member of the Foundry Development & Services Institute of Sri Lanka (a UNDP funded Institute).

### Mr. Asghar Akbarally *Non-Executive Director*

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Mr. Ali Asghar Akbarally was appointed as a Director of the Alumex PLC in 2010, and is a Director of the Akbar Brothers Group of Companies since 1981. He currently serves as the Executive Chairman of WindForce PLC and Chairman of Amana Bank.

He holds a degree in Industrial Engineering from the University of California, and is a Fellow Member of the Institute of Chartered Management Accountants of Sri Lanka. Mr. Akbarally is the Honorary Consul of Hashemite Kingdom of Jordan in Sri Lanka, and is a Past President of the Rotary Club of Colombo.

### Dr. Harsha Cabral, PC *Independent Non-Executive Director*

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Dr. Cabral was appointed to Alumex PLC Board in January 2014.

A President's Counsel of Sri Lanka and a renowned lawyer with an illustrious practice in the Commercial High Courts and the Supreme Courts of Sri Lanka, Dr. Cabral counts over 37 years' experience in the field of Intellectual Property Law, Company Law, Commercial Law, Commercial Arbitration, Securities Laws and International Trade Law covering both civil and criminal aspects. He has been instrumental in drafting several key legislations including the Arbitration Act, No. 11 of 1995, the current Companies Act No.7 of 2007 and the Intellectual Property Law.

## Board of Directors

Dr. Cabral served as a sitting member of the International Chamber of Commerce (ICC) International Court of Arbitration in Paris for a period of six years till 2021. He is also a member of the Corporate Governance Faculty and the Corporate Governance Committee of the Institute of Chartered Accountants of Sri Lanka, and University Grants Commission (UGC) nominee on the Post Graduate Institute of Medicine (PGIM). Further, he was appointed to the Board of Management of the Post Graduate Institute of Management. He is a member of the Law Commission of Sri Lanka and a Member of the Advisory Commission on Intellectual Property Law.

In addition to his extensive practice in courts, Dr. Cabral also plays an active role in nurturing the next generation of legal professionals through ongoing engagement as a senior visiting lecturer in several local and international universities. He has also published several books on corporate law, intellectual property law and corporate governance among others.

Dr. Cabral holds a Doctorate in Corporate Law from the University of Canberra, Australia. He is also a Fellow of The Chartered Governance Institute (UK & Ireland).

Dr. Cabral is the Chairman of the Tokyo Cement Group and Independent Non-Executive Director of several subsidiaries of the Tokyo Group, Chairman of National Savings Bank, Independent Non-Executive Director of DIMO PLC, Alumex PLC, Ceylinco Life Insurance Company, World Export Centre Limited, Chevron Lubricants Lanka PLC, Darley Property Holdings (Private)

Limited, CCC-ICLP International ADR Centre (Guarantee) Limited, Sri Lanka Institute of Information Technology (Guarantee) Limited (SLIIT), SLIIT International (Private) Limited, Nanadiriya (Guarantee) Limited (Chairman). Through these appointments he serves on several Audit Committees, Nominations and Governance Committees, Remuneration Committees, Recoveries Committees and Related Party Transactions Review Committees, chairing most of them.

### Mr. Somasiri Munaweera *Independent Non-Executive Director*

Mr. Munaweera was appointed to Alumex PLC Board in January 2014. He counts over 36 years of experience in mercantile and audit sector.

Mr. Munaweera is the Precedent Partner of S. Munaweera & Company, Chartered Accountants and also serves as the Deputy Chairman of New Anthony's Farms (Private) Limited, Managing Director of Southern Management and Corporate Services (Private) Limited, Director of SM Bentley Corporate Services (Private) Limited and New Anthony's Feeds Limited.

He holds a Bachelor of Commerce (Special) Degree from the University of Colombo and a Master of Business Administration from the postgraduate Institute of Management, University of Sri Jaywardenepura. Mr. Munaweera is a Member of the Association of Chartered Certified Accountants (ACCA-UK), fellow Member of the Institute of Chartered Accountants of Sri Lanka (FCA) and the Institute of Certified Management Accountants of Sri Lanka (FCMA).

### Mr. Prageeth Rajapaksha *Executive Director*

Mr. Prageeth joined Alumex PLC in March 2012 as the Chief Financial Officer and was appointed as an Executive Director in November 2017. He has 21 years of experience in external audit and financial management disciplines in varied industries of auditing, telecommunication and manufacturing in local and overseas companies.

He holds a Bachelor of Business Administration and a Master of Business Administration Degree from the University of Colombo and a Diploma in Information Systems Security Control and Audit from the Institute of Chartered Accountants of Sri Lanka. He is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and an Associate Member of the Institute of Certified Management Accountants of Sri Lanka.

### Mr. Mano Rajakariar *Independent Non-Executive Director*

Mr. Rajakariar was appointed to Alumex PLC Board in January 2024. He counts over 30 years of experience in the field of Financial and Management Accounting, Auditing, Risk and Compliance and has held various senior management positions within the John Keells Group including John Keells Holdings PLC.

He currently serves as the Chief Financial Officer for South Asia Gateway Terminals Private Limited (SAGT). He joined the John Keells Group in 1996 and initially was the sector financial controller for the Tea Broking and Plantations Sector, and later CEO of their Shared Services arm and finally held the position of Group Financial Controller before joining SAGT in 2018.

## Board of Directors

Mano also functions as a Non-Executive Independent Director at Hayleys Fiber PLC.

Mano is an alumnus of PricewaterhouseCoopers and has worked for them both in Sri Lanka and abroad, largely in the areas of audit, assurance and compliance. Mano is a Fellow member of the Institute of Chartered Accountants of Sri Lanka, a Fellow of the Chartered Institute of Management Accountants, UK and a Fellow of the Institute of Certified Management Accountants of Sri Lanka.

### Mr. Ranil De Silva

*Independent Non-Executive Director*

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Mr. Ranil De Silva was appointed to Alumex PLC Board in January 2024. He is an Associate Member of the Chartered Accountants of Sri Lanka, a member of the Chartered Institute of Marketing UK and the Chartered Institute of Management Accountants UK.

Mr. De Silva has served as the Joint Managing Director of Aitken Spence Hotel Management (Pvt) Ltd., and as the Managing Director of the Hemas Hotel Sector. An alumnus of Ernst & Young, he has wide experience locally and overseas in diverse industries.

He also serves as a Non-Executive, Independent Director on the Boards of Singer Finance (Lanka) PLC, Hayleys Leisure PLC, The Kingsbury PLC, The Autodrome PLC, Lanka Shipping & Logistics (Pvt) Ltd., Central Industries PLC and Allion Technologies (Pvt) Ltd.



## Corporate Management



**Mr. Pramuk Dediwela**  
*Managing Director*



**Mr. Prageeth Rajapaksha**  
*Executive Director*



**Mr. Dushan Waduavala**  
*General Manager - International Business  
Development & Marketing*



**Mr. Wasantha Dissanayake**  
*General Manager - Manufacturing*



**Mr. Dilhan Jayawardena**  
*General Manger - Supply Chain  
Management*



**Mr. Rajitha Perera**  
*Deputy General Manager – Marketing and  
Business Development*



**Mr. Tissa Jayathilake**  
*Deputy General Manager – Sales,  
Distribution and Technical Support*



**Mr. Sanjaya Kumarasekara**  
*Deputy General Manager -Manufacturing*



**Mr Asitha Jayaweera**  
*Deputy General Manager – Engineering,  
Research & Development*



**Mr. Dharmasiri Namal**  
*Deputy General Manager - Human  
Resources and Administration*

## Corporate Management

### Mr. Wasantha Dissanayake

*General Manager – Manufacturing*

Wasantha joined Alumex PLC in October 2023 undertaking the responsibility of manufacturing in Alumex. He has over 22 years' experience in general management, manufacturing, material management, quality assurance in the automotive parts manufacturing industry in multinational companies.

He has experience in manufacturing management systems in Germany and India, and a lead auditor for ISO 9001, ISO 14001 and IOSH qualified. Before joining Alumex PLC, he held several senior general management positions in the automotive manufacturing industry. He is a council member of the Sri Lanka Mould and Die Makers Association. He holds a BSc Degree in Mathematics and industrial management and MBA in Management of Technology from the University of Moratuwa.

### Mr. Dilhan Jayawardena

*General Manager - Supply Chain Management*

Dilhan joined Alumex PLC and was appointed as a member of the corporate management team with effect from April 2016 with overall responsibility for both local and overseas marketing and sales functions.

In 2018, Dilhan was assigned new responsibilities of the logistics operation. He has over 32 years of broad expertise in areas such as market research, customer services, promotions and production planning, whilst managing many local as well as international brands across industries such as, apparel, logistics and transportation, accessories, electric & electronics, household decorative, hardware, advertising, printing and fabrication.

Dilhan, was instrumental in elevating the logistics function to support the business growth and created multiple distribution networks to enhance customer service at Alumex PLC.

He obtained his professional Postgraduate Diploma in Marketing from the Chartered Institute of Marketing (CIM) UK. Also, he is a member of the Chartered Institute of Marketing (UK) and Chartered Institute of Logistics and Transport.

### Mr. Dushan Waduawala

*General Manager - International Marketing*

Dushan joined Alumex PLC and was appointed as a member of the corporate management team, effective from 8th September 2019, with overall responsibility for International Marketing (Exports) functions.

With over 19 years of diversified experience in international marketing and business development across various industries such as rubber, printing and packaging, and coconut, Dushan brings a wealth of expertise to his role. He is specialised in international business development, marketing and strategy development and execution, new market development, and more.

Dushan obtained his professional Postgraduate Diploma in Marketing from the Chartered Institute of Marketing (CIM) UK. He also holds an MBA from the Postgraduate Institute of Management (PIM) University of Sri Jayewardenepura. He is a member of PIMA and the Sri Lanka Institute of Marketing (SLIM).

### Mr. Rajitha Perera

*Deputy General Manager - Marketing and Business Development*

Rajitha Perera joined Alumex PLC and was appointed to the corporate management team effective March 1, 2019. With over 15 years of experience, he is a seasoned marketing professional skilled in developing successful marketing and branding strategies for both local and international brands. His expertise spans across various industries, including FMCG and techno-commercial sectors, focusing on differentiated communication, innovation, and visual identity.

Rajitha holds a BSc (Hons) degree from the Metropolitan University of Manchester, UK, and an MBA from the University of Queensland, Australia. He is also a member of the Chartered Institute of Marketing (UK).

### Mr. Tissa Jayathilake

*Deputy General Manager – Sales, Distribution and Technical Support*

Tissa was appointed as a member of the corporate management team of Alumex PLC with effect from 1st April 2023 with the responsibility for sales and distribution.

Tissa is a marketing professional with over 30 years of experience in sales and marketing. He obtained his professional Postgraduate Diploma in Marketing from the Chartered Institute of Marketing (CIM) UK and holds an MBA from the Postgraduate Institute of Management (PIM), University of Sri Jayewardenepura.

## Corporate Management

### Mr. Asitha Jayaweera

*Deputy General Manager – Engineering, Research & Development*

Asitha Jayaweera is an accomplished engineering and energy management professional with over 26 years of experience in senior management positions in multinational and local companies. His expertise in operation management has helped him streamline processes and optimise production efficiency, resulting in significant cost savings for his employers. He has a keen eye for identifying areas of improvement and implementing solutions that deliver measurable results.

With a strong technical background in engineering and a deep understanding of project management principles, Asitha is well-equipped to manage cross-functional teams and deliver projects on time, within budget, and to the highest quality standards. He is known for his strong communication skills and his ability to build and maintain strong relationships with stakeholders at all levels. He is a Lean certified TPM practitioner holds B.Sc. Engineering - University of Peradeniya, and Master of Energy Management - Open University. Currently he is reading for MBA.

As an accredited energy manager, Asitha is passionate about sustainability and is committed to finding innovative ways to reduce energy consumption and minimise environmental impact. He has worked on a variety of renewable energy projects, has helped to reduce carbon footprint and achieve sustainability goals. Overall, Asitha Jayaweera is a highly accomplished engineering professional with a diverse range of skills and experience. His proven track record of success in project management, operation management, and energy management makes him a valuable asset to any organisation.

### Mr. Sanjaya Kumarasekara

*Deputy General Manager – Manufacturing*

Sanjaya Joined Alumex PLC in September 2012 and served in the Manufacturing Department. He is an experienced engineering professional with solid technical background, having good analytical skills, expertise in administration, operation, team development, general management and commercial activities and in 2022 was assigned to lead the Alumex Prime plant.

Sanjaya is well versed in both the local and international manufacturing industries such as plastics, polyurethane, rubber and MDF that comes with his 28 years of industrial experience.

He obtained National Diploma in Technology from University of Moratuwa and holds an MBA from the University of Sri Jayewardenepura. Further, he is a certified TPM and Lean practitioner.

### Mr. Dharmasiri Namal

*Deputy General Manager – Human Resources and Administration*

Namal joined Alumex PLC and appointed as a member of the Senior Management team with effect from 17th December 2013 with the overall responsibility for the Human Resources and Administration function.

Namal has diversified experience in human resources and administration, with over 23 years and experience in different manufacturing industries in developing HR policies, developing and driving performance management systems, talent acquisition and talent management, implementing HRIS systems, managing industrial and employee relations, managing labour and trade union matters, etc.

He is a Human Resources Graduate from the University of Sri Jayewardenepura, obtained his professional qualifications in Human Resources Management from the Chartered Institute of Personnel Management (CIPM) and holds an MBA from the Cardiff Metropolitan University, UK. In addition, he is a member of the visiting lecturer panel of CIPM.

## Management Team



**Nuwan Gunawardana**  
*Senior Manger – Finance*



**Gayan Indeera**  
*Senior Manager – Research and Development*



**Sardha Perera**  
*Senior Manager – Sales*



**Ishara Jayawardhana**  
*Senior Manager – Manufacturing*



**Jebendran Indran**  
*Senior Manager – Business Development*



**Rajith Ranasinghe**  
*Senior Manager – Logistics*



**Akila Wijegunaratna**  
*Senior Manager – Engineering*

# Corporate Governance

Alumex PLC is a Public Limited Company listed on the Colombo Stock Exchange (CSE) and registered under the Companies Act No. 07 of 2007.

The Board of Directors, together with the corporate management uphold the highest standards of corporate governance to ensure the Company's ability to create sustainable value for its stakeholders. The Board functions as the apex body responsible for good governance and ensures a robust framework and processes. Risk Management is a key component of the Company's governance procedures and is incorporated across all functions and operations. This involves the maintenance of :

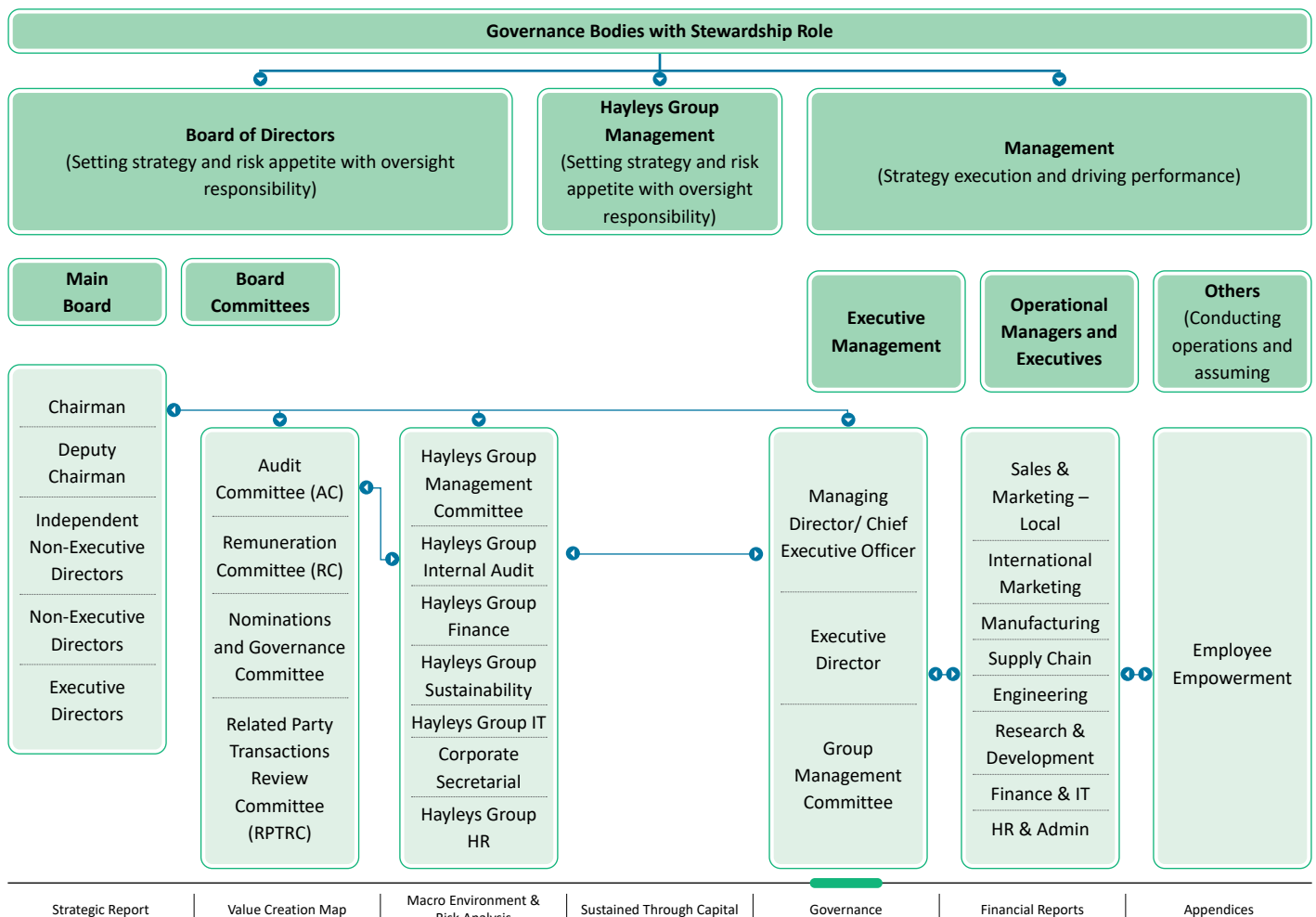
- An efficient organisational structure
- Systems for internal compliance and risk management
- Transparent internal and external reporting

Our corporate governance practices incorporate Code of Best Practice on Corporate Governance 2023 issued by Institute of Chartered Accountants of Sri Lanka (CASL), Securities and Exchange Commission of Sri Lanka (SEC), Companies Act No. 07 of 2007 (the Companies Act), Listing Rules of the Colombo Stock Exchange (CSE) and our code of business conduct and ethics.

During the year under review, the Board of Directors, Board Committees, Corporate Management and Heads of Departments coordinated closely to navigate a challenging economic environment and adequately respond to developments in the global business landscape.

The Board has the overall responsibility and accountability for the management of the affairs of the Company, has appointed a corporate management team which includes an Executive Director, Three (3) General Managers and four (04) Deputy General Managers led by the Managing Director.

The Board has delegated some of its functions to the Board subcommittees - the Audit Committee and the Remuneration Committee - chaired by Independent Non-Executive Directors. Further, the Nominations and Governance Committee and the Related Party Transactions Review Committee of the parent Company, Hayleys PLC, functioned as the Nominations and Governance Committee and the Related Party Transactions Review Committees to the Company to make recommendations to the Board. The Company formally appointed its own Related Party Transactions Review Committee and Nominations and Governance Committee on 7th May 2024. The Group Management Committee of Hayleys PLC supports the formulation of strategies in respect of business risks, seeks approval for such strategies, and implements them within the policy framework established by the Board of Directors of Alumex PLC.





## Corporate Governance

### Governance Framework

The governance framework of the Company is based on the principles of accountability, transparency, and ethical management. As a responsible corporate citizen, our governance framework has evolved over time to incorporate global and local best practices, align with regulations, and uphold the trust of our valued stakeholders.

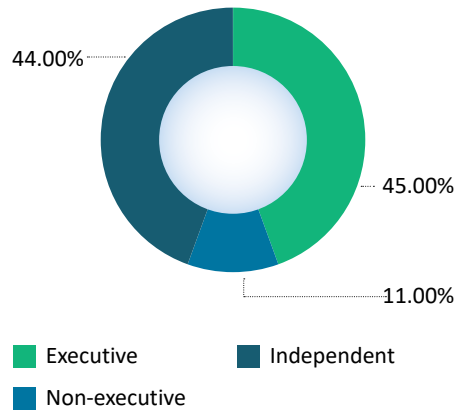
The Board approved governance framework provides a vision for responsible governance and delineates processes for decision-making and adoption of responsible behaviour across operations. It outlines the mandate, roles and responsibilities with regard to corporate governance practices and procedures.

As a leader in the local aluminum extrusions market with extensive global markets under out portfolio, we continuously review the framework to ensure it is best suited to the evolving needs of our stakeholders and the pace of our growth trajectory. Considering developments on the global stage, we have revamped our sustainability agenda integrating Environmental, Social and Governance (ESG) considerations into our decision-making, governance, and risk management functions.

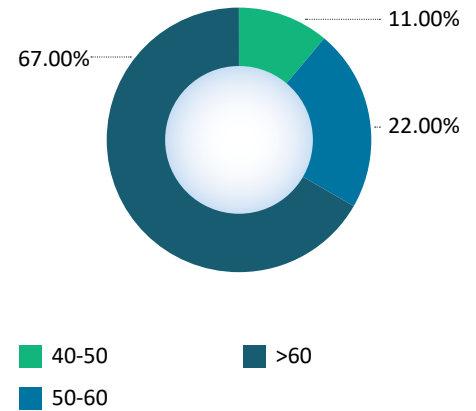
### Board Composition

This is a critical factor for good governance and overall success of the Company. The Board of Directors at Alumex PLC carry a mix of skills, experience, backgrounds, knowledge, and perspectives that offer deep insights to navigate current challenges and position the Company for the future. Today's digital age, we are glad to report our Board has the depth, skill and the capacity to garner the technologies for our benefit. Similarly, the business and the financial acumen of the Board are of a high standard, and they are a strategic asset that significantly enhance the performance and resilience of the Company.

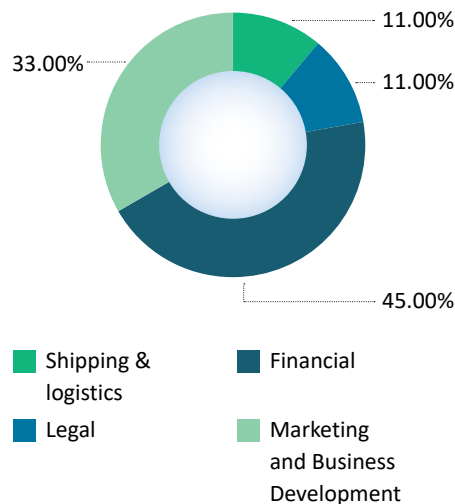
#### Board Balance



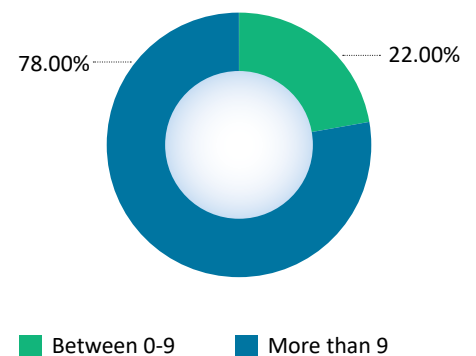
#### Age Diversity



#### Collective Skills



#### Tenure of service



### Roles and Responsibilities of the Board

As the apex body, the Board carries the following responsibilities:

- ⦿ Ensure formulation and implementation of business strategy
- ⦿ Appointment of Chairman, Co-Chairman, and Senior Independent Director
- ⦿ Ensuring that Key Management Personnel have the required skills, experience, and knowledge to implement strategy
- ⦿ Succession planning
- ⦿ Approval of budgets and major capital expenditure
- ⦿ Ensuring effective systems to secure, integrity of information, internal controls, business continuity, and risk management
- ⦿ Ensuring compliance with all laws, regulations and ethical requirements
- ⦿ Ensuring that key stakeholder interests are considered in corporate decisions
- ⦿ Ensuring that businesses are developed in a sustainable manner and adoption of the integrated reporting framework
- ⦿ Ensuring the adoption of appropriate accounting policies and fostering compliance with financial regulations

## Corporate Governance

- ⦿ Establishing a process for monitoring and evaluation of progress on implementation of strategy, budgets, plans and risks
- ⦿ Ensuring optimal resource allocation for sustainable value creation

Role of Chairman	Role of Senior Independent Director	Role of Company Secretary
Ensure that the Board is in control of the affairs of the Company	Set corporate values facilitating an equitable balance between key stakeholder interests  Uphold high standards of ethics, integrity and probity.	Facilitating the efficient conduct of Board meetings and ensuring that all proceedings of meetings are properly minuted
Efficient conduct of the Board Meetings	Support executive leadership whilst monitoring their conduct	Ensuring that all Board Committees are properly constituted and provided with clear terms of reference
Ensure that there is a balance of power between Executive and Non-Executive Directors	Promote high standards of corporate governance and compliance  Meet with Non-Executive Directors at least twice a year and Executive Directors at least once a year to facilitate discussion and communication of critical concerns and communicate same to Chairman	Ensuring that an Annual General Meeting is held in line with regulatory requirements and that all notices, forms and reports necessary for the meeting are disseminated with approval of the Board
Ascertain views of all Directors	Be available to shareholders in case they have concerns which cannot, or should not, be addressed by the Chairman or Executive Directors  Act on the results of any performance evaluation of the Chairman  Maintain sufficient contact with major, significant and minority shareholders assisting the Board to develop a balanced understanding of their issues	Maintaining minutes of the Annual General Meeting  Maintaining the registers required by regulations  Filing of all statutory returns and documents with the Registrar of Companies  Advising the Directors with respect to their duties and responsibilities in compliance with regulatory requirements  Ensuring good relationships with shareholders  Making necessary disclosures on related parties and related party transactions



## Corporate Governance

### Board and Sub Committee Meetings – Attendance

The Board held 4 meetings. The attendance at these meetings and the committee meetings are given below:

Directors	Classification	The Board	Audit Committee (AC)	Remuneration Committee (RC)	Nominations and Governance Committee (NC)	Related Party Transaction Review Committee (RPTRC)
Mr. A.M. Pandithage Chairman	Executive Director	4/4	-	-	-	-
Mr. S.C. Ganegoda Deputy Chairman	Executive Director	4/4	-	-	-	-
Mr. D.W.D.N. Dediwela Managing Director	Executive Director	4/4	-	-	-	-
Mr. A.A. Akbarally	Non-Executive Director	2/4	-	-	-	-
Dr. L.J.S.H. Cabral, PC Senior Independent Director	Independent Non-Executive Director	4/4	3/3	1/1	-	-
Mr. S. Munaweera	Independent Non-Executive Director	4/4	4/4	1/1	-	-
Mr. R.P.P.K. Rajapaksha	Executive Director	4/4	-	-	-	-
Mr. M.J.S. Rajakariar (appointed on 3rd January 2024)	Independent Non-Executive Director	2/2	1/1	-	-	-
Mr. D.T.R. de Silva (appointed on 3rd January 2024)	Independent Non-Executive Director	2/2	1/1	-	-	-
Mr. R.P. Pathirana (resigned on 30th June 2023)	Non-Executive Director	-	-	-	-	-
Mr. A.J. Hirdaramani (resigned on 30th June 2023)	Alternate Director to Mr. R.P. Pathirana	-	-	-	-	-
Mr. T.A. Akbarally (resigned on 31st December 2023)	Alternate Director to Mr. A.A. Akbarally	-	-	-	-	-
<b>Until 7th May 2024, the Nominations and Governance Committee and Related Party Transactions Review Committee of the Parent Company functioned as the Committees to the Company.</b>						
Mr. A.M. Pandithage (Chairman - Nominations and Governance Committee stepped down from the Committee on 1st November 2023)	Executive Director	-	-	-	7/7	-
Mr. S.C. Ganegoda	Executive Director	-	-	-	-	4/4
Dr. L.J.S.H. Cabral, PC	Independent Non-Executive Director	-	-	-	11/11	4/4
Mr. M.Y.A. Perera (appointed as Chairman - Nomination and Governance Committee on 1st November 2023)	Independent Non-Executive Director	-	-	-	11/11	4/4
Mr. K.D.G. Gunaratne (appointed to the Nominations and Governance Committee on 1st November 2023)	Independent Non-Executive Director	-	-	-	4/4	-

## Corporate Governance

### Board Committee Composition and Oversight

These committees assist the Board in the discharge of their governance duties.

The Company formally appointed its own Nominations and Governance Committee and Related Party Transactions Review Committee on 7th May 2024.

Board Committee	Areas of Oversight	Composition of 7th May 2024
Audit Committee Please refer to page 150 for the Report	Financial Reporting Internal Control Internal Audit External Audit	Three Independent Non-Executive Directors.
Nominations and Governance Committee Please refer to page 154 for the Report Hayleys PLC Nominations and Governance Committee performed as the Nomination and Governance Committee of the Company until the Company appointed its own Committee on 7th May 2024.	Succession Planning Appointment of Key Management Personnel Effectiveness of the Board and its Committees	Three Independent Non-Executive Directors.
Remuneration Committee Please refer to page 152 for the Report	Goals and targets for Key Management Personnel Remuneration Policy for Group with particular reference to Key Management Personnel HR Policy Performance Evaluation Organisational Structure	Three Independent Non-Executive Directors.
Related Party Transactions Review Committee Please refer to page 153 for the Report. Hayleys PLC Related Party Transactions Review Committee performed as the Related Party Transactions Review Committee of the Company until the Company appointed its own Committee on 7th May 2024.	Related Party Transaction Policy Disclosure of Related Party Transactions Effectiveness of the Board and its Committees	Three Independent Non-Executive Directors.

## Corporate Governance

### Regulatory Compliance

We are fully compliant with the regulatory requirements, codes and best practices, statutes, and laws.

These are identified in the governance framework as Regulatory, Voluntary Standards, Codes and Frameworks and Internal Control Documents.

Regulatory	Voluntary Standards, Codes and Frameworks	Internal Documents
Companies Act No. 07 of 2007 (the companies Act)	Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka.	Article of Association
Sri Lanka Accounting and Auditing standards Act No. 15 of 1995	Integrated Reporting Framework	Board Charter
Listing Rules of Colombo Stock Exchange	Global reporting initiative standards	Hayleys Life code
Inland Revenue Act No. 24 of 2017	Requirements of environmental and social certifications	Alumex Way
Foreign Exchange Act 12 of 2017	-	Board Sub Committee Charters
Customs Ordinance No 17 of 1869	-	-
The Shop and Office Employees Act No. 15 of 1954	-	-
Factories Ordinance Act No. 45 of 1942	-	-
Industrial Dispute Act No. 43 of 1950	-	-

The Group's policy framework facilitates compliance with regulatory requirements and voluntarily adopted standards of best practice and which are verified by MA & SRD. The Group's Whistleblowing policy is well communicated to the employees and the Audit Committee and the Board have oversight over the issues escalated through this channel. There were no incidents reported through this channel in the year under review.

### Transparency and Accurate Reporting

Timely and accurate reporting is non-negotiable and the Board is committed to ensuring this flows to investors and other market participants as well as in regulatory reporting. This encompasses financial and non-financial information, including performance, ownership, and governance of the Company.

### Financial and Operating Results

Quarterly financial statements and the Annual Report serve as regular communication of our financial performance which is disseminated through the Colombo Stock Exchange. Material developments that arise between these reporting dates are announced through the Colombo Stock Exchange to facilitate equal access to information by investors and market participants.

### Related Party Transactions

CSE Listing Rules govern the related party transactions and its reporting. The Finance Department of the Company is responsible for an effective process and to ensure compliance.

### ESG and Sustainability reporting

The Governance framework has a priority position for ESG governance and the sustainability outflow of the Company's operations. The Group Management Committee has responsibility for this with Hayleys's Group Sustainability Division, supporting the efforts. Clear communications and guidelines are in place to ensure understanding of ESG's objectives and KPIs measure the progress for reporting.

Non-financial Information required for ESG reporting is gathered through an in house developed system by the Hayleys Group "The Cube" which collects the information on material topics. The information is input by the different sustainability team members and facilitates information relevant to each location. The Group Sustainability Division reviews the information quarterly to discuss progress or address any identified gaps.



## Corporate Governance

As of 01 January 2024, the IFRS S1 and S2 reporting on Sustainability risk factors and Climate Related Disclosures were introduced. We have included this into the section on Risk Management.

### Control Environment Internal Controls

Internal Control assures protection of assets, availability of accurate and timely information for decision making, and covers financial, operational, compliance and risk management aspects of the Company. It, however, should be borne in mind that a system can assure a reasonable control and not an absolute but has the capability to prevent or speedily mitigate risk incidents within a reasonable period of time.

### Internal Audit

The Hayleys Group's Management Audit & System Review Department (MA & SRD) plays a significant role in assessing the effectiveness of controls as it is responsible for the internal audit function of the Company. Its reports are made available to the Chairman of the Board and the Chairman of the Audit Committee. This is an independent function where the Head of MA & SRD reports to the Chairman of the Audit Committee.

Where necessary the Company obtains the services of independent professional accounting firms other than the statutory auditors to carry out internal audits and reviews to supplement the work done by the MA & SRD. This ensures stringent controls and tests the effectiveness of those controls for a risk mitigated business environment.

### Audit Committee

The Board established Audit Committee has oversight over accounting policies and application, financial reporting and internal control principles.

During the financial year, the Committee comprised of two independent Non-executive Directors and a Nonexecutive Director namely Mr. S. Munaweera (Chair), Dr. L.J.S.H. Cabral, PC and Mr. R.P. Pathirana. Mr. Pathirana resigned from the Company on 30th June 2023. On 7th May 2024, Mr. D.T.R. De Silva as Chair and Mr. Rajakariar (Independent Non-Executive Directors) were appointed to the Committee. Mr. Munaweera stepped down as Chairman and Dr. Cabral stepped down from the Committee.

The Audit Committee reviews the audit processes and methodologies. The duties and responsibilities including the scope and functions of the Committee are summarised in the Audit Committee Report on page 150 . Further the Committee reviews internal control issues and risks identified by MA & SRD and evaluates the effectiveness of mitigation measures.

The Audit Committee is responsible for the annual evaluation of the external auditors as to their effectiveness and makes any recommendations to the Board, as may be necessary. The independence of the external auditors is also the responsibility of the Audit Committee, as they perform non-audit duties for the Company.

### Good Governance for Anti-Corruption

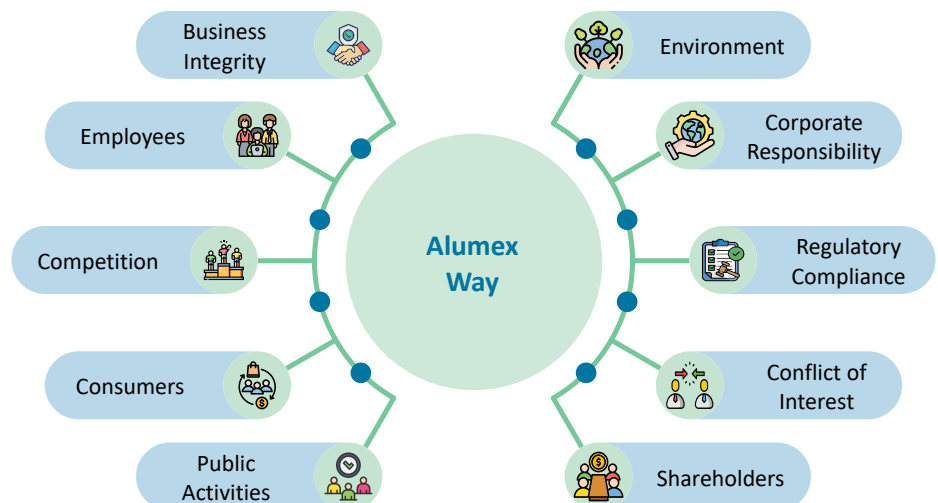
There are several measures that enumerate good governance at Alumex. The Board leads from the front in leaning on these measures and it is inherent that all adhere to these principles and controls, for the Company's sustainability and brand reputation.

### Transparency

While adhering to all local laws, regulations, industry and global best practices, we have devised our own policy framework to ensure that we function as a responsible and accountable corporate citizen. The framework is regularly reviewed to reflecting evolving regulatory landscape and continuously deliver value to our stakeholders.

### Alumex Way

Alumex Way is the core document and the roadmap for all employees that defines clear expectation, cultural norms, grievance mechanisms and our commitment to nurture an ethical work place. It is the Code of Conduct that all employees need to live by, top down, and is introduced during induction training. Anti-Corruption and the principles surrounding acceptance of gifts are clearly mentioned in the Code which can be diagrammatically is as follows :



## Corporate Governance

Its key principles are :

- ⊙ Conducting its business operations with honesty, integrity and with respect for the rights and interests of all stakeholders.
- ⊙ All Alumex employees are required to comply with the laws and regulations of the countries in which they operate.
- ⊙ Every employee shall be responsible for the implementation of and compliance with the Code in his/her environment.
- ⊙ The Code of Conduct provides guidelines for employees on the conduct of its businesses and operations in all the countries we operate.

The principles cover business conduct, procurement, sales and distribution. Policy changes are done after deliberation at the Management Committee meetings and the Company maintains an unbiased stance towards dealing with the trade unions and the government officials. We strictly abide by the stipulations set by the Employers Federation of Ceylon, the International Labour Organisation and the Consumer Affairs Regulations.

### Commitment to Anti-Corruption

We apply a zero-tolerance stance to corruption, discrimination and violation of business ethics. Our ESG policy governs this area of our business together with local laws and regulations. We do not fund any political party.

In the same vein, receiving any gifts, monetary or otherwise and/or any personal favours in the course of business dealings with our stakeholders is prohibited and violations are dealt with seriously and swiftly. There is, however, the possibility to accept and offer tokens of nominal gifts with full disclosure to the management, as is customarily done in the course of business or are of commemorative nature.

Internal anti-corruption theme is handled by the Internal Audit function and Compliance handles all external compliance requirements. Periodic training is provided by

the HR department on this subject, which is a cornerstone of an ethical business.

The Anti-Corruption Policy extends to our agents and distributors and to noncontrolled persons or entities that provide goods or services under contract. During the year under review there were no incidents reported as non-compliant in this regard.

### Whistleblower Policy

Alumex follows the Hayleys Whistleblower Policy which is available to all employees who are encouraged to report any noncompliance with core ethics as stipulated in our Code of Conduct or any other area, to members of the committee. These are confidentially handled and resolved, and the whistleblower is in no way penalised for escalating such issues to the management.

### IT and Cyber Security

Hayley's Group IT Dept is responsible for implementing the Groups digital strategy including adopting IT policies and safeguarding against cyberthreats. The Group Head of IT serves as the Chief Information Security Officer (CISO). Alumex Chief Financial Officer oversees the deployment of Group IT policies with the Alumex IT department. Cybersecurity is a recurring topic in the monthly Hayleys Group Management Committee meetings with relevant matters escalated to Alumex Board when necessary. Both departments meet periodically to share views and develop and strengthen IT policies for stringent management of this crucial business aspect.

### IT Related Policy Framework Group IT Policy

- ⊙ Group Connectivity
- ⊙ Access Requirements/ Resource Utilisation
- ⊙ Individual Sector Networks/ System Management
- ⊙ Backup & Recovery/ Software Modification

- ⊙ IT Equipment & Software & Third Party Involvement
- ⊙ IT Assets & Media Disposal and Procurement
- ⊙ Responsibility for Adherence

### Group Information Security Policy

- ⊙ Protection of Information from Unauthorised Access
- ⊙ Confirmation of Information
- ⊙ Confidentiality, Availability and Integrity of Information
- ⊙ Regulatory Requirements
- ⊙ Business Continuity Plans
- ⊙ Information Security Training
- ⊙ Reporting Breaches of Information Security
- ⊙ IT policy Embedded in to Employee Induction Programme

### Principles

- ⊙ Acceptable IT Use
- ⊙ Password Protection Standards
- ⊙ Email Usage
- ⊙ Internet Usage
- ⊙ Monitoring
- ⊙ Enforcement

### Guidelines for Corporate Websites

- ⊙ Guidelines for web-hosting
- ⊙ Guidelines for Secure Web Development
- ⊙ Enforcement

### Voluntary Standards and Listing Rules of the Colombo Stock Exchange

We comply with all relevant requirements of the Listing Rules of the Colombo Stock Exchange, including Section 9 as applicable to internal policies.

The pages below enumerate the Company's commitment to adopt the Code of Best Practices on Corporate Governance and extent of adherence to the Listing Rules of Colombo Stock Exchange, for the information of our stakeholders.

## Corporate Governance

### Section 1:

Compliance with the Code of Best Practices on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka.

Alumex's commitment to adopt the Code of Best Practices on Corporate Governance and extent of adherence to the Listing Rules of Colombo Stock Exchange are summarised into four sections, purely for the convenience of our stakeholders.

Corporate Governance Principles	Reference of Code	Compliance	The Company's Extent of Compliance in 2023/2024
<b>Directors</b>			
<b>A.1 The Board</b>			
The Company is headed by an effective Board of Directors with local and international experience. The Board of Directors of the Company consists of professionals in the fields of accounting, management, law, economics, engineering, marketing and business leaders. All Directors possess the skills and experience and knowledge complemented with a high sense of integrity and independent judgment. The Board gives leadership in setting the strategic direction and establishing a sound control framework for the successful functioning of the Company. The Board's composition reflects a sound balance of independence and anchors shareholder commitment. Profiles of Directors are given on pages 113 to 115.			
Board Meetings	A.1.1	Complied	The Board usually meets at quarterly intervals, but also meets more frequently when needed. The Board met four times during the year under review. Scheduled Board meetings were arranged well in advance, and all Directors were expected to attend each meeting. Any instances of non-attendance of Board meetings were generally related to prior business, personal commitments or illness. The attendance at Board meetings held is set out on page 123.
Board Responsibilities	A.1.2	Complied	<ul style="list-style-type: none"> <li>⊙ The Board is responsible to the shareholders for creating and delivering long-term sustainable shareholder value through the business. The Board ensures the formulation and implementation of a sound business strategy.</li> <li>⊙ The Board has put in place a Corporate Management team led by the Managing Director with the required skills, experience and knowledge necessary to implement the business strategy of the Company.</li> <li>⊙ The Board also ensures effective systems are in place to secure integrity of information, internal controls and risk management.</li> <li>⊙ The Board ensures that the Company's values and standards are set with an emphasis on adopting appropriate accounting policies and fostering compliance with financial regulations.</li> </ul>
Compliance with Laws and Access to Independent Professional Advice	A.1.3	Complied	The Board, collectively, and Directors, individually, must act in accordance with the laws as applicable to the Company. The Company had complied with all applicable laws and regulations during the year. A procedure has been put in place for Directors to seek independent professional advice in furtherance of their duties, at the Company's expense. This will be coordinated through the Company or the Board Secretary when requested.
Company/Board Secretary	A.1.4	Complied	The Company Secretary acts as the Board Secretary as well. All Directors have access to the advice and services of the Company Secretary as required. The Company Secretary keeps the Board informed of new laws and revisions, and regulations and requirements coming into effect which are relevant to them as individual Directors and collectively to the Board.
Independent Judgment	A.1.5	Complied	All Directors exercise independent judgment in decisions made by the Board on issues of strategy, performance, resource allocation and the conduct of business.

## Corporate Governance

Corporate Governance Principles	Reference of Code	Compliance	The Company's Extent of Compliance in 2023/2024
Dedication of adequate time and effort by the Board and Board Committees	A.1.6	Complied	All Directors of the Company dedicate adequate time and effort to fulfilling their duties as Directors of the Company (both before and after the Board Meetings), in order to ensure that the duties and responsibilities owed to the Company are satisfactorily discharged.
Call for a Resolution to be Presented to the Board	A.1.7	Complied	Any Director can call for a resolution to be presented to the Board if deemed necessary.
Training for New and Existing Directors	A.1.8	Complied	Both new and existing Directors of the Company are provided guidelines on general aspects of directorships and industry specific matters. In this regard, the Directors have recognised the need for continuous training, expansion of knowledge and to take part in such professional development as and when they consider it necessary and which would assist them to carry out their duties as Directors.

### A.2 Chairman and Chief Executive Officer (CEO)

There should be a clear division of responsibilities between the Chairman and Chief Executive Officer in order to ensure a balance of power and authority, in such a way that any individual has no unfettered powers of decision-making.

The roles of the Chairman and Chief Executive Officer function separately in the Company. The Chairman's main responsibility is to lead, direct and manage the work of the Board in order to ensure that it operates effectively and fully discharges its legal and regulatory responsibilities. The Managing Director, who performs the role of the Chief Executive Officer, is responsible for the day-to-day operations of the Company.

Division of Responsibilities of the Chairman and Managing Director (CEO)	A.2	Complied	<p>The positions and functions of the Chairman and the Managing Director have been separated; the role of the Managing Director is to manage the day-to-day running of the Company.</p> <p>The Board has delegated this responsibility to the Managing Director and he then leads the Corporate Management team in making and executing operational decisions. The Managing Director is also responsible for recommending strategy to the Board.</p>
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### A.3 Chairman's Role

The Chairman leads and manages the Board, ensuring that it discharges its legal and regulatory responsibilities effectively and fully preserves order and facilitates the effective discharge of the Board functions.

Role of the Chairman	A.3.1	Complied	<p>The Chairman is as an outstanding business leader, provides leadership to the Board, controls and preserves order at Board meeting and provides the Board with strategic direction and guidance in managing the affairs of the Company.</p> <p>The Chairman is also responsible for:</p> <ul style="list-style-type: none"> <li>⦿ Ensuring the new Board Members are given an appropriate induction, covering terms of appointment.</li> <li>⦿ The effective participation of both Executive and Non-Executive Directors.</li> <li>⦿ All Directors are encouraged to make an effective contribution, within their respective capabilities, for the benefit of the Company.</li> <li>⦿ A balance of power between Executive and Non-Executive Directors is maintained.</li> <li>⦿ The views of Directors on issues under consideration are ascertained.</li> </ul>
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### A.4 Financial Acumen

The Code requires that the Board comprises Members with sufficient financial acumen and knowledge in order to offer guidance on matters on finance. The Board of the Company has met the above requirement as some of the Board Members are qualified accountants having professional qualifications and are equipped with sufficient financial acumen and knowledge to offer guidance on matters of finance.

## Corporate Governance

Corporate Governance Principles	Reference of Code	Compliance	The Company's Extent of Compliance in 2023/2024
Financial Acumen and Knowledge	A.4	Complied	The Board comprises four Chartered Accountants (CA Sri Lanka) and three Management Accountant (CIMA–UK). One of them serves as Chairman of the Audit Committee. These Directors add substantial value and independent judgment to the decision-making of the Board on matters concerning finance and investment.

### A.5 Board Balance

The Code requires that a balance is maintained between the Executive and Non- Executive Directors (NEDs) so that no individual or a small group of individual Directors are able to dominate the Board's decision-making.

The Board consists of four (04) Executive Directors and Five (5) Non-Executive Directors. Each of them brings to the Board wide experience and the ability to exercise independence and judgment when taking informed decisions.

Presence of Non-Executive Directors	A.5.1	Complied	Five (5) of the nine (9) Directors are Non-Executive Directors, which is well above the minimum number prescribed by this Code.
Independent Non-Executive Directors	A.5.2	Complied	Four (4) out of Five (5) Non-Executive Directors are independent as defined by the Code.
Criteria to Evaluate Independence of Non-Executive Directors	A.5.3	Complied	Please refer Section A.5.5 below. The Board considers Non-Executive Director's independence on an annual basis. For a Director to be deemed 'independent', such a Director should be independent of management and free of any business or any other relationship that could materially interfere with or could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgment.
Annual Declaration of Independence - Non-Executive Directors	A.5.4	Complied	Each Non-Executive Director has submitted declaration stating the independence or non-independence in a prescribed format. This information is made available to the Board.
Determination of Independence of the Board	A.5.5	Complied	The Board has determined the independence of Directors based on the declarations submitted by the Non-Executive Directors, as to their independence as a fair representation and will continue to evaluate their independence on this basis annually.  The Board has determined that the independence of Mr. Somasiri Munaweera and Dr. Harsha Cabral, PC, is not comprised by their being on the Board over 9 years and that they are capable of acting impartially and independently in all matters.
Alternate Directors	A.5.6	Complied	None of the Directors have appointed alternate Directors.
Senior Independent Director	A.5.7	Complied	Dr. Harsha Cabral, PC who is an Independent Non-Executive Director, functioned as the Senior Independent Director. The Senior Independent Director is the Director to whom concerns can be conveyed if a need arises. The Senior Independent Director Report is enclosed in page 156.
Confidential Discussions with Senior Independent Director	A.5.8	Complied	A Senior Independent Director is available for confidential discussions with other Directors who may have concerns which pertain to significant issues that are detrimental to the Company.
Chairman's meeting of Non-Executive Directors	A.5.9	Complied	The Chairman meets with the Non-Executive Directors without the presence of Executive Directors, whenever necessary.
Recording of Concerns in Board Minutes	A.5.10	Complied	Concerns raised by the Directors which cannot be unanimously resolved during the year, if any, are recorded in the Board Minutes with adequate details.



## Corporate Governance

Corporate Governance Principles	Reference of Code	Compliance	The Company's Extent of Compliance in 2023/2024
<b>A.6 Supply of Information</b>			
Management should provide time-bound information in a format that is appropriate and enables the Board to discharge its duties. Financial and non-financial information is analysed and presented to the Board to make informed and accurate decisions.			
Obligation of the Management to Provide Appropriate and Timely Information to the Board	A.6.1	Complied	The Board was provided with timely and appropriate information by the Management by way of Board papers and proposals. The Board sought additional information as and when necessary. The Chairman also ensured all Directors were properly briefed on issues arising at Board meetings.
Adequate time for Effective Board Meetings	A.6.2	Complied	The minutes, agenda and papers required for Board meetings are provided in advance to facilitate its effective conduct.
<b>A.7 Appointments to the Board</b>			
The Code requires having a formal and transparent procedure in place for the appointment of new Directors to the Board.			
Nomination Committee	A.7.1	Complied	The Company formally appointed its own Nomination and Governance Committee on 7th May 2024. The Committee comprises three Independent Non-Executive Directors, namely, Mr. D.T.R. de Silva (Chairman), Dr. L.J.S.H. Cabral, PC, and Mr. M. J. S. Rajakariar.  Until 7th May 2024, the Nominations and Governance Committee of Hayleys PLC, the Parent Company functioned as the Committee of the Company.  Please refer Committee Report on page 154.
Assessment of Board Composition by the Nomination Committee	A.7.2	Complied	The Nomination Committee annually assesses Board composition to ascertain whether the combined knowledge and experience of the Board matches the strategic demands facing the Company. The findings of such assessment are taken into account when new Board appointments are considered.  Please refer Committee Report on 154.
Disclosure of Required Details to Shareholders on New Appointments to the Board	A.7.3	Complied	When new Directors are appointed, a brief resume of each such Director, including the nature of his expertise, the names of companies in which the Director holds directorships, memberships in Board Sub-Committees etc., are reported to the Colombo Stock Exchange (CSE) in addition to disclosing this information in the Annual Report. Further, any changes in the details provided by the Directors are disseminated to the CSE without delay.  The profiles of the above Directors are given on pages 113 to 115.
<b>A.8 Re-Election</b>			
The Code requires all Directors to submit themselves for re-election at regular intervals and at least once every three years.			
Appointment of Non-Executive Directors, Chief Executive Officer and Directors	A.8.1	Complied	The provisions of the Company's Articles require a Director appointed by the Board to hold office until the next Annual General Meeting and seek re-appointment by the shareholders at that meeting.  The Articles call for one-third of the Directors in office to retire at each Annual General Meeting. The Directors who retire are those who have served for the longest period after their appointment / reappointment. Retiring Directors are generally eligible for re-election.  Accordingly, Mr. S. Munaweera and Mr. A.A. Akbarally, retire by rotation and being eligible to offer themselves for re-election.
Election of Directors by Shareholders	A.8.2	Complied	The names of the Directors submitted for election or re-election are accompanied by a resume to enable shareholders to make an informed decision on their election at the AGM.

## Corporate Governance

Corporate Governance Principles	Reference of Code	Compliance	The Company's Extent of Compliance in 2023/2024
Prior Communication of Resignation of a Director	A.8.3	Complied	In the event of a Director resigning prior to the completion of his appointed term, written communication should be provided to the Board of his reasons for resignation.

### A.9 Appraisal of Board Performance

The Board should periodically appraise its own performance against the present targets in order to ensure that the Board responsibilities are satisfactorily discharged.

Annual Performance Evaluation of the Board and its Committees	A.9.1 & 9.2	Complied	The Chairman and Remuneration Committee evaluate the performance of the Executive Directors periodically. The Board undertakes an annual self-evaluation of its own performance and of its Committees. The Board evaluated its performance and effectiveness in the year under review.
Evaluation at Re-Election	A. 9.3	Complied	Board reviews the participation, contribution and engagement of each Director at the re-election.
Disclosure on Performance Evaluation Criteria	A.9.4	Complied	Evaluation criteria with regard to Executive Directors are financial and non-financial targets set at the beginning of the year through the annual corporate plan. Criteria relating to evaluation of Board Committees are the performance against their duties referred in respective committee reports. Refer page 150 to 156.

### A.10 Disclosure of Information in Respect of Directors

Details in respect of each Director should be disclosed in the Annual Report for the benefit of the shareholders.

Details in Respect of Directors	A.10.1	Complied	The following details pertaining to each Director are disclosed as follows: a) Brief profile with expertise and experience – page 113 to 115. b) Directors' Interest in transactions and shareholding page 144. c) Attendance at the Board Meetings held during the year page 123.
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### A.11 Appraisal of Chief Executive Officer

The Board of Directors should annually assess the performance of the Managing Director who performs the role of the Chief Executive Officer.

Targets for Managing Director	A.11.1	Complied	Prior to the commencement of each financial year, the Board sets reasonable financial and non-financial targets which are in line with short, medium and long-term objectives of the Company, achievement of which should be ensured by the Managing Director.
Evaluation of the Performance of the Managing Director	A.11.2	Complied	The performance is evaluated by the Board at each Board Meeting and the overall evaluation at the end of each fiscal year in order to ascertain whether the targets set by the Board have been achieved and if not, whether the failure to meet such targets was reasonable in the circumstances.

## Directors' Remuneration

### B.1 Remuneration Procedure

This principle ensures that the Company has a well-established, formal and transparent procedure in place for developing an effective Remuneration Policy for both Executive and Non-Executive Directors where no Director is involved in deciding his/her own remuneration in order to avoid potential conflict of interest.

## Corporate Governance

Corporate Governance Principles	Reference of Code	Compliance	The Company's Extent of Compliance in 2023/2024
Establishment of a Remuneration Committee	B.1.1	Complied	The Remuneration Committee was formed in the year 2014. The Committee is required to decide on the remuneration of the Executive Directors and sets guidelines for the remuneration of the management staff within the Group. The Chairman and Managing Director are not members of this Committee. Please refer page 152 for the Remuneration Committee report.
Composition of Remuneration Committee	B.1.2	Complied	The Remuneration Committee comprised three Independent Non-Executive Directors. Directors and the Chairman of this Committee is appointed by the Board.
Chairman and the Members of the Remuneration Committee	B.1.3	Complied	During the year, the Remuneration Committee of the Company comprised Dr. L.J.S.H. Cabral, PC (Chairman) and Mr. S. Munaweera (member). On 7th May 2024 Mr. D.T.R. De Silva was appointed as the Chairman of the Remuneration Committee and Mr. M.J.S. Rajakariar was appointed as a member. Dr. L.J.S.H. Cabral, PC remains a member while Mr. S. Munaweera stepped down from the Committee.
Determination of Remuneration of the Non-Executive Directors	B.1.4	Complied	The Board as a whole determines the remuneration of the Non-Executive Directors including the Members of the Remuneration Committee which the Board believes is in line with current market conditions.
Consultation of the Chairman and Access to Professional Advice	B.1.5	Complied	Each Committee has the authority to seek internal and external independent professional advice on remuneration of other Executive Directors and also on matters falling within its purview at the Company's expense. Views of the Chairman of each Committee are obtained, in addition to the views of the Managing Director.

### B.2 The Level and Make-Up of Remuneration

The level of remuneration of both Executive and Non-Executive Directors should be sufficient to attract and retain the Directors needed to run the Company successfully. A proportion of Executive Directors' remuneration should be structured to link rewards to the corporate and individual performance.

Level and Make-Up of the Remuneration Packages of Executive Directors	B.2.1	Complied	The Board is mindful of the fact that the remuneration of Executive Directors should reflect the market expectations and is sufficient enough to attract, retain and motivate Executive Directors of required competence in order to run the Company.
Executive Directors' remuneration	B.2.2	Complied	Executive Directors' remuneration has been designed to promote the long-term success of the Company.
Competitiveness in Levels of Remuneration	B.2.3	Complied	The Remuneration Committee ensures that the remuneration of Executives of each level of Management including Executive Directors is competitive and in line with their performance. Surveys are conducted as and when necessary to ensure that the remuneration is competitive and in line with those of comparative companies.
Comparisons of Remuneration with Other Companies in the Group	B.2.4	Complied	The Remuneration Committee reviews data concerning Executive pay among the Group Companies.
Performance-related elements of Remuneration for Executive Directors	B.2.5	Complied	Performance-based incentives have been determined by the Remuneration Committee to ensure that the total earnings of the Executive Directors are aligned with the achievement of objectives and budgets of the Group companies.
Executive Share Options	B.2.6	N/A	Presently the Group does not have an Executive Share Option Scheme.
Designing Schemes of Related Remuneration	B.2.7	Complied	The Remuneration Committee follows the provisions set out in Schedule E of the Code as required.

## Corporate Governance

Corporate Governance Principles	Reference of Code	Compliance	The Company's Extent of Compliance in 2023/2024
Early termination of Executive Directors	B.2.8 B.2.9	Complied	Termination of Executive Directors are governed by their contracts of service/employment.
Levels of Remuneration of Non-Executive Directors	B.2.10	Complied	Remuneration for Non-Executive Directors reflects the time commitment and responsibilities of their role, taking into consideration market practices.

### B.3 Disclosure of Remuneration

The Code requires the Company to disclose in its Annual Report the details of the remuneration paid and the Remuneration Policy.

Disclosure of Remuneration	B.3.1	Complied	Please refer page 181 for the total Directors' remuneration.
Relations with Shareholders			

### C.1 Constructive Use of the Annual General Meeting (AGM) and Conduct of General Meetings

The Code requires the Board to use the AGM, which is a major event in the Company's calendar, to communicate with shareholders and encourage their active participation. In this regard, all shareholders of the Company receive the Notice of Meeting within the statutory due dates.

Adequate Notice of the AGM to Shareholders	C.1.1	Complied	A copy of the Annual Report including Financial Statements, Notice of the Meeting and the Form of Proxy are sent to shareholders 15 working days prior to the date of the AGM, as required by the statute, in order to provide the opportunity to all the shareholders to attend the AGM.
Separate Resolution for Substantially Separate Issues and Adoption of Annual Report and Accounts	C.1.2	Complied	The Board remains mindful of being accountable to shareholders and the need for transparency at all levels, striving to maintain its value framework in all shareholder dealings and communications.
Use of Proxy Votes	C.1.3	Complied	The Company has in place an effective mechanism to count all proxies lodged on each resolution, and the balance for and against the resolution, after it has been dealt with on a show of hands, except where a poll is called.
Availability of all Board Sub Committee Chairmen at the AGM	C.1.4	Complied	The Chairman of the Company ensures the Chairmen of Audit and Remuneration Committees are available to answer questions at the AGM, if so requested by the Chairman.

### C.2 Communication With Shareholders

The Code requires the Board to implement effective communication with shareholders.

Channel to Reach all Shareholders	C.2.1	Complied	The main mode of communication between the Company and the shareholders is the Annual General Meeting. Shareholders are provided with the information prior to the AGM. Further, financial and other announcements are promptly submitted to CSE to publish on the CSE website. Comments and suggestions can be sent through <a href="mailto:marketing@alumexgroup.com">marketing@alumexgroup.com</a> Company Secretaries answers queries which are being made by the shareholders where necessary.
Policy Methodology for Communication with Shareholders	C.2.2	Complied	An Open Door Policy is in place, which enables shareholders to keep in constant touch, visit and obtain information from the Company Secretary and Investor Relations Department and engage in dialogue. Contact details are published in all annual and quarterly financial reporting.
Implementation of the Policy and Methodology for Communication with Shareholders	C.2.3	Complied	Please refer C.2.4 and C.2.5 for the implementation of the policy and methodology.
Contact Person for Communication	C.2.4 & C.2.6	Complied	Details of contact persons are disclosed in the back inner cover of the Annual Report and Quarterly Financial Statements.

## Corporate Governance

Corporate Governance Principles	Reference of Code	Compliance	The Company's Extent of Compliance in 2023/2024
Process to make Directors Aware of Major Issues and Concerns of Shareholders	C.2.5	Complied	The Company Secretary maintains a record of all correspondence received. All major issues and concerns of the shareholders are referred to the Board of Directors with the views of the Management.
Response to the Shareholders' Matters	C.2.7	Complied	The process for responding to shareholder matters has been formulated by the Board and disclosed. Such matters are responded to the shareholder meetings, publications at the Colombo Stock Exchange or through communication by the Company Secretary to the shareholders.

### C.3 Major Transactions

Directors should disclose to shareholders all proposed corporate transactions which, if entered into, would materially alter/vary the Company's net asset base or the consolidated Group's net asset base.

Disclosure on Proposed Major Transactions	C.3.1	Complied	During the year, there were no major transactions as defined by Section 185 of the Companies Act which materially affect the net asset base of the Company or the Group's consolidated net asset base.
Shareholders' Approval by Special Resolution	C.3.2	Complied	During the year, there were no transactions/events which require approval by way of a special resolution. Complied the disclosure requirements and approval by special resolution as required by the rules and regulations by SEC and the CSE.

### Accountability and Audit

#### D.1 Financial and Business Reporting

The Board should present a balanced and understandable assessment of the Company's financial position, performance and prospects.

Board's responsibility for Statutory and Regulatory Reporting that is true and fair, balance and understandable	D.1.1 and D.1.2	Complied	The Board has recognised the responsibility to present regulatory and statutory reporting in a balanced and understandable manner. When preparing quarterly and annual financial statements, the Company complied with the requirements of the Companies Act and prepared and presented them in accordance with Sri Lanka Accounting Standards and Sri Lanka Financial Reporting Standards. The Company has complied with the reporting requirements prescribed by the Colombo Stock Exchange.
Declaration by Chief Executive Officer and Chief Financial Officer on the Financial Reporting	D.1.3	Complied	Chief Executive Officer and Chief Financial Officer have made all required declarations in the 'Responsibility Statement of Chairman, Managing Director and Chief Financial Officer' which appears on page 149. The 'Statement of Directors' Responsibility' is given on page 148. See the 'Auditors' Report' on page 159 to 161 for the reporting responsibility of Auditors.
Declaration by Board	D.1.4	Complied	Directors have made all necessary declarations. Refer the Directors' Report in Annual report page 144 to 147.
Statement of Boards and Auditors Responsibility and Statement of Internal Control	D.1.5	Complied	This is given in the 'Annual Report of the Board of Directors' on page 144 to 147 and the 'Statement of Directors' Responsibility' on page 148 and pertains to required declarations.
Management Discussion and Analysis	D.1.6	Complied	See 'Management Discussion and Analysis' on pages 41 to 61.
Summon an EGM to Notify Serious Loss of Capital	D.1.7	Complied	Reason for such an EGM has not risen as yet but would be complied with if such a situation arises.
Disclosure of Related Party Transactions	D.1.8	Complied	The Directors have instituted an effective and comprehensive system of internal control for identifying, recording and disclosing related party transactions. All related party transactions, as defined in Sri Lanka Accounting Standard - (LKAS 24) on 'Related Party Transactions, are disclosed in Note 28 to Financial Statements.



## Corporate Governance

Corporate Governance Principles	Reference of Code	Compliance	The Company's Extent of Compliance in 2023/2024
<b>D.2 Risk Management and Internal Control</b>			
The Board should have a sound system of internal controls to safeguard shareholders' investments and the Company's assets.			
Annual Evaluation of the Internal Controls System	D.2.1	Complied	The Board is responsible for the Group's internal control and its effectiveness. Internal control is established with emphasis placed on safeguarding assets, making available accurate and timely information and imposing greater discipline on decision-making. It covers all controls, including financial, operational and compliance controls and risk management. It is important to state, however, that any system can ensure only reasonable, and not absolute, assurance that errors and irregularities are prevented or detected within a reasonable time. The Hayleys Management Audit & System Review Department (MA & SRD) plays a significant role in assessing the effectiveness and successful implementation of existing controls and strengthening these and establishing new controls where necessary. The MA & SRD's reports are made available to the Chairman and Managing Director and the Chairman of the Audit Committee. The Board has reviewed the effectiveness of the system of financial controls for the period up to the date of signing the accounts. There is a direct channel of communication between the Head of MA & SRD and the Chairman of the Audit Committee without the interference of any Directors or Executives.
Assessment of Principle Risks Facing the Company	D.2.2	Complied	A robust assessment & risks involved in the Company has been carried out and the status is renewal at every meeting. Mitigating actions have been identified and progress is continuously reviewed. Refer page 51 and 61 for Risk Management.
Need for Internal Audit Function	D.2.3	Complied	This is not applicable as the Hayleys Management Audit & System Review Department (MA & SRD) is responsible for the internal audit function of the Company.
Review of the Process and Effectiveness of Risk Management and Internal Control	D.2.4	Complied	The Audit Committee reviews internal control issues and risk management measures and evaluates the adequacy and effectiveness of the risk management and internal control systems including financial reporting.
Directors' Responsibility of Maintaining a Sound Internal Control System	D.2.5	Complied	Please refer Statement of Directors' Responsibilities on page 148.
<b>D.3 Audit Committee</b>			
The Board should have formal and transparent arrangements in selecting and applying the accounting policies, financial reporting and internal control principles and maintaining an appropriate relationship with the Company's External Auditor.			
Composition of the Audit Committee	D.3.1	Complied	During the financial year, the Audit Committee comprised Mr. S. Munaweera (Chair), Dr. L.J.S.H. Cabral, PC and Mr. R.P. Pathirana. Mr. Pathirana resigned from the Company on 30th June 2023. On 7th May 2024, Mr. D.T.R. De Silva was appointed as the Chairman of the Audit Committee and Mr. S. Munaweera stepped down as Chairman. On 7th May 2024, Mr. M.J.S. Rajakariar was appointed to the Committee and Dr. L.J.S.H. Cabral, PC stepped down from the Committee.  Hayleys Group Services (Private) limited, the Company Secretaries serves as its Secretary. The Chairman, Managing Director and the Finance Director and the Hayleys Group CFO are invited to attend meetings as required. The input of the statutory auditors will be obtained where necessary.  The Audit Committee is required to help the Company to achieve a balance between conformance and performance.

## Corporate Governance

Corporate Governance Principles	Reference of Code	Compliance	The Company's Extent of Compliance in 2023/2024
Duties of the Audit Committee	D.3.2	Complied	The Audit Committee keeps under review the scope and results of the audit and its effectiveness, and the independence and objectivity of the auditors. Review of nature and extent of non-audit services provided by the auditors to seek balance objectivity and independence.  Refer Audit Committee report on page 150 to 151 for the duties.
Terms of Reference of the Audit Committee	D.3.2	Complied	Terms of Reference of the Audit Committee is clearly defined in the Charter of the Audit Committee approved by the Board of Directors. This clearly explains the purpose of the Committee, its duties and responsibilities together with the scope and functions of the Committee. The Committee is required mainly to deal with the matters pertaining to statutory and regulatory compliance in financial reporting, matters with regard to the External Auditors, Internal Audit and Risk Management procedures of the Company. Please refer Audit Committee report on page 150 to 151.
Disclosures of the Audit Committee	D.3.3	Complied	The names of the Members of the Audit Committee are given under Section D.3.1 of this Code. The Committee ensures that the rotation of the External Audit Engagement Partner once every five (5) years is met. The External Auditor has provided an Independence confirmation in compliance with the "Guidelines for Appointment of Auditors of Listed Companies" issued by SEC. In order to safeguard the objectivity and independence of the External Auditor, the Audit Committee reviewed the nature and scope taking account of the regulations and guidelines stated in Section D.3.2.
Risk Committee	D 4	Complied	The scope of the Audit Committee has been widened to include risk management duties. Refer to the Audit Committee Report on page 150 to 151 of this Annual Report for further information.

### Related Party Transactions Review Committee

D.4 The Company should establish a procedure that it will not engage in "Related Party Transactions" which is more favourable treatment than with third parties in the normal course of business.

Adhere to LKAS 24	D.4.1	Complied	Related party transactions are defined as in LKAS 24.
Related Party Transactions Review Committee	D.4.2	Complied	Related Party Transactions Review Committee of the parent Company, Hayleys PLC, acts as the Related Party Transactions Review Committee for the Company and makes recommendations and gives directions to the Board.
Terms of References of Related Party Transactions Review Committee	D.4.3	Complied	Written terms of reference of the Committee are available. Please refer Related Party Transactions Review Committee Report on page 153.
Composition of Related Party Transactions Review Committee	D.4.4	Complied	Refer Related Party Transactions Review Committee Report on page 153.

### D.5 Code of Business Conducted and Ethics

The Company should develop a Code of Business Conduct and Ethics for Directors and Members of the Senior Management team and must promptly disclose any waivers of the Code for Directors or others.

Code of Business Conduct and Ethics	D.5.1	Complied	The Company has developed a Code of Conduct for its employees. This Code addresses conflict of interest, corporate opportunities, confidentiality of information, fair dealing, protection and proper use of the Company's assets, compliance with laws and regulations and encouraging the reporting of any illegal or unethical behaviour, among a range of other criteria.
Material and Price Sensitive Information	D.5.2	Complied	Material and price sensitive information is promptly identified and reported to the shareholders via Colombo Stock Exchange notices.

## Corporate Governance

Corporate Governance Principles	Reference of Code	Compliance	The Company's Extent of Compliance in 2023/2024
Policy and Disclosures on Share Purchases by Directors	D.5.3	Complied	The Company has a policy and process for monitoring and disclosure of shares purchased by any Director, key management personnel or any other employee involved in financial reporting. All disclosures are duly made in the Colombo Stock Exchange.
Affirmative Statement by the Chairman	D.5.4	Complied	See the 'The Chairman's Statement' on pages 11 and 12 for required details.

### D.6 Corporate Governance Disclosure

Directors of the Company disclose annually the Company's adherence to the Code of Best Practices on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka.

Disclosure of Corporate Governance	D.6.1	Complied	This requirement is met through the presentation of this report.
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## Section 02

### E. Institutional Investors

#### E.1 Shareholders' Voting

Institutional shareholders are required to make considered use of their votes and are encouraged to ensure their voting intentions are translated into practice.

Communication with Shareholders	E.1.1	Complied	In order to avoid conflicts of interest by nurturing mutual understanding, the Board carries out dialogues with its shareholders at General Meetings. In this regard, the AGM of the Company plays a critical role. Voting by the shareholders is crucial in carrying a resolution at the AGM. The Chairman, who plays the role of the agent, communicates the views and queries of the shareholders to the Board and the Senior Management, in order to ensure that the views are properly communicated to the Company.
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#### E.2 Evaluation of Governance Disclosures

The Code requires the Company to encourage institutional investors to give due weightage to all relevant factors drawn to their attention.

Due weightage by Institutional Investors	E.2.1	Complied	The institutional investors are encouraged to give due weightage to all relevant matters relating to Board structure and composition.
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### F. Other Investors

#### F.1 Investing/Divesting Decisions

Seek Independent Advice	F.1	Complied	Individual investors are encouraged to carry out adequate analysis or seek independent advice in investing or divesting decisions. The Company's website serves to provide a wide range of information on the Group.
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#### F.2 Shareholder Voting

Encourage Voting by Individual Investors	F.2	Complied	Individual shareholders are encouraged to participate in General Meetings of the Company and exercise their voting rights.
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### G. Internet of Things and Cybersecurity

Internal and External IT Devices Connected to the Business Model	G.1	Complied	Connection of internal and external IT devices to the organisation network has been allowed with necessary access controls and firewalls to safeguard the integrity of information.
Cyber Information Security Officer and Cyber Security Risk Management Policy	G.2	Complied	The Hayleys Group Chief Information Security Officer (CISO) continuously monitors and reviews the security requirements of the Company's information system and has introduced and implemented a Cyber Security Risk Management Policy.
Discussions on Cyber Risk Management	G.3	Complied	This is a regular agenda item of the risk management discussion of the Board and has been given due attention.

## Corporate Governance

Corporate Governance Principles	Reference of Code	Compliance	The Company's Extent of Compliance in 2023/2024
Independent Periodic Reviews and Assurance	G.4	Complied	Periodic reviews are carried out by the external auditors and consultants and observations are submitted to the Board for review and actions.
Disclosure on Cyber Security Risk Management	G.5	Complied	A detailed disclosure has been made on the cyber security process in this Annual Report.  Please refer Information Technology & Cyber Security on page 127.
<b>H. Environment, Society and Governance (ESG)</b>			
<b>H.1 ESG Reporting</b>			
Provision of Information on ESG	H.1.1	Complied	The Company has included the environmental, social and governance factors in its business models and provided sufficient information on all aspects in the Annual Report.  Refer pages 38 to 40.
The Environment	H.1.2	Complied	The Company adopts an integrated approach which mitigates the environmental threats and improves best practices in Company's engagements to fulfill the obligation towards the environment. Such best practices are pollution prevention, sustainable resource use, protection of environment and restoration of natural resources.  Refer pages 101 to 108.
Social Factors	H.1.3	Complied	The Company adopts an integrated approach to build strong relationships with the community and strives towards sustainable development.  Refer pages 95 to 100.
Governance	H.1.4	Complied	The Company has established a governance structure to support its ability to create value and manage risks on all pertinent aspects of ESG.  Refer Corporate Governance on page 120 to 143 and Risk Management on pages 51 to 61 in this Annual Report.
Board's role on ESG Factors	H.1.5	Complied	The Annual Report complies with the integrated framework and the GRI Standards for sustainability reporting.
Policies	I.1	Complied	The Company has established policies on matters relating to the Board of Directors, Corporate Governance, Nomination, Remuneration, Board Committees, Risk Management and Internal control, Relations with Shareholders, Environment, Social and Governance Sustainability, Corporate Disclosures, Whistle Blowing and Anti Bribery and Corruption.

## Corporate Governance

### Section 3 : Colombo Stock Exchange Listing Rules Section 7.6

#### Statement of Compliance

This section covers Alumex PLC's extent of adherence to the requirements of the Continuing Listing Requirements of Section 7.6 on Corporate Governance Rules for Listed Companies issued by the Colombo Stock Exchange.

Rule No.	Corporate Governance Principles	Compliance Status	Reference in this report
7.6 (i), (ii)	Names of persons who during the financial year were Directors and principal activities during the year	Complied	Report of the Board of Directors Pages 144 to 147.
7.6 (iii), (iv)	Twenty largest Shareholders, float adjusted market capitalisation, public holding percentage, no. of public shareholders and minimum required public shareholding	Complied	Share Information page 207.
7.6 (v)	Directors' and CEO's (MD's) holding in shares	Complied	Report of the Board of Directors Pages 144 to 147.
7.6.(vi)	Material foreseeable risk factors of the entity	Complied	Risks and Opportunities on page 50.
7.6 (vii)	Details of material issues pertaining to employees and industrial relations of the Entity	Complied	Human Capital on pages 82 to 94.
7.6 (viii)	Extents, locations, valuations, number of buildings	Complied	Statement of Value of Real Estate Page 187.
7.6 (ix)	Number of shares representing the Entity's stated capital	Complied	Notes to the Financial statements - Stated Capital page 192.
7.6 (x)	Shareholder Distribution Schedule including percentage of total holding in given categories	Complied	Share Information page 208.
7.6 (xi)	Ratios and Market Price Information		Refer Pages 209 to 216.
7.6(xii)	Changes in Entity's and subsidiaries fixed assets and market value of land	Complied	Notes to the Financial statements Please refer pages 186 to 187.
7.6 (xiii)	If during the financial year the entity has raised funds either through a public issue, rights issue or private placement.	N/A	
7.6(xiv)	Information in respect of Employee Share Ownership or Stock Option Schemes	N/A	N/A
7.6 (xv)	Disclosures pertaining to Corporate Governance practices in terms of Section 9 of the Listing Rules	Complied	Corporate Governance Report Pages 120 to 143.
7.6 (xvi)	Related party transactions exceeding 10% of Equity or 5% of total assets of the Entity as per audited financial statements, whichever is lower	Complied	Refer Related party transactions on page 153.



## Corporate Governance

### Colombo Stock Exchange Listing Rules Section 9

#### Statement of Compliance

This section covers Alumex PLC's extent of adherence to the requirements of the Continuing Listing Requirements of Section 9 on Corporate Governance Rules for Listed Companies issued by the Colombo Stock Exchange.

CSE Rule Reference	Corporate Governance Principles	Compliance Status	Alumex's Extent of Adoption
9.2.1	Policies	Complied	The Company has established and continues to maintain policies on Corporate Governance, Nominations, Remuneration, Internal Code of Business Conduct and Ethics (the 'Hayleys Way'), Risk Management and Internal Control, Matters relating to Board of Directors and Board Committees (Board Charter), Relations with Shareholders and Investors, Environment, Social Governance and Sustainability ('Hayleys Life Code'), Whistle Blowing and Anti Bribery and Corruption. The Company is in the process of establishing and adopting the other regulatory policies.
9.3	Board Committees	Complied	The Company has its own Audit Committee which met four times and Remuneration Committee which met one time during the year. The Nominations and Governance Committee and Related Party Transactions Review Committee of the Parent Company Hayleys PLC acted as the Company's Committees. On 7 <sup>th</sup> May 2024 the Company established its own Nominations and Governance Committee and Related Party Transactions Review Committee.
9.3.3	Chairperson of Board Committees	Complied	Chairperson of Board Committees is not the Chairperson of the Board
9.4.1	Meeting Procedures	Complied	Company maintains records of all resolutions passed at General Meetings.
9.4.2	Communication and Relations with shareholders	Complied	The Company has a Shareholder Communication and Relations policy and it is published on the corporate website. The contact person is mentioned. The policy includes a process whereby Directors are informed of major issues and concerns of shareholders.
9.5.	Policy on matters relating to the Board of Directors	Complied	The Company maintains a Policy on Matters relating to the Board of Directors.
9.6. 2	Chairperson and CEO	Complied	The Chairperson and the CEO of the Company is not the same person.
9.6.3	Senior Independent Director	Complied	The Company appointed a Senior Independent Director since the Chairperson is an Executive Director.
9.6.3. (b)	Senior Independent Director (SID)	Complied	The SID holds a meeting once a year with the Independent Directors without the presence of other Directors to discuss matters and concerns relating to the Company.
9.6.3. (c)	Senior Independent Director	Complied	The SID holds a meeting once a year with the Non Executive Directors without the presence of the Chairperson to appraise the Chairperson's performance.
9.6.3. (e)	Senior Independent Director	Complied	The SID has made a disclosure demonstrating the effectiveness of duties of the SID in the Report of the SID page 156.
9.7.1	Fitness of Directors and CEO	Complied	The Company ensures that the persons recommended by the Nominations and Governance Committee fulfill the assessment criteria set out in the Listing Rules
9.7.4	Fitness of Directors and CEO	Complied	The Directors and the CEO has provided the declaration confirming that they satisfy the Fit and Proper Assessment Criteria during the year.
9.7.5	Disclosure in the Annual Report	Complied	Page 147 of the Annual Report of Board of Directors provides the relevant disclosure.
9.8.1	Minimum number of Directors	Complied	The Board consists of 9 Directors.
9.8.2	Independent Directors	Complied	Four Directors are Independent

## Corporate Governance

CSE Rule Reference	Corporate Governance Principles	Compliance Status	Alumex's Extent of Adoption
9.8.3	Independent Directors	Complied	All NEDs have submitted their confirmations on Independence as per the criteria set by the Company, which is in line with the regulatory requirements.
9.8.5	Disclosure relating to Directors	Complied	Each ID signed and submitted a declaration regarding his/her independence. The Board assessed the independence declared by the Director. The Board having considered that the Independent Directors who have served over 9 years do not exert control over the Company and are capable of acting in an impartial and independent manner, determined that they are nevertheless independent. The same is disclosed in Board of Directors Report on page 145.
9.9	Alternate Directors	Not Applicable	None of the Directors have appointed Alternate Directors
9.10.(1)	Disclosure relating to Directors	Complied	The Policy on matters relating to the Board of Directors state that the maximum number of Directorships in listed companies which can be held by a Director is Twenty.
9.10.2	Disclosure relating to Directors	Complied	Disclosed the appointments of new Directors to the Colombo Stock Exchange, together with a brief resume of Director, capacity of directorship and if they hold any relevant interest in shares of the Listed Entity. Appointments are reviewed by the Nominations and Governance Committee and recommended to the Board.  Please refer pages 113 to 115 for the brief resume of each Director.
9.10.3	Disclosure relating to Directors	Complied	All changes to Board Committees were immediately informed to the Colombo Stock Exchange.
9.10.4	Disclosure relating to Directors	Complied	Refer the pages 113 to 115 for Director details and the relevant information on pages 121 to 123 for Corporate Governance.
9.11.1-3	Nominations and Governance Committee	Complied	The Parent Company's Nominations and Governance Committee acted as the Nominations and Governance Committee of the Company. The Company established its own Committee on 7th May 2024. The Committee has written Terms of Reference. Refer the Nominations and Governance Committee Report on pages 154 to 155.
9.11.4	Composition of the Nominations and Governance Committee	Complied	The Nominations and Governance Committee of the Parent Company comprised 3 Independent Non Executive Directors. Current Committee comprises 3 Independent Non Executive Directors.  The Chairperson is an Independent Director.
9.11.5	Functions of the Nominations and Governance Committee	Complied	Refer the Nominations and Governance Committee Report on pages 154 to 155.
9.11.6	Disclosures in Annual Report	Complied	Refer the Nominations and Governance Committee Report on pages 154 to 155.
9.12. 1	RemuneratiiorCommittee	Complied	Refer the Remuneration Committee Report on page 152 and Principles B1 to B3 on pages 133 to 134 of this Corporate Governance Report.
9.12.6	Composition of the RemuneratiiorCommittee	Complied	The Remuneration Committee of the Company comprised two Independent Non-Executive Directors. The Committee re-constituted on 7th May 2027. The current committee comprises three independent Non-Executive Directors.  The Chairperson is an Independent Director.  Refer Remuneration Committee Report on page 152.

## Corporate Governance

CSE Rule Reference	Corporate Governance Principles	Compliance Status	Alumex's Extent of Adoption
9.12.7	Functions of Remuneration Committee	Complied	The remuneration Committee recommends the remuneration payable to the Executive Directors and the CEO.
9.12.8	Disclosure in the Annual Report relating to Remuneration Committee	Complied	The aggregate remuneration paid to Directors is given in note 8 to the financial statements on page 181.
9.13.1	Composition of Audit Committee	Complied	Refer Audit Committee Report on pages 150 to 151.
9.13.4	Audit Committee Functions	Complied	
9.13.5	Disclosure in the Annual Report relating to Audit Committee	Complied	
9.14. 2	Composition of the Related Party Transactions Review Committee (RPTRC)	Complied	The RPTRC of the Parent Company acted as the RPTRC of the Company. The Company established its own Committee on 7th May 2024. The Committee has written Terms of Reference. Refer the RPTRC Report on page 153.  The current Committee comprises 3 Independent Non-Executive Directors. Please see the Report of the Related Party Transaction Review Committee in page 153.
9.14.3	Functions of RPTRC	Complied	Please refer the Report of the RPTRC in page 153.
9.14.4	RPTRC Meetings	Complied	RPTRC met 04 times during the year.
9.14.7	Immediate Disclosures	Complied	Please refer Note 28 of the Notes to the Accounts on pages 197 to 200.
9.14.7	Disclosure of Non-Recurrent and Recurrent Related Party Transactions	Complied	Please refer Note 28 of the Notes to the Accounts on pages 197 to 200.
9.14.8	The Report by the Related Party Transaction Review Committee	Complied	Please refer the Report of the Related Party Transaction Review Committee on page 153.
9.14.8 (4)	An affirmative declaration by the Board of Directors	Complied	Please refer the Annual Report of Board of Directors for an affirmative statement of compliance of the Board on pages 144 to 147.
9.16	Additional Disclosures	Complied	Please refer the Report of the Board of Directors on pages 144 to 147.

## Annual Report of the Board of Directors on the Affairs of the Company

The Directors of Alumex PLC have pleasure in presenting the Annual Report of the Board of Directors on the affairs of the Company together with the audited Financial Statements for the year ended 31st March 2024.

The details set out herein provide the pertinent information required by the Companies Act No.07 of 2007 (the Companies Act), Listing Rules of the Colombo Stock Exchange (CSE), the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka and are guided by recommended best accounting practices.

The Financial Statements were reviewed and approved by the Board of Directors on 7th May 2024.

### Principal Activities & Business Review

The principal activity of the Company is manufacturing and selling dies and Aluminium extrusions. There were no significant changes in the activities of the Company in the year under review. A review of Company performance during the year with brief comments on the financial results and prospects is contained in the Chairman's Review of this Annual Report. These reports together with the Financial Statements reflect the state of affairs of the Company.

The Company was listed on the Colombo Stock Exchange on 31st March 2014 subsequent to an Initial Public Offering.

### Financial Statements

The Financial Statements of the Company are given on pages 162 to 166.

### Auditor's Report

The Auditor's Report on the Financial Statements is given on pages 159 to 161.

### Accounting Policies

The accounting policies adopted in the preparation of Financial Statements are given on pages 167 to 204.

The Financial Statements and Notes thereto give a true and fair view of the Company's financial position as of 31st March 2024 and of their performance for the year-ended on that date.

There were no material changes in the Accounting Policies adopted with those of the last year other than disclosed in Note 4 to the financial statements.

### Interests Register

The Company, in compliance with the Companies Act, maintains an Interests Register. Particulars of entries in the Interests Register are detailed below.

### Directors' Interests in Transactions

The Directors of the Company have made the general disclosures provided in Section 192(2) of the Companies Act Note 8 to the Financial Statements dealing with related party disclosures includes details of their interests in transactions.

### Directors' Interests in Shares

The Directors of the Company who have relevant interests in the shares of the

Company have disclosed their shareholdings in compliance with Section 200 of the Companies Act.

Hayleys PLC holds 314,826,064 shares (52.59%) in Alumex PLC in which Mr. A.M. Pandithage, Mr. S.C. Ganegoda and Dr. L.J.S.H. Cabral, PC are Directors.

Dean Foster (Pvt) Ltd holds 28,427,800 shares (4.75%) in Alumex PLC in which Mr. A.M. Pandithage and Mr. S.C. Ganegoda are Directors.

Akbar Brothers (Pvt) Ltd holds 80,169,400 shares (13.39%) in Alumex PLC in which Mr. A.A. Akbarally is a Director.

S.M. Bentley Corporate Services (Private) Limited holds 40,000 shares in Alumex PLC in which Mr. S. Munaweera is a Director.

16,600 shares were purchased by Mr. S.C. Ganegoda, Deputy Chairman an Executive Director of Alumex PLC, during the year.

### Directors' Shareholdings

Details of Directors' shareholdings in the Company are given on page 144 of this report.

Name of the Director	As at 31/03/2024	As at 31/03/2023
Mr. A.M. Pandithage	20,000	20,000
Mr. S.C. Ganegoda	460,000	443,400
Mr. D.W.D.N. Dediwela	21,338,400	21,338,400
Mr. A.A. Akbarally	-	-
Dr. L.J.S.H. Cabral, PC	-	-
Mr. S. Munaweera	40,000	40,000
Mr. R.P.P.K. Rajapaksha	39,814	39,814
Mr. M.J.S. Rajakariar (appointed on 3rd January 2024)	-	-
Mr. D.T.R. de Silva (appointed on 3rd January 2024)	-	-
Mr. R.P. Pathirana (resigned on 30th June 2023)	-	-
Mr. A.J. Hirdaramani - (ceased to be an alternate to Mr. R.P. Pathirana on 30th June 2023)	-	-
Mr. T. Akbarally - (ceased to be an alternate to Mr. A.A. Akbarally on 3rd January 2024)	-	-

# Annual Report of the Board of Directors on the Affairs of the Company

## Directors' Remuneration

Executive Directors' remuneration is established within an established framework. The total remuneration of Executive Directors for the year ended 31st March 2024 was Rs. 58.5 Mn (2022/23 – Rs. 52.6 Mn), which includes the value of perquisites granted to them as part of their terms of service. The total remuneration of Non-Executive Directors for the year ended 31st March 2024 was Rs. 2.3 Mn (2022/23 – Rs. 1.9 Mn) determined according to scales of payment decided upon by the Board. The Board is satisfied that the payment of this remuneration is fair to the Company.

## Directors' Indemnity and Insurance

The ultimate parent of the Company, Hayleys PLC has obtained a Directors' and Officers' Liability Insurance from a reputed insurance Company in Sri Lanka providing worldwide cover to indemnify all past, present and future Directors and Officers of the Company.

## Corporate Donations

The donations made during this year by the Company amounted to Rs. 3.9 Mn (2022/23 – Rs. 0.7 Mn).

The donations made by the Company are disclosed in Note 8 on page 181.

No donations were made for political purpose.

## Directorate

The names of the Directors who served during the year are given below and their brief profiles appear on pages 112 to 115 of this report.

## Executive Directors

Mr. A.M. Pandithage (Chairman)  
Mr. S.C. Ganegoda (Deputy Chairman)  
Mr. D.W.D.N. Dediwela (Managing Director)  
Mr. R.P.P.K. Rajapaksha

## Non-Executive Directors

Mr. A.A. Akbarally  
Mr. R.P. Pathirana (resigned on 30th June 2023)  
Mr. A.J. Hirdaramani (ceased to be an alternate to Mr. R.P. Pathirana on 30th June 2023)  
Mr. T.A. Akbarally (ceased to be an alternate to Mr. A.A. Akbarally on 3rd January 2024)

## Independent Non-Executive Directors

Dr. L.J.S.H. Cabral, PC  
Mr. S. Munaweera  
Mr. M.J.S. Rajakariar (appointed on 3rd January 2024)  
Mr. D.T.R. de Silva (appointed on. 3rd January 2024)

With a view to improving the collective effectiveness and performance of the Board, Board and Sub-committee evaluations were carried out during the year, including an assessment of the systems and processes which are in place.

Mr. D.T.R. De Silva and Mr. M.J.S. Rajakariar were appointed to the Board on 3rd January 2024. In terms of Article 27(2) of the Articles of Association of the Company, Shareholders will be requested to reelect them at the Annual General Meeting.

In terms of Article No. 28(6) of the Articles of Association of the Company, Mr. S. Munaweera and Mr. A.A. Akbarally retire by rotation and being eligible offer themselves for re-election.

Notice has been given of the intention to propose ordinary resolutions in terms of Section 211 of the Companies Act for the re-appointment of Mr. A.M. Pandithage who is over seventy years of age, resolving that the age limit of seventy years stipulated in Section 210 of the Companies Act shall not apply to the aforesaid directors.

## Directors' Meeting

The number of Directors' meetings comprises Board meetings, Sub-Committees meetings and the attendance of Directors at these meetings are given on page 123. Furthermore, the Directors contributed towards policy advocacy and direction by participating in the deliberations of the Board-appointed Subcommittees on Strategic Review, Procurement and Disposal of Assets.

## Board Subcommittees

Other than the Audit Committee and Remuneration Committee of the Company, the Parent Company's Sub Committees acted as the Nominations and Governance Committee and Related Party Transactions Review Committee of the Company during the Financial year. The Company on 7th May 2024, established its own Board Sub Committees. Please refer the Sub Committee Reports on pages 150 to 155.

## Related Party Transactions

The related party transactions of the Company during the year have been reviewed by the Related Party Transactions Review Committee and are in compliance with the Section 09 of the CSE Listing Rules. Please refer Related Party Transactions Review Committee Report on page 153.

## Directors' Responsibility for Financial Reporting

The Directors are responsible for the preparation of the Financial Statements of the Company to present a true and fair view of the state of its affairs. The Directors are of the view that these Financial Statements have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards, The Companies Act and the Listing Rules of the Colombo Stock Exchange. The Statement of Directors' Responsibility for Financial Reporting is given on page 148 which forms an integral part of the Annual Report of the Board of Directors.



# Annual Report of the Board of Directors on the Affairs of the Company

## Auditors

The Financial Statements for the year have been audited by Messrs. Ernst & Young, Chartered Accountants.

The Auditors, Messrs. Ernst and Young, Chartered Accountants were paid Rs. 2.1 Mn (2022/23 – Rs. 1.9 Mn) as audit fees by the Company. In addition, they were paid Rs. 1.8 Mn (2022/23 – Rs. 1.9 Mn) by the Company for non-audit related work, which consisted mainly of tax consultancy services.

As far as the Directors are aware, the Auditors do not have any relationships (other than that of an auditor) with the Company other than those disclosed above. The Auditors also do not have any interests in the Company.

Messrs Ernst & Young, Chartered Accountants, have expressed their willingness to continue in office and in accordance with the Companies Act, a resolution proposing the re-appointment of Messrs Ernst & Young, Chartered Accountants, as Auditors and to authorise the Directors to determine their remuneration is being proposed at the Annual General Meeting.

## Future Developments

Information on future developments are contained in the Chairman's report on pages 11 to 12.

## Turnover

The turnover of the Company was Rs. 10,993 Mn (2022/23 - Rs. 10,215 Mn) in the year under review. A detailed analysis of the Company's turnover is given in Note 5 to the Financial Statements.

## Results

The Company's profit before tax amounted to Rs. 232 Mn (2022/23 – Rs. 154 Mn). After a charge of Rs. 46 Mn (2022/23 – Rs. 164 Mn) for taxation, net profit/(loss) for the year was Rs. 186 Mn (2022/23 - Rs. (10 Mn)) In

addition, the Company's total comprehensive income net of tax was Rs. 14.7 Mn (2022/23 - Rs. 50.4 Mn).

## Stated Capital and Reserves

The issued and paid up stated capital of the Company is Rs. 283,735,400/- (598,605,680 shares).

Total Company reserves as at 31st March 2024 amounted to Rs. 3,526 Mn (2022/23 – Rs. 3,325 Mn) comprising capital reserve of Rs. 928 Mn (2022/23 – Rs. 934 Mn) and revenue reserve of Rs. 2,597 Mn (2022/23 – Rs. 2,391 Mn). Movements are shown in the Statement of Changes in Equity on page 165.

The Company has a structure and a culture that recognises the aspirations, competencies and commitment of its employees. Career growth and advancement within the Company is promoted. The number of persons employed by the Company at the year-end was 774. The Company does not operate any share option scheme.

## Ratios and Market Price Information

Ratios relating to equity and debt and market price information are given on pages 200 and 204.

## Property, Plant and Equipment

The capital expenditure of the Company on property, plant and equipment during the year under review amounted to Rs. 366 Mn (2022/23 – Rs. 554 Mn). Information relating to movement in property, plant and equipment during the year is given in Note 12 to the Financial Statements.

## Market Values of the Properties

The freehold land in the Company has in general been subject to routine revaluation by independent qualified valuers. The most recent valuation was conducted in the financial year 2021/22 and results have been incorporated in the Financial Statements.

## Shareholders

It is the Company's policy to endeavour to ensure equitable treatment to its shareholders. Details of the major shareholders are given on page 207.

## Events Occurring after the Reporting Period

No circumstances have arisen since the reporting date that would require adjustment to or other disclosure in the Financial Statements.

## Statutory Payments

The Directors, to the best of their knowledge and belief, are satisfied that all statutory payments due in relation to employees and the Government have been made promptly and are up to date.

## ESG Risks and Opportunities

The Company's business activities can have direct and indirect effects on the environment. It is the policy of the Company to conduct its activities in an environmentally responsible manner in order to keep adverse effects to a minimum and to ensure compliance with the relevant regulations.

## Policies

The Company has adopted the policies established by the Parent Company on Matters relating to the Board of Directors and Board Committees, Corporate Governance, Nominations and Re-election, Remuneration, Risk Management and Internal Control, Whistleblowing and Anti-Bribery and Corruption. 'The Hayleys Way' serves as the Internal Code of Business conduct and Ethics for all Directors, Key Management Personnel and other employees. The 'Hayleys Lifecode' includes a suite of environmental, social and governance related policies which are applicable across the Group. The Company is in the process of formulating the other required policies.

# Annual Report of the Board of Directors on the Affairs of the Company

## Internal Controls

The Directors acknowledge their responsibility for the Company's system of internal control. The system is designed to give assurance, inter alia, regarding the safeguarding of assets, the maintenance of proper accounting records, reliability of financial information generated and cyber security.

All internal controls which include financial controls, operational and compliance controls and risk management have been reviewed by the Board of Directors and they have obtained reasonable assurance of the effectiveness of the existing controls. The successful adherence to existing controls has been ascertained and improvements have been carried out where necessary. The Board is satisfied with the Group's adherence to and the effectiveness of these controls.

## Corporate Governance

The Company has complied with the revised Corporate Governance rules laid down under the Listing Rules of the Colombo Stock Exchange and the recommendations provided in the Code of Best Practice on Corporate Governance 2023, issued by the Institute of Chartered Accountants of Sri Lanka. The Corporate Governance Report on page 120 discusses this further.

Dr. L.J.S.H. Cabral, PC was appointed as the Senior Independent Director in accordance with the Corporate Governance requirements. The Board was of the opinion that Mr. A.M. Pandithage should remain as the Executive Chairman of the Company due to his extensive experience, deep insights and domain knowledge evidenced through the leadership provided to the Company. Please refer the Senior Independent Director's Report on page 156.

The Directors and the MD satisfy the Fit and Proper Assessment Criteria stipulated in the Listing Rules of the Colombo Stock Exchange. There were no non-compliances by any Director or MD during the financial year.

The Directors have declared all material interests in contracts involving the Company and they refrain from voting on matters in which they have a material interest.

The Board has updated themselves with the applicable laws, rules and regulations and are aware of the changes to the Listing Rules and other regulatory requirements.

There have been no non-compliance with laws or regulations and the Directors to the best of their knowledge and belief confirm that the Company has not engaged in any activity that contravenes applicable laws and regulations. There have been no material fines imposed on the Company by the Government or any regulatory authority in any jurisdiction where the Group companies operate.

## Material Issues Pertaining to Employees and Industrial Relations

Details relating to material issues pertaining to employees and industrial relations are given in Human Capital on page 82.

## Exposure to Risk

The Company has a structured risk management process in place to support its operations. The Audit Committee plays a major role in this process. The Risk Management section referred in pages 51 to 61 elaborates these practices and the risk factors.

## Going Concern

The Directors, after making necessary inquiries and reviews including reviews of the Company's budget for the ensuing year, capital expenditure requirements, future prospects and risks, cash flows and borrowing facilities, have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Therefore, the going concern basis has been adopted in the preparation of the Financial Statements.

## Annual General Meeting

The Annual General Meeting will be held on Monday, 24th June 2024 at 9.00 a.m. at the Chas P. Hayley Lounge of Hayleys PLC, No. 400, Deans Road, Colombo 10. The Notice of the Annual General Meeting appears on page 232.

For and on behalf of the Board,



Mr. A.M. Pandithage  
Chairman



Mr. D.W.D.N. Dediwela  
Managing Director



Hayleys Group Services (Private) Limited  
Secretaries  
7th May 2024

## Statement of Directors' Responsibility

The Directors are responsible under Sections 150 (1) and 151 of the Companies Act No. 07 of 2007 (the Companies Act), to ensure compliance with the requirements set out therein to prepare Financial Statements for each financial year giving a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit and loss of the Company for the financial year.

The Directors are also responsible under Section 148 of the Companies Act to ensure that proper accounting records are kept to enable, determination of financial position with reasonable accuracy, preparation of Financial Statements and audit of such statements to be carried out readily and properly.

The Board accepts responsibility for the integrity and objectivity of the Financial Statements presented. The Directors confirm that in preparing the Financial Statements, appropriate accounting policies have been selected and applied consistently while reasonable and prudent judgments have been made so that the form and substance of transactions are properly reflected.

They also confirm that the Financial Statements have been prepared and presented in accordance with the Sri Lanka Accounting Standards (SLFRS/LKAS), Companies Act and the Listing Rules of the Colombo Stock Exchange.

The Directors are of the opinion, based on their knowledge of the Company, key operations and specific inquiries, that adequate resources exist to support the Company on a going concern basis over the next year. These Financial Statements have been prepared on that basis.

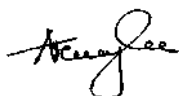
The Directors have taken proper and sufficient measures to safeguard the assets of the Company and, in that context, have instituted appropriate systems of internal control and accounting records to prevent and detect frauds and other irregularities. These have been reviewed, evaluated and updated on an ongoing basis.

The External Auditors, Messrs Ernst & Young, Chartered Accountants who were re-appointed in terms of the Companies Act were provided with every opportunity to undertake the inspections they considered appropriate to enable them to form their opinion on the Financial Statements. The Report of the Auditors, shown on pages 159 to 161 sets out their responsibilities in relation to the Financial Statements.

### Compliance Report

The Directors confirm that, to the best of their knowledge, all statutory payments relating to employees and the Government that were due in respect of the Company as at the balance sheet date have been paid or provided where relevant.

By Order of the Board,



**Hayleys Group Services (Private) Limited**  
Secretaries

7th May 2024

## Responsibility Statement of Chairman, Managing Director and Chief Financial Officer

The Financial Statements of Alumex PLC as at 31st March 2024, are prepared and presented in conformity with the requirements of the following:

1. Sri Lanka Accounting Standards, issued by the Institute of Chartered Accountants of Sri Lanka
2. The Companies Act No. 07 of 2007.
3. The Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995.
4. Listing Rules of the Colombo Stock Exchange.
5. The Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accounts of Sri Lanka in 2023.

We confirm that the significant accounting policies used in the preparation of the financial statements are appropriate, and are consistently applied, unless otherwise stated in the Notes to the Financial Statements. The significant accounting policies and estimates that involved a high degree of judgment and complexity were discussed with the Audit Committee and our external auditors.

We have also taken proper and sufficient care in installing systems of internal control and accounting records to safeguard assets and to prevent and detect fraud as well as other irregularities. These have been reviewed, evaluated and updated on an ongoing basis. Reasonable assurances that the established policies and procedures of the Company have been consistently followed were provided by periodic audits conducted by the Group's internal auditors. However, there are inherent limitations that should be recognised in weighing the assurances provided by any system of internal controls and accounting.

The Audit Committee of the Company meets periodically with the internal auditors and the independent auditors to review the effectiveness of audits, and to discuss auditing, internal control and financial reporting issues. The independent auditors and the internal auditors have full and free access to the Audit Committee to discuss any matter of substance.

The Financial Statements were audited by the independent external auditors, Messrs Ernst & Young, Chartered Accountants. The Audit Committee approves the audit and non-audit services provided by the external auditor, in order to ensure that the provision of such services do not impair their independence.

### We confirm that

- the Company has complied with all applicable laws, regulations and prudential requirements;
- there are no material non compliances; and
- there are no material litigations that are pending against the Company



**Mr. A.M. Pandithage**  
Chairman



**Mr. D.W.P.N. Dediwela**  
Managing Director



**Mr. R.P.P.K. Rajapaksha**  
Director / Chief Financial Officer

7th May 2024

## Audit Committee Report

### Composition

During the financial year, the Audit Committee comprised Mr. S. Munaweera (Chair), Dr. L.J.S.H. Cabral, PC and Mr. R.P. Pathirana. Mr. Pathirana resigned from the Company on 30th June 2023. On 7th May 2024, Mr. D.T.R. De Silva was appointed as the Chairman of the Audit Committee and Mr. S. Munaweera stepped down as Chairman. On 7th May 2024, Mr. M.J.S. Rajakariar was appointed to the Committee and Dr. L.J.S.H. Cabral, PC stepped down from the Committee.

The composition and attendance at meetings is given below:

Committee Members	Attendance
Mr. D.T.R. De Silva* (appointed as the Chairman on 7th May 2024)	1/1
Mr. S. Munaweera*	4/4
Mr. M.J.S. Rajakariar* (appointed as a member on 7th May 2024)	1/1
Dr. L.J.S.H. Cabral, PC* (stepped down from the Committee on 7th May 2024)	3/3

\* Independent Non-Executive Director

The Chairman of the Audit Committee is a senior qualified accountant and other members possess relevant knowledge, qualifications and experiences in financial reporting, control and regulatory requirements.

Brief profiles of each member are provided on pages 114 to 115 of this report. Their individual and collective financial knowledge and business acumen and the independence of the committee, are brought to bear on their deliberations and judgments on matters that come within the committee's purview.

Hayleys Group Services (Private) Limited, the Secretaries of the Company, acts as the secretary to the committee. The Chairman of the Board, Managing Director, Executive

Director/Chief Financial Officer and Head-Group Management Audit & System Review attend all the meetings of the committee by invitation.

### Charter of the Audit Committee

The Audit Committee Charter is periodically reviewed and revised with the concurrence of Board of Directors to make sure that new developments relating to the function of the committee are updated. The terms of reference of the committee are clearly defined in the Charter of the Audit Committee.

The 'Rules on Corporate Governance' under the Listing Rules of the Colombo Stock Exchange and 'Code of Best Practice on Corporate Governance' issued by Institute of Chartered Accountants of Sri Lanka in 2023, further regulate the composition, roles and functions of the Board Audit Committee.

### Meeting of the Audit Committee

The Committee met four times during the year. The attendance of the members at these meetings is given in this Report.

Other members of the Board and the Management Committee as well as the External Auditors were present at discussions where it was appropriate. The proceedings of the Audit Committee are regularly reported to the Board of Directors. Audit Committee meeting papers, including the agenda, minutes and related reports and documents, are circulated to the committee members in advance.

### The Authority of the Audit Committee

- Recommend appointment, dismissal, service period and audit fee of the external auditors.
- The Audit Committee shall establish and maintain a direct communication channel with the external auditors.
- Resolve any issues regarding financial reporting between the Management and the external auditor.

- Pre-approve all auditing and non-audit services performed by the external audit firm and internal audit service providers.
- Seek any information it requires from employees or external parties relating to investigations.
- Meet with the Management and external auditors as necessary to carry out the assigned duties.

### Activities in 2023/24

The committee reviewed the financial reporting system adopted by the Company in the preparation of its quarterly and annual Financial Statements to ensure reliability of the processes and consistency of the accounting policies and methods adopted and their compliance with the Sri Lanka Financial Reporting Standards. The methodology included obtaining statements of compliance from Chief Financial Officer. The committee recommended the Financial Statements to the Board for its deliberations and issuance. The committee, in its evaluation of the financial reporting system, also recognised the adequacy of the content and quality of routine management information reports forwarded to its members.

Further, the committee reviewed the procedures established by the Management to comply with regulatory requirements and is satisfied that financial reporting requirements under the Listing Rules of the Colombo Stock Exchange, Companies Act No. 07 of 2007 and the Securities and Exchange Commission Act.

### Internal Audits

The committee reviewed the process to assess the effectiveness of the Internal Financial Controls that have been designed to provide reasonable assurance to the Directors that assets are safeguarded and that the financial reporting system can be relied upon in preparation and presentation of the Financial Statements.



## Audit Committee Report

The Hayleys Group Management Audit & Systems Review Department (MA&SRD) reports on key control elements and procedures in the Company that are selected according to an annual audit plan. During year 2023/24, six audits were performed covering all sectors of the Company. The Committee deliberated the significant findings and recommendations together with management's responses of the review of the internal controls carried out by internal auditors and recommended improvements as necessary.

Follow up reviews were scheduled to ascertain that audit recommendations are being acted upon.

The Committee evaluated the Internal Audit Function covering key areas such as scope, quality of internal audits, independence and resources. The Committee appraised the independence of the Group MA&SRD and other internal auditors, in the conduct of their assignments.

### Risk Management and Internal Controls

The committee obtained and reviewed statements from the Heads of Business Sectors identifying their respective major Business risks, mitigatory action taken or contemplated for management of these risks. The COSO Enterprise Risk Reporting Process is presently being implemented within the Company.

The Audit Committee also conducted ESG risk assessments during the year, thereby identifying, prioritising and monitoring sustainability-related-risks and opportunities.

The committee reviewed the risk management, internal controls, business continuity planning, information security system and potential cyber risks and appropriate remedial actions were recommended to the Management and the Board.

A review of the insurance policies and their adequacy were also carried out.

### External Audits

The committee held meetings with the external auditors to review the nature, approach, scope of the audit and the Audit Management Letter of the Company. Actions taken by the Management in response to the issues raised, as well as the effectiveness of the internal controls in place, were discussed with the heads of business units. Remedial actions were recommended wherever necessary. The Audit Committee has reviewed the other services provided by the External Auditors to the Company to ensure that their independence as Auditors has not been compromised.

The current auditors, Messrs Ernst & Young, was initially appointed as the external auditors in 2010 and continues to hold that position at present. A partner rotation of the auditors takes place periodically. A rotation of partner took place in financial year 2018/19.

### Appointment of External Auditors

The Audit Committee has recommended to the Board of Directors that Messrs Ernst & Young continues as auditors for the financial year ending 31st March 2025 after evaluating the scope, delivery of the audit, resources and the quality of the assurance initiatives taken during the year FY 2023/24.

### Compliance

The Committee obtained representations from the CEO and CFO of the Company on the adequacy of provisions made for possible liabilities and reviewed reports tabled by the Company certifying their compliance with relevant statutory requirements.

### Ethics and Good Governance

The committee continuously emphasised on upholding ethical values of the staff members. In this regard, the Internal Code of Business Conduct and Ethics, the policies

on Whistleblowing and Anti-Bribery and Corruption Policies of the Parent Company were adopted by the Company. The policies were followed by educating and encouraging all members of the staff. All appropriate procedures are in place to conduct independent investigations into incidents reported through whistle-blowing or identified through other means. The Whistle-Blower Policy guarantees strict confidentiality of the identity of whistle-blowers.

### Sri Lanka Accounting Standards

The committee reviewed the revised policy decisions relating to adoption of new and revised Sri Lanka Accounting Standards (SLFRS/LKAS) applicable to the Company and made recommendation to the Board of Directors.

### Progress of implementation of SLFRS:

The committee continuously monitored the progress of implementation of SLFRS as per the requirements of Sri Lanka Accounting Standards.

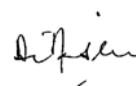
The committee will continue to monitor compliance with the relevant Accounting Standards and keep the Board of Directors informed at regular intervals.

### Support to the Committee

The committee received information and support from the Management during the year to enable it to carry out its duties and responsibilities effectively.

### Evaluation of the Committee:

An independent evaluation of the effectiveness of the committee was carried out by the other members of the Board during the year, and rated as highly effective.



**Mr. D.T.R. De Silva**  
Chairman – Audit Committee  
7th May 2024

## Remuneration Committee Report

During the year, the Remuneration Committee of the Company comprised Dr. L.J.S.H. Cabral, PC (Chairman) and Mr. S. Munaweera (member). On 7th May 2024 Mr. D.T.R. De Silva was appointed as the Chairman of the Remuneration Committee and Mr. M.J.S. Rajakariar was appointed as a member. Dr. L.J.S.H. Cabral, PC remains a member while Mr. S. Munaweera stepped down from the Committee.

The composition and attendance at meetings is given below:

Committee Members	Attendance
Dr. L.J.S.H. Cabral	1/1
Mr. S. Munaweera	1/1

The Chairman of the Committee is an Independent Non- Executive Director.

The Chairman assists the committee by providing relevant information and participating in its analysis and deliberations.

The Remuneration Committee has well defined Terms of Reference. The members of the committee are Independent Directors and are free from business, operational, personal or other relationships which may interfere with their independent, unbiased judgment.

### Responsibilities of the Remuneration Committee

The committee is responsible to the Board to determine the policy of the remuneration package of the Directors.

The committee evaluates, assesses and recommend to the Board of Directors on any matter that may affect Human Resources.

Management of the Company and the Group and specifically include:

- ⦿ Determining the compensation of the Managing Director, Executive Directors and the Management Committee.
- ⦿ Lay down guidelines and parameters for the compensation structures of all management staff within the Company taking into consideration industry norms.
- ⦿ Formulate guidelines, policies and parameters for the compensation structures for all Executive staff of the Company.
- ⦿ Review information related to executive pay from time to time to ensure same is in par with the market/industry rates.
- ⦿ Evaluate the performance of the Managing Director and Key Management Personnel against the predetermined targets and goals.
- ⦿ Assess and recommend to the Board of Directors of the promotions of the Key Management Personnel and address succession planning.
- ⦿ Approving annual salary increments and bonuses.

### Remuneration Policy

The remuneration policy of the Company is to attract, motivate and retain a highly qualified and experienced executive team, and reward performance accordingly in the backdrop of industry norms. These compensation packages provide compensation appropriate for each business within the Company and commensurate with each employee's level of expertise and contributions, bearing in mind the business' performance and shareholder returns.

The remuneration packages which are linked to individual performances are aligned with the Company's short term and long term strategy.

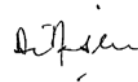
All Non-Executive Directors (other than Directors, who are employed by Hayleys PLC) receive a fee for serving on the Board and serving on sub committees. They do not receive any performance related incentive payments.

### Activities In 2023/2024

During the year the committee reviewed the performance of the Managing Director, Executive Director and Management Committee based on the targets set in the previous year.

Reviewed executives' compensation and implemented market corrections to executives' total compensation in line with the market median.

The aggregate remuneration of the Executive and Non-Executive Directors for the Financial Year amounted to Rs. 61 Mn.



**Mr. D.T.R. De Silva**  
Chairman  
Remuneration Committee  
7th May 2024

## Related Party Transactions Review Committee Report

The Company formally appointed its own Related Party Transactions Review Committee on 7th May 2024 in order to comply with revised Listing Rules of the Colombo Stock Exchange.

The Committee comprises three Independent Non-Executive Directors, namely, Mr. D.T.R. De Silva (Chairman), Dr. L.J.S.H. Cabral, PC, and Mr. M. J. S. Rajakaria.

During the period under review, the Related Party Transactions Review Committee of Hayleys PLC, the Parent Company functioned as the Committee of the Company.

The composition and attendance at meetings is given below:

Committee Members	Attendance
Dr. L.J.S.H. Cabral, PC (Chairman)**	4/4
Mr. M.Y.A. Perera**	4/4
Mr. S.C. Ganegoda*	4/4

\* Executive Director

\*\* Independent Non-Executive Director

### The Duties of the Committee

- To review in advance all proposed related party transactions of the Company 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.
- Seek any information the committee requires from the Management, employees or external parties with regard to any transaction entered into with a related party.

- Obtain knowledge or expertise to assess all aspects of proposed related party transactions where necessary, including obtaining appropriate professional and expert advice from suitably qualified persons.
- To recommend, where necessary, to the Board and obtain their approval prior to the execution of any related party transaction.
- To monitor that all related party transactions of the entity are transacted on normal commercial terms and are not prejudicial to the interests of the entity and its minority shareholders.
- Meet with the Management, Internal Auditors/External Auditors as necessary to carry out the assigned duties.
- To review the transfer of resources, services or obligations between related parties regardless of whether a price is charged.
- To review the economic and commercial substance of both recurrent / non-recurrent-related party transactions
- To monitor and recommend the acquisition or disposal of substantial assets between related parties, including obtaining “competent independent advice” from independent professional experts with regard to the value of the substantial asset of the related party transaction.
- To ensure that there is an adequate and effective process in place to capture information which is relevant to its review function.

### Task of the Committee

The committee reviewed the related party transactions of the Company and their compliances and communicated the same to the Board.

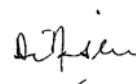
The committee in its review process recognised the adequacy of the content and quality of the information forwarded to its members by the Management.

### Disclosures

A detailed disclosure of all the related party transactions including Recurrent and Non Recurrent related party transactions which are required to be disclosed under Section 9.14.8 of the Listing Rules of the Colombo Stock Exchange has been made in Note 28 of the financial statements given in page 197 to 200 in this report.

### Declaration

A declaration by the Board of Directors on compliance with the rules pertaining to related party transactions appears on the report of the Board of Directors on page 147 of this Annual Report.



**Mr. D.T.R. De Silva**

Chairman  
Related Party Transactions Review  
Committee  
7th May 2024

## Nominations and Governance Committee Report

The Company formally appointed its own Nomination and Governance Committee on 7th May 2024. The Committee comprises three Independent Non-Executive Directors namely, Mr. D.T.R. de Silva (Chairman), Dr. L.J.S.H. Cabral, PC, and Mr. M. J. S. Rajakariar.

During the period under review, the Nomination and Governance Committee of Hayleys PLC, the Parent Company functioned as the Committee of the Company.

The Composition and Attendance at the Meetings is given below:

### From 01/04/2023 to 01/11/2023

Committee Members	Attendance
Mr. A.M. Pandithage*	7/7
Dr. L.J.S.H. Cabral, PC**	7/7
Mr. M.Y.A. Perera**	7/7

### From 1/11/2023 to 07/05/2024

Committee Members	Attendance
Mr. M.Y.A. Perera**	4/4
Dr. L.J.S.H. Cabral, PC**	4/4
Mr. K.D.G. Gunaratne**	4/4

\* Executive Director

\*\* Independent Non-Executive Director

### Duties of the Nominations and Governance Committee

○ The Nominations and Governance Committee evaluates and recommends the appointment of Directors to the Board and Committees considering the required skills, experience and qualifications necessary.

- Consider and recommend (or not recommend) the re-election of current directors taking into account the combined knowledge, experience, performance and contribution made by the Director to meet the strategic demands of the Company and the discharge of the Boards overall responsibilities and the number of directorships held by the Director in other listed and unlisted companies and other principle commitments.
- Establish and maintain a formal and transparent procedure to evaluate, select and appoint / re-appoint Directors of the Company.
- Establish and maintain a set of criteria for selection of Directors such as academic / professional qualifications, skills, experience and key attributes required for eligibility taking into consideration the nature of the business of the Company and industry specific requirements.
- Establish and maintain a suitable process for the periodic evaluation of the performance of Board Directors and the CEO of the Company to ensure their responsibilities are satisfactorily discharged.
- Consider if a Director is able to and has been adequately carrying out his or her duties as a Director, taking into consideration the number of Listed Company Boards on which the Director is represented and other principal commitments.
- Develop succession plans for Board of Directors and Key Management Personnel.
- Review and recommend the overall corporate governance framework of the Company taking into account the Listing Rules and other applicable regulatory requirements and industry best practices. Review and update the corporate governance policies / framework in line with regulatory and legal developments relating to same.

- Receive reports from the Management on compliance of the corporate governance framework of the Company including the Company's compliance with provisions of the SEC Act, Listing Rules of the Colombo Stock Exchange and other applicable laws and reasons for any deviations or non-compliances.

### Disclosure of Activities

The Board performance evaluation has been carried out and discussed at Board meetings. Any major issues relating to the Company are updated to the Independent Directors by the Chairman or Managing Director. Special Board meetings are called if the need arises to discuss an important or critical matter with the Board.

Newly-appointed Directors are given an induction to the Company prior to their first Board meeting. The orientation programme includes inviting the Directors to the manufacturing facilities to gain an understanding of the operations of the Company. Requirements as per the Listing Rules and applicable rules and regulations are informed to the new Directors. Existing Directors are regularly updated with corporate governance requirements, Listing Rules and other applicable laws.

Non Executive Directors have submitted declarations regarding their independence / non independence. The Board has declared that Directors who have served on the Board for over 9 years are nevertheless independent, after taking into consideration the fact that they do not exert any control over the day-to-day activities of the Company and are capable of acting in an impartial and independent manner on matters deliberated by the Board.

The fitness and proprietary of the Directors were examined.

## Nominations and Governance Committee Report

### Re-Appointments/Re-Elections

One-Third (1/3) of the all the directors, retire by rotation in terms of the Articles of Association and being eligible submit themselves for re-election at the AGM.

Accordingly, the committee has recommended to re-elect Mr. S. Munaweera and Mr. A.A. Akbarally, to the Board at the Annual General Meeting to be held on 24th June 2024, based on their performance and the contribution made to achieve the objectives of the Board.

Mr. Munaweera was appointed to the Board in January 2014, and last re-appointed as a Director in July 2020. His directorships and other principal commitments are given in the profile on page 114.

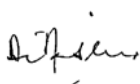
Mr. A.A. Akbarally was appointed to the Board in November 2010, and last re-appointed as a Director in June 2019. His other directorships and other principal commitments are given in the profile on page 113.

Directors Mr. D.T.R. De Silva and Mr. M.J.S. Rajakariar who were appointed to the Board on 3rd January 2024 will come up for re-election by the shareholders at the Annual General Meeting. Their profiles in pages 114 to 115 set out their other principal commitments and directorships.

Due to the invaluable contribution made to the Board as a result of his experience, industry knowledge and business acumen, the Committee has recommended to reappoint Mr. A.M. Pandithage who is over seventy years and who retire in terms of Section 210 of the Companies Act No. 7 of 2007.

None of the Directors who are being proposed for re-election or their family members, have any relationship with the Directors of the Company or shareholders having more than 10% of the shares of the Company.

The Corporate Governance requirements stipulated under the Listing Rules of the Colombo Stock Exchange are met by the Company and details are given in pages 141 to 143.



**Mr. D.T.R. De Silva**

Chairman

Nominations and Governance Committee

7th May 2024



## Statement by the Senior Independent Director

[Profile of Mr. L.J.S.H. Cabral is given on page 113 of this report.]

In order to comply with Section 9.6.3 of the Listing Rules of the Colombo Stock Exchange, the Board of Directors of the Company designated me as the Senior Independent Director (SID) of the Company.

Section 9.6.3 of the Listing Rules and the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka provide that in situations where the Chairman and CEO are the same person or where the Chairman is not an Independent Director, a Senior Independent Director (SID) shall be appointed. At Alumex PLC although the Chairman is not the CEO, he is not an Independent Director.

### Role of the Senior Independent Director

The Senior Independent Director (SID) provides guidance to the Chairman on matters of governance of the Company.

The role of the SID also provides emphasis to transparency on matters relating to governance and calls for a review of the effectiveness of the Board.

The SID makes himself available to any Director or any employee to have confidential discussions on the affairs of the Company, should the need arise.

### Activities During the Year

In line with the regulatory requirements, I presided over the following meetings and exercised my voting rights where necessary.

Meetings were held with the Non Executive Directors without the presence of the Executive Directors. At these meetings the performance of the Chairman and the Executive Directors were appraised.

A meeting was held with only the Independent Directors. Discussions were held on matters relating to the Company and the operation of the Board.

The outcome of these meetings together with recommendations was duly informed to the Chairman and the Board.

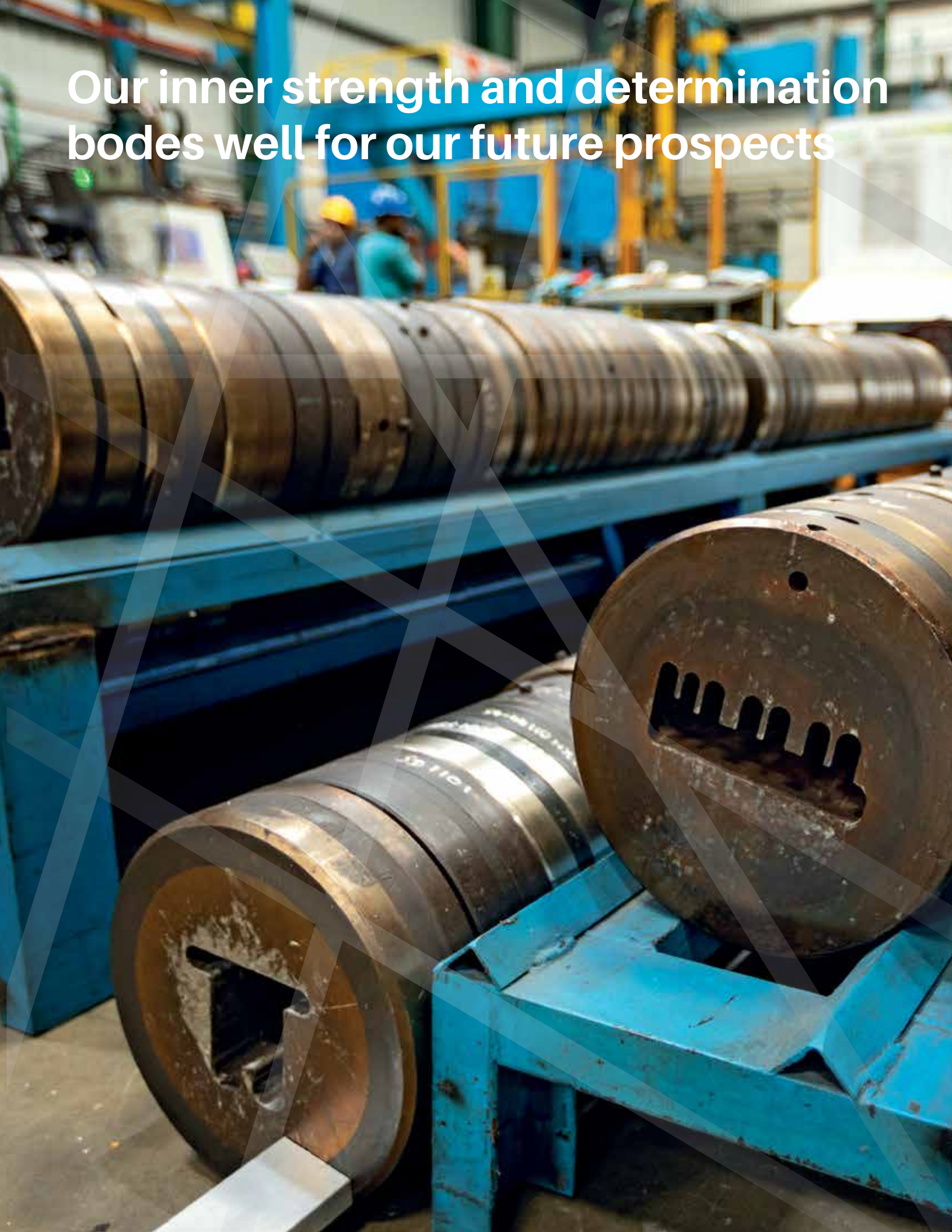
The Company follows a policy of strict compliance with mandatory requirements while embracing voluntary adherence, in order to enhance stakeholder acceptance and making a positive impact on value creation.

I believe that I have fulfilled the obligations entrusted to the SID in accordance with the Corporate Governance guidelines.



**Dr. L.J.S.H. Cabral**  
Senior Independent Director  
7th May 2024

**Our inner strength and determination  
bodes well for our future prospects**



# Financial Reports

## Financial Reports

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## Financial Calendar 2023/24

01st Quarter Report	2nd August 2023
02nd Quarter Report	1st November 2023
03rd Quarter Report	31st January 2024
04th Quarter Report	8th May 2024
Annual Report 2023/2024	2nd June 2024
17th Annual General Meeting	24th June 2024

# Independent Auditor's Report



Ernst & Young  
Chartered Accountants  
Rotunda Towers  
No. 109, Galle Road  
P.O. Box 101  
Colombo 03, Sri Lanka

Tel : +94 11 246 3500  
Fax : +94 11 768 7869  
Email: eysl@lk.ey.com  
ey.com

## To the Shareholders of Alumex PLC

### Report on the audit of the Financial Statements

#### Opinion

We have audited the financial statements of Alumex PLC ("the Company"), which comprise the statement of financial position as at 31 March 2024, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and 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 give a true and fair view of the financial position of the Company as at 31 March 2024, and of its financial performance and its 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 in accordance with the Code of Ethics for Professional Accountants issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the 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 the opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matter	How our audit addressed the key audit matter
<p><b>Revenue</b></p> <p>The Company's revenue for the year ended 31 March 2024 amounted to Rs. 10.992 Bn and was derived from the manufacture and sale of aluminum products, as disclosed in notes 3.4 and 5 to the financial statements.</p> <p>Revenue was a key audit matter due to the materiality of revenue reported for the year coupled with an increase of 8% over the previous year.</p>	<p>Our audit procedures included the following key procedures:</p> <ul style="list-style-type: none"> <li>evaluated the design and tested the relevant key controls relating to the sale of goods. Our procedures included testing general IT control environment and the key IT application controls relating to the most significant IT systems relevant to revenue</li> <li>performed analytical procedures to understand and assess the reasonableness of reported revenues</li> <li>tested revenue transactions to sales orders, sales invoices, delivery notes and other supporting documents. Our procedures included testing revenue transactions at the year-end to determine whether transactions have been recorded in the proper period and to the proper accounts.</li> </ul> <p>We also assessed the adequacy of the disclosures made in Notes 3.4 and 5 to the financial statements.</p>

Partners: D K Hulangamuwa FCA FCMA LLB (London), A P A Gunasekera FCA FCMA, Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, N M Sulaiman ACA ACMA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajeewani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalagala ACA ACMA

Principals: T P M Ruberu FCMA FCCA MBA (USJ-SL), G B Goudien ACA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), D L B Karunathilaka ACA, W S J De Silva BSc (Hons) - MSc Msc - IT, V Shakthivel B.Com (Sp)

A member firm of Ernst & Young Global Limited



## Independent Auditor's Report



### Other information included in the 2024 Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the management and those charged with governance for the financial statements

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

In preparing the financial statements, management is responsible for assessing the company'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 or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence

that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company'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 ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.



## Independent Auditor's Report



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 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 2965.

07 May 2024  
Colombo

## Statement of Profit or Loss

Year ended 31 March	Notes	2024 Rs. 000	2023 Rs. 000
<b>Revenue</b>	5	10,992,977	10,214,848
Cost of Sales		(8,727,344)	(8,165,158)
<b>Gross Profit</b>		2,265,633	2,049,690
Other Income	6	53,775	84,286
Selling and Distribution Expenses		(430,942)	(321,925)
Administrative Expenses		(835,831)	(589,573)
<b>Operating Profit</b>		1,052,635	1,222,478
Finance Cost	7.1	(1,469,171)	(1,790,268)
Finance Income	7.2	648,257	721,330
<b>Profit Before Tax</b>	8	231,721	153,540
Income Tax Expenses	9	(45,649)	(163,750)
<b>Profit / (Loss) for the Year</b>		186,072	(10,210)
Profit Attributable to Shareholders		186,072	(10,210)
Diluted and Basic Earnings / (Loss) Per Share	10	0.31	(0.02)
Dividend Per Share	11	-	0.25

Notes from pages 167 to 204 form an integral part of these Financial Statements. Figures in brackets indicate deductions.

## Statement of Comprehensive Income

Year ended 31 March	Notes	2024 Rs. 000	2023 Rs. 000
<b>Profit / (Loss) for the Year</b>		<b>186,072</b>	(10,210)
<b>Other Comprehensive Income</b>			
<b>Items that will not be reclassified subsequently to the Statement of Profit or Loss</b>			
Actuarial Gains / (Losses) on Defined Benefit Plans	23.1	21,105	(8,932)
Income Tax Effect on Actuarial (Losses) / Gains	9	(6,332)	2,680
		14,773	(6,252)
Adjustment to Opening Deferred Tax on Revaluation Reserve	9	-	(44,183)
Total Other Comprehensive Income for the Year, Net of Tax		14,773	(50,435)
<b>Total Comprehensive Income / (Loss) for the Year, Net of Tax</b>		<b>200,845</b>	(60,645)
<b>Total Comprehensive Income / (Loss) Attributable to Shareholders</b>		<b>200,845</b>	(60,645)

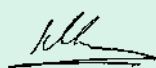
Notes from pages 167 to 204 form an integral part of these Financial Statements. Figures in brackets indicate deductions.

## Statement of Financial Position

As at 31 March	Notes	2024 Rs. 000	2023 Rs. 000
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	12	4,702,939	4,650,642
Intangible Assets	13	73,369	85,657
Right-of-Use Assets	14.1	238,025	266,293
		<b>5,014,333</b>	<b>5,002,592</b>
<b>Current Assets</b>			
Inventories	16	5,139,699	3,656,606
Trade and Other Receivables	17	1,950,376	1,177,609
Advances and Prepayments	18	685,420	508,049
Income Tax Receivable		16,487	16,486
Cash and Cash Equivalents	19	74,945	156,688
		<b>7,866,927</b>	<b>5,515,438</b>
<b>Total Assets</b>		<b>12,881,260</b>	<b>10,518,030</b>
<b>Equity and Liabilities</b>			
Stated Capital	20	283,735	283,735
Reserves	21	928,360	933,645
Retained Earnings		2,597,347	2,391,217
Total Equity		<b>3,809,442</b>	<b>3,608,597</b>
<b>Non-Current Liabilities</b>			
Interest Bearing Loans and Borrowings	15.1	931,990	656,122
Non Current Portion of Lease Liability	14.2	211,524	219,091
Retirement Benefit Liability	23	222,397	206,976
Deferred Tax Liabilities	9	496,199	444,218
		<b>1,862,110</b>	<b>1,526,407</b>
<b>Current Liabilities</b>			
Trade and Other Payables	24	2,082,149	1,693,480
Current Portion of Long Term Interest Bearing Borrowings	15.1	655,630	573,067
Current Portion of Lease Liability	14.2	67,941	76,428
Short-Term Interest Bearing Borrowings	15.1	4,378,527	3,017,627
Provisions	22	25,461	22,424
		<b>7,209,708</b>	<b>5,383,026</b>
<b>Total Equity and Liabilities</b>		<b>12,881,260</b>	<b>10,518,030</b>

Notes from pages 167 to 204 form an integral part of these Financial Statements. Figures in brackets indicate deductions.

It is certified that the Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 7 of 2007.



**Mr. Prageeth Rajapaksha**  
Director/Chief Financial Officer

The Board of Directors are responsible for these Financial Statements. Signed for and on behalf of the Board,



**Mr. Mohan Pandithage**  
Chairman



**Mr. Pramuk Dediwela**  
Managing Director

07 May 2024

## Statement of Changes in Equity

As at 31 March	Notes	Attributable to Equity Holders of the Parent				Total
		Stated Capital Rs. '000	Revaluation Reserve Rs. '000	Capital Reserve Rs. '000	Retained Earnings Rs. '000	
<b>Balance as at 01 April 2022</b>		283,735	755,057	228,056	2,552,046	3,818,894
Loss for the Year		-	-	-	(10,210)	(10,210)
Other Comprehensive Income, Net of Tax		-	(44,183)	-	(6,252)	(50,435)
<b>Total Comprehensive Income</b>		-	(44,183)	-	(16,462)	(60,645)
<b>Transactions with Owners, Recorded Directly in Equity</b>						
Depreciation Transfer for Building		-	(5,285)	-	5,285	-
Dividends to Equity Holders	11	-	-	-	(149,651)	(149,651)
Total Contributions by and Distributions to Owners		-	(5,285)	-	(144,366)	(149,651)
<b>Balance as at 31 March 2023</b>		283,735	705,589	228,056	2,391,217	3,608,597
Profit for the Year		-	-	-	186,072	186,072
Other Comprehensive Income, Net of Tax		-	-	-	(6,332)	(6,332)
Actuarial Gain / (Loss) on Defined Benefit Obligation		-	-	-	21,105	21,105
<b>Total Comprehensive Income</b>		-	-	-	200,845	200,845
<b>Transactions with Owners, Recorded Directly in Equity</b>						
Depreciation Transfer for Building		-	(5,285)	-	5,285	-
Dividends to Equity Holders		-	-	-	-	-
Total Contributions by and Distributions to Owners		-	(5,285)	-	5,285	-
<b>Balance as at 31 March 2024</b>		283,735	700,304	228,056	2,597,347	3,809,442

Notes from pages 167 to 204 form an integral part of these Financial Statements. Figures in brackets indicate deductions.



## Statement of Cash Flows

As at 31 March	Notes	2024 Rs. 000	2023 Rs. 000
<b>Cash Flows from Operating Activities</b>			
<b>Profit Before Taxation</b>		<b>231,721</b>	153,540
<b>Adjustments for,</b>			
Finance Cost	7.1	<b>830,231</b>	1,208,112
Finance Income	7.2	<b>(5,419)</b>	(17,667)
Provision for Gratuity	23	<b>55,401</b>	42,689
(Profit) / Loss on Disposal of Property, Plant and Equipment		<b>2,608</b>	(491)
Provision / (Reversal) for Bad Debts	8	<b>(2,279)</b>	(9,989)
Provision / (Reversal) for Impairment of Property, Plant & Equipment	8	<b>(5,238)</b>	(36,975)
Depreciation and Amortization	8	<b>379,340</b>	382,982
Operating Profit Before Working Capital Changes		<b>1,486,365</b>	1,722,201
(Increase) / Decrease in Inventories		<b>(1,483,093)</b>	(54,478)
(Increase) / Decrease in Trade and Other Receivables		<b>(770,488)</b>	1,220,820
(Increase) / Decrease in Advances and Prepayments		<b>(177,371)</b>	15,466
Increase / (Decrease) in Trade and Other Payables		<b>391,702</b>	(876,396)
<b>Cash (Used In) / Generated From Operating Activities</b>		<b>(552,885)</b>	2,027,613
Finance Cost Paid	7.1	<b>(793,853)</b>	(1,170,750)
Surcharge Tax Paid		-	(63,108)
Income Tax Paid		-	(241,018)
Retirement Benefit Liability Paid	23	<b>(18,875)</b>	(10,907)
<b>Net Cash (Used In) / Generated From Operating Activities</b>		<b>(1,365,613)</b>	541,830
<b>Cash Flows from Investing Activities</b>			
Acquisition of Property, Plant and Equipment / Intangible asset		<b>(365,578)</b>	(554,432)
Proceeds from Sale of Property, Plant and Equipment		<b>2,595</b>	1,793
Finance Income Received	7.2	<b>5,419</b>	17,667
<b>Net Cash Used In Investing Activities</b>		<b>(357,564)</b>	(534,972)
<b>Cash Flows from Financing Activities</b>			
Repayment of Interest Bearing Loans and Borrowings	15.1.1	<b>(641,569)</b>	(551,192)
Proceeds from Interest Bearing Loans and Borrowings	15.1.1	<b>1,000,000</b>	-
Lease Rental Paid	14.2	<b>(77,897)</b>	(73,825)
Dividend Paid	11	-	(269,373)
<b>Net Cash Used In Financing Activities</b>		<b>280,534</b>	(894,390)
<b>Net (Decrease) / Increase in Cash and Cash Equivalents</b>		<b>(1,442,643)</b>	(887,531)
<b>Cash and Cash Equivalents at the Beginning of the Year</b>	19	<b>(2,860,939)</b>	(1,973,408)
<b>Cash and Cash Equivalents at end of the Year</b>	19	<b>(4,303,582)</b>	(2,860,939)

Notes from pages 167 to 204 form an integral part of these Financial Statements. Figures in brackets indicate deductions.

## Notes to the Financial Statements

### 1. Corporate Information

#### 1.1 General

Alumex PLC is a public limited liability Company incorporated and domiciled in Sri Lanka. The Ordinary Shares of the Company are listed on the Colombo Stock Exchange of Sri Lanka on 31 March 2014.

The registered office of the Company and the principal place of business are situated at Sapugaskanda, Makola.

#### 1.2 Consolidated Financial Statements

Alco Industries (Pvt) Ltd was amalgamated with Alumex PLC with effect from 01st April 2022, and Alumex PLC continues as the surviving entity. Alumex PLC held 100% ownership of Alco Industries (Pvt) Ltd. Therefore, the current financial statements do not have any consolidated information as of 31st March 2024.

#### 1.3 Principal Activities and Nature of Operations of the Company

During the financial year, principal activities of the Company are manufacturing and selling dies and aluminium extrusions.

There were no significant changes in the nature of principal activities of the Company during the financial year under review.

#### 1.4 Immediate and Ultimate Parent Entity

In the opinion of the Directors, the Company's immediate and ultimate Parent undertaking and controlling party is Hayleys PLC which is incorporated in Sri Lanka.

#### 1.5 Date of Authorisation for Issue

The Financial Statements of the Company for the year ended 31 March 2024 were authorised for issue in accordance with a resolution of the Board of Directors on 07 May 2024.

#### 1.6 Responsibility for Financial Statements

The responsibility of the Directors in relation to the Financial Statements is set out in the Statement of Directors' Responsibility Report in the Annual Report.

### 2. Basis of Preparation

#### 2.1 Statement of Compliance

The Financial Statements have been prepared in accordance with the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, which requires compliance with Sri Lanka Accounting Standards promulgated by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and with the requirements of the Companies Act No. 7 of 2007.

#### 2.2 Basis of Measurement

The Financial Statements have been prepared on the historical cost basis, except for the following material items in the Statement of Financial Position.

- Lands are measured at cost at the time of the acquisition and subsequently lands are carried at fair value.
- Financial instruments reflected as fair value through profit or loss are measured at fair value.
- Financial instruments designated as fair value through Other Comprehensive Income (OCI) which are measured at fair value.
- Retirement benefit obligations which are determined based on actuarial valuations.

These financial statements have been prepared, except for cash flow information using the annual accrued basis of accounting.

Where appropriate, the specific policies are explained in the succeeding notes.

No adjustments have been made for inflationary factors in the Financial Statements.

#### 2.3 Functional and Presentation Currency

The Financial Statements are presented in Sri Lankan Rupees, which is the Company's functional currency.

All financial information presented in Sri Lankan Rupees has rounded to the nearest thousand (Rs'000), except when otherwise indicated.

#### 2.4 Comparative Information

The accounting policies have been consistently applied by the Company and, are consistent with those used in the previous year. Previous year's figures and phrases have been re-arranged wherever necessary to conform to current year presentation.

#### 2.5 Materiality and Aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

#### 2.6 Rounding

All financial information presented in Sri Lankan Rupees has been rounded to the nearest thousand (Rs'000), except when otherwise indicated.

#### 2.7 Offsetting

Assets and liabilities or income and expenses, are not offset unless required or permitted by Sri Lanka Accounting Standards.

### 3. Material Accounting Policy Information

The accounting policies set out below have been applied consistently to all periods presented in the Financial Statements.

The Directors have made an assessment of the Company's ability to continue as a going concern in the foreseeable future, and they do not foresee a need for liquidation or cessation of trading.

## Notes to the Financial Statements

### 3.1 Foreign Currency Transactions

The Financial Statements are presented in Sri Lankan Rupees, which is the Company's functional and presentation currency. All foreign exchange transactions are converted to functional currency, at the rates of exchange prevailing at the time the transactions are effected. Monetary assets and liabilities denominated in foreign currency are retranslated to functional currency equivalents at the spot exchange rate prevailing at the reporting date. Differences arising on settlement or translation of monetary items are recognised in the Statement of Profit or Loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on the change in fair value of the item (i.e., translation differences on items of which fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

### 3.2 Current Versus Non-Current Classification

The Company presents assets and liabilities in the Statement of Financial Position based on current/non-current classification. An asset as current when it is:

- ⦿ Expected to be realised or intended to sold or consumed in normal operating cycle
- ⦿ Held primarily for the purpose of trading
- ⦿ Expected to be realised within twelve months after the reporting period  
Or

- ⦿ Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current. A liability is current when:

- ⦿ It is expected to be settled in normal operating cycle
- ⦿ It is held primarily for the purpose of trading
- ⦿ It is due to be settled within twelve months after the reporting period  
Or
- ⦿ There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

### 3.3 Fair Value Measurement

The Company measures financial instruments such as investments which are designated as fair value through Other Comprehensive Income (OCI) and designated as fair value through profit or loss and derivatives; non-financial assets such as owner-occupied land and investment properties, at fair value at each reporting date. Fair value-related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed are summarised in the following notes,

- ⦿ Disclosures for valuation methods, significant estimates and assumptions – Notes 12
- ⦿ Property (land) under revaluation model – Notes 12

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- ⦿ In the principal market for the asset or liability  
Or
- ⦿ In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

## Notes to the Financial Statements

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- ① Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- ② Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- ③ Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Financial Statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Fair value-related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed are summarised in the following notes:

- ① Disclosures for valuation methods, significant estimates and assumptions – Note 12.
- ② Quantitative disclosures of fair value measurement hierarchy – Note 12.
- ③ Property (land) under revaluation model – Note 12.

### 3.4 Revenue from Contracts with Customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

#### Sale of Goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

#### (i) Variable Consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

#### (ii) Significant Financing Component

The Company receives short-term advances from its customers. Using the practical expedient in SLFRS 15, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised goods or services to the customer and when the customer pays

for that goods or services will be one year or less.

#### (iii) Warranty Obligations

The Company provides warranties for general repairs of defects that existed at the time of sale, as required by law. These assurance-type warranties are accounted for under LKAS 37 Provisions, Contingent Liabilities and Contingent Assets. Refer to the accounting policy on warranty provisions in the Note 22 to the Financial Statements. These service-type warranties are sold either separately or bundled together with the sale of goods. Contracts for bundled sales of goods and a service-type warranty comprise two performance obligations because the promises to transfer the equipment and to provide the service-type warranty are capable of being distinct. Using the relative stand-alone selling price method, a portion of the transaction price is allocated to the service-type warranty and recognized as a contract liability. Revenue is recognized over the period in which the service-type warranty is provided based on the time elapsed.

#### Rendering of Services

The Company recognises revenue from services over time, using an output method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Company.

#### Interest

Interest income and expense are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial assets or liability (or, where appropriate a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instruments, but not future credit losses.

## Notes to the Financial Statements

The calculation of effective interest rate includes all transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability. Interest income is presented in finance income in the Statement of Profit or Loss.

### Other Income

Other income is recognised on an accrual basis.

### Gains and Losses

Gains and losses on disposal of an item of property, plant & equipment are determined by comparing the net sales proceeds with the carrying amounts of property, plant & equipment and are recognised net within "other income" in Statement of Profit or Loss.

### 3.5 Tax Expenses

Tax expenses comprises of current tax and deferred tax are recognised in the Statement of Profit or Loss except to the extent that it relates to item recognised directly in Equity or in Other Comprehensive Income.

#### Current Tax

Current income tax assets and liabilities 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 substantively enacted at the reporting date in the countries where the Company operates and generates taxable income.

Current tax relating to items recognised directly in Other Comprehensive Income is recognised in Other Comprehensive Income and not in the Statement of Profit or Loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### Tax Exemption on Recycling Plant

As per the third schedule of Inland Revenue Act as Amendment Act No.10 of 2021 and Act No. 45 of 2022, gains and profits received or derived from business (other than any gains from the realization of capital assets and liabilities of the business as calculated under Chapter IV of this Act) by a person from an undertaking which is involved in the sale of construction materials recycled in a selected separate site established in Sri Lanka commenced on or After 1 April 2021, But, prior to 1 April 2023 receives a tax holiday of 10 years. Accordingly, The Company has been entitled to receive a ten-year tax holiday effective from the financial year 2022/23 for the investment made in the recycling plant. The exemption will be ended by the 2031-32 financial year.

#### Deferred Tax

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

Deferred income tax assets are recognised for all deductible temporary differences and carry-forward of unused tax assets are made 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 can be utilised.

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. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised outside the Statement of Profit or Loss is recognised outside the Statement of Profit or Loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

### 3.6 Sales Tax

Revenues, expenses and assets are recognised net of the amount of sales tax, except:

- ⦿ When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- ⦿ Receivables and payables that are stated with the amount of sales tax.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.



## Notes to the Financial Statements

### 3.7 Property, Plant and Equipment

The Company applies the requirements of LKAS 16 on 'Property Plant and Equipment' in accounting for its owned assets which are held for and use in the provision of the services or for administration purpose and are expected to be used for more than one year.

#### Recognition and Measurement

Property, plant and equipment is recognised if it is probable that future economic benefit associated with the assets will flow to the Company and cost of the asset can be reliably measured.

Items of property, plant & equipment including construction in progress are measured at cost net of accumulated depreciation and accumulated impairment losses, if any, except for land which is measured at fair value.

#### Owned Assets

The cost of property, plant & equipment includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and includes the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets. Purchased software that is integral to the functionality of the related equipment is capitalised as a part of that equipment.

When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives.

Revaluation of land is done with sufficient frequency to ensure that the fair value of the land does not differ materially from its carrying amount, and is undertaken by professionally qualified valuers.

Any revaluation surplus is recorded in Other Comprehensive Income and credited to the asset revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in the Statement of Profit or Loss, the increase is recognised in the Statement of Profit or Loss. A revaluation deficit is recognised in the Statement of Profit or Loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

#### Subsequent Costs

The cost of replacing a component of an item of property, plant & equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised in accordance with the derecognition policy given below.

The costs of the repair and maintenance of property, plant & equipment are recognised in the Statement of Profit or Loss as incurred.

#### De-Recognition

The carrying amount of an item of property, plant & equipment is derecognised on disposal, or when no future economic benefits are expected from its use. Any gains and losses on derecognition are recognised (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) in the Statement of Profit or Loss. Gains are not classified as revenue.

### Depreciation

Depreciation is recognised in the Statement of Profit or Loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant & equipment, in reflecting the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

Building	20 years
Plant & machinery	05 – 20 years
Motor vehicles	04 – 05 years
Furniture, fittings and office equipment	02 – 13 years
Tools and Equipment	10 years

Depreciation of an asset begins when it is available for use and ceases at the earlier of the dates on which the asset is classified as held for sale or is derecognised.

The asset's residual values, useful lives are reviewed, and adjusted if appropriate, at each financial year end and adjusted prospectively, if appropriate.

A reconciliation of the carrying amount at the beginning and end of the period is presented in Note 12 & 13 to this financial statements.

#### Capital Work in Progress

Capital work in progress represents the cost of civil construction work not completed and Property, Plant and Equipment that are not ready for their intended use.

### 3.8 Leases

#### Company as a Lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

## Notes to the Financial Statements

### Right-of-Use Assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Description	Period
Buildings	03 to 07 Years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment as more fully described in Note 14 - Impairment of Assets.

### Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index

or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company's lease liabilities are included in Interest-bearing loans and borrowings in Note 14 and 15 to the Financial Statements.

### Short-Term Leases and Leases of Low-Value Assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the low-value assets recognition exemption to leases that are considered to be low-value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

### 3.9 Intangible Assets

An Intangible asset is recognised if it is probable that future economic benefit associated with the assets will flow to the Company and cost of the asset can be reliably measured.

### Basis of Measurement

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the Statement of Profit or Loss in the year in which the expenditure is incurred.

### Useful Economic Lives and Amortisation

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit or Loss in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, or more frequently when an indication of impairment exists either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

## Notes to the Financial Statements

### De-Recognition of Intangible Assets

Intangible assets are de-recognised on disposal or when no future economic benefits are expected from its use.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit or Loss when the asset is derecognised.

### Subsequent Expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in the Statement of Profit or Loss as incurred

### Research and Development Cost

Research Costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:

- ⦿ The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- ⦿ Its intention to complete and its ability to use or sell the asset
- ⦿ How the asset will generate future economic benefit
- ⦿ The availability of recourse to complete the asset
- ⦿ The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. Amortization is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

A summary of the policies applied to Company intangible assets are as follows.

	Development cost	Patents and licenses
Useful lives	Finite (10 years)	Finite (7 years)
Amortization method used	Amortized on a straight-line basis over the period of expected future sales from the related project.	Amortized on a straight line basis over the period of useful life.
Internally generated or acquired	Internally generated	Acquired

### 3.10 Expenses

Expenses are recognised in the Statement of Profit or Loss on the basis of a direct association between the cost incurred and the earnings of specific items of income. All expenditure incurred in the running of the business has been charged to income in arriving at the profit for the year.

Repairs and renewals are charged to profit and loss in the year in which the expenditure is incurred.

### 3.11 Finance Income and Finance Costs

Finance income comprises of interest income on funds invested, changes in the fair value of financial assets at fair value through profit or loss, and gains on hedging instruments that are recognised in the Statement of Profit or Loss. Interest income is recognised as it accrues in the Statement of Profit or Loss.

Finance costs comprise interest expense on borrowings, changes in the fair value of financial assets at fair value through profit or loss, and losses on hedging instruments that are recognised in the Statement of Profit or Loss.

The interest expense component of finance lease payments is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

### 3.12 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### 3.13 Inventories

Inventories are valued at the lower of cost or net realisable value, after making due allowances for obsolete and slow-moving items. Net realisable value is the price at which inventories can be sold in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

## Notes to the Financial Statements

The cost incurred in bringing inventories to its present location and conditions are accounted using the following cost formula:-

Raw Materials	At purchase cost on weighted average
Finished Goods and Work-in-progress	At the cost of direct materials, direct labor and an appropriate proportion of manufacturing overheads based on normal operating capacity, but excluding borrowing costs. standard costs take in to accounts normal levels of materials and supplies, labour, efficiency and capacity utilisation. They are regularly reviewed and, if necessary, revised in the light of current condition
Consumables and Spares	At purchase cost on weighted average
Goods in Transit	At purchase cost on weighted average

### 3.14 Cash and Cash Equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short-term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts and short-term borrowings as they are considered an integral part of the Company's cash management.

### 3.15 Financial Instruments

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

#### Financial Assets

##### Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through Other Comprehensive Income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under SLFRS 15.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'Solely Payments of Principal and Interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the Marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

#### Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories;

- ① Financial assets at amortized cost (debt instruments)
- ② Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- ③ Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- ④ Financial assets at fair value through profit or loss

## Notes to the Financial Statements

### Financial Assets at Amortized Cost (Debt Instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met:

- ① The financial asset is held within a business model with the objective of hold financial assets in order to collect contractual cash flows and selling, and
- ② The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortized cost are subsequently measured using the effective interest (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 amortized cost include trade receivables.

### De-Recognition

A financial asset is de-recognised when:

- The rights to receive cash flows from the asset have expired
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
  - (a) The Company has transferred substantially all the risks and rewards of the asset, or
  - (b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has

retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

### Impairment of Financial Assets

The Company recognises an allowance for Expected Credit Losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12 month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company 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.

The Company considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### Financial Liabilities

#### Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, bank overdrafts and loans and borrowings.

#### Subsequent Measurement

The measurement of financial liabilities depends on their classification as follows:



## Notes to the Financial Statements

### Financial Liabilities at Fair Value Through Profit or Loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by SLFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the Statement of Profit or Loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss so designated at the initial date of recognition, and only if criteria of SLFRS 9 are satisfied. The Company has not designated any financial liability at fair value through profit or loss.

### Loans and Borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the Statement of Profit or Loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized 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 amortization is included in finance costs in the Statement of Profit or Loss.

### Financial Guarantee Contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortization.

### De-Recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit or Loss.

### Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if,

- ⦿ There is a currently enforceable legal right to offset the recognised amounts and
- ⦿ There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

### Derivative Financial Instruments

#### Initial Recognition and Subsequent Measurement

The Company uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to the Statement of Profit or Loss.

### Impairment of Non-Financial Assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount 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. When the carrying amount of an asset or CGU 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. In determining fair value less costs of disposal, recent market

## Notes to the Financial Statements

transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators

### 3.16 Provisions

Provisions are recognised when the Company 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. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Profit or Loss net of any reimbursement.

### 3.17 Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighing of possible outcomes against their associated probabilities.

### 3.18 Ordinary Shares

Ordinary Shares are classified as equity. Incremental costs directly attributable to the issue of Ordinary Shares are recognised as a deduction from equity, net of any tax effects.

### 3.19 Capital Commitments and Contingencies

Capital commitments and contingent liabilities of the Company are disclosed in the respective Note 26 to the Financial Statements.

### 3.20 Employee Benefits

#### Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions to a separate entity and will have no legal or constructive obligation to pay further amounts.

Obligations for contributions to Provident and Trust Funds covering all employees are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

The Company contributes to the following Schemes:

#### Employees' Provident Fund

The Company and employees contribute 12% and 8% respectively of the employee's monthly gross salary to the Provident Fund.

#### Employees' Trust Fund

The Company contributes 3% of the employee's monthly gross salary to the Employees' Trust Fund maintained by the Employees' Trust Fund Board.

#### Defined Benefit Plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The defined benefit is calculated by independent actuaries using the Projected Unit Credit (PUC) method as recommended by LKAS 19 – "Employee benefits". The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability. The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Key assumptions used in determining the defined retirement benefit obligations are given in Note 23. Any changes in these assumptions will impact the carrying amount of defined benefit obligations.

Provision has been made for retirement gratuities from the beginning of service for all employees, in conformity with LKAS 19 on employee benefits. However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

The valuation was carried out as at 31 March 2024 by Messer's Actuarial and Management Consultant (Pvt) Ltd a qualified actuary. Further details are disclosed in Note 23.

#### Recognition of Actuarial Losses / Gains

Actuarial gains and losses are recognised in full in the Other Comprehensive Income in line with the LKAS 19 – Employee Benefits (Revised 2013).

#### Funding Arrangements

The Gratuity liability is not externally funded.

#### Short Term Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

### 3.21 Statement of Cash Flows

The Statement of Cash Flows is prepared using the indirect method, as stipulated in LKAS 7- "Statement of Cash Flows".

### 3.22 Critical Accounting Estimates and Judgments

The preparation of Financial Statements in conformity with SLFRS/LKAS's requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Judgments and estimates are based on historical experience and other factors, including expectations that are believed to be reasonable under the circumstances. Hence actual experience and results may differ from these judgments and estimates.

## Notes to the Financial Statements

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period and any future periods.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes.

### Going Concern

The Directors have made an assessment of the Company's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on the going concern basis.

### Taxation

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax

authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the companies.

Deferred tax assets are recognised for 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 judgment is required to determine the amount of deferred tax assets that can be recognised, based on upon the likely timing and the level of future taxable profits together as with future tax planning strategies.

### Transfer Pricing Regulation

The Company is subject to income taxes and other taxes including transfer pricing regulations. Prevailing uncertainties with respect to the interpretation of respective transfer pricing regulations, necessitated using management judgment to determine the impact of transfer pricing regulations. Accordingly, critical judgments and estimates were used in applying the regulations in aspects including but not limited to identifying associated undertakings, estimation of the respective arm's length prices and selection of appropriate pricing mechanism. The current tax charge is subject to such judgments. Differences between estimated income tax charge and actual payable may arise as a result of management's interpretation and application of transfer pricing regulation.

### Measurement of the Defined Benefit Obligations

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Key assumptions used in determining the defined retirement benefit obligations are given in Note 23. Any changes in these assumptions will impact the carrying amount of defined benefit obligations.

### Impairment of Property, Plant and Equipment and Intangible Assets

The impairment analysis is principally based upon discounted estimated cash flows from the use and eventual disposal of the assets. Factors like lower than anticipated sales and resulting decreases of net cash flows and changes in the discount rates could lead to impairment. Further details are disclosed in Notes 12 and 13 of the Financial Statements.

### Revaluation of Land

The Company measures lands at revalued amount with change in value being recognised in the Statement of Other Comprehensive Income in Financial year 2021/2022. The valuer has used valuation techniques such as open market value. Refer Note 12 to the financial statements.

### Inventories

The Company reviews the existence and usability of inventories based on a perpetual inventory count. Provisions are made when Management determines obsolete stock and/or assesses a reduction in recoverable value. Provision is made in full when the goods aged over three months with regard to Die used in the production process based on Company policy. The valuation of finished and semi-finished goods requires use of managements judgments and estimates relating to the application of appropriate rates for overhead absorption.

### Allowance for Doubtful Debts

Company reviews at each reporting date all receivables to assess whether an allowance should be recorded in the Statement of Profit or Loss. Management uses judgment in estimating such allowance considering the duration of outstanding and any other factors management is aware of that indicates uncertainty in recoverability. Refer Note 17 for more details.

## Notes to the Financial Statements

### Provision for Warranties

The provision is based on historical data and the Company reviews adequacy of the provision at each reporting date.

### 3.23 Events Occurring After the Reporting Date

All material posts that occurred after the reporting date events have been considered and where appropriate adjustments or disclosures have been made in the Note 27 to the Financial Statements.

### 3.24 Earnings Per Share

The Company presents basic and diluted earnings per share (EPS) for its Ordinary Shares. Basic EPS is calculated by dividing the profit or loss attributable to Ordinary Shareholders of the Company by the weighted average number of Ordinary Shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of Ordinary Shares outstanding for the effects of all dilutive potential Ordinary Shares.

### 3.25 Segment Reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. Refer Note 30 to the financial statements.

## 4. Changes in Accounting Policies and Disclosures

### 4.1 Classification of Liabilities as Current or Non-Current - Amendment to LKAS 1

Amendments to LKAS 1 relate to classification of liabilities with covenants as current or non-current. The amendments clarify that if an entity's right to defer settlement of a liability is subject to the entity complying with the required covenants only at a date subsequent to the reporting period ("future covenants"), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. The requirements apply only to liabilities arising from loan arrangements.

The amendments are effective for annual periods beginning on or after 1 January 2024

### 4.2 Lease Liability in a Sale and Leaseback - Amendment to SLFRS 16

The amendments to SLFRS 16 Leases specifies the requirements that a lesser-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the lesser-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. A lesser-lessee applies the amendment retrospectively in accordance with LKAS 8 to sale and leaseback transactions entered into after the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2024

### 4.3 Disclosures: Supplier Finance Arrangements - Amendments to LKAS 7 and SLFRS 7

The amendments clarify the characteristics of supplier finance arrangements and require an entity to provide information about the impact of supplier finance arrangements on liabilities and cash flows, including terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those arrangements.

The amendments are effective for annual periods beginning on or after 1 January 2024.

### 4.4 International Tax Reform—Pillar Two Model Rule - Amendments to LKAS 12

The amendments to LKAS 12 introduce a mandatory exception in LKAS 12 from recognising and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. An entity is required to disclose that it has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

The amendments are effective for annual periods beginning on or after 1 January 2024.

## Notes to the Financial Statements

### 5. Revenue

For the Year Ended 31 March	2024 Rs. 000	2023 Rs. 000
<b>Timing of Revenue Recognition</b>		
<b>Sale of Goods</b>		
Goods Transferred at the Point in Time	10,992,977	10,214,848
Total Revenue from Contract with Customers	10,992,977	10,214,848

Revenue generated on each product category is shown below:

	2024 Rs. 000	2023 Rs. 000
Local Sales - Extrusions & Value Added Products	7,639,417	6,649,109
Export Sales - Extrusions & Value Added Products	3,257,423	3,424,320
Aluminium Accessories, Cladding & Corian	2,007	12,591
Other Material Sales and Service Charges	94,130	128,828
	10,992,977	10,214,848

### 6. Other Income

	2024 Rs. 000	2023 Rs. 000
Lease Rental Income	688	1,066
Income from Sale of Discarded Items	53,087	82,729
Gain on Fixed Asset Disposal	-	491
	53,775	84,286

### 7. Finance Cost and Income

#### 7.1 Finance Cost

	2024 Rs. 000	2023 Rs. 000
Interest Expense on Loans and Borrowings	702,431	1,080,871
Interest Expense on Leases	36,378	37,362
Interest Expense on Bank Overdrafts	91,422	89,879
Exchange Loss	638,940	582,156
	1,469,171	1,790,268

#### 7.2 Finance Income

	2024 Rs. 000	2023 Rs. 000
Interest Income on Deposits and Receivable	5,419	17,667
Exchange Gain	642,838	703,663
	648,257	721,330



## Notes to the Financial Statements

### 8. Profit / (Loss) Before Tax

Profit / (Loss) Before Tax is State after Charging all Expenses including the Following:

	2024 Rs. 000	2023 Rs. 000
<b>Included in Cost of Sales</b>		
Employee Benefits Including the Following	897,308	765,241
- Defined Benefit Plan Costs - Gratuity	52,741	37,691
- Defined Contribution Plan Costs - EPF and ETF	60,825	58,382
Depreciation	274,581	285,596
Provision / (Reversal) for Inventory	23,411	36,230
Research and Development Expenses	19,823	13,035
<b>Included in Administrative, Selling and Distribution Expenses</b>		
Employee Benefits Including the Following	509,838	425,562
- Defined Benefit Plan Costs - Gratuity	2,660	4,998
- Defined Contribution Plan Costs - EPF and ETF	33,210	28,710
Provision / (Reversal) for Bad Debts	(2,279)	(9,989)
Audit Fees	2,198	1,931
Non - Audit Fees	1,873	1,010
Depreciation and Amortization	104,759	97,609
Impairment of Property, Plant and Equipment	(5,238)	(36,975)
Gifts, Donation and CSR	3,942	758
Advertising Costs	30,696	5,171
Directors Fees (NED)*	2,286	1,885
Directors Emoluments (ED)**	58,520	52,601

\* NED -Non Executive Directors

\*\* ED -Executive Directors

### 9. Income Tax

The major components of income tax expense for the years ended 31 March 2024 and 2023 are :

Statement of Profit or Loss	2024 Rs. 000	2023 Rs. 000
<b>Current Income Tax:</b>		
Current Income Tax	-	1,469
Adjustments in Respect of Current Income Tax of Previous Year	-	(2,113)
<b>Deferred Tax:</b>		
Relating to Origination and Reversal of Temporary Differences	45,649	164,394
Income Tax Expense Reported in the Income Statement	45,649	163,750

## Notes to the Financial Statements

A reconciliation between tax expense and the accounting profit multiplied by domestic tax rate for the years ended 31 March 2024 and 2023 is as follows:

Statement of Comprehensive Income	2024 Rs. 000	2023 Rs. 000
<b>Deferred Tax Related to Items Recognized in OCI During the Year</b>		
Net Loss / (Gain) on Actuarial Gains and Losses	6,332	2,680
Adjustment to Opening Deferred Tax on Revaluation Reserve	-	(44,183)
Deferred Tax Charged to OCI	6,332	(41,503)

### 9.1 A Reconciliation Between Tax Expense and the Accounting Profit

	2024 Rs. 000	2023 Rs. 000
Accounting Profit Before Income Tax	231,721	153,540
Aggregate Disallowable Items	603,648	505,464
Aggregate Allowable Expenses	(1,148,989)	(900,960)
Exempt Profit	(86,868)	(38,262)
Interest Income	5,419	5,663
Tax Loss Brought Forward	280,217	-
Tax Loss Carried Forward	114,852	280,217
Taxable Income	-	5,662
Income Tax @ 24%	-	915
Income Tax @ 30%	-	554
Income Tax on Current Year Profit	-	1,469
Tax on Temporary Difference Tax @ 30%	45,649	164,394
Adjustments In Respect of Current Income Tax of Previous Year	-	(2,113)
Income Tax Expenses Reported in the Consolidated Income Statement	45,649	163,750

### 9.2 Deferred Tax

Deferred Tax Relates to the Following:

	Statement of Financial Position		Statement of Profit or Loss	
	2024 Rs. 000	2023 Rs. 000	2024 Rs. 000	2023 Rs. 000
Accelerated Depreciation for the Tax Purposes	(837,306)	(727,925)	109,381	(308,143)
Right to Use Assets	(71,407)	(79,888)	(8,481)	(31,470)
Lease Liability	83,840	88,655	4,815	34,811
Retirement Benefit Obligations	66,719	62,092	(10,959)	31,299
Provision for Bad Debts	7,934	8,801	867	1,711
Tax Loss Carried Forward	34,456	84,065	49,609	84,065
Other Provisions	219,565	119,982	(99,583)	23,332
	(496,199)	(444,218)	45,649	(164,395)

## Notes to the Financial Statements

	Statement of Financial Position		Statement of Comprehensive Income	
	2024 Rs. 000	2023 Rs. 000	2024 Rs. 000	2023 Rs. 000
Income Tax Effect on Actuarial (Loss) / Gains			6,332	2,680
Adjustment to Opening Deferred Tax on Revaluation Reserve			-	(44,183)
			6,332	(41,503)
Deferred Tax Expense / (Income)			51,981	(205,897)
Net Deferred Tax Liabilities	(496,199)	(444,218)		

Reflected in the Statement of Financial Position as follows:

	2024 Rs. 000	2023 Rs. 000
Deferred Tax Assets	412,514	363,595
Deferred Tax Liabilities	(908,713)	(807,813)
Deferred Tax Liabilities - Net as at 31 March	(496,199)	(444,218)

### Reconciliation of Deferred Tax Liabilities

	2024 Rs. 000	2023 Rs. 000
Balance as at 01 April	(444,218)	(245,032)
Amalgamated of Alco Industries (Pvt)Ltd	-	6,712
Tax Income / (Expense) Recognized in Profit & Loss	(45,649)	(164,395)
Tax (Expense) / Income Recognized in Other Comprehensive Income	(6,332)	(41,503)
Balance as at 31 March	(496,199)	(444,218)

### Reconciliation of Deferred Tax (Charge) / Reversal

	2024 Rs. 000	2023 Rs. 000
Deferred Tax (Charge) / Reversal on Other Temporary Differences Recognised Under Profit or Loss	(45,649)	(24,508)
Deferred Tax Effect from Change in Tax Rate Recognised Under Comprehensive Income	-	(139,886)
Deferred Tax (Charge) / Reversal on Other Temporary Differences Recognised Under Other Comprehensive Income	(6,332)	2,680
Deferred Tax Effect from Change in Tax Rate Recognised Under Other Comprehensive Income	-	(44,183)
	(51,981)	(205,897)

The Company has used the new tax rate introduced in the Inland Revenue (Amendment) Act No. 45 of 2022, certified on 19th December 2022 (with retrospective effect from 01 October 2022) for income and deferred taxation. Accordingly, income tax rates of, 18% for manufacturing business profits, 14% for export profits and 24% for trading and other income have been used for the first six months and a standard rate of 30% has been used for profits of all segments for the second six months ended 31st March 2023 and for year ended 31st March 2023. The Rate of 30% has been used for Deferred Tax. The resultant impact has been recognised in the Statement of Profit or Loss and Other Comprehensive Income. Impact of income tax rate change to the income tax expense is Rs. 163,750 (Current Tax Charge :( Rs.644 ) and Deferred Tax Expenses: Rs.164,394).

Deferred taxes of the Company is computed at the rate of 30% (2023 - 30%).

## Notes to the Financial Statements

### 10. Notes to the Financial Statements

#### 10.1 Basic Earnings / (Loss) Per Share

Basic Earnings Per Share is calculated by dividing the profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

#### Diluted Earnings / (Loss) Per Share

The calculation of Diluted Earnings Per Share is based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustment for the effect of all diluted ordinary shares.

#### 10.2 The Following Reflects the Income and Share Data Used in the Basic & Diluted Earnings Per Share computation.

	2024 Rs. 000	2023 Rs. 000
<b>Amounts Used as Numerator:</b>		
Net Profit / (Loss) Attributable to the Equity Holders of the Company	186,072	(10,210)
	2024 Number	2023 Number
<b>Numbers of Ordinary Shares Used as Denominator:</b>		
Weighted Average Number of Ordinary Shares in Issue	598,605,680	598,605,680
Basic & Diluted Earnings / (Loss) per Share	0.31	(0.02)

#### 11. Dividends Paid and Proposed

	2024 Rs. 000	2023 Rs. 000
<b>Declared and Paid During the Year:</b>		
<b>Dividends on Ordinary Shares:</b>		
Final Dividend for 2021/22 - Rs.0.10 Per Share	-	149,651
Number of Shares	598,605,680	598,605,680
Dividend Per Share	-	0.25

All dividend proposed and declared before the Financial Statements were authorized for issue have been recognized as a distribution to owners.

## Notes to the Financial Statements

### 12. Property, Plant and Equipment

#### 12.1 Property, Plant and Equipment

	Land Rs. 000	Building Rs. 000	Plant and Machinery Rs. 000	Motor Vehicles Rs. 000	Office Equipment Rs. 000	Furniture and Fittings Rs. 000	Tool and Equipment Rs. 000	Total Rs. 000
<b>Cost or Valuation</b>								
At 1 April 2023	1,307,815	1,666,114	3,041,835	60,180	126,455	99,852	275,927	6,578,178
Revaluation Surplus	-	-	-	-	-	-	-	-
Additions	-	128,218	122,943	-	20,155	1,225	84,462	357,003
Disposals	-	(11,831)	(102,820)	(5,231)	(6,277)	(2,093)	(2,902)	(131,154)
Transfers	-	-	-	-	-	-	-	-
At 31 March 2024	1,307,815	1,782,501	3,061,958	54,949	140,333	98,984	357,487	6,804,027
<b>Depreciation and Impairment</b>								
At 1 April 2023	-	466,462	1,191,984	53,521	72,968	55,141	87,460	1,927,536
Charge for the Year	-	89,554	142,366	1,540	14,426	9,132	42,573	299,591
Disposals	-	(11,749)	(98,986)	(5,231)	(5,763)	(1,887)	(2,423)	(126,039)
Impairment Loss	-	-	-	-	-	-	-	-
At 31 March 2024	-	544,267	1,235,364	49,830	81,631	62,386	127,610	2,101,088
<b>Net Book Value</b>								
At 31 March 2024	1,307,815	1,238,234	1,826,594	5,119	58,702	36,598	229,877	4,702,939
At 31 March 2023	1,307,815	1,199,652	1,849,851	6,659	53,487	44,711	188,467	4,650,642

During the financial year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs. 357 mn. (2023- Rs.554 mn) for cash.

The gross carrying amount of fully depreciated Property, Plant and Equipment that are still in use as at 31 March 2024 was Rs 635 Mn. (2023 - Rs. 505 mn).

The net carrying amount of temporarily idle Property, Plant and Equipment as at 31 March 2024 was Rs. Nil Mn. (2023 - Rs. Nil Mn).

#### 12.2 Revaluation of Land and Building

Fair value of the properties was determined using the market comparable method. This means that valuation performed by the valuer are based on market based evidence, significantly adjusted for difference in the nature, location or condition of the specific property.

As at the date of revaluation on 31 March 2022, the fair value of land are based on valuation performed by Mr. P. B. Kalugalagedara, an independent chartered valuer who has valuation experience for similar lands since 1969. The fair value of Freehold Buildings were determined by means of a revaluation during the year 2010 by Messrs. SGS Lanka (Pvt) Ltd, an independent valuer in reference to market based evidence. The results of such revaluation were incorporated in these Financial Statements from its effective date which was 31 March 2011. The surplus arising from the revaluation net of deferred taxes was transferred to a revaluation reserve and it's transferred back to equity over the period of time.

The Company changed the accounting policy with respect of measurement of building during 2012, therefore the fair value of building was not measured thereafter.



## Notes to the Financial Statements

The carrying amount of revalued assets that would have been included in the financial statements had the assets been carried at cost less depreciation is as follows:

Class of Asset	Cost	Cumulative Depreciation if Assets were Carried at Cost	Net Carrying Amount 2024	Net Carrying Amount 2023
	Rs. 000	Rs. 000	Rs. 000	Rs. 000
Freehold Land	473,722	-	473,722	473,722
Building	1,280,299	(487,619)	792,680	812,293
	1,754,021	(487,619)	1,266,402	1,286,015

### Fair Value of Land

Fair Value measurement disclosure for revalued land based on un-observable inputs are as follows,

- (A) Quoted Price (unadjusted) in active markets for identical assets or liabilities (Level -1).
- (B) 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)
- (C) Input for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level -3).

	Date of Valuation	Fair Value Measurement Using Significant Unobservable Inputs (Level 3)
		Rs. 000
<b>Revalued Property, Plant and Equipments</b>		
Land -Makola	31 March 2022	652,065
Land -Gonawala	31 March 2022	101,750
Land -Ekala	31 March 2022	554,000
		1,307,815

### Significant Unobservable Input :

	2022 Range Rs. 000
<b>Price Per Perch</b>	
Land -Makola	550-575
Land -Gonawala	350
Land -Ekala	550

Significant increases / (decreases) in estimated price per perch in isolation would result in a significantly higher (lower) fair value.

## Notes to the Financial Statements

### 12.3 Value of Real Estate

As at 31 March 2024	Location	Extent (Acres)	No of buildings in each location	Buildings Sq. ft	Market Value of Land Rs. 000
<b>Ownership</b>					
Alumex PLC	Makola	7.37	16	162,004	652,065
Alumex PLC	Gonawala	1.82	3	59,042	101,750
Alumex PLC	Ekala	6.30	5	91,442	554,000

### 12.4 Depreciation Transfer for Building

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

### 13. Intangible Assets

	Patents and Licenses Rs. 000
<b>Cost</b>	
Balance as at 1 April 2023	165,557
Additions	8,575
Disposal	(571)
Balance as at 31 March 2024	173,561
<b>Amortization</b>	
Balance as at 1 April 2023	79,900
Amortization Charge for the Year	20,776
Disposal	(484)
Balance as at 31 March 2024	100,192
<b>Net Book Value</b>	
As at 31 March 2024	73,369
As at 31 March 2023	85,657

Intangible asset consist of patent , licence of ERP software (SAP S4 Hana), Business intelligence tool software and Solid CAM Software of Machines.

## Notes to the Financial Statements

### 14. Right-of-Use-Assets

#### 14.1 Cost

	2024 Rs. 000	2023 Rs. 000
Balance as at 1 April	366,997	323,590
Additions	25,465	43,407
Disposal	-	-
Cost as at 31 March	392,462	366,997
Accumulated Ammortization		
Balance as at 1 April	100,703	50,815
Charge for the Year	53,734	49,888
Disposal	-	-
Accumulated Amortization as at 31 March	154,437	100,703
Net Book Value as at 31 March	238,025	266,293

#### 14.2 Lease Liability

	2024 Rs. 000	2023 Rs. 000
Balance as at 1 April	295,519	303,347
Additions / Reassessment	25,465	28,635
Interest Charge	36,378	37,362
Payments	(77,897)	(73,825)
Derecognition Lease Liability	-	-
Balance as at 31 March	279,465	295,519
Non-Current -Lease Liability	211,524	219,091
Current -Lease Liability	67,941	76,428
	279,465	295,519

The weighted average lessee's incremental borrowing rate of 12.78% applied to lease liabilities recognised in the Statement of Financial Position at the date of initial application.

Expenses related to short term lease and lease of low value assets amounting to Rs. 2.6 Mn (2023 - Rs. 5.3Mn) has recognized in Profit or Loss.

#### 14.3 Maturity Analysis of Lease Liabilities

The table below summarises the maturity profile of the Company lease liabilities.

	Less than 3 months Rs. 000	3 to 12 months Rs. 000	1-2 years Rs. 000	2-5 years Rs. 000	>5 years Rs. 000	Total (Gross) Rs. 000
2023	19,107	57,321	24,474	43,098	151,519	295,519
2024	17,825	50,117	64,015	111,066	36,442	279,465

## Notes to the Financial Statements

### 15. Financial Assets and Financial Liabilities

#### 15.1 Financial Liabilities

	2024 Rs. 000	2023 Rs. 000
<b>Current Portion of Long Term Interest Bearing Borrowings</b>		
Long Term Loans	655,630	573,067
<b>Short-Term Interest Bearing Borrowings</b>		
Short Term Loans	3,838,717	2,673,738
Bank Overdraft	539,810	343,889
Total Short-Term Interest Bearing Borrowings	4,378,527	3,017,627
<b>Non Current Interest Bearing Loans and Borrowings</b>		
Long Term Loans	931,990	656,122
Total Non Current Interest Bearing Loans and Borrowings	931,990	656,122

#### 15.1.1 Long-Term Borrowings

	2024 Rs. 000	2023 Rs. 000
As at 01 April	1,229,189	1,780,381
New Loans Obtained	1,000,000	-
Repayments	(641,569)	(551,192)
As at 31 March	1,587,620	1,229,189
Transfer to Current Liability (Repayable Within One Year)	(655,630)	(573,067)
Repayable After One Year	931,990	656,122

#### 15.1.2 Analysis of Long-Term Borrowings by Year of Repayment

	2024 Rs. 000	2023 Rs. 000
Long-Term Loans Repayable Between 1 and 2 Years from Year-end	475,508	405,622
Long-Term Loans Repayable Between 2 and 5 Years from Year-end	456,482	250,500
	931,990	656,122

Term loans were obtained from Commercial Bank for the period of 5 and 4 years at variable rates, Hatton National Bank for the period of 5 years at variable interest rates, BOC Bank for the period of 3 years at fixed interest rates and no securities are pledged in respect of such loans except term loans were obtained from HNB on negative pledge over the fixed assets of the Company. The Carrying amount of Assets Pledged as Collateral for Financial Liability is Rs. 780 Mn.

## Notes to the Financial Statements

### 15.1 Financial Liabilities (Contd.)

#### 15.1.3 Short-Term Borrowings

	2024 Rs. 000	2023 Rs. 000
As at 01 April	2,673,738	2,642,570
Amalgamation of Alco Industries (Pvt) Ltd	-	196,793
New Loans Obtained	15,410,413	10,958,706
Repayments	(14,245,434)	(11,124,331)
As at 31 March	3,838,717	2,673,738

#### 15.1.4 Fair Value of Financial Assets and Liabilities not Carried at Fair Value

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments that are not carried at fair value in the Financial Statements. This table does not include the fair values of non-financial assets and non-financial liabilities.

	Carrying Amount		Fair Value	
	2024 Rs. 000	2023 Rs. 000	2024 Rs. 000	2023 Rs. 000
<b>Financial Assets</b>				
Trade and Other Receivables	1,950,376	1,177,609	1,950,376	1,177,609
Total	1,950,376	1,177,609	1,950,376	1,177,609
<b>Financial Liabilities</b>				
Trade and Other Payables	2,082,149	1,693,480	2,082,149	1,693,480
Loans and Borrowings - Current	5,034,157	3,590,694	5,034,157	3,590,694
Loans and Borrowings - Non Current	931,990	656,122	931,990	656,122
Total	8,048,296	5,940,296	8,048,296	5,940,296

The following describes the methodologies and assumptions used to determine the fair values for those financial instruments which are not already recorded at fair value in the Financial Statements.

#### Assets for which Fair Value Approximates Carrying Value

For financial assets and financial liabilities that have a short term maturity (original maturities less than a year), it is assumed that the carrying amounts approximate their fair values.

Loans and advances granted to customers with a variable rate are also considered to be carried at fair value in the books.

### 16. Inventories

	2024 Rs. 000	2023 Rs. 000
Raw Material	1,787,457	1,510,508
Work In Progress	1,717,425	1,282,398
Finished Goods	865,060	801,522
Other Materials	8,948	8,363
Goods In Transit	760,809	53,815
	5,139,699	3,656,606



## Notes to the Financial Statements

The provision of the Company for obsolete inventory was amounting Rs. 23.4 Mn (2023 - Rs. 36 Mn - provision made) which was recognized in Cost of Sales.

### 16.1 Movement in the Provision for Obsolete Inventory

	2024 Rs. 000	2023 Rs. 000
As at 1 April	586,747	441,802
Provision Made During the Year	23,411	108,715
Amalgamation of Alco Industries (Pvt) Ltd	-	36,230
As at 31 March	610,158	586,747

### 17. Trade and Other Receivables

	2024 Rs. 000	2023 Rs. 000
Trade Receivables	1,238,723	985,284
Less: Provision for Doubtful Debts	(26,447)	(29,335)
	1,212,276	955,949
Amounts Due from Related Parties (Note 17.1)	666,449	157,907
Other Receivables	71,651	63,753
	1,950,376	1,177,609

#### 17.1 Amounts Due from Related Parties

	2024 Rs. 000	2023 Rs. 000
Advantis Projects & Engineering (Pvt) Ltd	504	-
Unisyst Engineering PLC	241,876	59,227
Energynet (Pvt) Ltd	101,656	-
Fentons Limited	322,413	98,680
	666,449	157,907

Trade receivables are non-interest bearing and are generally on 30-90 days terms.

#### 17.2 Movement in the Provision for Doubtful Debts.

	2024 Rs. 000	2023 Rs. 000
As at 1 April	29,335	33,264
Amalgamation of Alco Industries (Pvt) Ltd	-	6,674
Provision Reversed Against Write-off	(609)	(388)
Provision Reversed During the Year	(2,279)	(10,215)
As at 31 March	26,447	29,335

## Notes to the Financial Statements

### 17.3 As at 31 March , the Ageing Analysis of Trade Receivables is as Follows:

	Neither Past Due nor Impaired Rs. 000	Past Due but not Impaired				Total (Gross) Rs. 000	Provision for Doubtful Debts Rs. 000	Total (Net) Rs. 000
		< 60 days Rs. 000	61-120 days Rs. 000	121-180 days Rs. 000	> 180 days Rs. 000			
2023	589,553	266,754	81,480	15,872	31,625	985,284	(29,335)	955,949
2024	664,157	413,667	135,177	15,225	10,497	1,238,723	(26,447)	1,212,276

See Note 30 on credit risk of trade receivables which explains how the Company manages and measures credit quality of trade receivables that are neither past due nor impaired.

### 18. Advances and Prepayments

	2024 Rs. 000	2023 Rs. 000
Advances	535,325	498,503
Prepayments	44,713	9,546
VAT receivable	105,382	-
	685,420	508,049

### 19. Cash and Short Term Deposits

	2024 Rs. 000	2023 Rs. 000
Cash at Banks and on Hand	74,945	156,688
	74,945	156,688

For the purpose of Statement of Cash Flows, Cash and Cash Equivalents comprise the followings.

	2024 Rs. 000	2023 Rs. 000
Cash at Banks and on Hand	74,945	156,688
Short Term Interest Bearing Borrowing (Note 15.1)	(4,378,527)	(3,017,627)
Cash and Cash Equivalents for the Purpose of Cash Flow Statement	(4,303,582)	(2,860,939)

### 20. Stated Capital

	2024		2023	
	Number	Rs. 000	Number	Rs. 000
Ordinary Shares	598,605,680	283,735	598,605,680	283,735

## Notes to the Financial Statements

### 21. Reserves

	2024 Rs. 000	2023 Rs. 000
Revaluation Reserve (Note 21.1)	700,304	705,589
Capital Reserve	228,056	228,056
	<b>928,360</b>	<b>933,645</b>

#### 21.1 Revaluation Reserve

	2024 Rs. 000	2023 Rs. 000
As at 1 April	705,589	711,715
Amalgamation of Alco Industries (Pvt) Ltd	-	43,342
Excess Depreciation Transfer on Revaluation Surplus	(5,285)	(5,285)
Adjustment to Opening Deferred Tax on Revaluation Reserve	-	(44,183)
As at 31 March	<b>700,304</b>	<b>705,589</b>

Revaluation Surplus consists of net surplus resulting from the valuation of Property, Plant and Equipment.

#### 21.2 Capital Reserve

Capital reserve was made with funds transferred from retained earnings in previous years with the purpose of purchasing capital nature assets.

#### 21.3 OCI items, Net of Tax

The disaggregation of charges of OCI by each type of reserve on equity is shown below.

	Revaluation Reserve Rs. 000	Retained Earnings Rs. 000	Total Rs. 000
<b>As at 31 March 2023</b>			
Remeasurement of Defined Benefit Plan Net of Tax	-	(6,252)	(6,252)
Adjustment to Opening Deferred Tax on Revaluation Surplus	(44,183)	-	(44,183)
	<b>(44,183)</b>	<b>(6,252)</b>	<b>(50,435)</b>
<b>As at 31 March 2024</b>			
Remeasurement of Defined Benefit Plan Net of Tax	-	14,773	14,773
Revaluation of Land Net of Tax	-	-	-
	<b>-</b>	<b>14,773</b>	<b>14,773</b>

## Notes to the Financial Statements

### 22. Provisions

	2024 Rs. 000	2023 Rs. 000
<b>Maintenance Warranty</b>		
As at 01 April	22,424	17,093
Amalgamation of Alco Industries (Pvt) Ltd	-	2,594
Provisions During the Year	3,037	2,737
As at 31 March	25,461	22,424

Maintenance warranty provision is recognized for expected warranty claims on Wood Finished products sold.

### 23. Retirement Benefit Liability

The Group measures the present value of Defined Benefit Obligation (PVDBO) which is a defined benefit plan with the advice of an actuary using Project Unit Credit Method.

Changes in the present value of the Retirement Benefit Plan as follows:

	2024 Rs. 000	2023 Rs. 000
As at 1 April	206,976	148,940
Amalgamation of Alco Industries (Pvt) Ltd	-	17,322
Interest Cost	35,644	24,121
Current Service Cost	19,757	18,568
Benefit Paid	(18,875)	(10,907)
Actuarial Loss / (Gain)	(21,105)	8,932
As at 31 March	222,397	206,976

#### 23.1 Expense Recognized during the Year in Income Statement

	2024 Rs. 000	2023 Rs. 000
Interest Cost	35,644	24,121
Current Service Cost	19,757	18,568
Past Service Cost	-	-
	55,401	42,689
Actuarial (Losses) / Gains Recognized in Other Comprehensive Income	21,105	(8,932)

Messrs. Actuarial and Management consultant (Pvt) Ltd, carried out an actuarial valuation of the defined benefit plan gratuity on 31 March 2024. The principal financial assumptions underling the valuation are as follows:

## Notes to the Financial Statements

### 23. Retirement Benefit Liability (Contd.)

#### 23.2 The Key Assumptions Used in Determining the Cost of Employee Benefits were:

Discount Rate	12% (2023 - 18%)
Rate of Salary Increase	11% (2023 - 16%)
Retirement Age	60 Years as specified by the Company (2023 - 60 Years)
Staff Turnover	10% of mortality rates
Mortality	Based on A 1967/70 Mortality Table (Institute of Actuaries, London)

**23.3** In Order to Illustrate the Significance of the Salary Escalation Rates and Discount Rates Assumed in this Valuation a Sensitivity Analysis for all Employees Assuming the above is as Follows:

As at 31 March 2024				
Salary Increment Rate	Discount Rate	PVODBO	Net Benefit (Expense)	
11.00%	11%	235,656	(13,259)	
11.00%	13%	210,415	11,982	
10.00%	12%	209,906	12,491	
12.00%	12%	236,020	(13,623)	

As at 31 March 2023				
Salary Increment Rate	Discount Rate	PVODBO	Net Benefit (Expense)	
16.00%	17%	219,921	(12,946)	
16.00%	19%	195,289	11,686	
15.00%	18%	194,221	12,754	
17.00%	18%	220,911	(13,936)	

**23.4** Average future working life time as per the assumptions made is 6 years as of 31 March 2024.

**23.5** Maturity Profile of the Defined Benefit Obligation as at 31 March 2024.

Expected Future Working Life	Defined Benefit Obligation	
	2024 Rs. 000	2023 Rs. 000
Within the Next Twelve Months	23,099	21,347
Between One to Five Years	103,295	83,540
Between Five to Ten Years	61,919	59,892
More than Ten Years	34,084	42,197
	<b>222,397</b>	206,976

## Notes to the Financial Statements

### 24. Trade and Other Payables

	2024 Rs. 000	2023 Rs. 000
Trade Payables	1,261,181	634,049
Amounts Due to Related Parties (Note 25.1)	159,273	315,769
Other Payables	417,867	519,040
Accruals and Sundry Creditors	243,828	224,622
	<b>2,082,149</b>	<b>1,693,480</b>

Other payable mainly comprise of advances received amounting to Rs. 252 Mn (2023 - Rs. 212 Mn).

### 25. Amounts Due to Related Parties

#### 25.1 Amounts Due to Related Parties

	2024 Rs. 000	2023 Rs. 000
Hayleys PLC	135,856	296,040
Advantis Freight (Private) Ltd	10,830	8,358
Hayleys Business Solutions International (Pvt) Ltd	532	1,790
Logiwiz Limited	638	100
Advantis Projects & Engineering (Private) Limited	-	302
Hayleys Advantis Ltd	94	-
Fentons Limited	3	4,927
Hayleys Aventura (Pvt) Ltd	-	155
Hayleys Travels (Pvt) Ltd	1,089	(584)
Mountain Hawk Expresses (Pvt) Ltd	-	4,223
Kingsburry PLC	294	-
Puritas (Private) Limited	194	405
Haycarb PLC	-	11
Mabroc Teas (Pvt) Ltd	113	-
Singer (Sri Lanka PLC)	9,069	10
Hayleys Agriculture Holdings	-	12
Hayleys Agro Fertilizers (Pvt) Ltd	37	-
Advantis Express (Pvt) Limited	524	-
CMA-CGM LAanka (Pvt) Ld	-	20
	<b>159,273</b>	<b>315,769</b>

Terms and conditions of the above financial liabilities:

- ⦿ Trade payables are non-interest bearing and are normally settled on 30-60 day terms
- ⦿ Accrued expenses are non-interest bearing and are normally settled on 30 day terms

Other payables are non-interest bearing and hence on average term of six months. For explanation of group credit risk management process, refer to Note No 29.



## Notes to the Financial Statements

### 26. Commitments and Contingencies

#### 26.1 Capital Expenditure Commitments

The Company has following major capital commitments as at 31 March 2024.

Nature of transaction	Capital Commitment Rs. 000
DIE Casting Plant	29,873
Lumin Concept center at Arcade	3,708
Steel Racks	2,900
Foundation for Hoist	2,839
MT60 Flow Cooling Tower	2,725
Sound Proof Enclosure for with Rock Wool	1,815
HPDC Foundation	1,727
KV 60 Burner Conversation for Prime Plant	1,290
	46,877

#### 26.2 Litigation, Disputes and Contingent Liabilities

There are no material legal, arbitration or mediation proceedings pending against the Company that would materially affect the current financial position of future operations or profits of the Company. The Company was not involved in any legal, arbitration or mediation proceedings in the recent past which had any significant effects on the Company's financial position or profitability.

The contingent liabilities as at 31 March 2024 on guarantees given by Company to third parties amounted to Rs. 62.9 Mn (2023 - Rs 56.7 Mn).

Company has received a claim from the Department of Labour for surcharge payments on the grounds of delayed EPF contributions made to the Central Bank of Sri Lanka 16 years before, for a value of Rs. 2 mn and its still being discussed with Department of Labour and the Central Bank of Sri Lanka.

There are no material contingent liabilities, except the above mentioned items, that would affect current and future profits of the Company as at 31 March 2024.

### 27. Events Occurring after the Reporting Date

No circumstances have arisen since the reporting date which would require adjustments to or disclosure in the Financial Statements, except for the fire that erupted in the factory located in Ekala. The event occurred on 07 May 2024, of which the impact is yet to be assessed. Operations remain unaffected, as there is ample unused production capacity at alternate sites to fulfill demand.

### 28. Related Party Disclosures

#### 28.1 Transactions with the Key Management Personnel

##### (A) Loans to Directors

No loans have been given to the Directors of the Company.

##### (B) Key Management Personnel Compensation

Key management personnel comprises the Directors of the Company and details of compensation are given in Note 08 to the Financial Statements. There were no other transactions with key management personnel during the year.

## Notes to the Financial Statements

The following table provides the total amount of transactions that the Company have been entered into with related parties for the relevant financial year (for information regarding outstanding balances at 31 March 2024 ,31 March 2023, refer to Notes 17 and 24):

		Sales to Related Parties	Purchases from Related Parties	Net Funds Transfer from/ (to) Related Parties	Amounts Due from Related Parties	Amounts Due to Related Parties
		Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000
<b>Parent :</b>						
Hayleys PLC	2024	-	373,185	(533,369)	-	135,856
	2023	-	320,248	(171,825)	-	296,040
<b>Entities with significant influence over the Group</b>						
Hayleys Business Solutions International (Pvt) Ltd	2024	-	6,528	(7,786)	-	532
	2023	-	52,448	-	-	1,790
Haycarb PLC	2024	-	(11)	-	-	-
	2023	-	-	-	-	11
Hayleys Travels & Tours (Pvt) Ltd (Now known as Hayleys Travels (Pvt) Ltd)	2024	-	13,343	(11,670)	-	1,089
	2023	-	-	-	-	(584)
The Kingsbury PLC	2024	-	4,407	(4,113)	-	294
	2023	-	3,134	-	-	-
Puritas (Pvt) Ltd	2024	-	(211)	-	-	194
	2023	-	802	-	-	405
Advantis Projects & Engineering (Pvt) Ltd	2024	504	2,516	(2,818)	504	-
	2023	-	4,953	-	-	302
Advantis Freight (Pvt) Ltd	2024	-	78,033	(75,561)	-	10,830
	2023	-	36,370	-	-	8,358
Unisyst Engineering PLC	2024	554,940	-	372,291	241,876	-
	2023	163,745	1,639	-	59,227	-
Logiwiz Limited	2024	-	5,108	(4,570)	-	638
	2023	-	925	-	-	100
COSCO Lanka (Pvt) Ltd	2024	-	644	(644)	-	-
	2023	-	146	-	-	-
Talawakelle Tea Estates PLC	2024	-	343	(343)	-	-
	2023	-	-	-	-	-
Hayleys Agriculture Holdings Limited	2024	-	143	(155)	-	-
	2023	-	1,028	-	-	12
CEVA Logistics Lanka (Pvt) Ltd	2024	-	606	(606)	-	-
	2023	-	-	-	-	-
DPL Premier Gloves Limited	2024	-	800	(800)	-	-
	2023	-	-	-	-	-
Mabroc Teas (Pvt) Ltd	2024	-	385	(272)	-	113
	2023	-	749	-	-	-
Hayleys Aventura (Pvt) Ltd	2024	-	10,073	(10,228)	-	-
	2023	-	14,574	-	-	155

## Notes to the Financial Statements

		Sales to Related Parties	Purchases from Related Parties	Net Funds Transfer from/ (to) Related Parties	Amounts Due from Related Parties	Amounts Due to Related Parties
		Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000
Mountain Hawk Express (Pvt) Ltd	2024	-	-	(4,223)	-	-
	2023	-	15,214	-	-	4,223
Hayleys Electronics Ltd	2024	-	2,469	(2,469)	-	-
	2023	-	-	-	-	-
Hayleys Fabric PLC	2024	-	250	(250)	-	-
	2023	-	-	-	-	-
Fentons Limited	2024	639,852	34,770	455,806	322,423	3
	2023	116,538	82,410	(85,943)	98,680	4,927
Hayleys Advantis Limited	2024	-	94	-	-	94
	2023	-	-	-	-	-
Hayleys Agro Fertilizers (Pvt) Ltd	2024	-	37	-	-	37
	2023	-	-	-	-	-
CMA-CGM Lanka (Pvt) Ltd	2024	-	68	(88)	-	-
	2023	-	244	-	-	20
Advantis Express (Pvt) Ltd	2024	-	25,027	(24,502)	-	524
	2023	-	-	-	-	-
Summer Season Limited	2024	-	-	-	-	-
	2023	8,024	-	-	-	-
Energynt (Pvt) Ltd	2024	101,656	357	(357)	101,656	-
	2023	-	22,270	-	-	-
Singer PLC	2024	2,040	12,529	5,509	-	9,069
	2023	10,806	2,687	-	-	10

There were no non recurrent related party transactions which aggregate value exceeds 10% of Equity or 5% of total Assets and there were no recurrent related party transactions which aggregate value exceeds 10% of gross revenue.

### The Ultimate Parent

The ultimate parent of the Company is Hayleys PLC.

### The Entity with Significant Influence Over the Company

Hayleys Business Solutions International (Pvt) Ltd, Haycarb PLC, Hayleys Travels & Tours (Pvt) Ltd (Now known as Hayleys Travels (Pvt) Ltd), The Kingsbury PLC, Puritas (Pvt) Ltd, Advantis Projects & Engineering (Pvt) Ltd, Advantis Freight (Pvt) Ltd, Unisyst Engineering PLC, Logiwiz Limited, COSCO Lanka (Pvt) Ltd, Talawakelle Tea Estates PLC, Hayleys Agriculture Holdings Limited, CEVA Logistics Lanka (Pvt) Ltd, DPL Premier Gloves Limited, Mabroc Teas (Pvt) Ltd, Hayleys Aventura (Pvt) Ltd, Mountain Hawk Express (Pvt) Ltd, Hayleys Electronics Ltd, Hayleys Fabric PLC, Fentons Limited, Hayleys Advantis Limited, Hayleys Agro Fertilizers (Pvt) Ltd, CMA-CGM Lanka (Pvt) Ltd, Advantis Express (Pvt) Ltd, Summer Season Limited, Energynt (Pvt) Ltd, Singer PLC are subsidiaries of Hayleys PLC.

## Notes to the Financial Statements

### Terms and Conditions of Transactions with Related Parties

The sales to and purchases from related parties are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2024, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (2023 - Nil). This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

## 29. Financial Management Objectives and Policies

### Financial Risk Management

The Company has exposure to the following risks from financial instruments:

- (1) Credit Risk
- (2) Liquidity Risk
- (3) Operational Risk
- (4) Market Risk

This note presents information about the Group's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these Financial Statements.

### Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has delegated this responsibility to the Audit Committee which is supported by the Senior Management of the of the Company in identifying, measuring and managing the risks of the Company.

### Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

### Trade and Other Receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

The Company Senior Management has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the senior management; these limits are reviewed quarterly. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis. Outstanding customer receivables are regularly monitored.

More than 75% of the Company's customers have been transacting with the Company for over five years, and no impairment loss has been recognized against these customers. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, whether they are a wholesale, retail or end-user customer, geographic location, industry, aging profile, maturity and existence of previous financial difficulties.

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables. The main components of this allowance are a specific provision that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

## Notes to the Financial Statements

### 29. Financial Management Objectives and Policies (Contd.)

The maximum exposure to credit risk for trade and other receivables at the reporting date is Rs.1,950 mn (2023 - Rs. 1,178 mn) which is disclosed in Note 17. The Company evaluates the concentration of risk with respect to trade receivables as low.

#### Cash and Cash Equivalents

The Company held cash and cash equivalents of Rs. 75 mn as at 31 March 2024 (2023 - Rs.157 mn) which represents its maximum credit exposure on these assets.

Respective credit ratings of banks which Company cash balances held are as follows;

- ⊙ Commercial Bank of Ceylon PLC – A (lka)
- ⊙ Sampath Bank PLC – A (lka)
- ⊙ Bank of Ceylon – A (lka)
- ⊙ DFCC Bank – A - (lka)
- ⊙ Hatton National Bank PLC– A (lka)
- ⊙ Standard Chartered Bank- AAA (lka)
- ⊙ Nation Trust Bank PLC - A- (lka)
- ⊙ Deutsche Bank - A-
- ⊙ People's Bank- A (lka)

#### Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, and finance leases. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

Company maintains a portfolio of short-term liquid assets, loans and advances to banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the Company as a whole. The liquidity requirements of business units and subsidiaries are met through short-term loans from intercompany fund transfers to cover any short-term fluctuations and longer term funding to address any structural liquidity requirements.

The monthly liquidity position is monitored. All liquidity policies and procedures are subject to review and approval by the Chief Financial Officer. Daily reports cover the liquidity position of both the company. A summary report, including any exceptions and remedial action taken, is submitted regularly to Chief Financial Officer.

## Notes to the Financial Statements

The table below summarizes the maturity profile of the Company financial liabilities based on contractual undiscounted payments.

	On Demand Rs. 000	Less than 3 months Rs. 000	3 to 12 months Rs. 000	1-5 years Rs. 000	>5 years Rs. 000	Total (Gross) Rs. 000
Interest-Bearing Loans and Borrowings	539,806	4,048,541	445,806	931,994	-	5,966,147
Other Liabilities	25,461	-	-	-	-	25,461
Trade and Other Payables	314,990	1,662,210	92,915	12,034	-	2,082,149
	880,257	5,710,751	538,721	944,028	-	8,073,757

Gross loan commitments shown above differs from the amount included in the Statement of Financial Position as amount shown there is excluding loan interest commitments.

### Operational Risk

Operational Risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational Risks arise from all of the Company's operations.

The Company's objective is to manage Operational Risk, so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address Operational Risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall company standards for the management of operational risk in the following areas:

- ⦿ Requirements for appropriate segregation of duties, including the independent authorization of transactions
- ⦿ Requirements for the reconciliation and monitoring of transactions
- ⦿ Compliance with regulatory and other legal requirements
- ⦿ Documentation of controls and procedures
- ⦿ Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified.
- ⦿ Requirements for the reporting of operational losses and proposed remedial action
- ⦿ Development of contingency plans
- ⦿ Training and professional development
- ⦿ Ethical and business standards
- ⦿ Risk mitigation, including insurance when this is effective



## Notes to the Financial Statements

### Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: Interest Rate Risk, Currency Risk, Commodity Price Risk and Other Price Risk, such as equity price risk. Financial instruments affected by market risk include loans and deposits. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

### Interest Rate Risk

The Company adopts a policy of ensuring that 10.55 % percent floating interest rate on borrowings, taking into account assets with exposure to changes in interest rates. This is achieved by maintaining proper mix of interest rate on borrowings based on the market.

The following table demonstrate the sensitivity to a reasonably possible change in the interest rate on the portion of loan and borrowing affected with all other variables held constant. The Company's Profit before tax is affected through the impact on long term floating rate borrowings as follows;

	Effect on Profit Before Tax	
	Increase/ Decrease in Interest Rate	2024 Rs. 000
Only Using	}	
Interest-Bearing Loans and Borrowings		
	+ 5%	37,623
	- 5 %	(37,623)

### Foreign Currency Risk

The following table demonstrate the sensitivity to a reasonably possible change in the US Dollar rate with all other variables held constant. The impact on the Company's Profit Before Tax due to the change in the change in exchange rate is as follows:

	2024 Rs. 000
Liability-Creditor / Loan	(570,384)
Assets-Debtors / Deposits	512,330
Net Position	(58,054)
If Rupee Depreciated by 20%	(60,957)
Impact to the PBT	(2,903)
If Rupee Appreciated by 20%	(55,151)
Impact to the PBT	2,903

## Notes to the Financial Statements

### Commodity Price Risk

The company is affected by the volatility of certain commodities. Its operating activities require the ongoing purchase of Aluminium. Due to the significantly increased volatility of the price of the underlying, the Company's Board of Directors has developed and enacted a risk management strategy regarding commodity price risk and its mitigation.

Based on 03 months forecast of required Aluminium supply, the Company hedges the purchase price using forward commodity purchase controls. The forecast is deemed to be highly probable.

Forward contract with a physical delivery that qualify for normal purchase, sale or usage and that are therefore not recognised as derivatives.

The following table shows the effect of price changes in Raw Aluminium on the profit before tax.

	Change in Year-End Price	Effect on Profit Before Tax 2024 Rs. 000
Raw Aluminium	+5%	(290,202)
	-5%	290,202

### Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of share capital, reserves and retained earnings of the Company. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Company's net debt to adjusted equity ratio at the reporting date was as follows;

	2024 Rs. 000	2023 Rs. 000
Interest Bearing Loans and Borrowings	5,966,147	4,246,816
Equity	3,809,442	3,608,597
Equity and Net Debts	9,775,589	7,855,413
Gearing Ratio	61.03%	54.06%

### 30. Segment Reporting

A segment is a distinguishable component engaged in selling of goods services and that is subject to risks and returns that are different to those of other segments. The Company does not have materially distinguishable components which exceeds quantitative threshold under an operating segment or meet the reportable criteria to be identified as a segment as all operations are treated as one segment.

# Appendices

## Appendices

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## Investor Information (Appendix I)

### Twenty Largest Shareholders

No.	Name of the Shareholder	No. of Shares as at 31/03/2024	%	No. of Shares as at 31/03/2023	%
1.	Hayleys PLC	314,826,064	52.59	314,826,064	52.59
2.	Akbar Brothers Pvt Ltd A/C No.1	80,169,400	13.39	80,169,400	13.39
3.	Dean Foster (Pvt) Ltd A/C No.1	28,427,800	4.75	28,427,800	4.75
4.	Mr. D. W. P. N. Dediwela	21,338,400	3.56	21,338,400	3.56
5.	Sampath Bank PLC/Dr. T. Senthilverl	7,800,000	1.30	7,800,000	1.30
6.	Rubber Investment Trust Ltd A/C No. 01	6,030,421	1.01	-	-
7.	Deutsche Bank AG-National Equity Fund	3,766,949	0.63	4,108,164	0.69
8.	EWB Equities (Private) Limited	3,000,000	0.50	-	-
9.	Mr. K. D. H. Perera	2,944,907	0.49	2,944,907	0.49
10.	Dr. T. Senthilverl	2,901,012	0.48	-	-
11.	SSBT-Parametric Tax-Managed Emerging Markets Fund	2,884,726	0.48	2,884,726	0.48
12.	DFCC Bank PLC/J N Lanka Holdings Company (Pvt) Ltd	2,800,000	0.47	3,503,881	0.59
13.	Guardian Fund Management Limited/The Aitken Spence and Associated Companies Executive Staff Provident Fund	2,314,838	0.39	814,838	0.14
14.	Mr. H. G. Balasuriya	2,312,253	0.39	-	-
15.	Bank of Ceylon No. 1 Account	2,254,360	0.38	2,254,360	0.38
16.	Mr. J. W. Nanayakkara /Mrs. H. D. Nanayakkara	2,100,000	0.35	2,100,000	0.35
17.	Mr. A. M. Weerasinghe	2,000,000	0.33	2,000,000	0.33
18.	Dr. C. D. Wickramatillake	2,000,000	0.33	99,000	0.02
19.	Hatton National Bank PLC-Asture Alpha Fund	1,745,764	0.29	-	-
20.	Mr. A. L. F. De Mel	1,600,000	0.27	1,600,000	0.27
	<b>Subtotal</b>	<b>493,216,894</b>	<b>82.39</b>		
	<b>Others</b>	<b>105,388,786</b>	<b>17.61</b>		
	<b>Total</b>	<b>598,605,680</b>	<b>100.00</b>		

### Directors' Shareholdings – (As Defined in Colombo Stock Exchange Rules)

	As at 31/03/2024 Rs. 000	As at 31/03/2023 Rs. 000
Mr. A. M. Pandithage	20,000	20,000
Mr. S. C. Ganegoda	460,000	443,400
Mr. D. W. D. N. Dediwela	21,338,400	21,338,400
Mr. A. A. Akbarally	-	-
Dr. L. J. S. H. Cabral, PC	-	-
Mr. S. Munaweera	40,000	40,000
Mr. R.P. P. K. Rajapaksha	39,814	39,814
Mr. M. J. S. Rajakariar (appointed on 3rd January 2024)	-	-
Mr. D. T. R. de Silva (appointed on 3rd January 2024)	-	-
Mr. R. P. Pathirana (resigned on 30th June 2023)	-	-
Mr. A. J. Hirdaramani (ceased to be an alternate to Mr. R.P. Pathirana on 30th June 2023)	-	-
Mr. T. A. Akbarally (ceased to be an alternate to Mr. A.A. Akbarally on 3rd January 2024)	-	-
	<b>21,898,214</b>	<b>21,881,614</b>

## Investor Information (Appendix I)

### Public Holding

Percentage of public holding as at 31 March 2024 (%)	25.60
Market Capitalization as at 31 March 2024 Rs.	5,746,614,528.00
Float-adjusted market capitalization as at 31 March 2024 Rs.	1,471,133,319.17

The percentage of shares held by public as per the Colombo Stock Exchange Rules as at 31st March 2024, was 25.60% (2023 - 25.52%) held by 5,217 ordinary shareholders (2023 - 5,469).

*\*The Company complies with option 1 of the Listing Rules 7.13.1 (i) (b) – Which requires Float Adjusted Market Capitalization of Rs. 1 Bn and minimum number of shareholders of 200.*

### Ordinary Shareholders as at 31st March 2024

No. of shares held	Residents			Non-residents			Total		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
1 – 1,000	2,296	773,333	0.13	6	1,911	0.00	2,302	775,244	0.13
1,001 – 10,000	1,817	7,758,661	1.30	6	38,158	0.01	1,823	7,796,819	1.30
10,001 – 100,000	872	30,452,879	5.09	7	249,970	0.04	879	30,702,849	5.13
100,001 – 1,000,000	189	52,207,505	8.72	3	611,194	0.10	192	52,818,699	8.82
Over 1,000,000	29	502,626,343	83.96	2	3,885,726	0.65	31	506,512,069	84.62
<b>Total</b>	<b>5,203</b>	<b>593,818,721</b>	<b>99.20</b>	<b>24</b>	<b>4,786,959</b>	<b>0.80</b>	<b>5,227</b>	<b>598,605,680</b>	<b>100.00</b>

No. of shares held	Residents			Non-residents			Total		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
Individuals	4,964	113,058,310	18.89	23	1,902,233	0.32	4,987	114,960,543	19.20
Institutions	239	480,760,411	80.31	1	2,884,726	0.48	240	483,645,137	80.80
<b>Total</b>	<b>5,203</b>	<b>593,818,721</b>	<b>99.20</b>	<b>24</b>	<b>4,786,959</b>	<b>0.80</b>	<b>5,227</b>	<b>598,605,680</b>	<b>100.00</b>

As at 31st March 2024, there were 5,227 (31st March 2023 - 5,480) registered shareholders.



## Investor Information (Appendix I)

### Share Trading Information

#### For the Three Months Ended 31.03.2024

	2023/24	Date	2022/23	Date
Highest price	Rs. 10.00	3/27/2024	Rs. 9.10	3/20/2023
Lowest price	Rs. 8.00	1/3/2024	Rs. 6.10	2/14/2023
Last traded price	Rs. 9.60	3/28/2024	Rs. 8.20	3/31/2023
No. of transactions	3,354		6,065	
No. of shares traded	39,407,877		40,008,098	
Value of shares traded (Rs.)	352,058,992.60		316,519,554	

#### For the Twelve Months Ended 31.03.2024

	2023/24	Date	2022/23	Date
Highest price	Rs. 10.60	7/7/2023	Rs. 11.00	9/14/2022
Lowest price	Rs. 7.70	5/30/2023	Rs. 5.40	7/8/2022
Closing price	Rs. 9.60	3/28/2024	Rs. 8.20	3/31/2023
No. of transactions	13,584		27,395	
No. of shares traded	96,502,732		132,653,973	
Value of shares traded (Rs.)	878,431,757		1,114,429,716	

## Ten-Year Summary (Appendix II)

Rs. '000	2024	2023	2022
Turnover	10,992,977	10,214,848	9,595,282
Profit Before Tax	231,721	153,540	1,381,755
Taxation	(45,649)	(163,750)	(229,849)
Profit After Tax	186,072	(10,210)	1,151,906
Profit Attributable to the Shareholders	186,072	(10,210)	1,151,906
<b>Funds Employed</b>			
Stated Capital	283,735	283,735	283,735
Reserves	928,360	933,645	983,113
Retained Earnings	2,597,347	2,391,217	2,615,154
<b>Assets Employed</b>			
Non-Current Assets	5,014,331	5,002,590	4,752,064
Current Assets	7,866,926	5,515,437	7,317,236
Current Liability Net of Borrowings	2,107,610	1,715,902	2,859,333
Capital Employed	10,055,051	8,150,932	8,805,380
<b>Cash Flow</b>			
Net Cash Inflow/Outflow from Operating Activities	(1,365,612)	541,830	(838,744)
Net Cash Inflow/Outflow from Investing Activities	(357,564)	(534,972)	(733,031)
Net Cash Inflow/Outflow from Financing Activities	280,536	(894,390)	(58,642)
Net Increase/Decrease in Cash and Cash Equivalents	(1,442,639)	(887,531)	(1,630,418)
<b>Key Indicators</b>			
Current Ratio	1.09	1.02	1.15
Gearing Ratio	0.62	0.56	0.56
Asset Turnover Ratio	0.85	0.97	0.80
Earnings Per Share	0.31	(0.02)	1.92
Dividends Per Share	-	0.25	0.60
Net Assets Per Share	6.36	6.03	6.49
Return on Average Shareholders' Funds	0.05	(0.003)	0.34
Return on Capital Employed	0.12	0.14	0.21
Price Earnings Ratio	31	(481)	4.00
Interest Cover	1.27	1.03	5.55
Dividend Payout Ratio	-	-	0.31

## Ten-Year Summary (Appendix II)

	2021	2020	2019	2018	2017	2016	2015
	6,021,532	4,729,950	5,031,000	4,422,461	4,634,761	3,915,668	3,241,483
	1,022,298	66,887	176,835	514,726	1,016,400	801,260	612,800
	(181,287)	(36,038)	(50,355)	(150,368)	(262,904)	(212,137)	(135,805)
	841,011	30,849	126,480	364,358	753,496	589,123	476,995
	841,011	30,849	126,480	364,358	753,496	589,123	476,995
	283,735	283,735	283,735	283,735	283,735	283,735	283,735
	862,595	807,020	812,305	665,481	780,323	684,503	738,284
	1,827,320	1,291,090	1,257,256	1,303,415	1,251,876	930,218	667,586
	4,045,857	3,805,099	3,828,096	3,335,359	1,957,941	1,332,559	1,290,118
	3,628,542	2,992,572	3,148,422	3,067,145	2,305,879	1,547,307	1,350,736
	1,681,094	894,208	1,173,347	1,136,353	1,190,794	813,753	770,632
	5,608,756	5,536,202	5,440,646	4,936,370	2,875,637	1,901,540	1,707,279
	1,750,136	187,623	80,162	(300,316)	523,680	494,194	482,226
	(287,737)	(150,710)	(466,898)	(1,458,418)	(619,429)	(126,623)	(324,065)
	(862,266)	282,508	77,814	687,482	74,927	(439,601)	(208,637)
	600,133	319,421	(308,922)	(1,071,253)	(20,820)	(72,030)	(50,476)
	1.10	1.12	1.03	1.14	1.85	1.90	1.72
	0.47	0.57	0.57	0.54	0.19	0.16	1.04
	0.78	0.70	0.72	0.69	1.08	1.36	1.03
	1.40	0.05	0.21	0.61	1.26	0.98	0.80
	0.53	-	0.30	0.53	0.73	0.50	0.50
	4.97	3.98	3.93	3.77	3.87	3.17	2.83
	0.31	0.01	0.05	0.16	0.36	0.32	0.30
	0.23	0.08	0.11	0.13	0.37	0.42	0.35
	7.31	69.86	23.66	13.88	7.55	7.82	9.91
	5.62	1.29	2	5	166	948	220
	0.38	-	1.42	0.86	0.58	0.50	0.60

## History of Dividends and Scrip Issues (Appendix III)

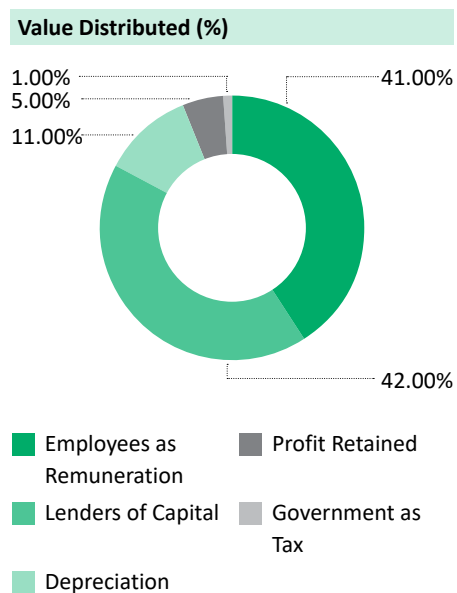
### History of Dividends and Scrip Issues

Year ended 31 March	Issue	Basis	No of Shares '000	Cum. No. of Shares '000	Dividend	Dividend Rs. '000
2014	Initial Capital / Share Split	1:140	281,446	281,446	-	-
	Initial Public Offering	-	17,857	299,303	-	-
	Dividend	-	-	299,303	Rs. 0.53 P.S	157,164
2015	Dividend	-	-	299,303	Rs. 1.00 P.S	299,303
2016	Dividend	-	-	299,303	Rs. 1.00 P.S	299,303
2017	Dividend	-	-	299,303	Rs. 1.45 P.S	433,989
2018	Dividend	-	-	299,303	Rs. 1.05 P.S	314,268
2019	Dividend	-	-	299,303	Rs. 0.60 P.S	179,582
2020	Dividend	-	-	299,303	-	-
2021	Share Split	1:2	299,303	598,606	-	-
	Dividend	-	-	598,606	Rs. 0.53 P.S	314,268
2022	Dividend	-	-	598,606	Rs. 0.85 P.S	508,815
2023	Dividend	-	-	598,606	-	-

## Value Addition and Distribution (Appendix IV)

	2024 Rs. '000	2023 Rs. '000
<b>Value Created</b>		
Revenue from contracts with customers	10,992,977	10,214,848
Other Income	53,775	84,286
Finance income	648,257	724,256
Cost of materials and services bought in	(8,212,868)	(7,578,380)
	3,482,141	3,445,010

	Share %	2023 Rs. '000	Share %	2023 Rs. '000
<b>Value Distributed</b>				
To Employees as remuneration	41	1,407,146	27	917,542
To Government as tax	-	-	11	383,765
To Shareholders as dividend	-	-	4	149,651
To Lenders of capital	42	1,469,172	52	1,793,194
<b>Value retained for expansion &amp; growth</b>				
Depreciation	11	374,102	10	360,719
Profit Retained (Loss generated)	5	186,072	-5	(159,861)
Differed Tax	1	45,649	-	-
		3,482,141		3,445,010



## Independent Assurance Report (Appendix V)



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### Independent practitioner's assurance report to the Board of Directors of Alumex PLC on the Integrated Annual Report 2023

#### Scope

We have been engaged by Alumex PLC to perform a 'limited assurance engagement,' as defined by Sri Lanka Standard on Assurance Engagements, here after referred to as the engagement, to report on Alumex PLC's Information on how it's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation, preservation or erosion of value over the short, medium and long term (the "Subject Matter") contained in Alumex PLC's (the "Entity's") Integrated Annual Report for the year ended 31 March 2024 (the "Report").

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

#### Criteria applied by Alumex PLC

In preparing the Subject Matter, Alumex PLC applied the Integrated Reporting Framework (<IR> Framework) issued by the International Integrated Reporting Council (IIRC) ("Criteria"):

Such Criteria were specifically designed for the purpose of assisting in determining whether the capital management, stakeholder engagement, business model, strategy, organizational overview & external environment outlook presented in the Integrated Annual Report is presented in accordance with the relevant criteria; As a result, the subject matter information may not be suitable for another purpose.

#### Alumex PLC's responsibilities

Alumex PLC's management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

#### Ernst & Young's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the Sri Lanka Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (SLSAE 3000 (Revised)), and the terms of reference for this engagement as agreed with the Alumex PLC on 17 April 2024. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

#### Our independence and quality management

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and have the required competencies and experience to conduct this assurance engagement.

Partners: D K Hulangamuwa FCA FCMA LLB (London), A P A Gunasekera FCA FCMA, Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, N M Sulaiman ACA ACMA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajeewani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalagala ACA ACMA

Principals: T P M Ruberu FCMA FCCA MBA (USJ-SL), G B Goudien ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), D L B Karunathilaka ACMA, W S J De Silva BSc (Hons) - MSc Msc - IT, V Shakthivel B.Com (Sp)

A member firm of Ernst & Young Global Limited



## Independent Assurance Report (Appendix V)



EY also applies International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the subject matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

- ⦿ Performed a comparison of the content of the Integrated Annual Report against the Guiding Principles and Content Elements given in the Integrated Reporting Framework (<IR> Framework).
- ⦿ Checked whether the information contained in the Integrated Annual Report – Financial Capital element information has been properly derived from the audited financial statements.
- ⦿ Conducted interviews with the selected key management personnel and relevant staff and obtained an understanding of the internal controls, governance structure and reporting process relevant to the Integrated Report.
- ⦿ Obtained an understanding of the relevant internal policies and procedures developed, including those relevant to determining what matters most to the stakeholders, how the organization creates value, the external environment, strategy, approaches to putting members first, governance and reporting.
- ⦿ Obtained an understanding of the description of the organization's strategy and how the organization creates value, what matters most to the stakeholders and enquiring the management as to whether the description in the Integrated Report accurately reflects their understanding.
- ⦿ Checked the Board of Directors meeting minutes during the financial year to ensure consistency with the content of the Integrated Report.
- ⦿ Tested the relevant supporting evidence related to qualitative & quantitative disclosures within the Integrated Report against identified material aspects.
- ⦿ Read the Integrated Report in its entirety for consistency with our overall knowledge obtained during the assurance engagement.

We also performed such other procedures as we considered necessary in the circumstances.

### Emphasis of matter

Economic, Environment, Social and Intellectual capital management data/information are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data. Such inherent limitations are common in Sri Lanka.

We also do not provide any assurance on the assumptions and achievability of prospective information presented in the Entity's Annual Report.

### Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the information contained in the Integrated Annual Report of Alumex PLC for the year ended 31 March 2024, in order for it to be in accordance with the Criteria.

07 May 2024  
Colombo

## GRI Content Index (Appendix VI)

GRI Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement(s) Omitted	Reason	Explanation	
<b>General disclosures</b>						
GRI 2: General Disclosures 2021	2-1 Organizational details	5	A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.			
	2-2 Entities included in the organization's sustainability reporting	5				
	2-3 Reporting period, frequency and contact point	5				
	2-4 Restatements of information	5				
	2-5 External assurance	5				
	2-6 Activities, value chain and other business relationships	18, 19-23, 95, 100				
	2-7 Employees	82-94				
	2-8 Workers who are not employees	-		Not applicable	We do not have workers who not employees	
	2-9 Governance structure and composition	54, 120-127				
	2-10 Nomination and selection of the highest governance body	154				
	2-11 Chair of the highest governance body	112				
	2-12 Role of the highest governance body in overseeing the management of impacts	120				
	2-13 Delegation of responsibility for managing impacts	116				
	2-14 Role of the highest governance body in sustainability reporting	38				
	2-15 Conflicts of interest	137				
	2-16 Communication of critical concerns	120				
	2-17 Collective knowledge of the highest governance body	121				
	2-18 Evaluation of the performance of the highest governance body	132				

## GRI Content Index (Appendix VI)

GRI Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement(s) Omitted	Reason	Explanation	
	2-19 Remuneration policies	152				
	2-20 Process to determine remuneration	152				
	2-21 Annual total compensation ratio	-	a,b,c	Confidentiality constraints	Compensation is not disclosed due to confidentiality concerns	
	2-22 Statement on sustainable development strategy	38				
	2-23 Policy commitments	38				
	2-24 Embedding policy commitments	120				
	2-25 Processes to remediate negative impacts	127				
	2-26 Mechanisms for seeking advice and raising concerns	130				
	2-27 Compliance with laws and regulations	95				
	2-28 Membership associations	100				
	2-29 Approach to stakeholder engagement	25-26				
	2-30 Collective bargaining agreements	93				
<b>Material topics</b>						
GRI 3: Material Topics 2021	3-1 Process to determine material topics	28-30	A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.			
	3-2 List of material topics	28-30				
<b>Economic performance</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	28-30				
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	213				
	201-2 Financial implications and other risks and opportunities due to climate change	-	N/A	Not applicable	The Company does not track this information at present	

## GRI Content Index (Appendix VI)

GRI Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement(s) Omitted	Reason	Explanation	
	201-3 Defined benefit plan obligations and other retirement plans	73, 177				
	201-4 Financial assistance received from government	-	N/A	Not applicable	We have not received Financial assistance from the government	
<b>Market presence</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	28-30				
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	86				
	202-2 Proportion of senior management hired from the local community	85				
<b>Indirect economic impacts</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	28-30				
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	74-77				
	203-2 Significant indirect economic impacts	99-100				
<b>Procurement practices</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	28-30				
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	42				
<b>Anti-corruption</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	28-30				
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	100				
	205-2 Communication and training about anti-corruption policies and procedures	100				
	205-3 Confirmed incidents of corruption and actions taken	100, 127				

## GRI Content Index (Appendix VI)

GRI Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement(s) Omitted	Reason	Explanation	
<b>Anti-competitive behavior</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	28-30				
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	100				
<b>Tax</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	28-30				
GRI 207: Tax 2019	207-1 Approach to tax	170, 181-183				
	207-2 Tax governance, control, and risk management	170, 181-183				
	207-3 Stakeholder engagement and management of concerns related to tax	170, 181-183				
	207-4 Country-by-country reporting		N/A	Not applicable	Alumex did not meet criteria for Country-by-country reporting	
<b>Materials</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	28-30				
GRI 301: Materials 2016	301-1 Materials used by weight or volume	102				
	301-2 Recycled input materials used	102				
	301-3 Reclaimed products and their packaging materials	102				
<b>Energy</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	28-30				
GRI 302: Energy 2016	302-1 Energy consumption within the organization	103				
	302-2 Energy consumption outside of the organization	103				
	302-3 Energy intensity	103				
	302-4 Reduction of energy consumption	103				

## GRI Content Index (Appendix VI)

GRI Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement(s) Omitted	Reason	Explanation	
	302-5 Reductions in energy requirements of products and services	103				
<b>Water and effluents</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	28-30				
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	104				
	303-2 Management of water discharge-related impacts	105				
	303-3 Water withdrawal	105				
	303-4 Water discharge	105				
	303-5 Water consumption	105				
<b>Emissions</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	28-30				
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	104				
	305-2 Energy indirect (Scope 2) GHG emissions	104				
	305-3 Other indirect (Scope 3) GHG emissions	104				
	305-4 GHG emissions intensity	104				
	305-5 Reduction of GHG emissions	104				
	305-6 Emissions of ozone-depleting substances (ODS)	-	a,b,c,d	Information unavailable/incomplete	This information does not track at this stage	
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	-	a,b,c,d	Information unavailable/incomplete	This information does not track at this stage	
<b>Waste</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	28-30				
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	105				
	306-2 Management of significant waste-related impacts	105				
	306-3 Waste generated	105				



## GRI Content Index (Appendix VI)

GRI Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement(s) Omitted	Reason	Explanation	
	306-4 Waste diverted from disposal	105				
	306-5 Waste directed to disposal	105				
<b>Supplier environmental assessment</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	28-30				
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	98				
	308-2 Negative environmental impacts in the supply chain and actions taken	98				
<b>Employment</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	28-30				
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	83				
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	87-88				
	401-3 Parental leave	87				
<b>Labor/management relations</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	28-30				
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	83				
<b>Occupational health and safety</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	28-30				
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	89-90				
	403-2 Hazard identification, risk assessment, and incident investigation	89-91				
	403-3 Occupational health services	89				

## GRI Content Index (Appendix VI)

GRI Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement(s) Omitted	Reason	Explanation	
	403-4 Worker participation, consultation, and communication on occupational health and safety	89				
	403-5 Worker training on occupational health and safety	89-90				
	403-6 Promotion of worker health	89				
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	91				
	403-8 Workers covered by an occupational health and safety management system	89				
	403-9 Work-related injuries	92				
	403-10 Work-related ill health	92				
<b>Training and education</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	28-30				
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	89				
	404-2 Programs for upgrading employee skills and transition assistance programs	89				
	404-3 Percentage of employees receiving regular performance and career development reviews	87				
<b>Diversity and equal opportunity</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	28-30				
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	91				
	405-2 Ratio of basic salary and remuneration of women to men	86				

## GRI Content Index (Appendix VI)

GRI Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement(s) Omitted	Reason	Explanation	
<b>Non-discrimination</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	28-30				
GRI 406: Non- discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	91				
<b>Freedom of association and collective bargaining</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	28-30				
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	87				
<b>Child labor</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	28-30				
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	87				
<b>Forced or compulsory labor</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	28-30				
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	87				
<b>Local communities</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	28-30				
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	98-99				
	413-2 Operations with significant actual and potential negative impacts on local communities	99				
<b>Supplier social assessment</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	28-30				
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	99				

## GRI Content Index (Appendix VI)

GRI Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement(s) Omitted	Reason	Explanation	
	414-2 Negative social impacts in the supply chain and actions taken	98-99				
<b>Public policy</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	28-30				
GRI 415: Public Policy 2016	415-1 Political contributions	127				
<b>Customer health and safety</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	28-30				
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	97				
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	98				
<b>Marketing and labeling</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	28-30				
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	97				
	417-2 Incidents of non-compliance concerning product and service information and labeling	97				
	417-3 Incidents of non-compliance concerning marketing communications	97				
<b>Customer privacy</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	28-30				
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	98				

## Distribution Channels (Appendix VII)

### Central

#### Alumex Distribution Center - Kandy

##### Richard & Company

No. 23, Kings Street, Kandy Tele: 0812 224 181

##### Sarasavi Enterprises (Pvt) Ltd.

No. 442/3, Gohagoda Road, Wegiriya, Katugasthota  
Tele: 0772 533 801

##### Matale Glass Center

No. 27, Station Road, Matale  
Tele: 0662 222 624

##### N C N Aluminium

No.222/B,Nawalapitiya Road,Gampola  
Tele: 0777573318

##### Reliance Enterprises

No: 111, Udupussellawa road,Hawaeliya, Nuwara Eliya. Tele. 0778244488

##### City Glass and Aluminium

No.80, Gamploa Road,Nawalapitiya  
Tele. 0542050590

##### Gunasekara & Sons Technologies (pvt) Ltd.

No.12/D, Henwala, Kundasale.  
Tele: 0773 258 588

##### Central Picture Palace

No 92, Galagedara Road, Katugasthota  
Tele: 0773 301 333

### Sabaragamuwa

#### Alumex Distribution Center - Rathnapura

##### Alushan Aluminium

No. 291, Kelin Weediya, Kudugalwattha, Rathnapura  
Tele: 0772 211 135

##### Arcade of Aluminium

No.125,Batugedara Road, Angamma, Rathnapura Tele: 0777 861 260

##### Karanketiya Agencies

No.21, Main Street, Rakwana  
Tele: 0776 506 130

##### Kahawatta Glass & Electricals

No.157, Main Street, Kahawatta.  
Tele: 0773 519 132

##### Sarathchandra and Company (pvt) Ltd

No.133, Main Street, Embilipitiya.

##### Manamperi Glass Center

3rd Mile Road, Moreketiya Embilipitiya  
Tele: 0472280290

### Uva

#### Alumex Distribution Center - Badulla

##### Arcade of Aluminium-Badulla

No.276A, Passara Rd,Badulla  
Tele: 0768222012, 0552228989, 0742275344

##### Kadurata Timber Depot

No. 44 2/1, Padiyathalawa Road, Mahiyanganaya  
Tele: 055-2051785, 076-3606831

##### Rajatha Aluminium

Monaragala Road, Wellawaya.  
Tele: 0703710600

##### Thisara Enterprises and Trading Company

No 516  
Thanthiriya, Badulla Road Bandarawela

##### S D R Hardware

Bandarawela Road,  
Divitotawela,  
Welimada.  
Tele:0776484387

### Eastern

##### Irfan Aluminium

No. 245, Central Road, Trincomalee  
Tele: 0262 220 707, 0773 206 900

##### Pubudu Trade Center

No.64,D.S.Senanayake Street,Ampara  
Tele: 0632 222 278

##### C.M.S Glass & Fitting centre

Ampara Road, Sammanthurai Tele: 0772094959

##### K.M.S. Aluminium (Pvt) Ltd/ Distribution.

Main Street, Eravur.  
Tele:0772 225 796

##### Esstee Marketing

No 128  
Main Street Batticaloa  
Tel: 0114524524

##### PSP Aluminium

No 165/2 Batticaloa Road Kalmunei  
Tele: 0773263571

##### Unimax Hardware-Alco Brand

No 505 C  
Main street, Sainthamarthu

### Northern

#### Alumex Distribution Center - Jaffna

##### V. V. Ramanathan & Co (Pvt) Ltd

Hospital Road. Vauniya  
Tele: 024-2225188

##### Aranila Picture Palace

No. 05. Kanaka Puram Road, Killinochchi  
Tele: 0772 232 284

##### Asian Interior Designers

No.350,Psddanichoor, Mannar Road, Vauniya  
Tele: 0776 868 069

##### T. Kumaraswamy & Sons

No. 248/1, K.K.S. Road, Jaffna.  
Tele: 0212 224 307

##### A.J. Enterprises

Opposite Central Collage, A-9 Road, Ananthapuram, Kilinochchi.

##### Marutham Iron Ware Store

Karaveddy Centre,Karaveddy,Nelliary,  
Tele: 0212 263 210

##### K. T. S. Glass Centre

Main Street, Puthukkudiyiruppu  
Tele: 0772 428 483

##### Pillayar Picture Palace

Mullaithevu Road,Mulliyawalai,Mulathevu  
Tele: 0772 466 405

## Distribution Channels (Appendix VII)

### AS Group

No 207 Muthaliyarkulam Cheddikulam

### Fine Aluminium (Pvt) Ltd

No.34/3B,Rohini Road,Colombo-06

Tele: 0777 686 021

### Jazeemas

No. 306, K K S Road, Jaffna Tele: 021-2221544

### Sarukaya Construction (Pvt) Ltd.

No 69 Crossete lane, Nallur,

Jaffna

Tele: 0773 880 590

### VR1 Aluminium

No 71 A, Kanttasamy Kovi Road, Vauniya

Tele: 0773 392 475

### Sun Aluminium Fabricators

Punnalaikadduvan South, Chunnakam, Jaffna

### SriKanna Aluminium Fittings- Alco Brand

Main street, mullayadi, palali

### N. S. Enterpises - Alco Brand

No 199, K K S Road, Chunnakkam

Jaffna

### Glory Aluminium Fabricators

- Alco Brand

No 144,

Royal Pearl Garden, Wattala

### Asia interior designers - Alco Brand

No 330 pattanichoor

Vauniya

### Tharany Builders -Alco Brand

Kakkadai Junction Kilinochchi

### North Central

#### Alumex Distribution Center - Anuradhapura

##### New Rajarata Glass House

No: 521/30, 4th Cross Lane, Maithripala

Senanalaka MW, New Bus Stand,

Anuradhapura. Tele: 0252 223 741

### Ananda Aluminium

No:521/56, 5th Lane, Maithreepala

Senanayaka Mw, New Town, Anuradhapura.

Tele: 025 5627810

### G. B. Aluminium

H.19, Kurunagala Road, Tabuttagama

Tele: 0703 450 651

### N. R. Leather & Glass House

No: 377 C, Main Street, Kaduruwela,

Polonnaruwa Tele: 0772 225 850

### Lakbima Rice Mills

No 796, Hathamuna Road, Ethumalpitiya,

Polonnaruwa Tele: 0777 134 387

### Sisira Aluminium Fittings

No 37 Samudragama, Bandiwawa

Jayanthipura

### Menadi Ceramic

No 255, Main street, mahaweliuyana,

Dehiaththakandiya

### North Western

#### Almet Enterprises

No. 25/A, Kurunegala Road, Dambulla

Tele: 0718 254 658

#### Alulux Aluminium (Pvt) Ltd

Colombo Road,Koswadiya,Mahawewa Tele:

0322 252 016

#### Thushara Aluminium

No. 26, Rajapihilla Road, Kurunegala

Tele: 0372 231 057

#### Vimarsha Traders

Dambulla Road, Udawela, Ibbagamuwa

Tele: 0716 807 705

#### City Picture Palace

No:101, D.B.Welagedara Street, Kurunegala

Tele: 0372 224 367

#### New Glass & Aluminium

No.63A,Tissa MW,Kuliypitiya. Tele:

0773839744

### Kumbukulawa Glass Center

Kumbukulawa, Polpitiyagama.

Tele: 072 773 7187

### S.M.Glass House (Pvt) Ltd

Colombo Rd. Rathmalyaya Puttalam

Tele: 032 2269202

### Grand Aluminium

No:65,Kurunegala Road, Alawwa.

Tele: 0372279833

### Ranhiru Hardware Stores

No.26, Nikawaratiya. Tele:0773313359

### Dilumex Aluminium

No.1/27 Negombo Road, Dankotuwa.

Tele: 0777 565 457

### Western

#### Alumex central Warehouse

Maguruwila Road Sapugaskanda

#### Alumex Warehouse

Ekala

#### Alumex Distribution Center- (Alco Brand)

Makola

#### Alugrow Trading (Pvt) Ltd- Nagoda

346/A1, Negombo Road, Nagoda, Kadana

Tele: 0112 237 667

#### Highlevel Aluminium (Pvt) Ltd.

No. 352, Highlevel Road, Pannipitiya

Tele: 0112 896 305

#### Asia Trade Center-Kaluthara

No. 612, Galle Road, Kaluthara South,

Kaluthara

Tele: 0779574935

#### Glass and Aluminium

No. 32, Galle Road, Dehiwala North

Tele: 0777 898 920

#### Alugrow Trading (Pvt) Ltd - Panadura

No. 117, Horana Road,

Mahawila, Panadura Tele: 0777 530 980



## Distribution Channels (Appendix VII)

### Asia Trade Centre

No. 542 A, Sri Sangaraja Mawatha, Colombo 10  
Tele: 0114 343 472

### N.Rich (Pvt) Ltd-Nawala

335,Nawala Road,Nugegoda  
Tele: 0112 805 813

### New Alutec Aluminium

No.56/7 Batadolewatta Road, Nittambuwa  
Tele: 033 4678376

### Unifab Trading (Pvt) Ltd.

No. 76D, Kandy Road, Dalugama, Kelaniya  
Tele: 0112 910 686

### Multi Engineering Services

No. 40/5, New Kandy Road, Naranwala  
Tele: 0113 832 995

### Alcon (Pvt) Ltd.

No. 647, Galle Road, Rawatawaththa, Moratuwa  
Tele: 0112 649 714

### New Lanka Glass Co. (Pvt) Ltd.

No. 396/339, Main Street, Negombo  
Tele: 077 7355048

### Arcade of Aluminium

No. 279/15/B, Godagama Road, Athurugiriya  
Tele: 0772 616 727

### Alu Lanka (Pvt) Ltd.

No:247 Bollatha Ganemulla, Welampitiya  
Tele: 0115 631 974

### Gampaha Picture Palace

No. 110, Ja-Ela Road, Gampaha  
Tele: 0332 222 561

### Lucky Hardware

No. 109, Sumanatissa Mawatha, Colombo 12  
Tele: 0112 387 515

### R.C. Enterprises

No. 390, Colombo Road, Galkanda Junction, Negombo  
Tele: 0314 872 367

### Amona Xtreme

Nelson Holding Kaluthara

### Alugrow Trading (Pvt) Ltd- Minuwangoda

No.49,Udyana Road,Minuwangoda  
Tele: 0112296560

### Alugreat Engineering Services

No.13/2/F, Samurdi Mawatha,South Siyambalape  
Tele: 0714537662

### Arcade of Aluminium- Awissawella

No. A, 45C, Madola, Awissawella  
Tele: 0364 932 014

### C. G. Alucare

No 620, Awissawella Road,Kaduwela  
Tele: 0771949547

### Tritech Enterprises (private) Limited

No.40/5, Thilak Mawatha, Gorakana, Moratuwa  
Tele: 0772973658

### High Level Aluminium Trading Company

(pvt) Ltd No.246/1,Kotte Road, Mirihana, Nugegoda, Sri Jayawardhana Pura, Kotte  
Tele: 0112854614

### Bravo Enterprises

No.166/A, Nilwala Estate,Kibulapitiya Road, Akkara Panaha, Negambo.  
Tele: 0773 320 471

### Jayarathna Hardware (pvt) Ltd

No.275, Watareka, Padukka.  
Tele: 0772 914 365

### Alu Win Engineering Services

No.173/1, Millathe, Kiridiwela  
Tele: 0773 555 725

### Jayathilaka Ceiling Showcase and Glass Center

No.49/1D, Makola South, Makola.  
Tele: 0114 250 059

### Wickrama Hardware & Trading (Pvt) Ltd

No 01, Walpola Rd, Aggona,Angoda  
Tele: 0779 796 871

### Gamage Aluminium Arcade

335/1 GH , Kamadaliyaddapaluwa, Ganemulla

### Highlevel Aluminium (Pvt) Ltd

118 C Colombo Road, Piliyandala  
Tele: 0112 606 137

### J.T Aluminium & Glass

788, Pannipitiya Road, Palawatta

### Southern

#### Alumex Distribution Center - Galle

#### Ruhunu Alucraft & Hardware Baddegama

Road, Gonapinuwala (Hikkaduwa).

Tele: 0773 061 848

#### M.P.P. Trading (Pvt) Ltd.

No. 107/109, Old Tangalle Road, Kotuwegoda, Matara

Tele: 0718 678 678

#### Aluroma Enterprises pvt ltd

No. 77B/C, W.D.S.

Abaygunawardhana Mawatha, Pettigalawatta, Galle

Tele: 0912 227 850

#### Wijesooriya Enterprises

No. 158, Maha Veediya, Ambalangoda

Tele: 0779 554 373

#### Dilmina Glass Centre (Pvt) Ltd

No.429, New Street, Weligama  
Tele: 0412254504

#### Modimex Glass Centre

No 01,Vidyal Mawatha, Suriyawewa

#### Somasiri Stores Engineering (Pvt) Ltd

Ranna Road,

Angunukolapelessa. Tele: 0773 572 876

#### New Prasan Distributors

Agathuduwa Road, Samagi Mawatha

Godagama Matara  
Tele: 0776 917 874

#### F.P.K Aluminium Center

148 Deniyaya Road, Porambe, Akuressa

Tele: 0776 917 874

#### Union Healthcare (Pvt) Ltd

No 53/1, Main Street, Dickwella Matara

## Glossary of Financial Terms

<b>A</b> <b>Actuarial Gains And Losses</b> Difference between the previous actuarial assumptions and what has actually occurred and the effects of changes in actuarial assumptions.	<b>Cash Equivalents</b> Liquid investments with original maturity periods of three months or less.	<b>Dividend Yield</b> Dividend per share as a percentage of the market price a measure of return on investment.
<b>Amortisation</b> The systematic allocation of the depreciable amount of an intangible asset over its useful life.	<b>Contingent Liability</b> A possible obligation that arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise.	<b>Defined Benefit Plans</b> Post-employment benefit plans other than defined contribution plans.
<b>Accounting Policies</b> The accounting policies adopted in the preparation of Financial Statements are given on pages 167 to 179.	<b>Current Ratio</b> Current assets divided by current liabilities, a measure of liquidity.	<b>E</b> <b>Earnings per Share</b> The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.
<b>Available For Sale</b> Non derivative financial assets that are designated as available for sale or are not classified as loans and receivable, held to maturity investment or financial assets at fair value through profit and loss.	<b>Current Service</b> Cost Increase in the present value of the defined benefit obligation resulting from employee's service in the current period.	<b>EBIT</b> Abbreviation for Earnings Before Interest and Tax.
<b>Absentee Rate</b> An employee absents from work because of incapacity of any kind, not just as the result of work-related injury or disease. Permitted leave absences such as holidays, study, maternity and compassionate leave are excluded.	<b>Child</b> This term applies to all persons under the age of 14 years of age.	<b>Effective Tax Rate</b> Income tax expense divided by profit from ordinary activities before tax.
<b>B</b> <b>Borrowings</b> All interest bearing liabilities.	<b>Community Development Program</b> Plan that details actions to mitigate, and compensate for adverse social and economic impacts, and to identify opportunities and actions to enhance positive impacts of the project on the community.	<b>Equity</b> Shareholders' funds.
<b>C</b> <b>Capital Employed</b> Total equity, minority interest and interest bearing Borrowings.	<b>D</b> <b>Deferred Taxation</b> The tax effect of timing differences deferred to/ from other periods, which would only qualify for inclusion on a tax return at a future date.	<b>Employee Turnover</b> Employees who leave the organisation voluntarily or due to dismissal, retirement, or death in service.
<b>Capital Reserves</b> Reserves identified for specific purposes and considered not available for distribution.	<b>Dividend Cover</b> Profit attributable to ordinary shareholders divided by dividend. Measures the number of times dividend is covered by attributable profit.	<b>Energy Indirect (Scope 2) GHG Emissions</b> Emissions that result from the generation of purchased or acquired electricity, heating, cooling, and steam consumed by the organisation.
	<b>Dividend Payout</b> Dividend per share as a percentage of the earnings per share.	

## Glossary of Financial Terms

### Entry Level Wage

Entry level wage refers to the full-time wage offered to an employee in the lowest employment category. Intern or apprentice wages are not considered.

### F

#### Fair Value

The amount for which an asset could be exchanged or liability settled between knowledgeable willing parties in an arm's length transaction.

#### Fair Value through Profit and Loss

A financial asset/liability acquired/ incurred principally for the purpose of selling or repurchasing it in the near term, part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking, or a derivative (except for a derivative that is a financial guarantee contract).

#### Financial Asset

Any asset that is cash, an equity instrument of another entity or a contractual right to receive cash or another financial asset from another entity.

#### Financial Instrument

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

#### Financial Liabilities

Initial Recognition and Measurement  
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, bank overdrafts and loans and borrowings

### Freedom of Association

The right of workers and employers to establish and join organisations of their own choosing without the need for a prior authorisation.

#### Formal Grievance Mechanisms

Systems consisting of specified procedures, roles and rules for methodically addressing complaints as well as resolving disputes. Formal grievance mechanisms are expected to be legitimate, accessible, predictable, equitable, rights-compatible, clear and transparent, and based on dialogue and mediation.

### G

#### Gearing

Proportion of total interest bearing borrowings to capital employed.

#### Gross Profit Ratio

Gross profit divided by revenue.

#### Governance Bodies

The committees or boards responsible for the strategic guidance of the organisation, the effective monitoring of management, and the accountability of management to the broader organisation and its stakeholders.

### I

#### Interest Cover

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

#### IPO

The first sale of shares by a private company to public.

#### Injury Rate

The number of work related injuries relative to the total time worked by the total workforce in the reporting period.

### Infrastructure

Facilities (such as water supply facility, road, school, or hospital) built primarily to provide a public service or good rather than a commercial purpose, and from which the organisation does not seek to gain direct economic benefit.

### K

#### Key Management Personnel

Compensation Key management personnel comprises the Directors of the Company and details of compensation are given in Note 08 to the Financial Statements. There were no other transactions with key management personnel during the year

### L

#### Lost Day Rate

Time ('days') that could not be worked (and is thus 'lost') as a consequence of a worker or workers being unable to perform their usual work because of an occupational accident or disease. A return to limited duty or alternative work for the same organisation does not count as lost days.

### M

#### Market Capitalisation

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

### N

#### Net Assets Per Share

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

#### Non-Controlling Interest

The interest of individual shareholders, in a company more than 50% of which is owned by a holding Company.

### O

#### Other Comprehensive Income

Items of income and expenses that are not recognised in profit or loss as required or permitted by other SLFRS's.

## Glossary of Financial Terms

**P**

### Price Earnings Ratio

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

### Product and Service Information and Labeling

Information and labeling are used synonymously and describe communication delivered with the product or service describing its characteristics.

**R**

### Related Parties

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

### Retirement Benefits Present Value of a Defined Benefit Obligation

Present value of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

### Return on Average Capital Employed

Profit before tax plus net finance cost divided by average capital employed.

### Return on Average Shareholders' Funds

Attributable profits to the shareholders divided by average shareholders' funds.

### Revenue Reserves

Reserves considered as being available for distributions and investments.

### Remuneration

Basic salary plus additional amounts such as those based on years of service, bonuses, benefit payments, overtime, time owed, and any additional allowances (such as transportation and living).

**S**

### Segments

Constituent business units grouped in terms of similarity of operations and location.

### Supply Chain

Sequence of activities or parties that provides products or services to the organisation.

### Stakeholders

Stakeholders are defined as entities or individuals that can reasonably be expected to be significantly affected by the organisation's activities, products, and services. Stakeholders can include those who are invested in the organisation.

**T**

### Total Water Withdrawal

The sum of all water drawn into the boundaries of the organisation from all sources (including surface water, ground water, rainwater, and municipal water supply) for any use over the course of the reporting period.

### Total Workforce

The total number of persons working for the organisation at the end of the reporting period (that is, the sum of all employees and supervised workers).

### Type of Non-Compliance

Court judgment on failure to act in accordance with regulations or laws, categorised by the nature of the laws or regulations breached.

**V**

### Value Addition

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

**W**

### Working Capital

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

### Waste Disposal Method

The method by which waste is treated or disposed of, including composting, reuse, recycling, recovery, incineration, landfill, deep well injection, and on-site storage

## Corporate Information

### Name of Company

Alumex PLC  
(A limited Liability company, incorporated in Sri Lanka in 2007)

### Company Number

PV 539 PQ

### Stock Exchange Listing

The ordinary shares of the Company are listed with the Colombo Stock Exchange of Sri Lanka on 31 March 2014

### Registered Office

Pattiwila Road,  
Sapugaskanda, Makola,  
Sri Lanka  
Telephone: +94 11 240 0332  
Facsimile: +94 11 240 0415  
Website: [www.alumexgroup.com](http://www.alumexgroup.com)

### Directors

Mr. A.M. Pandithage – Chairman  
Mr. S.C. Ganegoda – Deputy Chairman  
Mr. D.W.D.N. Dediwela – Managing Director  
Mr. A.A. Akbarally  
Dr. L.J.S.H. Cabral, PC  
Mr. S. Munaweera  
Mr. R.P.P.K. Rajapaksha  
Mr. M.J.S. Rajakariar (appointed on 3rd January 2024)  
Mr. D.T.R. De Silva (appointed on 3rd January 2024)  
Mr. R.P. Pathirana (resigned on 30th June 2023)  
Mr. A.J. Hirdaramani - (ceased to be an alternate to Mr. R.P. Pathirana on 30th June 2023)  
Mr. T.A. Akbarally - (ceased to be an alternate to Mr. A.A. Akbarally on 3rd January 2024)

### Audit Committee

(As re-constituted on 7th May 2024)  
Mr. D.T.R. De Silva – Chairman  
Mr. S. Munaweera  
Mr. M.J.S. Rajakariar

### Remuneration Committee

(As re-constituted on 7th May 2024)  
Mr. D.T.R. De Silva – Chairman  
Dr. L.J.S.H. Cabral, PC  
Mr. M.J.S. Rajakariar

### Nominations and Governance Committee

(Constituted on 7th May 2024)  
Mr. D.T.R. De Silva – Chairman  
Dr. L.J.S.H. Cabral, PC  
Mr. M.J.S. Rajakariar

### Related Party Transactions Review Committee

(Constituted on 7th May 2024)  
Mr. D.T.R. De Silva – Chairman  
Dr. L.J.S.H. Cabral, PC  
Mr. M.J.S. Rajakariar

### Auditors

Ernst & Young  
Chartered Accountants  
No. 201, De Seram Place  
Colombo 10, Sri Lanka

### Investor Relations

Please contact Corporate Affaires Unit  
Telephone: +94 11 262 7610  
E-mail: [info@cau.hayleys.com](mailto:info@cau.hayleys.com)

### Secretaries

Hayleys Group Services (Private) Limited  
400, Deans Road, Colombo 10, Sri Lanka  
Telephone: +94 11 262 7650  
Facsimile: +94 11 262 7655  
E-mail: [info.sec@hayleys.com](mailto:info.sec@hayleys.com)

Please direct any queries about the administration of shareholdings to the Company Secretaries

### Bankers

**Commercial Bank of Ceylon PLC**  
Foreign Branch  
Commercial House, No 21, Sir Razik Fareed Mawatha  
Colombo 01, Sri Lanka

### Sampath Bank PLC

Head Office,  
No. 110, Sir James Peiris Mawatha  
Colombo 02, Sri Lanka

### Bank of Ceylon

Corporate Branch  
2nd Floor, Head Office  
No. 04, Bank of Ceylon Mawatha  
Colombo 01, Sri Lanka

### Hatton National Bank PLC

Head office, No. 479, T. B. Jayah Mawatha  
Colombo 10, Sri Lanka

### Citi Bank N.A. Colombo.

65C, Dharmapala Mawatha,  
Colombo 07, Sri Lanka

### Standard Chartered Bank

37 York Street  
Colombo 1

### People's Bank

Head Office, No.75, Sir Chittampalam A Gardiner Mawatha  
Colombo 02

### Nation Trust Bank PLC

Millennium House,  
Nawam Mawatha, Colombo 02

### National Development Bank

No.40, Nawam Mawatha, Colombo 02

## Notice of Meeting

ALUMEX PLC  
Company Registration No. PV 539 PQ

NOTICE IS HEREBY GIVEN THAT THE SEVENTEENTH ANNUAL GENERAL MEETING OF ALUMEX PLC will be held on **Monday, 24th June 2024 at 9.00 a.m.** at the Chas P. Hayley Lounge of Hayleys PLC, No. 400, Deans Road, Colombo 10 for the following purposes;

1. To consider and adopt the Annual Report of the Board of Directors and the Statements of Accounts for the year ended 31st March 2024, with the Report of the Auditors thereon.
2. To re-elect as a Director Mr. D.T.R. De Silva, who has been appointed to the Board since the last Annual General Meeting, in terms of Article 27(2) of the Articles of Association of the Company.
3. To re-elect as a Director Mr. M.J.S. Rajakariar, who has been appointed to the Board since the last Annual General Meeting, in terms of Article 27(2) of the Articles of Association of the Company.
4. To re-elect as a Director Mr. S. Munaweera, who retires by rotation at the Annual General Meeting in terms of Article 28(6) of the Articles of Association of the Company.
5. To re-elect as a Director Mr. A.A. Akbarally, who retires by rotation at the Annual General Meeting in terms of Article 28(6) of the Articles of Association of the Company.
6. To propose the following resolution as an ordinary resolution for the re-appointment of Mr. A.M. Pandithage, in terms of Section 211 of the Companies Act No.07 of 2007.

### Ordinary Resolution

‘That, Mr. Abeyakumar Mohan Pandithage, who has attained the age of seventy three years be and is hereby re-appointed as a Director for a further period of one year and it is hereby declared that the age limit of seventy years referred to in Section 210 of the Companies Act No.07 of 2007 shall not apply to him.’

7. To authorise the Directors to determine donations and contributions to charities for the ensuing year.
8. To re-appoint Messrs Ernst & Young, Chartered Accountants as the Auditors of the Company for the year 2024/25 and to authorise the Directors to determine their remuneration.

By Order of the Board,  
ALUMEX PLC

**HAYLEYS GROUP SERVICES (PRIVATE) LIMITED**

Secretaries

Colombo  
28th May 2024

### Notes to shareholders:

1. The Annual Report of the Company for 2023/24 is available on the corporate website [www.alumexgroup.com](http://www.alumexgroup.com) and on the Colombo Stock Exchange website - [www.cse.lk](http://www.cse.lk).
2. A Shareholder is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a Shareholder of the Company. A Form of Proxy is enclosed for this purpose. The instrument appointing a proxy must be deposited at the office of the Company Secretaries at No. 400, Deans Road, Colombo 10, Sri Lanka not less than forty-eight (48) hours before the time fixed for the Meeting.
3. A shareholder who requires a hard copy of the Annual Report must post or handover the duly completed ‘Request Form’ to the office of the Secretaries.







## Form of Proxy

ALUMEX PLC  
Company Registration No. PV 539 PQ

I/We ..... (full name of Shareholder)

NIC No./Reg. No. of Shareholder ..... of  
..... being

Shareholder/Shareholders of ALUMEX PLC hereby appoint:

1. .... (full name of proxyholder)  
NIC No. of proxyholder ..... of  
..... or, failing him/them.

2. ABEYAKUMAR MOHAN PANDITHAGE (Chairman of the Company) of Colombo, or failing him, one of the Directors of the Company as my/our proxy to attend and vote as indicated hereunder for me/us and on my/our behalf at the Seventeenth Annual General Meeting of the Company to be held on Monday, 24th June 2024 and at every poll which may be taken in consequence of the aforesaid meeting and at any adjournment thereof.

	For	Against
1. To adopt the Annual Report of the Board of Directors and the Statements of Accounts for the year ended 31st March 2024, with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-elect as a Director Mr. D.T.R. De Silva, as set out in the Notice.	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect as a Director Mr. M.J.S. Rajakariar, as set out in the Notice.	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-elect as a Director Mr. S. Munaweera, as set out in the Notice.	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-elect as a Director Mr. A.A. Akbarally, as set out in the Notice.	<input type="checkbox"/>	<input type="checkbox"/>
6. To re-appoint Mr. A.M. Pandithage, in terms of Section 211 of the Companies Act No. 07 of 2007.	<input type="checkbox"/>	<input type="checkbox"/>
7. To authorise the Directors to determine donations and contributions to charities for the ensuing year.	<input type="checkbox"/>	<input type="checkbox"/>
8. To re-appoint Messrs Ernst & Young, Chartered Accountants as the Auditors of the Company for the year 2024/25 and to authorise the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>

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

.....  
Signature of Shareholder

*(Instructions are given overleaf)*

## Form of Proxy

### Instructions:

1. The completed Form of Proxy must be deposited with the Company Secretaries, Hayleys Group Services (Private) Limited, at No. 400, Deans Road, Colombo 10, Sri Lanka not less than forty-eight (48) hours before the start of the meeting. Delayed Proxy Forms shall not be accepted.
2. A Shareholder entitled to attend and vote at the Annual General Meeting of the Company, is entitled to appoint a Proxy to attend and vote instead of him/her and the Proxy need not be a Shareholder of the Company.
3. Full name of Shareholder/Proxy holder and their NIC Nos. are mandatory. Your Proxy Form will be rejected if these details are not completed.
4. A Shareholder is not entitled to appoint more than one Proxy to attend on the same occasion.
5. The duly completed Proxy Form must be dated and signed by the Shareholder.
6. Please indicate with an "X" in the space provided how your proxy is to vote on the resolutions. If no indication is given, the proxy can vote as he/she thinks fit.
7. In the case of a company/corporation the proxy must be executed in the manner prescribed by its Articles of Association or by a duly authorised Director.
8. Where the Form of Proxy is signed under a Power of Attorney (POA) which has not been registered with the Company, the original POA together with a photocopy of same or a copy certified by a Notary Public must be lodged with the Company along with the Form of Proxy.
9. In case of Marginal Trading Accounts (slash accounts), the Form of Proxy should be signed by the respective authorised Fund Manager/Banker with whom the account is maintained.





Alumex PLC, Pattiwila Road, Sapugaskanda, Makola, Sri Lanka.