



ALUMEX PLC | ANNUAL REPORT 2020/21

TENACITY

TENACITY

The willingness to overcome obstacles, can only be turned into action with a certain level of determination and commitment. The year that was certainly put our determination to the test and we are proud to state that we came out with flying colours. With a focus on expanding our range, our customer base and our capabilities, we maintained and even grew our productivity levels to reach unprecedented goals in a challenging environment. Our tenacity knew no bounds and will be a stepping stone for our journey ahead.



ALUMEX PLC | ANNUAL REPORT 2020/21

1ST LARGEST

In Sri Lanka - Aluminium Extruder and Exporter

32 YEARS

Service excellence

950

Work Force

22,000 MT

Production capacity per annum

As a leading provider of best-in-class commercial, industrial, residential and architectural aluminium extrusion profiles in Sri Lanka that shape industries around the world, Alumex PLC offers a range of breakthrough innovations through expert capabilities in the world of aluminium manufacturing. Superior product performance has enabled our expansion to international markets.

Alumex is driven by a philosophy of continuous innovation. We constantly strive to deliver new and improved aluminium products by seamlessly integrating inventive technology, expertise, and best practices in order to achieve operational excellence and provide maximum value to our customers.

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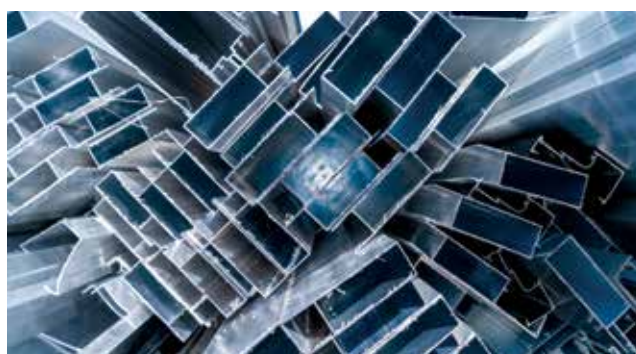
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THE TENACITY
OF OUR SPIRIT

VISION MISSION AND VALUES

VISION

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

MISSION

Create customer intimacy with innovative Aluminium solutions through world-class sustainable manufacturing practices.

2020

VALUES

INTEGRITY:

Ethical and transparent in all our dealings

ENDURING CUSTOMER VALUE:

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

A WILL TO WIN:

Exhibiting the will to win is important to Alumex and its shareholders

RESPECT FOR PEOPLE:

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

GOOD CITIZENSHIP:

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

TEAMWORK:

Working with each other and with partners across boundaries to make things happen

ACCOUNTABILITY:

Holding ourselves responsible to deliver what we promise



RS. 301 MILLION
IN STRATEGIC
CAPEX
INVESTMENTS





ABOUT THIS REPORT

GRI Disclosure: 102 – 12, 45, 46, 48, 50 - 56

Alumex PLC presents the fifth integrated annual report, giving a balanced account of how we blend in integrated thinking into our value creation process.

In the preceding year, we had to limit the scope of our annual reporting process, due to the challenges we faced amidst the unexpected outbreak of the Coronavirus. After a lapse of one year, we seek once again, to build and refine our integrated reporting process—encompassing current reporting and regulatory frameworks, standards, guidelines and principles.

REPORTING PERIOD

We follow through a 12-month reporting cycle. Our annual report herein corresponds to the financial reporting year ended 31st March 2021. We draw comparisons and references from the information published in our last annual report, for the year ended 31st March 2020 as well as from the fourth integrated annual report for the year ended 31st March 2019. The future outlook, plans and targets are set out for the ensuing financial year ending 31st March 2022.

REPORTING BOUNDARY

This annual report entails material information of Alumex operations, covering our main factory and corporate office in Sapugaskanda and the Prime Plant in Ekala. The report also covers one of our subsidiaries, Alco Industries (Pvt) Ltd (Alco).

REPORTING CONTENT AND SCOPE

Reporting Frameworks, Standards and Guidelines

- ▶ Integrated Reporting Framework - Integrated Reporting Council
- ▶ Global Reporting Initiative- GRI Standards 'In accordance'- Core option
- ▶ United Nations Sustainable Development Goals.
- ▶ Company's Act No. 07 of 2007
- ▶ Sri Lanka Accounting Standards - Institute of Chartered Accountants of Sri Lanka
- ▶ International Financial Reporting Standards - IFRS Foundation
- ▶ Code of Best Practice on Corporate Governance, 2017 - Securities and Exchange Commission of Sri Lanka and the Institute of Chartered Accountants of Sri Lanka
- ▶ Continuous Listing Rules - Colombo Stock Exchange

Our report is prepared in line with the Integrated Reporting Framework, as prescribed by the Integrated Reporting Council and also this report has been prepared in accordance with the GRI Standards: Core Option.

The report content is developed on material matters—focusing on economic, environmental and social aspects, as discussed on pages 42 to 46. Accordingly, we set out our business model, highlighting how we pitch our strategy against the evolving business environment—optimising our core capitals to create value in the short, medium and long-term for our stakeholders. We elaborate on our capital management approach, performance for the year under review and our future plans. We also present comprehensive reports on governance, internal controls and risk management. We have not restated any information and data published in the previous reports.

The information and data for the report are collected and compiled by respective departments including the subsidiary operations. We gathered information from our Corporate Plan 2020-2021, management reports and quarterly progress reviews to the Board. We conducted several interviews with the management and key executives in this regard. The financial information is based on the audited financial statements and the related notes. We also relied on internet research to obtain information on the external environment including the global and domestic economic scenarios along with the industry developments. The report content materiality and completeness are validated by our senior management.

The GRI content index is set out on pages 232 to 236.

TARGETED AUDIENCE

Our annual report is mainly aimed at supporting our shareholders and potential investors to make informed decisions on our organisation's growth, strength, stability and sustainability aspects. We also look to support information requirements of other stakeholders, including customers, employees, suppliers, other business partners and local communities. We are responsible in meeting mandatory disclosures as well voluntary information as may be deemed necessary and important by relevant regulatory and statutory bodies.

COMBINED ASSURANCE

We follow a combined assurance approach to establish the credibility of this report, ensuring that there are no material misstatements. Accordingly, the overall reporting process and the reliability and quality of the content are assured internally, by the senior management and the Board of Directors. The financial reporting including the financial statements and related notes as well as sustainability reporting have been assured by external and independent auditors, Messrs. Ernst & Young, Chartered Accountants, as set out in page 171 and 230 respectively.

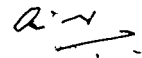
FORWARD-LOOKING STATEMENTS

The report herein entails forward-looking statements and information on our future outlook, plans, forecasts and targets. Although we are realistic in our reporting, we urge our readers to be cautious in relying on such statements as reality may differ. Alumex is not liable to publicly update forward-looking statements to reflect the real-time developments after the publication date of this report, unless mandated by relevant statutory and regulatory authorities.

BOARD RESPONSIBILITY

The Board takes responsibility and assures the credibility of our fifth integrated annual report, 2020/21. The Board assures that the report gives a fair and a transparent account of all material issues underlining the sustainability of Alumex PLC.

Signed for and on behalf of the Board



A. M. Pandithage
Chairman

07th May 2021
Colombo

FEEDBACK

We understand that integrated reporting is an ongoing learning process. Hence, we welcome your feedback and suggestions to improve our 2020/21 Annual Report along with any queries and clarifications.

Please contact :

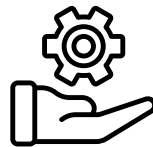
Chief Financial Officer,
Alumex PLC, Pattiwila Road, Sapugaskanda, Makola
Tel - 94 11 2400332 Email: info@alumexgroup.com
www.alumexgroup.com

NAVIGATION ICONS



FINANCIAL CAPITAL

- ▶ Equity, debt and internal cash generation



MANUFACTURED CAPITAL

- ▶ Factory buildings, plant, machinery and equipment and digital infrastructure



INTELLECTUAL CAPITAL

- ▶ Brands, tacit knowledge, IT processes



SOCIAL AND RELATIONSHIP CAPITAL

- ▶ Relationships with B2B customers, suppliers and other business partners and local communities



NATURAL CAPITAL

- ▶ Natural resources and operational impacts on the environment.



HUMAN CAPITAL

- ▶ Employee skills, hard work and dedication.

CHAIRMAN'S STATEMENT



Dear Shareholder,

On behalf of the Board, I am pleased to present the Annual Report and the Audited Financial Statements of Alumex PLC for the financial year ended 31st March 2021.

Despite being a complicated and an unsettling financial year, following a well-deliberated strategy, your company took decisive action to navigate through multiple challenges and achieve a record performance.

BUSINESS BACKDROP

Grappling with the pandemic and its serious and widespread implications, the global economy in the year 2020, plummeted into a recession. Mired in socio-political complexities combined with heightened health concerns, our economy too faced the worst recession since independence, with real GDP contracting to 3.6 percent. Economic activity in all key sectors recorded a negative growth. Sluggish manufacturing and construction sector activity underlined the sharp contraction of the industry sector in the GDP. All large to medium scale projects, both public and private sector, came to a standstill during the initial lockdown months. Towards the latter part of the year, we witnessed the construction sector regaining the confidence

DELIVERING A WELL-FOCUSED STRATEGY, WITH RESILIENCE AND RESOLUTENESS, WE WERE ABLE TO MANAGE DOWNSIDE RISKS AND EXPLORE AND SECURE OPPORTUNITIES TO ACHIEVE BUSINESS EXCELLENCE.

A. M. Pandithage

Chairman

and recover from the slack; thus, fuelling demand for building materials including for aluminium extruded products. The record low interest rates prevailed in the year, combined with concessionary loan schemes for the construction sector, complemented and supported the sector revival, including the housing market.

STRATEGIC DELIVERY

Delivering a well-focused strategy, with resilience and resoluteness, we were able to manage downside risks, explore and secure opportunities to achieve business excellence. Leveraging on our core competencies, we strived to maintain our positioning at the forefront of the industry. With top-end brands, Alumex and LUMIN together with Alco; the new 'fighter' brand, for the lower to mid-tier market, we sustained a definite competitive edge in the local industry. It is also encouraging to note that we have made significant strides in our market diversification aspirations, reaching out to new high-end export markets in Europe, North America, Australia and New Zealand,

apart from our presence in the South Asian region. The share of exports in value terms, increased from a mere one percent in the preceding year to six percent in the year under review. We also continued to manufacture under license to the world's best aluminium proprietary systems for doors, windows and façades. As at the end of reporting year, we have built firm ties with seven system proprietors.

CONSOLIDATED PERFORMANCE

Successfully steering through a volatile business landscape, Alumex Group registered an impressive performance in the reporting year, reflecting our strength and stability. With better trading conditions toward the latter part of the year, local market sales improved whilst our exports recorded solid results in new and high-end markets. This volume increase combined with a price increase buoyed our topline earnings; increasing by twenty-seven percent year-on-year, to touch an all-time high of Rs. 6,022 million.

Cost management in the year was commendable, with cost saving measures and stringent controls implemented across the operations. This assumed greater significance, part mitigating the increasing cost of sales, due to higher price trends we witnessed for Aluminium in the London Metal Exchange. Benefiting from the low interest rate environment, we were able to bring down our net finance cost by a significant forty-seven percent. We also made exchange gains despite the rupee depreciation. The applicable tax rate for manufacturing sector was revised downwards from 28% to 18%. As a result, our consolidated Profits After Tax reached a record high of Rs. 841 million. This corresponded to an exponential increase of 26.13 fold from Rs. 31 million in the previous year.

An interim dividend of Rs. 0.53 per share was paid on 26 March 2021. The Board recommends Rs. 0.10 per share as a final dividend. The dividend pay-out ratio stands at thirty-seven percent.

CHANGES TO THE BOARD

In the year under review, there were no changes to the Board.

QUALITY AND STANDARDS

Over the years, we have been recognised and awarded, at both national and international levels, for our deep sense of commitment to sustain quality and standards across our

organisation. In this regard, we have always invested well and followed through the guidelines set by renowned certification and licensing bodies. Our factories are certified by the ISO Quality Management System and Sri Lanka Standards. Our finishing processes are licensed by global quality labels, QUALICOAT and Qualanod.

RESPONSIBLE BUSINESS

As guided by our parent, Hayleys Group, we are committed to uphold exemplary business practices which we have nurtured over the years. Seeking to create meaningful value, we are responsible in the way we use our resources whilst giving due consideration to meet stakeholder interests. To this end, we follow through a structured and a proactive plan—on one hand, improving our processes and investing in technology to bring in sustainable measures in terms of managing material usage, energy, water, solid waste and; on the other hand, engaging in capacity building and supporting our employees, dealer network, fabricators, suppliers and the communities within which we operate. Our investment in the year for corporate social responsibility initiatives stood at Rs. 3.2 million. We also stayed true to our employees without resorting to salary cuts or even job cuts, as a means to manage the pandemic challenges. We continued to extend performance-based incentives, salary increases and bonuses for our employees, across the grades.

REPORTING PRACTICES

As a principled organisation, each year, we give precedence to follow best and current practices in reporting as guided by the Integrated Reporting Framework and by the Global Reporting Initiative. Though we had to scale down our annual report due to Covid 19 pandemic in the preceding year, we have resumed the process this year, striving to meet and even exceed the bar on reporting excellence.

FUTURE OUTLOOK

The COVID-19 pandemic is still raging on, with new variants evolving, and exerting a huge toll on the country and people, with spill-over effects well into the medium and long-term. Much hope is placed on the vaccination roll-out. We are confident of our entrepreneurial prowess and vigor to weather these difficult times and reach out to higher goals in the years ahead.

CHAIRMAN'S STATEMENT

It is in this backdrop, that we will seek to brace and scale up our operations where there is growth potential—especially targeting value-added export markets whilst reinforcing the domestic market outreach. This calls for resilience and agility with right investment decisions on building factory capacities; refining processes; developing new products; bringing in latest technology; and strengthening our human resource base with strategic recruitment, training and compensation and benefits.

APPRECIATION

In a difficult year midst a pandemic, the team worked diligently to achieve and exceed our corporate goals. My sincere appreciation is extended to our Managing Director and all employees for their efforts, dedication and professionalism. I extend my gratitude to my colleagues on the Board for their good guidance and support, in leading our organisation to navigate through these challenging and disconcerting times. My gratitude is extended to our shareholders, distributors and business partners, for their trust and confidence placed in our organisation. I call upon all our stakeholders to stand by us, work together and support our long-term path, balancing out the risks rampant in our business landscape.

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

Alumex PLC

7 May 2021

REASONS TO INVEST IN ALUMEX

01

MARKET LEADERSHIP

- ▶ Over 50% market share with a wide-ranging customer base
- ▶ Centralised warehouses and distribution centres in strategic locations
- ▶ Solid brands – Alumex, LUMIN and Alco

5-Year - Compound Average Growth of Local Sales: 4%

02

GOING BEYOND BORDERS

- ▶ Presence established in South Asian key markets
- ▶ Exploring high-value added markets in Europe, UK and North America
- ▶ Entering the Australian and New Zealand markets

FY 2020/21 - Growth in Export Market Sales: 545%

03

OUTSTANDING RETURNS TO SHAREHOLDERS

- ▶ Delivering a smart strategy combined with best business practices to optimise shareholder returns
- ▶ Over 35% dividend pay-out

FY 2020/21 - Return on Equity 31%

04

STATE-OF-THE-ART MANUFACTURING FACILITIES

- ▶ Largest Manufacturer with Two factories with a combined capacity of 22000 metric tons of aluminium extrusions
- ▶ Strategic investments for continuous maintenance and upgrades

5-Year - Cumulative Capex: Rs. 3,070Mn

05

UPHOLDING QUALITY AND STANDARDS

- ▶ Quality certifications for highest warranty
- ▶ Multiple Quality labelling licenses for finishing processes
- ▶ Manufacturing world renowned proprietary systems under license

5-Year - Cumulative Certification and Licensing Investment: Rs. 35 Mn

06

PRODUCT AND PROCESS DEVELOPMENT

- ▶ Focused research on value addition and new product development
- ▶ Driving for process improvements to bring in cost efficiencies

5-Year - Cumulative Research and Development Investment: Rs. 58 Mn

MANAGING DIRECTOR'S REVIEW



BRINGING IN
GREATER FOCUS AND
CONSOLIDATION, WE
STRATEGISED AND
WORKED IN CONCERT TO
TAKE CRITICAL DECISIONS
ON SCALE, PROCESSES
AND COSTS, TO MEET THE
EXIGENCIES THAT WERE SO
PREVALENT AND PRESSING
IN OUR OPERATING
LANDSCAPE

In an unprecedented year, 2020/21, with the COVID-19 challenging our way of life, Alumex stood resilient and delivered a smart strategy. Defending our Leadership position in the domestic market, whilst bolting on our export market opportunities, we consolidated our operations to post outstanding results, notwithstanding the complexities that we faced in the year. My review this year will discuss our determination and efforts to harness our core competencies combined with team dedication to achieve and exceed our corporate targets; whilst paving the way forward to secure long-term sustainability.

PANDEMIC YEAR

The world at large was in dire-straits in the reporting year. The pandemic and the resultant lockdowns, movement restrictions and border controls rocked the nations across the board, with severe socio-economic repercussions. On the domestic front, real economic activity plunged with negative growth of 3.6 percent—the lowest since independence. Adversely impacted by the substantial slowdown in the construction and manufacturing activities, the industry sector activities of the GDP sharply contracted by 6.9 percent in the year 2020 as against a growth of 2.6 percent in 2019. However, the construction sector including the housing market picked-up towards the latter part of the year. This was indeed a solace, reviving our industry with firm market opportunities.

SMART STRATEGY

Amidst adverse market conditions, we followed through a well-thought-out strategy. Bringing in greater focus and consolidation, we strategised and worked in concert to take critical decisions on scale, processes and costs, to meet

Pramuk Dediwela

Managing Director

the exigencies that were so prevalent and pressing in our operating landscape. Appointing four small strategic groups of key executives (representing all departments within the organisation), we looked at bracing our operations and taking serious actions to prevent a setback from lockdown implications—on production levels, distribution, sales and even on the growing debtor situation. These four groups concentrated and rolled out key plans to improve internal business processes, drive for productivity, develop new products, penetrate strategic markets and implement cost saving initiatives. Our talented and hardworking team stood up to the challenge, supported and gave their best to turn-around a 'bad-situation' and perform at an all-time high.

CORPORATE RESULTS

The country was on a lockdown at the beginning of the financial year under review. With special permission and under strict health protocols, we were able to have an early start with 50 percent capacity. The loss of work days due to the lockdown was only around two-weeks. Underscored by our perceptive and focused strategic delivery, our Group operations turned-around by the month of May and went on to mark a solid year.

On a consolidated basis, our production volumes recorded an increase of thirty percent year-on-year, to touch 6,800 metric tons of aluminium extrusions. Local market continued to dominate with almost ninety-three percent of volumes in our sales mix. The export segment also performed exceptionally well. Led by a newly formed and competent team, our exports succeeded to penetrate new high-end markets in Europe, North America, Australia, UK and New Zealand. Export volumes registered a noteworthy increase of 893 percent from 45 metric tons to 447 metric tons. With the volumes on the rise combined with a price increase of 10 percent, our top-line earnings in the year, posted a noteworthy increase of twenty-seven percent over the preceding year; touching the Rs. 6.0 billion mark—highest ever in the Company's history. In terms of the revenue mix, local market earnings topped with ninety-four percent share whilst exports improved from just under one percent in the preceding year to six percent.

Closely monitoring, we pursued several cost saving initiatives in the reporting year, to improve processes across our organisation, seeking to bring in material efficiency, energy management, and to cap wastage. Highly warranted, these cost saving measures were pivotal—cushioning the impact of the bullish price trends that prevailed for our main raw material, aluminium, on the London Metal Exchange, particularly from the latter part of the year. The average price increase of aluminium stood at 35 percent year-on-year. However, underlined by import restrictions, we also resorted to increase the share of locally manufactured billets in our operations, resulting in substantial cost savings. These measures combined with solid top-line earnings, led to higher gross profits, with the margin improving from twenty-one percent in the preceding year to twenty-eight percent.

With the pandemic unfolding, we curtailed our selling and distribution costs by twenty-four percent, especially, in the first nine months of the year. Our administration overheads remained high, with an increase of four percent. However, we benefited from the ultra-accommodative monetary policy stance that prevailed in the year, with lowest market interest rates. We were able to effectively manage our treasury and cash flow operations—restructuring the loan portfolio including settlements of long and short-term loans and obtaining a new loan of Rs. 22 million under concessionary terms of the Saubagya COVID-19 Renaissance Loan Scheme Phase II, for working capital requirements. With higher export earnings offsetting the import bill, we were able to manage our foreign exchange exposure with net exchange gains, amidst the rupee depreciation in the year. Our net finance cost reduced by forty-seven percent year-on-year.

In this backdrop, combined with outstanding top-line results, our bottom-line profitability was impressive. Complemented by the downward tax revisions for a manufacturing entity, our net

profits after taxation for the year posted an all-time high of Rs. 841 million, a massive increase of 26.13 fold over Rs. 31 million in the preceding year. Our return on equity (ROE) stood at thirty-one percent, a notable improvement of thirty percentage points compared to the preceding year.

Our financial position as at 31st March 2021 was sound and healthy. Our asset base improved by twenty-seven percent to Rs. 7,674 million, adequately covering our liability obligations and supporting a healthy current ratio of 1.49 times.

STRATEGIC CAPEX

Keeping pace with the latest in technology, upgrading our plants and strengthening factory capacities, we continued making strategic capex investments in the year, totalling to Rs. 301 million. We upgraded machinery and equipment of the wood finish manufacturing plant at our Prime plant in Ekala and the component manufacturing plant at Sapugaskanda, mainly catering to export market orders. The total installed extrusion capacity of both factories stood at 1850 metric tons per month with an average utilisation level of forty percent.

COMPETITIVE EDGE

Producing a comprehensive range of products under premium quality standards, remained our top strategic priority. This stood us in good stead, differentiating our product, gaining share and sustaining our market leadership, especially significant in a challenging marketplace. Our generic market segment continued to face intense competition. A new fighter brand; Alco, was launched in the year to ward off the competition in this segment.

Our real edge over the competition, however, came from our 'blue ocean' product, the high-end brand, LUMIN. We continued to invest in this vertical. In the year, we established three dealer managed LUMIN concept centres two in Colombo & one in Minuwangoda, taking the total to eleven centres. We also developed over 40 new products with special finishes and greater value addition including 'ready-to-make' and 'do-it-yourself' products. This covered, inter alia, kitchen cabinets, windows and ladders. The demand for this market segment was impressive, especially supported by the low interest rate regime that prevailed in the year.

We also leveraged on our engagement with proprietary systems—as the only manufacturer in 'South Asia' with licensing rights to manufacture the world's best seven proprietary systems. This includes three systems for Germany and one each for Belgium, France, Italy, and the USA. This year, we signed two agreements with Hydro and CANDOR VIEW to manufacture their brands under license for the local market, thus, strengthening our international brand portfolio.

MANAGING DIRECTOR'S REVIEW

TEAM ENGAGEMENT

Our team stands as our mainstay which was aptly demonstrated during this challenging year. Taking on the 'new normal', we had to relook and adjust the way we engage with our employees. Under new health and safety guidelines, we brought in key measures to prevent the spread of the virus across our operations; whilst continuing to pursue productivity improvements, build capacity and ensure employee wellbeing.

This year, we invested Rs. 2.6 million on employee training, representing a fifty-eight percent fall compared to the previous year. Mainly supported by internal trainers, the total training hours stood at 4,455. Our new recruits of 576, were also given comprehensive induction training and on-the-job training. We also evaluated thirty percent of our staff on performance under a balanced scorecard mechanism. We introduced a new performance incentive schemes based on production volumes and sales. Further, we utilised the funds allocated for the staff annual get-together to donate 250 numbers of tablet computers to our employees with school going children, aged 11 years onwards. We incurred a sum of Rs. 3.3 million on this donation.

CORPORATE RESPONSIBILITY

As our signature social responsibility initiative, we continued in the year to extend external training opportunities for our fabricators, technocrats and students. However, due to unusual circumstances of the raging pandemic, with lockdowns and demands for social distancing, we had to limit the scope of these capacity building initiatives—training only few small groups, reaching to 339. The training investment in this regard stood at Rs. 1.8 million.

Further, we also invested Rs. 1.4 million on other socially responsible initiatives. This included the white cane donations to the visually impaired; community-based COVID-19 prevention campaigns; donations of personal protective gear to front-line health staff; and support given to underprivileged rural schools. We also extended 426 job opportunities, especially targeting the youth living in our local communities.

We continued to be conscientious in minimising our environmental footprint. We gave precedence to bring in greater efficiency to material usage, intensifying our efforts in terms of reducing and recycling resources and implementing energy saving measures. We invested a sum of Rs. 43 million to install 400-kilowatt capacity solar power plant at our central warehouse.

FUTURE OUTLOOK AND PLANS

Balancing out the uncertainties and the challenges we witness today in our business landscape, our country has much potential to reach out to a higher level of economic

OUR TEAM STANDS
AS OUR MAINSTAY
WHICH WAS APTLY
DEMONSTRATED DURING
THIS CHALLENGING YEAR.
TAKING ON THE 'NEW
NORMAL', WE HAD TO
RELOOK AND ADJUST THE
WAY WE ENGAGE WITH
OUR EMPLOYEES.

growth in the medium term, with greater consumer and business confidence. In this burgeoning backdrop, with the rise of urbanisation, the construction sector is likely to boom in the ensuing years. Successive governments, in fact, have prioritised construction, as a thrust sector in the economy. This momentum, with spill-over effects, will no doubt foster our industry market growth. This is more so, given the changing consumer perceptions and the rising demand trends for aluminium products; due to durability, affordability, convenience and 'greener' properties especially compared to timber products.

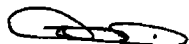
As a well-respected and progressive aluminium extrusions manufacturer, we have what it takes to gain on opportunities and consolidate our positioning as the market leader. We have in place state-of the art manufacturing facilities with expanded capacity, streamlined processes, expertise, passion for innovation, versatile brands and key licenses and certification for quality assurance. These success factors have given a solid platform for Alumex, to make headway in the short to medium term. In this regard, we will continue to follow through a growth strategy—focusing on developing and diversifying markets and products. We will continue to invest on our export drive; strengthen domestic market network; promote and further develop new products; and boost and leverage our brands—Alumex, LUMIN, the fighter brand, ALCO, along with the international brands that we manufacture under license through proprietary agreements.

APPRECIATION

We completed an outstanding year, taking the company to a stronger position against all odds. This is an opportune time to appreciate all stakeholders who supported us and had confidence in our strategic delivery.

My gratitude is extended to our Chairman, Deputy Chairman and fellow members of the Board for their direction and leadership to reach business excellence. My management and the team, across all levels, worked tirelessly and responsibly, to achieve our corporate targets under unusual and unsettling circumstances. A warm thank you to the team, for their dedication and a job well-done. I sincerely hope to see this momentum continue in the ensuing year. I also thank our customers and our business partners for their unstinted support and confidence placed in our organisation. I take this opportunity to thank the officials at the Ministry of Industries, Industrial Development Board, Export Development Board, and Sri Lanka Police for their support and assistance to manage the bureaucratic requirements, especially in the midst of a pandemic.

To all stakeholders, thank you.



Pramuk Dediwela

Managing Director

Alumex PLC

7 May 2021

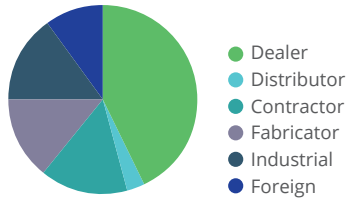
YEAR AT A GLANCE

ACHIEVED HIGHEST EVER PROFITS OF RS. 1.0 BN AND TURNOVER OF RS. 6.0 BN.

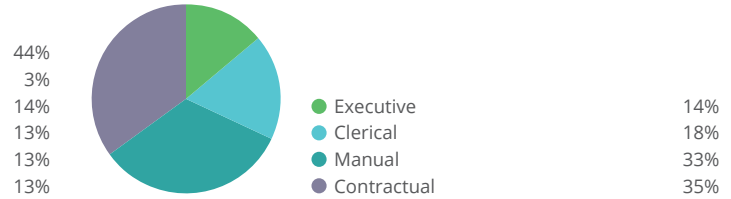
WAY TO SUCCESS

The only aluminium manufacturer to hold Qualanod license in Sri Lanka

Customer Network

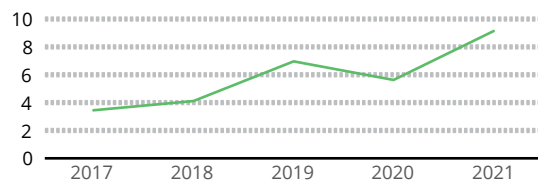


Work Force



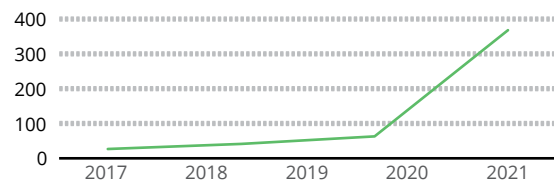
Foreign Exchange Saving

USD Mn



Export Sales

Rs. Mn



25MT

Machinery Upgrade
for Component Plant

150MT

New Wood Finished
Plant

44

New Products and
Designs

4,310MT

Local Billet
Production

339

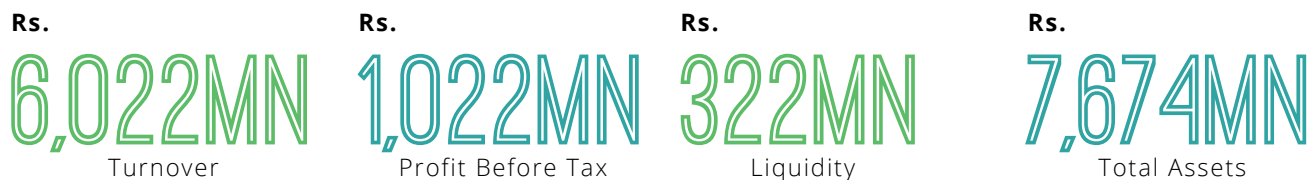
Fabricators Trained

3,000

White Canes
Donated

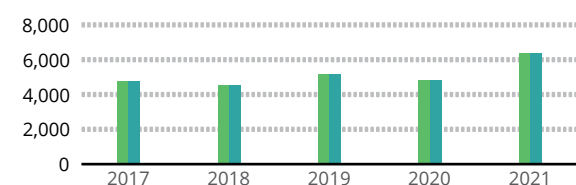
250 TABS

Delivered Among
Employees' Children



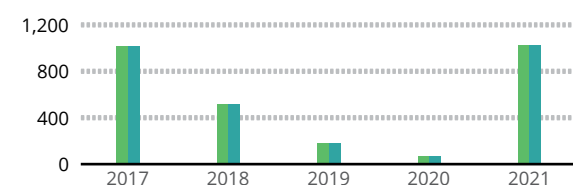
Revenue

Rs. Mn



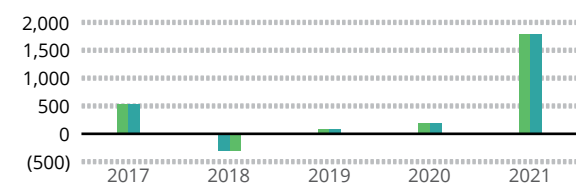
PBT

Rs. Mn



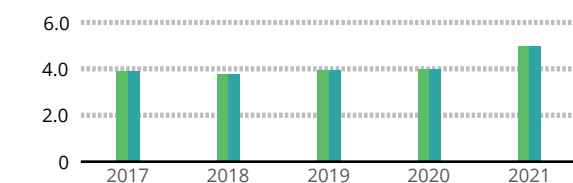
Operating Cash Flow

Rs. Mn



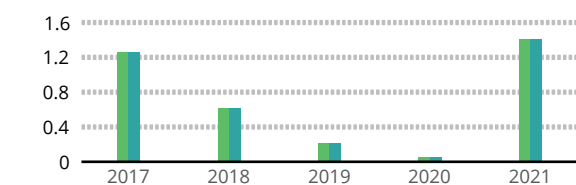
Net Assets Per Share

Rs.



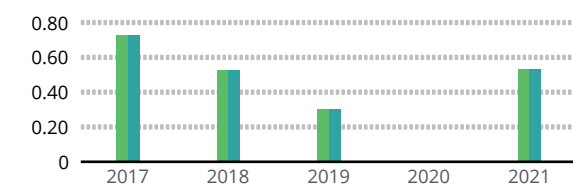
Earnings Per Share

Rs.



Dividends Per Share

Rs.



ALUMEX'S VALUE CREATION MAP



THE TENACITY
OF OUR
LEADERSHIP

ABOUT US

GRI Disclosure: 102 – 1 -7

The premier aluminium manufacturer in Sri Lanka, Alumex PLC, a subsidiary of Hayleys PLC, is a public limited liability company, listed on the Dirisavi Board of the Colombo Stock Exchange. Founded in 1986, Alumex commenced commercial operations in 1988.

VALUE CREATED THROUGH

Serving both domestic and international markets, we manufacture high quality extruded aluminium profiles in different finishes, under our brands of 'Alumex', 'LUMIN' and 'Alco'. We also serve the domestic market with accessories and composite panels with imported material under agency—including two key brands - Corian by DuPont and Alpolic by Mitsubishi Plastics.

Our head office and the main factory are located at Pattiwila Road, Sapugaskanda, Makola whilst the newly powered Alumex Prime Plant is at Ekala, Ja-Ela. Positioned with eight distribution centres, eleven LUMIN concept centres and 121 dealerships spreading across the island, in all nine provinces, we serve a wide range of customers including fabricators, contractors and engineering industry buyers from the residential, commercial and industrial segments.

ASSETS UTILISED

With over 1,850 metric tons of aluminium extrusion manufacturing capacity per month, combined with melting and casting, die manufacturing, extruding, surface finishing of profiles and component items, we have the expertise to produce mill finished, anodised, powder coated and wood finished aluminium profiles for industrial and architectural use. The component manufacturing and fabrication operation makes industrial products, DIY products and Solar accessories for local customers and makes value adding products to international markets

Our permanent workforce stands at 618 employees along with 335 fixed term contractual employees as at 31st March 2021.

GEARING FOR

Foraying into the export market segment, we look to build and expand our relationships in key quality conscious markets, including Europe and the United States of America. In the year, we tied up with 15 new customers to export value-added aluminium products. Our export earnings saw an exponential growth, taking the export market share within the overall revenue mix to six percent.

SUPPLY CHAIN

Our supply chain is widespread with both foreign and local suppliers. Our main raw material—aluminium logs—are imported from the Middle East. We also source other key input materials like powders, chemicals and consumables from foreign suppliers. Local suppliers take up 55 percent of supplier payments.

BRAND POWERED WITH

As the only aluminium manufacturer to hold Qualanod license in Sri Lanka along with the Qualicoat certification and guided by ISO 9001:2015, we are globally recognised for consistent production quality. This has paved the way to serve international brands—to manufacture aluminium window and door system profiles, under license. We have secured contracts with Hydro Aluminium of Norway, AluK of Italy and candor view of USA. We are the only approved applicator for super durable coating of over 15 years for international powder brand Jotun.

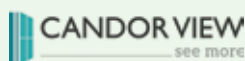
OUR BUSINESS PARTNERS

**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.

**NORWAY****HYDRO ALUMINIUM**

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

**UAE****JOTUN MENA**

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

**ITALY****AluK**

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

**EMIRATES GLOBAL ALUMINIUM COMPANY**

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

GERMANY**ORG ADATA AG**

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

**INDIA****Vedanta Limited**

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



**JAPAN****MITSUBISHI PLASTICS INC.**

Manufacturer and supplier of Aluminium composite panels.

DGL INTERNATIONAL

A leading manufacturer of powder and thermal polymer alloy coatings.

TURKEY**EKSTEK XP**

Manufacturer of Aluminium Extrusion Profile Die & Tools with experience of 30 years.

ALPOLIC®/fr
INNOVATION • STYLE • PERFORMANCE

**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.

**CHINA****GIANTALLY**

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

**ANDONE INTERNATIONAL GROUP**

Reputed trading organisation in China, Supplying all kind of industrial machineries and chemicals.



VALUE CREATION MODEL

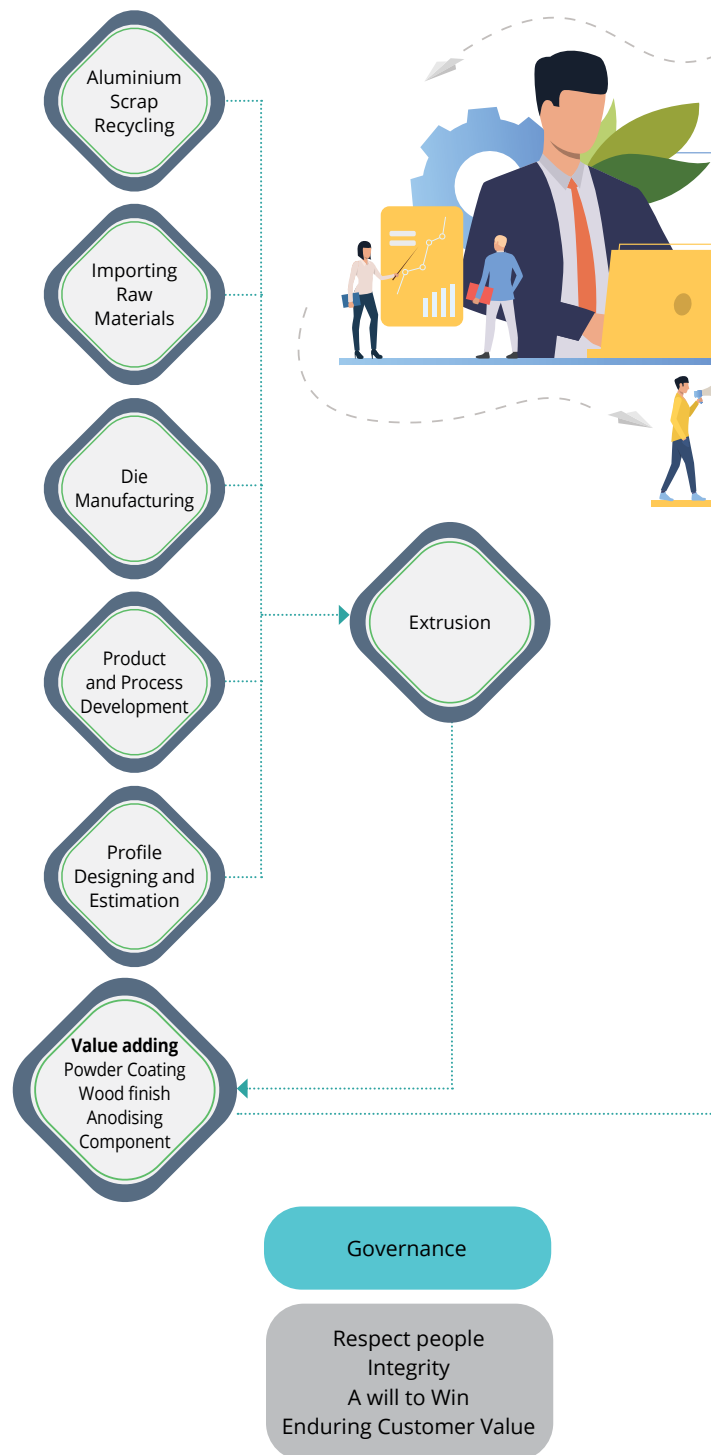
GRI Disclosure: 102 – 7

INPUT

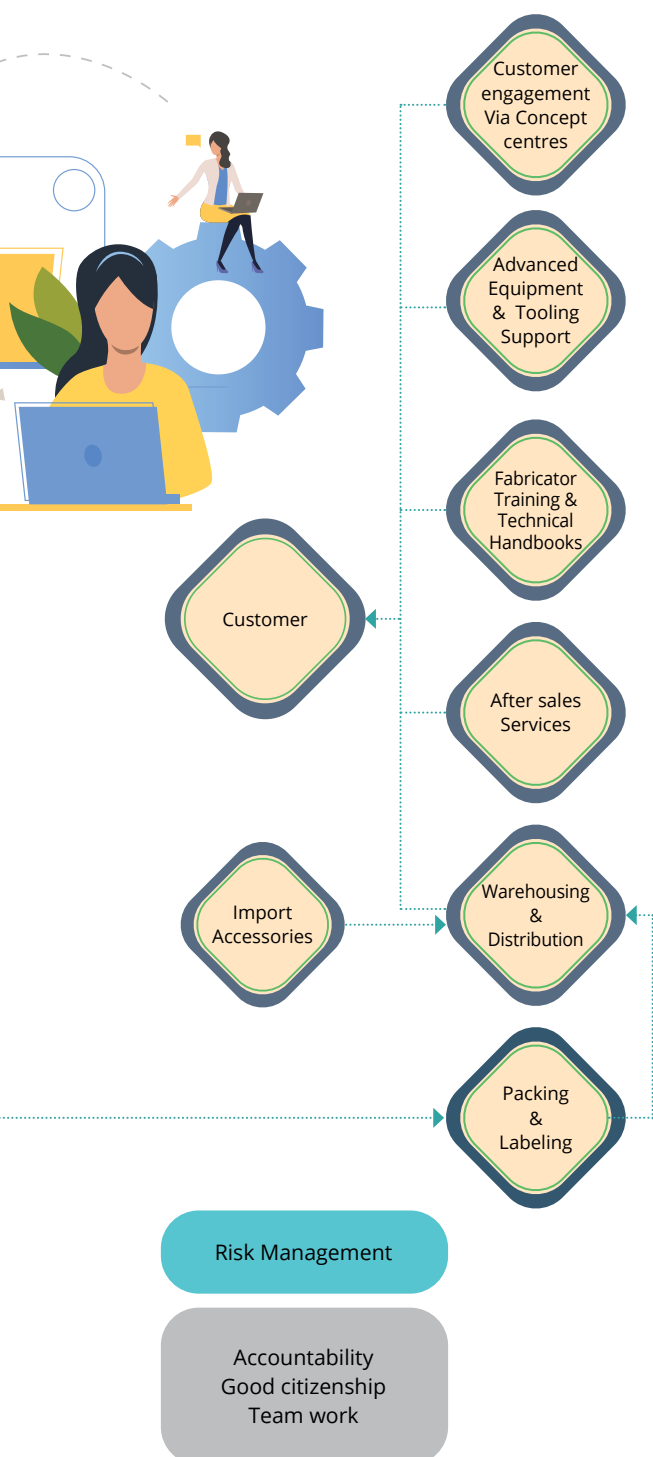


VISION

Our Values



MISSION



OUTPUTS

FINANCIAL CAPITAL

Net Profit: Rs. 841 Mn
Earnings per Share: Rs. 0.70
Dividends per Share: Rs. 0.26
Return on capital employed: 23%

MANUFACTURED CAPITAL

Quality Aluminium products
Licenses and certification
Extrusion Yield : 83.2%
Net Yield: 79.4 %
Melting Yield: 87.0 %

HUMAN CAPITAL

Rewarding work environment with opportunities for career and skill development
Productivity: 0.62 MT/employee
Employee Turnover: 11.26 %
Employee absenteeism.: 5.1 %

SOCIAL & RELATIONSHIP CAPITAL

Customers
Higher sales
Over 50% Market share.
893% growth of Export sales.
Value added and new products
Skilled fabricators

Suppliers
Quality raw material supplies
Modern manufacturing facility
Supplier compliance with laws, rules and regulations

Community
Community Investments: 3.2 Mn
Fabricator Training for over 300 participants
426 Community recruitments.
Distribution of School bags and stationery to 300 students.

NATURAL CAPITAL

Preserve our planet through minimising the negative impacts of our operations
Saving of Foreign currency outflows : USD 9.3 Mn
Reduction in energy consumption 11%
Reduction in water consumption 24%

INTELLECTUAL CAPITAL

Quality Aluminium profiles
Licenses Certification
Ethical management practices
44 new Industrial and Customer designs

OUTCOMES

FINANCIAL CAPITAL

Sustainable growth in shareholder earnings
Shareholder confidence and loyalty
Business sustainability

MANUFACTURED CAPITAL

Stakeholder trust and confidence
Brand equity strength
Competitive edge
Sustainability of operations

HUMAN CAPITAL

Empowered and engaged employees
Performance driven culture
Employee loyalty
Healthy and safe workplace
Reduced staff turnover

SOCIAL & RELATIONSHIP CAPITAL

Customers
Brand recognition and loyalty
End-customer satisfaction.

Suppliers
Sustainable products
Responsible supply chain

Community
Community wellbeing
Community loyalty and support

NATURAL CAPITAL

Stakeholder respect, trust and confidence
Environmental sustainability
Energy Efficiency

INTELLECTUAL CAPITAL

Stakeholder respect, trust and confidence
Brand equity strength
Competitive edge

ECONOMIC VALUE CREATION

OVERVIEW

At the forefront of the aluminium extrusion industry and backed by our parent, Hayleys PLC, we play a significant role in supporting the nation's development aspirations. We have the expertise nurtured over 30 years, underscored by best business practices to create extensive value, with cascading benefits flowing throughout the entire economy. The section herein will discuss our contribution to the economy, highlighting how we create and share value with our stakeholders and thus, meeting their expectations.

MANAGEMENT APPROACH

Refer: Strategy, resource allocation and trade-off, pages 24 to 46. Aligned to the Hayleys Way, value creation at Alumex is approached from a long-term standpoint. Fully inclusive, we seek to blend in financial viability with corporate responsibility towards our employees, business partners, communities in which we operate and the society at large. Our strategic focus is to achieve operational efficiency to optimise this process. This is underscored by effective risk management and governance along with quality and standards as guided by our certification and licensing bodies. Our approach is interweaved into our corporate strategy.

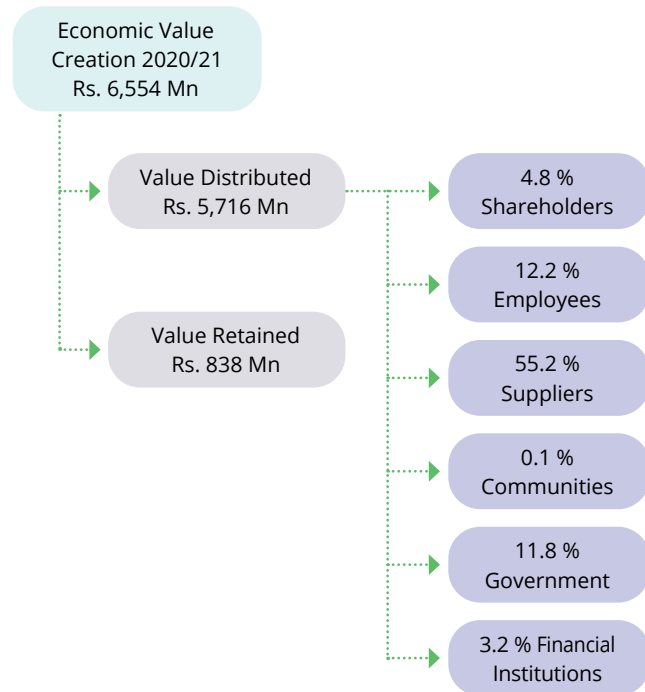
CREATING VALUE

GRI Disclosure: 201 - 1



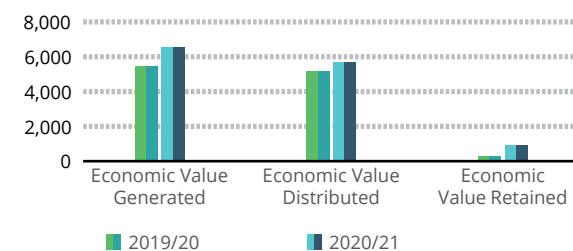
With two large-scale state-of-the-art factories, our combined capacity stands at 22,200 metric tons of aluminium extrusions. Our permanent workforce stands at 618 in both factories. In the year under review, we produced a total of 6,887 metric tons of extrusions, at an average capacity utilisation of 31 percent. Out of total production, ninety-three percent was supplied to the local market and the balance was for the export markets in South Asia, North America, Europe, Australia and New Zealand. In terms of the local market, we are the undisputed market leader, with our market share reaching over fifty percent in volume terms. Our export earnings in the year reached Rs. 374 million in equivalent terms; resulting in Rs. 3.5 million in net exchange gains, after off-setting our import bill on raw materials.

On a consolidated basis, inclusive of our subsidiary, Alco Industries Pvt Ltd, our economic value reached Rs. 6,554 million. This represented a twenty-seven percent increase as against the value created in the preceding year—commendable, given the challenging business conditions in a pandemic-hit year.



Economic Value Generated & Distributed

Rs. Mn



VALUE DISTRIBUTED - 2020/21											
Shareholders	<p>We delivered a smart strategy against complex business dynamics. We recorded outstanding earnings, surpassing the Rs.6.0 billion mark and profits recording an exponential growth of over 27 percent.</p> <ul style="list-style-type: none">▶ Dividend per share: Rs. 0.53▶ Dividend pay-out ratio: 37%▶ Return on equity: 31 %▶ Earnings per share: Rs. 1.40	Dividend Paid Rs. <table><tr><th>Dividend Type</th><th>Amount (Rs.)</th></tr><tr><td>Interim Dividend</td><td>0.53</td></tr><tr><td>Final Dividend</td><td>0.07</td></tr></table> <p>Refer: Financial capital, page 66.</p>	Dividend Type	Amount (Rs.)	Interim Dividend	0.53	Final Dividend	0.07			
Dividend Type	Amount (Rs.)										
Interim Dividend	0.53										
Final Dividend	0.07										
Employees	<p>With two large-scale manufacturing facilities, we stand as a significant employer. Our compensation is aligned to market rates and follows Sri Lanka's labour laws. We have in place a collective bargaining agreement to determine wages of the manual grades including at the entry level. All incentives are linked to performance merits.</p> <ul style="list-style-type: none">▶ Total Employment: 953▶ Jobs created: 576▶ Community recruitment: 74%▶ Compensation, incentives and benefits: Rs. 231 Mn▶ Statutory benefit obligations: Rs. 55.6 Mn▶ Gratuity provision: Rs. 25.6 Mn▶ Employee training investment: Rs. 2.6 Mn	Employee Benefits Rs. Mn <table><tr><th>Year</th><th>Employee Benefits (Rs. Mn)</th></tr><tr><td>2019/20</td><td>~700</td></tr><tr><td>2020/21</td><td>~850</td></tr></table> <p>Refer: Human capital, pages 87 to 88.</p>	Year	Employee Benefits (Rs. Mn)	2019/20	~700	2020/21	~850			
Year	Employee Benefits (Rs. Mn)										
2019/20	~700										
2020/21	~850										
Suppliers	<p>With extensive manufacturing operations, we have a large supplier base including material suppliers, chemicals and machinery and equipment.</p> <ul style="list-style-type: none">▶ Supplier payments: Rs. 3,706 Mn▶ Foreign suppliers: 10 %▶ Local suppliers: 90%	Supplier payment vs Local Supplier payment Rs. Mn <table><tr><th>Year</th><th>Total supplier Payment (Rs. Mn)</th><th>Local Supplier payment (Rs. Mn)</th></tr><tr><td>2019/20</td><td>~3,700</td><td>~1,200</td></tr><tr><td>2020/21</td><td>~3,700</td><td>~1,200</td></tr></table> <p>Refer: Social and relationship capital – supplier, page 110.</p>	Year	Total supplier Payment (Rs. Mn)	Local Supplier payment (Rs. Mn)	2019/20	~3,700	~1,200	2020/21	~3,700	~1,200
Year	Total supplier Payment (Rs. Mn)	Local Supplier payment (Rs. Mn)									
2019/20	~3,700	~1,200									
2020/21	~3,700	~1,200									
Customers	<p>We have a wide-ranging business to business customer base including dealers, distributors, contractors and fabricators. We extend comprehensive training to our fabricators as well as product training for dealers. We have a fully-fledged training centre (which was established in 1998) along with a competent training team.</p> <ul style="list-style-type: none">▶ Fabricators trained: 339	Fabricators Trained No. <table><tr><th>Year</th><th>Fabricators Trained (No.)</th></tr><tr><td>2019/20</td><td>~3,500</td></tr><tr><td>2020/21</td><td>339</td></tr></table>	Year	Fabricators Trained (No.)	2019/20	~3,500	2020/21	339			
Year	Fabricators Trained (No.)										
2019/20	~3,500										
2020/21	339										

ECONOMIC VALUE CREATION

VALUE DISTRIBUTED - 2020/21								
Communities	<p>We are consistent in our efforts to engage our local communities and support their wellbeing through philanthropy as well as volunteering. Over 66 percent of our employees within the permanent cadre are employed from these local communities.</p> <ul style="list-style-type: none">Community responsibility investment: Rs. 3.2 millionBeneficiaries: Over 3,500	<div>Community Investment</div> <div><p>Rs. Mn</p><table><tr><th>Year</th><th>Community Investment (Rs. Mn)</th></tr><tr><td>2019/20</td><td>14.5</td></tr><tr><td>2020/21</td><td>3.2</td></tr></table></div> <div>Refer: Social and relationship capital, community, page 115.</div>	Year	Community Investment (Rs. Mn)	2019/20	14.5	2020/21	3.2
Year	Community Investment (Rs. Mn)							
2019/20	14.5							
2020/21	3.2							
Government	<p>As a principled manufacturer, we are responsible in meeting our tax obligations, both direct and indirect taxes. We did not receive any financial assistance from the government in the year under review.</p> <ul style="list-style-type: none">Corporate tax: Rs. 181 MnValue added tax: Rs. 185 Mn	<div>Tax Obligation</div> <div><p>Rs. Mn</p><table><tr><th>Year</th><th>Tax Obligation (Rs. Mn)</th></tr><tr><td>2019/20</td><td>250</td></tr><tr><td>2020/21</td><td>370</td></tr></table></div> <div>Refer: Financial capital, page 64.</div>	Year	Tax Obligation (Rs. Mn)	2019/20	250	2020/21	370
Year	Tax Obligation (Rs. Mn)							
2019/20	250							
2020/21	370							
Financial Institutions	<p>Maintaining strong ties with our bankers, we are conscientious in meeting our financial obligations on time. In the reporting year, we restructured our loan portfolio whilst taking a new concessionary term-loan of Rs. 22 million against the Saubagya COVID-19 Renaissance Loan Scheme, Phase II.</p> <ul style="list-style-type: none">Long-term loan portfolio: Rs. 824 millionLoan repayments (interest and capital): Rs. 840 Mn.Deposit base (savings and fixed deposits): USD 1.9 Mn	<div>Payments to Financial Institutes</div> <div><p>Rs. Mn</p><table><tr><th>Year</th><th>Payments to Financial Institutes (Rs. Mn)</th></tr><tr><td>2019/20</td><td>1,000</td></tr><tr><td>2020/21</td><td>840</td></tr></table></div> <div>Refer: Financial capital, page 64.</div>	Year	Payments to Financial Institutes (Rs. Mn)	2019/20	1,000	2020/21	840
Year	Payments to Financial Institutes (Rs. Mn)							
2019/20	1,000							
2020/21	840							
Environmental Management	<p>We give strategic precedence to minimise our environmental footprint. We invest in good manufacturing practices including recycling and reusing aluminium scrap, treating our effluents, disposing our hazardous waste responsibly, taking measures to be energy efficient and controlling our carbon emissions.</p> <ul style="list-style-type: none">Environmental investment: Rs. 550 MnRoof-top solar investment: Rs. 43 MnCarbon footprint increase: 16%	<div>Environmental Investments</div> <div><p>Rs. Mn</p><table><tr><th>Year</th><th>Environmental Investments (Rs. Mn)</th></tr><tr><td>2019/20</td><td>300</td></tr><tr><td>2020/21</td><td>550</td></tr></table></div> <div>Refer: Natural capital, page 124.</div>	Year	Environmental Investments (Rs. Mn)	2019/20	300	2020/21	550
Year	Environmental Investments (Rs. Mn)							
2019/20	300							
2020/21	550							

OUR STRATEGY

BUSINESS REVIEW

Risks and Opportunities

In a rapidly changing socio-economic and political landscape, our organisation is well poised to reach out to higher growth goals and move forward towards sustainability. As a pragmatic manufacturer, we have always been 'hands-on' in our strategy, with well-planned actions to accomplish our corporate goals, navigating through complex business dynamics with widespread risks as well as opportunities to avail.

Principal Risks and Opportunities

	RISKS	OPPORTUNITIES
Political	<ul style="list-style-type: none"> ▶ Partisan politics undermine business confidence. ▶ Resolutions adopted against the nation by the international community along with downgrading of Sovereign Debt by International rating agencies hamper the country's development agenda. 	<ul style="list-style-type: none"> ▶ Successive governments have prioritised private-sector led economic growth. ▶ Policies on import substitutions and domestic industry development
Economic	<ul style="list-style-type: none"> ▶ Global recession and geopolitical uncertainties undermine export segment viability and prospects. ▶ Macroeconomic imbalances pressure cost of living and dampen disposable income and consumer sentiment, thereby, market growth and earning capacity. ▶ Import restrictions on material to support the deteriorating external position may lead to shortages and impact product quality. 	<ul style="list-style-type: none"> ▶ Accommodative monetary policy measures curtail finance expenses, and cushion profitability and returns. ▶ Lower tax regime strengthens profitability and returns. ▶ Depreciating exchange rate strengthens export earnings to offset import expenditure, Greater optimism in the medium-term economic outlook leads to better market growth opportunities.
Social	<ul style="list-style-type: none"> ▶ COVID-19 pandemic may result in lockdowns and movement restrictions along with the virus spread within the workplace, which may lead to closure of operations and loss of work days, thereby, impacting the earning capacity. ▶ COVID-19 pandemic and its prolonged implications lead to lower consumer sentiments and demand, especially for new residential housing projects. ▶ Possible work disruptions due to trade union issues may erode competitiveness and earnings. ▶ Lack of motivation may impact lower labour productivity with implications on operational results and profitability. 	<ul style="list-style-type: none"> ▶ Rapid urbanisation and the rise in the middle class, with higher disposable income, spur market growth and boost the earning capacity. ▶ Changing consumer perceptions and attitudes towards aluminium as durable, cost-effective and environmentally friendly as against its substitute timber, strengthen demand and earnings. ▶ Community goodwill supports recruitment drive as well as sustainability of operations. ▶ Capacity building develops skills and empowers the workforce, fabricators and the community youth. ▶ Strong brand portfolio is a point of differentiation against competition and strengthens market positioning as the market leader.
Technology	Keeping abreast of the latest technology is costly and the returns may not suffice to offset investment cost.	Advancing technology supports to streamline processes and develop new and value-added products, bringing in greater efficiency, cost savings, premium prices and customer orientation.
Environment	High environmental footprint due to manufacturing activity in terms of using non-renewable material, high energy usage, water withdrawal, solid waste including hazardous waste and carbon emissions.	Following good manufacturing practices with environmental responsibility lowers the environmental footprint and lifts the corporate reputation.
Legal	Ad-hoc changes to laws, policies and regulations lead to business uncertainty and loss of confidence.	Necessary laws, regulations, policies and reforms are in place to usher in broad-based economic growth and to adopt best business practices for a level-playing field in doing business

OUR STRATEGY

STRATEGY, RESOURCE ALLOCATION AND TRADE-OFFS

Strategy

Amidst a complex business backdrop, we follow through a well-deliberated strategy to create value overtime—from short, medium to long-term. Guided by best corporate practices, we look at optimising our capitals to reach sustainable top-line growth and retain our market leadership; whilst ensuring that we are focused in managing our cost side, to secure bottom-line profitability and returns.

Our top-line growth strategy is two-pronged—markets and products. Accordingly, our strategy gives precedence to market penetration where we seek to strengthen our ties with the existing customer base for repeat business; and to secure untapped business opportunities to increase our market share. Our growth strategy also looks into market development—exploring opportunities in new potential market segments, especially targeting markets where competition is less prominent or absent. With regard to product, our strategy

focuses on adding value to the existing range and developing new products, catering to the latest demand trends.

Our strategy mainly targets the local market, representing over 90 percent of our top-line earnings. Within this market segment, the generic market, accounts for around 30 percent of our earnings. This market is highly susceptible to competition. The balance 10 percent comes from the blue ocean market, where there is less competition. This includes our power brand, LUMIN, the high-end range targeting the residential housing industry, along with projects, solar panels, exports and proprietary systems manufactured under license. Our aim is to scale-up our business in this blue ocean segment whilst consolidating our generic market presence.

It is in this context that we set out the salient features of our three-year corporate plan, 2022 – 2024, highlighting our strategic imperatives and our short, medium to long term strategies along with our key actions for the year under review.

STRATEGY AND ACTIONS		
Market Development <i>Refer: Relationship and social capital, customer, pages 98 to 106.</i>		
Customer Engagement	Short-term strategy <ul style="list-style-type: none"> Strengthen ties with the existing dealer network with greater engagement. Establish new dealerships and distributors islandwide. Establish centralised warehouses and distribution centres in strategic locations. Extend training opportunities and introduce Alumex Lumin certification system for fabricators. Increase the number of marketing and sales staff to support market penetration initiatives. 	Key actions - 2020/21 <ul style="list-style-type: none"> Closely engaged the existing dealer network with product training and trade incentives. Established 24 new dealerships. Extended 23 fabricator training programmes for 2,823 training hours at an investment of Rs. 1.8 million. Recruited 07 employees to the sales and marketing team.
	Medium to long-term strategy <ul style="list-style-type: none"> Explore and establish new dealerships as per regional demand trends. Expand and effectively manage centralised warehouses to support demand in respective regions. Strengthen the fabricator training programme with refined curricula. Form an alumni for Alumex registered fabricators. 	
Brands	Short-term strategy <ul style="list-style-type: none"> Build brand equity of Alumex, LUMIN and Alco through focused marketing and promotional campaigns, skewed towards social media initiatives. Use social media platforms to promote the new sub brand for Alumex. Leverage on international proprietary brands manufactured under license. 	Key actions - 2020/21 <ul style="list-style-type: none"> Carried out a well-focused marketing and promotional campaign on TV, radio and social media. Launched the new value-for-money fighter brand—Alco, for the mid-tier market. Signed two agreements on proprietary systems.
	Medium to long-term strategy <ul style="list-style-type: none"> Add new brands to the portfolio to reinforce differentiation in the market Launch fully-fledged marketing and branding campaigns 	

STRATEGY AND ACTIONS		
LUMIN	<p>Short-term strategy</p> <ul style="list-style-type: none"> ▶ Establish dealer-managed LUMIN centres in strategic locations. ▶ Strengthen the approved fabricator programme for LUMIN concepts and extend specialised training. ▶ Continue with pre and post construction site visits to ascertain customer feedback and satisfaction levels. ▶ Initiate focused promotional campaigns for dealers and fabricators. <p>Medium to long-term strategy</p> <ul style="list-style-type: none"> ▶ Open dealer-managed concept centres islandwide on a cost sharing basis. ▶ Intensify fabricator training on LUMIN range and establish an advanced fabrication training facility. ▶ Carry out well-structured customer satisfaction and feedback surveys to ascertain market trends. 	<p>Key actions - 2020/21</p> <ul style="list-style-type: none"> ▶ Established dealer-managed Lumin centres in Colombo and Minuwangoda. ▶ Carried out pre and post construction site visits for LUMIN customers. ▶ Registered 50 fabricators with approved fabricator service for LUMIN products. ▶ Focused marketing and promotional campaigns were launched at an investment of Rs. 51 million. ▶ Extended special training on LUMIN to 158 fabricators with 760 training hours.
Export Markets	<p>Short-term strategy</p> <ul style="list-style-type: none"> ▶ Strengthen the exposure with further penetration in the South Asian market. ▶ Explore for new market opportunities in Europe, North America, Australia, UK and New Zealand. <p>Medium to long-term strategy</p> <ul style="list-style-type: none"> ▶ Develop markets across all six continents. ▶ Focusing on high value added Aluminium Products. 	<p>Key actions - 2020/21</p> <ul style="list-style-type: none"> ▶ With the existing customers of South Asian markets including India, Nepal and Maldives, taking the total exposure to 36 customers. ▶ Established 1 customer in the European Union and two customers in UK. ▶ Established 3 customers in North America ▶ Established 4 customers in New Zealand and Australia.
<p>Products Refer: <i>Social and relationship capital, customer, pages 98 to 106.</i> <i>Manufactured capital, pages 68 to 73.</i> <i>Intellectual capital, pages 74 to 79.</i></p>		
Product Development	<p>Short, medium to long-term strategy</p> <ul style="list-style-type: none"> ▶ Invest in research and development to add value to the existing product range and to innovate new products to meet the changing demand trends. 	<p>Key actions - 2020/21</p> <ul style="list-style-type: none"> ▶ Invested a sum of Rs. 14.1 million on product research and launched 44 new products including 'do-it-yourself' and pre-fabricated product range.
Quality and Standards	<p>Short, medium to long-term strategy</p> <ul style="list-style-type: none"> ▶ Produce quality aluminium extrusions in line with best manufacturing practices and in conformance with quality and standards as set out by international certification and quality label licensing bodies. 	<ul style="list-style-type: none"> ▶ Invested a sum of Rs. 301 million to upgrade the manufacturing plants and processes. ▶ Completed an audit on product quality in line with the ISO quality system management certification and licensing bodies for powder coating and anodising processes.
<p>Cost Management Refer: Financial capital, pages 61 to 67.</p>		
Process Efficiency and Cost Structure	<p>Short medium to long-term strategy</p> <ul style="list-style-type: none"> ▶ Gradually increase the utilisation of local billets in the manufacturing process, in place of imported raw material. ▶ Drive for cost saving initiatives and curtail waste and leakages. ▶ Streamline processes and increase productivity. ▶ Invest in energy efficient technology. ▶ Maintain a lean overhead cost structure. 	<p>Key actions - 2020/21</p> <ul style="list-style-type: none"> ▶ Identified and implemented 20 cost saving initiatives in operations. ▶ Increased the use of locally made billets by 104 percent in the manufacturing process. ▶ Installed a roof-top solar plant in Sapugaskanda Warehouse premises to offset energy cost.

OUR STRATEGY

STRATEGY AND ACTIONS		
Human Resources Management <i>Refer: Human capital, pages 80 to 97.</i>		
Workforce Development and Wellbeing	Short, medium to long-term strategy <ul style="list-style-type: none"> ▶ Closely engage, monitor and reward employees on performance to inculcate a performance-based workplace culture. ▶ Invest in training to build employee capacity. ▶ Adopt best practices in managing occupational health and safety. 	Key actions - 2020/21 <ul style="list-style-type: none"> ▶ Extended 4,455 hours of staff training across all levels, at an investment of Rs. 2.6 million. ▶ Extended 932 hours of training on occupational health and safety aspects in factories including COVID-19 prevention. ▶ Evaluated 30 percent of the cadre under the Balance Score Card performance evaluation scheme. ▶ Extended Rs. 54 million as performance-based incentives and benefits.
Corporate Social Responsibility <i>Refer: Social and relationship capital, communities, pages 111 to 115.</i> <i>Natural capital, pages 116 to 127.</i>		
Community	Short, medium to long-term strategy: <ul style="list-style-type: none"> ▶ Closely engage local communities and support them with meaningful philanthropy. ▶ Extend employment opportunities to neighbouring communities, especially youth. ▶ Build community capacity through focused vocational training. 	Key actions - 2020/21 <ul style="list-style-type: none"> ▶ Trained 339 community youth and extended 426 employment opportunities. ▶ Community service investment stood at Rs. 3.2 million.
Environment	Short, medium to long-term strategy: <ul style="list-style-type: none"> ▶ Focused measures to bring in best environmental practices in material usage, water and energy management, emissions, effluent treatment and solid waste management across operations. ▶ Adopt renewable energy sources and work towards lessening the carbon footprint. 	Key actions - 2020/21 <ul style="list-style-type: none"> ▶ Increased the use of recycled aluminium by 104 percent in the manufacturing process. ▶ Disposed 799 metric tons of hazardous waste responsibly. ▶ Installed 400 KWp roof-top solar plant in Sapugaskanda central warehouse at an investment of Rs. 43 million. ▶ Increased the corporate carbon footprint by 16 percent to 10,428 tCO₂e.

Key Indicators	Unit of Measurement	Overall Operations Key Indicators, Targets vs. Actuals			
		Target 2020/21	% of Target 2020/21	Actuals	
				2020/21	2019/20
Operational Indicators					
Local market share	%	51%	98%	50%	48%
Exports share in revenue	%	11%	54%	6%	1%
LUMIN concept centres	Number	6	50%	3	3
Centralised warehouses and distribution centres	Number	1	100%	1	-
Dealers and distributors	Number	35	68%	24	16
Aluminium extrusions production	MT	8,098	85%	6,887	5315
Worker productivity	Metric tons/worker	0.76	81	0.62	0.61
Capital expenditure	Rs. million	294	120%	301	156
Social Indicators					
Training investment - overall	Rs. million	5	36%	1.8	12.47
Training hours - overall	Hours	4,600	73%	3,294	22,758
Training hours on health and safety	Hours	550	35%	192	656
Investment on community initiatives	Rs. million	2.01	62%	1.4	1.3
Environmental Indicators					
Investment on environment management	Rs. million	625	87%	549	291

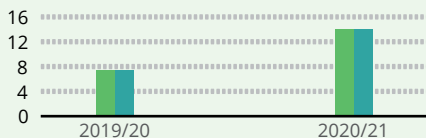


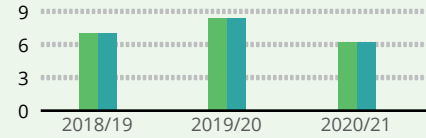


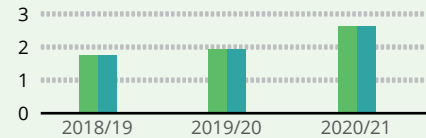


RESOURCE ALLOCATION AND TRADE-OFF

As a responsible organisation, we are pragmatic and follow through a structured process to allocate our resources effectively and efficiently, to optimise the value we create for our shareholders and to all other stakeholders. Our aim is to find the right balance between resource allocation and trade-offs, in terms of short and medium to long term impacts. This is carried out during our annual corporate planning sessions where we formulate our action plans, (for each department), with necessary budgets set for the deliverables as aligned to our strategic priorities. All strategic decisions are tabled for Board level in-depth deliberations prior to finalising the strategic plans and resource allocation.

Resource Allocation and Utilisation - 2020/21	Budget Rs Million	% of Total Budget	% Actual Budget Utilisation
Upgrading manufacturing process	202	68	114
Research and development, Certification and Licenses	8.5	5	105
Corporate social responsibility	2.01	1	62
Customer / Fabricator Training initiatives	1.4	0.5	128

OUR STRATEGY

RESOURCE ALLOCATION AND TRADE-OFF – 2020/21											
STRATEGIC PRIORITY	RESOURCE ALLOCATION	CAPITAL TRADE-OFF									
Local Market											
Customer Engagement	<p>Customer Engagement Cost</p> <p>Rs. Mn</p> <table><caption>Customer Engagement Cost (Rs. Mn)</caption><thead><tr><th>Year</th><th>Cost (Rs. Mn)</th></tr></thead><tbody><tr><td>2018/19</td><td>220</td></tr><tr><td>2019/20</td><td>210</td></tr><tr><td>2020/21</td><td>200</td></tr></tbody></table> <p>Relevant stakeholders</p> <ul style="list-style-type: none">CustomersShareholdersEmployees	Year	Cost (Rs. Mn)	2018/19	220	2019/20	210	2020/21	200	<p>Mid to long-term impact</p> <ul style="list-style-type: none">Relationship and social capital, customerFinancial capitalHuman capital <p>We invested a total sum of Rs. 1.8 million on customer training, improvements to distribution and warehousing whilst strengthening our sales and marketing cadre. These measures added on to our overheads, impacting profitability in the short-term. However, in the medium to long-term, these initiatives are expected to pave way for higher market share, with economies of scale, to boost our top-line earnings.</p>	<p>Short-term impact</p> <ul style="list-style-type: none">Financial capital
Year	Cost (Rs. Mn)										
2018/19	220										
2019/20	210										
2020/21	200										
Brands	<p>Investment in Branding, Marketing and Promotions</p> <p>Rs. Mn</p> <table><caption>Investment in Branding, Marketing and Promotions (Rs. Mn)</caption><thead><tr><th>Year</th><th>Investment (Rs. Mn)</th></tr></thead><tbody><tr><td>2018/19</td><td>100</td></tr><tr><td>2019/20</td><td>100</td></tr><tr><td>2020/21</td><td>50</td></tr></tbody></table> <p>Relevant stakeholders</p> <ul style="list-style-type: none">CustomersShareholders	Year	Investment (Rs. Mn)	2018/19	100	2019/20	100	2020/21	50	<p>Mid to long-term impact</p> <ul style="list-style-type: none">Relationship and social capital, customerFinancial capital <p>Marketing and promotional campaigns took up an investment of Rs. 51 million. This added on to overheads, thereby, impacting short-term profitability. However, this investment will boost brand equity, leading to higher earnings in the medium to long-term.</p>	<p>Short-term impact</p> <ul style="list-style-type: none">Financial capital
Year	Investment (Rs. Mn)										
2018/19	100										
2019/20	100										
2020/21	50										
LUMIN	<p>Investment in LUMIN Concept Centres</p> <p>Rs. Mn</p> <table><caption>Investment in LUMIN Concept Centres (Rs. Mn)</caption><thead><tr><th>Year</th><th>Investment (Rs. Mn)</th></tr></thead><tbody><tr><td>2019/20</td><td>8.5</td></tr><tr><td>2020/21</td><td>7.5</td></tr></tbody></table> <p>Relevant stakeholders</p> <ul style="list-style-type: none">CustomersEnd-customersShareholders	Year	Investment (Rs. Mn)	2019/20	8.5	2020/21	7.5	<p>Mid to long-term impact</p> <ul style="list-style-type: none">Relationship and social capital, customerFinancial capitalHuman capital <p>A total sum of Rs. 7.4 million was incurred to set up three LUMIN centres including two dealer-managed centres and to improve the existing network along with specialised training. Although a hit on the financial resources in the near-term, LUMIN expansions will promote our value-added blue-ocean products, securing higher top-line earnings in the medium to long-term.</p>	<p>Short-term impact</p> <ul style="list-style-type: none">Financial capital		
Year	Investment (Rs. Mn)										
2019/20	8.5										
2020/21	7.5										
Export Markets	<p>Investment to Develop Export Markets</p> <p>Rs. Mn</p> <table><caption>Investment to Develop Export Markets (Rs. Mn)</caption><thead><tr><th>Year</th><th>Investment (Rs. Mn)</th></tr></thead><tbody><tr><td>2018/19</td><td>3.5</td></tr><tr><td>2019/20</td><td>3.5</td></tr><tr><td>2020/21</td><td>3.0</td></tr></tbody></table> <p>Relevant stakeholders</p> <ul style="list-style-type: none">Foreign customersShareholders	Year	Investment (Rs. Mn)	2018/19	3.5	2019/20	3.5	2020/21	3.0	<p>Mid to long-term impact</p> <ul style="list-style-type: none">Relationship and social capital, customerFinancial capital <p>An equivalent investment of Rs. 2.9 million was incurred to diversify the export market outreach. Although, there is foreign currency outflows in the short-term, diversification initiatives will secure export market orders, resulting in greater inflows, leading to higher exchange gains in the medium to long-term. Export drive also increases our carbon footprint.</p>	<p>Short-term impact</p> <ul style="list-style-type: none">Financial capitalNatural capital
Year	Investment (Rs. Mn)										
2018/19	3.5										
2019/20	3.5										
2020/21	3.0										

RESOURCE ALLOCATION AND TRADE-OFF – 2020/21			
STRATEGIC PRIORITY	RESOURCE ALLOCATION		CAPITAL TRADE-OFF
Productsx			
Product Development	Investment on Research and Development Rs. Mn  2019/20 2020/21	 Mid to long-term impact <ul style="list-style-type: none">Relationship and social capital, customerIntellectual capitalFinancial capital	 Short-term impact <ul style="list-style-type: none">Financial capital
	Relevant stakeholders <ul style="list-style-type: none">CustomersEmployeesShareholders	With a fully-fledged research team, we made an investment of Rs. 14.11 million for product development. Building a strong portfolio will boost our ability to keep abreast of the latest developments in the industry, compete in the market and obtain premium prices for high-value added products, resulting in stronger earnings and returns.	
Quality and Standards	Investment on Quality, Standards and Licensing Rs. Mn  2018/19 2019/20 2020/21	 Mid to long-term impact <ul style="list-style-type: none">Relationship and social capital, customerFinancial capitalIntellectual capitalNatural capitalManufactured capital	 Short-term impact <ul style="list-style-type: none">Financial capital
	Relevant stakeholders <ul style="list-style-type: none">CustomersShareholdersCommunitiesSociety	Upgrading manufacturing operations and maintaining quality and standards in line with international certification and licensing bodies, reinforce Alumex brand reputation. Although a hit on overhead cost in the near-term, these investments boost competitiveness to capture a larger and a high-end market share, thus, strengthening earnings capacity in the medium to long-term. Quality certifications also factors in social and environmental considerations.	
Cost Management			
Process Efficiency and Cost Structure	Investment on Cost Saving Management Solutions and Training Rs. Mn  2018/19 2019/20 2020/21	 Mid to long-term impact <ul style="list-style-type: none">Relationship and social capital, customerFinancial capitalNatural capitalHuman capital	 Short-term impact <ul style="list-style-type: none">Financial capital
	Relevant stakeholders <ul style="list-style-type: none">CustomersShareholdersEmployeesSociety	Initiating lean cost management solutions including solar power initiatives will enhance profitability and returns in the medium to long term. These measures will usher in a more efficient and responsible workplace, with positive impacts on human capital as well as natural capital. The cost savings may be passed on to customers in the form of discounts or price reductions.	

OUR STRATEGY

RESOURCE ALLOCATION AND TRADE-OFF – 2020/21											
STRATEGIC PRIORITY	RESOURCE ALLOCATION	CAPITAL TRADE-OFF									
Human Resource Management											
Workforce Development and Wellbeing	<p>Investment on Training, Compensation and Benefits and Performance Management</p> <p>Rs. Mn</p> <table><caption>Investment on Training, Compensation and Benefits (Rs. Mn)</caption><thead><tr><th>Year</th><th>Investment (Rs. Mn)</th></tr></thead><tbody><tr><td>2018/19</td><td>2.8</td></tr><tr><td>2019/20</td><td>2.0</td></tr><tr><td>2020/21</td><td>1.8</td></tr></tbody></table> <p>Relevant stakeholders</p> <ul style="list-style-type: none">▶ Employees▶ Customers▶ Shareholders▶ Communities▶ Society	Year	Investment (Rs. Mn)	2018/19	2.8	2019/20	2.0	2020/21	1.8	<p>Mid to long-term impact</p> <ul style="list-style-type: none">▶ HR capital▶ Intellectual capital▶ Financial capital▶ Relationship and social capital, customer and community	<p>Short-term impact</p> <ul style="list-style-type: none">▶ Financial capital
Year	Investment (Rs. Mn)										
2018/19	2.8										
2019/20	2.0										
2020/21	1.8										
Investing in the workforce including training, compensation, benefits and incentives pressures administration costs, impacting short-term profitability and returns. However, developing the team empowers the workplace, with greater employee motivation, in turn, resulting in higher earnings in the medium to long-term.											
Corporate Social Responsibility											
Community	<p>Investment on Community Development Initiatives</p> <p>Rs. Mn</p> <table><caption>Investment on Community Development Initiatives (Rs. Mn)</caption><thead><tr><th>Year</th><th>Investment (Rs. Mn)</th></tr></thead><tbody><tr><td>2018/19</td><td>1.2</td></tr><tr><td>2019/20</td><td>0.5</td></tr><tr><td>2020/21</td><td>1.2</td></tr></tbody></table> <p>Relevant stakeholders</p> <ul style="list-style-type: none">▶ Shareholders▶ Communities▶ Society	Year	Investment (Rs. Mn)	2018/19	1.2	2019/20	0.5	2020/21	1.2	<p>Mid to long-term impact</p> <ul style="list-style-type: none">▶ Social and relationship capital, community▶ Financial capital	<p>Short-term impact</p> <ul style="list-style-type: none">▶ Financial capital
Year	Investment (Rs. Mn)										
2018/19	1.2										
2019/20	0.5										
2020/21	1.2										
Invested a sum of Rs. 3.2 million for community wellbeing initiatives, increasing overhead costs and impacting profitability in the short-term. Yet, these initiatives will strengthen community goodwill and loyalty for medium to long-term sustainability.											
Environment	<p>Investment on Environmental Management Initiatives</p> <p>Rs. Mn</p> <table><caption>Investment on Environmental Management Initiatives (Rs. Mn)</caption><thead><tr><th>Year</th><th>Investment (Rs. Mn)</th></tr></thead><tbody><tr><td>2018/19</td><td>32</td></tr><tr><td>2019/20</td><td>10</td></tr><tr><td>2020/21</td><td>22</td></tr></tbody></table> <p>Relevant stakeholders</p> <ul style="list-style-type: none">▶ Shareholders▶ Society	Year	Investment (Rs. Mn)	2018/19	32	2019/20	10	2020/21	22	<p>Mid to long-term impact</p> <ul style="list-style-type: none">▶ Natural capital▶ Financial capital	<p>Short-term impact</p> <ul style="list-style-type: none">▶ Financial capital
Year	Investment (Rs. Mn)										
2018/19	32										
2019/20	10										
2020/21	22										
Invested a sum of Rs. 21.5 million for responsible environmental measures, with implications on costs and bottom-line results in the short-term. This investment, however, will reduce our environmental footprint, optimise the value we create and complement the corporate reputation in the medium to long-term.											

KEY PERFORMANCE INDICATORS

	2020/2021 Rs. Mn	2019/2020 Rs. Mn	Change	2018/2019 Rs. Mn	Change
Operating Result					
Group profit before tax	1,022	67	>100%	177	(62%)
Tax	181	36	>100%	50	(28%)
Group profit after tax	841	31	>100%	126	(76%)
Dividend	314	-	>100%	180	>100%
Retained profit	527	31	>100%	(53)	>100%
Financial Sectorial Analysis					
Net Turnover	6,022	4,730	27%	5,031	(6%)
Operating profit	1,233	461	>100%	594	(22%)
Capital Structure					
Equity	2,974	2,382	25%	2,353	1%
Debt	2,635	3,154	(16%)	3,087	2%
Profitability, Dividends and Investors Information profitability Ratios					
Gross Profit Margin	28%	21%	34%	23%	(8%)
Operating Profit Margin	20%	10%	>100%	12%	(18%)
Net profit Marging	14%	1%	>100%	3%	(74%)
Return on Assets	11%	0.5%	>100%	2%	(76%)
Return on Capital	31%	8%	>100%	11%	(27%)
Liquidity Ratios					
Working Capital	322	331	(3%)	86	>100%
Current Ratio (Times)	1.10	1.12	(2%)	1.03	9%
Quick Assets Ratios	0.52	0.43	22%	0.42	2%
Equity Ratios					
Net asset value per share (Rs.)	4.97	7.96	(38%)	7.86	1%
Earnings Per Share (Rs.)	1.40	0.10	>100%	0.21	(65%)
Divident Per Share (Rs.)	0.53	-		0.03	(100%)
Effective Dividend Rate (Dividend Yield)	4.86%	-		6%	(100%)
Dividend Cover (Times)	2.68	-		0.70	(100%)
Market Value Per Share (Rs.)	10.8	7.20	50%	10.00	(28%)
Highest Market Price Per Share (Rs)*	32.2	15.80	>100%	18.00	(18%)
Lowest Market Price Per Share (Rs)*	6.00	6.50	(8%)	9.70	(33%)
Value as at end of Financial Year	6,465	2,155	67%	2,993	(28%)
Debt Ratios					
Debt to Equity	82%	131%	(37%)	131%	1%
Interest cover (Times)	5.76	1.29	>100%	2	(28%)
Equity Assets Ratio	39%	35%	11%	34%	4%
Interest rate of comparable government security					
Treasury bill (1 year)	5.10%	8.46%		10.40%	(19%)
Treasury bond (5 year)	7.05%	9.27%		11.04%	(16%)

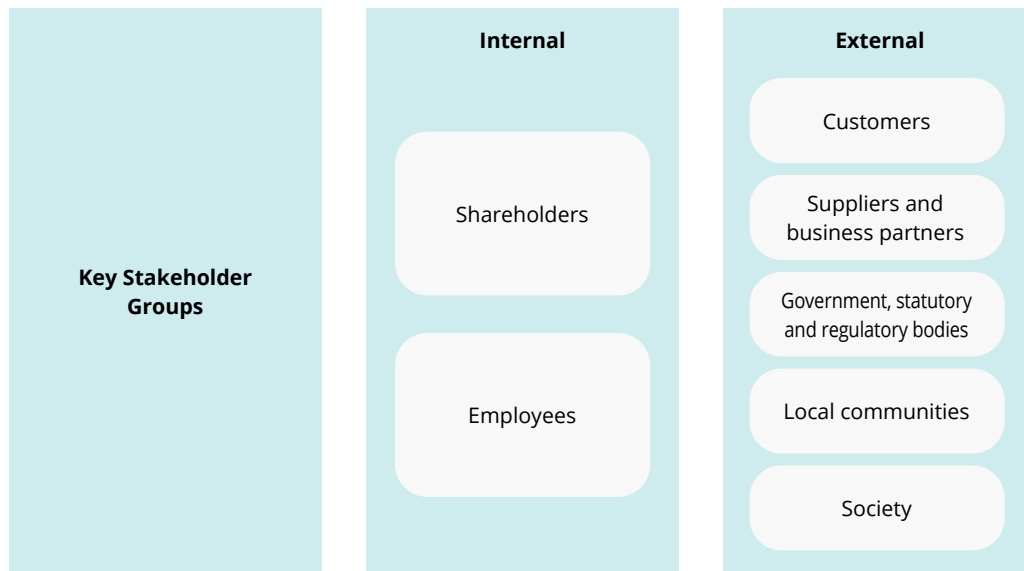
* Before share split

STAKEHOLDER ENGAGEMENT

GRI 102-40, 42, 43 & 44

MANAGEMENT APPROACH

Driving for competitive advantage and sustainability growth, we strive to build strong bonds with our wide and varied stakeholders within our value creation process. Upholding best practices of inclusivity, accountability and transparency, we are proactive in our engagement—seeking to understand, communicate and address their key issues and concerns. We follow through a systematic approach to identify and prioritise the level of engagement for each of our stakeholder groups. The findings of this engagement process, in turn, guide us in formulating a well-rounded and a relevant corporate strategy and action plans.



STAKEHOLDER ENGAGEMENT PROCESS



MODE OF ENGAGEMENT	FREQUENCY	STAKEHOLDER ISSUES AND EXPECTATIONS	STRATEGIC RESPONSE
Shareholder			
High priority Focused engagement			
Interim Financial Reports Annual report Company website Corporate disclosures Press conferences and releases	Weekly Monthly Quarterly Annually As and when required	<ul style="list-style-type: none"> ▶ Sustainable growth in earnings ▶ Responsible corporate management ▶ Growth opportunities ▶ Future plans ▶ Transparency and timely disclosures 	<ul style="list-style-type: none"> ▶ Deliver a smart growth strategy with profitability and returns ▶ Provide timely disclosures on corporate performance, plans and goals ▶ Comply with laws, rules and regulations
Customer			
High priority Focused engagement			
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"> ▶ Architectural designs and estimations ▶ Product and service quality and value-addition ▶ Product innovations ▶ Technical training ▶ Ease of transactions ▶ Price and availability ▶ Timely delivery and after-sales services 	<ul style="list-style-type: none"> ▶ New product development ▶ Establishing new dealerships ▶ Opening LUMIN concept centres ▶ Extending technical training opportunities
Employees			
High priority Focused engagement			
Management meetings Review meetings Dialogue with trade unions Regular communications via circulars, memos and e-mails Employee networking events Performance appraisals Workplace improvement meetings Executive meetings to review goals and achievements	Daily Monthly Bi-annually Annually	<ul style="list-style-type: none"> ▶ Organisational developments ▶ Workplace improvements ▶ Review of remuneration policies and practices ▶ Training and development ▶ Health and safety 	<ul style="list-style-type: none"> ▶ Extending equal opportunity employment ▶ Extending fair remuneration and benefits ▶ Skills training ▶ Career development ▶ Rewarding for performance merits ▶ Ensuring a healthy and safe workplace
Suppliers and Business Partners			
Medium priority Moderate engagement			
On-site visits Meetings with suppliers Regular dialogue and interaction Annual report	As and when required Annually	<ul style="list-style-type: none"> ▶ Discussions on ease of transactions, prompt payments and procurement policies ▶ Agreements of long-term partnerships ▶ Quality of service 	<ul style="list-style-type: none"> ▶ Building long-term relationships and entering into contracts ▶ Upholding contractual obligations ▶ Giving fair referrals ▶ Advocating best business practices

STAKEHOLDER ENGAGEMENT

MODE OF ENGAGEMENT	FREQUENCY	STAKEHOLDER ISSUES AND EXPECTATIONS	STRATEGIC RESPONSE
Government and regulatory bodies <small>GRI Disclosure: 207 - 3</small>			
Medium priority 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"> ▶ Compliance with statutory and regulatory requirements ▶ Corporate governance ▶ Payment of statutory dues 	<ul style="list-style-type: none"> ▶ Upholding best business practices ▶ Complying with relevant laws, rules and regulations ▶ Timely tax payments ▶ Submission of statutory documents, disclosures and reports
Local communities and society			
Medium Priority Engage if necessary			
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"> ▶ Capacity development ▶ Discussions on environmental and social impacts ▶ Discussions on sponsorships and donations ▶ Direct and indirect job opportunities 	<ul style="list-style-type: none"> ▶ Extending technical training opportunities for community youth ▶ Carrying out community development projects and environmental campaigns ▶ Community recruitments ▶ Employee volunteering for community projects

IDENTIFYING MATERIAL ISSUES

GRI Disclosure: 102 - 46, 47 & 49

Our report content is developed based on the principle of materiality. This is assessed through a systematic process, engaging our key management level staff, representing all departments within the organisation. As guided by the GRI Standards and Integrated Reporting Framework, materiality assessment determines what is material to our organisation in creating value over short, medium to long-term. The assessment is based on the findings of the stakeholder engagement process; prevailing business conditions, both in terms of the external environment and the industry; and our corporate values, policies and strategic thinking at the Board level.

This year, we sought to further refine our materiality assessment as against the assessment carried out for our comprehensive annual report in 2018/19. The report herein identifies 29 material topics, prioritising the impacts and the significance on the organisation and our key stakeholders from an economic, environmental and social context. The topics that are significant with widespread implications to both the organisation and stakeholders are given 'high' reporting priority whilst topics that are coming under high to medium in significance are categorised as 'medium' in reporting priority. The report does not focus on topics that are deemed medium to low in impacts and significance to both parties. All material topics thus assessed and prioritised are validated by our managing director and the senior management.

MATERIALITY ASSESSMENT PROCESS



IDENTIFYING MATERIAL ISSUES

Materiality Matrix			
Level of significance and impacts - stakeholder	High	<ul style="list-style-type: none"> ▶ Anti-competitive behaviour ▶ Diversity and equal opportunity ▶ Non-discrimination ▶ Marketing and labelling ▶ Customer privacy ▶ Tax 	<ul style="list-style-type: none"> ▶ Economic performance ▶ Materials ▶ Energy ▶ Emissions ▶ Water and effluents ▶ Waste ▶ Environmental compliance ▶ Employment ▶ Labour management relations ▶ Occupational health and safety ▶ Training and education ▶ Freedom of association and collective bargaining ▶ Socio-economic compliance
	Medium	<ul style="list-style-type: none"> ▶ Anti-corruption ▶ Human rights assessment ▶ Security practices 	<ul style="list-style-type: none"> ▶ Market presence ▶ Indirect economic impacts ▶ Supplier environmental assessment ▶ Supplier social assessment ▶ Public policy
	Low	<ul style="list-style-type: none"> ▶ Rights of indigenous people ▶ Biodiversity 	
		Low	Medium
Level of significance and impacts – Alumex/Alco			

Colour Code: • Economic • Environment • Social

Note :

1. Anti-corruption, security practices and biodiversity are not reported in 2020/21 as these topics were reassessed and deemed relatively less significant to both the organisation and stakeholders.
2. Environmental compliance is categorised as high in priority compared to medium priority in 2018/19.
3. Child labour, forced labour, local communities, customer privacy and customer health and safety are placed under medium priority as against high/critical in 2018/19.
4. Tax is a new inclusion as per updated GRI. It was deemed high in significance for stakeholder and medium for the organisation. It is reported under economic performance and Financial Statements, note No. 09.

GRI Disclosure: 103 - 1 - 3

MATERIALITY ASSESSMENT AND REPORTING PRIORITY						
GRI	MATERIAL TOPIC	TOPIC BOUNDARY	REASONS FOR MATERIALITY	REPORTING PRIORITY	CAPITAL REPORT	MANAGEMENT APPROACH
Economic						
201	Economic performance	Alumex/Alco Shareholders Employees External Customers Suppliers Business partners Society	With extensive manufacturing operations, economic contribution to society is substantial and significant—market leadership in the local market; foreign exchange earnings through exports; employment generation and business opportunities for dealers, distributors, fabricators, suppliers and other partners.	High	Financial and Human capitals Economic Value Creation Pages 26, 87 - 88	Refer Page No. 26, 61 - 62, 80 - 81
202	Market presence	Alumex/Alco Employees	Employment opportunities are extended to local communities, especially to the youth. We are responsible in paying compensation as per industry standards. Entry level wages are in line with labour laws on minimum wages.	Medium	Human capital Pages 87, 114	Refer Page No. 80 - 81
203	Indirect economic impacts	Alumex/Alco External Local communities Society	We extend comprehensive technical training to build capacity of fabricators as well as community youth, leading to indirect economic impacts.	Medium	Financial capital, relationship and Social capital, community Page 114	Refer Page No. 111 - 112
204	Procurement practices	Alumex/Alco External Suppliers	With expanded capacity and a large supplier base, our procurement activities are progressively increasing. It is important that we maintain good relations with our suppliers and uphold best practices in procurement.	Medium	Social and relationship capital, supplier Page 110	Refer Page No. 107 - 108
206	Anti-competitive behaviour	Alumex/Alco External Customers Business partners Society	The local market is open for intense competition, particularly in the generic segment. As a responsible manufacturer, we are concerned to be fair in marketing practices. We advocate a level-playing-field.	Medium	Social and relationship capital Page 114	Refer Page No. 111 - 112
207	Tax	Alumex/ Alco External Government Society Customers	We duly and promptly meet our tax obligation for the benefit of Public	Medium	Notes to the Financial Statements Pages 196 - 200	Refer Page No. 61 - 62

IDENTIFYING MATERIAL ISSUES

MATERIALITY ASSESSMENT AND REPORTING PRIORITY						
GRI	MATERIAL TOPIC	TOPIC BOUNDARY	REASONS FOR MATERIALITY	REPORTING PRIORITY	CAPITAL REPORT	MANAGEMENT APPROACH
Environment						
301	Material	Alumex/Alco Shareholder External Environment Society	With large-scale manufacturing operations, non-renewable material usage is substantial. Hence, sustainable material management in terms of material usage efficiency and use of recycled material, is critical and significant both in terms of cost and the environment.	High	Natural capital Pages 118 - 119	Refer Page No. 116 - 117
302	Energy	Alumex/Alco Shareholder External Environment Society	We rely on non-renewable energy for uninterrupted and efficient manufacturing as well as for day-to-day operations. Energy saving initiatives and adopting renewable energy sources are critical in terms of financial viability and the environment.	High	Natural capital Pages 119 - 121	Refer Page No. 116 - 117
303	Water and effluents	Alumex/Alco External Environment Society	Water is used for factory operations and for general use. As a shared resource, it warrants our strategic focus to be efficient and thrifty in water usage and to be responsible in effluent treatment prior to discharging used water into water bodies.	High	Natural capital Page 121	Refer Page No. 116 - 117
305	Emissions	Alumex/Alco External Environment Society	Given the factory operations and the scope of transport, Alumex carbon footprint is considerable, with impacts on climate change and global warming. Initiatives to control emissions assume greater significance.	High	Natural capital Pages 122 - 123	Refer Page No. 116 - 117
306	Waste	Alumex/Alco External Environment Society	With extensive manufacturing operations, our solid waste generation is considerable. Necessary measures and processes have to be adopted in line with best practices to manage solid waste, including hazardous waste.	High	Natural capital Pages 123 - 124	Refer Page No. 116 - 117
307	Environmental Compliance	Alumex/Alco External Environment Society	As a responsible manufacturer, it is critical to comply with all relevant environmental laws, rules and regulations.	High	Natural capital Page 124	Refer Page No. 116 - 117
308	Supplier environmental assessment	Alumex/Alco External Suppliers Society	With a large supplier base, we take due care to ensure that our suppliers are responsible and comply with relevant environmental laws, rules and regulations	Medium	Social and relationship capital, supplier Page 110	Refer Page No. 107 - 108

MATERIALITY ASSESSMENT AND REPORTING PRIORITY						
GRI	MATERIAL TOPIC	TOPIC BOUNDARY	REASONS FOR MATERIALITY	REPORTING PRIORITY	CAPITAL REPORT	MANAGEMENT APPROACH
Social						
401	Employment	Alumex/Alco Employees	We have a large permanent workforce across two factory operations and we rely on their skills and talents to achieve our corporate goals. We also rely on our recruitment process to hire the right talent to best-fit our organisation work culture.	High	Human capital Pages 84 - 86	Refer Page No. 80 - 81
402	Labour management and relations	Alumex/Alco Employees	With a large workforce, good practices in labour management relations are key to ensure employee engagement, motivation, productivity, loyalty and retention.	High	Human capital Pages 95 - 96	Refer Page No. 80 - 81
403	Occupational health and safety	Alumex/Alco Employees	As a responsible employer, it is paramount to extend a safe and a healthy workplace, to safeguard employee wellbeing and ensure that they are able to perform their job roles without hazards, injuries, fatalities, mental stress and loss of work-days.	High	Human capital Pages 92 - 95	Refer Page No. 80 - 81
404	Training and education	Alumex/Alco Employees	Skills development and inculcating a learning and a performance-based workplace, complement employees to work at their best to deliver corporate goals against the challenges in the business backdrop.	High	Human capital Pages 88 - 90	Refer Page No. 80 - 81
405	Diversity and equal opportunity	Alumex/Alco Employees	Upholding equal opportunity and encouraging diversity in the workplace is important to attract and recruit the right talent and retain them within the organisation.	Medium	Human capital Pages 83 - 84	Refer Page No. 80 - 81
406	Non-discrimination	Alumex/Alco Employees	Non-discrimination is essential to nurture a well-balanced work environment where employees are empowered to work and develop their careers without hindrances from socio-economic prejudices.	Medium	Human capital Page 84	Refer Page No. 80 - 81
407	Freedom of association and collective bargaining	Alumex/Alco Employees	Abiding by labour laws, we give employees their rights for freedom of association and for collective bargaining.	High	Human capital Pages 95 - 96	Refer Page No. 80 - 81
408	Child labour	Alumex/Alco Employees External Suppliers and business partners	As an ethical and principled business entity, it is important to ensure that we have no incidences of child labour across factory operations as well as amongst business partners.	Medium	Human capital Social Relationship Capital - Suppliers Pages 86 -110	Refer Page No. 80 - 81, 107 - 108

IDENTIFYING MATERIAL ISSUES

MATERIALITY ASSESSMENT AND REPORTING PRIORITY						
GRI	MATERIAL TOPIC	TOPIC BOUNDARY	REASONS FOR MATERIALITY	REPORTING PRIORITY	CAPITAL REPORT	MANAGEMENT APPROACH
409	Forced or compulsory labour	Alumex/Alco Employees External Suppliers and business partners	As a responsible business entity, we look to uphold strong ties with our employees, enabling them to perform at their best.	Medium	Human capital Social Relationship Capital Suppliers Pages 86 -110	Refer Page No. 80 - 81, 107 - 108
413	Local communities	Alumex/Alco External Local communities Society	Upholding an integrated value creation business model, it is of strategic significance to build strong ties and maintain goodwill with communities in which we operate. Key initiatives to support and uplift the communities warrant our focus.	Medium	Social and relationship capital, community Pages 113 -115	Refer Page No. 111 - 112
414	Supplier social assessment	Alumex/Alco External Local communities Society	With a considerable supplier base and as a responsible manufacturer, we are concerned and ensure that our suppliers uphold best business practices and that they comply with relevant societal laws, rules and regulations.	Medium	Social and relationship capital, supplier Page 110	Refer Page No. 107 - 108
415	Public policy	Alumex/Alco External Society	As a leading manufacturer and a part of a progressive group, we take up policy advocacy to uplift industry standards.	Medium	Social and relationship capital, community Page 114	Refer Page No. 111 - 112
416	Customer health and safety	Alumex/Alco External Customer	Focused in our efforts to sustain our reputation for premium quality products as well aligned to our certification and licensing guidelines, it is essential that all necessary measures are adopted to secure customer health and safety.	Medium	Social and relationship capital, customer Pages 104 - 105	Page No. 98 - 99
417	Marketing and labelling	External Customer	Upholding best practices in marketing and communications is critical to build customer trust and loyalty amidst competition in the marketplace.	Medium	Social and relationship capital, customer Pages 103 - 106	Page No. 98 - 99
418	Customer privacy	Alumex/Alco External Customer	We have contractual obligations to safeguard customer privacy with regard to manufacturing proprietary systems under license along with other business partners.	Medium	Social and relationship capital, customer Page 106	Refer Page No. 98 - 99
419	Socio-economic compliance	Alumex/ Alco External Customer	As a part of an exemplary group and upholding ethical business values, it is important to adhere and comply with societal laws, rules and regulations.	High	Social and relationship capital, community Page 115	Refer Page No. 111 - 112

MACRO ENVIRONMENT REVIEW AND RISK ANALYSIS



THE TENACITY
OF OUR
EFFORT

ALUMINIUM INDUSTRY REVIEW

ALUMINIUM FOR EVERY DAY...

Aluminium is the third most abundant metal in the Earth's crust, and the third most abundant element overall. No other metal can compare to aluminium when it comes to its variety of uses. Aluminium is incredibly popular due to its properties—lightweight, strong, resistant to corrosion, durable, conductive and odorless.

Aluminium is also theoretically hundred percent recyclable with no loss of its natural properties. It also takes five percent of the energy to recycle scrap aluminium than what is used to produce new aluminium.

Aluminium has opened up new dimensions in the last decades. Countless objects that simplify as well as increase the quality of our daily life are partly made of aluminium, e.g., compact discs, cars, refrigerators, kitchenware, electric power lines, packaging for food and medicine, computers, furniture, aircrafts and construction materials. In modern society, we use aluminium every day.

Aluminium has seen an increase in demand over the years—led by the aerospace sector and die cast products in the automotive industry. The fluctuations in raw material prices combined with easy availability of substitutes, challenge the global industry. Mergers and acquisitions by market companies are anticipated to help the market in the medium to long term. The global aluminium market is expected to post a healthy growth—forecast to register a high compound average growth rate (CAGR) of 6.5 percent by 2025 and is set to reach US dollars 235.8 billion.

ALUMINIUM IN THE CONSTRUCTION INDUSTRY

Around one-fifth of the world's aluminium consumption is accounted for by the construction industry. Bridges and roofing of markets and sports stadiums are among typical applications. Aluminium is highly suited for roofing, cladding, stairways,

GLOBAL ALUMINIUM INDUSTRY

Aluminium Market Segmentation

Type

- ▶ Primary
- ▶ Secondary

Application

- ▶ Buildings and construction
- ▶ Electrical
- ▶ Foil and packaging
- ▶ Hardware and accessories
- ▶ Machinery and equipment
- ▶ Solar industry
- ▶ Transportation
- ▶ Utensils and others

Product

- ▶ Castings
- ▶ Extrusions
- ▶ Flat-rolled
- ▶ Forgings, pigments and powder
- ▶ Rod and bar

railings and the like. Its stylish appearance makes it ideal for a variety of uses in window frames, doors and interior paneling.

Buildings made with aluminium are virtually maintenance free due to aluminium's resistance to corrosion. Aluminium also has a pleasing finish and can be curved, cut and welded to any desired shape; it allows modern architects unlimited freedom to create buildings that would be impossible to make from wood, plastic, or steel. Today, aluminium is regularly used in the construction of high-rise buildings and bridges. The lighter weight of aluminium makes it easier and faster.

Restricted access to commercially available bauxite resources and depletion of ores are the main obstacles faced in developing the aluminium industry.

SRI LANKA ALUMINIUM INDUSTRY

Sri Lanka's aluminium industry mainly contributes to the construction sector of the economy and plays a major role in massive development programmes including large scale infrastructure development in the country. Construction projects proposed in the 2021 Budget is planned to be shared amongst the total of 3,800 Construction Industry Development Authority (CIDA) registered contractors by the Ceylon Institute of Builders (CIOB), one of the oldest and leading institutions representing the construction industry in Sri Lanka.

The Budget of 2021 also includes some proposals to boost the construction industry. It offers to give contractors a 10-year full tax break on selected recycling materials, encourage recycling of waste in the construction sector (as the construction industry is currently responsible for 40 percent of emissions). It is also proposed to exempt all import duties on new technologies and machinery required for the construction sector. Measures have been taken to release capital gain taxes related to real estate transactions and to reduce stamp duty. These have provided support and relief to the industry.

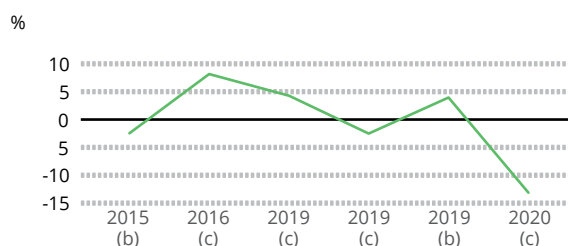
However, it is important to take note of the unjust distribution of the public sector construction projects amongst the 3,800 CIDA registered contractors, which is a major hindrance to the growth potential of the industry. Of this, there are 104 large-scale contractors (C1-CS2), 600 medium (C2-C4) and 3,100 small-scale (below C5) contractors. If all contractors are given equal opportunity, it will pave the way for the industry to move towards balanced growth.

Public and private sector construction contracts worth around Rs. 800 to 1000 billion per year are required to successfully sustain the construction industry and contribute around 10 percent to the gross domestic product (GDP). The Government planned projects for the year 2021 include 100,000 km road project and 10,000 km x 3 large road projects for the road sector, 420,000 water supply projects for individual households, 10,000 bridges and 100,000 houses. Further, there are numerous projects earmarked for education, health and sports, the Colombo Port City and the Bandaranaike International Airport from an international investment perspective. These planned projects are quite sufficient to enhance the Sri Lankan construction industry from its present position, on the condition that, 40 percent of foreign-funded projects are shared with local contractors.

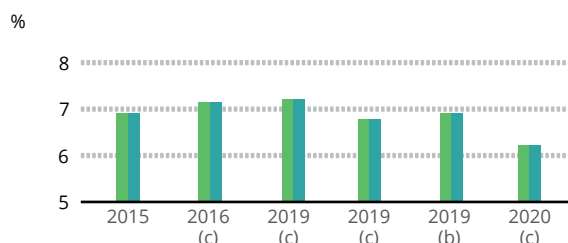
CONSTRUCTION GROWTH AND SHARE

The development of the construction industry in the country and its contribution to GDP over the last few years slowed down, especially in the recent past, due to political instability, the Easter attack and the implications of the COVID-19 outbreak. The industry registered a major setback since 2016, with the share of GDP and growth levels on a declining trend.

Construction Sector Growth



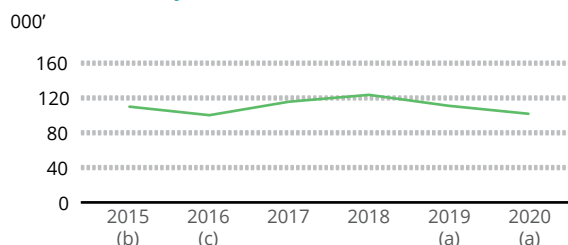
Share of GDP



INDEX OF INDUSTRIAL PRODUCTION (IIP)

The index of factory industry production which is calculated by the Department of Census and Statistics, is based on the monthly survey details of output of industry production. Factory production of aluminium extrusion manufacturing is classified under fabricated metal products, which shows a downward movement in the year 2020 compared to 2019.

Index of Industry Production Index - (IIP)



ALUMINIUM INDUSTRY REVIEW

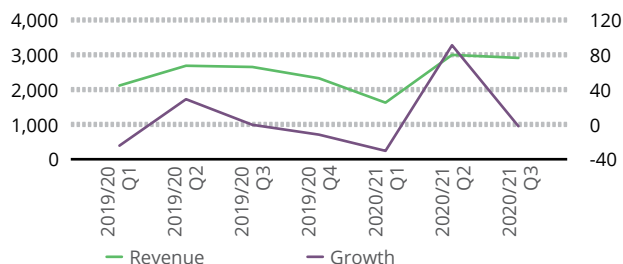
ALUMINIUM EXTRUSION MARKET GROWTH

Four Sri Lankan manufacturers are involved in aluminium manufacturing in Sri Lanka. In addition, large scale contractors import architectural extrusion profiles for Board of Investment projects and small-scale importers import general items to cater to the lower end of the hardware market. Although, the other information is not accurately available, three out of four manufacturers of aluminium extrusions are listed in the Colombo Stock Exchange. According to the information published by these three manufacturers, the aluminium extrusion industry has recorded a continual growth in the last few years. Further, the growth recorded by these manufacturers in the first three quarters of the last year, 2019/2020, compared to this year, 2020/2021, is only one percent.

The industry revenue and growth graph shows that the total sales by these three manufacturers and quarterly growth rates of revenue have substantially reduced, particularly in the first and third quarters, compared to the corresponding quarters in the preceding year.

Industry Revenue and Growth

000'



ROLE OF ALUMEX

As the undisputed market leader, we have led the Sri Lankan aluminium industry by example and innovation for the past three decades. As a testament to our superior range of high-quality products, we have been recognised with the Qualicoat, Qualicoat Sea Side, and Qualanod international accreditation labels. We offer a wide range of UKAS accredited architectural, residential and industrial products including the globally recognised international proprietary systems for doors, windows, and facades under license, catering to all tiers of the construction and light engineering industry. We maintain top-of-the-line manufacturing facilities, to meet international standards and satisfy discerning customer needs, whilst successfully expanding our global presence to the markets in USA, Europe, Asia, and Africa.

Note : This review is based on the information and data extracted from;

1. Annual Report 2020, Central Bank of Sri Lanka
2. Department of Census and Statistics
3. Web Publication

ECONOMIC REVIEW

GLOBAL ECONOMY



Global Economic Growth (%)

- ▶ 2019: 2.8
- ▶ 2020: -3.3
- ▶ 2021: 6.0



Advanced Economies (%)

- ▶ 2019: 1.6
- ▶ 2020: -4.7
- ▶ 2021: 5.1



Emerging Market and Developing (%) Economies

- ▶ 2019: 3.6
- ▶ 2020: -2.2
- ▶ 2021: 6.7

With the Corona virus rampant, the global economy in the year 2020 plunged into a deep recession with negative growth of 3.3 percent, even more intense than the financial crisis in 2009. Both advanced economies and emerging market and developing economies came under severe pressure, with economic activities at a near stand-still and far-reaching consequences on people and their lives, especially the poor and the informal sector. However, most economies were proactive in bringing in positive macroeconomic policy measures to manage their distressed economies-bottoming out from recessionary trends by the latter part of the year.

Although the virus, variants and new waves are still at large, the vaccination programme currently being implemented-despite the hiccups-brings in greater positivity for the world economy to improve in the year ahead. The World Economic Outlook, April Update, International Monetary Fund (IMF), forecasts the global economic growth to recover in 2021 to 6.0 percent.

Source: World Economic Outlook, April 2021, IMF

SRI LANKAN ECONOMY



Real GDP Growth (%)

- ▶ 2019: 2.3
- ▶ 2020: -3.6



Per Capita Income (US\$)

- ▶ 2019: 3,852
- ▶ 2020: 3,682



NCPI - Inflation (YOY %)

- ▶ 2019: 6.2
- ▶ 2020: 4.6



Balance of Payment (US\$ Mn)

- ▶ 2019: 377
- ▶ 2020: -2,328



Exchange Rate (Rs. /US\$)

- ▶ 2019: 181.63
- ▶ 2020: 186.41



Budget Deficit (% of GDP)

- ▶ 2019: -9.6
- ▶ 2020: -11.1



Average Weighted Prime Lending Rate (%)

- ▶ 2019: 9.74
- ▶ 2020: 5.81

Source: Annual Report 2020, Central Bank of Sri Lanka

REAL GDP

Bringing in serious challenges, COVID-19 dominated and shaped the Sri Lankan economy in 2020. The virus-hit, both in the first and the second waves, along with the travel and health controls, resulted in umpteen hardships on people and their livelihoods. Economic activity across the three sectors weakened, resulting in negative growth for the first time since independence. Real GDP plummeted to 3.6 percent in the year compared to the growth of 2.3 percent registered in 2019.

The agriculture and service sectors registered a 2.4 percent and a 1.5 percent drop respectively over the previous year. The industry sector, led by the construction, manufacturing, mining and quarrying activities, saw a sharp contraction of 6.9 percent in value added terms as against 2.6 percent growth in 2019. The construction sub-sector recorded a significant drop by 13.2 percent vis-à-vis 4.0 percent growth in 2019. With policy measures coming in to curtail building material imports, the local industries benefited. In the latter part of the year, however, construction sector activities including the housing segment, rebounded, especially in a low interest rate environment.

ECONOMIC REVIEW

INFLATION

In a pandemic backdrop, aggregate demand in 2020 was modest, with inflation at a slower pace. The demand for non-food category goods was lower, with marginal price increases. However, price levels in the food category saw a considerable increase amidst inclement weather conditions resulting in supply shortages. The administrative price controls did not curb inflationary trends in food items as anticipated. The year-on-year increase in the National Consumers' Price Index (2013=100) was lower at 4.6 percent vis-à-vis 6.2 percent in 2019 whilst the Colombo Consumer's Price Index ((2013=100) stood at 4.2 percent vis-à-vis 4.8 percent.

MONETARY POLICY AND INTEREST RATES

With more subdued price levels in the year, lower inflation expectations and sluggish economic activity, we saw a radical shift in monetary policy towards an ultra-expansionary stance. Policy interest rates were reduced five times, totaling to 250 basis points whilst the Statutory Reserve Ratio was adjusted downwards, twice, by three percentage points. This spurred the liquidity into the system whilst market interest rates fell down to record-lows. Average Weighted Prime Lending Rate (AWPR) closed at 5.81 percent. Additionally, attractive debt concessions under the Saubagya COVID-19 Renaissance Facility were offered to distressed businesses for working capital requirements. The private sector credit grew, by 6.5 percent, year-on-year, especially towards the latter part of 2020. This together with the public sector credit increase, led to a higher broad money supply.

EXTERNAL SECTOR

With the virus spread and the resultant containment measures pressured the external sector in the first part of the year—with merchandise exports facing a set-back due to sluggish global demand conditions and supply chain disruptions. However, with swift policy measures in place, export earnings picked up whilst import restrictions on non-essentials and low crude oil prices curbed the rising import bill. This supported the trade balance to end at a lower level since 2010. Yet, border controls across nations combined with quarantining regulations, drastically impacted the tourism sector earnings. The decline in worker remittances, however, improved towards the latter months, cushioning the current account balance. Foreign direct investment inflows in the year, were lower compared to higher outflows from government securities market and the Colombo Stock Exchange—due to uncertainties in the global financial markets. The year recorded a balance of payment deficit of US dollars 2,328 million compared to the surplus of US dollars 377 in the previous year. The gross official reserve position stood at 4.2 months of imports.

The exchange rate was relatively stable, except for months of March, April and since end November. With greater intervention, the Central Bank of Sri Lanka controlled the volatilities in the foreign exchange market. The import

restrictions on non-essential also cushioned market fluctuations. The annual depreciation of the Sri Lankan rupee at the year-end, therefore, stood at 2.6 percent against the US dollar. The Sri Lankan rupee also depreciated against the euro, the Japanese yen and the pound sterling whilst remaining stable against the Indian rupee.

FISCAL PERFORMANCE

With serious consequences of the pandemic, the fiscal position came under significant pressure in 2020. Fiscal policy sought in the year to simplify the tax structure and support the ailing businesses and individuals—boosting the economy from downturn trends. The Government revenue collections were sluggish whilst recurrent expenditure remained high. Revenue and grants including both tax and non-tax revenue fell to 9.1 percent of GDP whilst expenditure and net lending was 20.3 percent of GDP. The overall budget deficit stood at 11.1 percent of GDP, exceeding the deficit of 9.6 percent of GDP in 2019. Domestic debt increased to 11.7 percent of GDP whereas foreign debt component fell to 0.6 percent of GDP. Despite the sovereign ratings downgrades by key rating agencies, the Government met all its debt servicing obligations.

ECONOMIC OUTLOOK

The Coronavirus and its implications are still intense, with high propensity to spread and create mayhem in everyday lives. Countries around the world continue to grapple with the challenges—managing the virus mutations and new waves, implementing an effective vaccination drive, handling shortages of vaccines and solving the vaccine patents to be more inclusive in the roll-out. This combined with the ongoing geopolitical uncertainties, trade tension and climate change, sets the backdrop for the short to medium term outlook.

Sri Lankan economy has to navigate amidst global downside risks whilst managing the intensifying pandemic challenges and the vulnerabilities within the rapidly evolving socio-economic and political landscape. The task at hand is to build the economy, once again, boost consumer and investor confidence and settle for higher growth levels to secure development goals. The focus will be on inter-alia, in bringing in self-sufficiency in key agriculture products, developing export manufacturing businesses and launching the Colombo Port City to attract foreign and domestic investments. The GDP growth is forecast by the Central Bank of Sri Lanka to grow at an ambitious 6.0 percent in 2021 and to settle around 5.2 percent in 2022.

RISK MANAGEMENT

ALUMEX RISK MANAGEMENT FRAMEWORK

Accurate and timely risk identification aligned with effective mitigation procedures underline our approach to risk management. Inevitably, like all companies in the aluminium manufacturing sector, we not only face a wide range of potential risks—including macroeconomic and market volatility, environmental issues, geopolitical crises and resource nationalism—but these also have the propensity to shift and change dramatically. In order to deliver our strategic objectives and create sustainable value, meticulous risk management is a vital component of our overall business model.

Alumex uses COSO and Risk Management Industry approaches as the conceptual framework of its enterprise risk management. The framework consists of identifying and profiling significant risks, determining the Group risk appetites; accepting/transferring/eliminating and sharing risks; measuring performance including the benefits of risk diversification; and monitoring the execution of the process. The outcome of this process will help to direct scarce resources towards business opportunities that generate maximum returns, with minimum risks. Further, this method allows the assessment of risk observations, prioritising risk management.

ENTERPRISE RISK MANAGEMENT FRAMEWORK

Objective Setting	Alumex Group sets its financial and operational objectives on a yearly basis. This process includes reviewing and setting long-term (five-year) objectives and annual objectives with related key performance indicators (KPIs) for monitoring purposes. The corporate management team takes the initiative in proposing objectives and they in turn, are reviewed and approved by the Board.
Risk Identification	Risks associated with objectives are identified and documented at the time of setting the objectives. Further, the applicability of risk areas identified previously during management discussions, in internal audit reports and management letters from external auditors are reviewed, to prepare a comprehensive list of risks.
Risk Assessment	The measure of risk is based on likelihood and impact assessment performed as discussed below. Any significant risks exceeding risk tolerance limits will require management responses.
Risk Response	Depending on the significance of the risk, decisions are taken to appropriately manage the risk by accepting, reducing, sharing or avoiding it. Risk responses identified in relation to set objectives are also documented and reviewed.
Control Activities	The corporate management team and the Group managers implement the identified risk response action plans, with a view to managing those risks.
Information and Communication	Documentation and reporting play a key role in monitoring risks. The corporate plan, which includes objectives and related risks, internal audit reports and management letters of external auditors, are communicated to the management of the Company, the Audit Committee and the Board of Directors of both Alumex and its holding company, Hayleys PLC, for their review and actions.
Monitoring	Monitoring risks at multiple levels: During the monthly performance review meetings, all significant risks and their actions plans are reviewed by the corporate management team and the Group managers. The Hayleys' Group Management Committee, attended by the Managing Director of the Alumex Group, also reviews these risk areas on a monthly basis. The Audit Committee, which has the ultimate responsibility of monitoring the process of risk management, reviews the risks and action plans on a quarterly basis and makes recommendations to the Board.

RISK ASSESSMENT

The COSO view of risk assessment is based on the likelihood and impact of a specific type of event; the output is a probability weighted impact. The high-risk area in the top right corner of the matrix demands higher and prompt attention.

LIKELIHOOD	High (3)	3	6	9
	Medium (2)	2	4	6
	Low (1)	1	2	3
		Low (1)	Medium (2)	High (3)
		IMPACT		

RISK MANAGEMENT STRUCTURE

The Board is primarily responsible for ensuring that the risks are identified and appropriately managed across the Group. The Board has delegated this responsibility to the Audit Committee to review the effectiveness of the Group risk management framework, including the systems established to identify, assess, manage and monitor risks. The internal audit function also plays a key role in risk identification.

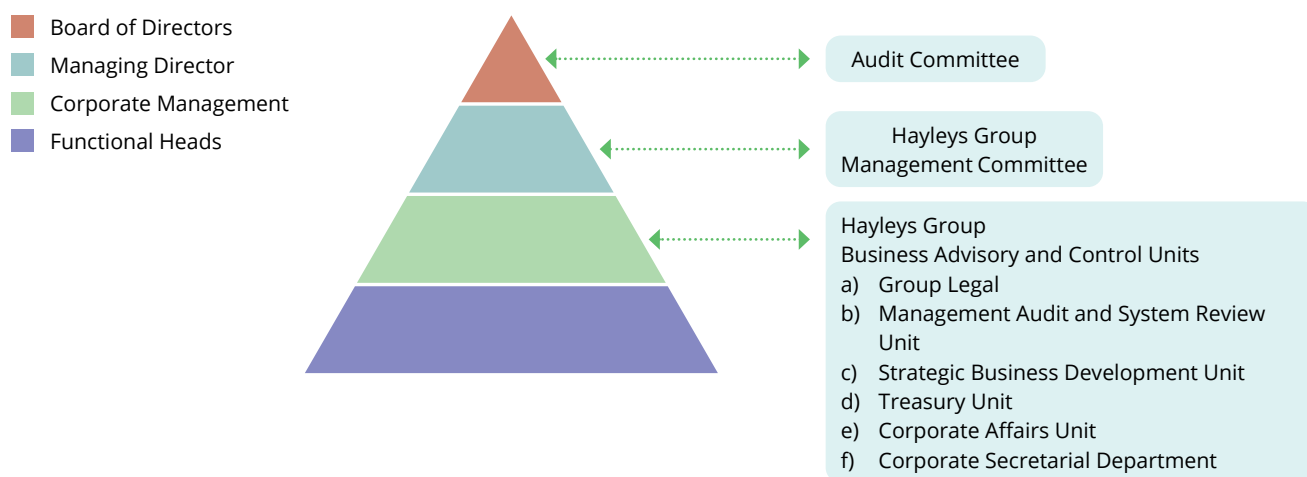
The corporate management team takes the lead in the total risk management process—the identification of risks and finally the implementation and monitoring of identified risks. A bottom-

up approach is taken in the process of risk identification. The management team also evaluates the options available to mitigate risks. Functional heads, with the assistance of their respective teams, provide useful information and feedback for risk management.

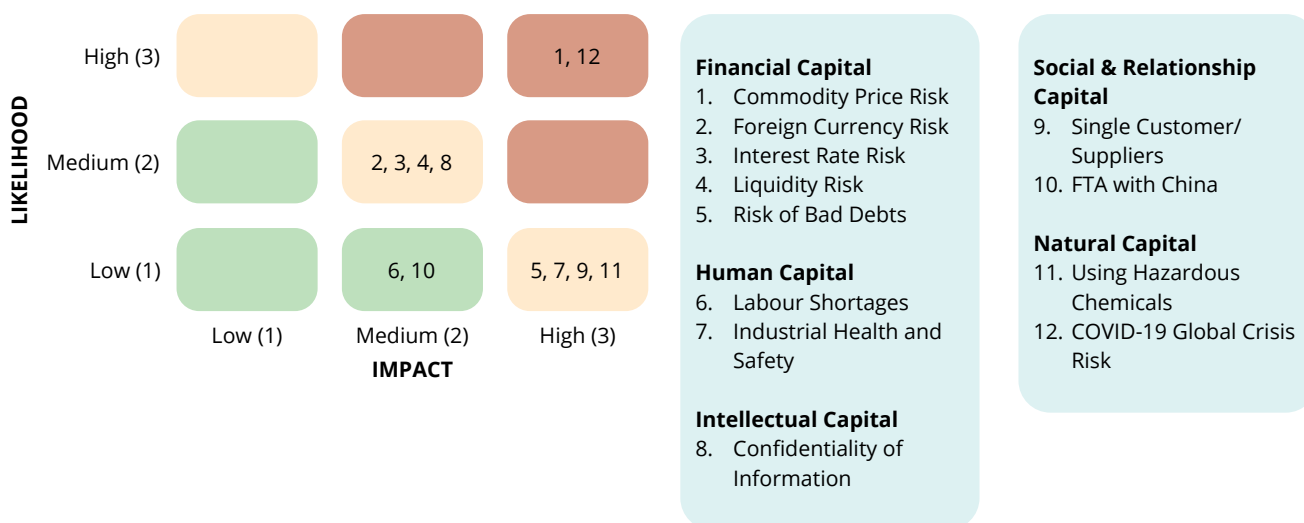
The Hayleys' Group Management Committee and the business advisory and control units specialised in legal, management audit and system reviews, strategic business developments, treasury, HR and corporate affairs, also play a key role in identifying, assessing, controlling and monitoring the risks applicable to the Alumex Group.

ORGANISATIONAL STRUCTURE	RISK MANAGEMENT ROLE
Board of Directors	Overlook the risk management strategy and the enterprise risk management process
Audit Committee	Oversee and review the enterprise risk management process
Hayleys' Group Management Committee	Identify, assess and monitor risks relating to Alumex business operations
Hayleys' Group business advisory and control units	Identify and assess risks related to Alumex's business operations, within their expertise in legal, systems and audit, strategic business development, treasury, HR and corporate affairs
Corporate management team	Identify, assess, monitor risks, and implement action plans
Functional heads	Implement, monitor and give feedback

ALUMEX PLC RISK MANAGEMENT STRUCTURE



PRINCIPLE RISK LEVELS



RISK MANAGEMENT ACTIONS

The tables below sets out the broader categories of risks, along with specific risk elements Alumex is exposed to and the implications of the same as well as the risk management measures in place.

Remain un-changed
 Taken action to mitigate
 Risk level increased

RISK CATEGORY	RISK ELEMENT	IMPLICATIONS	MITIGATING MEASURES	RISK LEVEL FOR YEAR 2019/20	RISK LEVEL FOR YEAR 2020/21	RISK TREND
Risk of Financial Capital	Commodity Price Risk	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"> Monitor price trends and book forward Quote variable prices to customers, based on the London Metal Exchange prices Increase use of locally recycled materials 	High	High	
	Fluctuations in aluminium prices in the world market					
	Foreign Currency Risk	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"> Monitor trends and book forward Maintain foreign currency denominated assets to hedge against liabilities Increase Export earnings 	High	Medium	
	Arises from exposure to foreign currency positions					

RISK MANAGEMENT

RISK CATEGORY	RISK ELEMENT	IMPLICATIONS	MITIGATING MEASURES	RISK LEVEL FOR YEAR 2019/20	RISK LEVEL FOR YEAR 2020/21	RISK TREND
Risk of Financial Capital	Interest Rate Risk Arising due to the sensitivity to interest rate changes	Short-term and Long-term Increase in interest rates could impact on the cost of aluminium due to high cost of financing and increase in the cost of borrowing	<ul style="list-style-type: none"> ▶ Effective management of working capital ▶ Maintain a proper combination of fixed and floating rates 	High	Medium	↓
	Liquidity Risk Availability of funds—the Group has to be liquid and solvent to carry out its operations smoothly	Short-term and Long-term Unavailability of sufficient funds may interrupt the smooth functioning of the Company's operations	<ul style="list-style-type: none"> ▶ Effective treasury function to forecast fund requirement and availability ▶ Maintain a portfolio of short-term liquid assets ▶ Arrange sufficient financial facilities 	Medium	Medium	↔
	Risk of Bad Debts Occurs due to payment default by credit customers	Short-term and Long-term Could result in direct losses due to bad debts and increase in finance cost due to delayed payments	<ul style="list-style-type: none"> ▶ Implementation of Group credit policy ▶ Periodic review of receivables, legal and other recovery actions 	High	Medium	↓
Risk of Human Capital	Labour Shortages Reduction in skilled and un-skilled labour	Short-term and Long-term Increase in production costs due to higher wages	<ul style="list-style-type: none"> ▶ Automation ▶ Increase living standards of employees to reduce turnover ▶ Increase skills of employees to improve efficiency. 	Medium	Low	↓
	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"> ▶ Providing necessary safety equipment to all employees ▶ Focused training on health and safety to all employees. ▶ Insurance coverage to mitigate the risks 	Medium	Medium	↔

RISK CATEGORY	RISK ELEMENT	IMPLICATIONS	MITIGATING MEASURES	RISK LEVEL FOR YEAR 2019/20	RISK LEVEL FOR YEAR 2020/21	RISK TREND
Risk of Intellectual Capital	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"> ▶ Extensive controls and reviews to maintain security of IT infrastructure and data ▶ Regular back up of data and off-site storage of data backup system ▶ Disaster recovery plan 	Medium	Medium	↔
Risk of Social & Relationship Capital	FTA with China May affect removing duty/ import barriers	Long-term Loss of market share and profitability	<ul style="list-style-type: none"> ▶ Identify and develop competitive advantages ▶ Productivity increase and reduction in cost of production 	Medium	Low	↓
	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 loss of a major supplier affects the supply of critical raw material for manufacture	<ul style="list-style-type: none"> ▶ Diversify and increase the customer base ▶ Develop a multiple supplier network 	Medium	Medium	↔
Risk of Natural Capital	Using Hazardous Chemicals Risk of using hazardous chemicals for the 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"> ▶ Shifting to environmentally friendly chemicals ▶ Developing Effluent Water Treatment process ▶ Safe disposal of solid waste 	Medium	Medium	↔
Risk of Natural Capital	COVID-19 Global Crisis Risk Arising due to isolation of people, societies and countries without movements with external world. Multiple risk factors will adversely increase	Short-term and Long-term Demand decline, liquidity of markets, supply chain disturbances will arise.	<ul style="list-style-type: none"> ▶ Closely monitor and manage existing customers ▶ Look for new markets not affected by the Virus. ▶ Look for new supply chain avenues, reduce overhead cost and improve liquidity position 	High	High	↔

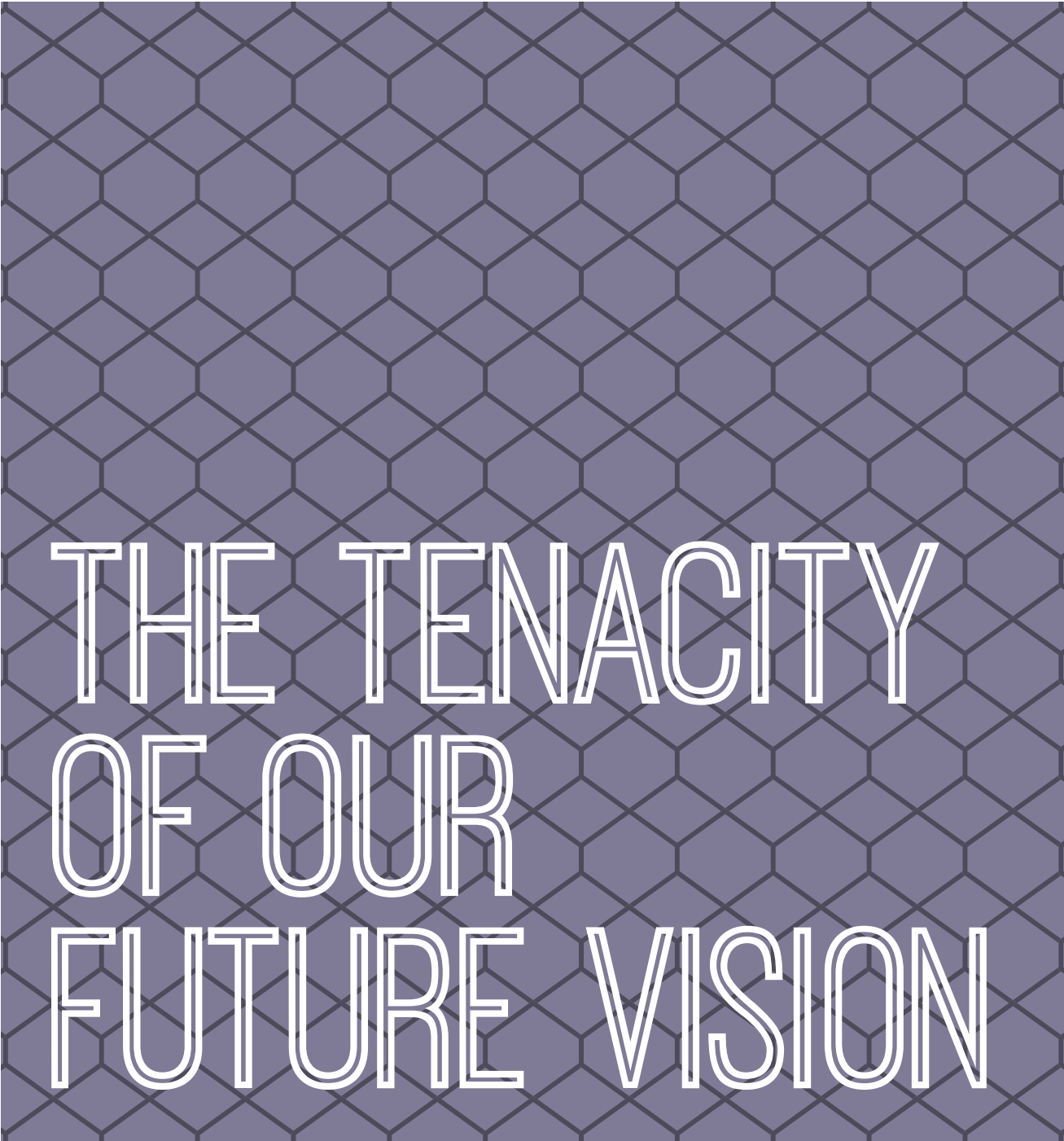


1,850 METRIC TONNES
A MONTH
IN EXTRUSION
CAPACITY





ALUMEX SUSTAINED THROUGH CAPITALS



THE TENACITY
OF OUR
FUTURE VISION

FINANCIAL CAPITAL

FINANCIAL
CAPITAL

"DELIVERING A PERCEPTIVE STRATEGY AGAINST A COMPLEX OPERATING BACKDROP, WE ACHIEVED OUTSTANDING RESULTS AND MAINTAINED ADEQUATE LIQUIDITY, HEALTHY GEARING AND SOLVENCY."



OVERVIEW

Amidst a myriad of challenges in our business environment, we upheld best practices in financial capital management to achieve our business goals from a long-term standpoint. We explored and invested on optimising value, with due considerations on inclusivity, of the wider community and the environment. In this section, we will discuss on our efforts to grow and strengthen our financial capital base, with pragmatic decision making on production, markets and financial viability and stability. Our Group performance for the financial year-ended 31st March 2021 is discussed in detail.

How we create value

Financial capital

Input

- ▶ Shareholders' equity
- ▶ Internal cash generation
- ▶ Debt

Business activities

- ▶ Formulating corporate plans and budgeting
- ▶ Treasury management
- ▶ Risk management
- ▶ Cash flow and working capital management
- ▶ Managing capital expenditure
- ▶ Regulatory compliance and financial reporting

Output

- ▶ Net profits
- ▶ Financial stability
- ▶ Shareholder returns/dividends
- ▶ Cash flows

Outcome

- ▶ Business sustainability
- ▶ Shareholder confidence and loyalty

MANAGEMENT APPROACH

Our focus has always been on strengthening our financial resources (including equity investments of our shareholders and debt raised from financial institutions) to create value for all our stakeholders in the short, medium, and long-term. This approach requires a delicate balance of maximising profits in the short-term without compromising our ability to deliver value in the long-term. Our strategy of 'prudent growth' encompasses this balance, supported by 'best-in-class' risk management, internal controls and corporate governance practices.

FINANCIAL CAPITAL

It is in this regard that we give top priority to be astute and principled in managing our financial capital base. We strive to be disciplined in our treasury and cash flow management to maintain adequate liquidity, raise lower cost of funds and achieve healthy gearing levels. We are also focused in managing our assets over liabilities, to maintain a stable and robust financial position.

Following current and best practices in accounting and management, we are guided by and comply with Sri Lanka's Accounting Standards, set by the Institute of Chartered Accountants of Sri Lanka combined with the International Financial Reporting Standards as prescribed by the International Accounting Standards Board. We also comply with the laws, rules and regulations placed by relevant statutory and regulatory authorities including the Companies Act No 07 of 2007, the Colombo Stock Exchange and the Securities and Exchange Commission of Sri Lanka.

Strategic imperatives and strategy**Prudent growth**

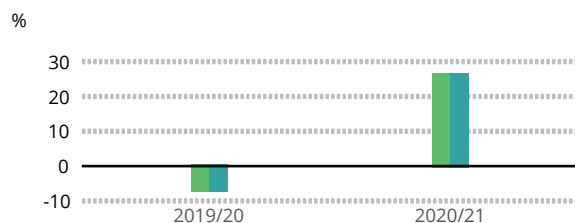
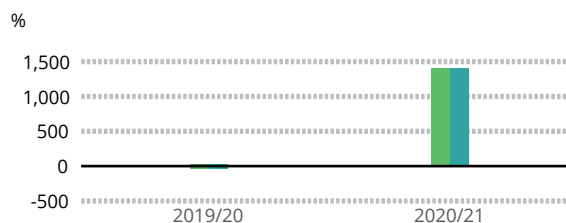
- ▶ Allocate resources to increase capacity, bring in process improvements and develop markets to drive for sustainable top-line growth.
- ▶ Be disciplined in cost management to minimise wastage and leakages to boost bottom-line profitability and margins.

Disciplined treasury and cashflow management

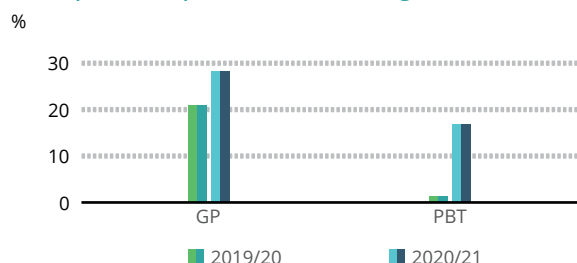
- ▶ Prudently manage cash flows to meet present and future payment obligations to sustain operations and maintain business stability.
- ▶ Maintain a sound gearing level to minimise financial risks through excessive debt obligations.
- ▶ Maintain a quality asset position and adequately cover liabilities for a healthy financial position.

Compliance

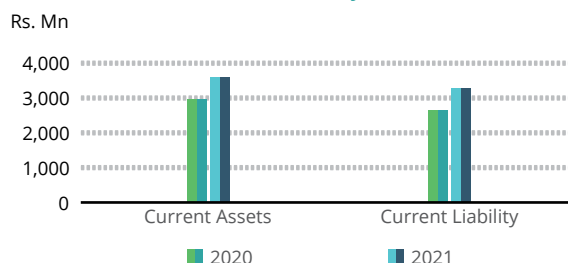
- ▶ Follow best practices and standards in accounting, auditing and management.
- ▶ Comply with relevant laws, rules and regulations.

Increase in Revenue**Increase in PBT**

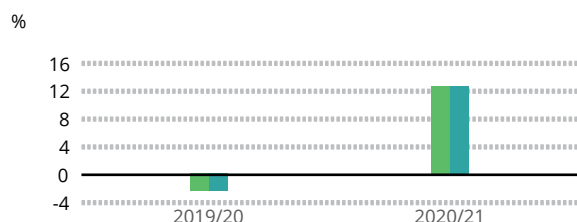
Gross profit and profit before tax margin



Current Assets Vs Current Liability



Asset Growth



Financial Stability 2017-2021						
Criteria	Performance indicator	31.3.2021	31.3.2020	31.3.2019	31.3.2018	31.3.2017
Capital structure	Debt: Equity (%)	48:52	57:43	57:43	54:46	19:81
	Cash flows from operations (Rs Mn)	1,750	188	80	(300)	524
	Dividend payout ratio (%)	37	-	142	86	58
Liquidity	Current assets ratio	1.11	1.12	1.03	1.14	1.85
	Quick assets ratio	0.53	0.42	0.42	0.48	0.94
	Finance facilities - LC and import loans (Rs Mn)	2,230	2,130	1920	1770	1770
	Finance facilities - Bank OD (Mn)	470	470	310	310	310
	Finance facilities - Remaining long-term loans (Mn)	-	-	-	430	1,288
Solvency and reserves	Interest cover (Times)	5.76	1.27	1.8	5	166
	Net reserve position (Rs Mn)	2,690	2,098	2,070	1,969	2,033
	No of financial institutions providing funds	8	8	8	7	6

CAPITAL PERFORMANCE

FINANCIAL REVIEW

Revenue

Withstanding the headwinds that came with the outbreak of COVID-19, impacting the country and the world over, the company recorded excellent results during the reporting year in business volumes compared to those recorded in the recent past.

The turnover for the year ended 31st March 2021 reached an all-time high, touching the Rs 6.0 billion mark; underlined by the favourable trading conditions which prevailed in the country in the latter part of the financial year. In the year 2020/21, the Group turnover stood at Rs.6 billion vis-à-vis Rs. 4.7 billion in 2019/20, an increase of 27 percent. The revenue from the

powder coated product category was the major contributor; whilst other categories including value added products also performed well. During the reporting financial year, we opened a LUMIN center at Makola and two dealer-managed LUMIN centers at Colombo and at Minuwangoda, to give a first-hand experience to end customers whilst strengthening our revenue. Further, expanding our presence in the local market, our research and development team in collaboration with the marketing team, initiated forty four innovative product categories-including ready to fix windows and a new series of ladders.

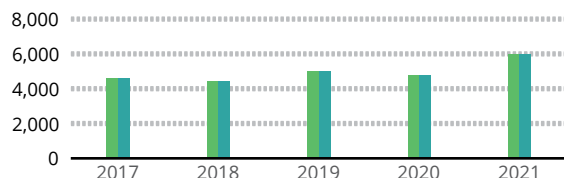
Our export market operations were strengthened in the reporting year. Registering a noteworthy performance, export revenue increased by 545 percent to Rs. 374 million as compared with Rs. 58 million in the previous financial year.

FINANCIAL CAPITAL

At Alumex, we link sales targets to performance incentives, as a key tool in driving turnover. The sales staff are complemented by appropriate marketing strategies.

Group Turnover

Rs. Mn

**Earnings Before Interest and Tax**

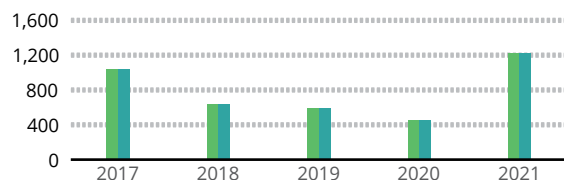
The gross profit ratio (taken as a percentage of gross profit over revenue) stood at 28 percent as against 21 percent in 2019/20. In rupee terms, gross profit increased by Rs. 708 million this year (compared to a decrease of Rs. 151 million in 2019/20) from Rs. 1,002 million in the preceding year to Rs. 1,710 million. This corresponded to a 71 percent increase year-on-year.

Raw aluminium prices in global markets were comparatively low in the first two quarters of the reporting year. The prices picked-up towards the latter part of the financial year. However, tight cost management combined with productivity improvements and increased usage of locally manufactured billets, cushioned the gross profit level.

Increased gross profit level was able to generate higher EBIT level of the group along with the increase in other income by Rs. 16 million and decrease in distribution expenses by Rs. 61 million. Accordingly, the group EBIT margin increased to 20 percent during the year under review, from 10 percent in the preceding year. The group administration expenses increased by 4 percent, mainly due to increased staff cost which was offset with the reversal of provision for doubtful debts.

EBIT

Rs. Mn

**Net Finance Cost and Interest Cover**

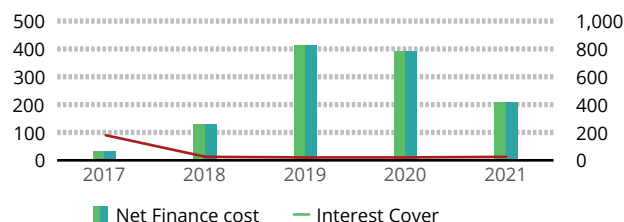
Finance costs drastically decreased by 47 percent to Rs. 210 million compared to Rs. 394 million in the previous year. Borrowing rate was much lower than the previous financial year. This combined with the settlement of the term loan and short-term loan during the year, resulted in lower borrowing costs. A long-term loan of Rs. 22 million was obtained

during the year under the Saubagya COVID-19 Renaissance Loan Scheme, Phase II, to part finance our working capital requirement. Consequently, the term loan was reduced by Rs. 522 million from Rs. 2.1 billion to Rs.1.6 billion whilst the short-term loan was reduced by Rs. 146 million from Rs. 1.0 billion to 0.9 billion. The Average Weighted Prime Lending Rate (AWLPR) decreased to 5.75 percent as at end March 2021, compared to 9.29 percent in the preceding year. With lower finance costs, along with higher EBIT, the interest cover increased from 1.27 times to 5.76 times. With stringent controls on working capital management, the Group curtailed short-term borrowings and interest cost thereon. The good relations maintained with financial institutions enabled the Group to negotiate best terms and interest rates when borrowing.

Even though the rupee depreciated by around five percent in the financial year, the group has recorded a net exchange gain of Rs. 3.5 million during the year against Rs. 37.9 million net exchange loss in the preceding year. This is due to the dollar reverse maintained by the company whilst the exchange loss from imports was offset by increased export earnings. The Group also relied on forward exchange rate contracts to manage foreign currency exposure.

Net Finance cost/ Interest Cover

Rs. Mn

**Profit After Tax**

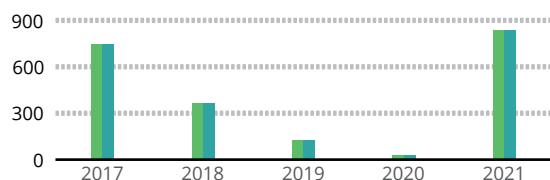
With increased revenue and other income combined with the fall in cost of sales and distribution, profit after tax (PAT) of the Group increased by 26.13 fold to Rs. 841 million from Rs. 31 million in the previous year—the highest ever PAT in the Group history. Comprising both current and deferred tax, the income tax expenditure for the year was Rs. 181 million. The deferred tax expenses for the year were Rs. 62 million, corresponding to the reversal of deferred tax asset in relation to the reduction of debtor's impairment and the cessation of tax losses.

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 (and tax laws) that have been enacted, or substantively enacted, at the reporting date. According to the amended Inland Revenue Act No 24 of 2017, the applicable income tax rate as a manufacturing entity, was reduced to 18 percent from 28 percent. 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 9.

PAT

Rs. Mn



Cash Flow and Liquidity Position

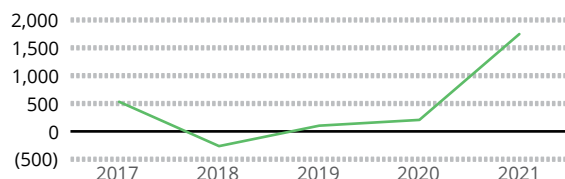
The operating cash flows increased by 831 percent to Rs. 1,750 million along with the increased profitability and by cash released from the working capital investment. The net cash surplus from operations accounted for 29 percent of the Company's revenue as against 2.0 percent in the previous year.

The net cash outflow from investment activities remained at 4.8 percent from the Company's revenue, a marginal increase from 3.2 percent recorded last year. Net cash outflows used for investing activities stood at Rs. 288 million, recording a growth of Rs. 137 million compared to Rs. 151 million in the previous year. The net cash outflows used in financing activities stood at Rs. 862 million; and recorded an increase of Rs. 1,145 million from Rs. 283 million net cash outflows in the year 2019/20. The net cash surplus stood at Rs. 600 million and cash and cash equivalents as at the year-end was negative at Rs. 343 million, with a 64 percent increase compared to the previous year.

Working capital management is assessed based on working capital optimisation, cash flow forecasting and liquidity management. The working capital requirement was almost similar to the previous year and stood at Rs. 322 million. Accordingly, the current ratio was maintained at 1.1 times, similar to the year 2019/20. Maintenance of inventories and receivables was managed efficiently throughout the year and the management of payables were negotiated well to curtail the excessive working capital requirements.

Cash from Operations

Rs. Mn

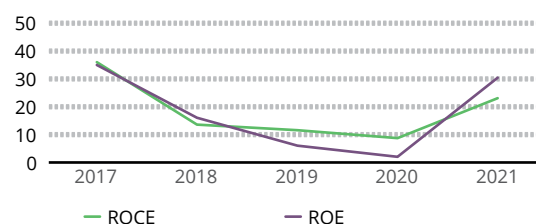


ROCE and ROE

Return on capital employed (ROCE) as at the year-end was 23 percent (2019/20 – 8 percent) led by the 168 percent increase in EBIT. With the Group net profits increasing by Rs. 810 million, return on equity (ROE) increased to 31 percent in the reporting year against the ratio of 1.0 percent in the previous financial year.

ROCE / ROE

%



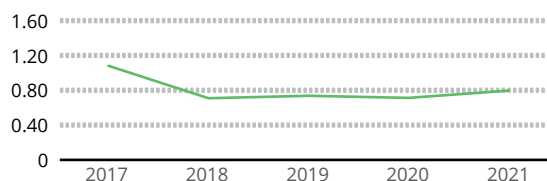
Asset Turnover

Alumex invested in expanding production capacity whilst continuing to upgrade to state-of-the-art technology, keeping abreast of modern manufacturing techniques and driving for product quality, flexibility, cost efficiency and environmental sustainability. This year, investments were made in upgrading machinery at Rs. 232 million, building at Rs. 22 million and furniture and office equipment at Rs. 9 million. Machinery included the 400 KWp solar power plant installation at the central warehouse at the cost of Rs. 43 million.

With higher capacity utilisation combined with higher revenue, the Group asset turnover reached 0.78 times in the reporting year, from 0.70 times in the preceding year. The non-current asset turnover ratio also registered an increase to 1.49 times in the year under review from 1.24 times in the previous year. Future plans will look at further increasing capacity utilisation to develop export markets.

Asset Turnover

Rs. Mn



Borrowings

Long-term borrowings as at the year-end amounted to Rs. 1,560 million as compared to Rs. 2,082 million in 2019/20. Out of these borrowings, Rs. 735 million (2019/20 – Rs. 728 million) was reflected under current liabilities as the repayment during the financial year 2021/22. The long-term loan of Rs. 22 million was obtained at a concessionary rate under the Saubagya COVID-19

FINANCIAL CAPITAL

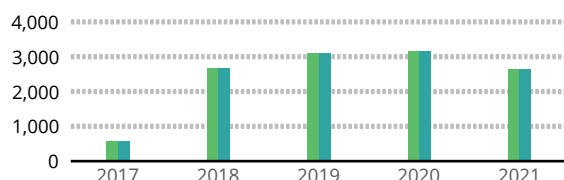
Renaissance Loan Scheme Phase II, to part finance the working capital requirement.

Total exposure to borrowings was reduced to Rs. 2.4 billion as compared to Rs. 3.0 billion in 2019/20. The debt profile changed, with the Group settling long-term borrowings and short-term loans which were obtained for working capital. Accordingly, short-term borrowings accounted for 36 percent of the total debt, compared to 33 percent in the year before. Short-term borrowings, which consist of import loans, short-term loans and bank overdraft, amounted to Rs. 870 million as against Rs.1,016 million in the preceding year.

Interest on short term borrowings changed as per the money market rates which were reviewed periodically by the Group centralised treasury function. The details of borrowings are set out in Note 16 in the Notes to the Financial Statements.

Borrowings

Rs. Mn



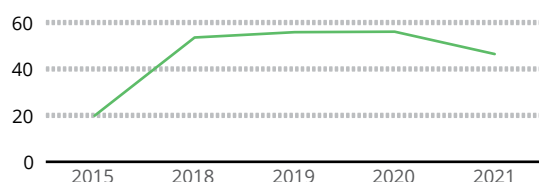
Capital Structure and Gearing

The capital structure of the Group improved with higher profitability level along with the settlement of long-term debt. Total equity stood at Rs. 2,842 million as at the year-end as against Rs. 2,382 million in 2019/20. Equity increased by 16 percent from Rs. 2.38 billion; whilst debt decreased by Rs. 668 million to Rs 2,430 million from Rs. 3,098 Mn in 2019/20. This represented a decrease of group debt to equity ratio to 85 percent in the reporting period compared to 131 percent in the preceding year.

Financial gearing also decreased in the year under review to 47 percent compared with 57 percent in the last financial year.

Gearing

%



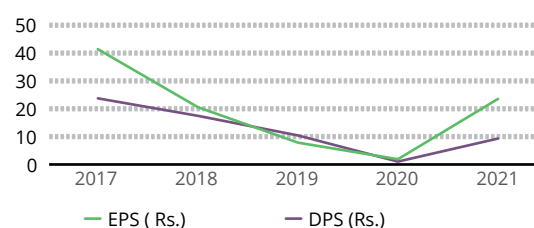
Earnings Per Share (EPS) and Dividend Per Share (DPS)

On 3rd March 2021, the Company sub-divided ordinary shares by splitting each share into two ordinary shares to increase the

liquidity in the market. Accordingly, with higher profitability, earnings per share (EPS) for the year under review reached Rs. 1.40 per share compared to the adjusted EPS of Rs. 0.05 per share in the previous year. The computation of EPS is given in Note 10 in the Notes to the Financial Statements. The dividend payout ratio for 2020/21 stood at 37 percent, an improvement from zero percent in 2019/20.

EPS/DPS

Rs. Mn



Solvency and Reserves

Section 56 of the Companies Act No. 07 of 2007, requires that a solvency test be performed prior to the payment of dividends. In order to satisfy this requirement, the Company conducted solvency tests prior to the payment of two interim dividends for the financial year 2020/21. As per the Act, prior to payment of dividends, the auditor certified our ability to pay debts, and that the value of the Company's assets is greater than the value of its liabilities and stated capital.

Following is a computation of solvency criteria for the Company as at the year-end.

As at 31 March	2020/21 Rs '000	2019/20 Rs '000
Non-current assets	3,870,778	3,633,666
Current assets	3,184,508	2,620,944
Total assets	7,055,306	6,304,610
Non-current liabilities	1,380,140	1,790,082
Current liabilities	3,435,519	2,888,973
Total liabilities	4,815,659	4,629,055
Assets less liabilities	2,239,645	1,675,555
Stated capital	283,735	283,735
Net position	1,955,910	1,391,820

Financial Strength

As at the year-end, the Group obtained the below listed financial facilities from local and international banks for 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.

- ▶ Facilities for Letter of Credit and import loan – Rs. 2,230 million
- ▶ Facilities for bank overdraft – Rs. 470 million

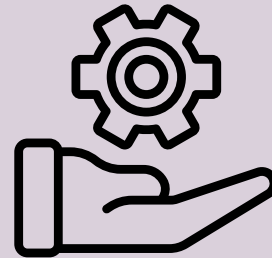
Financial Risk Management

The risk elements affecting the financial operations of the Group in relation to credit, liquidity, operations and the markets are duly explained in the Note 30 in the Notes to the Financial Statements and risk management section on page 222 to 224. However, the main risk element substantially affecting the results of the Group in the year under review, was foreign currency risk. The Group manages its foreign currency risk to some extent through foreign currency forward contracts and by maintaining foreign currency dominated assets to hedge against the liability.

MANUFACTURED CAPITAL

MANUFACTURED CAPITAL

“INVEST IN STATE-OF-THE-ART PLANT AND MACHINERY AND ENSURE TIMELY UPGRADES AND MAINTENANCE OF MANUFACTURING PLANTS, TO BOOST OPERATIONAL EFFICIENCY AND OPTIMISE RETURNS.”



OVERVIEW

With extensive operations, encompassing two manufacturing plants, our manufactured capital base stands as a critical enabler in our value creation process. We are conscientious and give top strategic priority to procurement, management and maintenance of this capital—entailing all fixed assets. Our capex is carefully planned and focused, aligned to our strategic goals over short, medium to long-term. This section herein will discuss the best practices we follow in maintaining our manufactured resources and our investments in expansions and upgrades for sustainable value and returns.

How we create value Manufactured assets

Input

Extrusion and finishing plants, machinery and equipment
Factory infrastructure

Business activities

- ▶ Procuring new plant, machinery and equipment
- ▶ Revamping factories
- ▶ Maintaining and upgrading plant, machinery and equipment
- ▶ Managing capital expenditure

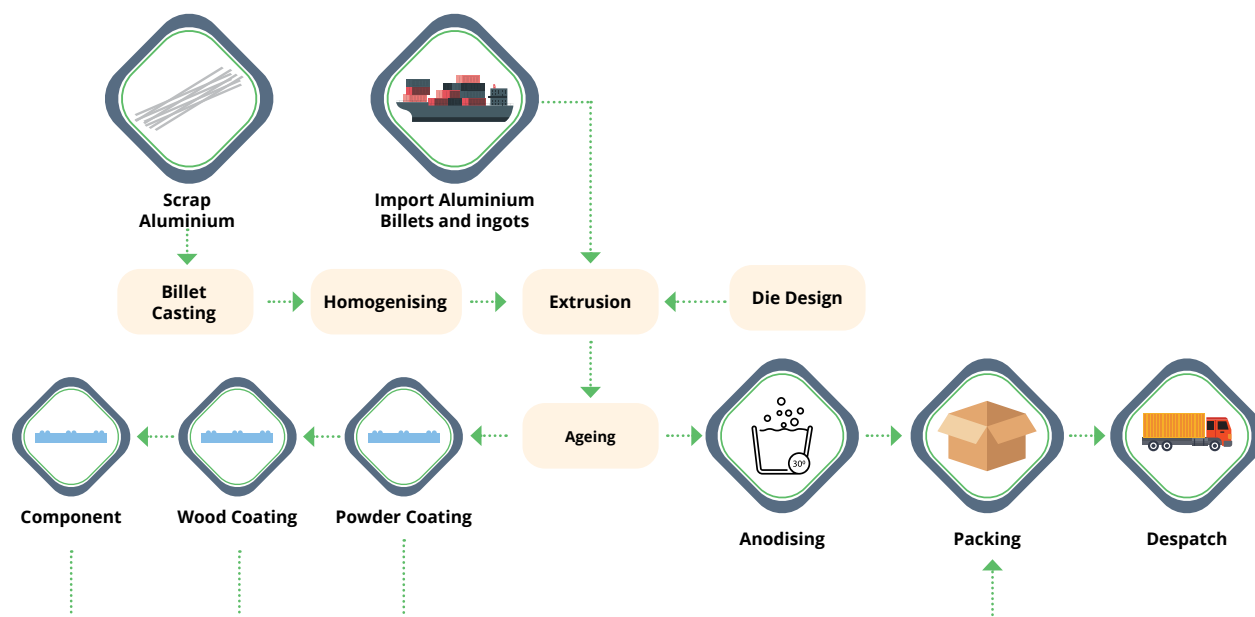
Output

- ▶ Quality aluminium profiles
- ▶ Licenses and certification

Outcome

- ▶ Stakeholder trust and confidence
- ▶ Brand equity strength
- ▶ Competitive edge
- ▶ Sustainability of operations

MANAGEMENT APPROACH



Alumex manufactured capital base FY 2020/21	Main Plant LINDEL Industrial Zone Sapugaskanda, Makola	Prime Plant Ekala, Ja-Ela	Warehouses and distribution centres
	9,600 MT p.a capacity Aluminium Extrusion Plant	12,800 MT p.a capacity Aluminium Extrusion Plant	Central warehouse complex Makola and Ekala
	4,600 MT p.a capacity Powder Coating Plant		
	600 MT p.a capacity Wood Finish Plant	12,000 MT p.a capacity Powder Coating Plant	08 Distribution centres
	5,400 MT p.a capacity Anodising Plant		
	7,200 MT p.a Aluminium Melting		
	600 MT p.a Alco Value - added Component Manufacturing	1,800 MT p.a capacity Wood Finish Plant	11 LUMIN centres

MANUFACTURED CAPITAL

We have in place a well-planned out approach to manage our extensive manufactured capital base. The capex plan, formulated annually, takes into account our corporate plans and strategic goals overtime. We pay close attention to allocate realistic budgets and seek to ensure that we reap sound returns on our investments. All decisions in this regard, are taken after due diligence need-based analysis, in line with best practices. This includes environmental and social responsibility considerations. To this end, our certification under ISO as well as the licenses we maintain, especially in terms of manufacturing proprietary systems for world renowned manufacturers, also guide us to be pragmatic and responsible in our management efforts and decision making.

Strategic imperatives and strategy

Capacity expansions

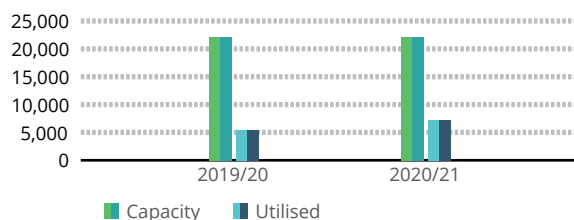
- ▶ Strategically invest in new buildings, plant, machinery and equipment in line with best practices in procurement and awarding of contracts.

Technology upgrades and maintenance

- ▶ Keep abreast of the latest technological developments in the industry, and ensure timely upgrades to factory buildings, plant and machinery.
- ▶ Carry out daily preventive maintenance in manufacturing plants to ensure smooth flow in operations, safety and cost optimisation.

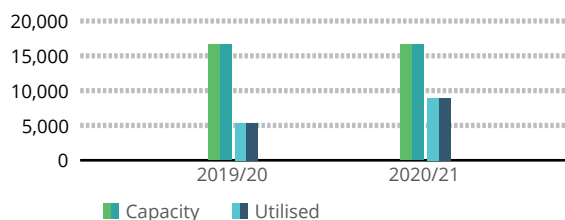
Extrusion Capacity vs Utilisation

MT Per Annum



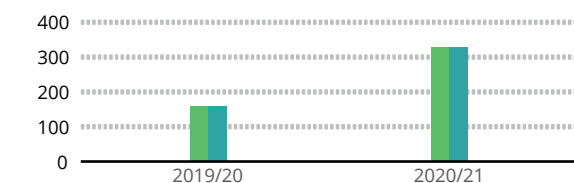
Finishing Capacity vs Utilisation

MT Per Annum



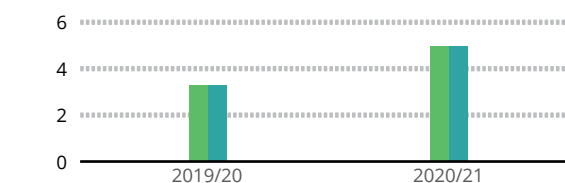
Total Capital Expenditure

Rs. Mn



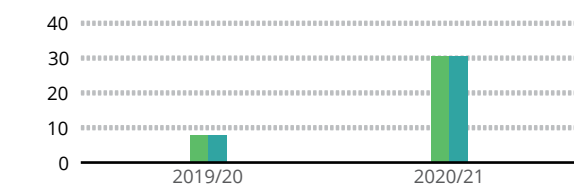
Capex to Sales Ratio

%



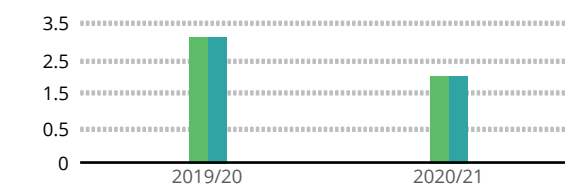
Average Return on Investment

%



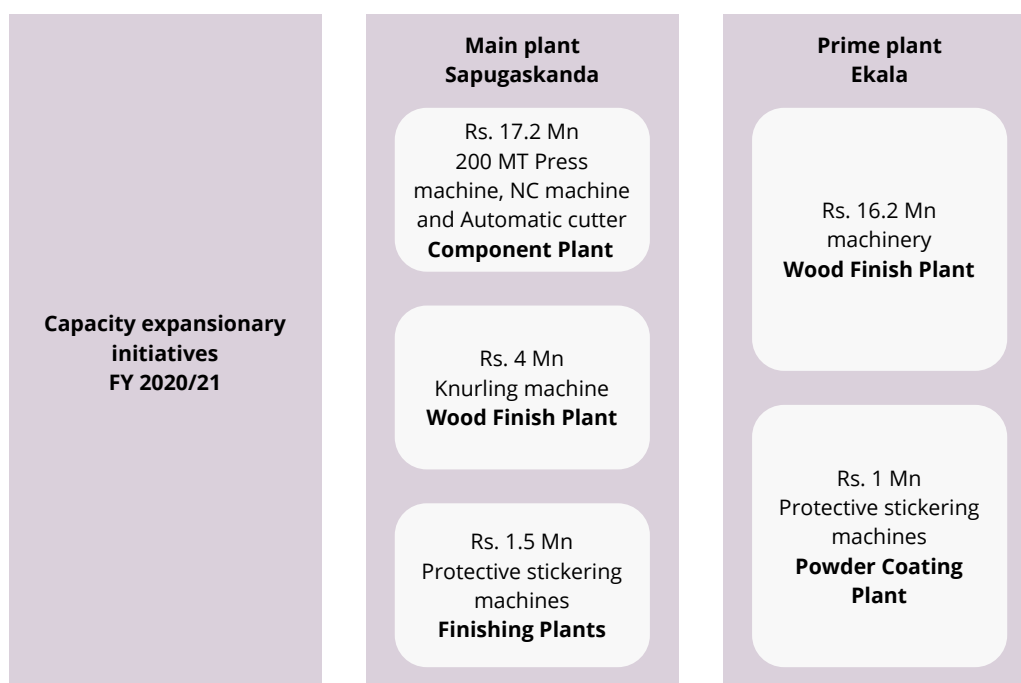
Recordable Injury Rate

Number



CAPITAL PERFORMANCE**CAPACITY EXPANSIONS**

Refer: Social and relationship capital, supplier, page 109



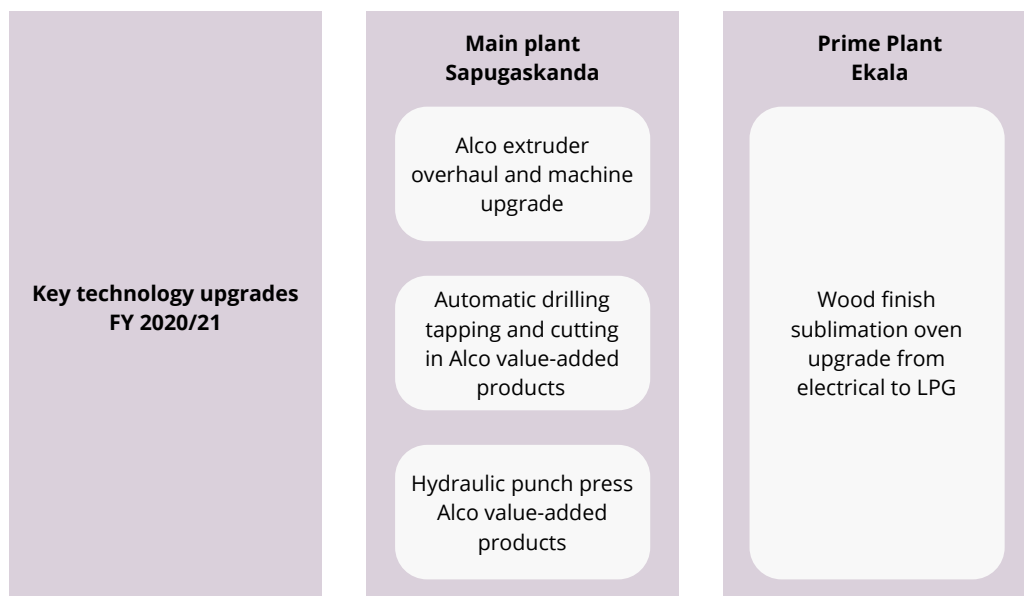
As a responsible manufacturer, our expansions are well-structured and aligned to our corporate goals. We are meticulous in following best practices in procurement, with due consideration to quality and standards criteria over cost factors only. In terms of plant, machinery and equipment, we evaluate manufacturers' credentials, installed capacity, availability of spares, pre and after sales services, along with energy efficiency and health and safety aspects. With regard to infrastructure initiatives, we evaluate contractors' track record and their ability to meet the deliverables on time.

Meeting the growing demand for aluminium extrusions, both in the local market and the potential in international markets, we continued in the reporting year, to invest in expansionary initiatives. This included new machinery and equipment as well as factory infrastructure development. The total investment touched Rs. 301 million and out of which, 48 percent was for the main manufacturing plant in Sapugaskanda and 36 percent was taken up by the Prime plant in Ekala.

	Installed capacity, utilisation and increases FY 2020/21			
	Plant capacity (MT p.a)	Current utilisation (MT p.a)	Current utilisation (%)	Utilisation increase (MT p.a)
Extrusion	22,200	9,000	40%	2,100
Anodising	5,400	2,000	40%	200
Powder coating	16,600	6,600	40%	2,200
Wood effect finishing	1,900	1,000	55%	550
Die manufacturing	2,400	1,200	50%	240
Aluminium melting	7,200	6,000	85%	1,800

MANUFACTURED CAPITAL

TECHNOLOGY UPGRADES AND MAINTENANCE



We are pragmatic and proactive in our approach to upgrade our facilities, keeping pace and aligning our operations with rapid changes taking place in the industry. With due diligence, we invest well on new technology, to upgrade our operational processes. We are also on point in our maintenance efforts of our plants, machinery and equipment. We engage and maintain close ties with key manufacturers, following-up with warranties, guarantees and on after-sales services.

We have with us a competent team of engineers and technicians, with necessary expertise to support maintenance, ensure the availability of spares, carry out day-to-day modifications and

improvements. Our Total Productivity Maintenance (TPM) programme, which was initiated in the financial year 2018/19 and led by a trained team, have succeeded in internalising autonomous and planned maintenance and focused improvements and staff training in this regard. Complemented by this initiative, we have been able to minimise accidents, defects and breakdown in our manufacturing plants.

In the reporting year, we spent Rs. 22.2 million on upgrading and maintaining our plants and processes. 47 percent of this cost was absorbed by our Sapugaskanda plant whilst the Ekala Prime plant took up 53 percent.

CAPITAL EXPENDITURE

The overall capital expenditure in the financial year 2020/21 stood at Rs. 301 million, corresponding to a 93 percent increase compared to Rs. 156 million incurred in the preceding year, 2019/20.

Cost Component	Capital Expenditure		
	2020/21 Rs. Mn	2019/20 Rs. Mn	Variance (%)
Main plant - Sapugaskanda			
Machinery and Equipment	130.4	51.2	155
IT Hardware	3.8	5.1	(24)
Revamping factory buildings	10.5	13.7	(23)
Factory infrastructure	0.6	3.8	(83)
Prime plant - Ekala			
Machinery and Equipment	90.5	37.0	14.5
Office Equipment	2.5	0.1	1,765
Revamping factory buildings	11.7	18.8	(37)
Factory infrastructure	2.5	3.2	(22)
Other	48.4	23.3	108
Total capital expenditure	301.0	156.2	93
Capex to sales ratio (%)	5	3	51
Return on investment (%)	31	8	288

Future Focus

- ▶ Investment on a new melting plant with 10,800 MT p.a capacity
- ▶ Expand component and value-added product manufacturing facility from current 50 MT to 250 MT

INTELLECTUAL CAPITAL

INTELLECTUAL CAPITAL

"MANAGE AND OPTIMISE INTANGIBLE ASSETS TO DELIVER PREMIUM QUALITY EXTRUSIONS, SETTING US APART IN THE INDUSTRY WITH SUSTAINABLE COMPETITIVENESS."



OVERVIEW

In a fast-paced business landscape, we strive to lead and sustain our market positioning as a quality aluminium extrusions manufacturer. Our intellectual capital base—entailing intangible assets like sound corporate reputation, tacit knowledge and core competencies, the strength of our brands and systems, processes and procedures—is a significant value driver, essentially fortifying our point of differentiation and enabling us to have an edge over the competition. In this section, we will discuss on how we nurture and build on our intangible assets to optimise the value we create and be the front-runner organisation in the industry.

How we create value Intellectual assets

Input
Intangible assets

Business activities

- ▶ Strategic training
- ▶ Product development and process improvements
- ▶ Quality assurance, certification and licensing
- ▶ Branding, marketing communications and promotions

Output

- ▶ Quality aluminium profiles
- ▶ Licenses
- ▶ Certification
- ▶ Ethical management practices

Outcome

- ▶ Stakeholder respect, trust and confidence
- ▶ Brand equity strength
- ▶ Competitive edge

MANAGEMENT APPROACH

Recognising the pivotal role played within our value creation process, we give much thought and consideration to build, consolidate and manage our intellectual capital base. We have identified, prioritised and allocated necessary resources to six strategic areas; giving us a solid platform to deliver our value proposition, boost brand equity and thus, consolidate market share at the helm of the industry. Our actions in this regard are well-structured with a monitoring mechanism in place to follow up on the key performance indicators.

Strategic imperatives and strategy

Corporate standing

- ▶ Nurture Alumex values and leverage the corporate standing to stay ahead of the competition.

Tacit knowledge and improvements

- ▶ Strategically strengthen and draw upon the tacit knowledge to mitigate challenges and reach out to growth and scale.

Building brand equity

- ▶ Build and leverage brand equity of Alumex and LUMIN.

Research and development

- ▶ Prioritise and invest in research and development to improve processes and to develop products to meet the evolving market trends.

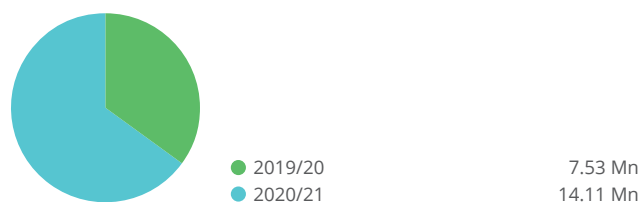
Licensing and certifications

- ▶ Follow guidelines set by renowned certification and licensing bodies to uphold premium quality and standards.

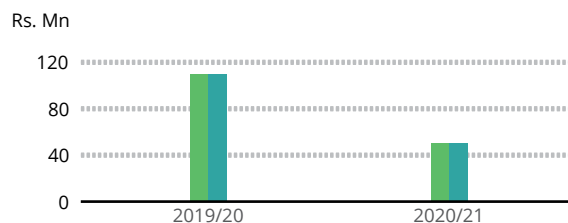
Information systems

- ▶ Invest in digital solutions to improve operational processes for higher productivity and cost efficiency.

Research and Development Investment (Rs. Mn)

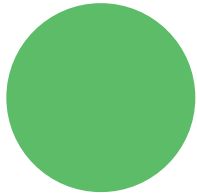


Branding, Marketing and Promotions



INTELLECTUAL CAPITAL

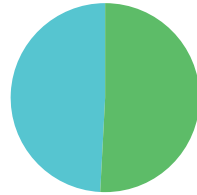
Information Systems Investment (Rs. Mn)



● 2020/21

40

New Industrial and Customer Designs

● 2019/20
● 2020/21188
180CAPITAL PERFORMANCE
CORPORATE STANDING

Best Presented Annual Report Awards, Integrated Reporting Award and SAARC Anniversary Award for Corporate Governance Disclosures 2019.

Refer: Corporate governance, pages 140 to 155.

Over 30 years in business, we have nurtured solid fundamentals to achieve business excellence. Our work ethics are strong, upholding best business practices, be it in policy making, governance to daily operations across the organisation. Our leadership is well-grounded, with a solid sense of business foresight, bringing together their learning, experience, market insight and smart management practices to deliver a perceptive strategy aligned to our broader goals. This has stood us in good stead, leading the company to reach out to higher goals amidst and against the present-day challenges and adversities in an intensely competitive backdrop. Today, we stand as a trusted and respected manufacturer, with a leading market share of over fifty percent in the local market whilst also making headway in export initiatives. The many awards and recognition we have received over the years showcase our solid positioning within the business arena.

TACIT KNOWLEDGE AND IMPROVEMENTS

Refer: Human capital, training and education, page 89.

The tacit knowledge which we have acquired and nurtured over the years, stand as our pillar of strength in manufacturing premium quality and innovative aluminium extrusions. We

have the capability and the know-how to design and efficiently manufacture a range of profiles, with different dies to meet the dynamic market trends. Our designs are duly registered with the National Intellectual Property Office under the Intellectual Property Act of Sri Lanka No. 52 of 1979.

As a forward-thinking organisation, we recognise the significance and give strategic precedence to continuously improve, strengthen and fine-tune our expertise across all employee categories, with focused investments in training initiatives. We rely on and encourage our senior employees to pass on their learning, industry insight and share their experiences with our younger employees. We also rely on our business partners including foreign principals and suppliers for exposure in terms of new technology, market intelligence, and international and current best practices in the aluminium industry.

BUILDING BRAND EQUITY



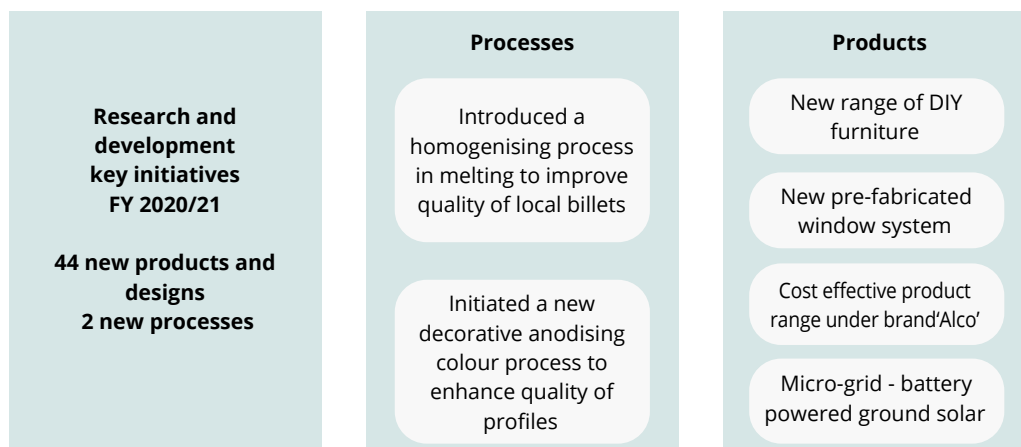
Refer: Social and relationship capital, customer, page 100.

Positioned at the helm of the industry, we have in place two valuable brands, with strong equities built over the course of 30 years. Alumex, our first and the flagship brand, has made a distinct mark as the most trusted aluminium brand in the country. Launched in 2015, our second brand, LUMIN, has also made its mark within the residential housing market segment. Both these brands have performed exceptionally well, underlining our success in reaching and retaining market leadership within the domestic market. Adding on to our portfolio, we also launched a new 'fighter' brand, 'Alco' targeting the lower to mid-tier market as a 'value-for-money' brand.

We invested a sum of Rs. 51 million, in the reporting year, for branding and marketing communications.

RESEARCH AND DEVELOPMENT

Refer: Social and relationship capital, customer, page 104.



Alumex has a fully-fledged research and development division, led by a team of five. We invest well on our research initiatives, generally around one to two percent of the annual budget. The team works closely with factory operations and the quality assurance divisions. The team also collaborates with external researchers from the national universities, particularly, the University of Moratuwa, Industrial Technology Institute and with suppliers and business partners.

The research approach is two-pronged—on one hand, our research initiatives focus on streamlining existing processes and developing new processes to enhance quality, productivity and cost efficiency; and on the other, adding value to the existing range of products and developing new products to expand market potential. Research testing is carried out both internally and in external laboratories. In the reporting year, we invested a sum of Rs. 3.11 million on our research initiatives, developing 28 new products and designs and initiated two new processes. Currently, research is being carried out on six new processes and over 25 new products.

LICENSING AND CERTIFICATION

Refer: Social and relationship capital, customer, page 104.

As a progressive manufacturer, we have well-planned out systems and processes along with procedures in place, underlining our strategic delivery to meet our goals over short, medium to long-term. Our focus is on best management practices, with precedence given to uphold quality and standards across our operations. Our success as a market leader within the local market and our entry into international markets in the recent times, stand as a testimony in this regard.

Accordingly, we have obtained due accreditation from globally renowned quality labels for our finishes whilst our management systems are certified under ISO and SLS standards. We have also entered into exclusive licensing arrangements to use trademarked products and processes, which have been obtained after rigorous evaluations including quality systems and processes, factory capacities and sustainability considerations. We have also made in-roads, since 2008, partnering under license with globally renowned aluminium manufacturers for high-end aluminium proprietary systems.

INTELLECTUAL CAPITAL

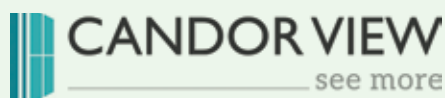
CERTIFICATIONS AND LICENSES FY 2020/21	
SYSTEMS AND PROCESSES	
<p>QUALICOAT, Zurich, Switzerland (A global quality label organisation, licensing for lacquering, painting and coating on aluminium architectural applications.)</p>  <p>Scope</p> <ul style="list-style-type: none"> ▶ Entire powder coating process and product quality <p>License validity: 2021.12.31</p>	<p>Qualanod, Zurich, Switzerland (A global quality label organisation, licensing quality of anodised aluminium.)</p>  <p>Scope</p> <ul style="list-style-type: none"> ▶ Entire anodising process and product quality <p>License validity: 2021.12.31 “Alumex is the only aluminium manufacturer to hold Qualanod license in Sri Lanka.”</p>
<p>ISO 9001:2015 Quality Management System (International standards body, advocating proprietary, industrial and commercial standards)</p>  <p>Scope</p> <ul style="list-style-type: none"> ▶ Assurance of quality management processes and improvements to systems ▶ Risks and opportunities in relation to context and objectives <p>Certification validity: 2023.04.26</p>	<p>Sri Lanka Standards (National level standards body to protect consumer from business malpractices)</p>  <p>Scope</p> <ul style="list-style-type: none"> ▶ Third party guarantee on product quality ▶ Standardise product quality base on BS standard. <p>Certification validity: 2021.05.12</p>
APPLICATOR LICENSES	
<p>JOTUN MENA, United Arab Emirates (Premier brand of powder coating range of products in Europe and the Middle East)</p>  <p>Alumex Scope: Exclusive and approved applicator in Sri Lanka.</p> <p>Warranty : up to 30 years License validity : 2021.08.27</p>	<p>AluK, ITALY A leader in the design and manufacture of a range of sophisticated Aluminium building systems.</p>  <p>Alumex Scope: Manufacturing AluK Aluminium systems under license in Sri Lanka.</p>
<p>DuPont Corian, USA, Japan (Manufacturer of an advanced composite product as a decorative material for residential and commercial applications.)</p>  <p>Alumex Scope : Authorised agent to import and distribute DuPont Corian in Sri Lanka since 2015</p>	<p>Mitsubishi Plastics Inc. Japan (Manufacture of the world's most popular Alpollic aluminium composite panels since 1971.)</p>  <p>Alumex Scope : National distribution rights in Sri Lanka since 2011</p>

CERTIFICATIONS AND LICENSES

FY 2020/21

CandorView, USA

This is a USA brand with superior designs for large size windows. The operation mechanism of the doors and windows is very smooth although the sizes are above the norms.



Alumex Scope : Manufacturing CondorViw proprietary system under license in Sri Lanka since 2020

License Validity : 1 year

Hydro Aluminium, Oslo, Norway

(The largest aluminium company with a presence in over 50 countries and renowned brands including Wicona (Germany), SAPA (Belgium) and Technal (France).)



Alumex Scope : Manufacturing hydro aluminium systems under license in Sri Lanka since 2019.

License validity : One Year

INFORMATION SYSTEMS

Leveraging latest technology, we rely and invest well in smart digital solutions and upgrades to automate and streamline our processes for greater productivity and cost efficiency in our operations. Key measures we have adopted are set out below. In the year under review, we invested a sum of Rs.40 million on IT software.

- ▶ **Enterprise Resource Planning System** (Microsoft Navision): facilitates planning and managing all core business activities across the value chain including processing of customer orders, delivery of goods, to financial and non-financial transactions.
- ▶ **Business intelligence software tools** : extends real-time data and analytics on operations for effective management decision making.
- ▶ **'AluSys' calculation software** : facilitate preparing bill of quantities and elevation and structural design calculations for window/door/façade systems.

Future Focus

- ▶ Invest in strategic branding, marketing and communications to further build Alumex and LUMIN and aggressively promote the new brand, Alco.
- ▶ Invest in strategic skills training along with intense on-the-job training and mentoring.
- ▶ Continue to invest in research and development to improve products and processes in line with both local and export market requirements.
- ▶ Continue to abide by the guidelines set by certification and licensing bodies.

HUMAN CAPITAL

HUMAN CAPITAL

"WITH A DEEP SENSE OF COMMITMENT, WE WORK TOWARDS EXTENDING A FAIR AND A PROGRESSIVE WORKPLACE, WHERE OUR EMPLOYEES HAVE A SOLID PLATFORM TO PERFORM AT THEIR PEAK AND ACHIEVE HIGHER GOALS, ALIGNED TO OUR CORPORATE PLANS, VALUES AND CULTURE."



OVERVIEW

As a labor-intensive industry, a fully-engaged workforce is central to our strategy and objectives. Their competence, dedication and hard work are fundamental to our growth amidst the complexities so prevalent in the today's operating backdrop. We stand focused and committed to extend an empowering workplace, where they have equal opportunities, career advancement, training, rewards and recognition for their performance, and more-so, a work-life balance. This section herein will discuss on our efforts to adopt best and current practices, policies and standards in human resources (HR) management, paving the way for employee progress aligned to our corporate aspirations and goals.

How we create value

Human capital

Input
953
workforce
(permanent,
contract and
temporary)

Business activities

- ▶ Recruitment
- ▶ Training and performance management
- ▶ Remuneration, rewards and recognition
- ▶ Succession planning
- ▶ Occupational health and safety
- ▶ Grievance handling and industrial relations
- ▶ Complying with labour laws, rules and regulations
- ▶ Employee engagement and involvement
- ▶ Performance management

Output

- ▶ Skilled workforce
- ▶ Higher productivity
- ▶ Healthy and safe workplace
- ▶ Industrial harmony
- ▶ Reduced staff turnover

Outcome

- ▶ Empowered and engaged employees
- ▶ Performance driven culture
- ▶ Employee loyalty

MANAGEMENT APPROACH

Our HR Policy

Our HR policy encompasses compliance with all statutes of the country including adopted international ratifications on employee rights, including the right to organise, and is aimed at facilitating a merit-based, non-discriminatory work environment in terms of career growth, reward and recognition.

Our HR function, encompassing policies, standards, procedures and up-to-date HR systems, comes under the vision of the Managing Director. Our HR plan—monitored and reviewed annually—is focused and well-integrated with our corporate plans; setting out the direction to bring in and retain the ‘right-profiled’ people, with ‘right’ skills at the ‘right’ time. We work closely and are guided by the corporate HR division of our parent company, the Hayleys Group. We uphold and comply with the principles, laws and regulations governing labour in Sri Lanka and with the international labour standards and the Universal Declaration of Principles of Human Rights. We are also a member of the Employer’s Federation of Ceylon.

Pragmatic and responsible in our engagement with our employees, our aim is to develop an effective, efficient and a highly motivated workforce, with exceptional work ethics and professionalism. Our management approach focuses on eight strategic priorities, seeking to follow fair labour practices in recruitment, building careers, nurturing a performance culture, adopting best health and safety standards and extending competitive remuneration and benefits for employee wellbeing.

Strategic imperatives and strategy

Employee Diversity

- ▶ Advocate ‘equal opportunity’ and create a fair and an inclusive workplace.

Recruitment and Turnover

- ▶ Attract and recruit ‘right-profiled’ candidates through a fair recruitment process.
- ▶ Be proactive and uphold best labour practices to retain talent within the organisation.

Compensation and Welfare

- ▶ Extend industry competitive and fair compensation along with comprehensive welfare benefits.
- ▶ Uphold responsibility in meeting statutory payment obligations.

Human Resource Development

- ▶ Develop skills to build a competent workforce.
- ▶ Develop management, technical and leadership skills for succession planning.

Performance Management System

- ▶ Nurture a performance-based work culture and duly reward, incentivise and recognise high achievers.
- ▶ Support poor-performers to improve their confidence and job delivery.

Employee Engagement and Work-life

- ▶ Closely engage the workforce and encourage work-life balance to boost employee productivity, confidence and loyalty.

Occupational Health and Safety

- ▶ Extend a safe workplace in line with corona virus health guidelines and protocols.
- ▶ Train employees and invest in safe manufacturing practices and in handling chemicals and substances.
- ▶ Create staff awareness on health, nutrition and hygiene.
- ▶ Extend medical camps and health facilities for employee wellbeing.

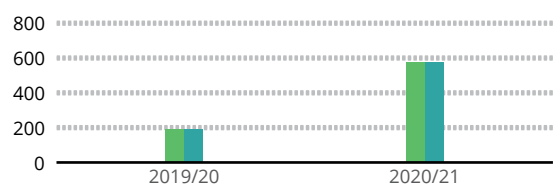
Industrial Relations and Compliance

- ▶ Closely work with unions to achieve mutual goals.
- ▶ Address employee grievances and maintain good industrial relations.
- ▶ Comply with labour laws, rules and regulations.

HUMAN CAPITAL

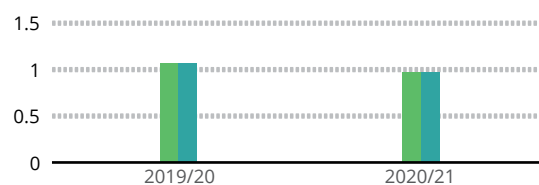
Recruitment

Number of employees



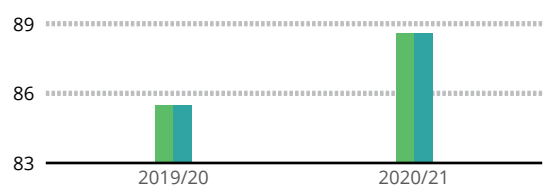
Health and Safety Training Hours per Employee

Hours



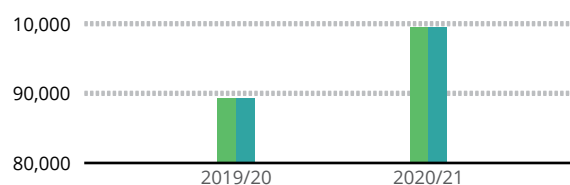
Employee Retention

%



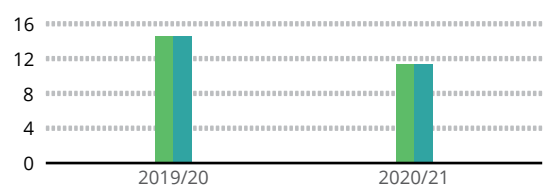
Average Remuneration per Employee

Rs.



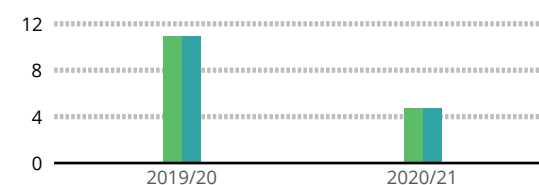
Employee Turnover

%



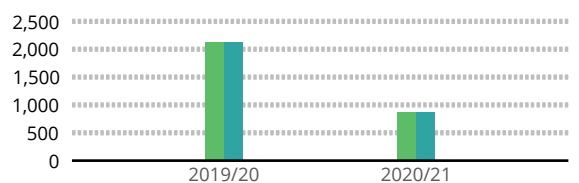
Average Training Hours per Employee

Hours



Training Investment per Employee

Rs.



CAPITAL PERFORMANCE

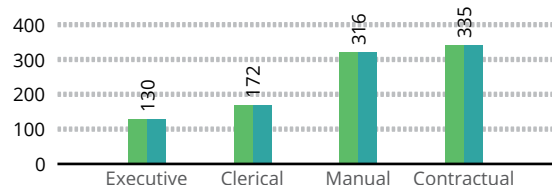
CADRE STRUCTURE

GRI Disclosure 102-8, 405-1

Our cadre is diverse and versatile, representing different age groups, ethnicities, professional backgrounds and career experiences. We advocate simpler work practices with a flatter and well-balanced organisation structure, enabling better communication and effective decision-making. The Alumex Group's workforce stood at 618 permanent employees along with 335 fixed term contractual employees as at 31st March 2021. All employees were on full time work arrangements.

Employee Grade Category by Contract Type

Number

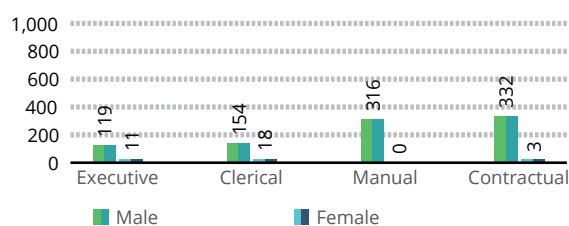


Employee category by contract type

- ▶ Out of the total workforce, 33 percent were manual grade employees, contracted on a permanent basis.

Employee Category by Gender

Number

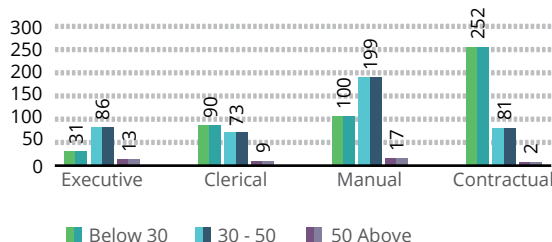


Gender by employee category

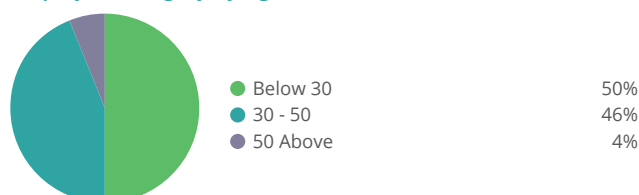
- ▶ As a manufacturing facility, our cadre structure is male-dominated. Categorised as light engineering, operations mostly entail manual activities, thereby, discouraging women participation in the manufacturing process.
- ▶ Out of the clerical and executive grades, 9.6 percent were female employees

Employee Category by Age

Number



Employee Category by Age %



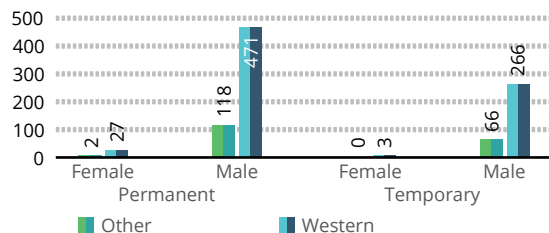
Age by employee category

- ▶ The age distribution of the company enables greater flexibility in operations to achieve higher volumes and productivity. There is a good balance between the young and the energetic staff and the experienced senior staff. Over 46 percent falls under the most productive age category, 30 to 50 years.

HUMAN CAPITAL

Regional Analysis by Employee Contract

Nos.

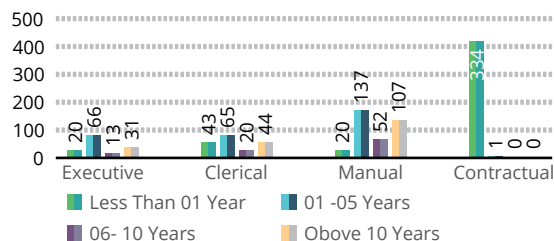


Regional analysis by employee contract

- Majority is employed from the western province on a permanent basis, representing 52 percent of the total workforce.

Service Analysis by Employee Category

Nos.



Service analysis by employee category

- We have an experienced human capital base, with 38 percent of the cadre, falling between one to five years in service. Experienced work force underscores performance, better productivity, higher employee morale and improved quality of work

EMPLOYEE DIVERSITY

GRI Disclosure 405 - 1 & 406 - 1

As a committed and a responsible employer, we extend an inclusive workplace with fair labour practices. Our HR policies and strategies including recruitment, wages/ salaries, benefits, promotions and increments are solely based on merit. We give our employees an 'equal opportunity' to develop their careers. We do not discriminate our employees by age, gender, marital status, ethnicity, religion or political ideology. We treat each employee with dignity and respect, and will not use corporal punishments, threats of violence or any other forms of physical, sexual, psychological, or verbal harassment or abuse. In the reporting year, we did not record any incidents of discrimination of employees due to undue prejudices.

RECRUITMENT AND TURNOVER

GRI Disclosure 401 - 1

Refer: Social and relationship capital, community, page 113.



Bronze award - production sector, Gampaha district at 'Lak Rakiya Harasara - 2019', Department of Manpower and Employment, Sri Lanka

Recognising Alumex for creating job opportunities for the regional community, complying with applicable laws and regulations, and maintaining a close relationship with local and central government authorities.

	Recruitment - 2020/21				Total recruitment	Rate of recruitment
	Manual	Clerical	Executive	Contractual		
	Number					
Gender						
Male	15	46	23	484	568	98.60
Female	0	02	1	05	08	1.40
Age						
Below 30 years	11	34	12	367	424	73.6
30-50 years	04	13	11	119	147	25.5
Over 50 years	0	01	01	03	05	0.9
Province						
Western	13	42	20	398	473	82.12
Other	02	06	04	91	103	17.88
Total	15	48	24	489	576	100

We follow through a flexible recruitment process, focusing on attracting the 'right' talent with competence, experience and suitability to best-fit the job vacancy. This process is systematic, transparent and impartial, with a careful pre-assessment and screening process. Our external recruitments are carried out across the country; with the highest number coming from the Western province. Most of our recruitments are community based, in areas where we operate.

We have in place a systematic approach to earmark and attract talent from local universities, vocational technical training institutes and professional bodies, as well as school leavers. We also provide internship opportunities for undergraduates as well as for other youth from technical schools. Successful interns may also receive permanent placements, subject to available cadre vacancies.

In the reporting year, despite the COVID-19 situation, our recruitment was extensive, given the expansionary drive, especially with the export market potential. We recruited 576 new employees, an increase of 203 percent compared to the previous year recruitment. Out of the total recruitments, over 87.5 percent were employed for manual and contractual grade category; whilst almost 98.6 percent within this category were male employees and 73.6 percent were below 30 years. Recruitment for clerical and executive grades stood at 12.5 percent.

Wherever possible, we give preference to internal recruitments along with training support to take up new responsibilities. This included 23 promotions in the reporting year, along with 22 inter-departmental and factory transfers within the clerical and manual grades.

HUMAN CAPITAL

STAFF TURNOVER

	Staff Turnover - 2020/21				
	Manual	Clerical	Executive	Total staff turnover	Rate of staff turnover
	Number				%
Gender					
Male	35	12	14	61	10.3
Female	01	05	0	06	1.0
Age					
Below 30 years	29	10	10	49	8.2
30-50 years	06	06	03	15	2.5
Ove 50 years	01	01	01	03	0.5
Province					
Western	26	15	10	51	8.6
Other	10	2	4	16	2.7
Total	36	17	14	67	11.3

Recognising the importance of our talent pool, we drive for best employee management practices including proactive engagement, fair compensation, extensive welfare benefits, incentives, recognition of outstanding performances and key health and safety measures. Underscored by these, our employee retention ratio improved in the year under review to 88.7 percent from 85.5 percent as at the preceding year. The average turnover stood at 11.26 percent, a 22.1 percentage drop year-on-year. The highest turnover was registered within the manual grade category; most of them were males and amongst the age group of below 30 years.

We give due consideration to staff retirement and resignations. We conduct exit interviews of key employees who resign from the organisation. The findings therein are deliberated at the management level for necessary corrective actions for staff retention.

PARENTAL LEAVE

GRI Disclosure: 401 - 3

As per the amended regulations under the Shop and Office Employees Acts of No. 14 and No. 15 of 2018, we only grant maternal leave. During the year under review, three employees availed this benefit, corresponding to 9.3 percent of the total female cadre. Out of these female employees, all returned to work, with 100 percent retention rate. They were also entitled

for feeding time facilities, after their maternity leave. We retained 100 percent of the female staff within the organisation 12 months after taking maternity leave.

CHILD LABOUR AND FORCED LABOUR

GRI Disclosure: 408 - 1 & 409 - 1

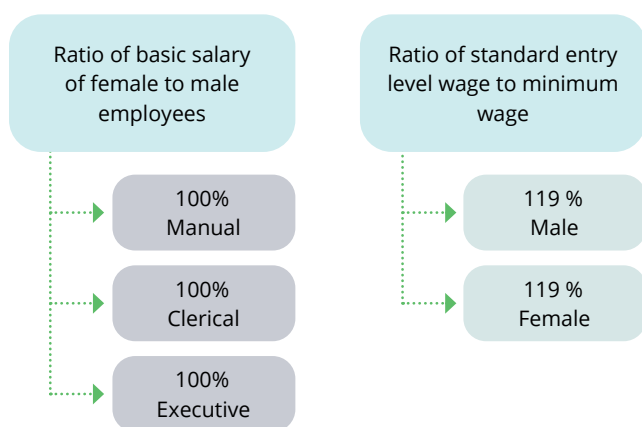
Refer: Social and relationship capital – supplier, page 110.

In keeping with our group values and as enshrined in our HR policy, we do not condone or resort to child labour and to forced labour, either directly or indirectly. Our recruitment procedures take necessary precautions to ensure that we are compliant with the minimum age as stipulated by Sri Lanka's labour laws. We are also conscientious about employee wellbeing, making fair compensation in line with industry standards and meeting our statutory obligations including defined benefits, contributions and gratuity payments.

We have a due diligence mechanism to closely monitor our labour management practices as well as screen for legal compliances of our outsourced labour suppliers and other service providers. Our legal agreements have included the necessary compliance clauses on minimum age and minimum wage regulations along with other ethical considerations and there have been no incidents of child labour or forced labour reported during the year.

COMPENSATION AND WELFARE

GRI Disclosure: 201 - 3, 202 - 1, 401 - 2, 405 - 2



We stand committed to uphold fair remuneration policies and practices. We ensure that our compensation structures are on par with industry standards; and are designed to compensate each employee category without prejudice, purely based on knowledge, skills, dedication and experience. Entry level wages are determined based on minimum wages as stipulated. Salary increments and promotions are performance-merit-based and implemented through a transparent process as will be discussed below.

The remuneration levels are periodically reviewed and revised to be on par with market rates and the Company's future directions. Increments and incentives for the executive grade is linked to our performance appraisal system. The remuneration for key management personnel is decided by the Board of Directors at the Hayleys group level, as per recommendations by the HR and Senior Leadership Team. This Committee also reviews staff salary revisions. Any deductions from wages/salaries will be in accordance with applicable labour laws and with the due consent from employees in terms of authorised deductions.

As stipulated by the labour laws in Sri Lanka, we are prompt in meeting our statutory benefit and contribution obligations. In the year, we contributed Rs. 55.6 million to the Employees Provident Fund and Employee Trust Fund. We provided Rs. 25.6 million to meet our gratuity obligations. (Refer Notes to the Financial Statement, Note No. 24)

In addition, we extend comprehensive financial and non-financial welfare benefits to all permanent employees. In monetised terms, we spent Rs. 841 million to provide these benefits along with Rs. 525 million as salaries and wages.

KEY BENEFITS TO PERMANENT EMPLOYEES			
BENEFIT	EXECUTIVE	CLERICAL	MANUAL
Life insurance	✓	✓	✓
Healthcare insurance - outpatient medical expenses and spectacles	✓	-	-
Disability and invalidity cover	✓	✓	✓
Retirement provision	✓	✓	✓
Loan scheme	-	✓	✓
Meal facility	✓	✓	✓
Transport	✓	✓	✓
Uniforms	✓	✓	✓
Personal protective equipment	✓	✓	✓
Production, attendance, shift and grading incentives	-	✓	✓
Department, shift and cost of living allowances	-	✓	✓
Sales incentives	✓		
Bonus	✓	✓	✓
Leave encashment	-	✓	✓
Company doctor service	✓	✓	✓
Mobile phone and mobile expenses reimbursement	✓	✓	
Subscriptions payments for professional bodies and sponsorship for higher studies	✓		

HUMAN CAPITAL

KEY BENEFITS TO PERMANENT EMPLOYEES			
BENEFIT	EXECUTIVE	CLERICAL	MANUAL
Membership of Hayleys Group Recreation Club	✓	✓	
Library service	✓	✓	✓
Employee sale – aluminium profiles at discounted rate	✓	✓	✓
Cash awards for children of employees who passed grade 5 scholarships, highest achievements at O/L and government university entrance	✓	✓	✓
School bag and stationeries – For children of the employees	✓	✓	✓
Subsistence – official duty	✓	✓	✓
Study leave – professional exams	✓	✓	
Financial assistance for critical illness	✓	✓	✓
Workmen's compensation Insurance	✓	✓	✓
Long service award (25 years)	✓	✓	✓
Death donation scheme	✓	✓	✓
Personal accident cover	✓		

HUMAN RESOURCE DEVELOPMENT

GRI Disclosure 404 - 1& 2

Competency framework focus areas



Training Hours - 2020/21	Manual	Clerical	Executive	Total	Average Training Hours
Gender					
Male	2,710.5	895	786.5	4,392.00	4.7
Female	20	18	25.5	63.5	0.5
Total training hours	2,730.50	913	812	4,455.5	
Average training hours per employee	4.2	5.3	6.2	4.7	

As a core competitive factor, we give strategic precedence and investments to develop our employees and inculcate a learning culture. Critical for business delivery, we extend a range of training and development opportunities to enhance employee soft and technical skills. We give due consideration to organisational, departmental and individual training and development needs, taking into account business aspirations and the return on investment.

Our internal resource persons, including senior and middle level managers and executives, play an essential role in our training initiatives. In the year under review, employees were cross-trained as internal trainers, and they in turn, were invaluable in delivering our training plan. We extended on-the-job training and job rotations to train newly recruited employees and to those earmarked for promotions. We also facilitated two leadership rotations and two lateral transfer opportunities. In addition, we encouraged and extended funding support for our executives to follow higher educational programmes, with leave options given for studies and exams. We also have a good library at our head office with both lending and referencing facilities.

Our external training programmes are aimed at building personal and professional networks, to gain an in-depth understanding of new technology, best practices and current trends in the industry.

During the year under review, we conducted 87 training programmes, other than the induction training programmes. Of these, 5.7 percent aimed at developing employee soft skills, 59.8 percent focused at increasing employee awareness on health, safety and procedures and company operational procedures, and 34.5 percent looked at technical skills. We also completed 4,455.5 hours of training and maintained an average of 4.7 training hours per employee.

Areas of Training	Training and Development - 2020/21			
	Internal Programmes	External programmes	Total Participants	Training period
	Number			Hours
Technical skills development	21	4	254	680
Refresher programmes (work standards and operational procedure)	5	0	76	316
Awareness programmes (health and safety, quality and productivity techniques)	38	14	962	3,385
Individual development training (soft skill development)	0	5	11	74.5
Total	64	23	1,303	4,455.5

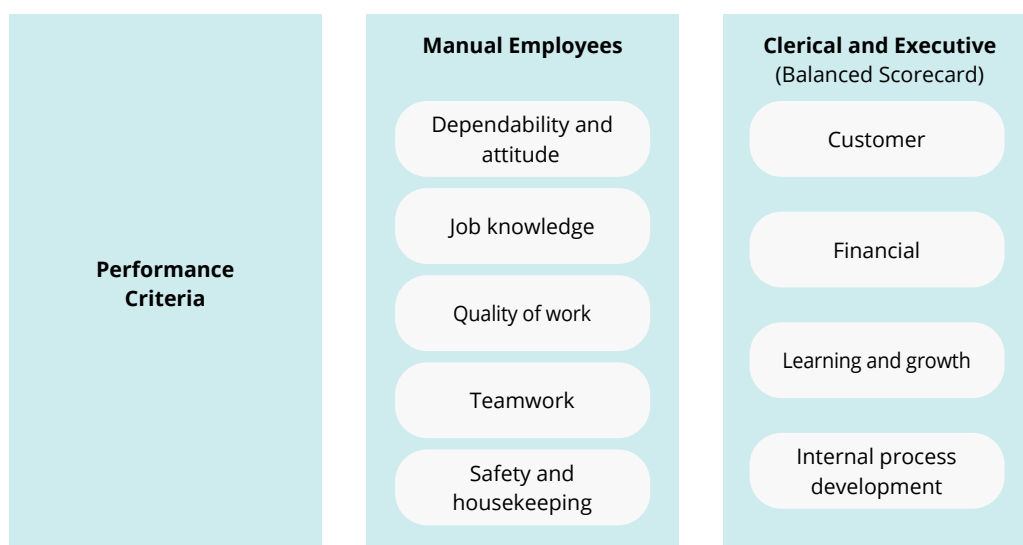
HUMAN CAPITAL

INDUCTION TRAINING

All new recruits are given a well-structured induction training to build a firm career path within the Hayleys group. The programme seeks to give an exposure, inter-alia, to company and group policies, procedures, processes, health and safety, work standards, ethics and code of conduct. A detailed factory visit, covering all operational departments, is also included in the orientation programme. Although, we had restrictions due to the virus outbreak, we carried out a half-day programme at the divisional and corporate level for 576 new employees, for 2,304 training hours.

PERFORMANCE MANAGEMENT SYSTEM

GRI Disclosure 404 - 3



INCENTIVE SCHEME

As initiated in the year, in addition to the existing incentive schemes, we offered extended production and attendance incentives for our employees, linked with departmental objectives to encourage employees to report to work and drive for higher performances amidst the COVID-19 pandemic. The incentives were based on actual production volumes, with higher incentives awarded to output above the targets set. Key performance factors considered were, efficiency, productivity, yield and rejects. Sales staff were also offered an incentive scheme with fixed incentives for target achievements and variable incentives for performance exceeding the targets. This encouraged the operational and sales team to raise their bar of performance.

We have a well-established performance management mechanism to review and recognise employee performance bi-annually, against pre-agreed performance goals, both at the departmental and individual levels. Each category of employee is allocated different weightage (as per their job roles and

responsibilities) for the key performance areas under the Balance Scorecard method. Performance evaluation results of the goals, together with an assessment of their competencies and values form the basis for employee promotions, annual salary/wage increments, recognition and rewards.

The performance management system works across all grades, determining bonus rewards for floor-level manual employees (who come under the collective bargaining agreement) and annual increments for executive level employees. There is a separate mechanism to evaluate the progress of the probationary staff. In the reporting year, we evaluated the performance of 424 employees, representing 68.6 percent of the total workforce.

MENTORING AND COACHING

We recognise and mentor our high achievers with necessary training for upskilling, supporting them on career planning and encouraging them to take on leadership roles. In this regard, we have initiated executive development plans as well as individual development plans to bring in greater structure to our mentoring process. This underlines our efforts in terms of succession planning, paving the way to develop a high-quality leadership pipeline.

Our focus is also on the under-performers. We have taken proactive measures to rectify their lapses and improve their performance, paying due consideration to human psychology and refining the workplace dynamics. We also have in place structured counselling sessions for both probationary staff and for under-performers to iron out work-related issues and difficulties; and address any early warning signs adverse to the organisation's way forward. The immediate supervisors, head of departments, senior managers and as a last resort, professional counsellors, support these initiatives. Inadequate knowledge and skill lapses are rectified by obtaining the right level of training, internally as well as externally. Sometimes, these employees are assigned to different job roles or transfers with due consent from the respective employees. The monthly management meeting chaired by our managing director sets out a productive platform to deliberate on performance gaps and inspire the team to reach out to higher goals.

EMPLOYEE ENGAGEMENT AND WORK-LIFE

Encouraging a collaborative workplace, we strive and seek to build our team and work towards collective goals. Nurturing mutual trust, our efforts in this regard, extend a solid platform for the team to come together, share their learning, improve their work practices and make amends and appease their grievances. The key initiatives in this regard are set out below:

Employee of the month : Inspiring and motivating the team for performance excellence, we select the best employee from each department based on leadership skills, innovation, value and entrepreneurship. Nomination is made by the head of department whilst an evaluation committee makes the selection. All nominees are invited and recognised at a monthly felicitation event with the managing director. Photographs of the nominees and the winner, are showcased on the LIVE display board at the company entrance.

Workplace improvement meeting : Organised once every two months, with the participation of the senior management, this forum encourages employee representatives of different divisions to raise and resolve workplace related issues and staff grievances. These representatives are nominated for six months by their supervisors. An executive is tasked with the responsibility to implement the agreed solutions and recommendations. The HR department follows up on the progress and submits a weekly report to the senior management.

'We Care' : under this initiative, the HR team visits all divisions to discuss grievances and workplace improvements with employees, at an individual level. This is an ideal platform to address common and recurring employee grievances and issues. The team also recognises employee milestones, achievements and celebrate birthdays.

Town hall meeting : A group level meeting, where similar grades of employees have an open forum to voice their issues and concerns, with the top management including

the managing director and the executive director, without their supervisors and the heads of departments. The top management takes up this as an opportunity to keep the team abreast of the latest developments and plans of the company.

Executive get-together : Executives are invited by the top management to review the company's performance and the annual corporate plan. At the event, executives are awarded for their leadership initiatives in terms of special projects. The best overall executive is recognised for his/her performance achievements. The Group Chairman also participates at this event. In the reporting year, this get-together was not held due the pandemic situation.

WORK-LIFE

Celebrating talent

Ishara Perera, attached to our quality assurance department, represented the Hayleys cricket team—winners of the Premier League 2020 – A Division – T20 tournament, championship of the Mercantile Association of Sri Lanka. He was recognised at the Hayleys Sports Awards Night.



Our organisation places significant emphasis on nurturing employee wellbeing. Advocating work-life balance, we extend a conducive workplace where employees are enabled to manage and balance work responsibilities with their personal life. To this end, we support our employees with flexible leave planning and work-from-home facilities. Our welfare package is comprehensive as set out above, underscoring our quality of work life. We also offer office transport services on main routes covering all shifts, canteen facilities with nutritious meals at subsidised rates, free meal arrangements on shift basis, and medical camps including eye camps with concessionary packages. Our sports, cultural, welfare, recreational and CSR activities also support to develop their latent talents and create a sense of self-worth and personal satisfaction.

HUMAN CAPITAL

SPORTS CLUB

Our Sports Club supports and complements our efforts to build team values and to promote work-life balance. All members of the Club voluntarily and actively participate and work as a team to organise team events—some annual signature events and activities. These events are open for all employees and most often, to their families—creating bridges between all levels of the organisation, enhancing inter personal understanding, relieving stress and strengthening the bonds of the 'Alumex family'.

This year, due to the pandemic conditions, we did not hold the staff annual get-together. Instead, we utilised the funds allocated for the get-together to donate 250 tab computers to employees' children above 11 years. We incurred a sum of Rs. 3.3 million for this initiative. We also offered gift vouchers and Travel Bags worth of Rs. 1.07 million for all other employees.



Donating 250 tab computers to employees' children



Gift voucher distribution



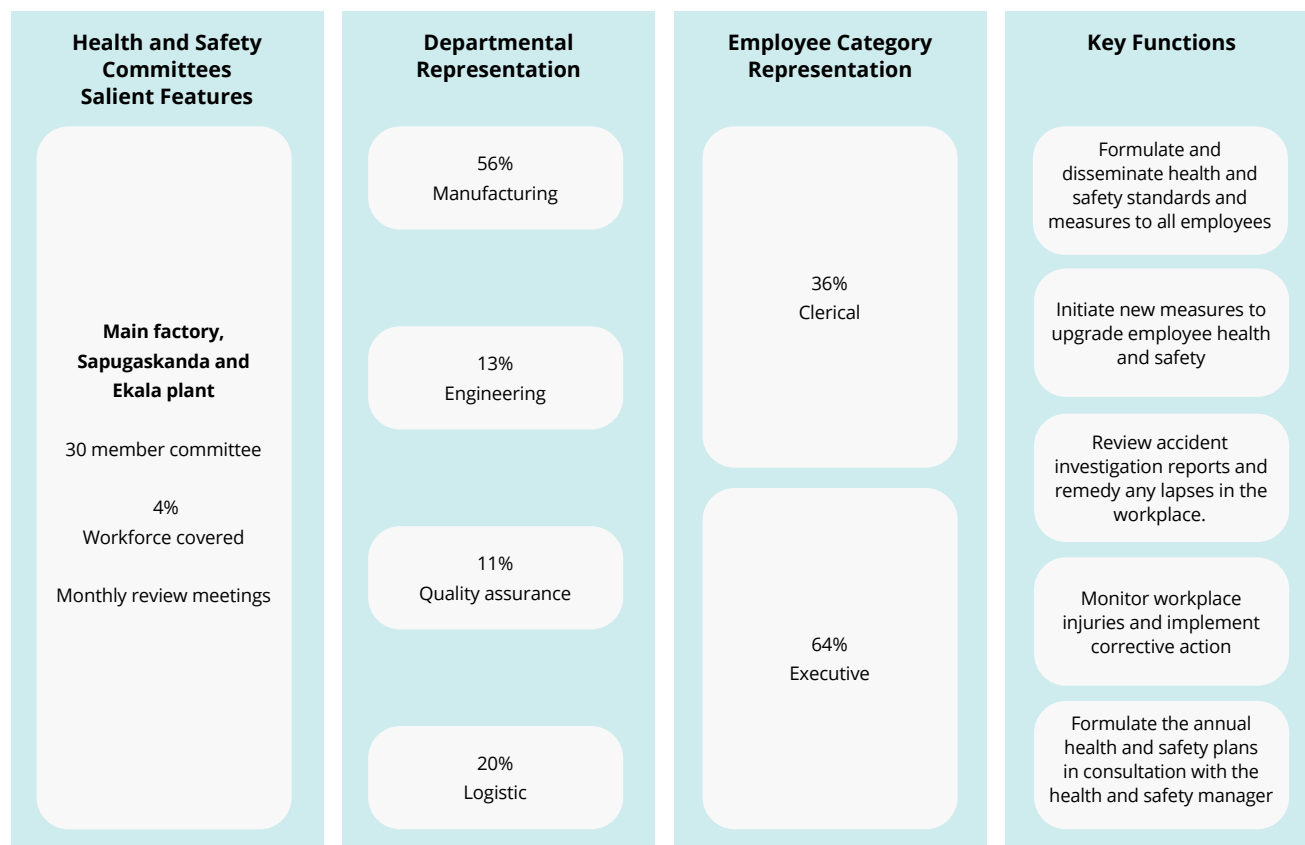
Gift voucher distribution

OCCUPATIONAL HEALTH AND SAFETY

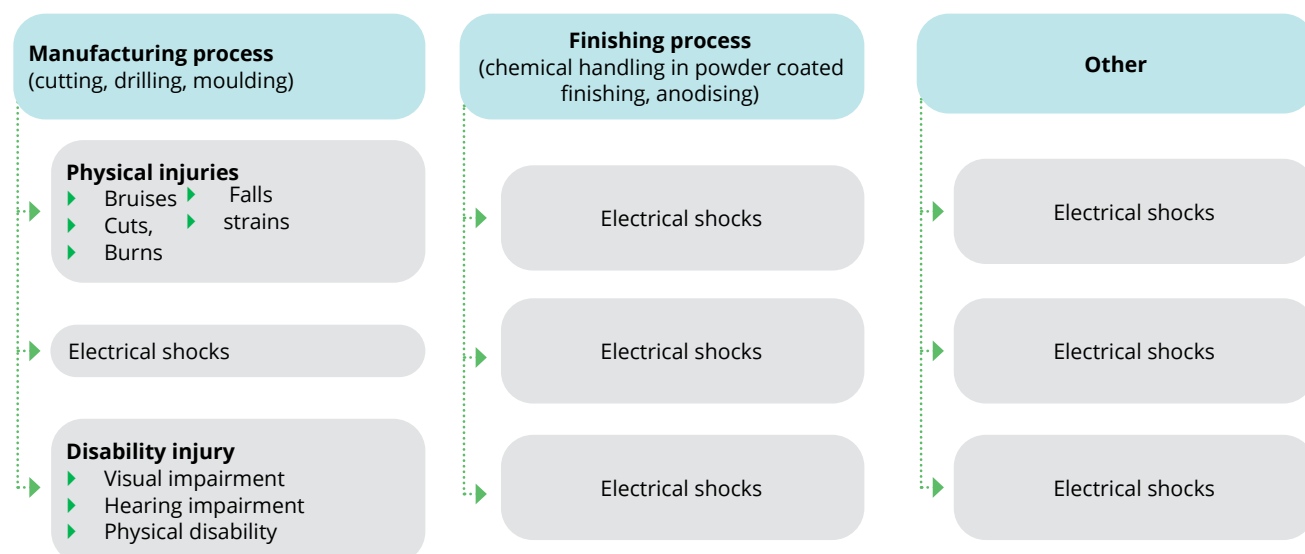
GRI Disclosure 403 - 1 - 10

We have established a comprehensive mechanism to ensure health and safety across our organisation. Led by a specialised and competent health and safety manager, with a team of skilled employees, we have wide-ranging measures in place to initiate best practices and mitigate and monitor safety risks, occupational diseases, work related accidents and fatalities. We have also set up dedicated health and safety committees in both factories, represented by employees, inclusive of all grade categories and departments. Our collective bargaining agreements with employee unions also cover key health and safety areas including adequate welfare provisions and maintain safe systems of work. In the reporting year, we spent Rs. 9.1 million on these initiatives. We also trained 907 employees for 932 hours.

Periodic audits are carried out by the health and safety manager and the committees on all aspects of the company processes, according to applicable national and international laws, regulations, standards and codes of practice. The audit findings are compiled and duly deliberated at management meetings, bringing forth necessary measures to strengthen internal controls. The senior and the line managers are briefed on all safety, health and welfare matters, periodically, to ensure that the entire organisation complies with relevant statutory obligations and drive for continuous improvement in this regard.



HEALTH AND SAFETY HAZARDS



HUMAN CAPITAL

HEALTH AND SAFETY MEASURES AND INITIATIVES

Compliance and best practices

- ▶ National and international laws, regulations standards, guidelines and codes of practice
- ▶ OSHAS
- ▶ ISO 14001
- ▶ ISO 45001
- ▶ ILO
- ▶ Factory Ordinance of Sri Lanka

Administration

- ▶ Dedicated health and safety manager carrying out daily factory visits
- ▶ Health and safety committee represented by all departments and employee categories
- ▶ Periodic audits on health and safety aspects
- ▶ WhatsApp message board to inform staff on safety issues, violations and remedial action
- ▶ Formal accident reporting and investigation
- ▶ Accident statistics compiled and deliberated at monthly management meetings

Safe Manufacturing

- ▶ Process and machine modifications with improved safety features and ergonomics
- ▶ First-aid treatment centre 24/7
- ▶ Personal Protective Equipment
- ▶ Awareness training sessions on first aid and responsiveness to emergency situations

Safe chemical usage

- ▶ Awareness building and special training on chemical handling, transport, storage and application
- ▶ Personal protective equipment for chemical handlers
- ▶ Follow best practices and guidelines set by chemical regulatory authorities

Fire emergency

- ▶ Fire drills
- ▶ Established fire assembly points
- ▶ Fire emergency evacuation plan
- ▶ Fire and rescue teams
- ▶ Periodic risk assessment, investigation and reporting

Health, nutrition and hygiene

- ▶ Duty-leave for clinical visits
- ▶ Ex gratia medical leave for long-term illness
- ▶ In-house doctor service with a government doctor for consultations, twice a week
- ▶ Free medical consultations
- ▶ Free general medicines
- ▶ Awareness sessions on health, nutrition, first aid and sanitation
- ▶ Medical testing - COVID -19
- ▶ Awareness building on non-communicable diseases
- ▶ Awareness building on virus outbreaks and prevention

Training Areas	Employee Category	Health and Safety Training – 2020/21		Training Outcome
		Number of Participants	Training Hours	
Health and Safety				
COVID-19 awareness and prevention	All	740	740	Preventing the spread of Covid-19 to the community
Fire and rescue	All	115	131	Risk management
Industrial safety practices	All	52	61	Build safe environment for all employees
Total		907	932	

Average health and safety training hours per employee: 1.0

REPORTING INCIDENTS

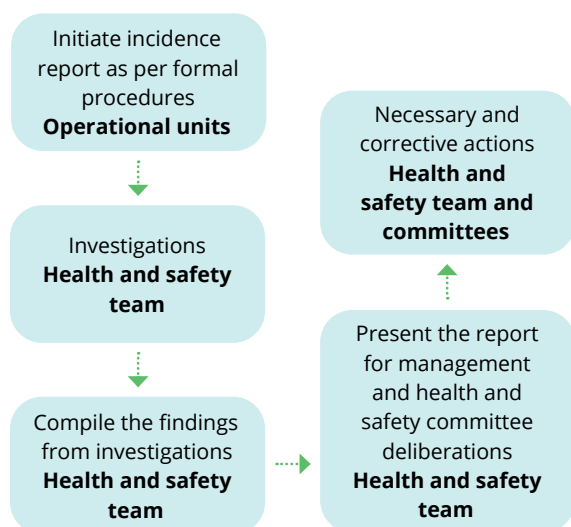
We have set out and internalised a well-structured process for incident reporting and investigation. This is in line with relevant laws, regulations and best practices, procedures and standards. As per this process, operational units can initiate the incident reporting process in consultation with their immediate supervisors to inform and engage the health and safety manager and his team in this regard. This will kick-start the investigation process and the findings will be escalated up to the health and safety committees and the management for deliberations at monthly meetings for necessary corrective and preventive actions.

During the period under review, there were no permanent or partial disability or fatality causing incidents reported. There were 19 injuries reported, corresponding to 2.5 percent of the total workforce. The total man-hours lost due to these accidents stood at 48.5 days, equivalent to losses of Rs. 20,898. These losses were covered under the workmen's compensation insurance cover. Incidents of occupational diseases were also not reported.

Though working at a profit is fundamental to our success, our first concern is to keep our employees safe and healthy. That is why we are relying on them to help practice good safety practices such as following all safety precautions and wearing appropriate personal protective equipment. Safe work behaviour will contribute straightforwardly to our bottom line as well as everybody's job security.

By observing safety precautionary measures, we can minimise on-the-job accidents. It is consistently wiser to spend a bit more time doing the work safely than to risk getting a physical injury. Make certain to continuously follow our safety guidelines and stay alert for unsafe conditions. Think of practicing occupational safety as both pain-free and profitable, a win-win situation for everyone.

INCIDENTS REPORTING PROCESS



Occupational Health & Safety – 2020/21	
Occupational diseases	Not Reported
Absentee rate (Non Annual)	5.1%
Reportable injuries	19
Reportable injury rate	2.2
Lost time injury rate	1.5

Note:

1. Injury rate is calculated based on man hours
2. Lost days are calculated based on scheduled work days

COVID-19 RESPONSE

Swiftly responding with proactive measures and falling in line with the necessary health protocols and guidelines, both our factories in Sapugaskanda and Ja-Ela, were able to start operations in the midst of the lockdown in the first wave of the virus, during March-April 2020. Loss of work days was relatively less in both factories. As at the year-end, out of the total workforce of 750, we reported 29 infected COVID-19 cases. There were no fatalities reported. Key measures implemented were;

- ▶ Close engagement with the public health inspectors and relevant health authorities
- ▶ Continuous engagement with the workforce, building awareness and prevention of the virus-spread
- ▶ Stringent sanitisation of workplace, changing rooms, vehicles, boarding
- ▶ Providing face masks, shields and gloves with instructions on the proper way to use them
- ▶ Extend transport facilities to staff to avoid public transport
- ▶ Strictly maintain social distancing at workplace and transport
- ▶ Inter-departmental movement restrictions
- ▶ Segregated shifts with special roster scheme
- ▶ Minimum number of workers with free boarding facilities and meals
- ▶ Proactive contact tracing of COVID-19 infected workers at 1st and 2nd levels
- ▶ Work-from-home facilities and online meetings
- ▶ Vitamin C given to the employees on a daily basis
- ▶ Temperature checking
- ▶ PCR reports for every recruitment at company cost
- ▶ Free quarantining facilities for high-risk groups

INDUSTRIAL RELATIONS AND COMPLIANCE

GRI Disclosure 102 - 41, 402 -1, 407 - 1

The company ensures freedom of association in the workplace. The clerical, supervisory and manual grade workforce is unionised. We have a mutually cordial relationship,

HUMAN CAPITAL

which we have strengthened over the years, with the Free Trade Zones and General Service Employee Union. We also successfully concluded the annual salary increment negotiations, demonstrating mutual trust maintained between the management and unions. As a member, we follow the guidelines, opinions and advices of the Employer's Federation of Ceylon in all matters relating to industrial relations.

An open-door policy is maintained at all times for the branch unions and employees, to communicate with the management at all levels. Shop floor workplace dialogues with the union officials at department level take place frequently. Meetings with the head of HR and the Deputy General Manager for production, are held on request. Operational changes including changes to processes, process re-engineering or system modifications are implemented with the active participation and consultation of relevant employees. We give adequate notice to employees and ensures they are fully aware of the changes taking place. The minimum notice period as per the collective agreements stands at three days and 39 percent out of our permanent employees are unionised.

We also sponsor and encourage informal employee associations, viz. the Sports Club and the Death Donation Society, to build strong bonds between and across employee categories in the reporting year, as was the case in the recent past, there were no trade union actions or time lost due to trade union activities. We successfully implemented several changes in employment terms and conditions during the Covid 19 pandemic after successful negotiations with the branch unions.

We also rely on the 'open door policy' for grievance handling. We have established and internalised a comprehensive 'Grievance Handling Policy and Procedure'. If employees are unable to effectively address their grievances within their departments, they have the option to apply to the formal process, which is independent and mediated by the HR group manager. If the need arises, the grievance is further elevated for review by the head of HR, Executive Director and or the Managing Director.

During the year under review, there were no formal grievances recorded. However, the senior management mediated in resolving the absence of an incentive scheme for the clerical and supervisory staff who are not directly involved with production or sales functions. After continuous discussion, a consensus was reached to implement an incentive scheme for this category in back-office operations.

The organisation was not fined or sanctioned due to non-compliance with laws, rules and regulations in labour management and relations.

OUTSOURCED SERVICES

Refer: Social and relationship capital, supplier, page 110.

Non-core activities relating to security, tea services, cleaning and janitorial services are outsourced. In addition, a small number of outsourced employees are also employed within the manufacturing and logistics operations as helpers, in non-routine and non-value adding jobs. We have taken adequate measures to ensure the legitimate rights of such outsourced employees; and monitor regulatory compliance on a monthly basis. Also, the manpower suppliers are carefully evaluated at the time of selection and require to be properly established as business entities and registered with the Department of Labour. Further, we also monitor the documentary evidence for statutory compliance in terms of contributions to the Employee Provident Fund and Employee Trust Fund.

HUMAN RESOURCES INFORMATION SYSTEM (HRIS):

As initiated by the Hayleys group, our HR System covers all HR application functionalities from recruitment, on boarding function, employee profile management, leave and attendance, employee transactions, performance goal setting and appraisals, competency management, employee development planning, and employee off boarding activities. The system also generates key management reports for deliberations and decision making. The manual attendance system was fully automated during the year, along with finger scan technology. Further, the facility was extended to regional employees via web link and mobile app systems. Employee self-service portals were introduced to non-executive employees to apply leave, view their attendance details and leave details. The facility is extended to executives and managers to approve non-executive leave via system portal facility.

HR INVESTMENT

Employee productivity and HR investment indicators are established, monitored and aligned to corporate objectives and goals. The company ensures that the level of investment in human capital is relative to the increase in business growth. The human capital budget is planned within eight percent to 12 percent of the budgeted revenues.

HR Investment Indicator	2020/21	2019/20
HR Investment (Rs. Mn)	841,687,740	680,414,683.00
HR investment per employee (Rs per Month)	99,596	89,340
HR investment as a % of revenue	13.97%	14.45%

HR Investment



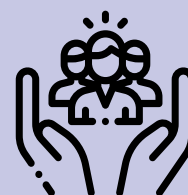
Future Focus

- ▶ Intensify, internalise and streamline COVID-19 preventive measures and controls across the organisation.
- ▶ Closely engage the workforce and extend an enabling work culture to increase productivity.
- ▶ Proactively redress grievances and maintain industrial peace.
- ▶ Automate the routine HR processes further to enable employees to be independent in planning key functions including leave management, tracking performance, internal staffing opportunities and obtaining approvals online.
- ▶ Focus on train the trainer opportunities to strengthen the internal pool of trainers.
- ▶ Extend strategic training opportunities and encourage and offer funding to employees to take up further studies.
- ▶ Develop the leadership and technical competencies of all levels

SOCIAL AND RELATIONSHIP CAPITAL - CUSTOMERS

SOCIAL AND RELATIONSHIP CAPITAL - CUSTOMERS

"RESPONSIBLY PRODUCE INNOVATIVE AND HIGH-QUALITY ALUMINIUM SOLUTIONS TO MEET CHANGING CUSTOMER REQUIREMENTS."



OVERVIEW

As the undisputed market leader, with a share of over 50 percent, Alumex is well-renowned for producing high quality aluminium profiles, predominantly for the local market. Over thirty years, we have strived to enhance our product offer, with greater value addition. This essentially underlines our value proposition, bracing us to differentiate our offer in an increasingly competitive industry. The confidence and the respect we command in the market place stand as our testimony. The section herein will focus on how we engage our customers (mainly business to business) in creating value and our efforts to serve them with responsibility and commitment.

How we create value Customer

Input

Trust and loyalty
of 100+ dealers
38 contractors
36 fabricators
08 distributors
37 industrial
customers

Business activities

- ▶ Engaging and managing B2B customers
- ▶ Training fabricators
- ▶ Brand communications, marketing and promotions
- ▶ Maintaining product quality and standards
- ▶ Research and development for product development
- ▶ Complying with laws, rules and regulations

Output

- ▶ Higher sales
- ▶ Reduced customer complaints
- ▶ Quality and standards
- ▶ Value added and new products
- ▶ Skilled fabricators

Outcome

- ▶ Brand recognition and loyalty
- ▶ End-customer satisfaction

MANAGEMENT APPROACH

We follow a three-pronged approach to customer capital management, focusing on product, accessibility and customer relationships. We maintain a consistent dialogue with our customers; gathering their information and market trends to understand, address and cater to their needs with a well-rounded and responsible product offer. Our aim is to offer them a solid value proposition that will build mutual trust and confidence, in turn, setting us apart from the competition.

Our customer related departments including marketing, product development and quality control, closely monitor the delivery of our strategy, in line with pre-agreed key performance indicators. The strategy is revisited periodically to adjust for any deviation or gaps, with necessary revisions to deliverables and targets.

Strategic imperatives and strategy

Local market development

- ▶ Expand the outreach and strengthen ties with the distribution network to increase market share.

International business development

- ▶ Explore and firm up on new market opportunities to expand and diversify the international business segment.

Customer engagement

- ▶ Closely engage customers, redress their grievances in an effective and timely manner.
- ▶ Extend pre and after sales support to ensure seamless customer service.
- ▶ Consolidate concept stores to support end-users with hands on product experience.
- ▶ Use digital solutions to create awareness and support customers on product usage.

Marketing communications

- ▶ Consolidate and responsibly promote the brand along with focused marketing and product promotions.

Product development

- ▶ Collaborate with the academia and allocate adequate resources for research and development to add value to existing products and to develop new products.

Product responsibility

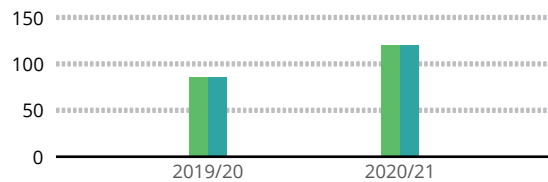
- ▶ Follow guidelines set by well-renowned certification bodies to uphold highest quality and standards across the value chain.
- ▶ Conform to stringent safety standards within the manufacturing process to ensure customer health and safety.
- ▶ Extend necessary product information and ensure accurate labelling to secure buyer confidence.
- ▶ Learn international best practices by collaborating with international manufacturers/suppliers.
- ▶ Maintain customer privacy and security of data and information.
- ▶ Comply with relevant laws, rules and regulations in terms of product responsibility.

SOCIAL AND RELATIONSHIP CAPITAL - CUSTOMERS

KEY PERFORMANCE INDICATORS

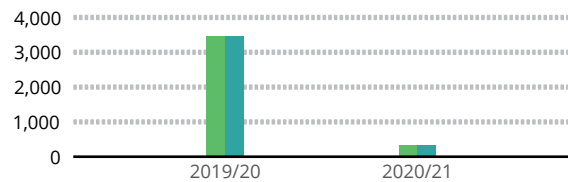
Dealers

Number



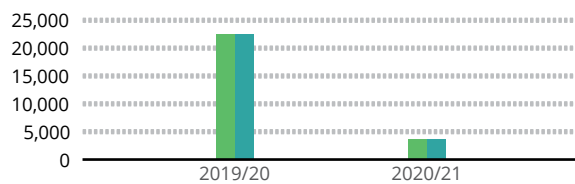
Fabricators Trained

Number



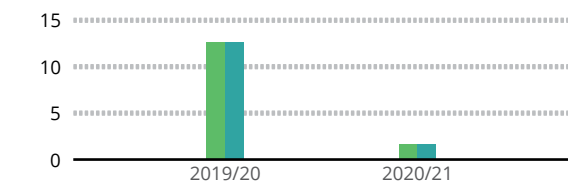
Fabricators Training Hours

Hours



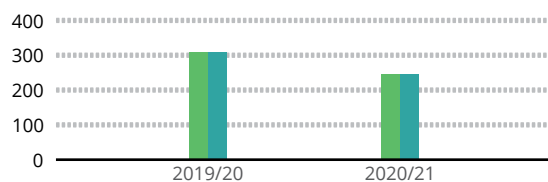
Fabricator Training Investment

Rs. Mn



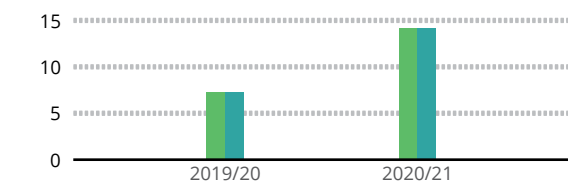
Customer Complaints and Resolved

Number



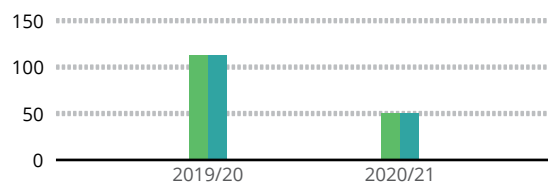
Product Development Cost

Rs. Mn



Branding, Marketing and Promotions

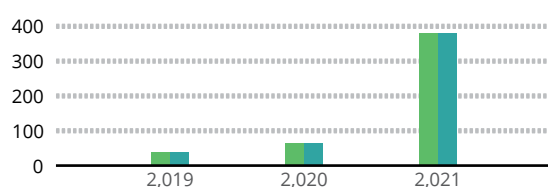
Rs. Mn



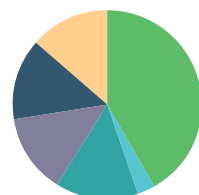
INTERNATIONAL BUSINESS DEVELOPMENT

Export sales

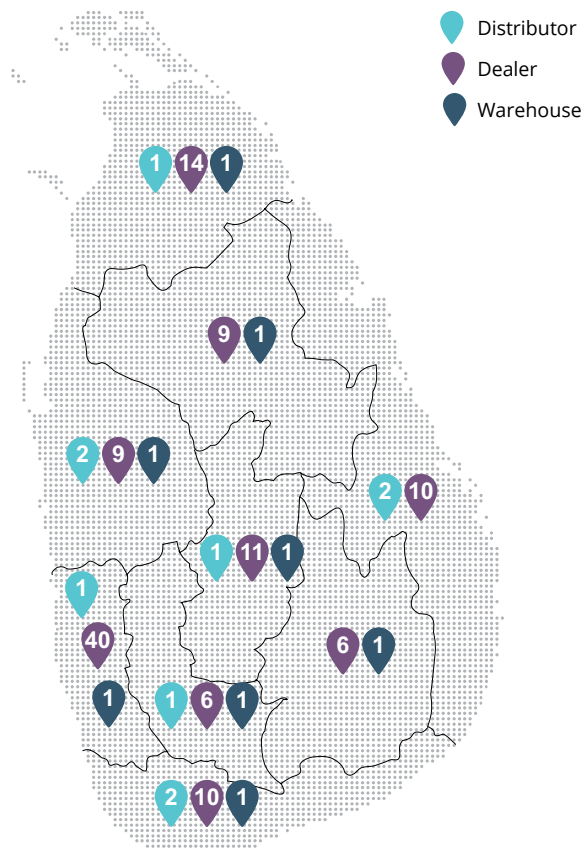
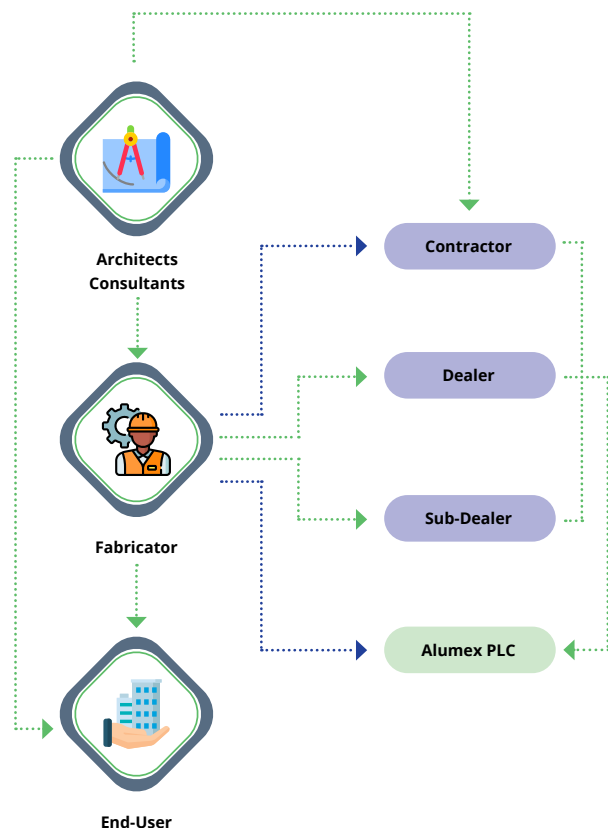
Rs. Mn



Customer Segmentation



Dealers	121
Distributors	8
Contractors	38
Export	36
Industrial Customers	37
Fabricators	36



CAPITAL PERFORMANCE

GRI Disclosure 102 - 6

LOCAL MARKET DEVELOPMENT

With over 30 years of Alumex presence, our local market in the year, contributed almost 93 percent of the company's revenue. With an islandwide coverage, our local network is well-structured, extensive and inclusive. The network comprising dealers, general distributors, contractors, fabricators and industrial customers, has a significant outreach to meet end-users; spreading across strategic locations, both in the city as well as the periphery. We continued in the year, to give top strategic priority to manage and develop this network, building and furthering our relationships with each of our customer segments.

DEALERS

121
Dealer outlets
Islandwide coverage

08 Dealer
Distribution centres
Anuradhapura, Badulla,
Wariyapola, Galle,
Rathnapura, Jaffna,
Kandy, Makola

02
Warehouses
Sapugaskanda,
Ekala

70% local market revenue
Dealer Network

Taking up over 70 percent contribution to revenue, our dealer network plays a pivotal intermediary role in sustaining our market leadership within the country. As stockists of Alumex aluminium profiles and accessories, our dealers continued to be proactive in the year under review, to promote the brand amongst a wide end-user customer base. Our distribution centres in key locations including two central warehouses, in turn, supported the dealers with timely and consistent delivery of aluminium profiles, even amidst the pandemic difficulties

SOCIAL AND RELATIONSHIP CAPITAL - CUSTOMERS

that prevailed in the year under review. With the 'fighter' brand we launched in the year, 'Alco', we were able to penetrate into the second-tier dealer network, thus, expanding our network and gaining market share and reaching over 50 percent in total. Our dealer network registered an increase of 24 new dealers to reach 121 in total—representing a 25 percent year-on-year growth.

GENERAL DISTRIBUTORS

For greater inclusivity, our channel distribution arm reached out to the retail market through hardware shops and picture palaces (which also market other brands). As at the reporting year end, we appointed a new retail general distributor, taking the total to eight, with an islandwide coverage. All distributors were branded with 'Alumex retail seller' status. Our new product, 'Alco' effectively serves this generic market, reaching out to the price conscious lower to middle tier market segments.

FABRICATORS

Closely engaging the end-customers, including architectural and building consultants, fabricators account for seven percent of our total revenue. Comprising over 3,000 fabricators, both small and medium scale, act as sub-contractors in fabricating doors, windows, partitions, curtain wall systems and proprietary systems for residential and commercial building projects. In the reporting year, notwithstanding the pandemic restrictions, we continued to develop this segment as will be discussed in detail below, with structured training given to over 330 fabricators.

CONTRACTORS

Our contractor segment is sourced from a pool of around 6,000 registered contractors under the National Construction Association of Sri Lanka. The contractors collaborate with us on projects from the very start of the tendering process. This supports our brand and gives us a firm commitment of sale, if our contractor is awarded the tender for a project. This is also a clear advantage over the competition. The contractor segment accounted for five percent of our revenue in the year under review.

INDUSTRIAL CUSTOMERS

We continued to give strategic precedence to our industrial customers, including manufacturers of air conditioning diffusers, solar power systems, heat sinks, lorry and bus bodies, ladders, kitchen cabinets, among others. Our advanced die design manufacturing centre at Sapugaskanda, with nearly 500 designs, is fully equipped to serve this market segment. We remained conscientious on quality and on-time delivery, supporting the industry sector to meet their respective manufacturing targets as well as save foreign exchange on imports. Led by the solar mounting systems, this customer segment accounted for five percent of our revenue mix whilst growing at one percent year-on-year.

INTERNATIONAL BUSINESS DEVELOPMENT

As initiated in 2018, we have strived to diversify our market reach beyond local borders. Initially, our aim was to develop ties with regional markets like Maldives, India, Bangladesh and Nepal, focusing on the architectural scope. On the same focus, we entered the Kenyan market.

This year under review, our export initiatives were brought under the purview of a dedicated division, with a team of qualified and experienced professionals in international business development. With the formation of this unit, in a short span of time, we have been able to expand our international business into 12 countries. Our export earnings recorded an exponential growth of 893 percent compared to last year. This is despite the pandemic challenges we faced with lockdowns and border controls. The Export Development Board supported our initiatives in this regard.

As the only and the largest regular aluminium extrusions exporter, we have opened up new opportunities for foreign revenue generation to the country. Through our value-added export product range, we also create a number of new opportunities to the local small and medium enterprises, to become our suppliers, meeting international standards.



CUSTOMER ENGAGEMENT

As a market leader, we have always given top strategic priority to build solid and long-standing customer relationships with close, continuous and consistent engagement. This has opened up opportunities to ascertain their feedback and thereby, tailor make our products and services to best-fit market demand. We have in place a dedicated sales team (representing all provinces) to engage and obtain feedback from customers consistently. Our customer satisfaction surveys are carried out periodically. The results of these surveys and recommendations therein, are set forth at management meetings for deliberation and for corrective and preventive action.

PRE AND AFTER SALES SERVICE

We have in place a comprehensive customer support system, encompassing both pre and after sales services. We extend technical assistance including free consultations, site visits, technical drawings and necessary guidance to choose suitable fabricators. Our marketing and technical teams along with company recommended fabricators are well-trained, with necessary expertise to proactively support the installation process and to extend after sales service. In the reporting year.

LUMIN CONCEPT CENTRES

Our LUMIN Concept Centres have been established in key three locations—Nawala, Mahaiyawa in Kandy and Ariyalai in Jaffna. Expanding this initiative, we have also collaborated with our business partners to set up concept centres at dealer and fabricator showrooms. As at the reporting year, we have three such concept centres in place, covering Colombo and Gampaha.

Showcasing the LUMIN range of doors, windows and other accessories including new products, the concept centres give our end-user customers an opportunity to experience the 'real look and feel' of using aluminium in their housing and other building projects. It helps to bridge the knowledge gaps amongst end-users and takes away the misconceptions on using aluminium as a building material. The centres also cater to architects, consultants and interior decorators, giving them inspiration on new design concepts; whilst Alumex certified fabricators also benefit from the referrals routed through the concept centres. The centres also offer Alusys, a software system, to support customers to design their building concepts with appropriate aluminium profiles, quantities, estimates and drawings.

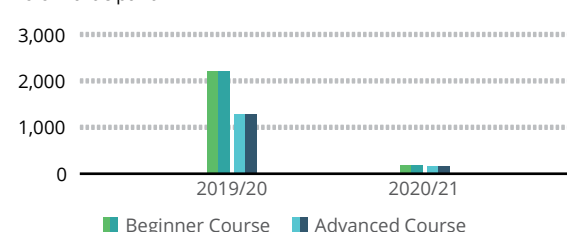
As at the reporting date, LUMIN designs and products have been used to build over 170 houses including apartments. We spent Rs. 7 million in the year to further develop these centres.

CUSTOMER TRAINING

Refer: Social and relationship capital, community, page 113.

Beginners and Advanced

No of Participant



As initiated as far back as 1988, we have a fully-fledged training centre in Sapugaskanda, to support our customer in product training. Our training programmes are comprehensive and well structured, supported by an expert panel of resource persons, both in-house and external. The training offers certified beginners' courses as well as advanced programmes. This reporting year, we carried out 23 training programmes, with a total of 3,294 hours, covering 339 fabricators as well as welders and carpenters. The beginners programme trained 181 new fabricators. Certified LUMIN training was also carried out for 158 experienced fabricators and dealer representatives on the high-end product range. We also extended training to the private and public sector institutions including tri-forces, Industrial Development Board.

CUSTOMER COMPLAINTS

We are conscientious and prompt in redressing customer complaints—generally, within two working days. All complaints are segregated and forwarded to relevant departments for necessary action. For quality related complaints, representatives from the quality control department will be called upon to take field visits prior to resolution. If the first level of redress is not satisfactory, the complaints will be directed to the senior management including the managing director. In the year under review, we received 264 customer complaints compared to 328 in the preceding year. Out of the complaints received, 251 have been fully resolved as at the reporting date whilst 13 are ongoing.

MARKETING COMMUNICATIONS AND PROMOTIONS

Refer: Intellectual capital, brand equity, page 76.

GRI Disclosure: 417 - 3

MARKETING INITIATIVES AND SPONSORSHIPS FY 2020/21

Sponsorship of
Rs. 14.8 Mn

Digital Marketing
Campaign
Social Media: Rs. 1.9 Mn

SOCIAL AND RELATIONSHIP CAPITAL - CUSTOMERS

Our marketing communication and promotional strategy is in line with our brand values. All communication activities, be it catalogues, point of sale marketing, social media campaigns and product -launches are carried out responsibly, with attention to accuracy and creditability of information. In the year, we relied on radio campaigns and digital marketing tactics to differentiate, position and promote our products, particularly, our new fighter brand, 'Alco'. We also participated at exhibitions and provided sponsorships to key events totaling to Rs. 14.8 million. In the reporting year, we did not report on any incidents of non-compliance with regulations or voluntary codes with regard to marketing communication aspects.

PRODUCT DEVELOPMENT

Refer: Intellectual capital, research and development, page 74.

As a market leader, it is of strategic significance to be abreast of the latest developments in the industry and fine-tune the product offer, accordingly with greater value addition. We have in place a fully-fledged product development team to focus on product improvements as well as new product development to meet the evolving trends. In the year under review, we spent Rs. 14.1 million on product development with 44 new products launched into the marketplace.

PRODUCT RESPONSIBILITY

GRI Disclosure: 416 - 1

**PRODUCTION**

We uphold product responsibility across our value chain—from the onset of the manufacturing process to the sale of products and after-sales service. We stand committed—spending time, money and efforts—to ensure quality and standards of our products, health and safety of our customers and maintain an overall responsible and ethical conduct in product transactions.

QUALITY AND STANDARDS

Refer: Intellectual capital, licensing and certifications, page 78 and 79 supplier capital, page 107.

Our operations are aligned to international best practices and standards. Our factories and the manufacturing processes, therein, follow the guidelines set by ISO 9001:2015. Our product quality and standards are in line with Sri Lanka Standards certification. The quality of our architectural products is assured by international licenses—QUALICOAT for powder coating and Qualanod for the anodising process. Both licenses are issued by global quality label bodies, headquartered in Zurich, Switzerland. As will be discussed below, our powder suppliers are also compliant with the specifications set by QUALICOAT certification. (Pre-treatment chemical on powder coating process is also compliant with the QUALICOAT certification)

We maintain stringent quality controls under the purview of the quality control team of 59. This reporting year, we carried out local and international audits on our manufacturing systems, processes and practices in our main factory in Sapugaskanda and Prime plant in Ekala. Audit findings were presented to the respective department heads as well as to the senior management for their deliberations and necessary actions.

QUALITY AND STANDARDS AUDITS - 2020/21

LOCATION OF AUDIT	AUDITED BY	AUDIT FINDINGS	ACTION TAKEN
Alumex head office (QUALICOAT)	QUALICOAT body	No	-
Alumex head office (Qualanod)	Qualanod body	No	-
Alumex head office (Approved applicator certificate)	Jotun	No	-
Alumex head office (SLS)	SLSI	No	-
Alumex head office & Prime plant (ISO 9001-2015)	SLSI	Deviation of process parameters	Corrected quality parameters
Prime plant(Approved applicator certificate)	Jotun	Deviation of oven temperatures	Modified oven heat transfer system

In the year under review, we have ensured compliance with required quality and standards. Our company did not have any monetary fines for non-compliance with the laws and regulations concerning the provision and use of products and services.

CUSTOMER HEALTH AND SAFETY

GRI Disclosure: 416 - 2

CUSTOMER HEALTH AND SAFETY KEY FEATURES

No hazardous chemicals used in the production process

Aluminium extrusions are designed with safety considerations

10 to 30 years warranties for powder coated and anodised products

International certification on quality and standards

Architectural products are tested and certified for safety and security

Aluminium extrusions are designed with safety features whilst there are no hazardous substances used in production which are harmful for human health. The products are also designed as 'maintenance free' whereby, chemicals are not required for general maintenance. Our extrusion systems are also used by the worlds' leading accessory manufacturers including Giesse, Assa-abloy, Kinlong, 3H and LGF. Underlined by their reputation and our confidence in their best practices, we do not carry out specific product assessments with regard to customer health and safety.

In addition, our architectural products including curtain walls, aluminium doors and windows are tested for air infiltration, water penetration and wind resistance at a certification laboratory in Dubai, which is accredited by the renowned testing body, United Kingdom Accreditation Services. Therefore, our products meet the necessary safety and security standards required for multi-storey commercial buildings and residential complexes. We also give our customers necessary support as discussed above, with comprehensive after sales services to ensure that aluminium extrusions are used as per the manufacturer's specifications and in line with safety recommendations. A manufacturer's certificate is issued for orders over Rs. 5.0 million, to certify compliance with the specifications as set out in the standards. This certification is also issued for small orders upon request.

There were no warnings or penalties imposed on any of our products due to poor safety and health issues.

PRODUCT PACKAGING AND LABELING

GRI Disclosure: 417 - 1, 2



Alumex products include a packaging label along with bar codes with user information and instructions. We also have in place design technical information and instruction manuals/booklets to guide fabricators, contractors and end-users on the correct way of using Alumex products, including the recommended accessories.

SOCIAL AND RELATIONSHIP CAPITAL - CUSTOMERS

Although, packaging and labelling of aluminium extrusion products are not mandatory, we follow international best practices in packaging to ensure product safety and quality. Anodised and mill finish extrusions are securely packed with polythene whilst bronze anodised products are additionally protected with a surface protective sticker. Finished powder coated and wood finish aluminium profiles are foam wrapped prior to polythene packaging.

In the reporting year, there were no incidents of non-compliance with regulations concerning information and labelling of our products.

CUSTOMER PRIVACY

GRI Disclosure: 418 - 1

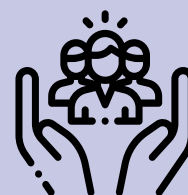
Our Group has entered into several non-disclosure agreements in terms of business-to-business transactions including data and information of end-customers, sales plans, pricing formular and discounts. As per our contractual obligations and more so, enshrined in our corporate policy, we are conscientious and responsible in maintaining and protecting customer confidentiality. During the year under review, there were no complaints reported regarding breach of customer privacy and/or loss of customer data and information.

Future Focus

- ▶ Introduce new discount schemes to expand the dealer network.
- ▶ Strategically display Alumex new products at dealer outlets.
- ▶ Introduce a loyalty point system for fabricators to incentivise on their purchases.
- ▶ Intensify dealer training on technical know-how.
- ▶ Train fabricators on foreign proprietary aluminium systems.
- ▶ Develop point of sales materials for new products.
- ▶ Consolidate high-value markets in the export arena.
- ▶ Meet the growing demand for 'DIY products and ready-to use products'

SOCIAL AND RELATIONSHIP CAPITAL - SUPPLIER

"BUILD SOLID RELATIONSHIPS WITH RESPONSIBLE AND ETHICAL SUPPLIERS TO CREATE SHARED VALUE ALIGNED TO OUR STRATEGIC GOALS."



OVERVIEW

As a manufacturing entity of aluminium extrusions, we have a large supplier base, both local and foreign, strategically supporting our value creation process. Their business acumen and work ethics essentially underscore our efforts to differentiate our products from those of our competitors. Hence, over the years, we have strived to work closely with them, thereby, nurturing solid and reciprocal relationships. The section herein, will report and discuss on how we work with our suppliers and the best practices we have adopted and advocate across our value chain.

How we create value Supplier

Input

+800 Suppliers

45+ aluminium billets, ingots and scrap
33+ chemicals, die steel, powder and finishing material
88+ machinery and spare parts
15+ packaging
09+ fuel, oils and electricity
705+ general

Business activities

- ▶ Reviewing and refining the registered supplier list
- ▶ Procurement activities and evaluations
- ▶ Quality assessments of supplies
- ▶ Managing logistics and transport
- ▶ Assessing supplier business ethics and responsibility
- ▶ Advocating best business practices amongst suppliers

Output

- ▶ Quality raw material supplies
- ▶ Modern manufacturing facility
- ▶ Supplier compliance with laws, rules and regulations

Outcome

- ▶ Sustainable products
- ▶ Responsible supply chain

SOCIAL AND RELATIONSHIP CAPITAL - SUPPLIER

MANAGEMENT APPROACH

Building mutual and trustworthy relationships, we are focused and responsible in our engagement with our suppliers. As strategic business partners, we strive to maintain a consistent dialogue with them to find common ground to create shared value aligned to our corporate goals, work values and practices. Our engagement is consistent and continuous—with face-to-face meetings, site visits, frequent communications via electronic and social media as well as attending exhibitions and annual conventions. Our dedicated purchasing team is the focal point of engagement with our supplier base. In addition, our quality assurance arm as well the product development division play an essential role in supplier engagement.

We have a well-structured supplier monitoring mechanism in place, where we review and negotiate business obligations in terms of technical know-how, payment terms, quality and standards of supplies and delivery timelines. This also includes sustainability goals including social and environmental responsibility commitment and compliance with relevant laws, rules and regulations. Periodic audits are also carried out, both external and internal, across the supply chain. The ISO certification along with UN Sustainable Development Goals give guidelines on managing the supply chain.

Strategic imperatives and strategy**Procurement practices**

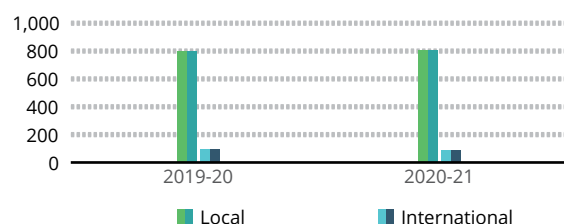
- ▶ Ensure transparency, accountability and integrity within the procurement process.
- ▶ Local suppliers to be given preferential treatment if and when the pre-agreed procurement criteria are met.

Supplier screening for best practices

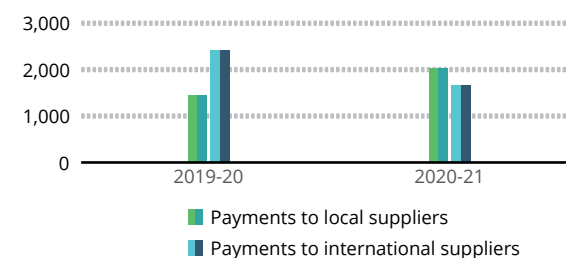
- ▶ Exercise due diligence and monitor suppliers to ensure that they are responsible and in compliance with relevant laws, rules and regulations.
- ▶ Monitor and follow up on the currency of the licenses and certification of key suppliers.

KEY PERFORMANCE INDICATORS**Suppliers - Foreign & Local**

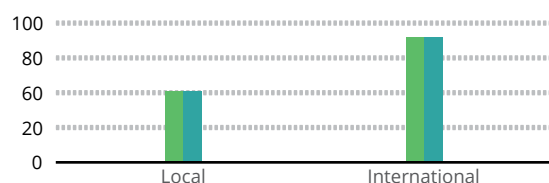
Number

**Procurement Expenditure Foreign & Local**

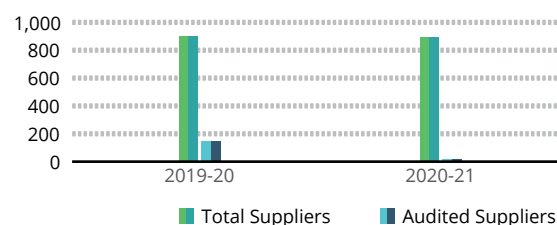
Rs. Mn

**Credit Period**

Days

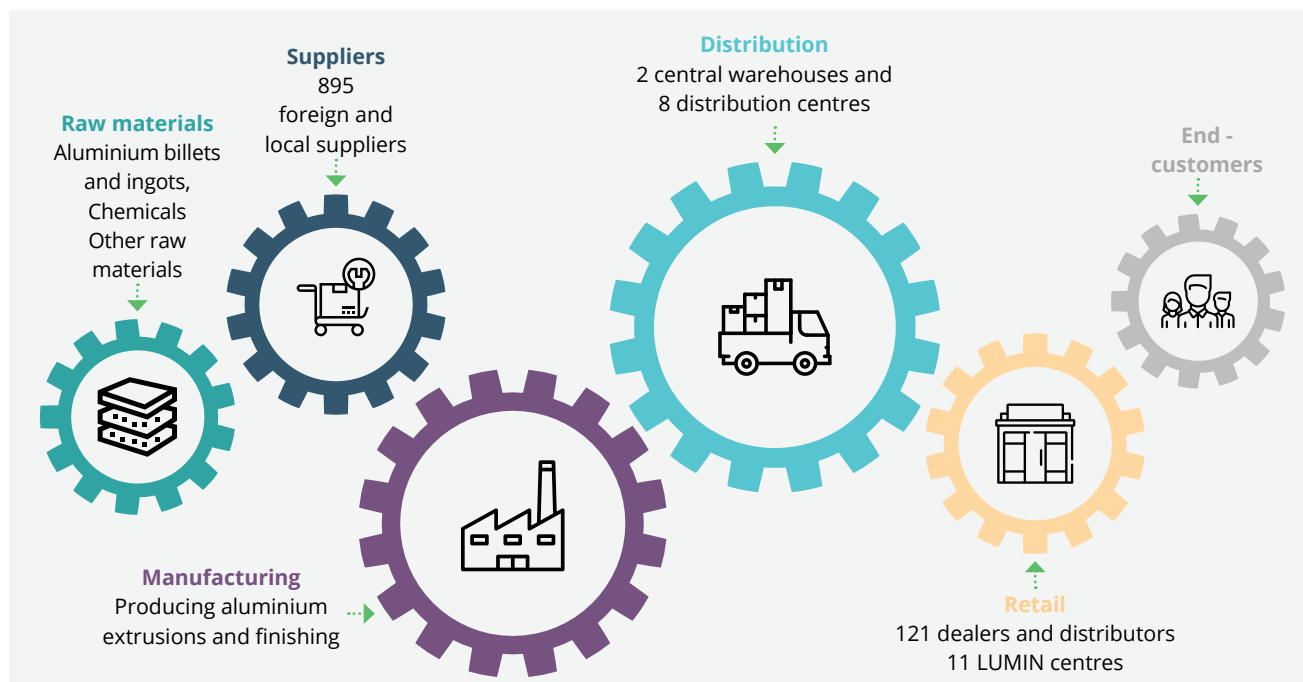
**No. of Supplier vs Audits Conducted**

Number



CAPITAL PERFORMANCE

GRI Disclosure: 102 - 9



PROCUREMENT PRACTICES

Refer: Manufactured Capital – Procurement of Machinery & Equipment, Page 73.



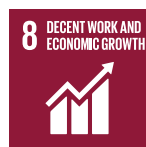
Procurement at Alumex is a well-structured process, with necessary measures in place to ensure accountability and transparency. Following best practices, we call for and duly evaluate quotations from the registered list of suppliers. High value contracts go through a tender process. Awarding of contracts are determined by evaluation committees and/or the tender board based on pre-agreed procurement criteria including supplier's standing in the industry, their quality and standards, certification and licensing, delivery track record and cost benefits.

Main raw material, aluminium billets and ingots, are sourced from long-standing suppliers in the Middle East. This procurement contract is long-term, negotiated and renewed annually. Quality and specifications are key in this contract. Main process chemicals including powder coating chemicals and

chemicals for anodising are primarily sourced from Italy, India, Dubai and China. These chemical suppliers are well-reputed with necessary licenses under QUALICOAT and Qualanod licensing bodies. All hazardous chemicals which are purchased locally come under the purview and licensed by the Precursor Control Authority of the National Dangerous Drug Control Board.

LOCAL AND FOREIGN PROCUREMENT

GRI Disclosure – 204 - 1

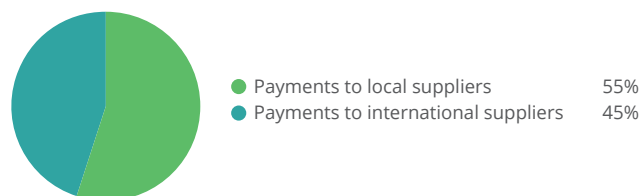


In the reporting year, total suppliers stood at 895 with 22 new suppliers. Out of the total, 805 are local suppliers; whilst the balance 90 are international suppliers catering to our main raw material requirements including aluminium billets and ingots and chemicals. Supplier payments in the year touched Rs 3,706 million, representing a decrease of four percent as against the preceding year. Out of the total payments, local procurement took up fifty five percent with Rs 2,036 million. The balance of forty five percent was spent on foreign suppliers.

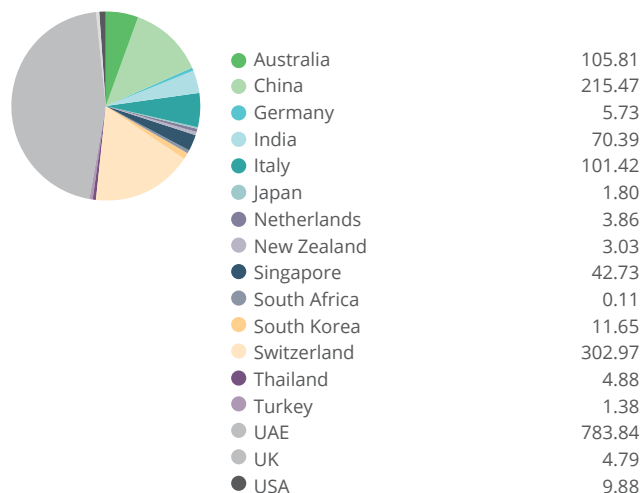
SOCIAL AND RELATIONSHIP CAPITAL - SUPPLIER

	Rs. Mn
Payments to local suppliers	2,036.77
Payments to international suppliers	1,669.72

Supplier Payments %



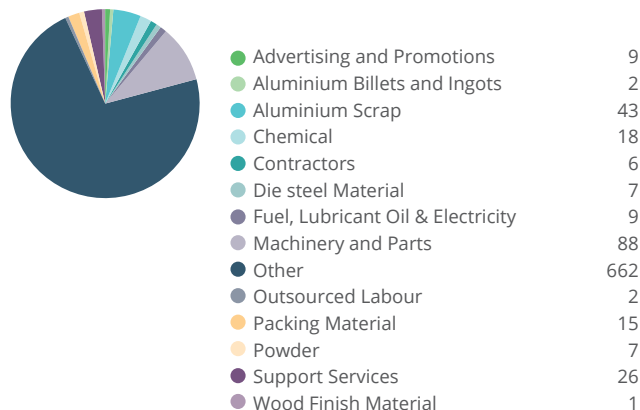
Supplier Payment, Country Mix



Supplier Payments, Product Mix



Supplier Category 2020/21



SCREENING SUPPLIERS

GRI Disclosure – 308 - 1 - 2, 408 - 1, 409 - 1 & 414 - 1 - 2

As a responsible corporate, we look to transact with suppliers who are like-minded and have similar values that we uphold as an organisation. Given our long-standing relationships, we are well-aware of our suppliers, their values and their corporate conduct across their respective value chains. With a consistent dialogue we maintain along with our annual and or periodic reviews, we are able to monitor and follow-up on their commitment and the measures they have adopted to ensure social and environmental responsibility. We also give due consideration when we source temporary labour from external manpower suppliers. They are assessed annually for compliance in terms of labour laws including wages and statutory benefits. This year, we assessed four suppliers including 22 new suppliers, on environmental and social aspects. We carried out 12 internal audits, under the purview of our HR department.

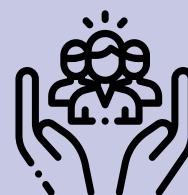
In the year under review, we did not record any incidences of errant suppliers in terms violating environmental laws, Social Compliances, human rights, child and forced labour.

Future Focus

- ▶ Increase the supplier base and the geographical distribution to reach a minimum of five suppliers per product
- ▶ Fine tune supplier evaluations to increase the scope of environmental and social considerations.

SOCIAL AND RELATIONSHIP CAPITAL – COMMUNITY

“UPHOLD RESPONSIBLE BUSINESS PRACTICES AND DEVELOP SOCIAL SERVICES TO UPLIFT COMMUNITY WELLBEING, WITH CASCADING BENEFITS TO SOCIETY.”



OVERVIEW

Aligned to our integrated thinking, we value our local communities and recognise the importance of winning their goodwill and trust in creating value, beyond the short-term. It is in this setting that we stand committed to be civic conscious in our business operations, minimising our impacts and building positive relationships. This is an intrinsic part of our business model. The section herein will look at the way we engage with our communities, especially in and around our operations, and how we strive to be a responsible corporate citizen aligned to ‘Alumex values’.

How we create value Community

**Input
Community**
Goodwill of communities in and around the areas we operate

Business activities

- ▶ Engage communities to address their grievances
- ▶ Volunteer and invest to support community wellbeing
- ▶ Community recruitment
- ▶ Advocate best social policies to minimise operational impacts

Output

- ▶ Community based projects
- ▶ Community employment generation

Outcome

- ▶ Community wellbeing
- ▶ Community loyalty and support

SOCIAL AND RELATIONSHIP CAPITAL - COMMUNITY

MANAGEMENT APPROACH

In keeping with our corporate values, our engagement with our communities (mainly in areas in which we operate) is well focused and planned. It is inextricably linked to our integrated corporate plans—seeking to create sustainable value, with trickle-down benefits across our nation. Fostering loyal relationships, our philanthropic initiatives and sponsorships are aimed at building social services and thereby, uplifting communities, their standards of living and their quality of life. In a broader sense, we stand committed to being an exemplary corporate citizen, responsible in our business actions and advocating best practices and policies across our value chain.

Strategic imperatives and strategy**Capacity building**

- ▶ Develop community educational capacities to support self-employment and entrepreneurship, especially amongst the youth.

Community service

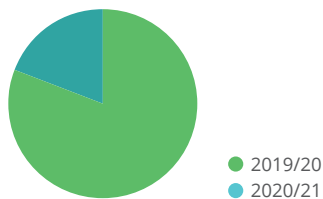
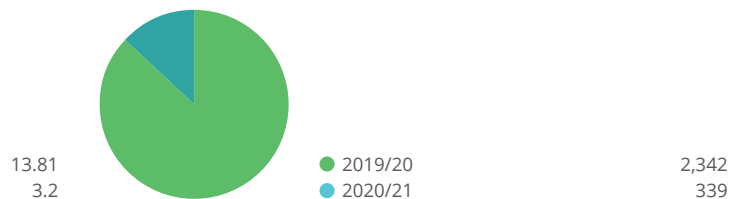
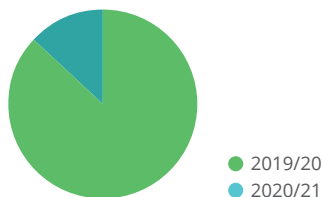
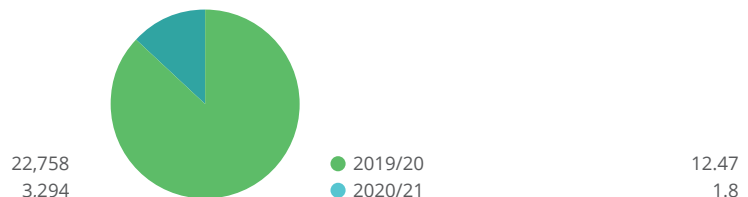
- ▶ Invest in socially responsible initiatives to address community grievances and support the under privileged people to uplift their standards of living.

Community recruitment

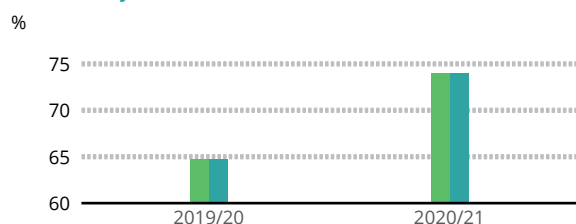
- ▶ Give preference and provide community employment, primarily targeting the youth.

Responsible corporate citizen

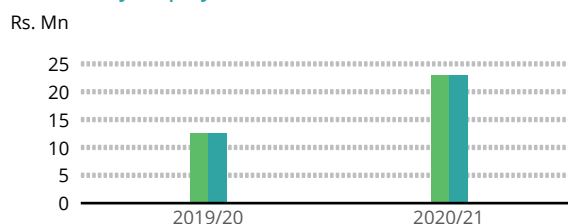
- ▶ Follow ethical and responsible business practices in compliance with relevant laws, rules and regulations.

Overall Community Responsibility (Rs. Mn)**Community Youth Trained (Number)****Community Youth Training Hours (Hours)****Community Training Investment (Rs. Mn)**

Community Recruitment



Community Employment Remuneration



CAPITAL PERFORMANCE

GRI Disclosure: 413 - 1

CAPACITY BUILDING

We collaborate and support training initiatives in public and private sector technical colleges and the Vocational Training Institute, to develop fabrication skills of young technicians, mostly school leavers. These initiatives are carried out to give exposure and open up self-employment opportunities for the youth. However, in the year under review, due to COVID-19 restrictions, our training support and initiatives in this regard had to be curtailed, with limited scope. Training investment in the reporting year stood at Rs. 1.8 million compared to Rs. 12.47 million in the preceding year.

Capacity building – training youth Programme	2020/21		2019/20	
	Participants (number)	Investment (Rs.)	Participants (number)	Investment (Rs.)
VTA training	181	982,830	1052	5,470,400
Dealers and fabricator training	138	749,340	1003	5,446,290
Technical College	20	108,600	287	1,558,410
Total	339	1,840,770	2342	12,475,100

COMMUNITY SERVICE

Taking forward our philanthropic spirit, we invested a sum of Rs. 1.4 million on community service as discussed below. This investment represented an eight percent increase over the investment of Rs. 1.3 million in the preceding year.

White cane donation : Continuing our signature community project, we donated 3,000 white canes to the 'Sri Lanka Welfare Society of the Blind' and other few blind societies, to be distributed to the visually impaired people living across the country. We provided aluminium extrusions required to manufacture white canes to a group of visually impaired workers at Kadawatha for assembling the white canes. The manufacturing cost was borne by Alumex.

COVID-19 initiatives : Creating awareness of the virus, we organised preventive campaigns in and around our factory premises, covering five public areas including the Sapugaskanda Police Station, Nagananda International Institute for Buddhist Studies, Manelwatta Temple in Kelaniya, Grandwil Wickramaratne Memorial Child Development Centre,

Pamunuwila Maha Vidyalaya and Vishaka Balika Vidyalaya. We also donated personal protective gear to support the frontline health care officers at the Welikanda Base Hospital, Punanni and the National Hospital for Respiratory Diseases in Welisara.

Rural school development : Continuing with our rural school initiatives in the previous years, we donated school books, bags and other accessories to the Talawa and Anandodaya Primary School in Meegassegama. 350 students benefited from this initiative.

Blood donation campaign : Organised by our Death Donation Society, 100 employees volunteered and donated blood for the Cancer Hospital Blood Bank in Maharagama.

Save water awareness campaign : Commemorating the World Water Day – 2021, a poster campaign was organised and launched at the Sapugaskanda Police Station, Pamunuwila Maha Vidyalaya, Vishaka Vidyalaya in Sapugaskanda, Grandwil Wickramaratne Memorial Child Development Centre and Kurunduwatta Community Development Centre.

SOCIAL AND RELATIONSHIP CAPITAL - COMMUNITY

COMMUNITY RECRUITMENT



GRI Disclosure: 202 - 2 & 203 - 2

As a policy and as aligned to our sustainability values, we give precedence to community employment generation. We recruit most of our staff requirements from our neighbouring communities, in turn, empowering them, with cascading socio-economic benefits, in line with the nations' development agenda. As at the reporting year-end, 66 percent of the total permanent cadre has been sourced from the communities in which we operate. Out of which, 14 percent are holding executive and management roles within the organisation. In terms of gender, 3.5 percent of the community recruits were female employees. Aside, our temporary staff from the community stands at 75.5 percent.

RESPONSIBLE CORPORATE CITIZEN

Refer corporate governance, page 140.

GRI Disclosure: 102 - 16 & 206 - 01

Aligned to the Hayleys group values, the 'Alumex Way' policy sets out a blue-print with a code of business conduct guiding the Board, management and employees across all levels. The code sets out clear guidelines on anti-corruption, anti-competitive behaviour, non-discrimination and equal opportunity. All policies are well-internalised through periodic employee training and accessible to all through the intranet. Our compliance function is well-structured and strong with a dedicated team. An effective whistle blower policy is also in place; and if and any complaint of breach in Alumex values and policies, as well as laws and regulations, will be taken up by the senior management and escalated up to the Board, if necessary, for corrective action.

During the reporting year, there were no incidences of corruption, discrimination and legal actions taken by, or against the Company on anti-competitive behaviour, anti-trust, and monopoly practices.

STATUTORY PAYMENTS

Refer: Finance capital, page 64 and HR capital, page 97.

GRI Disclosure: 201- 4, 207 - 1 & 415 - 01

As an exemplary corporate citizen, we abide by all applicable tax laws and ensure that taxes and all other statutory payments are met promptly and responsibly. In the year under review, we contributed Rs. 181 million by way of taxes and other duties to the government. Other statutory payments including contributions to the EPF, ETF and PAYE obligations to the Inland Revenue on employee earnings, were also paid in full and on time. In terms of public policy, we did not extend any political contributions in both financial terms and in-kind. We also did not receive any financial assistance from the government in terms of subsidies, tax relief and grants.

MEMBERSHIPS, ASSOCIATIONS AND AFFILIATIONS

GRI Disclosure: 102 - 13

As a responsible market leader, we recognise our role in policy advocacy within the industry. We are proactive in our participation in key associations in the country—lobbying for significant industry issues and advocating best business practices. Some of our senior managers also hold office-bearer positions within the executive committees of these associations. Currently, our Managing Director and the Group Manager, Marketing are serving the following executive committees:

- ▶ Managing Director is a council member of the
 1. Foundry Development and Services Institute, Sri Lanka
 2. The Light Engineering Sector of Export Development Board
 3. Member of Economic Association of Sri Lanka
- ▶ Group Manager, Marketing is a council member of the Manufacturing and Engineering Services Industry Skills Council (MESSCO).

POLICY MAKING AND ADVOCACY - KEY AREAS

- ▶ Product quality and standards
- ▶ Productivity improvements
- ▶ Industry research and development
- ▶ Best practices in manufacturing
- ▶ Biodiversity and climate change
- ▶ Wages, salaries and other benefits
- ▶ Employee wellbeing
- ▶ Customer health and safety

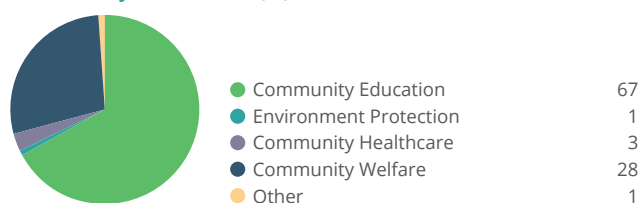
MEMBERSHIPS 2020/21Ceylon Chamber of
CommerceThe Employers'
Federation of CeylonChamber of
Construction Industry,
Sri LankaEconomic
AssociationSri Lanka Standards
InstituteImport & Export
Controls DepartmentSri Lanka Institute of
ArchitectsInstitute of Engineers
of Sri LankaNational
Construction
Association of
Sri LankaState Engineering
CorporationNational Chamber of
Exports**COMMUNITY IMPACTS AND COMPLIANCE***Refer: human capital page 96 and natural capital, page 124.***GRI Disclosure: 413 - 02 & 419 - 1**

Community acceptance, trust and confidence in our business, essentially underscore the sustainability of our operations. To this end, we have in place a sound mechanism to redress community complaints/grievances on social and environmental impacts. Close relationships are maintained with all relevant local and central government authorities along with community leaders and associations. We have adopted preventive measures to manage effluents, noise controls and toxic emissions with regard to environmental considerations as well as human rights, discrimination, forced and child labour issues from a social perspective. In the reporting year, there were no significant complaints on negative impacts to the local community due to our operations. There were no fines and non-monetary sanctions recorded for non-compliance with laws and regulations with regard to social and economic areas.

COMMUNITY INVESTMENT**GRI Disclosure: 413 - 1**

In the year under review, we spent Rs. 3.2 million on community responsible initiatives. Out of which, 67 percent, the largest share, was allocated for community education followed by 28 percent for community welfare and five percent for environmental protection and community health care.

Category	2020/21 Rs.	2019/20 Rs.
Community education	2,217,016	12,981,068
Environment protection	23,040	-
Community healthcare	104,500	-
Community welfare	908,940	833,890
Other	37,500	-
Total	3,290,996	13,814,658

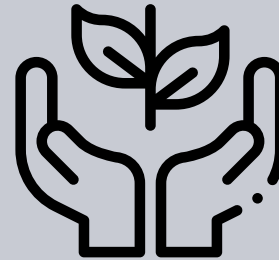
Community Investment (%)**Future Focus**

- ▶ Continue to take forward the signature projects
- ▶ Fine-tune community service initiatives to be more aligned to our strategic corporate goals.

NATURAL CAPITAL

NATURAL
CAPITAL

“WORKING TOWARDS ‘GREENER’ MANUFACTURING PRACTICES, WE STAND COMMITTED TO MINIMISE OPERATIONAL IMPACTS AND SUSTAIN A RESPONSIBLE ENVIRONMENTAL FOOTPRINT.”



OVERVIEW

With extensive manufacturing operations, our environmental footprint is quite substantial. Although our core raw material, aluminium, is widely accepted to have ‘greener’ properties, we are steadfast in our commitment to uphold environmental stewardship. We are conscious and focused in our efforts to be efficient in the way we use our resources, recycle and dispose waste responsibly and control our carbon emissions to minimise our operational impacts. This section herein will discuss on our environmental management initiatives and practices, aligned to sustainability principles as well as relevant laws, rules and regulations.

How we create value

Natural capital

Input

8,282 MT
aluminium logs,
billets and ingots
88,830m³ water
92,512,696 MJ
energy

Business activities

- ▶ Energy management
- ▶ Water management and effluent treatment processing
- ▶ Solid waste management
- ▶ Monitoring and controlling greenhouse gas emissions
- ▶ Complying with environmental laws, rules and regulations

Output

- ▶ Energy efficiency
- ▶ Water conservation
- ▶ Responsible effluent disposal
- ▶ Responsible solid waste disposal
- ▶ Lower carbon emissions

Outcome

- ▶ Stakeholder respect, trust and confidence
- ▶ Environmental sustainability

MANAGEMENT APPROACH

GRI Disclosure: 102 - 11

Upholding environmental stewardship, we have integrated best environmental practices, key measures and procedures across our manufacturing plants. Our strategy making process gives due consideration along with necessary budgets and other resources, to ensure that our operations are aligned with environmental responsibility including compliance with all applicable laws, rules and regulations. To this end, we have in place a dedicated team to implement and monitor our environmental initiatives and measures. The team is responsible to create staff awareness and encourage volunteerism to internalise the environmental measures across the organisation. We also consistently monitor, review and improve our systems, processes and procedures against our environmental strategy, targets and goals. Our

research and development team factors in environmental considerations in their efforts to improve our processes and products. Our certifications and the licenses we hold, guide our processes to be efficient and quality conscious which factors in our environmental obligations. We also follow sustainable principles and strive to meet the sustainable development goals including the environmental goals prescribed by the United Nations Global Compact (UNGC) programme.

Our approach to environmental management is six-fold, focusing on planning, controlling and managing material consumption, energy, water resources including effluents, emissions, solid waste and compliance. Periodic audits are carried out at the factory level—both internal through internal audit and quality assurance division as well as external audits carried out by certification and licensing bodies.

Strategic imperatives and strategy

Material management

- ▶ Be resourceful and carefully monitor material consumption and opt to use recycled material, whenever possible.

Energy management

- ▶ Measure and monitor energy usage, adopt energy efficient measures and opt for alternative renewable energy sources.

Water resources management

- ▶ Closely monitor and be conscious of water consumption.
- ▶ Treat and test waste water before discharging to water bodies.

Emissions management

- ▶ Measure, monitor and be responsible in greenhouse gas emissions.

Solid waste management

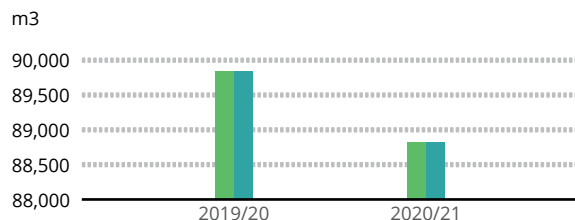
- ▶ Follow best practices in solid waste management, focusing on '3Rs' reducing, reusing and recycling.

Environmental compliance

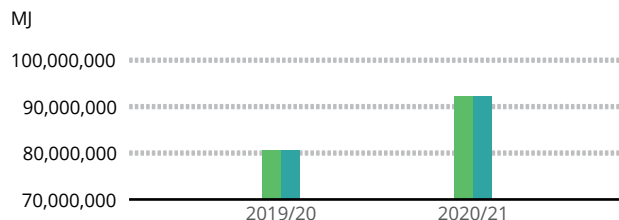
- ▶ Comply with applicable environmental laws and regulations.

NATURAL CAPITAL

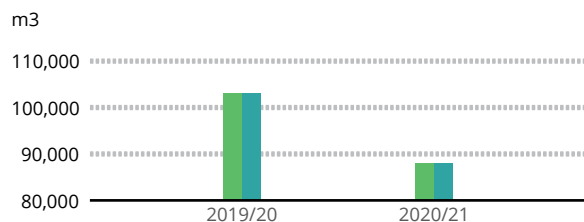
Total Water Consumed



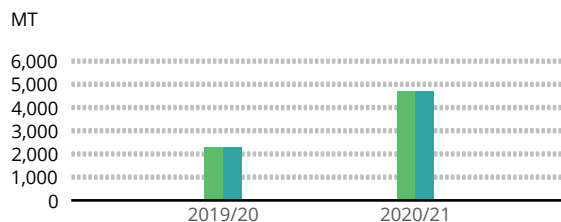
Total Energy Consumed



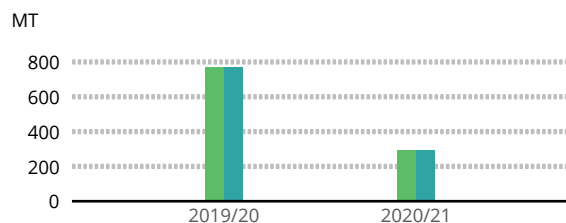
Released Treated water



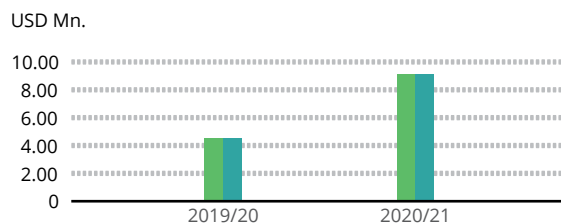
Aluminium Logs (Recycled)



Disposed Hazardous Solid Waste



Saving of Foreign Exchange



CAPITAL PERFORMANCE

MATERIAL MANAGEMENT

GRI Disclosure: 301 - 1 & 2



With two manufacturing plants, encompassing a total capacity of 22,200 metric tons of aluminium extrusions, our material consumption levels are considerable. Underscored by a systematic sustainable material management approach, we strive to be resourceful in the way we use material. This along with the use of recycled aluminium material in our manufacturing process, makes a significant difference in minimising our material footprint along with operational costs.

Our main raw material is aluminium, a non-renewable resource. During the year under review, 58 percent of the raw materials used, were recycled material. The foreign exchange savings in this regard stood at US dollars 9.3 million, equivalent to Rs. 1,831 million.

	Material Consumption		
	2020/21 (metric tons)	2019/20	Variance (%)
Non-renewable			
Aluminium logs			
▶ Non recycled Aluminium logs	3,472	4,010	-13%
▶ Recycled Aluminium logs	4,810	2,355	104%
Recycled Aluminium as % of total Aluminium consumed	58%	37%	

ENERGY MANAGEMENT

GRI Disclosure: 203 - 1, 302 - 1, 2, 4

Moving towards alternative renewable energy

This reporting year, we installed our first roof-top solar at the Central Warehouse, Sapugaskanda. The installed capacity of the solar panels is 400 kilowatts. Renewable energy generated from this initiative is supplied to the national grid. In indirect terms, this translates to savings of 50,000 liters of fossil fuels and is expected to reduce our carbon footprint by 75 tCO₂e.

Energy efficient measures and initiatives

- ▶ Closely tracking energy usage
- ▶ Tracking fuel usage in motor vehicles
- ▶ Opting for energy efficient machinery and equipment
- ▶ Creating staff awareness on energy conservation
- ▶ Install Energy-Efficient Lighting
- ▶ Upgrade existing Equipment

Identified as a strategic priority, sustainable energy management advocates systematic practices and key measures to be efficient in the way we use energy, both direct (fuels, oils, gas) and indirect (electricity) energy. We also have a monitoring mechanism in place to consistently monitor our consumption levels. In the reporting year, despite our proactive energy efficiency measures we have adopted and initiated across our operations, our direct energy usage increased by 15 percent year-on-year to 92,512,696 megajoules.

Energy consumption outside the organisation entails external transportation (third-party) used by the company for inward carriage of raw material imports from the port; as well as outward carriage of finished goods to the seven warehouses located across the island. This also includes the pool transport we provide (occasionally) for our employees.

NATURAL CAPITAL

Source of consumption	Energy Statement		
	2020/21	2019/20	Variance
	(megajoules)		(%)
	2020/21	2019/2020	
Energy consumption within the organisation Direct			
Direct			
Petrol for vehicles	200,211	421,674	(53)
Diesel for vehicles	4,895,464	3,233,772	51
Diesel for plant and generators	25,564,644	24,716,376	3
Furnace oil for plant	23,996,448	20,823,734	15
LP gas	10,223,684	6,209,126	65
Indirect			
Electricity for plant	25,653,885	23,216,561	10
Electricity for administration areas	1,930,938	1,747,484	(10)
Total Energy consumed within the organisation (1)	92,465,274	80,368,727	15
Energy Consumed Outside the Organisation			
Diesel for vehicles	47,422	41,013	16
Total Energy consumed outside the organisation (2)	47,422	41,013	16
Total energy Consumed (1+2)	92,512,696	80,409,740	15

Note:

- 1) Internal calculation method: direct measurements of actual consumption at the factories and administration areas.
 - 2) External calculation method: estimated based on pre-determined distances multiplied at an average fuel consumption rate.
- Conversions: Average energy content of fuel

IMPACTS FROM TRANSPORT

Type of transport	GHG Emissions (tCO ₂ e)	Energy consumed (megajoules)
Employ Transport	662	3,159,318
Goods Transport	405	1,936,357
Total	1,067	5,095,675

Transport of finished goods is provided by third-party, to the seven warehouses located across the island. We do not provide transport of finished goods to other customers. Transport including both within and outside the organisation accounts for 5.5 percent of the total energy consumed, corresponding to 1067 tCO₂e MJ of total greenhouse gas emissions.

ENERGY INTENSITY

GRI Disclosure: 302 - 3

Consumption Base (within the organisation)	Unit of Measure	2020/21	2019/20	Variance (%)
Total energy consumed	megajoules	95,512,696	80,409,704	15%
Total material consumed	metric tons	8,282	6,522	27%
Total production output		6887	5315	30%
Average energy consumption – material consumed	Megajoules/	11,170	12,329	-9%
Average energy consumption – output	metric tons	13,433	15,129	-11%

Energy intensity as represented by the average energy consumption levels, both in terms of per metric ton of raw material consumed and per metric ton of aluminium extrusions produced, registered a nine percent and 11 percent drop year-on-year, respectively. This drop in intensity levels demonstrates the success of adopting energy efficiency measures within the organisation.

WATER RESOURCES MANAGEMENT

GRI Disclosure: 303 - 1,3 & 5

Water Resources Statement			
	2020/21	2019/20	Variance
	cubic metres (m3)		(%)
Consumption Base			
Water withdrawal			
▶ Main plants – Sapugaskanda and Ekala – third party withdrawal - surface water	88,830	89,889	(1)
Water consumed			
▶ Water consumed in manufacturing plants	66,622	68,097	(2)
▶ Water consumed by employees	22,208	21,792	2
Water recycled/ reused			
Purified water discharged	88,830	103,894	(14)
Total water recycled as % of water consumed	11	6	75
Purified water discharged % of water withdrawn	100	100	-

Following through an integrated water resources management approach, we seek to promote coordinated development and management of water to optimise socio-economic and environmental wellbeing. As a responsible manufacturer, we are conscious and have taken due precautions to monitor the use, treat our effluents and protect our water sources, thereby, the health and safety of our employees and communities in which we operate.

Our water requirement for the main factory in Sapugaskanda is provided by the LINDEL Industrial Zone which in turn, sources the water from the Kelani river. The industrial zone is responsible to ensure that the water supplied, as well as released back to the water body is duly purified in line with the accepted quality parameters. Water requirements at our Prime plant in Ekala is sourced from in house wells. Water thus withdrawn is used for manufacturing processes including anodising, powder coating, cooling towers as well for consumption by employees. We also source small quantities of water from in-house wells, mainly used in our aluminium recycling foundry and for the fire extinguishing hydrant system. This water withdrawal had no significant impact on our water sources.

We also recycle and reuse water in our melting and PC3 plants by way of re-circulating. Total water recycled in the year under review stood at 11,995 cubic metres. This corresponded to 13.5 percent of the total water consumed as compared to 7.4 percent in the preceding year.

WATER DISCHARGES/RUN-OFFS

GRI Disclosure: 303 - 2, 4

We have in place effluent treatment plants in our two factories to ensure that the wastewater from the manufacturing process is treated prior to releasing back into water sources. The water discharged is tested and certified to assure that the water purification process meets the required standards. The treatment process is in compliance with environmental laws and rules as guided and monitored by the Central Environmental Authority.

In the reporting year, we treated and discharged 88,830 cubic metres of treated water to the water bodies incurring a cost of Rs. 5.1million. This corresponded to a 17 percent increase over the previous year. Given our preventive efforts to maintain standards in wastewater treatment, the water discharges and run-offs have no significant impact on our habitats and the fauna and flora therein.

NATURAL CAPITAL

WATER INTENSITY

Consumption Base	Unit of Measure	2020/21	2019/20	Variance (%)
Total water consumed	cubic metres	88,830	89,889	-1
Total Aluminium extrusions output	metric tons	6,887	5,315	30
Average consumption of water	cubic metres/ metric tons	12.90	16.91	-24

In the reporting year, our average consumption of water stood at 12.9 cubic metres per metric ton of aluminium extrusion output. This corresponded to a 24 percent drop year-on-year.

EMISSIONS

GRI Disclosure: 305 - 1, 2, 3 & 5, 302 - 5

Our contribution...

Our waste aluminium recycling initiatives stand as our contribution to abate climate change and global warming. This reduces the need to cut-down and harvest trees and mine bauxite to produce new aluminium. Recycling in effect saves almost over 90 percent of the energy required to produce aluminium from bauxite ore. On average, recycling one kilogram of aluminium saves 55 megajoules of energy. This process also controls emissions of toxic gases, Sulfur Oxide (SOx) and Nitrogen Oxide (NOx)—key elements in acid rain.

Emissions of Ozone depleting substances, with regard to our industry, mainly stem from metal cleaning in laboratory, motor

vehicle, office air conditioning, fire extinguishers and chillers. As guided by the Montreal Protocol under the Vienna Convention, we are conscious not to use ozone depleting substances in our day-to-day processes. We have a stringent monitoring mechanism in place where we keep a track of our operational processes and assess the impact of chemicals used. We have also progressively adopted best energy management practices, underlining our efforts to curtail our greenhouse gas emissions.

In the reporting year, our total greenhouse gas emissions under Scope 1, 2 and 3 reached 10,428 tCO₂e. Scope 1 emissions increased by 22 percent to 4562 tCO₂ due to internal energy requirement, while Scope 2 emissions increased by 11 percent given the 5,430 With high electricity consumed parallel to the product output, Scope 3 registered a 34 percent raise. Our operations did not produce NOx or SOx gasses.

		Carbon Footprint				
		2020/21		2019/20		Variance
Scope	Description	tCO2e	% Share	tCO2e	% Share	%
Scope 1	Diesel for generators	4,562	44	3,744	42	22
	Diesel for manufacturing plants					
	Furnace oil for plants					
Scope 2	Purchased electricity	5,430	52	4,914	54	11
Scope 3	Air travel and others	436	4	325	4	34
Total	Greenhouse gas emissions	10,428		8,983		16

Note : Greenhouse gas emissions were calculated in-house, at group level.

EMISSIONS INTENSITY

GRI Disclosure: 305 - 4

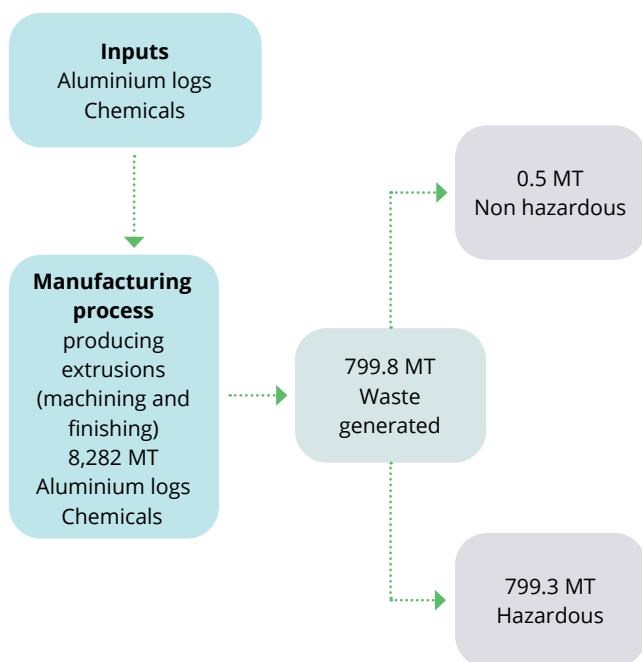
Our greenhouse gas emissions intensity stood at 1.26 tCO₂e per metric ton of material consumed. Emissions intensity in the year declined by nine percent over the preceding year.

	Unit of Measure	2020/21	2019/20	Variance %
Greenhouse gas emissions	tCO ₂ e	10,428	8,983	16%
Material consumed - Aluminium	metric ton	8,282	6,522	27%
Greenhouse gas emission per input of material consumed	tCO ₂ e /metric ton	1.26	1.8	-9%

WASTE MANAGEMENT

GRI Disclosure: 306 - 1, 2, 3

Waste generation, prevention and disposal



Following sustainable waste management concepts, we strive to utilise our resources more efficiently and manage our waste disposal responsibly to minimise our waste generation impacts on the environment and on the society. This includes, inter-alia, impacts on human health; endangering habitats and eco systems; and contributing to climate change and global warming through the production of methane in landfill sites. Accordingly, we follow through with the 3R principles—reducing the amount of waste produced; re-using and recycling by way of composting and resorting to waste to energy incineration, as possible. Disposal to landfill sites is at the bottom of our waste management process.

We have in place a well-organised monitoring and testing mechanism with in-house facilities to follow through responsible waste disposal; taking due precautions on hazardous waste and thus, minimising the impacts on the environment. Our efforts are also complemented by the measures adopted by the LINDEL Industrial Zone. In the reporting year, both our factories generated 799 metric tons of waste.

Waste Composition	Waste generated		Variance %
	2020/21	2019/20	
	(metric tons)		
Non-hazardous	0.5	8.3	(94)
Hazardous	799.3	379.5	111
Total waste generated	799.8	387.8	106

NATURAL CAPITAL

HAZARDOUS WASTE

The hazardous factory waste, that is, wet sludge including alumina, is segregated through the effluent treatment process and disposed separately for incineration, by way of converting waste to energy. We have an agreement in place with "INCEE" Ecocycle, an organisation that provides waste management solutions in this regard. During the year, we incurred a sum of Rs. 16.4 million to safely dispose 799.3 metric tons of hazardous solid waste. However, there was no hazardous waste transported during the period.

DISPOSAL OF E-WASTE

Our e-waste including used computers, accessories and other waste from electronic consumables are collected and stored in a warehouse for safe disposal. We have an agreement with Think Green (Pvt.) Ltd., to dispose e-waste responsibly.

NON-HAZARDOUS WASTE

We resort to composting bio-degradable waste. Food waste is also disposed as animal feed on a daily basis, using an animal service available in the areas in which we operate. For general waste, we have a collection system in place, for both organic waste and recyclable waste. Organic waste is disposed through authorised local government agents whilst recyclable waste including iron scrap, paper, polythene, plastic cups and cans, wood pallets are disposed through organisations that reuse, recycle and co-process waste. Process rejects, aluminium materials, which are recycled, are reused within the organisation as discussed below.

RECYCLED AND RECLAIMED PRODUCTS

GRI Disclosure: 301 - 3

Product Category	2020/21 (metric tons)	2019/20	Variance (%)
Recycled Aluminium billets/logs - onsite	4,810	2,355	104
Aluminium extrusions sold	6,449	5,142	25
Reclaimed products	2,563	1,244	106
Reclaimed as % of extrusions sold	40	24	64

ENVIRONMENTAL INVESTMENT

GRI Disclosure: 201 - 2

In the year under review, we spent Rs. 59.4 million on our environmental responsibility initiatives and measures.

Environmental investments	2020/21 (Rs. Mn)	2019/20 (Rs Mn)
Recycling of scrap aluminium (market value)	485.0	282.56
Purifying cost of waste water	5.1	6.0
Disposal cost of solid waste – sludge alumina and other hazardous waste	16.4	2.8
Other environmental initiatives	43.0	-

Considering the nature of our Production, Climate changes does not have a significant impact on our business

ENVIRONMENTAL COMPLIANCE

GRI Disclosure: 307 - 1

In the year under review, we complied with relevant environmental laws, rules and regulations. We were not subjected to any monetary or non-monetary fines or sanctions for non-compliance. Our factories are duly licensed under the Central Environmental Authority.

Future Focus

- ▶ Continue to be thrifty in material consumption and opt for recycled material.
- ▶ Continue to measure, monitor and be energy efficient.
- ▶ Invest and adopt alternative energy sources.
- ▶ Refine the emissions monitoring process to reduce the organisation's carbon footprint.
- ▶ Streamline production processes and logistics to bring in greater energy efficiency and low carbon emissions.
- ▶ Engage business partners within the supply chain to intensify the efforts to move towards carbon neutrality.
- ▶ Intensify water conservation measures at the factory level and continue to treat wastewater prior to disposal.
- ▶ Bring in more structure to waste data collection aligned to the new standards set out by GRI.

FUTURE TARGETS

Future Targets
FY 2020/21

Economic

52%
Local market share18%
Exports share in revenue15
LUMIN concept centres150
Dealers and distributors8,869 MT
Extrusions production0.76
MT/Worker
Worker productivityRs. 426 Mn
Capital expenditure

Social






Rs. 8.2 Mn
Training
investment60%
Employees
trained4,900
Training
hours1,000
Training hours on
health and safety100%
Staff performance
evaluationsRs. 1.5 Mn
Investment on community
initiatives

Environment

184
tCO₂e
Carbon footprint980 kWp
Solar energy
production5,820
Local Billet ProductionRs. 181 Mn
Investment on
environment
management

SUSTAINABLE DEVELOPMENT GOALS

ALUMEX CONTRIBUTION UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS		
SUSTAINABLE DEVELOPMENT GOALS	ALUMEX CONTRIBUTION	REFER PAGE
	We create employment opportunities including for our local communities and we engage small and medium enterprises within the supply chain. This reporting year, we distributed 12.2 percent of value created to our employees reaching over Rs. 799 million. We also distributed 31 percent to local suppliers and 12 percent as tax obligations.	Page 26
	We extend a rounded welfare package worth Rs. 525 million to our permanent employees. We also provide free meal facilities across all staff grades.	Page 97
	We have a comprehensive health and safety mechanism in place with employee representation and consultation. We invest in health and safety training and extend personal protective equipment. We invested Rs. 9.1 million on health and safety initiatives in the reporting year.	Pages 92 - 95
	We invest well on training initiatives whilst extending funding support and study leave to encourage staff to take up further professional studies. We also donated 250 tabs to enable employees' children to study online, given the pandemic situation.	Page 92
	Female employees represent three percent of our total cadre. We uphold equal opportunity in terms of career development, incentives and rewards. Remuneration between male and female employees is comparable.	Page 87
	Both factories provide clean water and sanitation facilities to ensure staff wellbeing. 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. 5.1 million.	Page 124
	We are focused in our efforts to be energy efficient. We invested in solar energy through a rooftop solar plant at the Central Warehouse in Sapugaskanda. 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. We saved 279,653 GJ of energy in the reporting year.	Page 119
	We give extensive employment opportunities including for community people, especially youth. We uphold fair labour management practices and extend a progressive workplace where employees can develop skills and their careers. We also build capacity of fabricators as well as youth.	Page 114
	We invest well on research and development for product and process improvements and innovation. We invest in state-of-the-art plant, machinery and equipment to upgrade and expand factory operations. We invested Rs. 14.1 million on research and Rs. 301 million on capex.	Pages 71, 77
	We extend community recruitment opportunities including building capacity of youth. We also give business opportunities to small and medium enterprises. We have in place a wide outreach with an islandwide presence—extensive dealerships and distribution. We also extend training to fabricators and community youth to build capacity.	Page 113
	We extend community employment opportunities and capacity building. We invested Rs. 1.4 million in philanthropy to uplift communities. We also produce aluminium extrusions which can be used in modern construction projects, thus substituting for unsustainable timber.	Page 115
	We use recycled aluminium in the production process. We also recycled water in production. Waste water is duly treated prior to disposal to water bodies. We also have in place a solid waste management process, disposing hazardous and non-hazardous waste in a regulated mechanism. Efficient energy management is prioritised whilst investing in solar energy. We invested Rs. 21.5 million on environmental management initiatives.	Pages 119, 124

ALUMEX CONTRIBUTION UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS		
SUSTAINABLE DEVELOPMENT GOALS	ALUMEX CONTRIBUTION	REFER PAGE
	Energy efficiency measures are in place to reduce greenhouse gas emissions. We also invested Rs. 43 million on renewable solar energy as an alternative to burning fossil fuels.	Page 119
	Focused measures are in place to ensure that the waste water is treated prior to disposing to water bodies.	Page 121
	As an alternative to timber, aluminium extrusion manufacturing indirectly prevents deforestation and conserves biodiversity.	Pages 119 - 121
	For over 30 years, we have nurtured a solid organisation, with responsible and fair business practices and governance. Sound labour relations are maintained, ensuring industrial peace. There is no discrimination within the workplace and no forced and child labour.	Pages 86 - 110
	We distributed Rs. 771 millions of the value generated to the government as taxes for sustainable development. We facilitated knowledge transfer and bring in latest technology from advanced nations.	Page 26



ALUMEX'S GOVERNANCE



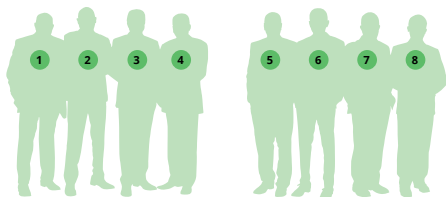
THE TENACITY
OF OUR
VALUES

BOARD OF DIRECTORS





BOARD OF DIRECTORS

**1. MR. MOHAN PANDITHAGE****Chairman**

Joined the Hayleys Group in 1969. Appointed to the Hayleys PLC Board in 1998. Chairman and Chief Executive of Hayleys PLC since July 2009.

Fellow of the Chartered Institute of Logistics & Transport (UK). Honorary Consul of the United Mexican States (Mexico) to Sri Lanka. Council Member of the Employers' Federation of Ceylon. Member of the Advisory Council of the Ceylon Association of Shipping Agents. Recipient of the Best Shipping Personality Award by the Institute of Chartered Shipbrokers; Leadership Excellence Recognition – Institute of Chartered Accountants of Sri Lanka; Honored with Lifetime Achievement Award at the Seatrade – Sri Lanka Ports, Trade and Logistics; Lifetime Award for the Most Outstanding Logistics and Transport Personality of the Year – Chartered Institute of Logistics & Transport. Member of the Advisory Council, Ministry of Ports and Shipping.

2. MR. SARATH CLEMENT GANEGODA**Deputy Chairman**

Rejoined Hayleys in March 2007. Appointed to the Hayleys Group Management Committee in July 2007. Appointed to the Board in November 2010. Fellow Member of CA 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 Unisyst Engineering PLC, Dipped Products PLC, Haycarb PLC, Hayleys Fabric PLC, Hayleys Fibre PLC, Kelani Valley Plantations PLC, Regnis (Lanka) PLC, Singer (Sri Lanka) PLC, Singer Industries (Ceylon) PLC, The Kingsbury PLC and Horana Plantations PLC.

3. MR. DEDIWELA WIDANAARACHCHILAGE PRAMUK NISHANTHA DEDIWELA**Managing Director**

Mr. Dediwela started his career in January 1989 and has over 32 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 Marketer cum Financial Economist and holds a Master in Financial Economics (University of Colombo), Master of Business Administration (University of Southern Queensland),

Post-Graduate Diploma in Business and Financial Administration (CA Sri Lanka/Cranfield - UK), Postgraduate Diploma in Marketing (Chartered Institute of Marketing - UK).

Mr. Dediwela is a member of the Advisory Committee on Light Engineering sector under EDB, Ministry of Industry & Supply Chain Management and holds Memberships of the Chartered Institute of Marketing (UK) and Sri Lanka Economics Association. He is a Council Member of the Foundry Development & Services Institute of Sri Lanka.

4. DR. HARSHA CABRAL, PC**Independent Non-Executive Director**

Dr. Cabral is a President's Counsel in Sri Lanka with thirty-three years' experience in the field of Company Law, Intellectual Property Law, Commercial Law, Securities Laws, International Trade Law & Commercial Arbitration. He has been a President's Counsel for sixteen (16) years and commands an extensive practice in the Commercial High Courts and the Supreme Courts of Sri Lanka. He holds a Doctorate in Corporate Law from University of Canberra, Australia. Dr. Cabral is a Sitting member of the International Chamber of Commerce (ICC) International Court of Arbitration in Paris and a Representative Member of the Federation of Integrated Conflict Management (FICM) as well as a Representative Member of the International Commercial Disputes Tribunal (ICDT). He is also a Fellow of the Institute of Chartered Secretaries & Administrators (UK).

As a member of the Advisory Commission on Company Law in Sri Lanka, Dr. Cabral was one of the architects of the Companies Act No. 7 of 2007, the current Act. Dr. Cabral is also a member of the Board of Investment (BOI) of Sri Lanka, a member of the Law Commission of Sri Lanka, a member of the Intellectual Property Advisory Commission in Sri Lanka, University Grants Commission (UGC) nominee on the Post Graduate Institute of Medicine (PGIM) and a member of the Corporate Governance Committee of the Institute of Chartered Accountants of Sri Lanka. Dr. Cabral is also a member of the Cabinet Appointed Committee to draft the National Trade Policy, Senior Advisor to the Ministry of Sports in drafting the new National Sports Law, Senior Advisor to the Ministry of Justice on the new House of Justice Project (Chairman), Senior Advisor to the Ministry of Justice on Commercial Law Reform and the Chairman, Intellectual Property Law Reform Project of the Ministry of Justice. Dr. Cabral serves as a member of the Presidential Commission on De-Regulation.

As a member of the Council of Legal Education in Sri Lanka, as a member the Ministerial Committee appointed to reform Commercial Arbitration in Sri Lanka, and as a Founder Board Member of the Sri Lanka International Arbitration Centre, Dr. Cabral has contributed immensely to the legal academia and the corporate community of Sri Lanka. He serves as a senior visiting lecturer at several Universities here and abroad. Dr. Cabral has also authored several books in the field of Company Law, Intellectual Property Law and Commercial Arbitration.

Dr. Cabral serves as the Chairman of the Tokyo Cement Group, which commands the largest market share for cement in Sri Lanka. He also serves as the acting Chairman of the Hattori National Bank PLC. In addition, Dr. Cabral was the immediate past Chairman of LOLC Finance PLC, one of the largest Finance Companies in Sri Lanka. Dr. Cabral was a senior Director of the Union Bank of Sri

Lanka. Dr. Cabral currently serves as Independent Non-Executive Director of DIMO PLC, Hayleys PLC, Alumex PLC, Tokyo Cement Company (Lanka) PLC, Tokyo Super Cement Company Lanka (Private) Limited, Tokyo Cement Power Lanka (Private) Limited, Tokyo Eastern Cement Company (Private) Limited, Tokyo Super Aggregate (Private) Limited, Tokyo Supermix (Private) Limited, World Export Centre Limited, Darley Property Holdings (Private) Limited, CCC-ICLP Alternative Dispute Resolution Centre (Guarantee) Limited and Sri Lanka Institute of Information Technology (Guarantee) Limited (SLIIT), SLIIT International (Private) Limited, and serves on several Audit Committees, Nomination Committees, Remuneration Committees, Recoveries Committees and the Related Party Transaction Committees, chairing most of them.

5. MR. SOMASIRI MUNAWEERA

Independent Non-Executive Director

Mr. Munaweera was appointed to Alumex Board in January 2014. He counts over 34 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 Managing Director of Southern Management and Corporate Services (Private) Limited, Director, SM Bentley Corporate Services (Private) Limited and Independent Director of Unisyst Engineering PLC.

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

6. MR. RANIL PRASAD PATHIRANA

Non-Executive Director

Mr. Pathirana was appointed to the Board in November 2010. He is a Director of Hirdaramani Apparel (Private) Limited, Hirdaramani Leisure Holdings (Private) Limited and Hirdaramani Investments Holding (Private) Limited which are the holding companies of the Hirdaramani Group. He is the Managing Director for Hirdaramani International Exports (Pvt) Limited, Chairman of Windforce PLC and a Director of Star Packaging (Private) Limited.

Mr. Pathirana is a Non-Executive Director of Sampath Bank PLC, Ceylon Hotels Corporation PLC, BPPL Holdings PLC, ODEL PLC & AMBEON Capital PLC. He is a Fellow Member of the Chartered Institute of Management Accountants, UK and holds a Bachelor of Commerce Degree from the University of Sri Jayawardenepura."

7. MR. ALI ASGHAR AKBARALLY

Non-Executive Director

Mr. Ali Asghar Akbarally was appointed as a Director of the Alumex Group of Companies in 2010, and is a Director of the Akbar Brothers Group of Companies, since 1981, He currently serves as the Executive Dy 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 Heshemite Kingdom of Jordan in Sri Lanka, and is a past President of the Rotary Club of Colombo."

8. 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 20 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 Degrees 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.

9. MR. AROON JANAK HIRDARAMANI

(Alternate To Mr. R. P. Pathirana, Non-Executive Director)

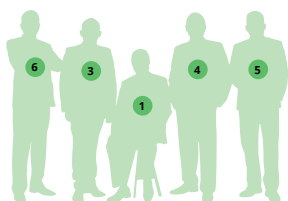
Mr. Hirdaramani was appointed to the Board of Alumex PLC in November 2010. He holds a bachelor's degree in Business Economics from the Brown University in 2001. From 2001 to 2003, Aroon worked as an Investment Banking Analyst at Credit Suisse in New York. In 2003, he was appointed to the Board of the Hirdaramani Group. He is also the Chairman of the Sri Lanka Apparel Exporters' Association and a member of the Young Presidents' Organisation. In 2016 Aroon was selected to the Forum of Young Global Leaders by the World Economic Forum.

10. MR. TYEABALLY AKBARALLY

(Alternate To Mr. A. A. Akbarally, Non-Executive Director)

Mr. Akbarally was appointed to the Board of Alumex PLC in November 2010. He has been a Director of the Akbar Brothers Group of Companies since 1979 and is currently the Group Managing Director. Mr. Akbarally is actively engaged in the tea and commodity export trade. He was a past Chairman of the Colombo Tea Traders Association and Spices and Allied Products Producers and Traders Association. He is also the Chairman of Amana Takaful Maldives PLC, and is on the Board of several other companies.

CORPORATE MANAGEMENT



1. MR. PRAMUK DEDIWELA
Managing Director

Please refer page 132 for profile.

2. MR. PRAGEETH RAJAPAKSHA
Executive Director/ Chief Financial Officer

Please refer page 133 for profile.

3. MR. CHAMINDA SENARATHNE
General Manager – Manufacturing

Chaminda joined Alumex PLC as the group general manager with effect from 2nd December 2020 with the overall manufacturing responsibility of both our state of art facilities in Ekala and Sapugaskanda. Further, he will also lead the Engineering, Die Manufacturing, Quality and Planning pillars in the aforementioned position.

Chaminda is a Lean Six Sigma and Manufacturing specialist with more than 13 years of experience in multinational manufacturing organisations. He has a proven track record of business transformation and change management through employee engagement and Lean Six Sigma principles.



He is Lean Six Sigma Master Black Belt and a TPM/TPS practitioner and hold a BSc Engineering degree from University of Ruhuna. Currently he is reading for MBA (PIM).

4. **MR. DILHAN JAYAWARDENA** Deputy General Manager - Logistics

Dilhan joined Alumex PLC and 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 2019, Dilhan was assigned new responsibilities of the Logistics operation. He has over 26 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 and printing. Dilhan, was instrumental in elevating the logistics function to support the business growth and created multiple distribution networks to enhance customer service. He is a member of Chartered Institute of Marketing (UK).

CORPORATE MANAGEMENT

5. MR. THUSHARA JAYALATH**Deputy General Manager – Manufacturing**

Thushara joined Alumex PLC in April 2016. He has over 27 years of hands-on experience in Manufacturing and Supply Chain functions in Fast Moving Consumer Goods industry. Prior to join Alumex PLC, he held a number of senior managerial positions in the field of Manufacturing and Supply Chain in multinational environments.

He is a Japan Institute of Plant Maintenance (JIPM) and Japan Technology Group (JTG) accredited TPM Instructor. He has been intensively trained on 5S, Kaizen, TQM, TPM, Operations Excellence and Lean Manufacturing, and have mastered problem-solving techniques and Continuous Improvement Initiatives.

He holds a Postgraduate Diploma in Manufacturing Management from University of Colombo.

6. MR. WASANTHA DISSANAYAKE**Deputy General Manager - Alumex Prime Plant**

Wasantha joined Alumex PLC in June 2018 with the responsibility of Alumex Prime plant. He has over 20 years' experience on General Management, Manufacturing, Material Management, Quality Assurance in Automotive Parts Manufacturing industry in multinational companies.

He has experience in management systems in Germany and India, and a lead auditor for ISO 9001, ISO 14001 and IOSH qualified. Before joins Alumex PLC, he held several senior general management positions in automotive manufacturing industry. He is a council member of Sri Lanka Mold 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.

7. MR. RAJITHA PERERA**Deputy General Manager - Sales & Marketing**

Rajitha joined Alumex PLC and appointed as a member of the corporate management team with effect from 1st March 2019 with overall responsibility for both domestic sales and marketing functions.

Rajitha is a Marketing Professional with 15 years of experience in crafting winning marketing and brand strategies for local & International brands with differentiated communication, innovation and visual identity across industries such as FMCG & Techno commercial.

He is a member of Chartered Institute of Marketing (UK) and hold a MBA from University of Queens Land Australia.

8. MR. DICKSHON GANGE**Deputy General Manager - Research & Development**

Dickshon joined Alumex PLC in January 2019. He has over 14 years of experience on Research and Development, Industrial Engineering and Lean functions working for reputed multinational and local companies. He has a vast experience on technology research, intellectual property, product design, industrial automation, industrial engineering and mastered leadership techniques from Center for Creative Leadership, Singapore and a license holder from General Sewing Data, UK.

He is a Mechanical Engineer with a Bachelor of Engineering First Class Degree from National Institute of Technology, Durgapur, India and Holds a Postgraduate Diploma in Manufacturing Systems Engineering from University of Moratuwa and a Master of Business Administration Degree from University of Colombo and a Certified Project Management Professional from Project Management Institute, USA.

9. MR. DUSHAN WADUWALA**Deputy General Manager - International Marketing**

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

Dushan having diversified experience in International marketing and business development over 15 years promoting different product the global market, he is specialised in International business development, marketing and strategy development.

He obtained his professional postgraduate diploma in marketing from the Chartered Institute of Marketing (CIM) UK and holds MBA from the postgraduate institute of Management (PIM) University of Sri Jayawardanepura.

MANAGEMENT TEAM



1. MR. TISSA JAYATILAKE

Group Manager – Marketing

2. MR. SARDHA PERERA

Group Manager – Sales

3. MR. SANJAYA KUMARASEKARA

Group Manager – Production

4. MR. JEBENDRAN INDRAN

Group Manager - Business Development

5. MR. DHARMASIRI NAMAL

Group Manager - HR & Administration

6. MR. KAVINDA RAJAPAKSHA

Group 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 of Alumex PLC has adopted core values and standards which set out the conduct of staff in their dealings with shareholders, colleagues, customers and other stakeholders which ensure positive workplace management, marketplace responsibility, environmental stewardship, community engagement and sustained financial performance. This involves the maintenance of:

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

THE GOVERNANCE STRUCTURE

GRI Disclosure: 102 - 18

The Board of Directors of Alumex PLC comprises of eight (08) Directors of which three (03) are Executive Directors and five (05) are Non-Executive Directors. Of the five (05) Non-Executive Directors, two (02) are Independent Non-Executive Directors. Additionally, there are two (02) Alternate Directors representing the two (02) Non-Executive Directors.

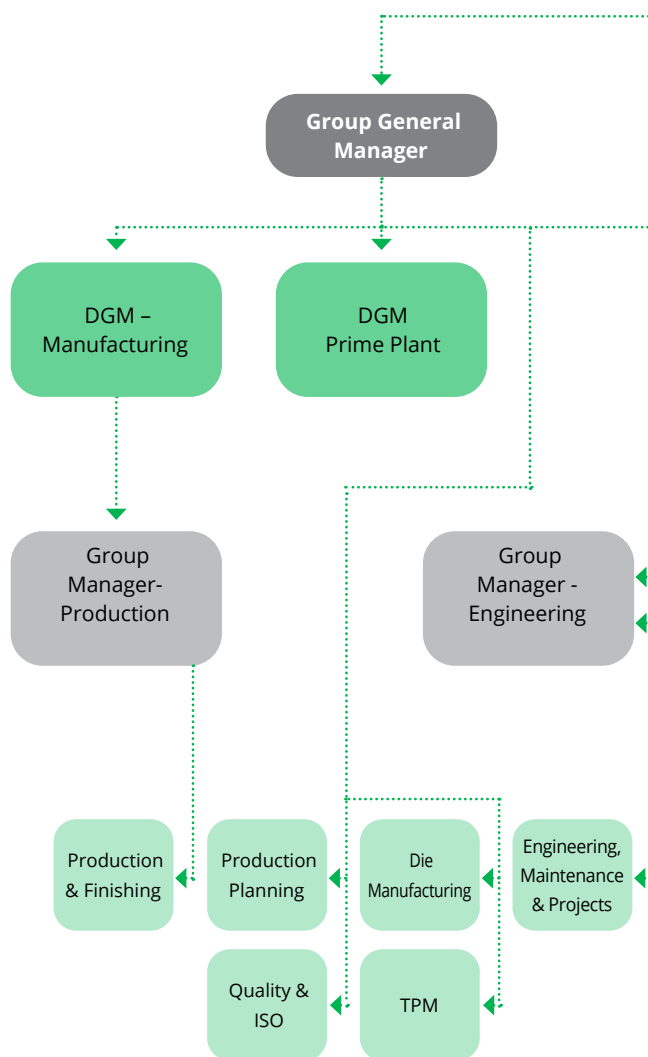
The Board has the overall responsibility and accountability for the management of the affairs of the Company, maintenance of prudent risk management practices and safeguarding stakeholder rights. In order to carry out these responsibilities, the Board has appointed a corporate management team which includes an Executive Director, General Manager and six (06) Deputy General Managers led by the Managing Director.

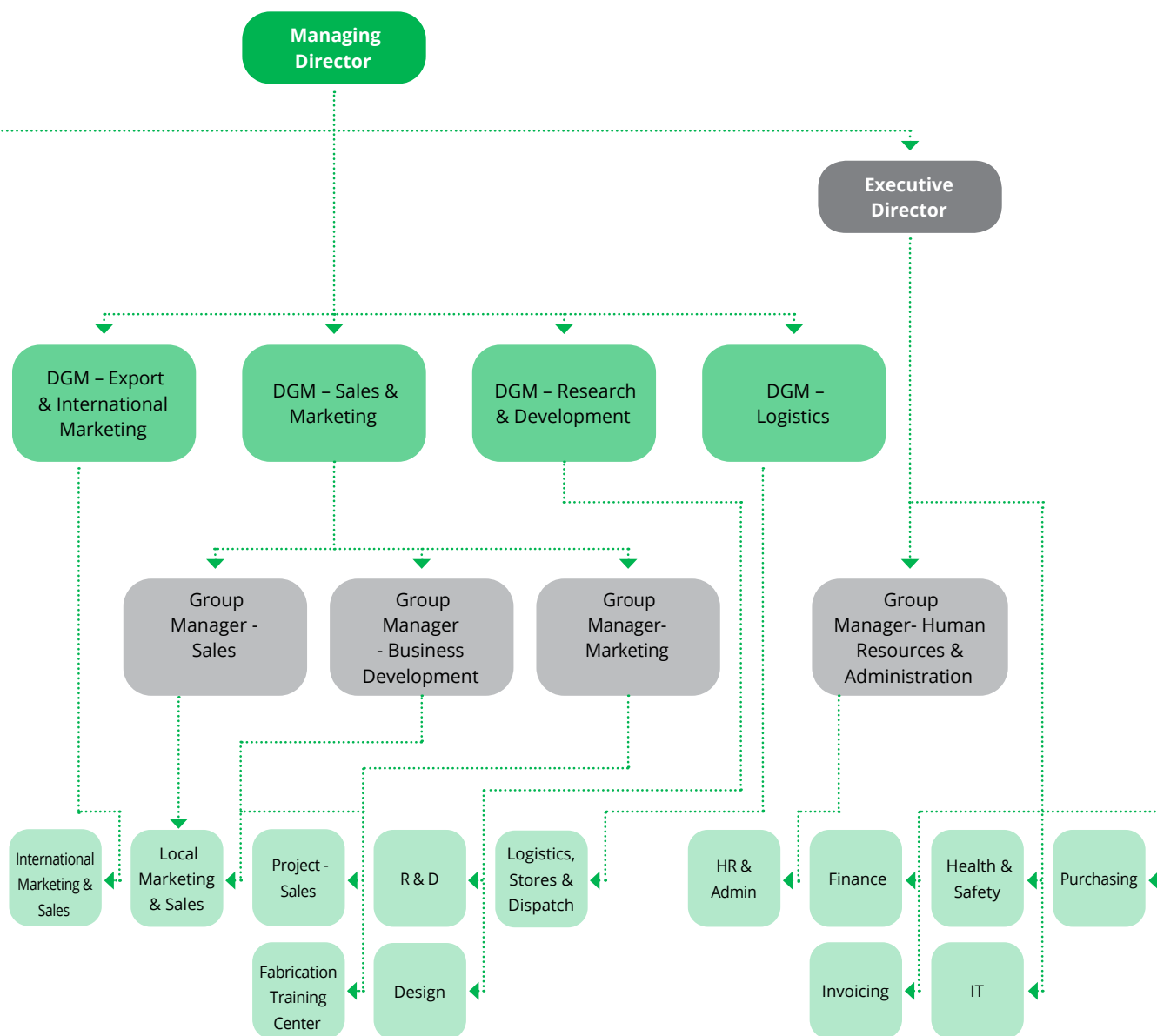
The Board has delegated some of its functions to two Board sub committees - the Audit committee and the Remuneration Committee - chaired by Independent and Non-Executive Directors.

Further, The Nomination Committee and the Related Party Transactions Review Committee of the parent Company, Hayleys PLC, act as the Nomination Committee and the Related Party Transactions Review Committees for the Company and make recommendations and give directions to the Board.

The Group Management Committee of Hayleys PLC is also involved with 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.

THE GOVERNANCE STRUCTURE





CORPORATE GOVERNANCE

STATEMENT OF COMPLIANCE

As a responsible organisation, Alumex adheres to regulations, codes and best practices published by different governing bodies:

Regulatory

- ▶ Companies Act No. 07 of 2007
- ▶ Sri Lanka Accounting and Auditing standards Act No. 15 of 1995
- ▶ Listing Rules of Colombo Stock Exchange
- ▶ Inland Revenue Act No. 24 of 2017
- ▶ Exchange Control Act
- ▶ Customs Ordinance
- ▶ The Shop and Office Employees Act No. 15 of 1954
- ▶ Factories Ordinance Act No. 45 of 1942
- ▶ Industrial Dispute Act No. 43 of 1950

Voluntary Standards and Codes

- ▶ Code of Best Practices on Corporate Governance jointly issued by CASL & SEC - Securities & Exchange Commission.
- ▶ Integrated Reporting Framework issued by IIRC
- ▶ Global Reporting Initiative –GRI standards, 'In accordance'- Core option
- ▶ Quality Standards Certifications
- ▶ Internal Policies and Codes

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.

SECTION 01 and **SECTION 02** cover the extent of adherence to the requirements of the Code of Best Practices on Corporate Governance issued by CA Sri Lanka. It reflects Alumex's governance in the following eight fundamental aspects:

SECTION 01

- A. Directors
- B. Directors' Remuneration
- C. Relations with Shareholders
- D. Accountability and Audit

SECTION 02

- E. Institutional Investors
- F. Other Investors
- G. Internet of things and Cyber security
- H. Environment, Society and Governance (ESG)

SECTION 03 of the Code deals with Alumex's extent of adherence to requirements of the Continuing Listing Requirements Section 7.10 on Corporate Rules for Listed Companies issued by the CSE. This reflects Alumex's level of conformity to CSE's listing rules which comprise of the following fundamental principles:

- ▶ Non-Executive Directors
- ▶ Independent Directors
- ▶ Disclosures relating to Directors
- ▶ Remuneration Committee
- ▶ Audit Committee

SECTION 04 covers the extent of adherence to the requirements of the Continuing Listing Requirements Section 9 on Related Party Transactions for listed companies as issued by the CSE. This covers all the following disclosure requirements:

- ▶ Non-recurrent Related Party Transactions
- ▶ Recurrent Related Party Transactions
- ▶ Related Party Transaction Review Committee
- ▶ Disclosure by the Board and the Committee

SECTION 1:

CODE OF BEST PRACTICES ON CORPORATE GOVERNANCE JOINTLY ISSUED BY CASL & SEC - SECURITIES & EXCHANGE COMMISSION

CORPORATE GOVERNANCE PRINCIPLES	REFERENCE OF CODE	COMPLIANCE	THE COMPANY'S EXTENT OF COMPLIANCE IN 2020/21
DIRECTORS			
A.1 The Board			
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 132 and 133.			
Board Meetings	A.1.1	Complied	The Board usually meets at quarterly intervals, but also meets more frequently when needed. The Board met six 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 156.
Board Responsibilities	A.1.2	Complied	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. 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. The Board also ensures effective systems are in place to secure integrity of information, internal controls and risk management. 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 regulation.
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 2020/2021
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 fulfil 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	One third of the directors can call for a resolution to be presented to the board where they feel it is in best interest of the Company.
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>
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 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: Ensuring the new Board members are given an appropriate induction, covering terms of appointment. The effective participation of both Executive and Non-Executive Directors. All Directors are encouraged to make an effective contribution, within their respective capabilities, for the benefit of the Company. A balance of power between Executive and Non-Executive Directors is maintained. The views of Directors on issues under consideration are ascertained.</p>

CORPORATE GOVERNANCE PRINCIPLES	REFERENCE OF CODE	COMPLIANCE	THE COMPANY'S EXTENT OF COMPLIANCE IN 2020/2021
A.4 Financial Acumen			
The Code requires that the Board comprises of 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.			
Financial acumen and knowledge	A.4	Complied	The Board comprises three Chartered Accountants (CA Sri Lanka) and one Management Accountant (CIMA-UK). One of them serves as Chairman of the Audit Committee. These Directors add substantial value and independent judgment on 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 three (03) 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 eight (8) Directors are Non-Executive Directors, which is well above the minimum number prescribed by this Code.
Independent Non-Executive Directors	A.5.2	Complied	Two (2) 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 been 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	<p>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. No circumstances have arisen for the determination of independence by the Board, beyond the criteria set out in the Code.</p> <p>Independent Non-Executive Directors are: Dr. H. Cabral, PC Mr. S. Munaweera</p> <p>Brief resume of all Directors is available on pages 132 to 133.</p>
Alternate Directors	A.5.6	Complied	<p>Two alternate Directors have been appointed by two Non-Executive Directors and they are not executives of the Company: Mr. A.J. Hirdaramani Mr. T. Akbarally</p> <p>No alternate Directors were appointed during the year. Please refer page 133 for the profiles of the alternative Directors.</p>

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE PRINCIPLES	REFERENCE OF CODE	COMPLIANCE	THE COMPANY'S EXTENT OF COMPLIANCE IN 2020/2021
Senior Independent Director	A.5.7	Complied	Dr. H. 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. (Terms of Reference)
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.
A. 6 Supply of Information			
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 meeting are provided in advance to facilitate its effective conduct.
A. 7 Appointments to the Board			
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	<p>The Nomination Committee of the parent Company, Hayleys PLC, acts as the Nomination Committee for the Company and makes recommendations to the Board on all new Board appointments.</p> <p>The Nomination committee of Hayleys PLC consists of following members:</p> <p>Mr. A.M. Pandithage – Chairman Mr. Dhammika Perera – Non-Executive Dr. H. Cabral, PC - Independent Non-Executive</p>
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.
Disclosure of required details to Shareholders on new appointments to the Board	A.7.3	Complied	<p>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.</p> <p>The profiles of the above Directors are given on pages 132 and 133.</p>

CORPORATE GOVERNANCE PRINCIPLES	REFERENCE OF CODE	COMPLIANCE	THE COMPANY'S EXTENT OF COMPLIANCE IN 2020/21
A. 8 Re-Election			
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	<p>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.</p> <p>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 /re appointment. Retiring Directors are generally eligible for re-election.</p> <p>Accordingly, Mr. R.P. Pathirana and Mr. A.A. Akbarally retire by rotation and being eligible offer themselves for re-election.</p>
Election of Directors by shareholders	A.8.2	Complied	The names of the Directors submitted for election or re-election is accompanied by a resume to enable shareholders to make an informed decision on their election at the AGM .
Prior communication of resignation of a Director	A.8.3	Complied	In the event of 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	<p>The Chairman and Remuneration Committee evaluate the performance of the Executive Directors Periodically.</p> <p>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.</p>
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	<p>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.</p> <p>Criteria relating to evaluation of Board Committees are the performance against their duties referred in respective committee reports. Refer page 161 and page 162</p>
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	<p>The following details pertaining to each Director are disclosed as follows:</p> <p>(a) Brief profile with expertise and experience – page 132 and 133.</p> <p>(b) Directors' Interest in transactions and shareholding page 158 and 226.</p> <p>(c) Attendance at the Board Meetings held during the year page 156.</p>

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE PRINCIPLES	REFERENCE OF CODE	COMPLIANCE	THE COMPANY'S EXTENT OF COMPLIANCE IN 2020/2021
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.			
Establishment of a Remuneration Committee	B.1.1	Complied	The Remuneration Committee was formed in 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 164 for the Remuneration Committee report.
Composition of Remuneration Committee	B.1.2	Complied	The Remuneration Committee consists of two Independent Non-Executive Directors and the Chairman of this Committee is appointed by the Board.
Chairman and the members of the Remuneration Committee	B.1.3	Complied	The Remuneration Committee consists of following Independent Non- Executive Directors: Dr. H. Cabral, PC - Chairman Mr. S. Munaweera – Member
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 makeup 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 the Executive Directors of the required competence in order to run the Company.

CORPORATE GOVERNANCE PRINCIPLES	REFERENCE OF CODE	COMPLIANCE	THE COMPANY'S EXTENT OF COMPLIANCE IN 2020/21
Executive Directors' remuneration	B.2.2	Complied	Executive Directors' remuneration have been designed to promote the long term success of the Company.
Competitiveness of 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 Schemes.
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.
Early termination of Executive Directors	B.2.8 B.2.9	N/A	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 157 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 is 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.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE PRINCIPLES	REFERENCE OF CODE	COMPLIANCE	THE COMPANY'S EXTENT OF COMPLIANCE IN 2020/2021
Procedures of voting at General Meetings	C.1.5	Complied	A summary of the procedures governing voting at General Meeting is circulated to shareholders with every Notice of the General Meeting.
C.2 Communication with Shareholders			
The Code Requires the board should implement effective communication with shareholders.			
Channel to reach all shareholders	C.2.1	Complied	<p>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.</p> <p>Further, financial and other announcements are promptly submitted to CSE to publish in the CSE website.</p> <p>Comments and suggestions can be sent through marketing@alumexgroup.com.</p> <p>Company Secretaries answers queries which are being made by the shareholders where necessary.</p>
Policy methodology for communication with shareholders	C.2.2	Complied	<p>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.</p> <p>Contact details are published in all annual and quarterly financial reporting.</p>
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.
Process to make Directors aware of major issues and concerns of shareholders	C.2.5	Complied	<p>The Company Secretary maintains a record of all correspondence received.</p> <p>All major issues and concerns of the shareholders are referred to the Board of Directors with the views of the management.</p>
Response to the shareholders matters	C.2.7	Complied	The process for responding to shareholder matters have been formulated by the board and disclosed. Such matters are responded at 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 Transaction	C.3.1	Complied	During the year there were no major transactions as defined by Section 185 of the Companies Act No. 07 of 2007 which materially affect the net asset base of Company or the Group's consolidated net asset base.

CORPORATE GOVERNANCE PRINCIPLES	REFERENCE OF CODE	COMPLIANCE	THE COMPANY'S EXTENT OF COMPLIANCE IN 2020/2021
Shareholder's 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. Comply 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 No. 07 of 2007 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' and appears on page 162. The 'Statement of Directors' Responsibility' is given on page 161. See the 'Auditors' Report' on page 171 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 no 157.
Statement of Board's 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 157 and the 'Statement of Directors' Responsibility' on page 161 and pertains to required declarations.
Management Discussion and Analysis	D.1.6	Complied	See 'Management Discussion and Analysis' on pages 24 to 126.
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 29 to Financial Statements.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE PRINCIPLES	REFERENCE OF CODE	COMPLIANCE	THE COMPANY'S EXTENT OF COMPLIANCE IN 2020/2021
D.2 Risk Management and Internal Control			
The Board should have a sound system of internal controls to safeguard shareholders' investments and the Company's assets.			
Annual evaluation of the internal control systems	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 on risks involved in company has been carried out review the status on every meeting. Mitigating actions have been identified and continuously review the progress. Refer page 53 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 controls	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 of a sound internal control system	D.2.5	Complied	Please refer statement of Directors' Responsibilities, on page no 161.
D.3 Audit Committee			
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	<p>Audit Committee consists of two (02) independent Non-Executive Directors:</p> <p>Mr. S. Munaweera - Chairman Dr. H. Cabral, PC - Member Mr. R. Pathirana - Member</p> <p>The Company Secretary serves as its Secretary. The Chairman, Managing Director and the Chief Financial Officer (CFO) and the Hayleys Group CFO are invited to attend meetings as required. The input of the statutory Auditors will be obtained where necessary.</p> <p>The Audit Committee is required to help the Company to achieve a balance between conformance and performance.</p>

CORPORATE GOVERNANCE PRINCIPLES	REFERENCE OF CODE	COMPLIANCE	THE COMPANY'S EXTENT OF COMPLIANCE IN 2020/2021
Duties of the Audit Committee	D.3.2	Complied	<p>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.</p> <p>Refer Audit committee report on page 163 for the duties.</p>
Terms of reference of the Audit Committee	D.3.3	Complied	<p>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 163.</p>
Disclosures of the Audit Committee	D.3.4	Complied	<p>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 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 guidelines stated in Section D.3.2.</p>
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	<p>Related party transactions are defined as in LKAS 24.</p>
Related party Transactions committee	D.4.2	Complied	<p>Related Party Transactions Review Committee of the parent Company, Hayleys PLC, act as the Related Party Transactions Review Committee for the Company and make recommendations and give directions to the Board.</p>
Terms of references of RPT Committee	D.4.3	Complied	<p>Written terms of reference of the Committee are available. Please refer Related Party Transactions Review Committee Report on page 165.</p>
D.5 Code of Business Conduct and Ethics			
GRI Disclosure: 102 - 16			
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	<p>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.</p>
Material and Price sensitive information	D.5.2	Complied	<p>Material and price sensitive information is promptly identified and reported to the shareholders via Colombo Stock Exchange notices.</p>

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE PRINCIPLES	REFERENCE OF CODE	COMPLIANCE	THE COMPANY'S EXTENT OF COMPLIANCE IN 2020/2021
Policy and disclosures on Share purchases by Directors	D.5.3	Complied	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 page 10 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.
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 the 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.
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 the Board structure and composition.
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.
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.
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	Hayleys Group Chief Information Security officer (CISO) continuously monitor and review the security requirements of the Company's information system and has introduced and implemented a Cyber security risk management policy.

CORPORATE GOVERNANCE PRINCIPLES	REFERENCE OF CODE	COMPLIANCE	THE COMPANY'S EXTENT OF COMPLIANCE IN 2020/2021
Discussions on Cyber risk management	G.3	Complied	This is a regular agenda item of the risk management discussion of the Board and have given due attention.
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	Not Complied	A detailed disclosure has not been made on the Cyber security process in this Annual report.
H. ENVIRONMENT, SOCIETY AND GOVERNANCE (ESG)			
H.1 ESG Reporting			
The Code requires the Company to include the ESG factors in building its Business Model, Strategy, Governance and Risk Management framework. The Company's ESG activities are not governed by a specific ESG committee appointed but rather the ESG activities are overlooked by the Executive Directors to ensure that effective ESG, best practices are implemented.			
Provision of information on ESG	H.1.1	Complied	Company has included the environmental, social and governance factors in its business models and provided sufficient information on all aspects in the Annual Report.
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.
Social Factors	H.1.3	Complied	The Company adopts an integrated approach to build strong relationship with the community and strives towards sustainable development.
Governance	H.1.4	Complied	The Company 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 138 and risk management on page 53 in this Annual Report.
Board's role on ESG Factors	H.1.5	Complied	The Company has followed the Integrated Reporting Framework and the Global Reporting Initiative Guidelines in presenting this Annual Report FY 2020-21.

SECTION 3 : COLOMBO STOCK EXCHANGE LISTING RULES SECTION 7.10**STATEMENT OF COMPLIANCE**

This section covers Alumex PLC's extent of adherence to the requirements of the Continuing Listing Requirements of Section 7.10 on Corporate Governance Rules for Listed Companies issued by the Colombo Stock Exchange.

RULE NO.	SUBJECT	ALUMEX EXTENT OF ADAPTION	COMPLIANCE STATUS	REFERENCE IN THIS REPORT
7.10.1(a)	Non-Executive Directors (NED)	Five (5) of the eight (8) Directors were Non-Executive Directors as at 31st March 2021	Complied	Corporate Governance
7.10.2(a)	Independent Directors	Two (2) of the Five (5) Non-Executive Directors were independent as at 31st March 2021.	Complied	Corporate Governance
7.10.2(b)	Independent Directors	All Non-Executive Directors have submitted their confirmation of independence as per the criteria set by the CSE rules, which is in line with the regulatory requirements.	Complied	Corporate Governance

CORPORATE GOVERNANCE

RULE NO.	SUBJECT	ALUMEX EXTENT OF ADAPTION	COMPLIANCE STATUS	REFERENCE IN THIS REPORT
7.10.3(a)	Disclosure relating to Directors	The Board assessed the independence declared by the Directors and determined the Directors who are independent and disclosed same in item A.5.5 of the ICASL Code table.	Complied	Corporate Governance
7.10.3(b)	Disclosure relating to Directors	The Board has determined that Two (2) Non-Executive Directors satisfy the criteria for "independence" set in the Listing Rules. The Board is of the opinion that Dr. H. Cabral's independence will not be compromised by him being an independent Non-Executive Director of Hayleys PLC as he has the capability to conduct in an independent and impartial manner on matters deliberated by the Board.	Complied	Corporate Governance
7.10.3(c)	Disclosure relating to Directors	A brief resume of each Director should be included in the Annual Report including the Director's areas of expertise.	Complied	Board of Directors' profile
7.10.3(d)	Disclosure relating to Directors	The appointments of new Directors disclosed to the Colombo Stock Exchange and to the public. No any new Director appointment during the year.	Complied	Corporate Governance and Board of Directors profile section
7.10.5(a)	Composition of Remuneration Committee	The Remuneration Committee comprises of two (2) Independent Non-Executive Directors as at 31st March 2021.	Complied	Corporate Governance and Remuneration Committee Report
7.10.5(b)	Functions of Remuneration Committee	The Remuneration Committee shall recommend the remuneration of the Managing Director and the Executive Directors.	Complied	Corporate Governance and Remuneration Committee Report
7.10.5(c)	Disclosure in the Annual Report relating to Remuneration Committee	Names of Remuneration Committee members are given in section B.1.3 of the ICASL code table on page 146. The disclosure of the Remuneration Committee is given on page 164 and the Remuneration paid to Directors is given in the Note 08 to the Financial Statement on page 196.	Complied	Corporate Governance and Remuneration Committee Report
7.10.6(a)	Composition of Audit Committee	Shall comprise of NEDs, a majority of whom will be independent.	Complied	Corporate Governance and Audit Committee Report
7.10.6(b)	Audit Committee Functions	Audit Committee functions are stated in the Audit Committee Report on Page 163.	Complied	Corporate Governance and Audit Committee Report
7.10.6(c)	Disclosure in the Annual Report relating to Audit Committee	The names of the Audit Committee members given on page 150. The basis of determination of the independence of the Auditor is also given in section D.3.4 of the ICASL code table	Complied	Corporate Governance and Audit Committee Report
7.13.1 (b)	Minimum Public Holding	As a listed company in the Dirisavi Board, the Company maintained the minimum public holding under specified criteria.	Complied	Share and Investor Information

SECTION 4: COLOMBO STOCK EXCHANGE LISTING RULES SECTION 9**STATEMENT OF COMPLIANCE**

This section covers Alumex PLC's extent of adherence to the requirements of the Code of Best practice on Related Party Transactions issued by the Securities & Exchange Commission of Sri Lanka and Section 9 of the Listing Rules of the Colombo Stock Exchange.

RULE NO.	SUBJECT	ALUMEX EXTENT OF ADAPTION	COMPLIANCE STATUS	REFERENCE IN THIS REPORT
9.2.1 & 9.2.3	Related Party Transactions Re-view Committee	<p>The RPTRC of the parent Company, Hayleys PLC, a listed entity, functions as the RPTR Committee for the Company.</p> <p>The RPTRC was formed on 10th February 2015.</p> <p>The functions of the RPTRC are stated in Related Party Transactions Review Committee report on page 105.</p>	Complied	Annual report of Board of Directors and the Related Party Transactions Review Committee Report
9.2.2	Composition of the Related Party Transactions Review Committee	The RPTRC consists of following Directors: Dr. H. Cabral - Chairman (Independent Non-Executive Director - Hayleys PLC) Mr. M. Y. A. Perera - (Independent Non-Executive Director - Hayleys PLC) Mr. S. C. Ganegoda - (Executive Director - Hayleys PLC)	Complied	<p>Annual report of Board of Directors on page 160.</p> <p>Related Party Transactions Re-view Committee Report on page 165.</p>
9.2.4	Related Party Transactions Review Committee Meetings	The RPTRC met 04 times during the financial year 2020/21.	Complied	Annual Report of Board of Directors on page 160.
9.3.1	Immediate disclosures	The Company has not been involved in any non-recurrent related party transaction which requires immediate announcement to the Exchange.	Complied	Note 29 to the Financial Statements
9.3.2 (a)	Disclosure – Non-recurrent Related Party Transactions	The Company has not been involved in any non-recurrent related party transaction which requires immediate announcement to the CSE.	Complied	Note 29 to the Financial Statements
9.3.2 (b)	Disclosure - Recurrent Related Party Transactions	<p>The Company is involved with provision of goods and services or financial assistance to related parties which are carried out on a continuing basis and expected to extend over a period of time in ordinary course of business of the company.</p> <p>However, aggregate values of these transactions were below 10% of gross revenue of the latest audited accounts.</p>	Complied	Note 29 to the Financial Statements
9.3.2 (c)	Report by the Related Party Transactions Review Committee	Refer page 165 for the Related Party Transactions Review Committee Report.	Complied	Related Party Transactions Review Committee Report
9.3.2 (d)	A declaration by the Board of Directors	Refer the Annual Report of Directors for an affirmative statement of compliance of the Board.	Complied	Annual report of Board of Directors page no 160.

CORPORATE GOVERNANCE

BOARD AND AUDIT COMMITTEE ATTENDANCE

The number of meetings of the Board and the Audit Committee and individual attendance by members are as follows:

BOARD MEETING ATTENDANCE

NAME OF DIRECTOR	ATTENDANCE
Mr. A.M. Pandithage	6/6
Mr. S.C. Ganegoda	6/6
Mr. D.W.P.N.Dediwela	6/6
Mr. R.P. Pathirana	6/6
Mr. A. A. Akbarally	4/6
Dr. H. Cabral, PC	6/6
Mr. S.Munaweera	6/6
Mr. R.P.P.K. Rajapaksha	6/6

AUDIT COMMITTEE ATTENDANCE

NAME OF DIRECTOR	ATTENDANCE
Dr.H.Cabral,PC **	4/4
Mr.S.Munaweera**	4/4
Mr.R.P.Pathirana*	4/4

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

The Directors of Alumex PLC have the pleasure in presenting the Report on the affairs of the Company together with the audited Financial Statements for the year ended 31st March 2021.

The details set out herein provide the pertinent information required by the Companies Act No. 7 of 2007, the Colombo Stock Exchange Listing Rules and are guided by recommended best reporting practices.

PRINCIPAL ACTIVITIES & BUSINESS REVIEW

GRI Disclosure: 102 - 10

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 Directors, to the best of their knowledge and belief, confirm that the Company has not engaged in any activities that contravene laws and regulations.

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 171 to 224.

AUDITOR'S REPORT

The Auditor's Report on the Financial Statements is given on pages 171.

ACCOUNTING POLICIES

The accounting policies adopted in the preparation of Financial Statements are given on pages 180 to 193.

The Financial Statements and Notes thereto give a true and fair view of the Company's and Group financial position as of 31/03/2021 and their performance for the year ended on that date.

INTERESTS REGISTRER

The Company, in compliance with the Companies Act No.7 of 2007, maintains an Interests Register. Particulars of entries in the Interests Register are detailed below.

RELATED PARTY TRANSACTIONS

The Board of Directors has given the following statement in respect of the related party transactions.

The related party transactions of the Company during the financial year have been reviewed by the Related Party Transactions Review Committee which is formed under the parent Company and are in compliance with the Section 09 of the CSE Listing Rules.

The Committee met four (04) times in the Financial Year 2020/21.

ATTENDANCE

Meetings held on 15th June, 11th August, 6th November 2020 and 10th February 2021.

Dr. H Cabral**	4/4
Mr. M. Y. A. Perera**	4/4
Mr. S C Ganegoda*	4/4

**Independent Non-executive

*Executive

DIRECTORS' INTERESTS IN TRANSACTIONS

The Directors of the company have made the general disclosures provided for in Section 192(2) of the Companies Act No.7 of 2007. Note 29 to the Financial Statements dealing with related party disclosures includes details of their interests in transactions.

DIRECTORS' INTERESTS IN SHARES

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. Details of Directors' shareholdings in the Company are given on page 226 of this report.

DIRECTORS' REMUNERATION

Executive Directors' remuneration is established within an established framework. The total remuneration of Executive Directors for the year ended 31st March 2021 was Rs. 26.7 Mn (2019/20 – Rs. 24.35 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 2021 was Rs. 1,428,000/- (2019/20 – Rs. 1,164,000/-) 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 Group.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

DIRECTORS' SHAREHOLDINGS

NAME	NO. OF SHARES AS AT 31/03/2021	NO. OF SHARES AS AT 01/04/2020
Mr. A.M. Pandithage	20,000	10,000
Mr. D.W.P.N.Dediwela	21,338,400	10,669,200
Mr. R.P. Pathirana	487,898	243,949
Mr. S.C. Ganegoda	380,000	92,939
Mr. A. A. Akbarally	Nil	Nil
Dr. H. Cabral, PC	Nil	Nil
Mr. S. Munaweera	40,000	20,000
Mr. R.P.P.K. Rajapaksha	39,814	19,907
Mr. A.J. Hirdaramani (Alternate Director to Mr R.P. Pathirana)	Nil	Nil
Mr. T. Akbarally (Alternate Director to A.A. Akbarally)	Nil	100,000

The Directors' shareholding increased with the subdivision of shares/ share purchases.

Hayleys PLC holds 314,826,064 shares (52.59%) in Alumex PLC in which Mr. A. M. Pandithage, Mr. S. C. Ganegoda and Dr. H. Cabral, PC are Directors.

Dean Foster (Private) Limited 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 (Private) Limited holds 80,169,400 shares (13.39%) in Alumex PLC in which Mr. A.A. Akbarally and Mr. T. Akbarally are Directors.

Rosewood (Private) Limited holds 42,439,330 shares (7.09%) in Alumex PLC in which Mr. R.P. Pathirana and Mr. A. J. Hirdaramani are Directors.

S.M. Bentley Corporate Services (Private) Limited holds 40,000 shares in Alumex PLC in which Mr. S. Munaweera is a Director and has controlling interest in S.M. Bentley Corporate Services (Private) Limited.

264,365 shares were purchased and 8,385,000 shares were disposed by Rosewood (Private) Limited during the year. Mr. R.P. Pathirana is a Director of Alumex PLC and Mr. A.J. Hirdaramani, Alternate Director to Mr. R.P. Pathirana is also a Director of Rosewood (Private) Limited and has controlling interest in Rosewood (Private) Limited.

533,082 shares were disposed by Akbar Brother (Private) Limited during the year. Mr. A. A. Akbarally is a Director of Alumex PLC

and Mr. T. Akbarally, Alternate Director to Mr. A.A. Akbarally is also a Director of Akbar Brothers (Private) Limited and has controlling interest in Akbar Brothers (Private) Limited.

97,601 shares were purchased by Mr. S.C. Ganegoda, a Non-executive Director of Alumex PLC during the year.

100,000 shares were disposed by Mr. T. Akbarally, Alternate Director to Mr. A. Akbarally, a Non-executive Director of Alumex PLC during the year.

17,000 shares were purchased and 7,000 shares were disposed by Mrs. R.D. Jayawardana, spouse of Mr. S. Munaweera, an Independent Non-executive Director during the year.

CORPORATE DONATIONS

The donations made during this year by the Company amounted to Rs. 1,321,466/- (2019/20 – Rs. 949,465/-).

While Donations made by the Group amounted to Rs. 1,336,161/- (2019/20 – Rs. 949,465/-).

DIRECTORATE

The names of the directors who held office at the end of the financial year are given below and their brief profiles appear on pages 132 and 133.

Mr. A. M. Pandithage (Chairman)
Mr. S C Ganegoda* (appointed as Deputy Chairman on 1 October 2020)
Mr. D W P N Dediwela (Managing Director)
Mr. R P Pathirana*
Mr. A A Akbarally*
Dr. H Cabral, PC**
Mr. S Munaweera**
Mr. R.P.P.K. Rajapaksha
Mr. A J Hirdaramani* (Alternate Director to Mr. R P Pathirana)
Mr. T Akbarally * (Alternate Director to A A Akbarally)
* Non Executive
** Independent Non Executive

Messrs R.P. Pathirana and A. A. Akbarally retire by rotation and being eligible offer themselves for re-election in terms of Article 28(6) of the Articles of Association of the Company.

Notice has been given pursuant to Section 211 of the Companies Act No. 07 of 2007, of the intention to propose an ordinary resolution for re-election of Mr. A.M. Pandithage, who is 70 years of age notwithstanding the age limit of 70 years stipulated by Section 210 of the Companies Act No. 07 of 2007.

DIRECTORS' MEETING

The number of Directors' meetings comprises Board meetings, Audit Committee meetings and the attendance of Directors at these meetings are given on page 156. Furthermore, the Directors contributed towards policy advocacy and direction by participating in the deliberations of the Board appointed sub committees on Strategic Review, Procurement and Disposal of Assets.

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, Companies Act No. 7 of 2007, and the Listing Rules of the Colombo Stock Exchange. The Statement of Directors' Responsibility for Financial Reporting is given on page 157 which forms an integral part of the Annual Report of the Board of Directors.

SIGNIFICANT ACCOUNTING POLICIES

Preparation of the Financial Statements of the Company have been consistent with the previous financial year that adopted in new SLFRS and LKAS. The significant Accounting policies adopted in the Financial Statement are given on pages 180 to 193.

AUDITORS

The financial statements for the year have been audited by Messrs Ernst & Young, Chartered Accountants who are deemed to have been re-appointed as auditors in terms of Section 158 of the Companies Act No.7 of 2007.

A resolution proposing the Directors be authorised to determine their remuneration will be submitted at the Annual General Meeting.

The Auditors, Messrs. Ernst and Young & Co., was paid Rs. 986,681 (2019/20 – Rs. 1,162,864/-) and Rs. 365,400/- (2019/20 – Rs. 380,858/-) as audit fees by the Company and its subsidiaries respectively. In addition, they were paid Rs. 719,931 (2019/20 – Rs. 849,251/-) and Rs. 466,660/- (2019/20 – Rs. 86,725/-) respectively by the Company and its subsidiaries 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 and the Group companies other than those disclosed above. The Auditors also do not have any interests in the company or in the Group.

FUTURE DEVELOPMENTS

Information on future developments are contained in the Chairman's report on page 10.

TURNOVER

The turnover of the Group was Rs. 6,021, Mn(2019/20 - Rs. 4,730 Mn) in the year under review. A detailed analysis of the Group's turnover is given in Note 05 to the financial statements.

RESULTS AND DIVIDENDS

The Group's Profit before tax amounted to Rs. 1,022 Mn(2019/20 – Rs. 66.89 Mn). After charge of Rs. 181.3Mn(2019/20 – Rs. 36.04 Mn) for taxation, net Profit for

the year was Rs. 841Mn (2019/20 - Rs. 30.85 Mn) In addition, Group's total Comprehensive Income net of tax was Rs. 906 Mn (2019/20 - Rs. 35.23).

First interim dividend of Rs. 0/25 (Cents 25) per share and second interim dividend of Rs. 0/40 (Cents 40) per share was paid to the shareholders on 23rd December 2020 and 26th March 2021 respectively.

The Board of Directors has recommended the payment of Final Dividend of Rs. 0.10 (Cents ten) per share for 2020/21 subject to the approval of the shareholders at the oncoming Annual General Meeting.

The Directors have confirmed that the Company satisfies the solvency test requirement under Section 56 of the Companies Act No. 07 of 2007 for the interim dividends paid and final dividend proposed.

The Solvency certificates were obtained from the Auditors in respect of the interim dividends paid and one has been sought in respect of the final dividend proposed.

RATIOS AND MARKET PRICE INFORMATION

Ratios relating to equity and debt and the market price information are given on pages 37 and 227.

PROPERTY, PLANT AND EQUIPMENT

The capital expenditure of the Group on property, plant and equipment during the year under review amounted to Rs. 301 Mn (2019/20– Rs. 156 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 free hold land in the group has in general been subject to routine revaluation by independent qualified valuers. The most recent valuation was conducted in the financial year 2020/21 and results have been incorporated in the financial statements.

STATED CAPITAL AND RESERVES

The issued and paid up stated capital of the Company is Rs.283,735,400/- (598,605,680 shares).

Total Group reserves as at 31st March 2021 amounted to Rs. 2,690 Mn(2019/20– Rs. 2,098 Mn) comprising capital reserve of Rs. 863 Mn (2019/20 – Rs. 807 Mn) and revenue reserve of Rs. 1,827 Mn (2019/20 – Rs. 1,291 Mn). Movements are shown in the Statement of Changes in Equity on page 177.

The ordinary shares of the company were subdivided by splitting each issued ordinary share into two (02) ordinary shares from 3rd March 2021. Consequently the total number of existing issued Ordinary Shares were increased from 299,302,840 to 598,605,680 without changing the Stated Capital of the Company which will remain at Rs. 283,735,400/-.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

The Group has a structure and a culture that recognises the aspirations, competencies and commitment of its employees. Career growth and advancement within the Group is promoted. The number of persons employed by the group at the year-end was 953. The Group does not operate any share option scheme.

SHAREHOLDERS

It is the Group's policy to endeavor to ensure equitable treatment to its shareholders. Details of the major shareholders are given on page 226.

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.

ENVIRONMENTAL PROTECTION

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.

CORPORATE GOVERNANCE/ INTERNAL CONTROL

Adoption of good governance practices has become an essential requirement in today's corporate culture. The Company has complied with the Corporate Governance rules laid down by the Colombo Stock Exchange. The practices carried out by the Company are explained in the Corporate Governance statement on pages 138 to 156.

The Directors acknowledge their responsibility for the Group'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 and the reliability of financial information generated. However, any system can only ensure reasonable and not absolute assurance that errors and irregularities are either prevented or detected within a reasonable time period.

The Board, having reviewed the system of internal controls, is satisfied with its effectiveness for the period up to the date of signing of the Financial Statements.

EXPOSURE TO RISK

The group 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 53 to 57 elaborates these practices and the risk factors.

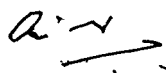
GOING CONCERN

The Directors, after making necessary inquiries and reviews including reviews of the Group'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 and the Group have 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.

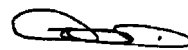
ANNUAL GENERAL MEETING

The Annual General Meeting will be held on 29th June 2021 at 3.00 p.m. on online platform. The notice of the Annual General Meeting appears on page 242.

For and on behalf of the Board



A.M. Pandithage
Chairman



Mr. D.W.P.N. Dediwela
Managing Director



Hayleys Group Services (Pvt) Ltd
Secretaries

7th May 2021

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors are responsible under Sections 150 (1), 151, 152 (1), and 153 of the Companies Act No. 07 of 2007, 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 and the Group as at the end of the financial year and of the profit and loss of the Company and the Group for the financial year.

The Directors are also responsible, under Section 148, for ensuring 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 No. 07 of 2007 and the Listing Rules of the Colombo Stock Exchange. Further, the Financial Statements provide the information required by the 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 reasonable measures to safeguard the assets of the Group and, in that context, have instituted appropriate systems of internal control with a view to preventing and detecting fraud and other irregularities.

The external Auditors, Messrs Ernst & Young who were deemed eligible for re-appointment in terms of Section 158 of the Companies Act No. 07 of 2007 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 171 sets out their responsibilities in relation to the Financial Statements.

The Directors have confirmed that the Company satisfies the solvency test requirement under Section 56 of the Companies Act No. 07 of 2007 for interim dividends paid and final dividend proposed and the Solvency Certificate has been sought from the Auditors in this respect.

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 and its Subsidiaries as at the Balance Sheet date have been paid or where relevant, provided for

By order of the Board,



HAYLEYS GROUP SERVICES (PVT) LTD.

Secretaries

7th May 2021

RESPONSIBILITY STATEMENT OF CHAIRMAN, MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER

The financial statements of Alumex PLC and the consolidated financial statements of the Group, as at 31st March 2021, 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.

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.

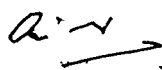
We have also taken proper and sufficient care in installing systems of internal control and accounting records to safeguard assets and to prevent and detect fraud as well as other irregularities. These have been reviewed, evaluated and updated on an ongoing basis. Reasonable assurances that the established 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.

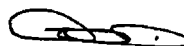
The financial statements were audited by the independent external auditors, Messrs Ernst & Young, Chartered Accountants. The Audit Committee approves the audit and non-audit services provided by the external auditor, in order to ensure that the provision of such services do not impair their independence.

We confirm that

- ▶ the Company and its subsidiaries have 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 Group



M. Pandithage
Chairman and Chief Executive



D.W.P.N. Dediwela
Managing Director



R.P.P.K. Rajapaksha
Director / Chief Financial Officer

7th May 2021

AUDIT COMMITTEE REPORT

COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee of Alumex PLC, appointed by and responsible to the Board of Directors, comprises three (3) members - two independent Non-Executive Directors, namely, Mr. S. Munaweera, Chairman of the Committee and Dr. H. Cabral, PC; and a Non-Executive Director, Mr. R. P. Pathirana.

Brief profiles of each member are provided on page 132.

The Company Secretary acts as the Secretary to the Audit Committee. 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.

MEETING OF THE AUDIT COMMITTEE

The committee met four (4) times during the year. The attendance of the members at these meetings is stated in the table on page 156.

Other members of the Board, External Auditors, Internal Auditors and the Chief Financial Officer were present at discussions as required. The proceedings of the Audit Committee are regularly reported to the Board of Directors. Audit committee meeting papers, including agenda, minutes and related reports and documents are circulated to the committee members in advance.

TASKS OF THE AUDIT COMMITTEE & ROLE

The Audit Committee assists the Board of Directors in fulfilling effectively its responsibility of oversight of the group accounting and financial reporting process and audit of the financial statement of the group. The responsibilities of the committee are:

- ▶ Review the financial reporting process of Alumex Group in order to ensure that an accurate and effective financial reporting process is in place.
- ▶ Review the effectiveness of the company's internal control system.
- ▶ Review and assess the risk management process of the company.
- ▶ Review the adequacy of the scope, functions and resources of internal auditors.
- ▶ Recommend to the board of appointment or continuing engagement of the external auditors, review of their scope, approach and performance.
- ▶ Review the effectiveness of the system with a view to monitoring compliance with laws and regulations.
- ▶ Report to the board its findings based on the reports of the external auditor or internal auditor.

Other responsibilities include holding discussions with the management about the major policies with respect to risk assessment and risk management.

EXTERNAL AUDIT

During the year, the Committee reviewed the external audit scope and the strategy. The Audit Committee discussed the audit plan and the scope of the external audit with Messrs Ernst & Young. The Interim Issues Memorandum, Audit Results Report and the Management Letters issued by the External Auditors with regard to the Financial Statements are circulated and reviewed at the Audit Committee.

The Committee reviews annually the appointment of the External Auditor and makes recommendations to the Board accordingly. The Committee is satisfied that the independence of the External Auditors had not been impaired by any event or service that gives rise to a conflict of interest. Due consideration has been given to the nature of the services provided by the Auditors and the level of audit and non-audit fees received by the Auditors, in order to ensure that it did not compromise their independence.

The Audit Committee recommended to the Board the re-appointment of Messrs Ernst and Young, Chartered Accountants as the External Auditors of the Company for the ensuing financial year, subject to the approval of the shareholders at the next Annual General Meeting.

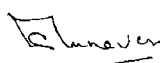
The Audit Committee provides the opportunity to External Auditors to meet Audit Committee members independently, if necessary.

APPOINTMENT OF EXTERNAL AUDITOR

The Audit Committee has recommended to the Board of Directors that Messrs Ernst & Young continue as auditors for the financial year ending 31st March 2021.

CONCLUSION

The Audit Committee is satisfied that the effectiveness of the financial reporting process, group's accounting policies and operational controls provide reasonable assurance that the affairs of the group are managed in accordance with group policies and that group assets are properly accounted for and adequately safeguarded.



S. Munaweera
Chairman- Audit Committee

7th May 2021

REMUNERATION COMMITTEE REPORT

COMPOSITION OF THE REMUNERATION COMMITTEE

The Remuneration Committee of Alumex PLC consists of two (02) Independent Non-Executive Directors, namely, Dr. H. Cabral, PC - Chairman of the Committee, and Mr. S. Munaweera.

Brief profiles of each member are given on pages 132.

The Managing Director of the Company, who is responsible for the overall management of the company, provides information to the Committee in all deliberations except in relation to those matters where the outcome has an impact on him.

SCOPE OF DUTIES

Led by the objective of attracting and retaining high caliber individuals in a competitive environment, in line with business performance and stakeholder expectations, the Remuneration Committee shall be responsible for the following:

Setting the overall Hayleys PLC group remuneration policies after taking into consideration the current industrial norms; laying down guidelines and parameters for the compensation structure of the Managing Director, Executive Directors and other key managerial staff. To set goals and targets for the Managing Director, Executive Directors and key management personnel.

- ▶ To monitor and review the performance of the Managing Director, Executive Directors and other key management personnel
- ▶ To periodically evaluate the performance of the Managing Director, Executive Directors and other key management personnel against the set targets and goals, and determine the basis for revising remuneration, benefits and other payments of performance-based incentives.

REMUNERATION POLICY

The remuneration policy is to attract and retain a highly qualified and experienced workforce, and reward performance accordingly against the backdrop of industry norms. These compensation packages provide compensation appropriate for the Group and are commensurate with each employee's level of expertise and contribution, bearing in mind business performance and shareholder returns.

DISCLOSURE

Apart from the two Executive Directors who are involved with the operations of the company on a full-time basis, only Independent Directors receive a fee for attending board meetings and serving on sub-committees. Details of Directors' emoluments are disclosed on page 196.



Dr. Harsha Cabral, PC

Chairman- Remuneration Committee

7th May 2021

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

The Related Party Transaction Review Committee of the parent Company, Hayleys PLC, functions as the Committee for the Company and is in line with the Section 9 of the Listing Rules of the Colombo Stock Exchange.

COMPOSITION OF THE COMMITTEE

The Related Party Transactions Review Committee comprises two (02) Independent Non-Executive Directors and one (01) Executive Director. The Committee comprises of the Following members;

Dr. H. Cabral, PC (IND/NED) - Chairman

Mr. M.Y.A. Perera (IND/NED)

Mr. S. C. Ganegoda (ED)

(ED- Executive Director, IND- Independent Director, NED- Non-Executive Director)

THE DUTIES OF THE COMMITTEE

- ▶ To review in advance all proposed related party transactions of the group 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 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.

TASK OF THE COMMITTEE

The Committee reviewed the related party transactions and their compliance of Alumex PLC and communicated the same to the Board.

The Committee in its review process recognised the adequate content and quality of the information forwarded to its members by the management.

MEETINGS

The Committee Meetings were held four times during the year under review on 15th June, 11th August, 6th November 2020 and 10th February 2021. The attendance at the meetings is given in table on page 156.

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 9.3.2 of the Listing Rules of the Colombo Stock Exchange has been made in Note 29 to the financial statements on page 217 to 219.

Dr. Harsha Cabral, PC.

Chairman

Related Party Transactions Review Committee of Hayleys PLC

17th May 2021

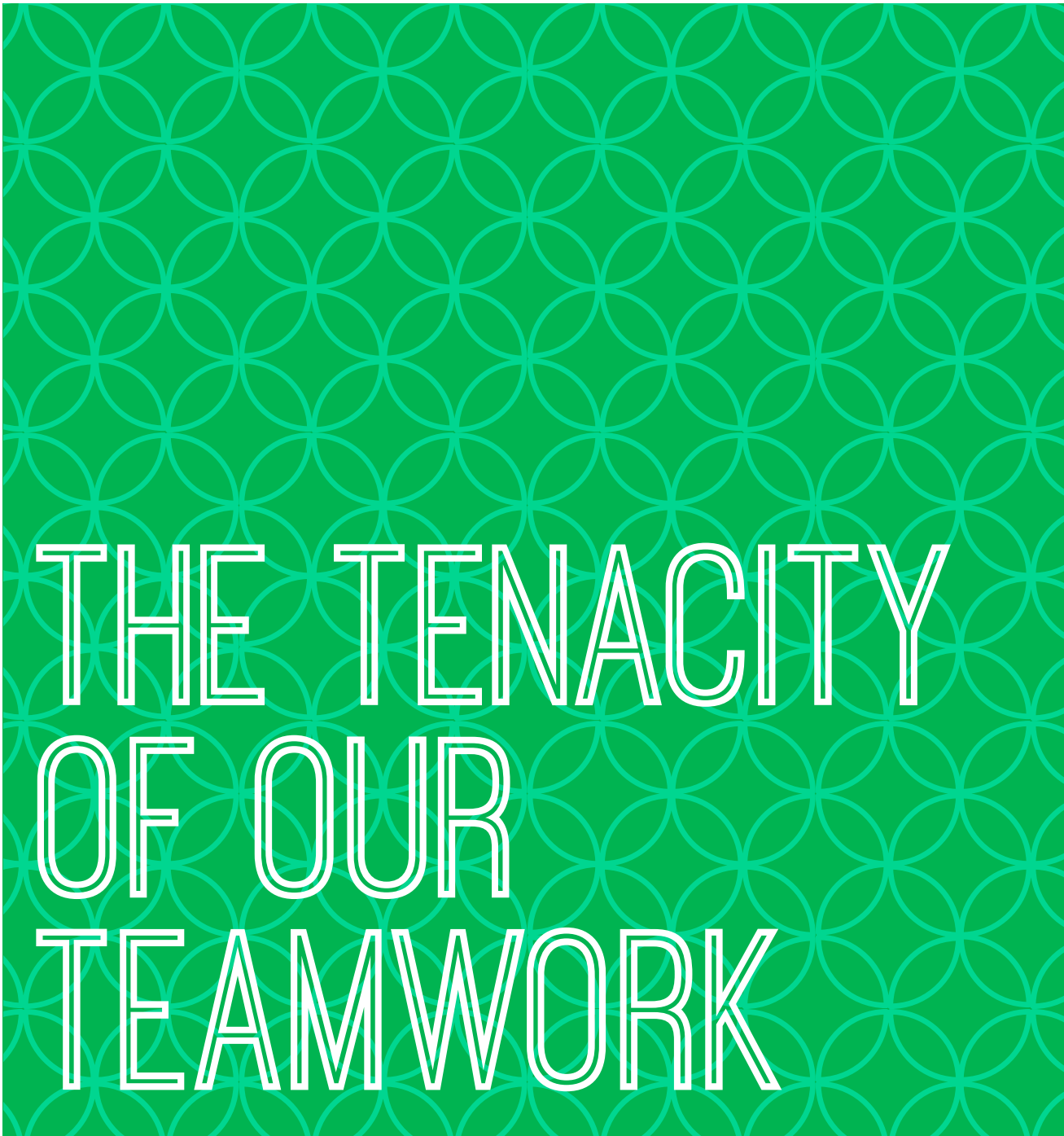


576 RECRUITS
WHO RECEIVED
COMPREHENSIVE,
ON THE JOB TRAINING





FINANCIAL REPORTS



THE TENACITY
OF OUR
TEAMWORK



FINANCIAL CALENDAR 2020/21

01st Quarter Report	5th August 2020
02nd Quarter Report	29th October 2020
03rd Quarter Report	3rd February 2021
04th Quarter Report	10th May 2021
First Interim Dividend paid	23rd December 2020
Second Interim Dividend paid	26th March 2021
Annual Report 2020/2021	4th June 2021
14th Annual General Meeting	29th June 2021
Final Dividend payable	8th July 2021

INDEPENDENT AUDITOR'S REPORT



Ernst & Young
Chartered Accountants
201 De Saram Place
P.O. Box 101
Colombo 10
Sri Lanka

Tel : +94 11 2463500
Fax Gen : +94 11 2697369
Tax : +94 11 5578180
eysl@lk.ey.com
ey.com

INDEPENDENT AUDITOR'S REPORT 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") and the consolidated financial statements of the Company and its subsidiary ("the Group"), which comprise the statement of financial position as at 31 March 2021, and the 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 a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2021, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

BASIS FOR OPINION

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's responsibilities section of the audit of the financial statements section of our report. We are independent of the Group in accordance with the Code of Ethics 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 our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. 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 MATTERS COMMON TO BOTH GROUP AND COMPANY

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Revenue Recognition As disclosed on note 5, Group recorded a revenue of Rs. 6,021.5 Mn during the year ended 31 March 2021. Revenue recognition was considered as the key audit matter due to: <ul style="list-style-type: none"> ▶ Volume of transactions and magnitude of revenue reported during the year; ▶ Presence of multiple sales locations within the group. 	We performed following audit procedures among others: <ul style="list-style-type: none"> ▶ We tested the design and operational effectiveness of controls implemented by the management over revenue recognition. ▶ We performed test of details on revenue transactions throughout the financial year to ensure the validity of the transactions. ▶ We tested sales transactions around the year-end to ensure revenue is recognized in the correct accounting period We assessed the adequacy of the related disclosures in Note 5 of the consolidated financial statements.

Partners: W R H Fernando FCA FCMA R N de Saram ACA FCMA Ms. N A De Silva FCA Ms. Y A De Silva FCA W R H De Silva ACA ACMA W K B S P Fernando FCA FCMA
 Ms. K R M Fernando FCA ACMA Ms. L K H L Fonseka FCA A P A Gunasekera FCA FCMA A Herath FCA D K Hulangamuwa FCA FCMA LLB (Lond) H M A Jayasinghe FCA FCMA
 Ms. A A Ludowyke FCA FCMA Ms. G G S Manatunga FCA A A J R Perera ACA ACMA Ms. P V K N Sajeewani FCA N M Sulaiman ACA ACMA B E Wijesuriya FCA FCMA
 Principals: G B Goudan ACA T P M Ruberu FCA FCMA

A member firm of Ernst & Young Global Limited

INDEPENDENT AUDITOR'S REPORT

**OTHER INFORMATION INCLUDED IN THE 2021 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

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 Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material

if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 and the Group.
- ▶ 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements 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 Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

REPORT ON 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 2021
Colombo

STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2021	Notes	Group		Company	
		2021 Rs. 000	2020 Rs. 000	2021 Rs. 000	2020 Rs. 000
Revenue	5	6,021,532	4,729,950	5,562,394	4,351,891
Cost of Sales		(4,311,900)	(3,727,898)	(4,100,334)	(3,480,974)
Gross Profit		1,709,632	1,002,052	1,462,060	870,917
Other Income	6	43,708	27,599	225,083	24,482
Selling and Distribution Expenses		(191,273)	(252,403)	(185,072)	(245,005)
Administrative Expenses		(329,412)	(316,659)	(326,741)	(295,981)
Operating Profit		1,232,655	460,589	1,175,330	354,413
Finance Cost	7.1	(255,158)	(409,648)	(264,901)	(412,137)
Finance Income	7.2	44,801	15,946	43,449	15,117
Profit/(Loss) Before Tax	8	1,022,298	66,887	953,878	(42,607)
Income Tax (Expenses)/Reversal	9	(181,287)	(36,038)	(137,266)	(12,590)
Profit/(Loss) for the Year		841,011	30,849	816,612	(55,197)
Profit Attributable to Shareholders		841,011	30,849	816,612	(55,197)
Diluted and Basic Earnings Per Share	10	1.40	0.05	1.36	(0.09)
Dividend Per Share	11	0.53	-	0.53	-

Notes from pages 180 to 224 form an integral part of these Financial Statements. Figures in brackets indicate deductions.

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2021	Notes	Group		Company	
		2021 Rs. 000	2020 Rs. 000	2021 Rs. 000	2020 Rs. 000
Profit/(Loss) for the Year		841,012	30,849	816,612	(55,197)
Other Comprehensive Income					
Other Comprehensive Income not to be reclassified to Profit or Loss in subsequent periods					
Actuarial Gains /(Losses) on Defined Benefit Plans	24.1	5,106	6,021	1,364	5,418
Income Tax Effect on Actuarial Gains and Losses	9	(906)	(1,638)	(242)	(1,517)
		4,200	4,383	1,122	3,901
Adjustment to opening deferred tax on Revaluation Reserve	9	60,860	-	60,623	-
Total Other Comprehensive Income for the Year, Net of Tax		65,060	4,383	61,745	3,901
Total Comprehensive Income for the Year, Net of Tax		906,071	35,232	878,359	(51,296)
Total Comprehensive Income Attributable to Shareholders		906,071	35,232	878,359	(51,296)

Notes from pages 180 to 224 form an integral part of these Financial Statements. Figures in brackets indicate deductions.

STATEMENT OF FINANCIAL POSITION

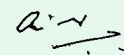
As At 31 March 2021	Notes	Group		Company	
		2021 Rs. 000	2020 Rs. 000	2021 Rs. 000	2020 Rs. 000
Assets					
Non-current Assets					
Property, Plant and Equipment	12	3,746,042	3,687,270	3,540,963	3,485,837
Intangible Assets	13	101,490	72,009	101,490	72,009
Right-of-Use Assets / Lease assets	14.1	198,325	45,820	198,325	45,820
Investments in Subsidiaries	15	-	-	30,000	30,000
		4,045,857	3,805,099	3,870,778	3,633,666
Current Assets					
Inventories	17	1,898,202	1,845,542	1,670,701	1,684,732
Trade and Other Receivables	18	1,029,821	930,439	877,895	774,052
Advances and Prepayments	19	173,549	92,713	166,702	90,198
Income Tax Receivable		-	51,234	-	51,234
Cash and Cash Equivalents	20	526,970	72,644	469,230	70,728
		3,628,542	2,992,572	3,184,528	2,670,944
Total Assets		7,674,399	6,797,671	7,055,306	6,304,610
Equity and Liabilities					
Stated Capital	21	283,735	283,735	283,735	283,735
Reserves	22	862,595	807,020	829,945	774,607
Retained Earnings		1,827,320	1,291,091	1,125,965	617,213
Total Equity		2,973,650	2,381,846	2,239,645	1,675,555
Non-Current Liabilities					
Interest Bearing Loans and Borrowings	16.1	823,025	1,353,950	823,025	1,353,950
Non Current Portion of Lease Liability	14.2	186,843	33,039	186,843	33,039
Retirement Benefit Liability	24	140,332	125,285	128,639	111,225
Deferred Tax Liabilities	9	244,214	241,977	241,633	241,868
		1,394,414	1,754,251	1,380,140	1,740,082
Current Liabilities					
Trade and Other Payables	25	1,619,538	880,844	1,785,924	1,153,744
Current Portion of Long Term Interest Bearing Borrowings	16.1	736,650	727,900	736,650	727,900
Current Portion of Lease Liability	14.2	18,629	23,698	18,629	23,698
Short-Term Interest Bearing Borrowings	16.1	869,962	1,015,769	855,249	972,909
Other Current Financial Liabilities	16.2	-	906	-	791
Provisions	23	15,074	11,624	13,181	9,931
Income Tax Liabilities		46,482	833	25,888	-
		3,306,335	2,661,574	3,435,521	2,888,973
Total Equity and Liabilities		7,674,399	6,797,671	7,055,306	6,304,610

It is certified that the Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 7 of 2007.



R.P.P.K. Rajapaksha
Director / Chief Financial Officer

The Board of Directors are responsible for these Financial Statements. Signed for and on behalf of the Board,



A.M. Pandithage
Chairman



D.W.P.N. Dediwela
Managing Director

Notes from pages 180 to 224 form an integral part of these Financial Statements. Figures in brackets indicate deductions.

07 May 2021
Colombo

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2021 Group	Attributable to Equity Holders of the Parent					Total Equity Rs. 000
	Stated Capital Rs. 000	Revaluation Reserve Rs. 000	Capital Reserve Rs. 000	Retained Earnings Rs. 000	Total Rs. 000	
Balance as at 01 April 2019	283,735	584,249	228,056	1,257,258	2,353,298	2,353,298
Effect of Transition to SLFRS 16	-	-	-	(6,684)	(6,684)	(6,684)
Balance as at 1st at April, 2019 - Restate	283,735	584,249	228,056	1,250,574	2,346,614	2,346,614
Profit for the Year	-	-	-	30,849	30,849	30,849
Other Comprehensive Income, Net of Tax	-	-	-	4,383	4,383	4,383
Total Comprehensive Income	-	-	-	35,232	35,232	35,232
Transactions with Owners, Recorded Directly in Equity						
Depreciation Transfer for Building 12.5	-	(5,285)	-	5,285	-	-
Total Contributions by and Distributions to Owners	-	(5,285)	-	5,285	-	-
Balance as at 01 April 2020	283,735	578,964	228,056	1,291,091	2,381,846	2,381,846
Profit for the Year				841,011	841,011	841,011
Other Comprehensive Income, Net of Tax		60,860		4,200	65,060	65,060
Total Comprehensive Income	-	60,860	-	845,211	906,071	906,071
Transactions with Owners, Recorded Directly in Equity						
Depreciation Transfer for Building 12.5		(5,285)		5,285	-	-
Dividends to Equity Holders				(314,268)	(314,268)	(314,268)
Total Contributions by and Distributions to Owners	-	(5,285)	-	(308,983)	(314,268)	(314,268)
Balance as at 31 March 2021	283,735	634,539	228,056	1,827,320	2,973,650	2,973,650

Notes from pages 180 to 224 form an integral part of these Financial Statements. Figures in brackets indicate deductions.

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2021 Company	Notes	Stated Capital Rs. 000	Revaluation Reserve Rs. 000	Capital Reserve Rs. 000	Retained Earnings Rs. 000	Total Rs. 000
Balance as at 01 April 2019		283,735	551,836	228,056	669,908	1,733,536
Effect of Transition to SLFRS 16		-	-	-	(6,684)	(6,684)
Balance as at 1st at April, 2019 - Restate		283,735	551,836	228,056	663,224	1,726,852
Loss for the Year		-	-	-	(55,197)	(55,197)
Other Comprehensive Income, Net of Tax		-	-	-	3,901	3,901
Total Comprehensive Income		-	-	-	(51,296)	(51,296)
Transactions with Owners, Recorded Directly in Equity						
Depreciation Transfer for Building	12.5	-	(5,285)	-	5,285	-
Dividends to Equity Holders		-	-	-	-	-
Total Contributions by and Distributions to Owners		-	(5,285)	-	5,285	-
Balance as at 1 April 2020		283,735	546,551	228,056	617,214	1,675,556
Profit for the Year		-	-	-	816,612	816,612
Other Comprehensive Income, Net of Tax		-	60,623	-	1,122	61,745
Total Comprehensive Income			60,623		817,734	878,357
Transactions with Owners, Recorded Directly in Equity						
Depreciation Transfer for Building	12.5	-	(5,285)	-	5,285	-
Dividends to Equity Holders		-	-	-	(314,268)	(314,268)
Total Contributions by and Distributions to Owners			(5,285)		(308,983)	(314,268)
Balance as at 31 March 2021		283,735	601,889	228,056	1,125,965	2,239,645

Notes from pages 180 to 224 form an integral part of these Financial Statements. Figures in brackets indicate deductions.

STATEMENT OF CASH FLOWS

Year ended 31 March 2021	Note	Group		Company	
		2021 Rs. 000	2020 Rs. 000	2021 Rs. 000	2020 Rs. 000
Cash Flows from Operating Activities					
Profit/(Loss) Before Taxation		1,022,298	66,887	953,878	(42,607)
Adjustments for,					
Finance Cost		219,239	355,819	232,768	366,825
Finance Income	7.2	(5,330)	(5,449)	(5,251)	(4,849)
Provision for Gratuity	24	25,661	27,003	23,258	24,213
(Profit) / Loss on Disposal of Property, Plant and Equipment	6	(10,579)	-	(10,579)	-
Provision/(Reversal) for Bad Debts		(33,821)	23,167	(24,165)	15,909
Provision/(Reversal) for Impairment of Property,Plant & Equipment		(469)	-	(469)	-
Depreciation and Amortization		228,796	249,491	213,502	235,285
Operating Profit Before Working Capital Changes		1,445,795	716,917	1,382,936	594,776
(Increase) / Decrease in Inventories		(52,660)	10,025	14,031	(89,842)
(Increase) / Decrease in Trade and Other Receivables		(149,022)	75,700	(153,398)	50,752
(Increase) / Decrease in Advances and Prepayments		53,861	(3,504)	(2,785)	(56,579)
Increase / (Decrease) in Trade and Other Payables		690,357	(219,300)	634,992	73,148
Cash Generated from/(used in) Operating Activities		1,988,331	579,839	1,875,777	572,255
Finance Cost Paid		(210,472)	(347,901)	(223,994)	(358,908)
Income Tax Paid		(22,213)	(36,852)	-	-
Retirement Benefit Liability Paid		(5,511)	(7,463)	(4,480)	(6,862)
Net Cash From /(used in) Operating Activities		1,750,136	187,623	1,647,303	206,485
Cash Flows from Investing Activities					
Acquisition of Property, Plant and Equipment/ Intangible Assets		(300,983)	(156,160)	(282,044)	(144,526)
Proceeds from Sale of Property, Plant and Equipment		7,917		7,917	
Finance Income Received	7.2	5,330	5,449	5,251	4,849
Net Cash Flows From/(used in) Investing Activities		(287,737)	(150,711)	(268,876)	(139,677)
Cash Flows from Financing Activities					
Repayment of Interest Bearing Loans and Borrowings	16.1	(544,175)	(644,400)	(544,175)	(644,400)
Proceeds from Interest Bearing Loans and Borrowings	16.1	22,000	1,000,000	22,000	1,000,000
Lease Rental Paid		(25,823)	(28,196)	(25,823)	(28,196)
Dividend Paid		(314,268)	(44,896)	(314,268)	(44,896)
Net Cash Flows from / (used in) Financing Activities		(862,265)	282,508	(862,266)	282,508
Net Increase /(Decrease) in Cash and Cash Equivalents		600,134	319,420	516,164	349,316
Cash and Cash Equivalents at the Beginning of the Year	20	(943,125)	(1,262,545)	(902,183)	(1,251,499)
Cash and Cash Equivalents at end of the Year	20	(342,991)	(943,125)	(386,019)	(902,183)

Notes from pages 180 to 224 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

The Consolidated Financial Statements of Alumex PLC, as at and for the year ended 31 March 2021 encompass the Company and its subsidiary (together referred to as the "Group"). The subsidiary in the Group is limited liability Companies namely Alco Industries (Pvt) Ltd incorporated and domiciled in Sri Lanka.

1.3 Principal Activities and Nature of Operations of the Company and the Group

During the financial year, principal activities of the Company is manufacturing and selling dies and aluminum extrusions. Principal activities of the subsidiary is;

Alco Industries (Pvt) Ltd - Manufacturing and selling aluminium components and Industrial tools There were no significant changes in the nature of principal activities of the Company and the Group 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 Consolidated Financial Statements of the Group for the year ended 31 March 2021 were authorised for issue in accordance with a resolution of the Board of Directors on 07 May 2021.

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 Consolidated 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 Consolidated 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 Consolidated Financial Statements.

2.3 Functional and Presentation Currency

The Financial Statements are presented in Sri Lankan Rupees, which is the Group'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 Consolidated Financial Statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

2.6 Offsetting

Assets and liabilities or income and expenses, are not offset unless required or permitted by Sri Lanka Accounting Standards.

3. SUMMARY SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in the Consolidated Financial Statements.

The Directors have made an assessment of the Group'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.

3.1 Basis of Consolidation

Subsidiaries

Subsidiaries are those entities controlled by the Group. Control achieved when the Group is exposed, or rights to variable returns from its involvement with the investee and when it has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- ▶ Power over the investee (i.e; existing rights that give it the current ability to direct the relevant activities of the investee)
- ▶ Exposure, or rights, to variable returns from its involvement with the investee
- ▶ The ability to use its power over the investee to affect its returns

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Financial Statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it recognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in the Statement of Profit or Loss. Any investment retained is recognised at fair value.

The Consolidated Financial Statements of the Company for the year ended 31 March 2021 comprise of the Company and its Subsidiary. The details of Subsidiaries are as follows:

Company Name	Year of Ownership Incorporation	Percentage
Alco Industries (Pvt) Ltd	2010/2011	100%

The Consolidated Financial Statements incorporating all subsidiaries in the Group are using uniform Accounting Policies for like transactions and in similar circumstance are applied consistently.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

3.2 Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the Consolidated Financial Statements.

3.3 Foreign Currency Transactions

Transactions in foreign currencies are initially recorded by the Group at their respective functional currency spot rate at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in the Statement of Profit or Loss.

3.4 Current Versus Non-Current Classification

The Group presents assets and liabilities in 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

NOTES TO THE FINANCIAL STATEMENTS

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3.5 Fair Value Measurement

The Group 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 & 13
- ▶ Property (land) under revaluation model Notes 12 & 13

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 Group.

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 Group 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.

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:

- ▶ **Level 1** - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- ▶ **Level 2** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- ▶ **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 Group 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 Group 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:

- ▶ Disclosures for valuation methods, significant estimates and assumptions - Note 12.
- ▶ Quantitative disclosures of fair value measurement hierarchy - Note 12.
- ▶ Property (land) under revaluation model - Note 12.

3.6 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 Group 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 Group 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 Group 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 Group 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 Group receives short-term advances from its customers. Using the practical expedient in SLFRS 15, the Group 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 good or service to the customer and when the customer pays for that good or service will be one year or less.

(iii) Warranty Obligations

The Group 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 23 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 recognised as a contract liability. Revenue is recognised over the period in which the service-type warranty is provided based on the time elapsed.

Rendering of Services

The Group 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 Group.

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.

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 cost 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 Profit or Loss.

Dividend

Dividend income is recognised in profit or loss on the date the entity's right to receive payment is established.

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 profit or loss.

3.7 Tax Expenses

Tax expenses comprises 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 Group 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.

Alco Industries (Pvt) Ltd

Pursuant to agreement dated 15 July 2010 entered in to with the Board of Investment under Section 17 of the Board of Investment Law No. 04 of 1978, the Company had been granted a tax exemption period of five (5) years under Inland Revenue Act No. 10 of 2006 relating to the imposition payment and recovery of income tax in respect of profits and income of the Company. The above period will commence from the year in which enterprise make profits or any year of assessment not later than two (02) years from the date of commencement of commercial operations which ever year is earliest.

NOTES TO THE FINANCIAL STATEMENTS

The concessionary rate of 10% tax charges is applicable on profits and income for two years immediately succeeding the last date of the tax exemption period. Thereafter, 20% tax rate is applicable on profit and income.

Alco Industries (Pvt) Ltd commences making profit in 2010/2011 and hence tax exemption has been ended from year of assessment 2014/2015.

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 Group 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.

Tax on dividend income from subsidiaries is recognised as an expense in the Consolidated Statement of Profit or Loss at the same time as the liability to pay the related dividend is recognised.

3.8 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.

3.9 Property, Plant and Equipment

The group 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 Group 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 Group 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 Group 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.

3.10 Leases

Operating Leases

Operating lease payments are recognised as an operating expenses in the statement of Profit or Loss on a straight line basis over year lease term.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group 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 Group 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.

NOTES TO THE FINANCIAL STATEMENTS

3.11 Intangible Assets

An Intangible asset is recognised if it is probable that future economic benefit associated with the assets will flow to the Group 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, 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.

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 Group 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 amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation 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 group intangible assets are as follows.

	DEVELOPMENT COST	SOFTWARE & WEBSITE DEVELOPMENT	PATENTS AND LICENSES
Useful lives	Finite (10 years)	Finite (7 year)	Finite (7 years)
Amortisation method used	Amortised on a straight line basis over the period of expected future sales from the related project.	Amortised on a straight line basis over the period of useful life.	Amortised on a straight line basis over the period of useful life.
Internally generated or acquired	Internally generated	Acquired	Acquired

3.12 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.

3.13 Finance Income and Finance Costs

Finance income comprises 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.

3.14 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 capitalised 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.

3.15 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.

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 first-in first-out
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 cost 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 first-in first-out
Goods in Transit	At purchase cost on first-in first-out

3.16 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 Group's cash management.

3.17 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 amortised 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 Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group 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 Group has applied the practical expedient are measured at the transaction price determined under SLFRS 15.

NOTES TO THE FINANCIAL STATEMENTS

In order for a financial asset to be classified and measured at amortised 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 Group'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 Group 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 market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories;

- ▶ Financial assets at amortised cost (debt instruments)
- ▶ Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- ▶ Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- ▶ Financial assets at fair value through profit or loss

Financial Assets at Amortised cost (Debt Instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- ▶ The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and selling, and
- ▶ The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (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 Group's financial assets at amortised cost includes trade receivables.

De-recognition

A financial asset is de-recognised when:

- ▶ The rights to receive cash flows from the asset have expired
- ▶ The Group 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 Group has transferred substantially all the risks and rewards of the asset, or
 - (b) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group 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 Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group 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 Group could be required to repay.

Impairment of Financial Assets

The Group 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 Group 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 Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. 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 Group'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:

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 Group 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 group 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 amortised cost using the EIR method. Gains and losses are recognised in the Statement of Profit or Loss when the liabilities are derecognised as well as through the EIR amortisation process.

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

Financial Guarantee Contracts

Financial guarantee contracts issued by the Group 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 amortisation.

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

NOTES TO THE FINANCIAL STATEMENTS

Derivative Financial Instruments**Initial Recognition and subsequent Measurement**

The Group 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 Group 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 Group 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 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

3.18 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate assets 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.

3.19 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.

3.20 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.

3.21 Capital Commitments and Contingencies

Capital commitments and contingent liabilities of the Group are disclosed in the respective Note 27 to the Financial Statements.

3.22 Employee Benefits**Defined Contribution Plans**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into 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 Group contributes to the following Schemes:

Employees' Provident Fund

The Group and employees contribute 12% and 8% respectively of the employee's monthly gross salary to the Provident Fund.

Employees' Trust Fund

The Group 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 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 24. 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 benefit. 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 2021 by Messer's Actuarial and Management consultant (Pvt) Ltd a

qualified actuary. Further details are disclosed in Note 24.

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.

3.23 Statement of Cash Flows

The Statement of Cash Flows is prepared using the indirect method, as stipulated in LKAS 7- “Statement of Cash Flows”.

3.24 Critical Accounting Estimates and Judgments

The preparation of Financial Statements in conformity with SLFRS/LKAS's requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Judgements 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 judgements and estimates.

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 judgements 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 Group'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 Group'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 regulation, 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 the

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 Group establish 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 Group 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 judgement 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 24. 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 Note 12 and 13 to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

Revaluation of Land

The Group measures lands at revalued amount with change in value being recognised in the Statement of Other Comprehensive Income in Financial year 2018/2019. The valuer has used valuation techniques such as open market value. Refer Note 12 to the financial statements.

Inventories

Group 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 group 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

Group 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 18 for more details.

Provision for Warranties

The provision is based on historical data and Group reviews adequacy of provision at each reporting date.

3.25 Events Occurring After the Reporting Date

All material post occurred after the reporting date events have been considered and where appropriate adjustments or disclosures have been made in the Note 28 to the Financial Statements.

3.26 Earnings per Share

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.

3.27 Segment Reporting

An operating segment is a component of the Group 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 Group's other components. Refer Note 31 to the financial statements.

4. GENERAL**4.1 Changes in Accounting Policies and Disclosures****4.1.1 Amendments to SLFRS 3: Definition of a Business**

Amendments to the definition of a business in SLFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments.

The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after 1 January 2020, with early application permitted. Since the Group's current practice in line with these amendments, they had no significant impact on the consolidated financial statements of the Group.

4.1.2 Amendments to LKAS1 and IAS 8: Definition of Material

Amendments to LKAS 1 Presentation of Financial Statements and IAS 8 Accounting policies, Changes in accounting Estimates and Errors are made to align the definition of "material" across the standard and to clarify certain aspects of the definition. The new definition states that, "information is material if omitting or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The amendments are applied prospectively for the annual periods beginning on or after 1 January 2020 with early application permitted. Since the Group's current practice in line with these amendments, they had no significant impact on the consolidated financial statements of the Group.

4.1.3 Amendments to References to the Conceptual Framework in SLFRS Standards

Revisions to the Conceptual Framework were made because some important issues were not covered, and some guidance was unclear or out of date. The revised Conceptual Framework includes: a new chapter on measurement; guidance on reporting financial performance; improved definitions of an asset and a liability, and guidance supporting these definitions; and clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

The amendments are effective for annual periods beginning on or after 1 January 2020, with early application is permitted. Since the Group's current practice in line with these amendments, they had no significant impact on the consolidated financial statements of the Group.

4.2 Standards issued but not yet effective

The new and amended standards that are issued, but not yet effective to the date of issuance of these financial statements are disclosed below.

4.2.1 Amendments to SLFRS 16 - COVID - 19 Related Rent Concessions

The amendments provide relief to lessees from applying SLFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 Pandemic.

As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from Covid-19 related rent concession the same way it would account for the change under SLFRS16, if the change were not a lease modification.

The amendment applies to annual reporting periods beginning on or after 01 June 2020.

4.2.2 Amendments to SLFRS 3

The amendments update SLFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to SLFRS 3 a requirement that, for obligations within the scope of LKAS 37, an acquirer applies LKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

4.2.3 Property, Plant and Equipment: Proceeds before Intended Use – Amendments to LKAS 16

In March 2021, the ICASL adopted amendments to LKAS16- Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an

item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

4.2.4 Onerous Contracts – Costs of Fulfilling a Contract – Amendments to LKAS 37

In March 2021, the ICASL adopted amendments to LKAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments

4.2.5 Amendments to LKAS 1: Classification of Liabilities as Current or Non-current

In March 2021, ICASL adopted amendments to paragraphs 69 to 76 of LKAS 1 which specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- ▶ What is meant by a right to defer settlement
- ▶ That a right to defer must exist at the end of the reporting period
- ▶ That classification is unaffected by the likelihood that an entity will exercise its deferral right
- ▶ That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification
- ▶ The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively.

NOTES TO THE FINANCIAL STATEMENTS

5. REVENUE**Timing of Revenue Recognition**

Year ended 31st March 2021	Group		Company	
	2021	2020	2021	2020
Sale of Goods				
Goods transferred at the point in time	6,016,298	4,720,063	5,264,018	4,080,118
Service transferred at the over the period	5,234	9,887	86,040	79,743
	6,021,532	4,729,950	5,350,058	4,159,861
Intra-group Revenue	-	-	212,336	192,030
Total Revenue from Contract with Customers	6,021,532	4,729,950	5,562,394	4,351,891

Revenue generated on each product category is shown below :

Year ended 31 March 2021	Group		Company	
	2021 Rs. 000	2020 Rs. 000	2021 Rs. 000	2020 Rs. 000
Local Sales - Extrusions	4,952,512	4,043,126	4,966,184	4,065,427
Export Sales - Extrusions	345,160	50,588	345,160	50,588
Local Sales - Aluminium Components	521,601	540,265	-	-
Export Sales - Aluminium Components	28,940	7,239	-	-
Finished Die Sales	6,582	10,006	9,006	14,629
Powder Coating , Anodising ,Wood Effect and Billets Conversion Charges	5,234	9,887	86,040	79,743
Aluminium Accessories , Cladding & Corian	159,624	67,184	26,863	24,856
Other Material Sales and Service Charges	1,879	1,655	124,111	114,365
Other Sales	-	-	5,030	2,283
	6,021,532	4,729,950	5,562,394	4,351,891

6. OTHER INCOME

Year ended 31 March 2021	Group		Company	
	2021 Rs. 000	2020 Rs. 000	2021 Rs. 000	2020 Rs. 000
Profit/(Loss) on Disposal of Property, Plant and Equipment	10,579	-	10,579	-
Dividend Income	-	-	180,000	-
Income from sale of discarded items	32,781	22,478	34,156	20,156
Insurance Claim Received	348	5,121	348	4,326
	43,708	27,599	225,083	24,482

7. FINANCE COST AND INCOME

7.1 Finance Cost

Year ended 31 March 2021	Group		Company	
	2021 Rs. 000	2020 Rs. 000	2021 Rs. 000	2020 Rs. 000
Interest Expense on Loans and Borrowings	202,250	333,702	201,917	332,893
Interest Expense on Leases	8,768	7,918	8,768	7,918
Interest Expense on Bank Overdrafts	8,221	19,648	7,430	17,129
Other Finance Costs	-	-	14,647	8,886
Exchange Loss	35,919	48,380	32,139	45,311
	255,158	409,648	264,901	412,137

7.2 Finance Income

Year ended 31 March 2021	Group		Company	
	2021 Rs. 000	2020 Rs. 000	2021 Rs. 000	2020 Rs. 000
Interest Income on Deposits and Receivable	5,330	5,449	5,251	4,849
Exchange Gain	39,471	10,497	38,198	10,268
	44,801	15,946	43,449	15,117

8. PROFIT BEFORE TAX

Year ended 31 March 2021 Stated After Deducting	Group		Company	
	2021 Rs. 000	2020 Rs. 000	2021 Rs. 000	2020 Rs. 000
Included in Cost of Sales				
Employee Benefits Including the Following	520,029	420,819	463,640	373,192
- Defined Benefit Plan Costs - Gratuity	18,889	19,206	16,765	17,131
- Defined Contribution Plan Costs - EPF and ETF	36,676	32,256	32,098	28,639
Depreciation	201,229	184,193	186,164	170,060
Provision/ (Reversal) for Inventory	(1,414)	69,145	(3,605)	61,377
Research & Development Expenses	14,108	8,853	5,567	6,821

NOTES TO THE FINANCIAL STATEMENTS

8. PROFIT BEFORE TAX (CONTD.)

	Group		Company	
Year ended 31 March 2021	2021	2020	2021	2020
Stated After Deducting	Rs. 000	Rs. 000	Rs. 000	Rs. 000
Included in Administrative, Selling and Distribution Expenses				
Employee Benefits Including the Following	278,591	228,551	270,215	218,070
- Defined Benefit Plan Costs - Gratuity	6,772	7,797	6,492	7,082
- Defined Contribution Plan Costs - EPF and ETF	18,918	18,830	17,883	17,760
Provision/ (Reversal) for Bad Debts	(33,820)	23,167	(24,166)	15,909
Unclaimed Tax		12		12
Audit Fees	1,355	1,576	990	1,163
Non - Audit Fee	1,187	936	720	849
Depreciation and Amortization	47,502	45,628	47,427	45,555
Impairment of Property Plant and Equipment	(469)		(469)	
Gifts , Donation and CSR	1,728	1,455	1,714	1,455
Advertising Costs	14,640	8,853	14,640	8,853
Directors Fees (NED)*	1,428	1,164	1,428	1,164
Directors Emoluments (ED)**	26,272	24,347	26,272	24,347

* NED -Non Executive Directors

** ED -Executive Directors

9. INCOME TAX

The major components of income tax expense for the years ended 31 March 2021 and 2020 are :

	Group		Company	
Year ended 31 March 2021	2021	2020	2021	2020
Income Statement	Rs. 000	Rs. 000	Rs. 000	Rs. 000
Current Income Tax :				
Current Income Tax	96,022	27,328	51,920	-
Adjustments in Respect of Current Income Tax of Previous Year	(2,126)	(713)	-	-
Income Tax on Dividends	25,200	-	25,200	-
ESC Charge to Income Statments	-	19,842	-	19,842
Deferred Tax :				
Relating to Origination and Reversal of Temporary Differences	62,191	(10,419)	60,146	(7,252)
Income Tax Expense Reported in the Income Statement	181,287	36,038	137,266	12,590

A reconciliation between tax expense and the product of accounting profit multiplied by domestic tax rate for the years ended 31 March 2021 and 2020 is as follows :

Year ended 31 March 2021 Consolidated Statement of OCI	Group		Company	
	2021 Rs. 000	2020 Rs. 000	2021 Rs. 000	2020 Rs. 000

Deferred Tax Related to Items Recognized in OCI During the Year

Net Loss/(Gain) on Actual Gains and Losses	906	1,638	242	1,517
Adjustment to opening deferred tax on Revaluation Reserve	(60,860)	-	(60,623)	-
Deferred Tax Charged/(Reversed) to OCI	(59,954)	1,638	(60,381)	1,517

9.1 A Reconciliation Between Tax Expense and the Product of Accounting Profit

Year ended 31 March 2021	Group		Company	
	2021 Rs. 000	2020 Rs. 000	2021 Rs. 000	2020 Rs. 000

Accounting Profit Before Income Tax	1,022,298	66,887	953,878	(42,607)
Aggregate Disallowable Items	237,723	369,928	235,489	405,172
Aggregate Allowable Expenses	(171,179)	(468,353)	(342,916)	(479,290)
Interest Income	5,330	14,335	5,251	4,849
Dividend Income	-	-	-	-
Tax Loss Carried Forward	-	381,073	-	381,073
Tax Loss Brought Forward	(381,073)	(208,554)	(381,073)	(208,554)
Taxable Income	712,540	155,316	470,631	-
Income Tax @ 10%	-	4,865	-	-
Income Tax @ 14%	28,820	222	27,679	-
Income Tax @ 20%	-	17,291	-	-
Income Tax @ 18%	87,608	-	48,181	-
Income Tax @ 24%	4,794	1,590	1,260	-
Income Tax @ 28%	-	3,360	-	-
Income Tax on Current Year Profit	121,222	27,328	77,120	-
Tax on Temporary Difference Tax @ 17.75%	62,191	(10,419)	60,146	(7,252)
Irrecoverable E.S.C w/off during the year	-	19,842	-	19,842
Adjustments In Respect of Current Income Tax of Previous Year	(2,126)	(713)	-	-
Income Tax Expenses Reported in the Consolidated Income Statement	181,287	36,038	137,266	12,590

NOTES TO THE FINANCIAL STATEMENTS

9. INCOME TAX (CONTD.)**9.2 Deferred Tax****Deferred Tax Relates to the Following:**

Year ended 31 March 2021	Statement of Financial Position		Income statement	
	2021 Rs. 000	2020 Rs. 000	2021 Rs. 000	2020 Rs. 000
Company				
Accelerated Depreciation for the Tax Purposes	(304,681)	(451,151)	(85,849)	71,303
Right to use Assets	(34,286)	(12,830)	21,457	12,830
Lease Liability	35,555	15,886	(19,669)	(15,886)
Retirement Carried Obligations	22,833	31,143	8,068	(4,858)
Provision for Bad Debts	3,808	12,773	8,965	(4,455)
Tax loss carried forward		106,700	106,700	(48,333)
Other Provisions	35,137	55,611	20,474	(17,853)
			60,146	(7,252)

Year ended 31 March 2021	Statement of Financial Position		Statement of Comprehensive Income	
	2021 Rs. 000	2020 Rs. 000	2021 Rs. 000	2020 Rs. 000
Income Tax Effect on Actuarial Gains			242	1,517
Adjustment to opening deferred tax on Revaluation Reserve			(60,623)	
			(60,381)	1,517
Deferred Tax Expense / (Income)			(235)	(5,735)
Net Deferred Tax Assets / (Liabilities)	(241,633)	(241,868)		

Company**Reflected in the Statement of Financial Position as follows,**

Year ended 31 March 2021	2021 Rs. 000	2020 Rs. 000
Deferred Tax Assets	97,334	222,113
Deferred Tax Liabilities	(338,967)	(463,981)
Deferred Tax Liabilities Net as at 31 March	241,633	(241,868)

Reconciliation of Deferred Tax Liabilities

	2021 Rs. 000	2020 Rs. 000
Balance as at 01 April	(241,868)	(247,603)
Tax Income/(Expense) Recognized in Profit & Loss	(60,146)	7,252
Tax Income/(Expense) Recognized in Other Comprehensive Income	60,381	(1,517)
Balance as at 31 March	(241,633)	(241,868)

Reconciliation of Deferred Tax (Charge) / Reversal

	2021 Rs. 000	2020 Rs. 000
Deferred Tax (Charge) /Reversal on other temporary differences recognised under Comprehensive Income	42,648	7,252
Deferred Tax effect from change in tax rate recognised under Comprehensive Income	(102,794)	-
Deferred Tax (Charge) /Reversal on other temporary differences recognised under Other Comprehensive Income	(242)	(1,517)
Deferred Tax effect from change in tax rate recognised under Other Comprehensive Income	60,623	-
	235	5,736

9.3 Group

Year ended 31 March 2021	Statement of Financial Position		Income statement	
	2021 Rs. 000	2020 Rs. 000	2021 Rs. 000	2020 Rs. 000
Accelerated Depreciation for the Tax Purposes	(316,634)	(465,016)	(87,523)	71,562
Right to use Assets	(34,286)	(12,830)	21,457	12,830
Lease Liability	35,555	15,886	(19,669)	(15,886)
Retirement Benefit Obligations	25,091	33,955	7,957	(5,202)
Provision for Bad Debts	4,784	15,804	11,020	(5,906)
Tax Loss Carry- Forwards		106,700	106,700	(48,333)
Other Provisions	41,275	63,524	22,249	(19,486)
			62,191	(10,421)

NOTES TO THE FINANCIAL STATEMENTS

9. INCOME TAX (CONTD.)**9.3 Group (Contd.)**

Year ended 31 March 2021	Statement of Financial Position		Statement of Comprehensive Income	
	2021 Rs. 000	2020 Rs. 000	2021 Rs. 000	2020 Rs. 000
Income Tax Effect on Actuarial Gains or Losses			906	1,638
Income Tax Effect on Revaluation Reversal of Land			(60,860)	
			(59,954)	1,638
Deferred Tax Expense /(Income)			2,237	(8,783)
Net Deferred Tax Assets / (Liabilities)	(244,214)	(241,977)		

Deferred Tax is computed at 17.75% tax rates, as the effect of other rates do not significantly impact on the Financial Statements of the Company as at 31 March 2021.

Group

Reflected in the Statement of Financial Position as follows,

Year ended 31 March 2021	2021 Rs. 000	2020 Rs. 000
Deferred Tax Assets	106,706	235,869
Deferred Tax Liabilities	(350,920)	(477,846)
Deferred Tax Liabilities Net as at 31 March	(244,214)	(241,977)

Reconciliation of Deferred Tax Liabilities

Year ended 31 March 2021	2021 Rs. 000	2020 Rs. 000
Balance as at 01 April	(241,977)	(250,760)
Tax Income/(Expense) Recognized in Profit & Loss	(62,191)	10,421
Tax Income/(Expense) Recognized in Other Comprehensive Income	59,954	(1,638)
Balance as at 31 March	(244,214)	(241,977)

Reconciliation of Deferred Tax (Charge) / Reversal

Year ended 31 March 2021	2021 Rs. 000	2020 Rs. 000
Deferred Tax (Charge) /Reversal on other temporary differences recognised under Comprehensive Income	42,442	10,421
Deferred Tax effect from change in tax rate recognised under Comprehensive Income	(104,633)	
Deferred Tax (Charge) /Reversal on other temporary differences recognised under Other Comprehensive Income	(906)	(1,638)
Deferred Tax effect from change in tax rate recognised under Other Comprehensive Income	60,860	
	(2,237)	8,783

10. NOTES TO THE FINANCIAL STATEMENTS

10.1 Basic Earning 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.

The weighted average number of ordinary shares outstanding during the year and the previous year are adjusted for events that have changed the number of ordinary shares outstanding, without a corresponding change in the resources such as an Initial Public Offering of shares.

Diluted Earning per share

The calculation of Diluted Earning 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.

Year ended 31 March 2021	Group		Company	
	2021 Rs. 000	2020 Rs. 000	2021 Rs. 000	2020 Rs. 000

Amounts Used as Numerator:

Net Profit Attributable to the Equity Holders of the Company	841,012	30,849	816,612	(55,197)
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Year ended 31 March 2021	2021 Number	2020 Number	2021 Number	2020 Number
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Numbers of Ordinary Shares Used as Denominator:

Weighted Average Number of Ordinary Shares in Issue	598,605,680	299,302,840	598,605,680	299,302,840
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Basic & Diluted Earning per Share	1.40	0.10	1.36	(0.18)
Revised Basic & Diluted Earning per Share	1.40	0.05	1.36	(0.09)

11. DIVIDENDS PAID AND PROPOSED

Year ended 31 March 2021	Company	
	2021 Rs. 000	2020 Rs. 000

Declared and paid during the year:

Dividends on Ordinary Shares:

1st Interim Dividend for 2020/21 - Rs.0.25/- per Share	74,826	-
2nd Interim Dividend for 2020/2021 -Rs.0.40/- per Share	239,442	-
	314,268	
Number of Shares	598,605,680	299,302,840
Dividend per Share	0.53	-

All dividend proposed and declared before the financial statement were authorized for issue have been recognized as a distribution to owners

NOTES TO THE FINANCIAL STATEMENTS

12. PROPERTY, PLANT AND EQUIPMENT**12.1 Group**

Year ended 31 March 2021	Land Rs. 000	Building Rs. 000	Construction In Progress 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
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Cost or Valuation

At 1 April 2020	1,154,863	1,225,590	41,022	2,194,304	61,330	83,625	87,527	53,738	4,902,000
Additions	-	22,251	24,958	199,475	-	6,323	3,100	32,691	288,798
Disposals	-	-	-	-	(8,020)	(224)	(658)	(95)	(8,997)
Transfer	-	-	(36,225)	-	-	-	-	-	(36,225)
At 31 March 2021	1,154,863	1,247,841	29,755	2,393,779	53,310	89,724	89,969	86,334	5,145,576

**Depreciation and
Impairment**

At 1 April 2020	-	255,227	-	807,445	53,900	45,998	30,052	22,106	1,214,730
Charge for the Year	-	64,901	-	103,386	3,291	4,555	6,943	4,977	188,053
Disposals	-	-	-	-	(7,669)	(184)	(369)	(26)	(8,248)
Impairment	-	-	-	5,000	-	-	-	-	5,000
At 31 March 2021	-	320,128	-	915,831	49,522	50,369	36,626	27,057	1,399,535

Net Book Value

At 31 March 2021	1,154,863	927,713	29,755	1,477,948	3,788	39,355	53,343	59,277	3,746,042
At 31 March 2020	1,154,863	970,363	41,022	1,386,856	7,430	37,627	57,476	31,632	3,687,270

12.2 Company

Year ended 31 March 2021	Land Rs. 000	Building Rs. 000	Construction In Progress 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
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Cost or Valuation

At 1 April 2020	1,064,863	1,130,508	41,022	2,062,299	60,896	83,431	86,812	45,478	4,575,308
Additions	-	22,251	24,958	181,873	-	6,318	3,037	31,422	269,859
Disposals	-	-	-	-	(8,020)	(224)	(658)	(95)	(8,998)
Transfer	-	-	(36,225)	-	-	-	-	-	(36,225)
At 31 March 2021	1,064,863	1,152,759	29,755	2,244,172	52,876	89,525	89,191	76,805	4,799,945

**Depreciation and
Impairment**

At 1 April 2020	-	214,642	-	726,142	53,563	45,849	29,617	19,659	1,089,471
Charge for the Year	-	59,905	-	94,234	3,229	4,542	6,852	3,995	172,757
Disposals	-	-	-	-	(7,669)	(184)	(369)	(26)	(8,247)
Impairment	-	-	-	5,000	-	-	-	-	5,000
At 31 March 2021	-	274,547	-	825,376	49,123	50,207	36,100	23,628	1,258,981

Net Book Value

At 31 March 2021	1,064,863	878,212	29,755	1,418,795	3,753	39,318	53,091	53,177	3,540,963
At 31 March 2020	1,064,863	915,865	41,022	1,336,157	7,333	37,582	57,195	25,819	3,485,837

During the financial year, the Group acquired Property, Plant and Equipment to the aggregate value of Rs. 301 mn. (2020- Rs.136 mn) for cash.

During the financial year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs. 282 mn (2020- Rs.145 mn) for cash.

The gross carrying amount of fully depreciated property, plant and equipment that are still in use as at 31 March 2021 was Rs.369 mn (2020 -Rs.294 mn).

The net carrying amount of temporarily idle property, plant and equipment as at 31 March 2021 was Rs.1.4 mn (2020 -Rs.17.9 mn).

Construction in progress as at 31 March 2021 includes an amount of Rs. 30 mn (2020- Rs.41 mn) relating to the expenditure for plant which is under construction.

12.3 Revaluation of Land & Building

Fair value of the properties was determined using the market comparable method. This means that valuation performed by the value 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 2019, the fair value of land are based on valuation performed by Mr. P. B. Kalugalgedara, 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 group changed the accounting policy with respect of measurement of building during 2012, therefore the fair value of building was not measured thereafter.

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 2021	Net Carrying Amount 2020
Year ended 31 March 2021	Rs. 000	Rs. 000	Rs. 000	Rs. 000
Group				
Freehold Land	473,722	-	473,722	473,722
Building	1,035,431	(238,407)	797,024	828,870
	1,509,153	(238,407)	1,270,746	1,302,592
Company				
Freehold land	471,613	-	471,612	471,612
Building	946,796	(195,627)	751,170	778,584
	1,418,409	(195,627)	1,222,782	1,250,196

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).

NOTES TO THE FINANCIAL STATEMENTS

12. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

		Fair Value measurement using Significant unobservable inputs (Level 3)	
	Date of Valuation	Group Rs. 000	Company Rs. 000
Revalued Property, Plant and Equipments			
Land -Makola	31 March 2019'	589,150	499,150
Land -Gonawala	31 March 2019'	87,213	87,213
Land -Ekala	31 March 2019'	478,500	478,500
		1,154,863	1,064,863

Significant unobservable input :

	Range Rs. 000
Price per perch	
Land -Makola	500
Land -Gonawala	300
Land -Ekala	475

Significant increases / (decreases) in estimated price per perch in isolation would result in a significantly higher (lower) fair value.

12.4 Value of Real Estate

Year ended 31 March 2021

Ownership	Location	Extent (Acres)	No of buildings in each location	Buildings Sq.ft	Market Value of Land Rs. 000
Alumex PLC	Makola	6.24	11	118,673	499,150
Alumex PLC	Gonawala	1.82	3	59,042	87,213
Alumex PLC	Ekala	6.30	5	91,442	478,500
Alco Industries (Pvt) Ltd	Makola	1.13	2	34,618	90,000

12.5 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

Intangible Assets	Group / Company			Total Rs. 000
	Development Cost Rs. 000	Software Development Rs. 000	Patents and licenses Rs. 000	
Year ended 31 March 2021				
Cost				
At 1 April 2020	43,474	-	54,848	98,322
Additions	-	40,543	7,867	48,410
Tranfer	(43,474)	-	43,474	-
Disposal	-	-	(30)	(30)
At 31 March 2021	-	40,543	106,159	146,702
Amortization				
At 1 April 2020	6,840	-	19,473	26,313
Amortization Charge for the Year	671	-	18,237	18,908
Tranfer	(7,511)	-	7,511	-
Disposal	-	-	(9)	(9)
At 31 March 2021	-	-	45,212	45,212
Net Book Value				
At 31 March 2021	-	40,543	60,947	101,490
At 31 March 2020	36,634	-	35,375	72,009

13.1 Intangible asset consist of patent , licence of ERP software, Business intelligence tool software and Solid CAM Software of Machines.

Development cost represent the cost incurred to develop and test propriety sytems.

Software development cost represent the cost incurred for modification to manufacturing modules of ERP Software (SAP)

14. RIGHT-OF-USE ASSETS / LEASE ASSETS**14.1 Cost**

Year ended 31 March 2021	Group / Company	
	2021 Rs. 000	2020 Rs. 000
Right-of-use assets / Lease assets		
Cost		
Balance as at 01.04.2020	70,332	47,277
Aditions and Improvemnt	186,474	23,055
Disposal	(43,648)	-
Cost as at 31.03.2021	213,158	70,332
Accumulated Ammortization		
Balance as at 01.04.2020	24,511	-
Charge for the Year	16,367	24,511
Disposal	(26,046)	-
Accumulated Amortization as at 31.03.2021	14,833	24,511
Net Book Value as at 31.03.2021	198,325	45,820

NOTES TO THE FINANCIAL STATEMENTS

14. RIGHT-OF-USE ASSETS / LEASE ASSETS (CONTD.)**14.2 Lease Liability**

Year ended 31 March 2021	Group / Company	
	2021 Rs. 000	2020 Rs. 000
Balance as at 01.04.2020	56,737	53,961
Additions	186,474	23,055
Accretion of Interest	8,768	7,918
Payments	(25,823)	(28,196)
Derecognition Lease Liability	(20,684)	-
Balance as at 31.03.2021	205,472	56,737
Non-Current -Lease liability	186,843	33,039
Current -Lease liability	18,629	23,698
	205,472	56,737

14.2 Lease Liability(Contd.)

The weighted average lessee's incremental borrowing rate of 12.5% applied to lease liabilities recognised in the statement of financial position at the date of initial application.

During the Financial Year, the Group and Company have not recognized lease and sub lease Payments as an expens.

14.3 Maturity analysis of lease liabilities

The table below summarises the maturity profile of the Group's and company Lease liabilities based on contractual undiscounted payments:

Year ended 31 March 2021	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)
Group						
2020	7,314	16,384	25,054	7,985	-	56,737
2021	5,142	13,487	28,791	16,988	141,064	205,472
Company						
2020	7,314	16,384	25,054	7,985	-	56,737
2021	5,142	13,487	28,791	16,988	141,064	205,472

15. INVESTMENTS IN SUBSIDIARIES

Year ended 31 March 2021	Holding % 2021	2020	Company	
			2021 Rs. 000	2020 Rs. 000
Alco Industries (Pvt) Ltd	100%	100%	30,000	30,000
			30,000	30,000

16. FINANCIAL ASSETS AND FINANCIAL LIABILITIES**16.1 Financial Liabilities**

Year ended 31 March 2021	Group		Company	
	2021 Rs. 000	2020 Rs. 000	2021 Rs. 000	2020 Rs. 000
Current Portion of Long Term Interest Bearing Borrowings				
Long Term Loans	736,650	727,900	736,650	727,900
Short-Term Interest Bearing Borrowings				
Short Term Loans	750,000	656,815	750,000	648,364
Bank Overdraft	119,962	358,954	105,249	324,545
Total Short-Term Interest Bearing Borrowings	869,962	1,015,769	855,249	972,909
Non Current Interest Bearing Loans and Borrowings				
Loan Term Loans	823,025	1,353,950	823,025	1,353,950
Total Non Current Interest Bearing Loans and Borrowings	823,025	1,353,950	823,025	1,353,950

16.1.2 Long-Term Borrowings

Year ended 31 March 2021	Group		Company	
	2021 Rs. 000	2020 Rs. 000	2021 Rs. 000	2020 Rs. 000
As at 01 April	2,081,850	1,726,250	2,081,850	1,726,250
New Loans Obtained	22,000	1,000,000	22,000	1,000,000
Repayments	(544,175)	(644,400)	(544,175)	(644,400)
As at 31 March	1,559,675	2,081,850	1,559,675	2,081,850
Transfer to Current Liability (Repayable Within One Year)	(736,650)	(727,900)	(736,650)	(727,900)
Repayable After One Year	823,025	1,353,950	823,025	1,353,950

16.1.3 Analysis of Long-Term Borrowings by year of Repayment

Year ended 31 March 2021	Group		Company	
	2021 Rs. 000	2020 Rs. 000	2021 Rs. 000	2020 Rs. 000
Long-Term Loans Repayable Between 1 and 2 Years from Year-end	736,650	727,900	736,650	727,900
Long-Term Loans Repayable Between 2 and 5 Years from Year-end	86,375	626,050	86,375	626,050
	823,025	1,353,950	823,025	1,353,950

16.2 Financial Liabilities

Term loan was obtained from Standard Chartered Bank for the period of 5 years, Peoples Bank for the period of 4 years Commercial Bank for the period of 5 years ,DFCC Bank for the period of 5 years and Sampath Bank for the period of 3 years at a variable rate of interest and no securities are pledged in respect of such loans.

NOTES TO THE FINANCIAL STATEMENTS

16. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTD.)**16.2 Financial Liabilities****16.2.1 Short-Term Borrowings**

Year ended 31 March 2021	Group		Company	
	2021 Rs. 000	2020 Rs. 000	2021 Rs. 000	2020 Rs. 000
As at 01 April	656,815	1,065,898	648,364	1,065,898
New Loans Obtained	3,810,081	4,998,383	3,801,600	4,941,031
Repayments	(3,716,896)	(5,407,466)	(3,699,964)	(5,358,565)
As at 31 March	750,000	656,815	750,000	648,364

16.2.2 Other current financial liabilities

Year ended 31 March 2021	Group		Company	
	2021 Rs. 000	2020 Rs. 000	2021 Rs. 000	2020 Rs. 000
Foreign exchange forward contract				
As at 01 April	906	14,649	791	14,413
Additions	-	4,093	-	3,240
Disposals	(906)	(17,836)	(791)	(16,862)
Change in fair Value	-	-	-	-
As at 31 March	-	906	-	791

16.2.3 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.

Year ended 31 March 2021	Carrying Amount		Fair value	
	2021 Rs. 000	2020 Rs. 000	2021 Rs. 000	2020 Rs. 000
Group				
Financial Assets				
Trade and Other Receivables	1,029,821	930,439	1,029,821	930,439
Total	1,029,821	930,439	1,029,821	930,439

Financial Liabilities

Trade and Other Payables	1,619,538	880,844	1,619,538	880,844
Loans and Borrowings- Current	1,606,612	1,743,669	1,606,612	1,743,669
Loans and Borrowings- Non Current	823,025	1,353,950	823,025	1,353,950
Total	4,049,175	3,978,463	4,049,175	3,978,463

Year ended 31 March 2021 Company	Carrying Amount		Fair value	
	2021 Rs. 000	2020 Rs. 000	2021 Rs. 000	2020 Rs. 000
Financial Assets				
Trade and Other Receivables	877,895	774,052	877,895	774,052
Total	877,895	774,052	877,895	774,052
Financial Liabilities				
Trade and Other Payables	1,785,926	1,153,744	1,785,926	1,153,744
Loans and Borrowings- Current	1,591,899	1,700,819	1,591,899	1,700,819
Loans and Borrowings- Non Current	823,025	1,353,950	823,025	1,353,950
Total	4,200,850	4,208,503	4,200,850	4,208,503

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.

17. INVENTORIES

Year ended 31 March 2021	Group		Company	
	2021 Rs. 000	2020 Rs. 000	2021 Rs. 000	2020 Rs. 000
Raw Material	943,320	771,854	875,179	702,936
Work In Progress	-	176,933	-	165,937
Finished Goods	827,933	604,945	699,565	537,978
Other Materials	116,702	95,634	87,194	87,296
Goods In Transit	10,247	196,176	8,763	190,585
	1,898,202	1,845,542	1,670,701	1,684,732

The provision/ (reversal) of the group for obsolete inventory was amounting Rs. 1.41 mn (2020- Rs.69 mn -provision) which was recognized in Cost of Sales.

17.1 Movement in the Provision for Obsolete Inventory

Year ended 31 March 2021	Group		Company	
	2021 Rs. 000	2020 Rs. 000	2021 Rs. 000	2020 Rs. 000
As at 1 April	193,336	124,191	155,632	94,254
Provision Made During the Year	-	69,145	3,605	61,377
Provision Reversed During the Year	(1,414)			
As at 31 March	191,922	193,336	159,237	155,632

NOTES TO THE FINANCIAL STATEMENTS

18. TRADE AND OTHER RECEIVABLES

Year ended 31 March 2021	Group		Company	
	2021 Rs. 000	2020 Rs. 000	2021 Rs. 000	2020 Rs. 000
Trade Receivables	990,272	854,020	856,962	746,978
Less: Provision for Doubtful Debts	(26,953)	(60,774)	(21,453)	(45,618)
	963,319	793,246	835,509	701,360
Amounts Due from Related Parties (Note 18.1)	10,811	90,534	1,099	28,980
Other Receivables	55,691	46,659	41,287	43,712
	1,029,821	930,439	877,895	774,052

18.1 Amounts Due from Related Parties

Year ended 31 March 2021	Group		Company	
	2021 Rs. 000	2020 Rs. 000	2021 Rs. 000	2020 Rs. 000
Advantis Projects & Engineering (Pvt) Ltd	-	1,347	-	1,347
UniSyst Engineering PLC	1,600	26,259	1,008	25,115
Energynet (Pvt) Ltd	734	40,937	30	1,754
Fentons Limited	8,477	21,991	61	764
	10,811	90,534	1,099	28,980

Trade receivables are non- interest bearing and are generally on 30-90 days terms.

18.2 Movement in the Provision for Doubtful Debts.

Year ended 31 March 2021	Group		Company	
	2021 Rs. 000	2020 Rs. 000	2021 Rs. 000	2020 Rs. 000
As at 1 April	60,774	37,607	45,618	29,709
Provision Made During the Year	-	23,917	-	16,399
Write-off Against the Provision	(867)	(750)	(520)	(490)
Provision Reversed During the Year	(32,954)	-	(23,645)	-
As at 31 March	26,953	60,774	21,453	45,618

18.3 As at 31 March, the ageing analysis of trade receivables is as follows:

Group	Neither Past Due nor Impaired	Past Due but not Impaired				Total (Gross)	Provision for Doubtful Debts	Total (Net)
		< 60 days	61-120 days	121-180 days	> 180 days			
2020	297,364	334,865	90,395	70,591	60,805	854,020	(60,774)	793,246
2021	642,154	242,971	53,455	18,298	33,394	990,272	(26,953)	963,319

Company	Neither Past Due nor Impaired	Past Due but not Impaired				Total (Gross)	Provision for Doubtful Debts	Total (Net)
		< 60 days	61-120 days	121-180 days	> 180 days			
2020	261,828	293,553	82,251	63,696	45,650	746,978	(45,618)	701,360
2021	544,827	220,128	48,410	17,478	26,119	856,962	(21,453)	835,509

See Note 30 on credit risk of trade receivables which explains how the Group manages and measures credit quality of trade receivables that are neither past due nor impaired.

19. ADVANCES AND PREPAYMENTS

Year ended 31 March 2021	Group		Company	
	2021 Rs. 000	2020 Rs. 000	2021 Rs. 000	2020 Rs. 000
Advances	145,061	65,881	135,324	65,881
Prepayments	28,488	26,832	31,378	24,317
	173,549	92,713	166,702	90,198

20. CASH AND SHORT TERM DEPOSITS

Year ended 31 March 2021	Group		Company	
	2021 Rs. 000	2020 Rs. 000	2021 Rs. 000	2020 Rs. 000
Cash at Banks and on Hand	144,005	69,402	86,265	67,557
Short-Term Deposits	382,965	3,242	382,965	3,170
	526,970	72,644	469,230	70,728

NOTES TO THE FINANCIAL STATEMENTS

20. CASH AND SHORT TERM DEPOSITS (CONTD.)

For the purpose of statement of cash flows, cash and cash equivalents comprise the followings.

Year ended 31 March 2021	Group		Company	
	2021 Rs. 000	2020 Rs. 000	2021 Rs. 000	2020 Rs. 000
Cash at Banks and on Hand	144,005	69,402	86,265	67,557
Short-Term Deposits	382,965	3,242	382,965	3,170
Short Term Interest Bearing Borrowing	(869,961)	(1,015,769)	(855,249)	(972,910)
Cash and Cash Equivalents for the Purpose of Cash Flow Statement	(342,991)	(943,125)	(386,019)	(902,183)

21. STATED CAPITAL

Year ended 31 March 2021	Company			
	2021 Number	2021 Rs. 000	2020 Number	2020 Rs. 000
Ordinary Shares	598,605,680	283,735	299,302,840	283,735

All authorized ordinary shares are issued and fully paid

The ordinary shares of the company were subdivided by splitting each issued ordinary share into two (2) ordinary shares from 3rd March 2021. Consequently the total number of existing issued Ordinary Shares were increased from 299,302,840 to 598,605,680 without changing the Stated Capital of the Company which will remain at Rs.283,735,400

22. RESERVES

Year ended 31 March 2021	Group		Company	
	2021 Rs. 000	2020 Rs. 000	2021 Rs. 000	2020 Rs. 000
Revaluation Reserve (Note 22.1)	634,539	578,964	601,889	546,551
Capital Reserve	228,056	228,056	228,056	228,056
	862,595	807,020	829,945	774,607

22.1 Revaluation Reserve

Year ended 31 March 2021	Group		Company	
	2021 Rs. 000	2020 Rs. 000	2021 Rs. 000	2020 Rs. 000
As at 1 April	578,964	584,249	546,551	551,836
Adjustment to Opening Deferred Tax on Revaluation Reserve	60,860		60,623	
Excess Depreciation Transfer on Revaluation Surplus	(5,285)	(5,285)	(5,285)	(5,285)
As at 31 March	634,539	578,964	601,889	546,551

Revaluation surplus consists of net surplus resulting from the valuation of Property, plant and equipment. The unrealised amount cannot be distributed to shareholders.

22.2 Capital Reserve

Capital reserve was made with funds transferred from retained earnings in previous years with the purpose of purchasing capital nature assets.

22.3 OCI items, Net of Tax

The disaggregation of charges of OCI by each type of reserve on equity is shown below.

Group	Revaluation Reserve Rs. 000	Retained Earnings Rs. 000	Total Rs. 000
As at 31 March 2020			
Remeasurement of Defined Benefit Plan Net of Tax	-	4,383	4,383
		4,383	4,383

As at 31 March 2021

Remeasurement of Defined Benefit Plan Net of Tax	-	4,200	4,200
Adjustment to Opening Deferred Tax on Revaluation Reserve	60,860	-	60,860
	60,860	4,200	65,060

Company	Revaluation Reserve Rs. 000	Retained Earnings Rs. 000	Total Rs. 000
As at 31 March 2020			
Remeasurement of Defined Benefit Plan Net of Tax	-	3,901	3,901
		3,901	3,901

As at 31 March 2021

Remeasurement of Defined Benefit Plan Net of Tax	-	1,122	1,122
Adjustment to Opening Deferred Tax on Revaluation Reserve	60,623		60,623
	60,623	1,122	61,745

23. PROVISIONS

Year ended 31 March 2021	Group		Company	
	2021 Rs. 000	2020 Rs. 000	2021 Rs. 000	2020 Rs. 000
Maintenance Warranty				
As at 01 April	11,624	9,020	9,931	7,557
Provisions During the Year	3,450	2,604	3,250	2,374
As at 31 March	15,074	11,624	13,181	9,931

Maintenance warranty provision is recognized for expected warranty claims on Wood Finished product sold.

NOTES TO THE FINANCIAL STATEMENTS

24. 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:

Year ended 31 March 2021	Group		Company	
	2021 Rs. 000	2020 Rs. 000	2021 Rs. 000	2020 Rs. 000
As at 1 April	125,288	111,766	111,225	99,292
Interest Cost	12,405	12,446	11,021	11,035
Current Service Cost	13,256	14,557	12,237	13,178
Benefit Paid	(5,511)	(7,463)	(4,480)	(6,862)
Actuarial (Gain) / Loss	(5,106)	(6,021)	(1,364)	(5,418)
As at 31 March	140,332	125,285	128,639	111,225

24.1 Expense Recognized during the year in Income Statement

Year ended 31 March 2021	Group		Company	
	2021 Rs. 000	2020 Rs. 000	2021 Rs. 000	2020 Rs. 000
Interest Cost	12,405	12,446	11,021	11,035
Current Service Cost	13,256	14,557	12,237	13,178
	25,661	27,003	23,258	24,213
Actuarial gains recognized in Other Comprehensive Income	5,106	6,021	1,364	5,418

Messrs. Actuarial and Management consultant (Pvt) Ltd , carried out an actuarial valuation of the defined benefit plan on 31 March 2021. The principal financial assumptions underling the valuation are as follows.;

24.2 The key assumptions used in determining the cost of employee benefits were:

Discount rate	8% (2020 - 10%)
Rate of Salary Increase	7% (2019 - 9%)
Retirement Age	55-60 Years as specified by the Company (2020 - 55-60 Years)
Staff Turnover	13%
Mortality	Based on A1967/70 Mortality Table (Institute of Actuaries , London)

24.3 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;

Group				Company			
Salary Increment Rate	Discount Rate	PVODBO	Net Benefit (Expense)	Salary Increment Rate	Discount Rate	PVODBO	Net Benefit (Expense)
7%	7%	149,043	(8,714)	7%	7%	136,601	(7,963)
7%	9%	132,485	7,845	7%	9%	121,470	7,168
6%	8%	131,773	8,557	6%	8%	120,813	7,825
8%	8%	149,684	(9,354)	8%	8%	137,193	(8,554)

24.4 Average future working life time as per the assumptions made is 5.69 years as of 31 March 2021.

24.5 Maturity Profile of the Defined Benefit Obligation as at 31 March 2021.

Year ended 31 March 2021	Defined Benefit Obligation			
	Group		Company	
	2021 Rs. 000	2020 Rs. 000	2021 Rs. 000	2020 Rs. 000
Expected Future Working Life				
Within the Next Twelve Months	20,932	15,573	19,320	13,573
Between One to Five Years	53,027	49,647	48,596	44,688
Between Five to Ten Years	40,515	36,505	37,192	32,228
More than Ten Years	25,858	23,560	23,531	20,736
	140,332	125,285	128,639	111,225

25. TRADE AND OTHER PAYABLES

Year ended 31 March 2021	Group		Company	
	2021 Rs. 000	2020 Rs. 000	2021 Rs. 000	2020 Rs. 000
Trade Payables	885,407	247,102	839,973	225,184
Payable to Subsidiaries (Note 26.2)	-	-	258,350	330,048
Amounts Due to Related Parties (Note 26.1)	124,787	182,038	124,053	177,185
Other Payables	194,207	122,919	170,932	110,327
Accruals and Sundry Creditors	415,137	328,785	392,616	311,000
	1,619,538	880,844	1,785,924	1,153,744

NOTES TO THE FINANCIAL STATEMENTS

26. AMOUNTS DUE TO RELATED PARTIES**26.1 Amounts Due to Related Parties**

Year ended 31 March 2021	Group		Company	
	2021 Rs. 000	2020 Rs. 000	2021 Rs. 000	2020 Rs. 000
Hayleys PLC	44,006	159,878	43,722	156,098
Advantis Freight (Private) Ltd	4,292	1,780	3,917	1,780
Hayleys Business Solutions International (Pvt) Ltd	385	428	328	359
Logiwise Limited	52	88	52	88
Fentons Limited	70,844	12,042	70,844	12,042
Hayleys Aventura (Pvt) Ltd	488	2,077	488	1,272
Hayleys Travels (Pvt) Ltd	-	103	-	103
Agility Logistics (Pvt) Ltd	128	-	128	-
Mountain Hawk Expresses (Pvt) Ltd	265	441	246	397
Hayleys Agriculture Holdings Limited	-	26	-	26
Puritas (Private) Limited	1,649	2,808	1,649	2,653
Advantis Projects & Engineering (Pvt) Ltd	1,026	-	1,026	-
Mabroc Teas (Pvt) Ltd	223	16	223	16
Unisyst Engineering PLC	-	1,225	-	1,225
Singer (Sri Lanka) PLC	1,430	1,126	1,430	1,126
	124,787	182,038	124,053	177,185

26.2 Payable to subsidiaries

	Company	
	2021 Rs. 000	2020 Rs. 000
Alco Industries (Pvt) Ltd	258,350	330,048
	382,403	507,233

Group / Company

Terms and conditions of the above financial liabilities:

- ▶ Trade payables are non-interest bearing and are normally settled on 30-120 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 30.

27. COMMITMENTS AND CONTINGENCIES

27.1 Capital Expenditure Commitments

The "Group" has following major capital commitments as at 31 March 2021.

Company	Nature of transaction	Capital Commitment Rs. 000
Alumex PLC	Aluminium Fabrication for Lumin Center Colombo	621
Alumex PLC	Capacitor Bank 450KVAR (460V)	1,460
Alumex PLC	Fabricating Lighting Arrays	258
Alumex PLC	Lumin Center - Katugastota	2,200
Alumex PLC	Installation of Exhaust duct system for Nitriding	457
Alumex PLC	Automatic powder spray gun	1,072
Alumex PLC	Computer & equipments	2,283
Alumex PLC	Roof Solar Project Ekala	57,509
		65,860

27.2 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 2021 on guarantees given by company and group to third parties amounted to Rs 8.5 Mn & Rs 9.1 Mn respectively (2020 - Rs 1.6 Mn & 1.8Mn).

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 14 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 2021.

28. EVENTS OCCURRING AFTER THE REPORTING DATE

There were no events that has occurred as at 31 March 2021 which require adjustment to or disclosure in the Financial Statements, except below disclosure.

At the Board Meeting held on 7th May 2021, the Directors have recommended the Final Dividend of Rs. 0.10 (Cents 10) per share subject to the approval by the shareholders at the Annual General Meeting to be held on 29th June 2021 to be paid to the shareholders on 8th July 2021.

29. RELATED PARTY DISCLOSURES

29.1 Transactions with the key Management Personnel

(A) Loans to Directors

No loans have been given to the Directors of the Company/Group.

(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

29. RELATED PARTY DISCLOSURES (CONTD.)**29.2 Transaction With Parent, Subsidiaries and Other Related Companies**

The Financial Statements include the Financial Statements of the Group and the subsidiaries listed in the following table:

Name	Country of Incorporation	% Equity Interest 2021	2020
Alco Industries (Pvt) Ltd	Sri Lanka	100	100

29.2 Transaction With Parent, Subsidiaries and Other Related Companies (Contd.)

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 2021, 31 March 2020, refer to Notes 18 and 26):

Purchases from Alco Industries (Pvt) Ltd during the year includes interest paid amounting to Rs. 14.6 Mn. (2020- Rs. 8.89)

	Sales to Related Parties Rs. 000	Purchases from Related Parties Rs. 000	Net Funds Transfer from / (to) Related Parties Rs. 000	Amounts Due from Related Parties Rs. 000	Amounts Due to Related Parties Rs. 000
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Parent :

Hayleys PLC	2021		101,206	(213,582)	43,722
	2020	-	77,550	-	156,098

Subsidiaries :

Alco Industries (Pvt) Ltd	2021	240,854	114,820	54,936	-	258,356
	2020	264,191	177,470	335,729	-	330,048

Entities with significant influence over the Group

Hayleys Travels (Pvt) Ltd	2021	-		-	-	
	2020	-	5,113			103
Hayleys Electronics Lighting (Pvt) Ltd	2021	-		-	-	-
	2020	-		-	-	-
The Kingsbury PLC	2021	-		-	-	-
	2020	-	1,341	-	-	-
Puritas (Pvt) Ltd	2021	-	3,679	-	-	1,649
	2020	-	6,006	-	-	2,653
Advantis Projects & Engineering (Pvt) Ltd	2021	169	1,027	-	-	1,026
	2020	3,915	-	-	1,347	-
Advantis Freight (Pvt)Ltd	2021	-	18,150	-	-	3,917
	2020	-	4,472	-	-	1,780
Sampath Bank PLC	2021	-	16,505	-	-	-
	2020	-	12,340	-	-	-

		Sales to Related Parties Rs. 000	Purchases from Related Parties Rs. 000	Net Funds Transfer from / (to) Related Parties Rs. 000	Amounts Due from Related Parties Rs. 000	Amounts Due to Related Parties Rs. 000
Unisyst Engineering PLC	2021	64,020	-	-	1,008	-
	2020	47,942	-	-	25,115	1,225
Logiwiz Limited	2021	-	279	-	-	52
	2020	-	438	-	-	88
MIT Cargo (Pvt) Ltd	2021	-	-	-	-	-
	2020	-	1,866	-	-	-
Hayleys Agriculture Holdings Ltd	2021	-	-	-	-	-
	2020	-	1,205	-	-	26
Mabroc Teas (Pvt) Ltd	2021	-	337	-	-	223
	2020	-	66	-	-	17
Hayleys Aventura (Pvt) Ltd	2021	-	1,301	-	-	488
	2020	-	8,019	-	-	1,272
Mountain Hawk Express (Pvt) Ltd	2021	-	5,156	-	-	246
	2020	-	4,333	-	-	397
Fentons Ltd	2021	21	134,191	-	61	70,844
	2020	828	12,042	-	-	11,279
Agility Logistics (Private) Limited	2021	-	137	-	-	128
	2020	-	-	-	-	-
Energynet (Pvt) Ltd	2021	290	-	-	30	-
	2020	-	-	-	1,754	-
Singer (Sri Lanka) PLC	2021	-	2,286	-	-	1,430
	2020	-	3,446	-	-	1,126

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 Group is Hayleys PLC

The Entity with Significant Influence Over the Company

Hayleys Business Solutions International (Pvt) Ltd, Haycarb PLC, The Kingsbury PLC, Hayleys Travels (Pvt) Ltd, Hayleys Agriculture Holdings Ltd, Hayleys Aventura (Pvt) Ltd, Fentons Ltd, D P L Universal Gloves Ltd, Energynet (Pvt) Ltd, Mabroc Teas (Pvt) Ltd, Advantis Projects & Engineering (Pvt) Ltd, Puritas (Pvt) Ltd, Hayleys Electronics Lighting (Pvt) Ltd, Hayleys Industrial Solutions (Pvt) Ltd, Advantise Freight (Pvt) Ltd, Hayleys Consumer Products Ltd, Unisyst Engineering PLC, Dean Foster (Pvt) Ltd, Logiwiz Limited, CMA CGA Lanka (Pvt) Ltd, Maritime Agencies (Pvt) Ltd, COSCO Lanka (Pvt) Ltd, MIT Cargo (Pvt) Ltd, Mountain Hawk Express (Pvt) Ltd, Quality Seeds (Pvt) Ltd Hayleys Fibre PLC, Hayleys Aviation and Project (Pvt) Ltd, Agility Logistics, Singer (Sri Lanka) PLC are subsidiaries of Hayleys PLC and Mr. R. P. Pathirana is a Director of Sampath Bank PLC as well as Alumex PLC.

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 2021, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2020 - 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.

NOTES TO THE FINANCIAL STATEMENTS

30. 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 Group's objectives, policies and processes for measuring and managing risk, and the company's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group'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 Group 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 Group 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 Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

The Group Senior Management has established a credit policy under which each new customer is analysed individually for creditworthiness before the group'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 group's benchmark creditworthiness may transact with the company only on a prepayment basis. Outstanding customer receivables are regularly monitored .

More than 75% of the Group's customers have been transacting with the company for over five years, and no impairment loss has been recognised 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.

The maximum exposure to credit risk for trade and other receivables at the reporting date is Rs.1,030 mn (2020-Rs. 930 mn) which is disclosed in Note 18. The Company evaluates the concentration of risk with respect to trade receivables as low.

Cash and Cash Equivalents

The Group/Company held cash and cash equivalents of Rs. 527 mn and Rs469 mn respectively as at 31 March 2021 (2020-Rs.73mn and Rs.71 mn) which represents its maximum credit exposure on these assets.

Respective credit ratings of banks which group cash balances held are as follows;

- ▶ Commercial Bank of Ceylon PLC – AA(Ika)
- ▶ Sampath Bank PLC – A+(Ika)
- ▶ Bank of Ceylon – AA+(Ika)
- ▶ DFCC Bank – AA-(Ika)
- ▶ Hatton National Bank PLC– AA-(Ika)
- ▶ Standard Chartered Bank- AAA(Ika)
- ▶ Nation Trust Bank PLC - A-(Ika)
- ▶ Deutsche Bank BBB+(Ika)

Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group'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 Group'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 Group 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.

Group 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 Group 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 Chief Financial Officer. Daily reports cover the liquidity position of both the parent and operating subsidiaries. A summary report, including any exceptions and remedial action taken, is submitted regularly to Chief Financial Officer.

The table below summarises the maturity profile of the Group/ Company financial liabilities based on contractual undiscounted payments.

Group

	On Demand	Less than 3 Months	3 to 12 Months	1 to 5 years	>5 years	Total
Year ended 31 March 2021	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000
Interest-Bearing Loans and Borrowings	119,961	934,162	552,488	823,025	-	2,429,636
Other Liabilities	15,075	-	-	-	-	15,075
Trade and Other Payables	415,137	194,207	1,010,194	-	-	1,619,538
	550,173	1,128,369	1,562,682	823,025	-	4,064,249

Company

	On Demand	Less than 3 Months	3 to 12 Months	1 to 5 years	>5 years	Total
Year ended 31 March 2021	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000
Interest-Bearing Loans and Borrowings	105,249	934,163	552,488	823,025	-	2,414,924
Other Liabilities	13,179	-	-	-	-	13,181
Trade and Other Payables	392,616	170,932	1,222,376	-	-	1,785,924
	511,044	1,105,095	1,774,864	823,025	-	4,214,028

NOTES TO THE FINANCIAL STATEMENTS

30. FINANCIAL MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

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 Group'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 authorisation 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

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 optimising the return.

Interest Rate Risk

The Company adopts a policy of ensuring that 5.75 % 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 Group's and Company's Profit before tax is affected through the impact on long term floating rate borrowings as follows;

		Effect on Increase/ Decrease in Interest Rate	Profit Before Tax 2021 Group Rs. 000	2021 Company Rs. 000
Only Using	}	.+ 1%	26,940	26,940
Long term Loans and Borrowings		.- 1 %	(26,940)	(26,940)

Foreign Currency Risk

The Group is exposed to currency risk on sales and purchases. The Company manages its Foreign Currency Risk by hedging transactions that are expected to occur within a maximum period of 4 months by using foreign currency forwards contracts.

The following table demonstrates the sensitivity to a reasonably possible change in the US Dollar rate with all other variables held constant. The impact on the Group's and Company's Profit before tax due to the change in the exchange rate is as follows.

	2021	
	Group Rs.'000	Company Rs.'000
Liability -Creditor	876,746	847,730
Assets -Deposit in \$	(426,050)	(426,050)
Net Position	450,696	421,680
If Rupee Depreciated by 5%	473,230	442,764
Impact to the PBT	(22,535)	(21,084)
If Rupee Appreciated by 5%	428,160	400,596
Impact to the PBT	22,535	21,084

Commodity Price Risk

The Group 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 group 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 2021 Group Rs. 000	2021 Company Rs. 000
Raw Aluminium	+5%	(136,218)	(121,159)
	-5%	136,218	121,159

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.

NOTES TO THE FINANCIAL STATEMENTS

30. FINANCIAL MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

The Group's net debt to adjusted equity ratio at the reporting date was as follows;

	Group		Company	
	2021	2020	2021	2020
	Rs. 000	Rs. 000	Rs. 000	Rs. 000
Interest Bearing Loans and Borrowings	2,635,108	3,097,619	2,620,396	3,054,759
	2,635,108	3,097,619	2,620,396	3,054,759
Equity	2,973,650	2,381,845	2,239,646	1,675,555
Equity and Net Debts	5,608,758	5,479,464	4,860,042	4,730,314
Gearing Ratio	46.98%	56.53%	53.92%	64.58%

31. 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 Group 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



THE TENACITY
OF THE OUR
CONNECTIONS

INVESTOR INFORMATION (APPENDIX I)

TOP 20 SHAREHOLDERS

Name of the Shareholder	No. of Shares as at 31/03/2021	%	No. of Shares as at 31/03/2020	%
1 Hayleys PLC	314,826,064	52.59	157,413,032	52.59
2 Akbar Brothers Pvt Ltd A/C No.1	80,169,400	13.39	40,617,782	13.57
3 Rosewood (Pvt) Ltd - Account No.01	42,439,330	7.09	29,340,300	9.80
4 Dean Foster (Pvt) Ltd A/C No.1	28,427,800	4.75	14,213,900	4.75
5 Mr.D.W.P.N.Dediwela	21,338,400	3.56	10,669,200	3.56
6 Hatton National Bank PLC - Asture Alpha Fund	4,737,156	0.79	-	-
7 Mr.T.H.D.I.U.Thrimanne	2,162,080	0.36	1,081,040	0.36
8 Mr. A.M. Weerasinghe	2,104,840	0.35	52,420	0.02
9 Janashakthi Insurance PLC - Shareholders	2,000,000	0.33	-	-
Mr.K.D.H.Perera	2,000,000	0.33	1,000,000	0.33
10 DFCC Bank PLC/Mrs. G. I. Vasunthara	1,602,558	0.27	-	-
11 Deutsche Bank AG - National Equity Fund	1,446,600	0.24	-	-
12 Commercial Bank of Ceylon PLC A/C No.01	1,428,400	0.24	714,200	0.24
13 Commercial Bank of Ceylon PLC/I.R. Peiris	1,260,000	0.21	-	-
14 Hatton National Bank PLC/H G Balasuriya	1,212,481	0.20	-	-
15 Hatton National Bank PLC/M M Fuad	1,085,350	0.18	-	-
16 Mr. M.M.M. Mizver	1,076,923	0.18	-	-
17 Mercantile Fortunes (Private) Limited	1,000,000	0.17	-	-
18 Mr. R. Gautam	955,000	0.16	544,000	0.18
19 Hatton National Bank PLC/A.C. Jayasinghe	928,480	0.16	-	-
20 Sinharaja Hills Plantations (Private) Limited	918,424	0.15	459,212	0.15
Total	513,119,286	85.70	-	58.70

DIRECTORS' SHAREHOLDINGS-(AS DEFINED IN COLOMBO STOCK EXCHANGE RULES)

Name of the Director	As at 31/03/2021	As at 31/03/2020
Mr.A.M.Pandithage	20,000	10,000
Mr.D.W.P.N.Dediwela	21,338,400	10,669,200
Mr.S.C.Ganegoda	380,000	92,939
Mr.R.P.Pathirana	487,898	243,949
Mr.S.Munaweera	40,000	20,000
Mr.R.P.P.K. Rajapaksha	39,814	19,907
Mr.T.Akbarally (Alt. Director to Mr.A.A.Akbarally)	-	100,000
Total	22,306,112	11,155,995

The Directors' shareholding increased with the subdivision of shares / share purchases.

PUBLIC HOLDING

Name of the Director

As at
31/03/2020Percentage of public holding as at 31.03.2021 (%) **18.44**Market Capitalization **6,464,941,344**Float adjusted market capitalization as at 31st March 2021 was Rs. **1,192,020,019.20**

The percentage of shares held by public as per the Colombo Stock Exchange Rules as at 31st March 2021, was 18.44% (2020 - 15.55%) held by 4187 ordinary shareholder (2020 - 2635).

* The Company complies with option 1 of the Listing Rules 7.13.1 (b) – which requires 7.5% minimum Public Holding.

ORDINARY SHAREHOLDERS AS AT 31ST MARCH 2021

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	1,492	520,669	0.0870	3	1,460	0.0002	1,495	522,129	0.08722
1,001 _ 10,000	1,629	7,207,177	1.2040	7	36,660	0.0061	1,636	7,243,837	1.21012
10,001 _ 100,000	856	28,560,562	4.7712	9	241,172	0.0403	865	28,801,734	4.81147
100,001 _ 1,000,000	181	50,745,598	8.4773	6	1,975,000	0.3299	187	52,720,598	8.80723
OVER 1,000,000	17	509,317,382	85.0840	-	-	-	17	509,317,382	85.08396
	4,175	596,351,388	99.6235	25	2,254,292	0.3765	4,200	598,605,680	100.0000

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	%

Category

Individuals	3,954	93,726,464	15.6575	24	2,234,292	0.3732	3,978	95,960,756	16.0307
Institutions	221	502,624,924	83.9660	1	20,000	0.0033	222	502,644,924	83.9693
	4,175	596,351,388	99.6235	25	2,254,292	0.3765	4,200	598,605,680	100.0000

As at 31st March 2021, there were 4,200 (31st March 2020 - 2,649) registered shareholders.

INVESTOR INFORMATION (APPENDIX I)

SHARE TRADING INFORMATION
FOR THE TWELVE MONTHS ENDED 31.03.2021

	2020/21		2019/20	
	Rs.	Date	Rs.	Date
Highest Price	32.20 *	21/01/2021	15.80	11/29/2019
Lowest Price	6.00*	05/12/2020	6.50	3/20/2020
Closing Price	10.80	31/03/2021	7.20	3/20/2020
No. of Transactions	37,783		7,312	
No. of shares traded	16,284,517		19,976,459	
Value of shares traded Rs.	3,470,230,479.50		248,047,668.90	

FOR THE THREE MONTHS ENDED 31.03.2021

	Rs.	Date	Rs.	Date
Highest Price	32.20 *	21/01/2021	14.80	1/6/2020
Lowest Price	9.70**	19/03/2021	6.50	3/20/2020
Closing Price	10.80	3/31/2021	7.20	3/20/2020
No. of Transactions	17,442		1,138	
No. of shares traded	79,344,304		3,262,980	
Value of shares traded Rs.	1,894,922,447		32,761,401.30	

* Before share Split

** After share Split

FIVE YEAR SUMMARY (APPENDIX II)

	2021	2020	2019	2018	2017
Turnover	6,021,532	4,729,950	5,031,000	4,422,461	4,634,761
Profit before Tax	1,022,298	66,887	176,835	514,726	1,016,400
Taxation	(181,287)	(36,038)	(50,355)	(150,368)	(262,904)
Profit after Tax	841,011	30,849	126,480	364,358	753,496
Non-Controlling Interest	-	-	-	-	-
Profit Attributable to the Group	841,011	30,849	126,480	364,358	753,496
Funds Employed					
Stated Capital	283,735	283,735	283,735	283,735	283,735
Reserves	862,595	807,020	812,305	665,481	780,323
Retained Earnings	1,827,320	1,291,090	1,257,256	1,303,415	1,251,876
Assets Employed					
Non-Current Assets	4,045,857	3,805,099	3,828,096	3,335,359	1,957,941
Current Assets	3,628,542	2,992,572	3,148,422	3,067,145	2,305,879
Current Liability Net of Borrowings	1,681,094	894,208	1,173,347	1,136,353	1,190,794
Capital Employed	5,608,759	5,536,202	5,440,646	4,936,370	2,875,637
Cash Flow					
Net Cash Inflow/Outflow from Operating Activities	1,750,136	187,623	80,162	(300,316)	523,680
Net Cash Inflow/Outflow from Investing Activities	(287,737)	(150,711)	(466,898)	(1,458,418)	(619,429)
Net Cash Inflow/Outflow from Financing Activities	(862,265)	282,508	77,814	687,482	74,927
Net Increase/Decrease in Cash and Cash Equivalents	600,133	319,420	(308,922)	(1,071,253)	(20,820)
Key Indicators					
Current Ratio	1.10	1.12	1.03	1.14	1.85
Gearing Ratio	0.47	0.57	0.57	0.54	0.19
Asset Turnover Ratio	0.78	0.70	0.72	0.69	1.08
Earnings per Share*	1.40	0.05	0.21	0.61	1.26
Dividends per Share*	0.53	-	0.30	0.53	0.73
Net assets per Share*	4.97	3.98	3.93	3.77	3.87
Return on Average Shareholders' Funds	0.31	0.01	0.05	0.16	0.36
Return on Capital Employed	0.23	0.08	0.11	0.13	0.37
Price Earnings Ratio	7.31	69.86	23.66	13.88	7.55
Interest Cover	5.62	1.29	1.81	5	166
Dividend Payout Ratio	0.38	-	1.42	0.86	0.58

* Revised per share value after share split

INDEPENDENT ASSURANCE REPORT (APPENDIX III)



Ernst & Young
Chartered Accountants
201 De Saram Place
P.O. Box 101
Colombo 10
Sri Lanka

Tel : +94 11 2463500
Fax Gen : +94 11 2697369
Tax : +94 11 5578180
eysl@lk.ey.com
ey.com

Independent Assurance Report to Alumex PLC on the Sustainability Reporting Criteria Presented in the Integrated Annual Report- 2020/21

Introduction and scope of the engagement

The management of Alumex PLC ("the Company") engaged us to provide an independent assurance on the following elements of the sustainability reporting criteria presented in the annual report- 2020/21 ("the Report").

Reasonable assurance on the information on financial performance as specified on page 26 of the Report.

Limited assurance on other information presented in the Report, prepared in accordance with the requirements of the Global Reporting Initiative GRI Standards: 'In accordance' – Core guidelines.

Basis of our work and level of assurance

We performed our procedures to provide limited assurance in accordance with Sri Lanka Standard on Assurance Engagements (SLSAE 3000): 'Assurance Engagements Other than Audits or Reviews of Historical Financial Information', issued by the Institute of Chartered Accountants of Sri Lanka ("CASL").

The evaluation criteria used for this limited assurance engagement are based on the Sustainability Reporting Guidelines ("GRI Guidelines") and related information in particular, the requirements to achieve GRI Standards 'In accordance' - Core guideline publication, publicly available at GRI's global website at "www.globalreporting.org".

Our engagement provides limited assurance as well as reasonable assurance. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement conducted in accordance with SLSAE-3000 and consequently does not enable to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express an opinion providing reasonable assurance.

Management of the Company's responsibility for the Report
The management of the Company is responsible for the preparation of the self-declaration, the information and statements contained within the Report, and for maintaining adequate records and internal controls that are designed to support the sustainability reporting process in line with the GRI Sustainability Reporting Guidelines.

ERNST & YOUNG'S RESPONSIBILITY

Our responsibility is to express a conclusion as to whether we have become aware of any matter that causes us to believe that the Report is not prepared in accordance with the requirements of the Global Reporting Initiative, GRI Standards: 'In accordance' - Core guidelines. This report is made solely to the Company in accordance with our engagement letter dated 29 March 2021. We disclaim any assumption of responsibility for any reliance on this report to any person other than the Company or for any purpose other than that for which it was prepared. In conducting our engagement, we have complied with the independence requirements of the Code for Ethics for Professional Accountants issued by the CASL.

KEY ASSURANCE PROCEDURES

We planned and performed our procedures to obtain the information and explanations considered necessary to provide sufficient evidence to support our limited assurance conclusions. Key assurance procedures included:

- ▶ Interviewing relevant the Company's personnel to understand the process for collection, analysis, aggregation and presentation of data.
- ▶ Reviewing and validation of the information contained in the Report.
- ▶ Checking the calculations performed by the Company on a sample basis through recalculation.
- ▶ Reconciling and agreeing the data on financial performance are properly derived from the Company's audited financial statements for the year ended 31 March 2021.
- ▶ Comparison of the content of the Report against the criteria for a Global Reporting Initiative, GRI Standards: 'In accordance' – Core guidelines.

Partners: W R H Fernando FCA FCMA R N de Saram ACA FCMA Ms. N A De Silva FCA Ms. Y A De Silva FCA W R H De Silva ACA ACMA W K B S P Fernando FCA FCMA
Ms. K R M Fernando FCA ACMA Ms. L K H L Fonseka FCA A P A Gunasekera FCA FCMA A Herath FCA D K Hulangamuwa FCA FCMA LLB (Lond) H M A Jayasinghe FCA FCMA
Ms. A A Ludowyke FCA FCMA Ms. G G S Manatunga FCA A A J R Perera ACA ACMA Ms. P V K N Sajewani FCA N M Sulaiman ACA ACMA B E Wijesuriya FCA FCMA
Principals: G B Goudian ACMA T P M Ruberu FCMA FCCA

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Our procedures did not include testing electronic systems used to collect and aggregate the information.

LIMITATIONS AND CONSIDERATIONS

Environmental and social performance data are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data.

CONCLUSION

Based on the procedures performed, as described above, we conclude that;

The information on financial performance as specified on page 26 of the Report are properly derived from the audited financial statements of the Company for the year ended 31 March 2021.

Nothing has come to our attention that causes us to believe that other information presented in the Report are not fairly presented, in all material respects, in accordance with the Company's sustainability practices and policies some of which are derived from Sustainability Reporting Guideline, GRI Standards- 'In accordance' Core.

A handwritten signature in black ink, appearing to read 'Ernst & Young', is positioned above a horizontal line.

Ernst & Young

07 May 2021
Colombo

GRI CONTENT INDEX (APPENDIX IV)

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Disclosure 403-08	Workers covered by an occupational health and safety management system	Human Capital	Page 92 - 95
Disclosure 403-09	Work-related injuries	Human Capital	Page 92 - 95
Disclosure 403-10	Work-related ill health	Human Capital	Page 92 - 95
Topic: Training and Education			
Disclosure 404-01	Average hours of training per year per employee	Human Capital	Page 88 - 89
Disclosure 404-02	Programs for upgrading employee skills and transition assistance programs	Human Capital	Page 88 - 89
Disclosure 404-03	Percentage of employees receiving regular performance and career development reviews	Human Capital	Page 90
Topic: Diversity and Equal Opportunity			
Disclosure 405-01	Diversity of governance bodies and employees	Human Capital	Page 83 - 84
Disclosure 405-02	Ratio of basic salary and remuneration of women to men	Human Capital	Page 87
Topic: Non-discrimination			
Disclosure 406-01	Incidents of discrimination and corrective actions taken	Human Capital	Page 84
Topic: Freedom of Association and Collective Bargaining			
Disclosure 407-01	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Human Capital	Page 95 - 96
Topic: Child Labor			
Disclosure 408-01	Operations and suppliers at significant risk for incidents of child labor	Human Capital/Social and Relationship Capital – Suppliers	Page 86, 110
Topic: Forced or Compulsory Labor			
Disclosure 409-01	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Human Capital/Social and Relationship Capital – Suppliers	Page 86, 110
Topic: Local Communities			
Disclosure 413-01	Operations with local community engagement, impact assessments, and development programs	Social and Relationship Capital – Community Development	Page 113, 115
Disclosure 413-02	Operations with significant actual and potential negative impacts on local communities	Social and Relationship Capital – Community Development	Page 115
Topic: Supplier social assessments			
Disclosure 414-01	New suppliers that were screened using social criteria	Social and Relationship Capital – Suppliers	Page 110
Disclosure 414-02	Negative social impacts in the supply chain and actions taken	Social and Relationship Capital – Suppliers	Page 110
Topic: Public policy			
Disclosure 415-01	Political contributions	Social and Relationship Capital – Community Development	Page 114
Topic: Customer Health and Safety			
Disclosure 416-01	Assessment of the health and safety impacts of product and service categories	Social and Relationship Capital – Customers	Page 104 - 105
Disclosure 416-02	Incidents of non-compliance concerning the health and safety impacts of products and services	Social and Relationship Capital – Customers	Page 105

GRI CONTENT INDEX (APPENDIX IV)

GRI DISCLOSURE	DISCLOSURE TITLE	TOPIC REFERENCE/ COMMENTS	PAGE REFERENCE
Topic: Marketing and labeling			
Disclosure 417-01	Requirements for product and service information and labeling	Social and Relationship Capital - Customers	Page 105 - 106
Disclosure 417-02	Incidents of non-compliance concerning product and service information and labeling	Social and Relationship Capital - Customers	Page 105 - 106
Disclosure 417-03	Incidents of non-compliance concerning marketing communications	Social and Relationship Capital - Customers	Page 103 - 104
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Disclosure 418-01	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Social and Relationship Capital - Customers	Page 106
Topic: Socioeconomic compliance			
Disclosure 419-01	Non-compliance with laws and regulations in the social and economic area	Social and Relationship Capital - Community Development	Page 115

DISTRIBUTION CHANNELS (APPENDIX V)

CENTRAL

Alumex Distribution Center

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

Almet Enterprises

No. 25/A, Kurunegala Road,
Dambulla
Tele: 0718 254 658

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

Kandy Hardware (Pvt) Ltd

No:40,D.S.Senanayake,Veediya
Kandy
Tele: 0812 222 598

Sri Lanka Glass Marketing & Distribution

No 135, Kandy Rd, Ambathanna
Tele: 0773 142 711

Cool Care Technologies (Pvt) Ltd

No 21 B, Pilligala Rd, Angunawala
Peradeniya
Tele: 0773 507 572

Central Picture Palace

No 92, Galagedara Road,
Katugasthota
Tele: 0773 301 333

SABARAGAMUWA

Alumex Distribution Center

Aluroma Enterprises pvt ltd

No. 731, Kandy Road, Meepitiya,
Kegalle
Tele: 0352 223 969

Alushan Aluminium

No. 291, Kelin Weediya,
Kudugalwattha,
Rathnapura
Tele: 0772 211 135

Embilipitiya Glass Center (Pvt) Ltd.

New Town Road, Embilipitiya
Tele: 0472 261 800

Arcade of Aluminium

No.125,Batugedara Road,
Angammana, Rathnapura
Tele: 0777 861 260

Karaketiya 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.

UVA

Alumex Distribution Center

Arcade of Aluminium-Badulla

No.276A,Passara Rd,Badulla
Tele: 0554 936 196

Kadurata Hardware

No.26,27,Kandy Road
Mahiyanganaya
Tele: 0552 257 473

Rajatha Aluminium

Kumaradasa Junction, Wellawaya.
Tele: 0777 592 786

Krish Aluminium and Fabrication

No.22/1, Kadigamuwa,
Bogahamadiththa, Haliela.
Tele: 0765 494 946

Aluminium World (Pvt) Ltd

Keselwatta, Badulla Road,
Bandarawela
Tele: 0768 222 015

Sampath Aluminium and Glass

No 61, Pre school Lane,
Thanmalwila

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

Najath Glass Center

No.432/A,Main Street
Sainthamaruthu-15
Tele:0672229339

C.M.S Glass & Fitting centre

Ampara Road, Sammanthurai
Tele:0772094959

Life Line Enterprises

No.R/12, Kandy Road, Ampara.
Tele:0771325100

K.M.S. ALLUMINIUM (PVT) LTD/Distribution.

Main Strret, Eravur.
Tele:0772 225 796

Vickneshwara Agencies

Sunthari Kiri, Koddai Kallar -02
Tele: 0772 858 170

P.M Glass Centre and Hardware

Main Street, Akkaraipattu.
Tele: 0777 141 522

Trust Traders

No.98, Sea View Road,
Trincomalee.
Tele: 0779 788 898

Masmiya Glass House

35/1, Main Street,
Brainthuraicheai, Valachchenai.

Accurate Systems

Main Street , Potuvill

Paskaran Aluminium & Glass Fittings

Main Street, Kaluthavelai 03
Tele: 0770 269 952

NORTHERN

Alumex Distribution Center

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

Reegans Hardware

No.102,St,Sebastin Street,Mannar
Tele: 0232 251 686

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,
Killinochchi.

Marutham Iron Ware Store

Karaveddy
Centre,Karaveddy,Nelliari,
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

AS Group

No 207 Muthaliyarkulam
Cheddikulam

Fine Aluminium (Pvt) Ltd

No.34/3B,Rohini
Road,Colombo-06
Tele: 0777 686 021

DISTRIBUTION CHANNELS (APPENDIX V)

Jazeemas

No. 306, K K S Road, Jaffna
Tele: 021-2221544

Glory Aluminium Enterprise

No.51/1, E.S Fernando Mawatha,
Colombo 06
Tele: 0777 686 021

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

NORTH CENTRAL

Alumex Distribution Center

New Rajarata Glass House

No:521/30, 4th Cross Lane,
Maithripala Senanayaka MW,
New Bus Stand, Anuradhapura.
Tele: 0252 223 741

New Vision Construction

No.317,Mahasen Pedesa,28-
Post,Polonnaruwa
Tele: 0771 747 559

Ananda Aluminium

No:521/56, 5th Lane,
Maithreepala Senanayaka Mw,
New Town, Anuradhapura.
Tele:025 5627810

D.N.W Aluminium

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

G.T.G Aluminium

B7 Road, Market Place,
Anuradhapura
Tele:0779 179 033

Sisira Aluminum Fittings

No 37 Samudragama, Bandiwawa
Jayanthipura

Kanola Construction And Engineering

Thala Kalankuttiya, Kalankuttiya

NORTH WESTERN**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,Kuliyapitiya.
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

City Merchants

No.122, Main Street, Kurunegala.
Tele:0773934732

Torrent Hardware

No.304, Madampe Road,
Kuliyapitiya.
Tele:0766424703

WESTERN**Alumex central Warehouse**

Maguruwila Road
Sapugaskanda

Alumex Warehouse

Ekala

Alumex Distribution Center

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,
Pananura
Tele 0777 530 980

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

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, Avissawella
Tele: 0364 932 014

Western Hardware

No.352 Highlevel Road
Pannipitiya.

Hi-Tech Aluminium

Degas Junction, Yatiyana,
Agalawatta
Tele: 0342241394

Tritech Enterprises (private) Limited

No.40/5, Thilak
Mawatha,, Gorakana, Moratuwa
Tele: 0772973658

New Multi Engineering

No.333/1, Kandy Road,
Kirillawala, Kadawatha.
Tele: 0112968256

S.P. Worldnet (private) Ltd

No.7, Bellantara Road,
Nadimala, Dehiwala.
Tele: 0759054616

High Level Aluminium Trading Company (pvt) Ltd

No.246/1, Kotte Road, Mirihana,
Nugegoda, Sri Jayawardhana
Pura, Kotte
Tele: 0112854614

Alu Singha (pvt) Ltd

No.07, Sri Wikrama MW, Market
Junction, Wattala.
Tele: 0773124041

Priyadarshani Enterprises

No.6/2, Alhena, Bokalagama,
Mirigama.
Tele: 0711912960

Colombo Trading Centre (Pvt) Ltd

No.87A, Galle Rd, Mount Lavinia

Dilumex Aluminium

No.1/27 Negombo Road,
Dankotuwa.
Tele: 0777 565 457

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

Amex Trading (Pvt) Ltd

No 15, Green lane, Col 13
Tele: 0777 841 650

Wickrama Hardware & Trading (Pvt) Ltd

No 01, Walpola Rd,
Aggona, Angoda
Tele: 0779 796 871

Gamage Aluminium Arcade

335/1 GH, Kamadaliyaddapaluwa,
Ganemulla

Nishantha Glass Marketing Services

No 82, Old kandy Road,
Dalugama, Kelaniya
Tele: 0777 762 029

Highlevel Aluminium (Pvt) Ltd-

118 C Colombo Road, Piliyandala
Tele: 0112 606 137

J.T Aluminium & Glass

788, Pannipitiya Road, Palawatta

Sinidi Distributors

No 104, Egoda Uyana, Moratuwa.

SOUTHERN

Alumex Distribution Center

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

Aluroma Enterprises (Pvt) Ltd (AMB)

No.232/1/10, Makola South,
Makola
Tele: 0777 769 383

Dilmina Glass Centre (Pvt) Ltd

No.429, New Street, Weligama
Tele: 0412254504

Modimex Glass Centre

No 01, Vidyala Mawatha,
Suriyawewa

Somasiri Stores Engineering (pvt) Ltd

Ranna Road, Angunukolapelessa.
Tele: 0773 572 876

Manamperi Glass Center

3rd Mile post, Moraketiya Road,
Embilipitiya

Ruhunu Hardware and Ceilings

No 48, Broadway Terrace,
Sapugoda, Kamburupitiya
Tele: 0765 505 606

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

GLOSSARY OF FINANCIAL TERMS

ACTUARIAL GAINS AND LOSSES

Difference between the previous actuarial assumptions and what has actually occurred and the effects of changes in actuarial assumptions.

AMORTISATION

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

AVAILABLE FOR SALE

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.

ABSENTEE RATE

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.

BORROWINGS

All interest bearing liabilities.

CAPITAL EMPLOYED

Total equity, minority interest and interest bearing Borrowings.

CAPITAL RESERVES

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

CASH EQUIVALENTS

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

CONTINGENT LIABILITY

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.

CURRENT RATIO

Current assets divided by current liabilities, a measure of liquidity.

CURRENT SERVICE

Cost Increase in the present value of the defined benefit obligation resulting from employee's service in the current period.

CHILD

This term applies to all persons under the age of 14 years of age.

COMMUNITY DEVELOPMENT PROGRAM

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.

DEFERRED TAXATION

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.

DIVIDEND COVER

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

DIVIDEND PAYOUT

Dividend per share as a percentage of the earnings per share.

DIVIDEND YIELD

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

DEFINED BENEFIT PLANS

Post-employment benefit plans other than defined contribution plans.

EBIT

Abbreviation for Earnings Before Interest and Tax.

EFFECTIVE TAX RATE

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

EQUITY

Shareholders' funds.

EMPLOYEE TURNOVER

Employees who leave the organisation voluntarily or due to dismissal, retirement, or death in service.

ENERGY INDIRECT (SCOPE 2) GHG EMISSIONS

Emissions that result from the generation of purchased or acquired electricity, heating, cooling, and steam consumed by the organisation.

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.

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.

FREEDOM OF ASSOCIATION

The right of workers and employers to establish and join organizations 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.

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.

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.

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 organization does not count as lost days.

MARKET CAPITALISATION

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

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.

OTHER COMPREHENSIVE INCOME

Items of income and expenses that are not recognised in profit or loss as required or permitted by other SLFRS's.

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.

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).

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.

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.

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.

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

NOTICE OF MEETING

ALUMEX PLC

Company Number PV 539 PQ

NOTICE IS HEREBY GIVEN that the Fourteenth Annual General Meeting of Alumex PLC will be held on Tuesday, 29th June 2021 at 3.00 p.m. via online meeting platform.

1. To consider and adopt the Annual Report of the Board of Directors and the Statements of Accounts for the year ended 31st March 2021, with the Report of the Auditors thereon.
2. To declare the Final Dividend as recommended by the Directors
3. To re-elect Mr. R.P. Pathirana, who retires by rotation at the Annual General Meeting, a Director.
4. To re-elect Mr. A.A. Akbarally, who retires by rotation at the Annual General Meeting, a Director.
5. 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, who retires having attained the age of Seventy years.

Ordinary Resolution

That Mr. Abeyakumar Mohan Pandithage, who has attained the age of Seventy years be and is hereby re-appointed 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 the appointment of the said Director'

6. To authorise the Directors to determine contributions to charities for the financial year 2021/22.
7. To authorize the Directors to determine the remuneration of the Auditors, Messrs Ernst & Young, Chartered Accountants who are deemed to have been reappointed as Auditors for the financial year 2021/22 in terms of section 158 of the Companies Act No.07 of 2007.
8. To consider any other business of which due notice has been given.

Notes :

1. 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 with the Company Secretaries, Hayleys Group Services (Pvt) Ltd, No.400, Deans Road, Colombo 10, or emailed to alumexagm@secretarial.hayleys.com not less than 48 hours before the time fixed for the Meeting.
2. Please refer the Circular to shareholders dated 25th May 2021 and follow the instructions to join the meeting virtually.
3. In accordance with the rules of the Colombo Stock Exchange, the shares of the Company will be quoted ex-dividend on 30th June 2021 with regard to the Final Dividend.

By Order of the Board

ALUMEX PLC

HAYLEYS GROUP SERVICES (PRIVATE) LIMITED

Secretaries

Colombo

25th May 2021

FORM OF PROXY

ALUMEX PLC

Company Number 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, speak and vote as indicated hereunder for me/us* and on my/our* behalf at the Fourteenth Annual General Meeting of the Company to be held on Tuesday, 29th June 2021 and at every poll which may be taken in consequence of the aforesaid meeting and at any adjournment thereof.

NO		FOR	AGAINST
1	To adopt the Annual Report of the Board of Directors and the Statements of Accounts for the year ended 31st March 2021 with the Report of the Auditors thereon.		
2	To declare the Final Dividend as recommended by the Directors		
3	To re-elect Mr. R.P. Pathirana who retires by rotation at the Annual General Meeting, a Director.		
4	To re-elect Mr. A.A. Akbarally, who retires by rotation at the Annual General Meeting, a Director.		
5	To propose the Ordinary Resolution as set out in the Notice for the re-appointment of Mr. A.M. Pandithage as a Director, in terms of Section 211 of the Companies Act No.07 of 2007, who retires having attained the age of Seventy years,		
6	To authorise the Directors to determine contributions to charities for the financial year 2021/22.		
7	To authorize the Directors to determine the remuneration of the Auditors, Messrs Ernst & Young, Chartered Accountants who are deemed to have been reappointed as Auditors for the financial year 2021/22 in terms of section 158 of the Companies Act No.07 of 2007.		

(***) The proxy may vote as he thinks fit on any other resolution brought before the Meeting of which due Notice has been given.

As witness my/our* hands this day of2021.

Witnesses: Signature :

Name :

Address :

NIC No. :

Signature of Shareholder

Notes:

(a) * Please delete the inappropriate words.

(b) 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.

** Full name of shareholder/proxy holder and their NIC Nos and Witness are mandatory. Your Proxy Form will be rejected if these details are not completed.

(c) A shareholder is not entitled to appoint more than one proxy to attend on the same occasion.

(d) Instructions are noted on the reverse hereof.

(e) This Form of Proxy is in terms of the Articles of Association of the Company.

(f) Please refer the 'Circular to Shareholders' dated 25th May 2021 and follow the instructions to join the meeting or virtually.

FORM OF PROXY

INSTRUCTIONS AS TO COMPLETION

1. To be valid, the completed Form of Proxy must be deposited with the Company Secretaries, Hayleys Group Services (Pvt) Ltd at No.400, Deans Road, Colombo 10, Sri Lanka or be emailed to alumexagm@secretarial.hayleys.com not less than forty eight (48) hours before the start of the Meeting.
2. In perfecting the Form of Proxy, please ensure that all requested details are filled in legibly including mandatory details. Kindly sign and fill in the date of signing.
3. If you wish to appoint a person other than the Chairman of the Company (or failing him, one of the Directors) as your proxy, please insert the relevant details at overleaf. The proxy need not be a member of the Company.
4. 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 in his discretion will vote as he thinks fit. Please also delete (***) if you do not wish your proxy to vote as he thinks fit on any other resolution brought before the Meeting.
5. In the case of a Company /Corporation the proxy must be under its common seal which should be affixed and attested in the manner prescribed by its Articles of Association.

In the case of the individual shareholders, the signature of the shareholder should be witnessed by any person over 18 years of age.
6. 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.
7. In the 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.

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

DIRECTORS

A M Pandithage – Chairman
S C Ganegoda - Deputy Chairman
D W P N Dediwela -Managing Director
R P Pathirana
A A Akbarally
Dr H Cabral PC
S Munaweera
R P P K Rajapaksha
A J Hirdaramani (Alternate Director to R P Pathirana)
T Akbarally (Alternate Director to A A Akbarally)

AUDIT COMMITTEE

S Munaweera - Chairman
Dr.H.Cabral, PC
R P Pathirana

REMUNERATION COMMITTEE

Dr.H.Cabral, PC – Chairman
S Munaweera

SUBSIDIARY COMPANIES

Alco Industries (Pvt) Ltd

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

SECRETARIES

Hayleys Group Services (Private) Limited
400, Deans Road, Colombo 10, Sri Lanka
Telephone:+94 11 262 7650
Facsimile: +94 11 262 7645
E-mail: 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

Personal 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

DFCC Bank PLC

No. 73, W A D Ramanayake Mawatha
Colombo 02, Sri Lanka

Standard Chartered Bank

No. 37, York Street
Colombo 1, Sri Lanka

People's Bank

Head Office,
No.75, Sir Chittampalam A Gardiner Mawatha, Colombo 02, Sri Lanka

