KELANI CABLES

PURPOSEFUL PERFORMANCE

Annual Report

2020/21

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PURPOSEFUL PERFORMANCE

Kelani Cables is a pioneer in Sri Lanka's wire drawing industry, progressing at the correct pace to consolidate our strengths with renewed endurance. Over the years, we have mastered the art of constantly fine-tuning our skills, and improving our operations even amid a year of challenges and change.

In the year under review, we emerged with a remarkable and purposeful performance — one which propelled us to endure adverse economic climates, while also indicating commendable determination and team effort in every operation. Today as we continue to redefine our purpose-driven performance, we are creating sustainable value for all those we serve.

VISION

To become the nation's leading electrical solutions provider

MISSION

Deliver optimum value to our stakeholders through product development, advanced technology and improved productivity, while creating an open culture within the organization to harness creativity and innovation to be competitive

CORE VALUES

- Respect
- Integrity
- Quality
- Family
- Learning

ABOUT THE COMPANY

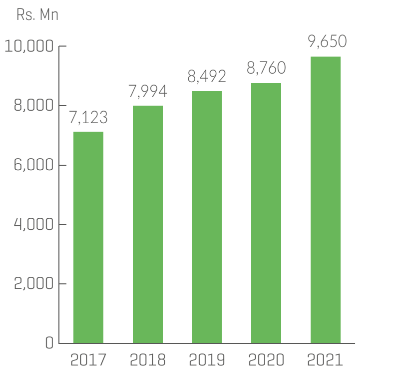
Kelani Cables was founded in 1969 as a manufacturer and distributor of power and telecommunication cables and enamelled winding wires. Having begun operations with just twelve workers, Kelani Cables is a household name today with over 500 - strong workforce and a solid reputation for quality and stability. The Company celebrated 50th year in January 2019.

Kelani Cables has undergone several changes in ownership over the years; founded by the Wijegoonawardena family, the company became a subsidiary of the Australian multinational Pacific Dunlop Cables Group in 1994 and in late 1999, the major shareholding was acquired by ACL Cables PLC. These alliances have provided opportunities for expansion and knowledge sharing which have enabled the company to enhance its operations. Kelani Cables became a public quoted company in 1973 and its shares trade on the Colombo Stock Exchange

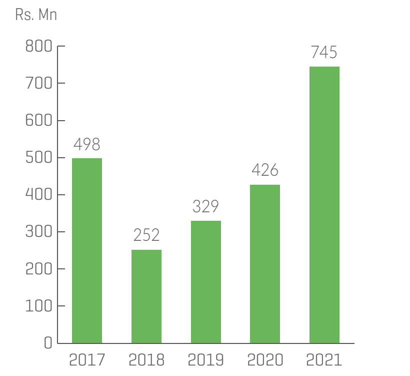
FINANCIAL HIGHLIGHTS

For the year ended 31 March,		2021	2020
Revenue	Rs. Mn	9,650	8,760
Gross profit	Rs. Mn	1,284	1,313
Profit before tax	Rs. Mn	745	426
Profit after tax	Rs. Mn	621	353
Net assets	Rs. Mn	4,650	3,962
Net Assets per Share	Rs.	213.29	181.76
Earnings per share (EPS)	Rs.	28.50	16.20
Return of investment (ROI)	%	18.4%	14.5%
Market price per share (end)	Rs.	111.75	52.00

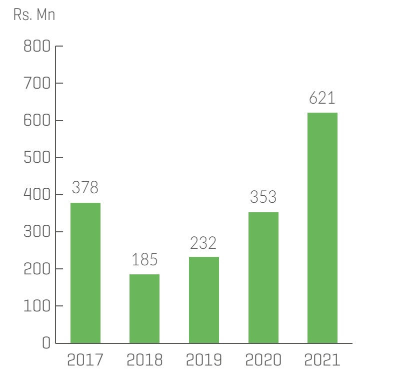
REVENUE



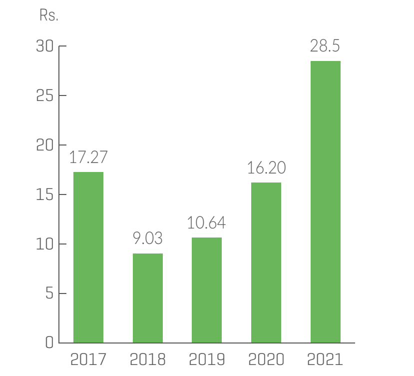
PROFIT BEFORE TAX



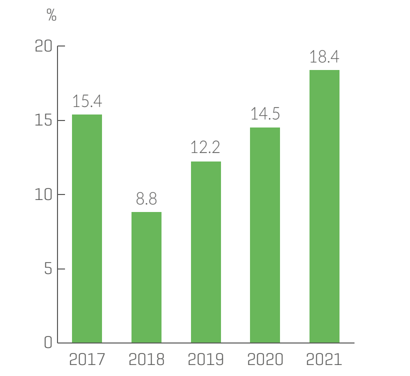
PROFIT AFTER TAX



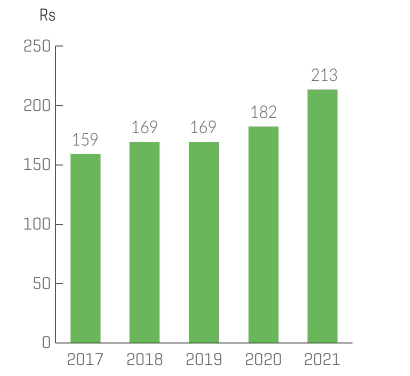
EARNINGS PER SHARE (EPS)



RETURN OF INVESTMENT (ROI)



NET ASSETS PER SHARE



OUR JOURNEY

Kelani Cables PLC was the proud recipient of two awards at the SLIM Brand Excellence Awards 2020 that celebrates brand excellence at a national level. While the first Silver award was to recognize the Company in the 'B2B Brand of the Year' category, the 'Restart Sri Lanka Resilience Award' was presented to recognize the Company for demonstrating resilience post the Easter attacks and during the Covid-19 pandemic endorsing its ability to forge through difficult times.

1980

1980

SLS 40 Product Certification for Building Wires & Flexible Cords. This was later advanced to SLS 733 & SLS 1143.

1986

SLS 750 Product Certification for All Aluminium Conductors.

1994

SLS 412 Product Certification for Auto Cables.

2000

ISO 9001 Quality Management System Certification.

2004

UL Certification for Enamelled Winding Wires from Underwriters Laboratories of India.

2005

- CNCI Achiever of Industrial Excellence - Silver Award.
- Sri Lanka National Quality Awards under the Large Scale Manufacturing Category - Merit Certificate.
- Taiki Akimoto 5S Award- All Island 2nd Runner Up.
- National Productivity Awards - 2nd Runner-up and Provincial Productivity Awards - 2nd Runner-up.

2006

- Sri Lanka National Quality Awards.
- CNCI Achiever of Industrial Excellence - Gold Award.
- Taiki Akimoto 5S Award- All Island 1st Runner Up.
- Business Excellence Awards - 2nd Runner Up - Processing, Manufacturing & Industrial Engineering Sector.

2007

- Taiki Akimoto 5S Awards - Overall Gold Award winner, Gold award winner - Manufacturing sector.
- CNCI Achiever of Industrial Excellence - Gold Award.
- Business Excellence Awards Processing, Manufacturing, Industrial Engineering - 2nd Runner Up.
- National Convention in Quality Circles - Seven trophies received.
- LMD, the premier Business Magazine, rated Kelani Cables as one of the most valuable brands.
- Awarded Business Superbrand status Voted one of Sri Lanka's strongest brands.
- The Kelani brand was accredited with the Soorya Sinha Logo.

2008

CNCI Achiever of Industrial Excellence - Crystal Award for having won the Gold award for three consecutive years - 2006, 2007 & 2008.

2010

- National Safety Awards.
- National Engineering & Technology Exhibition - Silver Award for the stall with best display of local products.
- SLIM Brand Excellence - Award for the Best Entry Kit.
- Annual Report Awards - Certificate of Compliance in Manufacturing Sector.

2011

- SLS 1186: Product certification for Armoured Electric Cables having Thermosetting Insulation.
- ISO 14001: 2004 Environmental Management System Certification.
- National Cleaner Production Awards - Manufacturing (Large) – Merit Certificate.
- Annual Report Awards - Certificate of Compliance in Manufacturing Sector.

2020

2012

- SLIM Brand Excellence Business to Business- B2B Brand of the year, Bronze Award.
- SLIM Brand Excellence - Best Entry Kit - Gold Award.
- Annual Report Awards - Certificate of Compliance in Manufacturing Sector.

2013

- SLIM Brand Excellence B2B Brand of the year category – Gold Award.
- SLIM Brand Excellence Best Entry Kit - Gold Award.
- SLITAD People Development Award - Gold Award.
- National Cleaner Production Awards – Manufacturing (Large) Merit award.

2014

Geo Responsibility Awards - Excellence in Environmental System Compliance - Merit Award

2015

- Awarded the Responsible Care® Logo.
- National Green Award - Silver Award. (Private Enterprises)
- SLIM Brand Excellence - CSR Brand of the Year – Silver Award.
- SLIM Brand Excellence - B2B Brand of the Year-Silver Award.
- Asia's Best Employer Brand Award.
- Social Dialogue & Work Place Cooperation Award Manufacturing Sector - Bronze Award.
- Annual Report Awards - Certificate of Compliance in Manufacturing Sector.

2016

- National Quality Award.
- Asia's best employer brand award.
- Best green reporter Gold award in Tier 2 in National Green reporting system.
- Presidential environmental awards - Bronze award in Metal and mineral processing industries.
- National HR excellence awards - Silver award.
- Social dialogue and workplace cooperation awards – Gold award.
- SLIM brand excellence awards - B2B brand of the year Silver award.

2017

- The World Class Global Performance Excellence Awards.
- National Chamber of Export awards Industry Sector Gold award.
- SLIM brand excellence awards - B2B brand of the year Gold award.

2018

- SLIM brand excellence awards - B2B brand of the year Silver award.
- SLIM brand excellence awards - CSR brand of the year Silver award.

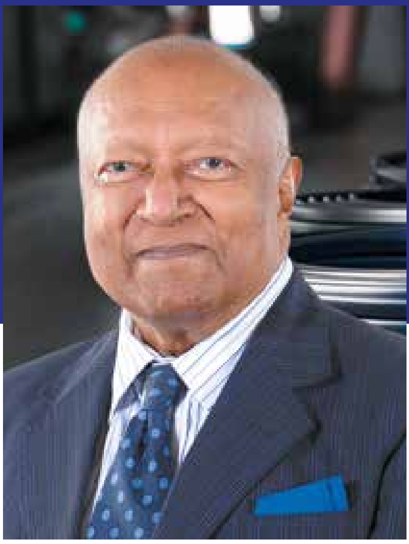
2019

- The World Class Global Performance Excellence Awards.
- Special award by Sri Lanka Standards Institution in recognition of winning the World class Global performance excellence Award.
- SLIM brand excellence awards - B2B brand of the year Gold award.
- SLIM brand excellence awards - CSR brand of the year Bronze award.

2020

- SLIM brand excellence awards - B2B brand of the year Silver award.
- SLIM brand excellence awards – Restart Sri Lanka Resilience Award winner.

CHAIRMAN'S REVIEW



Upali Madanayake
Chairman

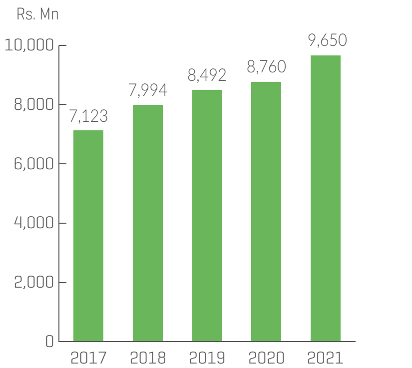
As part of the renowned 'ACL Group', your Company has the reputation of adhering to high quality standards in relation to its manufactured product portfolio which has served to safeguard its diverse customer base.

Rs. 213.29
NET ASSETS PER SHARE

Rs. 28.50
EARNINGS PER SHARE (EPS)

Rs. 111.75
MARKET PRICE PER SHARE (END)

REVENUE



Dear Stakeholder,

The year under review was unprecedented for multiple industries globally and the world at large. The platform on which businesses operated upon changed drastically and the need of the hour was to innovate and adapt quickly. The complex environment meant that a change in focus was required quickly to ensure that operations would continue, the brand value remained strong, and our new mode of conducting business remained sustainable in the new normal. 'Kelani Cables PLC', which has been in operation for 50 years faced its share of setbacks which it had to work with and resolve alongside the continued volatility the pandemic COVID19 kept dealing out. It is in this backdrop that I would like to share with you, our performance for the financial year ended 31st March 2021.

CHALLENGES AMIDST COVID19

The macroeconomics surrounding the cable industry primarily the drastic international price fluctuation of metals copper and aluminium impacted our business. Record price surges on the London Metal Exchange (LME) served to inflict negative pressure on sourcing our raw material while a weaker economy bore down on the Rupee which depreciated against the US Dollar significantly exacerbating our cost of procurement further. With limited options to mitigate the risk of such price volatility, we were compelled to effect multiple price revisions during the financial year under review. The time lag accompanying such price revisions in uncertain market conditions proved to be a challenge while our ability to manage same will be crucial to our smooth flow of business going forward.

Import restrictions in relation to some of our raw materials, coupled with delays in clearing our shipments due to a backlog of import consignments pertaining to multiple industries affected production. On the other hand, interprovincial travel restrictions created delays in distribution of our manufactured product as Government approvals and relevant permits had to be obtained prior.

A contraction in economic activity throughout most of 2020 and its consequent impact on the construction industry resulted in multiple construction projects being placed on hold temporarily. While this impacted our revenue stream from institutional sales, demand from our distribution/ dealer channel, the 'Ceylon Electricity Board' and 'Lanka Transformers' served to cushion the blow to a greater extent. Weaker macroeconomic conditions that affected some of our key customers also served to exert a strain on trade and receivables which the Company is attempting to improve upon.

While the above challenges are existential, 'Kelani Cables' continues to hold a dominant position in the market as a cable manufacturer. As part of the renowned 'ACL Group', your Company has the reputation of adhering to high quality standards in relation to its manufactured product portfolio which has served to safeguard its diverse customer base.

FINANCIAL PERFORMANCE

Although multiple lockdowns accompanied by travel restrictions and remote working served as barriers to the growth that we would have liked to achieve, 'Kelani Cables PLC' reported a commendable revenue of Rs. 9.65 Bn for the financial year under review versus Rs. 8.76 Bn representing a 10% growth coupled with a post-tax bottom line of Rs.621 Mn versus Rs. 353 Mn in the previous year. Excluding a revaluation component, your Company's bottom line remained on par with the previous financial year. The overall satisfactory performance ensued from a combination of factors comprising team effort to enhance revenue, contain costs, improve efficiencies under the current circumstances, supported by a decline in interest rates. Supported by a well-capitalized balance sheet, strong cashflows, and net worth, Kelani Cables witnessed a rise in its Earnings per Share (EPS) to Rs.28.50 from Rs.16.20 in the previous financial year while the Company share closed trading at Rs.111.75 per share as at financial year end. We have aimed to ensure a greater degree of financial stability during challenging times which we intend improving upon while we adapt and grow.

AWARDS

Despite the challenges, Kelani Cables PLC was the proud recipient of two awards at the SLIM Brand Excellence Awards 2020 that celebrates brand excellence at a national level. While the first Silver award was to recognize the Company in the 'B2B Brand of the Year' category, the 'Restart Sri Lanka Resilience Award' was presented to recognize the Company for demonstrating resilience post the Easter attacks and during the Covid-19 pandemic endorsing its ability to forge through difficult times.

Despite the challenges, Kelani Cables PLC was the proud recipient of two awards at the SLIM Brand Excellence Awards 2020 that celebrates brand excellence at a national level.

FUTURE

We expect the current pandemic and economic climate to prevail moving in to FY2021/22. The Government's commendable efforts to fast pace the vaccination drive and restore normalcy as soon as possible is a positive. We hope that operating conditions will be able to resume at 100% capacity as quickly as possible. While global metal market prices continue its volatile streak 'Kelani Cables' will continue to strategize its mode of doing business to adapt and grow while aiming to streamline its receivables in the backdrop of these challenging times. There is a strong need to establish proper industrial policy, one that is consistent and supports a smooth flow of operation. We will continue to proactively lobby for this so as to regulate the cable industry in Sri Lanka more efficiently.

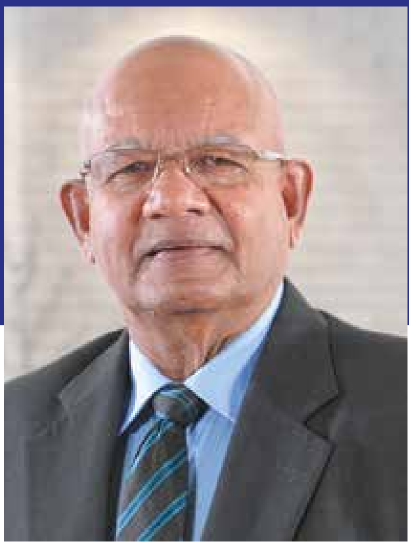
APPRECIATION

The year under review has been nothing short of challenging. Remote working became the new norm which required greater efficiency during a difficult time. The team at 'Kelani Cables' has been nothing short of exceptional in the way every individual came together to contribute to our growth and successful completion of the financial year. I would like to extend my appreciation to the Board of Directors for their continued guidance, and support, the Management and team of employees for their invaluable contribution, untiring efforts and commitment during the year under review. To our stakeholders especially our customers who continue to believe in the growth of our Company, we thank you for your confidence placed in our vision to be the nation's leading electrical solutions provider.

Upali Madanayake
Chairman

15th September 2021

DIRECTOR/CEO's REVIEW



Mahinda Saranapala
Director/ Chief Executive Officer

We assured our team that we would prioritize their safety which we gave foremost preference to, together with ensuring their job stability.

Rs. 9,650 Mn
REVENUE

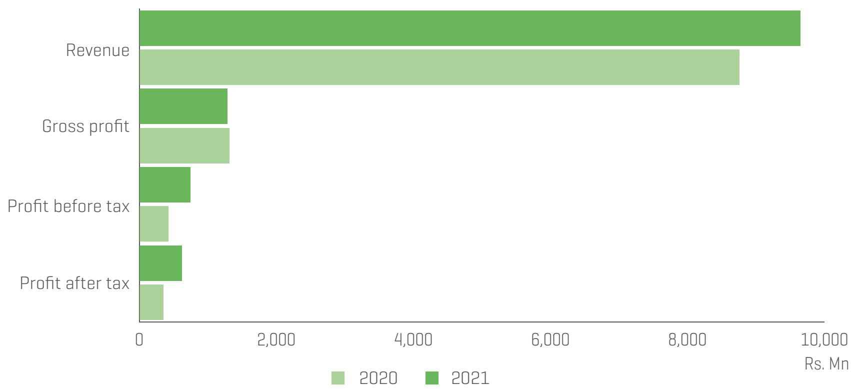
Rs. 1,284 Mn
GROSS PROFIT

520
EMPLOYEES

The outbreak of the global pandemic COVID19 plunged the world into catastrophic circumstances on all fronts. The impact on multiple industries and the respective businesses within, combined with the global health emergency that affected the population world over, created a complex operating environment that demanded urgent action. The lockdown and travel restrictions that ensued, slowed down economies, disrupting trade and income levels of many. The Sri Lankan economy had just emerged from the Easter Bombings in 2019, only to be presented with an unprecedented situation once again.

The vaccination drive which remains the biggest hope for a turnaround in the pandemic is one of the key factors that economic growth forecasts and strengthening of economic activity is dependent upon. However, the strength of recovery is projected to vary across countries based on several factors such as access to medical intervention and policy support for example. Many countries, especially low-income developing nations entered this crisis with high debt levels that is expected to worsen and which might possibly require global community support.

'Kelani Cables' was no exception to the challenges and was briefly impacted by reduced activity in the first half of Q1. While business resumed shortly after, the Company's top priority was to address the fear psychosis that prevailed among its workers and establish maximum safety precautions to prevent the virus from entering the premises and affecting its team. Firm commitments were made to employees, sanitization booths setup, digital infrared thermometers used to monitor all those who entered the premises while pedal operated hand washing units were installed. Awareness boards were set up while bottles of sanitizer and face masks were supplied to all staff. Implementation of safety measures were conveyed clearly and imposed strictly. We assured our team that we would prioritize their safety which we gave foremost preference to, together with ensuring their job stability. Kelani Cables was able to ensure zero reduction in staff salaries, annual increments while bonuses were paid.



Our recovery plan to restart operations and production during the period of lockdown required mobilization of time, commitment, energy and dedication of our entire management team and frontline staff which became an eventuality due to the safety measures established. We were able to achieve a revenue of Rs. 9.65 Bn, a 10% growth over Rs. 8.76 Bn in the previous financial year while post-tax profits amounted to Rs. 621 Mn versus Rs. 355 Mn previously. A component of the Company's profitability included a investment property revaluation quantum, the exclusion of which gave rise to a Company bottom line of Rs. 276.3 Mn versus Rs. 344 Mn in FY2019/20.

Bulk of our revenue arose from our distributor and dealer network which witnessed a significant growth of approximately 40% that grew our sales volumes. The adverse impact of the economic slowdown on construction projects led to a slowdown in demand from the Institutional sector and other larger projects that were temporarily placed on hold. We were compelled to effect several price increases during the financial year purely due to the spiraling prices of copper, our key raw material. With not many options to control this cost variable, we had to resort to efficient cost/working capital management strategies internally to reduce the overall impact on our bottom line. Together with a lower interest rate regime and reduced borrowings, we were able to end the year with a satisfactory performance.

As demonstration of its resilience, Kelani Cables was recognized by the Sri Lanka Institute of Marketing (SLIM) at its annual SLIM Brand Excellence Awards for 2020. Winning the 'B2B' Brand of the year in the Silver category together with the 'Restart Sri Lanka Resilience' award in the Consumer Goods Large Organization category is proof of what our team represents and can achieve during challenging times.

Bulk of our revenue arose from our distributor and dealer network which witnessed a significant growth of approximately 40% that grew our sales volumes.

COMMUNITY

The year under review saw the formation of the 'Kelani Saviya Alumni Association'. An award-winning CSR initiative by Kelani Cables PLC in collaboration with 'Peradeniya University', Kandy, the Company's intention is to enhance the skill level of self-employed electrical technicians to that of professionals in the field, while grooming school leavers to be skilled electricians. This program was also extended to the North and East in collaboration with 'Jaffna University 'under the brand name 'Kelani Shakthi'. With its tag line 'Safety Forever', 'Kelani Cables' commenced this initiative after the rising number of deaths island wide due to electrocution. To date, 450 number of individuals have passed out via Kelani Saviya' while the first batch of students numbering 24 passed out from 'Kelani Shakthi' as professional electricians in the North and East. 'Kelani Cables' also distributed 160 hearing aids and 400 spectacle frames to employees and their immediate families during the year under review.

ACKNOWLEDGEMENT

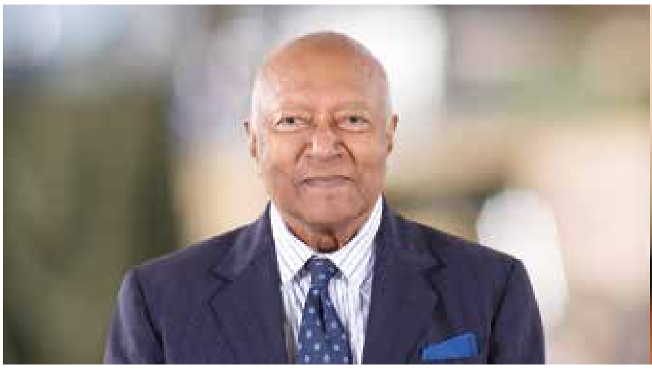
'Kelani Cables PLC' has showcased its strength, capability and resilience during this challenging period. Our experience of 50 years and a committed workforce has contributed to this and is evidence of greater things possible. I would like to acknowledge and appreciate the Directorate, Management, team of employees and all our stakeholders for their effort and dedication to believing in our vision and growing our business jointly during this time.

Thank you

Mahinda Saranapala
Director/ Chief Executive Officer

15th September 2021

BOARD OF DIRECTORS

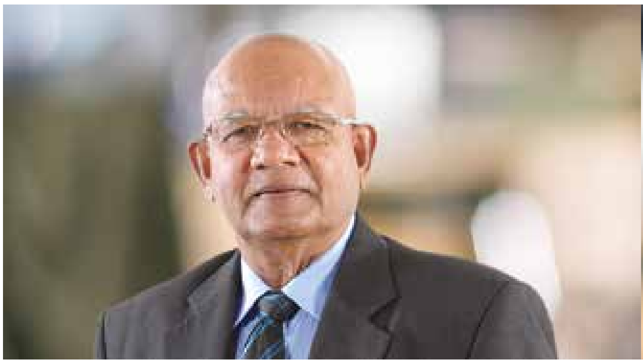


MR. UPALI MADANAYAKE
Chairman

MR. SUREN MADANAYAKE
Deputy Chairman

MRS. N. C. MADANAYAKE
Director

DR. BANDULA PERERA
Director



MR. MAHINDA SARANAPALA
Director/CEO

MR. DEEPAL SOORIYAARACHCHI
Director

MR. UPALI MADANAYAKE

Chairman

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

He joined the Board of Associated Motorways Ltd, and subsequently became the Deputy Chairman of the Company. He became a Director of ACL Cables PLC (then Associated Cables Ltd.) in January 1963, its Managing Director in July 1978 and Chairman cum Managing Director in May 1990. He relinquished his duties as Managing Director in September 2005 after appointing Mr. Suren Madanayake as Managing Director.

With the acquisition of Kelani Cables PLC by the ACL Group in October 1999, he was appointed as Chairman of Kelani Cables PLC and Lanka Olex Cables (Private) Ltd., which is the holding Company of Kelani Cables PLC.

Mr. U.G Madanayake is also the Chairman of Fab Foods (Pvt) Ltd., Ceylon Tapioca Ltd., ACL Plastics PLC and Lanka Olex Cables (Pvt.) Ltd. He is also a Director of ACL Metals & Alloys (Pvt.) Ltd., ACL Polymers (Pvt) Ltd., Ceylon Copper (Pvt.) Ltd., ACL-Kelani Magnet Wire (Pvt) Ltd., Ceylon Bulbs & Electricals Ltd., ACL Electric (Pvt.) Ltd., RESUS Energy PLC and Cable Solutions (Pvt) Ltd.

He has over 50 years experience in the cable Industry.

MR. SUREN MADANAYAKE

Deputy Chairman

Mr. Suren Madanayake had his education at Royal College, Colombo and qualified as a Mechanical Engineer from the University of Texas at Austin, USA. He was appointed to the Board of ACL Cables PLC in June 1991 and appointed as Managing Director in September 2005. When Kelani Cables PLC was acquired in October 1999, he was appointed as Managing Director of Kelani Cables PLC and Lanka Olex Cables (Private) Ltd which is the holding Company of Kelani Cables PLC. In 2003 he was appointed as Deputy Chairman of Kelani Cables PLC.

He also serves as the Chairman of RESUS Energy PLC, Managing Director of ACL Plastics PLC and Director of ACL Electric (Pvt.) Ltd., Ceylon Bulbs & Electricals Ltd., ACL Metals & Alloys (Pvt.) Ltd., ACL Polymers (Pvt.) Ltd., ACL-Kelani Magnet Wire (Pvt.) Ltd., Ceylon Copper (Pvt.) Ltd., SM Lighting (Pvt) Ltd., Fab Foods (Pvt.) Ltd., Ceylon Tapioca Ltd., Destination Ceylon (Pvt.) Ltd., Ethimale Plantation Pvt LTD, Marshal Investments (Pvt) Ltd., National Asset Management (Pvt) Ltd and Cable Solutions (Pvt) Ltd.

He also serves as Trustee of CCC Foundation of Sri Lanka, which is an approved charity. He captained the Royal College 1st XV Rugby team in 1987.

MRS. N. C. MADANAYAKE

Director

Mrs. N.C. Madanayake was appointed to the Board of Kelani Cables PLC in 1999. She is also a Director of ACL Cables PLC, ACL Plastics PLC, Ceylon Bulbs & Electricals Ltd., Lanka Olex Cables (Pvt) Ltd., and Ceylon Tapioca Ltd.

Mrs. N.C. Madanayake is a pioneering Director of Fab Foods (Pvt) Ltd.

DR. BANDULA PERERA

Director

Dr. Bandula Perera counts more than forty years of experience in both Public and Private sectors.

He is a former Chairman of SME Bank, former Board Member of Credit Information Bureau of Sri Lanka, former Managing Director of Ceylon Glass Company, former Additional Director General of Board of Investments, former Chairman of the Industrial Development Board, former General Manager of Lanka Tiles Ltd and a former Chairman of the Ceylon National Chamber of Industries among others. Dr. Perera is currently a Director of Piramal Glass (Ceylon) PLC, a Council Member of Japan Lanka Industrial Development Corporation and Chairman of Co-energy (Pvt) Ltd.

Dr. Perera holds a PhD and a BSc (Hons) from UK and also holds a BSc (Ceylon) and is a Fellow of the Institute of Materials, Minerals and Mining(UK).

He was appointed to the Board of Kelani Cables PLC in March 2008.

MR. MAHINDA SARANAPALA

Director/CEO

Mr. Mahinda Saranapala was appointed as the Chief Executive Officer of the Company on April 1, 2011.

His career spans over 40 plus years and he has worked for top Sri Lankan corporates such as Ceylon Tobacco Company, The Maharaja Organisation Ltd, Nawaloka Polysacks Ltd and Phoenix Industries Pvt Ltd. He held senior management positions and served as the Joint Managing Director of Phoenix Industries Pvt Ltd up to 1998.

He was awarded four scholarships to Japan and has had specialized training in Productivity concepts and many Japanese Management techniques.

He is known as one of the finest 5S/Kaizen practitioners in Sri Lanka. Incorporated his own company in 2004 mainly to offer consultancy in enhancing productivity to Sri Lankan corporates. He has provided consultancy services to approximately 62 companies and many of them have enhanced their productivity and also won national and international awards. He is the first Sri Lankan to be appointed as a consultant of the Kaizen Institute India. Kaizen Institute operates in 45 countries worldwide.

He received a merit award from the Plastics and Rubber Institute for the outstanding contribution made to the polymer industry in Sri Lanka in 1992.

The Japan Sri Lanka Technical & Cultural Association (JASTECA) recognized him, at the annual Jasteca awards night held on 23 March 2013 in appreciation of his contribution to the growth and development of JASTECA and for initiating the implementation of the 5S concept and for his devotion and continuing efforts to promote and propagate 5S in Sri Lanka.

He was commended by the Ambassador for Japan in Sri Lanka, on 11 May 2015 in recognition of his distinguished services in contributing to the deepening of mutual understanding and friendship between the people of Japan and Sri Lanka.

He serves as a member of the board of advisors to the Sri Lanka Association for the Advancement of Quality and Productivity SLAAQP.

He is a past president of Japan Sri Lanka Technical & Cultural Association and now serves as a member of the Board of trustees of JASTECA. He also serves as a member of the Board of Trustees of Sasakawa Memorial Sri Lanka Japan Cultural Centre Trust.

He is a distinguished old boy of St Peter's College Colombo. He was appointed as a Member of the advisory committee of the ISO 9001Quality Management Systems Certification Scheme (QMS) and a member of the Management System Certification Committee (MSCC) in the Industrial Sector operated by the Sri Lanka Standard Institution (SLSI).

He was elected as Vice Chairman of the Ceylon National Chamber of Industries (CNCI) in 2021. Mr. Mahinda Saranapala was appointed to the Board of Kelani Cables PLC on December 23, 2015. He now serves as the Director/Chief Executive Officer.

MR. DEEPAL SOORIYAARACHCHI

Director

Mr. Deepal Sooriyaarachchi is, a Fellow of the Chartered Institute of Marketing UK and holds an MBA from the University of Sri Jayewardenepura and an Accredited Master Coach and a Master Mentor.

He is a renowned Management Consultant, Speaker Trainer and an Author before embarking on full time consultancy work, he was the Managing Director of AVIVANDB Insurance PLC (now known as AIA Insurance).

He has received extensive management training and exposure locally and overseas including National University of Singapore, Asian Institute of Management and Stanford Business School USA.

Mr. Sooriyaarachchi serves as a Non-Executive Independent Director of; AIA Insurance Lanka, Siyapatha Finance, Pan Asian Power PLC, Singer Sri Lanka PLC and Prime Lands Residencies PLC. He also serves on the board of the Postgraduate Institute of Management (PIM) University of Sri Jayewardenepura. He is a consulting partner of Results Based Leadership Institute USA.

He is a Past President of the Sri Lanka Institute of Marketing, and a Past Commissioner of Sri Lanka Inventors Commission. He was appointed to the Board of Kelani Cables PLC on December 23rd 2019.

SENIOR AND MIDDLE MANAGEMENT TEAM

Mrs. Hemamala Karunasekara
Chief Financial Officer

Dr. Anil Munasinghe
General Manager – Marketing

Mr. Upul Mahanama
General Manager – Operations

Mr. Devinda Lorensuhewa
Deputy General Manager Marketing

Mr. Abhaya Ranawaka
Manager Projects & Engineering

Mr. Sajeewa De Zoysa
Manager Procurement

Mr. Namalke Ekanayake
Plant Manager Plant 3

Miss. Shyama Perera
Manager Technical Operations

Mr. Channa Jayasinghe
Manager Brand Development

Mr. Ralph Rajasundaram
Sales Controller

Mr. Kumara Withanarachchi
IT Manager

Mr. Asela Jayatillaka
Senior Accountant

Mr. Narmal De Zylva
Stores Manager

Mr. Rohana Wadduwage
Sales Manager - Power & Energy Sector

Mr. Sameera Jayasekara
Human Resources Manager

Mr. Sagara Balasuriya
Manager Transport

Mr. Chaminda Waidyathillake
Sales Manager Distribution

Mr. Suranga Pathirana
Sales Manager Projects

Mr. Chandima Weerasinghe
Head of Sales – Lighting

Mr. Dinuka Chandrakeerthi
Production Manager Plant 1

Mr. Jaliya Ranaweera
Production Manager Plant 3

Mr. Chinthaka Fernando
Manager Quality Assurance

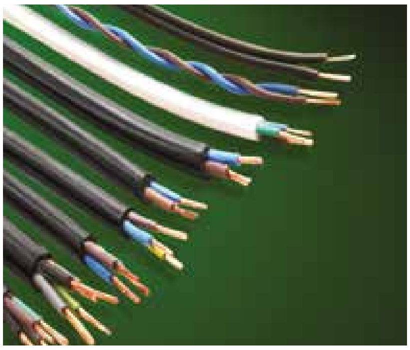
Mr. Pradeep Roshantha
Production Manager Plant 2

Mr. Pradeep Abeyratne
Accounts Manager

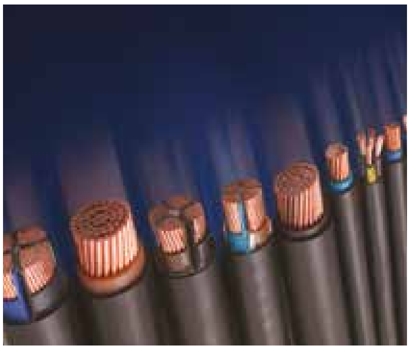
Mr. Wasantha Siriwardhana
Manager Process Control

PRODUCT PORTFOLIO

HOUSE & BUILDING WIRES



FLEXIBLE CORDS



ARMOURED AND UNARMOURED POWER CABLES

4 CORE WITH REDUCED NEUTRAL

CONTROL CABLES

KELANI WELDING CABLES

BARE CONDUCTORS

AERIAL BUNDLED CABLES (ABC)

AUTO CABLES

COAXIAL CABLES

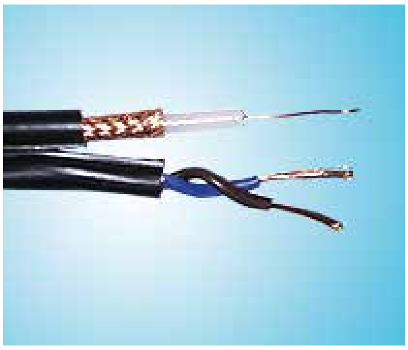
TELEPHONE CABLES

KELANI ENAMELLED WINDING WIRES

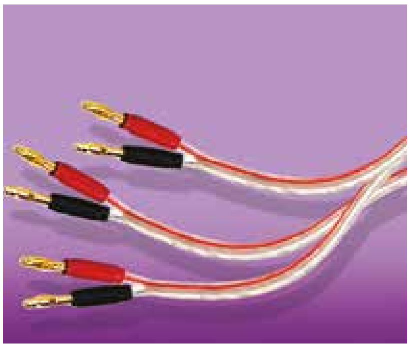
KELANI LEAD FREE SUBMERSIBLE PUMP CABLES

SCREENED CABLES

IRON CABLES

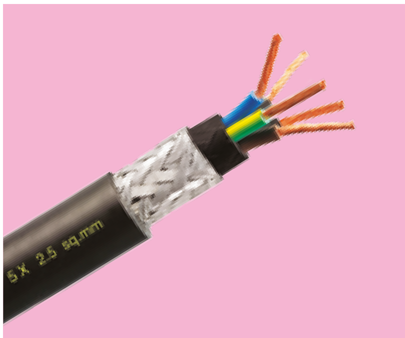


KELANI CCTV CAMERA CABLE



SPEAKER CABLE

ROSETTE TELEPHONE CABLE



KELANI SUPER FLEX ARMOUR

JUMPER/BOOSTER CABLE

TRAILER CABLE

CABLES TO AUSTRALIA / NEW ZEALAND MARKET

CABLE TO BANGLADESH MARKET

CAT 5 E AND CAT 6

PRODUCT PORTFOLIO

RG6 JELLY FILLED CABLE

SOLAR CABLES

SCHNEIDER SWITCHGEAR

SWITCHES RANGE

KELANI LED BULBS

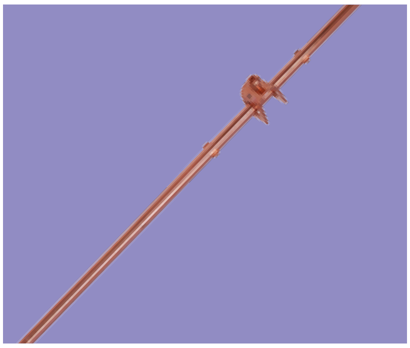
KELANI BREEZER FANS

KELANI INSULATION TAPES

KELANI MASKING TAPES

KELANI LUGS

KEALNI GLANDS



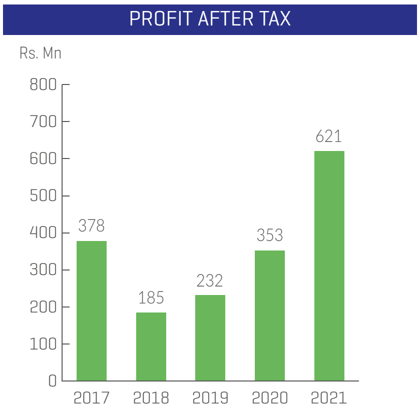
KELANI EARTH ROD

MANAGEMENT DISCUSSION & ANALYSIS

Our stronghold and return to break even levels by July 2020 was attributable to the efforts of our team, the reputation of our brand, and the quality of our final product that we did not compromise on.

FINANCIAL CAPITAL

Kelani Cables PLC experienced one of its most difficult years in business following the Easter Bombings in 2019 followed by the global pandemic outbreak COVID-19 during 2020. The economic downturn that followed, disrupted its lines of business negatively impacting the Company's profitability in the first quarter of 2020/21. Unfavourable economic conditions worldwide including the rising cost of global copper prices and the depreciation of the Rupee against the US Dollar squeezed Company margins significantly. While a revenue growth of 10% was very satisfactory under the prevailing conditions, gross profit margins narrowed to 13.3% from 15.0% in the previous financial year due to spiralling prices of copper, our key raw material, that impacted procurement costs coupled with import restrictions on several other key raw materials. Multiple lockdowns caused delays in clearing import consignments which slowed down production while the need for permits and approvals in the midst of interprovincial travel restrictions slowed down distribution of our finished products. Our stronghold and return to breakeven levels by July 2020 was attributable to the efforts of our team, the reputation of our brand, and the quality of our final product that we did not compromise on.



Rs. 9,650 Mn
REVENUE

Rs. 1,284 Mn
GROSS PROFIT

Under the current circumstances, 'Kelani Cables' reduced its marketing and advertising expenditure to reinforce its brand while sales and promotional campaigns carried out were on a much lower scale than in the years prior. However, the Company did ensure that all its employees were remunerated in full with no pay reductions while annual increments and bonuses were honoured. The Company reported an operating profit of Rs.819.5 Mn versus Rs.483.1 Mn in the previous financial year which included a substantial component pertaining to an investment property revaluation. Exclusion of this resulted in an operating profit of Rs.475.1 Mn versus Rs.472.1 Mn which was still commendable given the cost challenges posed.

In line with the Central Bank directive to reduce interest rates, Kelani Cables encountered a reduction in interest income on its deposits along with a reduced cost of debt. It closed its financial year with a post-tax profit of Rs.621.3 Mn versus Rs.353.1 Mn.

Year		2021	2020	2019
Revenue	Rs.Mn	9,650	8,760	8,492
GP	Rs.Mn	1,284	1,313	1,165
GP margin	%	13%	15%	14%
Operating profit	Rs.Mn	820	483	428
NP	Rs.Mn	621	353	232
NP margin	%	6%	4%	3%

INTELLECTUAL CAPITAL

Kelani Cables PLC has built up a significant intellectual capital base not reflected in its balance sheet but which has contributed immensely towards its success and growth. From its brand value, IT systems and processes, organizational knowledge and competencies, culture, expertise and collective know-how, this capital base has served to enhance the value of Kelani Cables significantly.

BUSINESS & BRAND STRENGTH

Over 52 years, Kelani Cables has built its brand to be one of the strongest in the country that continues to rank among the best brands. We have diversified into related product categories to utilize the brand presence in the market on our journey to achieve our vision to be the leading electrical solutions provider in Sri Lanka.

DIGITAL TECHNOLOGY

We continue to adapt our business processes and our communication towards a digitized model. Technology has helped streamline our operation and improve efficiencies. We continue to invest in new digital capabilities to enhance the customer experience and improve productivity in operations. We utilize technological options to demonstrate potential value and to observe suitable opportunities such as:

- Data analytics
- Automation
- Internet of Things
- Software solutions

During the year, we improved on our customer experience by being able to invoice from various locations thereby expediting the order process. Retailing online is in the process of being tested. The year under review saw us experiment with a range of technological possibilities that could drive manufacturing efficiency, help optimize operations to reduce waste and reduce manufacturing costs. Several of these programs were an output of our OPEX (operational excellence) program initiated by the CEO. We continue to test value-adding opportunities for our supply chain and to support customer engagement. Information systems and technological risks are identified and mitigatory actions planned as part of the risk management process.

State of the art Manufacturing facilities at Siyambalape plant

MANUFACTURING AND OPERATIONAL EXCELLENCE

Kelani Cables has earned a reputation of being a leader in cable products and wiring solutions for 52 years. We develop, use and share leading manufacturing principles, processes, tools and practices in all aspects of our operation. Our Manufacturing Excellence Framework supports the standardizing and sharing of best practices across our units. Standard measures and indicators gauge our unit performance, classify and prioritize time and material losses and identify opportunities for improvement. Standardization and data analytics enhance consistency of reporting against the standards and measures, facilitating benchmarks while identifying best practices. Manufacturing and operational excellence teams covering all operational areas are charged with delivering superior performance by continuously improving existing manufacturing operations, facilities and process technologies. During the year our product distribution network was remodelled to better serve our customers and to better utilize the vehicle fleet as a result of operational excellence studies.

INNOVATION AND WORKING WITH OUR CUSTOMERS

Understanding and delivering customer requirements for new and customized products and services that meet the expected quality, environmental and safety requirements is our priority. We consider our customer partnerships crucial in meeting our goals and contributing towards innovation in our production and manufacturing process.

ANALYTICS TO REDUCE WASTE AND REWORK

Quality sets us apart from our competition which has contributed to premium positioning of our brand. Reducing non-conforming products can have a significant impact on delivering customer satisfaction while resulting in real savings from reduced quality claims and inefficient and wasteful rework. Using advanced analytics techniques and improved processes have reduced the number of quality claims and allowed for significant cost savings. In addition to quality, optimization of production processes has contributed towards minimizing resource consumption and waste while maintaining our high-quality promise to customers.

HUMAN CAPITAL

We are an equal opportunity employer and do not discriminate based on gender. We consider our team of 520 employees to be our most valuable asset and aim to build a culture of, sustainability, innovation supported by our inhouse research and development arm and resilience, the latter being a crucial parameter as experienced in the previous financial year and the one under review.

Unprecedented challenges on a social, economic and health front affected multiple industries and individuals globally. Widespread travel restrictions impacted tourism and restricted peoples' ability to interact with one another significantly which was further exacerbated by nationwide lockdowns world over. The economic downturn in most economies negatively impacted supply chains and income streams. In relation to the latter, Kelani Cables ensured that remuneration and benefits at every level were not affected in any way.

One of our key focus points during the year was the people element of our business due to the social economic and health issues that continued to plague every individual. Health and safety became a priority and multiple measures were adopted to safeguard our employees from the risk of cross infection. Sanitization booths, pedal operated hand washing units were installed, digital infrared thermometers were used to monitor all those who entered the premises while awareness boards were set up and bottles of sanitizer and face masks supplied to all our staff. Implementation of safety measures were conveyed clearly and imposed strictly.

Rapid response to support our people's safety and wellbeing during COVID-19

Given the current climate which is expected to continue into 2022, maintaining staff morale will be a critical success factor in our resilience to forge ahead. We hope to focus on strengthening our unique value proposition, supporting our people, while building our talent pipelines, developing new skills and capabilities and ensuring mental wellness on all fronts.

SAFE AND INCLUSIVE WORKPLACES

We aim to enhance our safety, health, and wellbeing through employee learning, participation and collaboration by building on our risk-based management foundations and focusing on continuously strengthening our controls.

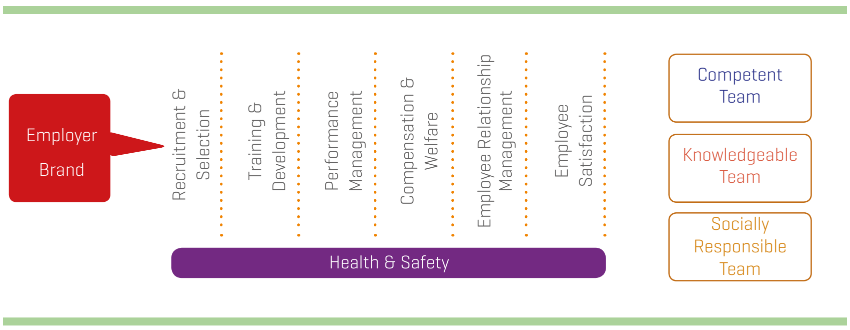
Rapid response to support our people's safety and wellbeing during COVID-19

Building health, safety and environmental (HSE) capability through workshops and training

Carried out industry benchmarking of health and safety requirements and developed indicators for safety

We at Kelani Cables PLC believe our human capital drives our success as an entity, and is therefore a key element of our value creation process. As reflected by our brand identity, our team consists largely of youthful, passionate and energetic individuals, brimming with enthusiasm, and who work with a spirit of collaboration.

Our culture is captured by our values. These values are interlinked and together define how we make decisions, how our people act and how we assess and reward them. Our leaders demonstrate these values by example so that everyone at Kelani Cables PLC understands the way we work. We place immense value on our human capital as this is the key factor that contributes towards us achieving high levels of product quality, innovative solutions, speed of delivery and the strong relationships we have forged with our customers over the years. Their untiring efforts, knowledge and skill has brought us to where we are today - a leader in the cable manufacturing



industry enjoying a regional presence, in partnership with renowned entities. Every business partner at our Company is accountable for attracting, developing, retaining and engaging talented people and also enabling them to execute our strategy. By doing so we are able to connect with communities and provide excellent customer service.

WORK PLACE DIVERSITY

Kelani Cables promotes workplace diversity from the point of recruitment and does not discriminate based on ethnicity, race, religion, culture, gender and physical attributes among many other parameters.

Our people philosophy focuses on attracting, developing and building a pool of talented, dynamic and motivated human resource pool with the right competencies to proactively meet our mission & objectives. The very high retention rates, which are well above industry average and our absenteeism rates reflect the commitment and satisfaction of our employees. Group recruitment and selection processes are streamlined to meet evolving business needs, while planned training and development initiatives are carried out across the Company to build a talent pool and enable employees to give their best to the organization.

TALENT ACQUISITION

Kelani Cables has adopted a balanced approach to acquiring talent. It leverages on trade learner skills and the experience prevalent within the organization while bringing in the necessary capabilities to position the Company for long term sustainable performance.

Kelani Cables continued to strengthen its internal career mobility activities to drive greater career development and retention of its employees. The current focus is on communicating and informing employees, creating greater visibility of opportunities, enabling managers and setting a suitable framework. We acquire sound talent via the Vocational Technical Institutes (Vtec), National Institute of Technical Authority (NAITA), National Youth Corps (NYC) Institutions and Universities.

We have identified internal career mobility as an important measure to realize restructuring programs in a socially responsible manner. Specific focus will be placed on facilitating cross-divisional initiatives which allow employees to develop, expand their skills and pursue diverse careers.

TALENT DEVELOPMENT

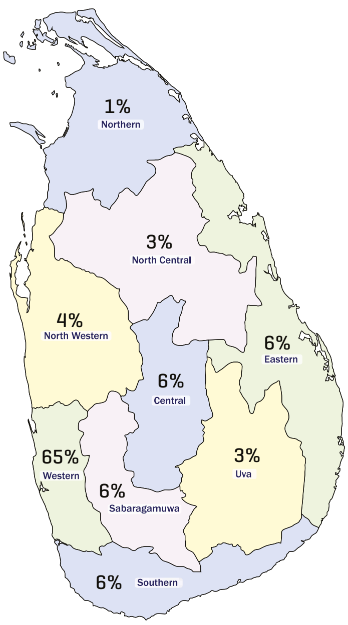
Kelani Cables's business performance relies primarily on its employees. The company seeks to build the capabilities of its managers and it's employees to help them develop both professionally and personally thereby positioning the organization for future success. Talent and development activities are aligned with three key parameters namely, building leadership capabilities and developing future leaders, fostering an environment that supports sustainable performance and promoting continual professional and personal development.

Kelani Cables is transitioning its performance management and development processes into one fully integrated approach. Continuous learning and development are seen as vital to ensuring employees have the skill, knowledge and abilities for their current roles and are prepared for new challenges.

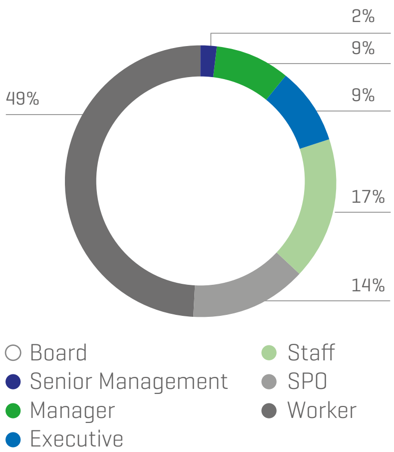
Acknowledging a person's individual performance and development as well as their personal contribution to overall organizational success is key.

We focus on training as the main tool to improve talent. We identify training needs through Performance Evaluation Systems and are committed to improving talent through training and professional programs.

Several training programs were held for individuals who displayed potential for future leadership. These programs were conducted with the intention to prepare them for the next stage of their career progression and to equip them with the right skills and experience to accelerate their careers.



TOTAL WORKFORCE



To enable employees to maximize their potential and get the most out of their career, Kelani Cables promotes the continuous professional and personal development of its staff. Total investment in training was increased while the Company offered a broad range of programs to support same. In accordance with the strategic priorities of Kelani Cables, there was a greater focus on areas pertaining to sales and marketing. A significant part of training was delivered via innovative learning tools while bulk of the training was conducted virtually due to COVID19.

CARING FOR OUR TEAM DURING THE PANDEMIC

We ensured the health and safety of our workplace using standard guidelines offered by the Government and our voluntary code of practice. Social distancing was practiced in all work areas by introducing rosters and working from home as much as possible. Adequate space between machine operators ensured that they were safely distanced from one another while working. We worked towards assuring our employees and building their confidence to return to work gradually by providing transport and on-site boarding facilities.

Employee Health and Safety ensured that the health and safety of our team remained a priority especially during the pandemic. Strict health and safety protocols were established across all our locations with a dedicated safety committee overseeing all health and safety procedures while ensuring compliance with global and local guidelines. Stringent health and safety measures including weekly PCR testing for 5% of our factory staff. Rapid Antigen Tests, provision of PPE kits, social distancing arrangements and roster-based attendance was implemented to minimize the risk of infection.

Apart from these COVID-19 specific measures, we ensured that all safety standards were in accordance with the factory ordinance. We are in the process of obtaining OSHAS certification as part of our efforts to continuously improve health and safety standards. In-house first-aid team members are available at all our factory locations. As part of our COVID-19 safety protocols, separate isolation rooms with required facilities were arranged at our locations with specific protocols on how to respond in the event COVID-19 positive situations were identified. We would like to state that Kelani Cables provided job assurance to its employees while remuneration was paid in full for all its employees across the organization during the financial year.

TRAINING FOR OCCUPATIONAL HEALTH AND SAFETY

In addition to the overall wellbeing of our employees, we also ensured the provision of safe working conditions. In relation to work place accidents, we strengthened our safety programs. Fire safety training and first aid programs were conducted for the relevant teams. Presentations included practical exercises and information on first aid techniques including CPR and the proper use of defibrillators all of which were conducted with reputed organizations such as the 'Red Cross'. We ensure a safe environment and excellent occupational health to our employees. Zero major accidents reflect our commitment towards a safe work environment. The commitment and contribution by the Safety Committee within the Company together with safety reviews conducted monthly ensured that our standards were maintained at all times.

RESPONSIBLE CARE

Responsible Care® is a global, voluntary initiative to improve health, safety, and environmental performance in chemical related companies. The signatory chemical companies agreed to commit themselves to improve their performance in the fields of environmental protection, occupational safety and health protection, plant safety, product stewardship and logistics, so as to continuously improve dialogue with their neighbours and the general public. Our workplaces in 'Kelaniya' and 'Siyambalape' are 'Responsible Care' certified for safety by the Lanka Responsible Care Council.

TALENT RETENTION

We believe that employing happy, healthy individuals will support our business. We have developed a well-being framework with various initiatives to help support our employees' physical, emotional, social and financial health. To support our people in their efforts to live healthy and active lives, we offer medical check-ups and encourage participation in community health initiatives as well as healthy living programs to foster an understanding of same and energy balance across our company.

Our organization invests time and money to enable a new employee to integrate in to the Company with its other employees at all levels. We aim to ensure that an employee choses to stay with us for the longest period possible and provide career opportunities, compensation, an amiable work environment, sound company culture and benefits to ensure same. Market based compensation and remuneration benefits are expected to help our people to navigate the higher cost of living.

WAY FORWARD

Our Human Resource pool plays a key role in securing the future success of Kelani Cables PLC. This function is guided by its long-term vision of working in partnership to build an environment where employees can thrive and are enabled to deliver sustainable organizational performance. Our HR activities were specifically in line with these priorities, which have come into particular focus with Kelani Cables PLC's strategy and its execution over the coming years.

MARKETING STRATEGY AND OVERVIEW

We continued to drive customer value through innovation, maintained high quality standards of our final product, provided good customer service both pre and post purchase while maintaining sound relationships with all members of our supply chain. This has been key in navigating the cost challenges faced during the year under review, the macro-economic variables that did not favour the business climate as well as the multiple challenges posed by the pandemic that constrained a smooth flow of our business operation.

In our efforts to increase revenue amidst spiralling raw material costs, we were compelled to effect several price revisions, consolidate our market position and ensure that our brand remained a preferred option in the cable industry.

The construction sector which is a key customer segment, was affected in line with a slowdown in the economy. Many large-scale projects pertaining to the private and public sector were temporarily placed on hold which impacted Institutional sales. As a means to assist the sector, we shifted our focus to providing customer support in the form of arranging deliveries to customer construction sites with reduced manpower. Negotiations continued with the respective decision makers in an effort to improve collections from this category. Kelani Cables commenced discussions with key decision makers of electrical Companies that were contracted with work in relation to the upcoming 'Port City' project.

Kelani Cables won several volume tenders relating to the Ceylon Electricity Board which contributed to the topline along with a 40% growth from our 'Dealer/ Distributor' category. Repeat purchasing from many of our clients overseas coupled with a notable revenue growth from our most recent overseas export market, 'Pakistan, boosted our export sales volumes. Noteworthy was the introduction of the LED lighting range during the year, a market need that was met in the midst of the pandemic.

During the year, the Company appointed additional channel partners/distributors and established many regional ware houses to expand its product reach. The vehicle distribution fleet was Company branded to promote and improve brand visibility. This initiative was extended to the dealer points, where our brand was displayed on dealer boards, shelf strips as well as other material for brand recall. All of these initiatives served to create an increase in consumer and dealer loyalty as reflected by our revenue growth from this category.

At Kelani Cables, we place significant emphasis on customer retention. In line with this, we focus on providing a high level of customer service at all times, addressing concerns and being solution oriented when faced with customer issues and concerns. This has served us well in a highly competitive global/local market and especially in the current environment.

As evidence of our efforts during challenging times, Kelani Cables was awarded the "Silver Award in B2B brand of the year category" as well as won the "Restart Sri Lanka Resilience Award in the Consumer Goods Large Category" at the SLIM Brand Excellence Awards 2020.

ENVIRONMENTAL CAPITAL

Minimize our impact to the environment by optimizing the use of resources and providing safe & responsible products to our consumers.

1000kWh solar energy panels were installed at the Kelaniya site in 2021

92% process waste was sent for recycling or reusing

Kelani Cables and its employees are committed to protecting the environment and being a responsible neighbour. Our improved and systematic approach to environmental management started with the ISO 14001 environmental management system which is now in operation for 10 years and audited by a third party annually. The ISO 14001 system together with resource efficient and cleaner production techniques employed at work helps us operate with the least impact on natural resources and the local environment. Solar energy harvesting in both 'Kelaniya and 'Siyambalape' plants helps the transition to renewable energy sources while managing our cost of energy. As part of the EMS process, aspects and impacts of each process and activity is analyzed to identify critical activities at the site and how these operations may affect the environment. Comprehensive identification of environmental risks associated with different stakeholder groups, their requirements, opportunities and actions are performed and audited as per ISO 14001. Identifying environmental risks pertaining to our business and planning mitigation actions are an integral part of our risk management process.

1000kWh solar energy panels were installed at the Kelaniya site in 2021

ENVIRONMENTAL MONITORING, METRICS & TARGETS

We monitor our environmental performance across all processes and activities using environmental metrics which we review periodically and take appropriate action to ensure compliance to requirements and to improve environmental performance. Environmental objectives for each division are aligned with our corporate environmental policy & objectives and are reviewed by the department heads and management accordingly.

WASTE MANAGEMENT

Waste segregation within our operating locations is in place with an established colour code for waste types. Our manufacturing processes are optimized to minimize our use of resources, reduce waste and re-use or convert waste materials into other valuable products. Along with commercial benefits, this approach promotes a circular economy, preventing waste materials from a landfill while ensuring raw materials are reused. We monitor material efficiency as a measure for effective waste management. This measures the percentage of total output that is converted into products and co-products. The adoption of reusable steel drums instead of wooden drums improved material reuse and reduced the impact on the environment.

COPPER, ALUMINIUM SUSTAINABILITY

More than 70% of our total product output by weight is either copper or aluminium. Copper and Aluminium are two of the few materials that can be recycled and reused without any loss in performance, thus contributing to a circular economy. we incorporated this in to the supply chain this year whereby we initiated a program to encourage our project market customers to direct their waste cable materials to recyclers.

INDUSTRIAL SYMBIOSIS – QUEST FOR ZERO LANDFILL

We participate in industrial symbiosis where the waste or by-product of an industry or industrial process becomes the raw material for another process. Application of this concept allows materials to be used in a more sustainable way and contributes to the creation of a circular economy. PVC process waste is directed to recycling and reusing. Properties of the XLPE material waste makes it difficult to be recycled on an economical scale but we make innovative uses of it such as making machine parts and reusable pallets. Waste items which we were unable to reuse or recycle were disposed of in an environmentally friendly manner through a licensed waste disposer.

RENEWABLE ENERGY & ENERGY EFFICIENCY

As part of the company's focus on promoting renewable energy, 1000kW solar energy panels were commissioned at our head office in Kelaniya in 2021. This is in addition to the 104kW solar energy panel in operation at the 'Siyambalape' plant from 2018. Energy performance studies conducted in collaboration with the National Cleaner Production Centre and continual improvement to reduce losses in electrical systems and compressed air systems helped improve energy productivity.

CLEAN AIR

Nitrogen oxide emissions (NOx), sulphur dioxide (SO2) and fine particles less than 10 microns (PM10) can be emitted in the cable manufacturing industry. These emissions directly impact air quality and have the potential to affect communities near locations we operate in. Kelani Cables has strict monitoring processes in place at both sites to measure these metrics, capture and report air quality performance, monitor compliance with licensed limits and identify opportunities for process improvements. We revised our delivery routing plans during the year which helped reduce fuel burn thereby contributing to a reduction in CO2 emissions.

WATER STEWARDSHIP

To protect and make use of water in an environmentally sustainable and economically beneficial manner, we engage in activities to minimize risk relating to the water supply needed for our business operation. Water resources are used for cooling machinery at our plants. It is also required for human use such as drinking and sanitation. Monitoring water usage in manufacturing facilities and office areas by controlling water withdrawal at source and using recycled water whenever possible enables us to maintain a reduced water footprint.

MATERIAL EFFICIENCY

Material efficiency relates to the use of materials or physical processes that require less material, produce higher outputs/outcomes, and generates less waste. We maximize the conversion of raw materials into the final product by solving the root cause of any losses created.

WORLD ENVIRONMENT DAY EVENTS

Kelani Cables celebrates World Environment day every year along with other companies and individuals all over the globe. Our environmental day programs over the years have consisted of tree planting events, gifting of saplings to employees, educational programs for school children as well as poster and photo competitions.

PRODUCT RESPONSIBILITY

To us, product responsibility means finding the right balance between social, economic and environmental commitments of the company. At Kelani Cables, our approach to product responsibility starts at the design stage. We select the right materials and use them efficiently during production. An electric cable on average has a life span of approximately 40 years and most of the materials used in cables are recyclable or reusable at the end of its life. We started a project to encourage our project market customers to direct their end-of-life cables towards recycling.

Our brand promise is "Safety Forever". We offer our customers products that meet and exceed the technical & safety requirements of national and international standard regulations. 'Kelani' products are tested extensively at internal and external state of the art testing laboratories by experienced and skilled professionals before they are released to the market. We maintain a regular dialogue with our customers, professionals in the electrical field, state science research and technology institutions, regulatory bodies and other stakeholders to understand current and future needs, trends and developments in the electrical wiring field and how we can offer better and improved products to our customers. Through training and seminars for members of the 'Kelani Electricians Club' and the 'Winders Club', we upgrade the skills of professionals to equip them with new industry developments and add value to their professions.

We provide our customers with necessary information on cables and other products that are required to ensure safety while storing, installing, operating and disposing if required. Categorising voltage is an essential in product labelling to avoid danger to humans and danger to equipment by cable misuse and is strongly adhered to. Optimal and safe current ratings for cables are recommended in our catalogues based on IET wiring regulations - BS 7671. Product catalogues are available in Sinhala, Tamil and English languages with information that can be understood by experts in the field and the average consumer. Our emphasis is on wiring safety. Therefore, we offer free technical service on cable selection for local and international customers. Our technical service hotline is available 24x7 to provide our customers with a whole cable solution. This service is further extended by means of technical seminars for engineers and electricians as well as product safety demonstrations on 'You Tube'.

Kelani Cables holds product certifications from the national standards body Sri Lanka Standards Institution, covering the building wire range, auto cables, armoured cables and overhead lines. Kelani Cables is the pioneer of and the only manufacturer of enamelled winding wire in Sri Lanka, having commenced operations in 1974. 'Kelani' enamelled winding wire is an Underwriters Laboratories (UL) recognized component and accepted internationally.

SOCIAL CAPITAL

The Company maintains its stance to give back to the community in the process of carrying out its business operation. It finds ways to create sustainable change that would benefit people for years to come. In this light, Kelani Cables continued with its training programs that encompassed usage, safety and conservation of electricity to enhance the skill level of self-employed electrical technicians to that of professionals in the field, and groom school leavers to be skilled electricians. The Company was only able to conduct six training programs during 2020 but hopes to build momentum with the easing of the pandemic.

Kelani Cables drives community initiatives in collaboration with 'Peradeniya University', Kandy and 'Jaffna University' in the North and East of the country under the 'Kelani Saviya' and 'Kelani Shakthi' brands. By way of this project which commenced in 2007, numerous individuals and Ordinary Level students are able to learn, train and pursue work that will help them build career prospects, uplift their livelihoods and gain social recognition. Unfortunately, the programs were not held in 2020 due to the global pandemic.

'Kelani Cables' also distributed 160 hearing aids and 400 spectacle frames to employees and their immediate families during the year under review.

CORPORATE GOVERNANCE

The Board of Directors of Kelani Cables PLC is committed to meeting high standards of Corporate Governance. The Company firmly believes that the professionalism, integrity and commitment of its Board members and employees, supported by a sound system of policies, practices and internal controls are prime concerns that will sustain long term value and returns for its shareholders.

In pursuit of achieving a high standard of Corporate Governance, the Board ensures the compliance of the regulations set out in the Listing Rules of the Colombo Stock Exchange (CSE), the Code of Ethics jointly issued by the Securities and Exchange Commission (SEC), the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the Companies Act No. 7 of 2007 of Sri Lanka (Companies Act).

A. BOARD OF DIRECTORS

A1. BOARD LEADERSHIP

Kelani Cables PLC is headed by an effective Board of Directors with a wide array of experience and currently comprises of the Chairman, Deputy Chairman and four Directors. As evident from the profiles of the board of Directors, Kelani Cables PLC Board comprises professionals as well as entrepreneurs who have many years of experience in the corporate world. The Board gives leadership in setting the strategic direction and establishing a sound control framework and is accountable for the governance of the Company.

The Board's composition reflects sound balance of independence and anchors shareholder commitment.

Responsibilities of the Board

The Board is responsible for the formulation and implementation of sound business strategies and is responsible to ensure that the Company adheres to the relevant laws and regulations of the country, regulatory authorities, professional institutes and trade associations.

The Board is responsible for:

- Providing direction and guidance to the Company in the formulation of medium- and long-term strategies
- Reviewing and approving annual plans and long-term business plans
- Tracking actual progress against plans
- Overseeing systems of internal control and risk management
- Appointing and reviewing the performance of the CEO
- Reviewing HR policies and HR process on management succession planning
- Reviewing and approving investments, acquisitions, disposals and capital expenditure
- Monitoring systems of governance and compliance

Board meetings are held once a month. Sufficient time is dedicated at every meeting to ensure all responsibilities are discharged satisfactorily. Timely information is provided before a meeting with a clear agenda with the Board papers. Directors dedicate adequate time before a meeting to review Board papers. As a result of COVID-19 restrictions imposed by the Government, the Company convened only eleven (11) Board Meetings for the year. Information provided covers the monthly accounts and a comparison of performance against the Budget is discussed and remedial action is taken when necessary. Senior Managers make presentations on the performance in their respective areas on request. When the Board requests additional information, which is also provided.

Board obtains professional advice when required at the expense of the Company. During the year professional advice was sought on legal, accounting, property valuation and actuarial valuation, etc.

The Directors have not formulated a formalized plan for training. The service and advice of the Company Secretary is made available to the Directors where necessary. The Company Secretary is responsible for keeping the Board informed with new laws, regulations and other requirements that are relevant to them as individuals as well as collectively as members of the Board.

Committees Under the purview of the Board

Remuneration Committee

The remuneration committee of the parent- company acts as the remuneration committee of the company. This committee comprises two independent Non-Executive Directors of the parent company Mr. Ajith Jayaratne serves as the Chairman of the committee and Mr. Rajiv Casie Chitty serves as the member.

Audit Committee

Details are given in D3 on page 31 of this report.

Related Party Transactions Review Committee

As a subcommittee of the Board, its primary objective is to ensure that the interests of all its shareholders are taken into account by the Company when entering into related party transactions. All related party transactions were reviewed by the committee.

A2. CHAIRMAN AND CHIEF EXECUTIVE OFFICER

There is a clear division of Responsibilities in conducting the business of the Board and the day-to-day operations in order to ensure a balance of power and authority. A clear division of responsibility is maintained between the Chairman and the Chief Executive Officer ensuring that the balance of power and authority is preserved since the Positions of Chairman and Chief Executive Officer are separated.

A3. CHAIRMAN'S ROLE

The Chairman is responsible for leading, directing and managing the Board to ensure that it operates effectively and fully discharges its legal and regulatory responsibilities.

- He ensures good governance and effective discharge of Board functions by the Board Members at all times and implementations of decisions taken.
- The Chairman will ensure, Effective participation of both Executive and Non- Executive Directors and views of directors are ascertained.
- All Directors are encouraged to make an effective contribution.
- The Board is in full control of the Company's state of affairs and makes aware of its obligations to shareholders and stakeholders.
- Proper conduct of meetings, accuracy and timeliness of the information and accurate minutes

A4. FINANCIAL ACUMEN

The Board includes directors who possess the necessary knowledge and experience to offer the Board guidance on financial matters. The Audit Committee and the Remuneration Committee of the Company are headed by the Chairman of the Audit Committee and the Remuneration Committee of the Parent company. Qualifications of Directors are disclosed in the Board of Directors section on pages 10 and 11 and in Remuneration Committee Report.

A5. BOARD BALANCE

There should be a balance of Executive and Non-Executive Directors such that no individual or small group of individuals can dominate the Board's decision-marking. The Board of Kelani Cables PLC currently comprises six Directors, three of whom are Executive Non- Independent Directors. Two of the three Non-Executive Directors have met the criteria for independence. All Independent Directors have made self-declaration ensuring their independence for the financial year 2020/21.

A6. INFORMATION TO THE BOARD

The code requires the Company's management to provide timely information to the Board in a form and of quality appropriate to enable it to discharge its duties. Procedures exist to ensure that Directors receive timely information on a monthly basis and a clear agenda and papers with guidance on contents

A7. APPOINTMENT TO THE BOARD

There should be a formal and transparent procedure for the appointment of new Directors to the Board.

The appointments to the Board are undertaken by the Board itself, taking into consideration the Board composition required and the strategic input required. This is done according to the Articles of Association. All Board appointments are informed to the SEC as per the existing regulations.

A profile of Directors' qualifications, experience and the other directorships are given under the Directors' profile section of the Annual Report. Details of the new Directors are disclosed to the shareholders at the time of their appointment by way of a public announcement as well as in the Annual Report.

A8. RETIREMENT AND RE-ELECTION

All Directors should be required to submit themselves for re-election at regular intervals.

In terms of the Articles of Association, all the Directors are elected by the shareholders at the Annual General Meeting immediately after their appointment. Thereafter, each year one-third of the Directors, other than the Chairman, Deputy Chairman and the Chief Executive Officer, retire by rotation. The Directors who hold office for the longest period retire and offer themselves for re-election with the recommendation of the Board of Directors. When they are re-elected at AGM, immediately after their appointment, they have to come up for re-election in three years or shorter period. In terms of Section 210 of the Companies Act No. 07 of 2007, Directors reaching the age of 70 years are recommended for re-election on a substantive motion by a shareholder. The profile details of the Directors who are subject to re-election at the forthcoming AGM are given under the Directors' Profile section of the Annual Report.

A9. APPRAISAL OF BOARD PERFORMANCE

The Board should periodically appraise their own performance in order to ensure that Board responsibilities are satisfactorily discharged. The Board should annually appraise itself in the key responsibilities. The Board annually undertakes a self- evaluation of itself and that of its committees.

A10. DISCLOSURE OF INFORMATION IN RESPECT OF DIRECTORS

Details in respect of each Director should be disclosed in the Annual Report for information of the shareholders. Name, qualifications, brief profile, nature of expertise, names of other companies each director serves as a Director are given under the Directors Profile section of the Annual Report.

Director's interests in the contracts with the company are disclosed on pages 89 to 91. The Board meets once a month to review the performance of the Company and take strategic decisions. Scheduled

Board meetings and Committee meetings were arranged well in advance and all the Directors were expected to attend each meeting. Any instance of non-attendance at Board meetings was generally related to prior business, personal commitments or illness. The table below provides the Directors' individual attendance at Board and Sub-committee Meetings.

Name of the Director	Board Meetings	Audit committee meetings	Remuneration committee Meetings	Related Party Transaction Review Committee meetings
Executive Directors				
Mr. U.G.Madanayake - Chairman	08/11			
Mr. Suren Madanayake – Deputy Chairman	11/11			
Mr. Mahinda Saranapala - Director/Chief Executive Officer	11/11			
Non-Executive Directors				
Mrs. N.C. Madanayake	08/11			
Independent Non-Executive Directors				
Dr. Bandula Perera	11/11	4/4		
Mr. Deepal Sooriyaarachchi	09/11	3/4		
Non-Executive Directors of Parent Company				
Mr. Ajit Jayaratne		4/4	2/2	4/4
Mr. Rajiv Casie Chitty			2/2	4/4

A11. THE BOARD SHOULD BE REQUIRED, AT LEAST ANNUALLY, TO ASSESS THE PERFORMANCE OF THE CEO

The performance of the Chief Executive Officer is reviewed annually to ensure that company performance is in line with the short, medium, and long-term strategies.

B. DIRECTOR'S REMUNERATION

B1. DIRECTOR'S REMUNERATION

The Company should have a formal and transparent procedure for developing policy on executive remuneration and fixing the remuneration packages of individual Directors. No Director should be involved in deciding his/her own remuneration.

The Remuneration Committee of the parent company functions as the Remuneration Committee of the Company. Details of the Remuneration Committee and the statement of Remuneration policy are provided on page 40 of the Annual Report.

B2. 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 corporate and individual performance. Details of the Remuneration Committee and the statement of remuneration policy are provided in the Annual Report.

Remuneration for Non-Executive Directors of the Company consists of a fee paid on a fixed basis for the participation of monthly Board Meetings. Chairman and Deputy Chairman have acted in an honorary capacity and only a fee for attending Board Meetings was paid to them during the year under review. The remuneration paid to Chief Executive Officer is disclosed in the Report.

Share option scheme has not been introduced for company employees.

B3. DISCLOSURE OF REMUNERATION

The Company's Annual Report should contain a Statement of Remuneration Policy and details of the remuneration of the Board as a whole. The aggregate remuneration paid to Executive and Non-Executive Directors is disclosed on page 68 of this Report.

C. RELATIONSHIP WITH SHAREHOLDERS

C1. MEETINGS WITH SHAREHOLDERS

Constructive use of the Annual General Meetings (AGM) and conduct of General Meetings and building up relationships with Shareholders. The company should always encourage the participation of the shareholders and solicit their views. The Annual General Meeting and the published reports of the Company are a means of communicating and encouraging shareholder and investor participation. The Board believes that maintaining a good relationship with shareholders is of prime importance. The members of the Board are present at the Annual General Meeting and are willing to answer questions raised by the shareholders. The Notice and the related documents are sent out to the shareholders 15 working days prior to the date of the AGM.

C2. COMMUNICATION WITH SHAREHOLDERS

The Board should implement effective communication with shareholders. The Company uses many methods to disseminate information to the shareholders including the annual and quarterly financials, company publications, information sent to CSE etc. The Annual report produced for the year ended 31st March 2021, is available to all shareholders on the Company website or in paper form on request. Shareholders are invited to express their views on any issues of concern at the AGM. The Board will respond to all validly received shareholder correspondences and will direct the Company Secretary to send the response to the shareholder.

Contact persons for shareholder matters are Company Secretary and in the absence of them, the Chief Executive Officer or the Deputy Chairman.

C3. MAJOR AND MATERIAL TRANSACTIONS

Directors should disclose to shareholders all proposed material transactions, which if entered into, would materially alter/ vary the Company's net assets base of the Company.

There is no materially significant related-party transactions or relationships between the Company and the Directors, subsidiary companies or related parties except for those disclosed in the Financial Statements for the year ended 31st March 2021.

D. ACCOUNTABILITY AND AUDIT

D1. FINANCIAL REPORTING

The Board should present a balanced and understandable assessment of the Company's financial position, performance and prospects.

The Board through the Management is responsible for the preparation and fair presentation of the Consolidated Financial Statements of the company and its subsidiary in accordance with the Sri Lanka Accounting Standards, comprising SLFRSs and LKAS. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation of these financial statements. This includes selecting and applying appropriate accounting policies and making estimates that are reasonable.

The Financial review from pages 54 to 100 provides a fair assessment of the Group's performance and results for the year. Chairman's Review, CEO's Review and Annual Report of the Board of Directors on the Affairs of the Company is given on pages 6 to 9 and pages 43 to 46. The Statement of Directors' Responsibility for Financial Reporting is given on page 47 and the Independent Auditors' Report on the Financial Statements of the Company for the year ended 31st March 2021 is given on pages 50 to 53.

D2. INTERNAL CONTROLS

The Board should have a process of Risk management and a Sound system of internal control to safeguard shareholders' investments and the Company's assets.

The Board is responsible for the effectiveness of the internal controls. The effectiveness of the internal control system is periodically reviewed by the Audit Committee and major observations are reported to the Board.

The Board reviews significant audit findings arising from internal audits and also observations presented by the External Auditors Messrs. KPMG and to identify areas to be improved to maintain a sound internal control system.

D3. AUDIT COMMITTEE

The Audit Committee, among other functions reviews the operation and effectiveness of the internal control systems. The internal controls within the company are designed to provide reasonable assurance to the Directors and assist them to monitor the financial position of the Company. The Audit Committee ensures the effectiveness and efficiency of the Risk & Control team who is conducting internal audits and risk management activities across the group and External Auditors, Messrs. KPMG.

The Audit Committee comprises of two Independent Directors and the Chairman of the Parent Company Audit Committee acts as the Chairman of the Committee. The Chairman, Deputy Chairman, Group Chief Financial Officer and Group Head of Risk & Control attend to the Audit Committee as permanent invitees. The Audit Committee Report is given on page 39.

D4. CODE OF BUSINESS CONDUCT & ETHICS

The Companies must adopt a Code of Business Conduct & Ethics for directors and members of the senior management team and must promptly disclose any waivers of the Code for Directors or others. The Code of Best Practice issued by the Institute of Chartered Accountants of Sri Lanka the Securities and Exchange Commissions adopted by the Directors who then ensure that the company employees behave ethically.

D5. CORPORATE GOVERNANCE DISCLOSURES

Directors must disclose the extent to which the Company adheres to established principles and practices of good governance.

Adhered to as per the Corporate Governance principles given in this Report.

E. INSTITUTIONAL INVESTORS

E1. SHAREHOLDER VOTING

Institutional shareholders have a responsibility to make considered use of their votes and should be encouraged to ensure their voting intentions are translated into practice.

All shareholders are invited to AGM. The company uses Annual General Meeting as an effective channel to create a dialogue between Directors and the shareholders. All shareholders are welcome to express their opinion. The Quarterly and the Annual Financial Statements are mainly considered at the AGM. When evaluating Company's governance arrangements, particularly those relating to Board structure and composition, institutional investors should be encouraged to give due weight to all relevant factors drawn to their attention.

F. OTHER INVESTORS

F1. INVESTING/DIVESTING DECISION

Institutional shareholders, investing directly in shares of companies should be encouraged to carry out adequate analysis seek independent advice in investing or divesting decisions. The shareholders are provided with adequate information on the performance of the Company thereby encouraging them to analyses their investments adequately through the CSE website and other public announcements. All shareholders are encouraged to participate in General Meetings and to exercise their voting rights. Adequate notice is given in order to obtain maximum participation. Compliance with rules of the Colombo Stock Exchange on Corporate Governance and Related party transactions are given below.

CSE Rule No.	Applicable Category	Governance Requirement	Company's Adherence
Board of Directors			
7.10.1 (a)	Non-Executive Directors	Two or at least one third of the total number of Directors should be Non-Executive Directors, whichever is higher.	Compliant
7.10.2 (a)	Independent Directors	Two or one third of Non-Executive Directors, whichever is higher, should be independent	Compliant
7.10.2 (b)	Non-Executive Directors	Each Non-Executive Director should submit a declaration of Independence / non-independence	Compliant
7.10.3 (a)	Disclosure relating to Directors	Names of Independent Directors should be disclosed in the Annual Report	Please refer pages 10 & 11 of the Annual Report.
7.10.3 (b)	Independent Directors	The basis for determining the independence of Non-Executive Directors, if criteria for independence is not met.	Not applicable as it complies with listing rules.
7.10.3 (c)	Disclosure relating to existing Directors	A brief resume of each Director should be included in the Annual Report, including his / her area of expertise.	Please refer pages 10 & 11 of the Annual Report
7.10.3 (d)	Disclosure relating to existing new Directors	Upon appointment of a new Director a brief resume of the Director should be submitted to the Stock Exchange	Compliant

CSE Rule No.	Applicable Category	Governance Requirement	Company's Adherence
Remuneration Committee			
7.10.5 (a)	Composition	The Committee shall comprise of majority of whom shall be independent. One Non-Executive Director shall be appointed as Chairman of the committee by the Board of Directors	Compliant Parent Company Remuneration committee acts as the Remuneration committee for the company. Refer Remuneration Committee Report of the Annual Report
7.10.5 (b)	Functions	Committee shall recommend the remuneration payable to Executive Directors and the Chief Executive Officer or equivalent role.	Compliant
7.10.5 (c)	Disclosure in Annual Report	Annual Report should set out the names of the members of the Committee, a Statement of Remuneration Policy and the aggregate remuneration paid to Executive and Non-Executive Directors	Compliant Refer Remuneration Committee Report and Note 7 to the Financial Statements.
Audit Committee			
7.10.6 (a)	Composition of Directors	The Audit Committee shall comprise of a minimum two Independent or of Non-Executive Directors, a majority of whom shall be independent.	Compliant Refer Audit Committee Report in the Annual Report.
		The Chairman of the Audit Committee shall be a Non-Executive Director.	The Audit Committee Comprises of two Independent Directors and the Chairman of the Parent Company Audit Committee, act as the Chairman of the Committee.
		Unless otherwise determine by the Committee, the CEO and the CFO shall attend meetings.	The CEO and the CFO attend the meetings on invitation.
		Chairman or one of the Committee members should be a member of a recognized professional accounting body.	Compliant
7.10.6 (b) Functions Overseeing the preparation, presentation and adequacy of disclosures in the Financial Statements in accordance with the SLAS.		Overseeing compliance with the financial reporting related regulations and requirements. Overseeing the process to ensure that internal controls and risk management is adequate. Assessing the independence and performance of the external auditors. Recommending to the Board the appointment, re-appointment and removal of the Auditors and approving their remuneration and terms of engagement	Compliant. Refer Audit Committee Report in the Annual Report

CORPORATE GOVERNANCE

CSE Rule No.	Applicable Category	Governance Requirement	Company's Adherence
7.10.6 (c) Disclosure in Annual Report		The names of the members of the Audit Committee. The basis of determination of the independence of Auditors. A report of the Audit Committee setting out the manner of compliance	Compliant. Refer Audit Committee Report
Related Party Transactions Review Committee			
9.2.1 Related Party Transaction Review Committee (RPTRC)	Functions	The Annual report shall contain a Report of the Audit Committee setting out the manner of compliance with their functions to ensure the interest of the shareholders as a whole is taken to account by the Company when entering into Related Party Transactions.	Compliant. Refer the Related Party Transactions Review Committee Report of The Annual report.
9.2.2 Composition of RPTR Committee		Such number of Non-Executive Directors and Executive Directors at the option of the Company and the Chairman of the RPTR Committee shall be an Independent Non-Executive Director	Compliant. Parent Company RPTR Committee act as the RPTR Committee for the Company. Refer RPTR Committee Report of the Annual Report.
9.2.3 Related Party Transaction Review Committee (RPTRC)		Holding Company RPTR Committee to function as the RPTR Committee of Subsidiary	Compliant
9.2.4 Frequency of Meeting		The Committee shall meet at least once a calendar quarter. The Committee shall ensure that the minutes of all meetings are properly documented and communicated to the Board of Directors.	The Committee met 3 times during the financial year under review and the minutes of the Committee are tabled at Board Meetings
9.3.1 Immediate Disclosures		i. Any non-recurrent Related Party Transaction with a value exceeding 10% of the Equity or 5% of the total Assets of the Equity as per the latest Financial Statements. ii. Any subsequent Non-recurrent Transaction after it exceeds 5% of equity entered with the same related party.	N/A
9.3.2 Disclosure in the Annual Report		a. Non-recurrent Related Party Transactions	Compliant.
		b. Recurrent Related Party Transactions	Compliant. Please refer page 91 of the Annual Report.
		c. Report of the Related Party Transactions Review Committee	Compliant
		d. An affirmative Statement by the Directors that they are in compliance with the rules pertaining to Related party transactions	Compliant. Refer RPTR Committee Report of the Annual Report

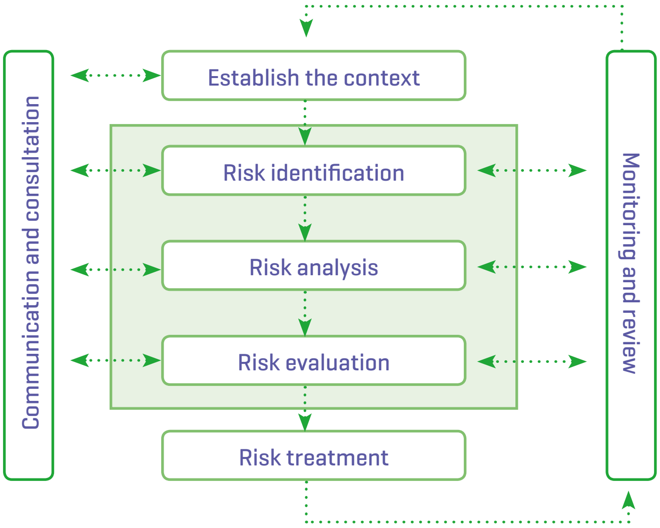
RISK MANAGEMENT

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

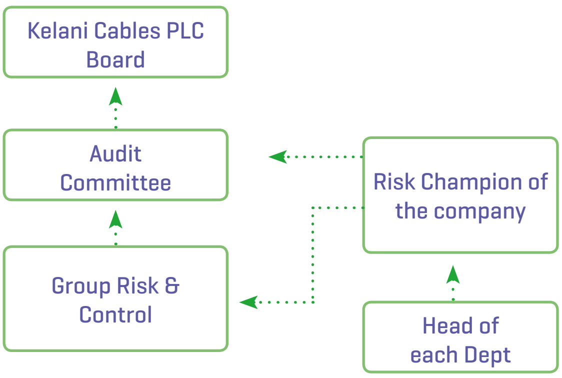
As a leading cable manufacture in the Sri Lankan cable industry, our success is our ability to identify and exploit the opportunities that exist in the market that we operate in. In doing this, we proceed with an embedded approach to risk management which puts risk and opportunity assessment in the decision-making process at each level.

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

THE RISK MANAGEMENT PROCESS:



THE RISK MANAGEMENT REPORTING STRUCTURE OF KELANI CABLES PLC IS AS FOLLOWS;



RISK EVALUATION AND MAPPING

The risk heat map is developed based on the assessment of the likelihood of occurrence and the potential impact of risks. The likelihood of occurrence is assessed based on experience and preventive actions in place. A ranking of Rare, Unlikely, Moderate, Likely, and Almost Certain is assigned to all risks based on the likelihood of occurrence. The impact of the event is evaluated by determining the loss it would cause and the extent of the impact. After considering the above two factors, the impact is categorized as Insignificant, Minor, Moderate, Major, and Extraordinary. The above risks and the proposed action plans are then reviewed at the Audit Committee meeting as a permanent agenda item in each meeting.

RISK MATRIX

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

Likelihood

RISK MANAGEMENT

Risk Exposure	Risk Description	Risk Mitigation actions
1. Liquidity Risk	Adverse impact on the liquidity position as a result of payment delays by debtors, long stock residence period, and early payment for creditors.	■ Conducting regular follow-ups on trade debts and continuous reviewing on working capital management ■ Maintaining sufficient assets to offer as collateral for future funding requirements. ■ Obtaining funding facilities to adequately manage liquidity position through several financial institutions. ■ Minimized existing slow-moving, non-moving & excess stocks while strengthening inventory policy guidelines.
2. Interest Rate Risk	Potential increase in market interest rates have a negative impact on the profitability by way of borrowing cost	■ Constant negotiations with banks to obtain the best possible interest rate for Groups' borrowings and investments. ■ Interest rate sensitivity analysis is done regularly to measure the potential impacts of rate variations
3. Exchange Rate Risk	Increases in material cost as a result of adverse movement in the exchange rates Limitations on material imports due to inadequate LC facilities	■ Using financial risk management tools such as Forward Rate Booking and Hedging ■ Purchasing imported materials from local market to minimize the impact of the negative movement of exchange rates. ■ Diversified banking operations with new bankers to minimize dependency on existing banks.
4. Credit Risk	Potential losses arising due to customer defaults	■ Ensuring compliance over group credit policy guidelines ■ Strengthen credit committee procedures and enhanced meeting frequency for effective credit management ■ Mitigating risk of export sales through credit letters and advance TT remittances. ■ Diminished existing credit period of all customer categories to minimize credit exposure of the business ■ Obtaining bank guarantees for local distribution sales. ■ Demarcate the areas of operations in the local market and constant monitoring the credit exposure level of distributors
5. Country Risk	The negative impact arising due to adverse economic factors such as Political, Economic, Social, Technological and Legal	■ Through analysis on PESTAL factors and continuous revisions in business planning to grab opportunities prevailing in the market. ■ Mitigating prevailing risks through effective insurance management.

Risk Exposure	Risk Description	Risk Mitigation actions
6. Human Resources Risk	The negative impact to the business due to loss of Key Executives and inability to attract, develop and retain skill work force.	■ Maintain an employee evaluation scheme to reward employees who are performing well. ■ Maintain healthy and cordial relationships with employees at all levels through joint consultative committees. ■ Provide various employee benefits through the Welfare Society. ■ Provide specific and general training wherever necessary. ■ Conducting succession plaining procedures for key positions.
7. Technological Risk	Probability of technological changes adversely affecting the company performance	■ Develop a long-term plan to replace existing critical machines with technologically advanced machines. ■ Obtain ISO certifications and accreditations from relevant authorities to ensure the ability to meet local and international requirements with the technology exist with the company
8. Health and Safety Risk	The likelihood that an individual may be harmed or suffers adverse health effects if exposed to a hazard	■ Conducting health and safety assessments to evaluate the adequacy of existing safety measures maintaining by the company ■ Ensuring the effectiveness of health and safety measures through ISO and other certifications
9. Operational Risk	Potential losses due to inadequate internal controls, failures of internal processes, people and systems as a result of natural and human activities. Disruptions to operational performance due to COVID- 19	■ Ensuring compliance over COVID-19 safety guidelines issue by the government of Sri Lanka ■ Conducting risk base auditing practices across the group to minimize operational risk factors. ■ Conducting control reviews on high-risk areas to assess the strength of the existing control system ■ Monitoring compliance over regulatory and other requirements through compliance dashboards ■ Conducting system control reviews as per the annual internal audit plan ■ Continues improvements in operational procedures while maintaining requirements of ISO standards
10. Market Risk	Loss of market share or market leadership due to new entries and existing rivalry	■ Maintaining product leadership through continuous improvements in quality standards ■ Strengthening 'Kelani Cables' brand through various brand development activities ■ Continues monitoring of competitor and customer behaviour while revising existing company strategies

RISK MANAGEMENT

Risk Exposure	Risk Description	Risk Mitigation actions
11. Investment Risk	Value destroying in investments due to a possible difference between the actual return from that of the expected	■ Detailed payback analysis before making an investment ■ Diversify the investment portfolio by focusing on new markets and growth prospects ■ Performing discounted cash flow analysis on investments made by the company to assess the return on the investment.
12. Information Technology	Failures in hardware and software's, human errors, spam, viruses and malicious attacks	■ Maintaining system performance through continuous version upgrades of ERP ■ Maintaining data backups to minimize data losses in case of an emergency ■ Enhancing system security levels regularly to minimize cyber security risk ■ Maintaining vendor agreements for support services and system maintenance ■ Revising IT policies and procedures to create value to the business
13. Environmental Risk	Probability of negative outcomes, non-compliances and reputational risk occurring as a result of business operations causing damage to the environment	■ Compliance with ISO 14001 environmental management guidelines. ■ Annual renewal of environmental protection license for each site which is issuing by the Environmental Authority
14. Legal and Regulatory Compliance Risk	The potential negative impact to the business due to non-compliances with external regulatory requirements and internal policies & procedures	■ Maintaining compliance Dashboard to ensure timely compliance over regulatory requirements ■ Conduct compliance assessment across the group every quarter

AUDIT COMMITTEE REPORT

ROLE OF THE AUDIT COMMITTEE

The Audit Committee is a Sub Committee of the Board, to which it is accountable. The function of the Audit Committee is defined in the Terms of Reference (TOR) of the Audit Committee. Primarily it is to assist the Board in its oversight of the integrity of the Financial Statements of the Company, to assess the adequacy of the risk management framework of the Company, assess the independence and the performance of the Company's external audit function and internal audit functions, and review compliance of the Company with legal and regulatory requirements. The Committee's responsibilities include monitoring and reviewing the following:

- The integrity of the Group's Financial Statements and the significant reporting judgments contained in them.
- The activities and effectiveness of the internal audit function.
- The effectiveness of the Group's internal control and risk management systems.
- The appropriateness of the Group's relationship with the external auditors, including auditor independence, fees and provision of non-audit services.
- The effectiveness of the external audit process and making recommendations to the Board of Directors on the appointment of the external auditors.

In the performance of its duties, the Committee has independent access to the services of Internal Audit and to the External Auditors, and may obtain outside professional advice as necessary.

COMPOSITION OF THE AUDIT COMMITTEE

The committee consists of the following three Independent Non-Executive Directors. The Chairperson appointed from the Board of the parent company complying with the SEC rulings. Biographical details of whom are set out within the 'Profiles of the Directors' section and the Remuneration Committee Report of this Annual Report.

- Mr. Ajit Jayaratne – Chairman of the committee
- Dr. Bandula Perera – Member
- Mr. Deepal Sooriyaarachchi – Member (Appointed to the Audit Committee w.e.f. 03rd Feb. 2021.)

The Chairperson of the committee has significant, recent and relevant financial experiences as required by the Code of Best Practice in Corporate Governance, issued by the Institute of Chartered Accountants of Sri Lanka and the Listing Rules of the Colombo Stock Exchange.

MEETINGS AND ATTENDANCE

The Committee met on three occasions to review information related to four quarters in 2020/2021 due to COVID-19 impact timed to coincide with the financial and reporting cycles of the Company. Members' attendance at these meetings is set out in the Corporate Governance Report. The Chairman, Deputy Chairman, Director/ Chief Executive Officer, Group Chief Financial Officer, Chief Financial Officer and Group Head of Risk & Control are invited to attend meetings as permeant invitees.

FINANCIAL REPORTING

The Audit Committee considered a wide range of financial reporting and related matters in respect of the 2020/2021 published Financial Statements. For quarterly statements, the Committee reviewed any significant areas of judgment that materially impacted reported results, key points of disclosure and presentation to ensure adequacy, clarity and completeness of the Interim Financial Statements.

EXTERNAL AUDITORS

The Audit Committee is responsible for the development, implementation and monitoring of the Company's policies on external audit. The policies, designed to maintain the objectivity and independence of the external auditors, regulate the appointment of former employees of the external audit firm to positions in the Group and set out the approach to be taken when using the external auditors for non-audit work.

As a general principle, the external auditors are excluded from consultancy work and cannot be engaged by Kelani Cables PLC for other non-audit work unless there are compelling reasons to do so. Any proposal to use the external auditors for non-audit work must be submitted to the Deputy Chairman, via the Group Chief Financial Officer and Group Head of Risk & Control, for approval prior to appointment.

The Audit Committee, having evaluated the performance of the external auditors, decided to recommend to the Board of Kelani Cables PLC, the re-appointment of Messrs. KPMG Chartered Accountants as auditors of the Company, subject to the approval of the Shareholders at the Annual General Meeting. Details of the fees payable to external auditors for 2020/2021 can be found in Note 7 to the financial statements.

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

INTERNAL CONTROL SYSTEM

In 2020/21 the Committee reviewed the effectiveness and efficiency of the Risk & Control team in terms of Internal Audit, Risk management, and other governance-related areas to assess the strength of the existing internal control and risk management systems.

On behalf of the Committee

(Sgd.)
Ajit Jayaratne
Chairman of the Audit Committee

15th September 2021

REMUNERATION COMMITTEE REPORT

ROLE OF THE REMUNERATION COMMITTEE

The Remuneration Committee formulates the Group's policy for the remuneration of the Executive Directors of Kelani Cables PLC. It reviews the policy on an annual basis and recommends any changes to the Board for approval.

The Remuneration Committee determines the Company's Remuneration Policy of Executive Directors, considering company performance standards and industry practices. No Executive Director is involved in deciding his remuneration package.

COMPOSITION OF THE REMUNERATION COMMITTEE

The Remuneration Committee of the parent company functions as the Remuneration Committee of Kelani Cables PLC. The Remuneration Committee comprises of the following Independent Non-Executive Directors of the parent company, brief profiles of whom are set out below.

Mr. Ajit Jayaratne – Chairman of the Committee

Mr. Ajit M. de S. Jayaratne had his education at Royal College, Colombo. He holds a B.Sc. (Economics) Degree from Southampton University and is a fellow member of the Institute of Chartered Accountants, England & Wales and also a fellow member of the Institute of Chartered Accountants, Sri Lanka. Mr. Jayaratne was the Chairman of Forbes & Walker Limited, The Colombo Stock Exchange, The Ceylon Chamber of Commerce and The Finance Commission. Mr. Jayaratne also served as the High Commissioner of Sri Lanka in Singapore. He is a director of several other Public Quoted Companies in Sri Lanka. Mr. Jayaratne was appointed to the Board of Directors of ACL Cables PLC in November 2005.

Mr. Rajiv Casie Chitty – Member

Mr. Rajiv Casie Chitty is a fellow of the Association of Chartered Certified Accountants (ACCA), UK and Associate Member of the Chartered institute of Management Accountants (CIMA), UK and a Chartered Financial Analyst, USA. He obtained his Masters in Economics from the University of Colombo and won the Janashakthi Gold at the 2006 CIMA Pinnacle Awards. Mr. Casie Chitty was appointed as a Director of ACL Cables PLC in November 2005. He is Chief Operating Officer of Commercial Credit & Finance PLC and Non-Executive Independent Director of Tangerine Beach Hotels PLC, Royal Palms Beach Hotels PLC, Ceylon Printers PLC and Office Equipment PLC. He is former President of the ACCA Sri Lanka panel. He has over 20 years of experience in Senior Managerial Position in the private sector.

Members of the Committee and the chairman of the Committee shall be appointed through Board resolutions.

MEETINGS AND ATTENDANCE

The Committee met on two occasions in the 2020/21 financial year while complying with the SEC and CA Sri Lanka Corporate Governance guidelines. Members' attendance at these meetings is set out in the Corporate Governance Report. The Committee plans to meet at least bi-annually to review and give required recommendations to the Board on matters pertaining to remunerations of Directors and Key Executives of the company.

FUNCTIONS OF THE REMUNERATION COMMITTEE

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

- A review of the Director's remuneration and severance policies
- Determining the fees of directors
- A formal evaluation of its performance.

Members' attendance at meetings of the Remuneration Committee in 2020/21 is set out in the table in the Corporate Governance Report.

EXECUTIVE DIRECTORS

Kelani Cable's remuneration policy for executive directors is designed to attract, retain and motivate them to ensure that the Company is managed successfully to the benefit of shareholders. To achieve this, a competitive package of incentives and rewards linked to performance is provided. The committee in arriving at its decision considered the performance of the individual, comparisons with peer companies and a group of companies and reports from specializing consultants.

In setting remuneration levels, the Committee takes into consideration the remuneration practices found in other leading companies and also ensures that the remuneration arrangements for Executive Directors are compatible with those for executives throughout the Group.

CONCLUSION

The Committee is satisfied that it has performed the responsibilities that were delegated to it by the Board for the year under review and the necessary objectives were achieved for the year under review.

On behalf of the Committee

(Sgd.)
Ajit Jayaratne
Chairman of the Remuneration Committee

15th September 2021

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

OBJECTIVE

The Related Party Transactions Review Committee (RPTRC) was formed to ensure that the Company complies with the requirements of the Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka with effect from 1st January 2016 which is part of the CSE Listing Rules.

The objective of the above related-party transaction rules is to ensure that the interests of shareholders as a whole are taken into account when entering into related party transactions by the Company.

The Committee specifies a process to capture related party transactions and to report to the Board of Directors of Kelani Cables PLC as per the Code of Best Practices on Related Party Transactions.

COMPOSITION OF THE RELATED PARTY REVIEW COMMITTEE

The Company established the Related Party Transactions Review Committee on 29th February 2016 as a subcommittee of the Kelani Cables PLC Board. RPTRC of the parent company acts as the RPTRC of the company and comprises the following members;

- Mr. Ajit Jayaratne – Chairman of the committee (Independent Non-Executive Director of the Parent Company)
- Mr. Rajiv Casie Chitty – Member (Independent Non-Executive Director of the Parent Company)

SCOPE OF THE COMMITTEE

- The Committee reviews in advance all proposed related party transactions to ensure they are carried out on an arm's length basis.
- At each subsequent scheduled meeting of the Committee, the management shall update the Committee as to any proposed material changes in any previously reviewed related party transactions and seek approval of the Committee for such proposed material changes before the completion of the transaction.
- The Committee reviews related party transactions based on rules stipulated in the Code (rules 28 – 33 in the appendix to the Code) and the need for special approval from shareholders and disclosure requirements for such transactions.
- The Committee intends to meet as and when a need arises. However, at least quarterly meetings are scheduled to review related party transactions of the Company. The minutes of all meetings are properly documented and communicated to the Board of Directors.
- Members of the RPTRC ensure that they have, or have access to, enough knowledge or expertise to assess all aspects of proposed related party transactions, and where necessary, they shall obtain appropriate professional and expert advice from an appropriately qualified person.

ROLE OF THE COMMITTEE

- Recommend and develop terms of reference of the RPTRC for adoption by the Board of Directors of the Company.
- Review of related party transactions as required in terms of the provisions set out in Appendix 9A of CSE Rules, either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.
- The Committee shall update the Board of Directors on the related party transactions of the Company on a quarterly basis.
- Where necessary, the Committee shall request the Board of Directors to approve the subject related party transactions. In such instances, the approval of the Board of Directors should be obtained prior to entering into the relevant related party transaction.
- If a Director has a material personal interest in a matter being considered at a Directors' meeting to approve a related party transaction, such Director may not be present while the matter is being considered at the meeting or may not vote on the matter.
- Make recommendations to obtain shareholder approval for applicable related party transactions as per the provisions in the Code and Section 9 of CSE Listing Rules. Such approval shall be obtained either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such approval, prior to the completion of the transaction.
- Obtain 'competent independent advice' from independent professional experts with regard to the value of the substantial assets of the related party transaction under consideration and circulate the same with the notice of meeting to obtain the shareholder approval.
- Make immediate market disclosures on applicable related party transactions as required by the Listing Rules of CSE.
- Make appropriate disclosures on related party transactions in the Annual Report as required by CSE Listing Rules.
- Any concerning transactions, to be highlighted to the Board.

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

COMMITTEE MEETINGS

Three Committee meetings were held during the financial year 2020/2021 to review information related to four quarters. The Finance Division submitted a comprehensive report on related party transactions to the Committee.

Attendance of the members of the Committee for the said meetings is provided on page 30.

Any concerns of the Committee will be reported to the Board of Directors on a continuous basis.

The Committee plans to meet at least quarterly, to monitor, review and report to the Board on matters pertaining to related party transactions.

CONCLUSION

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

(Sgd.)
Ajit Jayaratne
Chairman-Related Party Transactions Review Committee

15th September 2021

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their 52nd Annual Report of the Company together with the Audited Financial Statements for the year ended 31st March 2021.

PRINCIPAL ACTIVITIES

The principal activities of the Company are manufacturing and selling of Power Cables, Telecommunication Cables and Enameled Winding Wires.

VISION AND MISSION

The Corporate vision and mission are provided on page 2 of this Report. In achieving its vision and mission, all directors and employees conduct their activities with highest level of ethical standards and integrity.

REVIEW OF BUSINESS

A review of the Company's performance during the financial year is given in the Chairman's Review [pages 6 to 7], Director/Chief Executive Officer's Review [pages 8 to 9] and Management Discussion & Analysis on pages 17 to 27. These reports, which form an integral part of this report, together with the Audited Financial Statements, reflect the state of affairs of the Company and the Investee.

REVENUE AND PROFITABILITY

The revenue of the Company and the Company and Investee for 2020/21 was Rs.9.6Bn [Rs. 8.7 Bn in 2019/20]. The profit after tax of the Company and Investee for 2020/21 was Rs.621.3Mn [Rs. 353.1Mn in 2019/20], while the Company's profit after tax for 2020/21 was Rs 620.8Mn [Rs. 355.1Mn in 2019/20].

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

The Financial Statements prepared in compliance with the requirements of Section 151 of the Companies Act No. 7 of 2007 are given on pages 54 to 100 and Independent Auditors' Report on the Financial Statements is provided on page 50 to 53.

ACCOUNTING POLICIES

The accounting policies adopted in preparation of the Financial Statements are given on pages 58 to 67 of this report.

The Institute of Chartered Accountants of Sri Lanka has issued the following new Sri Lanka Accounting Standards which have become applicable for the financial period beginning on or after 1 April 2021.

- COVID-19-Related Rent Concessions [Amendment to SLFRS 16].
- Interest Rate Benchmark Reform – Phase 2 [Amendments to SLFRS 9, LKAS 39, SLFRS 7, SLFRS 4 and SLFRS 16].
- Property, Plant and Equipment: Proceeds before Intended Use [Amendments to LKAS 16].
- Onerous contracts – Cost of Fulfilling a Contract [Amendments to LKAS 37].
- Annual Improvements to SLFRS Standards 2018–2020.

DIVIDENDS

The interim dividend of Rs. 4.50 per share for the financial year ended 31 March 2020 amounting to Rs. 98.1 Mn was paid during the financial year on 24 August 2020. The Board of Directors, declared an interim dividend of Rs.4.50 per share for the year ended 31 March 2021 on 26 July 2021 amounting to Rs. 98.1 Mn and paid on 24 August 2021.

As required by Section 56[2] of the Companies Act No. 7 of 2007, the Board of Directors have confirmed that the Company satisfies the Solvency Test in accordance of the Section 57 of the Companies Act 7 of 2007 and have obtained a certificate from the Auditors.

STATED CAPITAL

The stated capital of the Company as at 31 March 2021 is Rs.218,000,000 comprising of 21,800,000 shares remained unchanged during the year.

RESERVES

The movements during the year relating to Capital Reserves and General Reserves are disclosed in Notes 23 to 24 to the Financial Statements respectively.

SHARE INFORMATION

The information relating to earnings, dividend, net assets and market price per share are given in the Investors Information on page 101 to 102 of the Annual Report.

SHAREHOLDINGS

As at 31 March 2021 there were 1,418 shareholders. The distribution is indicated on page 101 of the Annual Report. The twenty largest shareholders of the Company as at 31 March 2021, together with an analysis is given on page 101 of the Annual Report.

RELATED PARTY TRANSACTIONS

The Directors have also disclosed the transactions if any, that could be classified as related party transactions in terms of Sri Lanka Accounting Standard-LKAS24 "Related Party Disclosures" which were adopted in the preparation of the Financial Statements. These disclosures also comply with the disclosure requirements of the section 9 of the listing rules. Those transactions disclosed by the Directors are given in Note 33 to the Financial Statements forming part of the Annual Report of the Board.

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

Related Party Transactions Review Committee report is set out on pages 41 to 42 in the Financial Statements.

RECURRENT RELATED PARTY TRANSACTIONS

The aggregate value of which exceeds 10% of the consolidated revenue are tabled below,

Company	Relationship	Nature of the Transactions	Aggregate value of Related Party Transactions entered into during the financial year Rs.	Aggregate value of Related Party Transactions as % of Net Revenue/ Income %	Terms and Conditions of the Related Party Transactions
Ceylon Copper (Pvt) Ltd.	Fellow subsidiary of ACL Cables PLC	Purchase of raw materials	968,247,106	10.0	Ordinary course of business

NON-RECURRENT RELATED PARTY TRANSACTIONS

There were no non-recurrent related party transactions were the aggregate value of transactions exceeds 10% of the equity or 5% of the total assets whichever is lower of the Company as per Audited Financial Statements for the year ended 31 March 2021, which require additional disclosures in the 2020/21 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13 (c) of the Securities and Exchange Commission Act.

A detailed disclosure of related party transactions is given in Note 33 to the financial statements.

BOARD OF DIRECTORS

The Board of Directors of the Company consists of six Directors throughout the financial year and their profiles are given on pages 10 to 11.

Dr. C T S Bandula Perera retiring by rotation in terms of Section 85 of Articles of Association being eligible for re-election in terms of article 86.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The Statement of the Directors' Responsibilities for Financial Statements is given on page 47 of this Annual Report.

DONATIONS

Donations made by the Company during the year amounted to Rs.40,000 (2019/20 - Rs. 81,900/-).

PROPERTY, PLANT AND EQUIPMENT

The Land and Buildings of the Company were revalued by Mr. J. M. Senanayaka Bandara, B.sc (Estate Management and Valuation), Postgraduate Diploma (Land Settlement and Development), FIV (Sri Lanka), IRRV (Hons),United Kingdom an Independent Certified Valuer. Details of Land and Buildings with net book values including the details of Property, Plant and Equipment and their movements as per the valuation report as at 31st March 2021, submitted by Mr. Senanayake are given in Note 12 to the Financial Statements.

MARKET VALUE OF FREEHOLD PROPERTIES

The details of the market value of freehold properties are given in the Note 12 to the Financial Statements.

INVESTMENT PROPERTY

Investment property represents a land owned by the Company. The valuation was carried out by an independent professional Valuer, Mr. J. M. Senanayake Bandara, a Fellow Member of Institute of Valuers of Sri Lanka. The details of Investment Property as at 31st March 2021 are explained in Note 14 to the Financial Statements.

INVESTMENT IN EQUITY ACCOUNTED INVESTEE

The details of Investment in Equity Accounted Investee held as at the balance sheet date are given in Note 17 to the Financial Statements.

CAPITAL EXPENDITURE

The capital expenditure incurred on acquisition of property, plant and equipment of the Company has been Rs. 116Mn, details of which are given in note 12 to the Financial Statements.

CORPORATE GOVERNANCE

In managing the business of the Company, the Directors have placed emphasis on conforming to the best corporate governance practices and procedures. Accordingly, systems and structures have been introduced / improved from time to time to enhance risk management measures and to improve accountability and transparency. A separate report on corporate governance is given on pages 28 to 34 of the Annual Report.

RISK MANAGEMENT

The details of the significant risks identified by the Company and strategies and procedures adopted in managing those are set out on pages 35 to 38 of this Report.

DIRECTORATE

The Board of Directors of the Company are given below and the profiles are given on pages 10 to 11 of this Report.

Mr. U.G.Madanayake - Chairman

Mr. Suren Madanayake - Deputy Chairman

Mrs. N.C.Madanayake

Dr. Bandula Perera

Mr. Mahinda Saranapala

Mr. Deepal Sooriyaarachchi

The details of Directors' meetings are set out on page 30 under the Corporate Governance section of the Annual Report.

INTEREST REGISTER

The Interest Register is maintained by the Company, as per the Companies Act No. 7 of 2007. All Directors have made declarations in accordance with the aforesaid Act. The Interest Register is available for inspection as required by the Companies Act.

DIRECTORS' INTERESTS IN CONTRACTS

Directors' interests in contracts of the Company are disclosed in Note 33 to the Financial Statements and none of the Directors of the Company are directly or indirectly interested in any other contracts with the Company.

DIRECTORS' REMUNERATION

Remuneration received by the Directors is set out in Note 7 to the Financial statements. The Chairman and Deputy Chairman of the Company, who are also the Chairman and Managing Director respectively of the Holding Company ACL Cables PLC. They have acted in honorary capacity and the Company has not paid any remuneration to them during the year under review. The remuneration paid to the Executive Director and the fees paid for attending Board Meetings are given in Note 7 to the Financial Statements.

DIRECTORS' INTEREST IN SHARES OF THE COMPANY

The shareholdings of Directors at the beginning and at the end of the year were as follows:

	No.of Shares		% Holding	
As at 31st March	2021	2020	2021	2020
Mr. U.G.Madanayake	56,200	56,200	0.26	0.26
Mr. Suren Madanayake	61,000	61,000	0.28	0.28
Mrs. N.C.Madanayake	Nil	Nil	Nil	Nil
Dr. Bandula Perera	Nil	Nil	Nil	Nil
Mr. Mahinda Saranapala	Nil	Nil	Nil	Nil
Mr. Deepal Sooriyaarachchi	Nil	Nil	Nil	Nil

STATUTORY PAYMENTS

All known statutory dues as were due and payable by the Company as at the reporting date have been paid or, wherever relevant have been provided for in the Financial Statements.

EVENTS AFTER THE REPORTING DATE

There are no material post reporting date events which require adjustments or disclosure in the Financial Statements other than disclosed in Note 39.

GOING CONCERN

The Board of Directors is satisfied that the Company will continue its operations in the foreseeable future. For this reason, the Company continues to adopt the going concern basis in preparing the Financial Statements.

CORPORATE SOCIAL RESPONSIBILITY

The activities undertaken by the Company in recognition of its responsibility as a corporate citizen are disclosed on pages 17 to 27 of this Report.

ENVIRONMENTAL PROTECTION

The Company has used its best endeavours to comply with the relevant environmental laws and regulations. The Company is directed towards better control and mitigation of its impact on the environment as explained in the Management Discussion & Analysis in pages 17 to 27.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Details of the Capital Commitments and Contingent Liabilities are disclosed in note 36 and 37 to the Financial Statements of the Annual Report.

AUDITORS

The Financial Statements for the period under review have been audited by Messrs KPMG, Chartered Accountants. Rs.698,750/- has been paid as audit fee for the year ended 31st March 2021.

AUDITORS RELATIONSHIP WITH THE COMPANY

Fees paid for other services in the capacity of an Auditor were Rs. 115,000/-. Messrs KPMG, Chartered Accountants do not have any other relationship (other than that of an Auditor) with the Company or with the Associate Company.

A Resolution to re-appoint Auditors, KPMG, Chartered Accountants, and to authorise the Directors to determine their remuneration will be proposed at the Annual General Meeting to be held on 28th October 2021.

The Report of the Independent Auditors' is given on page 50 to 53. The functions of the Audit Committee, Remuneration Committee and Related Party Transactions Review Committee are given on pages 39 to 42 of this Report.

EMPLOYMENT

The Company has an equal opportunity policy and these principles are enshrined in specific selection, training, development and promotion policies, ensuring that all decisions are based on merit. The Company practices equality of opportunity for all employees irrespective of ethnic origin, religion, political opinion, gender, marital status or physical disability. There were no material issues pertaining to employees and industrial relations in the year under review.

COMPLIANCE WITH LAWS AND REGULATIONS

The Company has at all times ensured that it complied with the applicable laws and regulations including the listing rules of the Colombo Stock Exchange as a listed Company.

NOTICE OF MEETING

The Notice of Meeting of the Annual General Meeting is given on page 106 of this Report.

By Order of the Board

(Sgd.)
Corporate Affairs (Private) Limited
Secretaries

15th September 2021

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Companies Act No.7 of 2007 requires the Directors of the Company to be responsible for the preparation and presentation of the financial statements and other statutory reports.

The Board accepts the responsibility for the preparation and fair presentation of Financial Statements in accordance with the Companies Act No. 7 of 2007, the Sri Lanka Accounting and Auditing Standards Act No.15 of 1995 and the Listing Rules of the Colombo Stock Exchange. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of Financial Statements that are free from material misstatement whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In discharging this responsibility, the Directors have instituted a system of internal financial controls and a system for monitoring its effectiveness. The system of controls provides reasonable but not absolute assurance of safeguarding of the Company's assets, maintenance of proper accounting records and the reliability of financial information.

The financial statements presented in the Annual Report for the year ended 31st March 2021, have been prepared based on the new Sri Lanka Accounting Standards(SLFRSs/LKASs) which came into effect for the financial periods commencing after 1stJanuary 2012. The Directors have selected the appropriate accounting policies and such policies adopted by the Company and the Company and Investee are disclosed and explained in the financial statements.

The Board of Directors confirm that the Individual (Company and Investee) and Separate (Company) Statements of Financial Position as at 31st March 2021 and Statements of Profit or Loss and other Comprehensive Income for the year ended 31st March 2021 reflect a true and fair view of the Company and Investee / Company Respectively.

APPROVAL OF FINANCIAL STATEMENTS

The Directors' Report and the Financial Statements of the Company and Investee/Company were approved by the Board of Directors on 15th September 2021.

By Order of the Board

(Sgd.)
Corporate Affairs (Private) Limited
Secretaries

15th September 2021

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INDEPENDENT AUDITOR'S REPORT

KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
P. O. Box 186,
Colombo 00300, Sri Lanka.

Tel : +94 - 11 542 6426
Fax : +94 - 11 244 5872
+94 - 11 244 6058
Internet : www.kpmg.com/lk

TO THE SHAREHOLDERS OF KELANI CABLES PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Kelani Cables PLC ("the Company") and the Company and its equity accounted investee ("the Company and Investee"), which comprise the statement of financial position as at 31st March 2021, and the statement of profit or loss and other 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 and other explanatory information set out on pages 54 to 100 of this annual report.

In our opinion, the accompanying financial statements of the Company and the Company and Investee give a true and fair view of the financial position of the Company and the Company and Investee as at 31st 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 for the Audit of the Financial Statements section of our report. We are independent of the Company and Investee 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 Company's financial statements and the Company and Investee's financial statements of the current period. These matters were addressed in the context of our audit of the Company's financial statements and the Company and Investee's financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

01. Valuation of Land and Buildings (Property, Plant and Equipment and Investment Property) Refer to the significant accounting policy in Note 3.4 and 3.6 and explanatory Note 12 and Note 14 to these financial statements.	
As at 31st March 2021, Land and Buildings carries at fair value, classified as Property, Plant and Equipment and Investment Property amounted to Rs. 724 million and Rs. 650.5 million respectively. The Company has engaged an independent professional Valuer with appropriate expertise to determine the fair value of the Land and Buildings in accordance with recognized industry standards. We identified valuation of Land and Building as a key audit matter because of the magnitude of the amounts recognized in the financial statements and the valuation was significant to our audit due to the use of significant judgments and estimation, in particular in determining the appropriate valuation methodology, capitalization rates, per perch price and value per square feet. which increases the risk of error or potential management bias. A change in the key assumptions will have a significant impact to the valuation.	**Our audit procedures included:** • Assessing the objectivity, independence, competence and qualifications of the external Valuer. • With the assistance of our own KPMG valuation specialists assessing the key assumptions applied and conclusions made in deriving the fair value of the land and buildings and comparing the same with evidence of current market values. In addition to that, we have assessed the valuation methodologies with reference to recognized industry standards. • Assessing the adequacy of disclosures in the financial statements in accordance with the relevant accounting standards.
02. Recoverability of Trade Receivables **Refer to the significant accounting policy in Note 3.9 and explanatory Note 19 to these financial statements.**	
Risk Description	**Our audit procedures included**
The Company has recognized trade receivable balance of Rs. 2,598 Million as at 31 March 2021, after a provision for impairment of Rs. 317 Million. The Company's allowances for doubtful debts are based on management's estimate of the expected credit losses to be incurred, which is estimated by taking into account the credit history of the Company's customers and current market and customer-specific conditions, all of which involve a significant degree of management judgement. The Company's allowances for doubtful debts include a specific element based on individual debtors and a collective element based on historical experience adjusted for certain current factors. The uncertainty on the impact of COVID-19 introduced significant estimation uncertainty in relation to the measurement of the Company's allowance for doubtful debts. The rapidly evolving consequences of COVID-19 and government, business and consumer responses could result in significant adjustments to the allowance within the current financial years. We identified assessing the recoverability of trade receivables as a key audit matter because the significance of the trade receivables balance to the financial statements and the assessment of the recoverability is inherent subjectivity and required significant management judgment, which increases the risk of error or potential management bias.	• Understanding and evaluating the design, implementation and operating effectiveness of management's key internal controls in respect of the valuation of trade debtors, which included credit control procedures and the application of the Company's doubtful debt provisioning policy. • Evaluating how management had assessed the impact of Covid-19 within the credit losses model to assess whether that it was appropriately considered in the measurement of doubtful debts at year end. In particular, we assessed Management's assessment of the likelihood of a severe economic downturn caused by Covid-19 at the reporting date with reference to the reasonable and supportable information available to management at that date. • On a sample basis, assessing whether items in the trade debtors' ageing report were classified within the appropriate ageing bucket by comparing individual items in the report with underlying documentation, which included sales invoices and goods delivery notes. • Assessing the assumptions and estimates made by the management for the allowances for doubtful debts with reference to our understanding of the debtors' financial condition, the industry in which the debtors are operating, the ageing of overdue balances and historical and post year-end cash receipts from the debtors and by performing a retrospective review of the historical accuracy of these estimates. • Evaluating the appropriateness of the selection of accounting policies based on the requirements of the new standards, our business understanding and industry practice.

KPMG

03. Carrying value of Inventories Refer to the significant accounting policy in Note 3.7 and explanatory Note 18 to these financial statements.	
The Company carried inventories of Rs.2,228 Million as at 31 March 2021 at the lower of cost or net realisable value after a provision for obsolete/ slow moving inventory of Rs. 127 Million. The Company hold significant level of inventory and judgment is exercised with regard to categorization of stock as obsolete and/ or slow moving to be considered for provision; estimates are then involved in arriving at provisions against cost in respect of slow moving and obsolete inventories to arrive at valuation based on lower of cost and net realizable value. As discussed in Note 3.7, Management judgment is applied in arriving at the cost of inventories in order to accurately reflect the manufacturing costs incurred in bringing them to their current condition and physical location. Given the level of judgments and estimates involved, the carrying value of inventories is identified as a key audit matter.	**Our audit procedures included:** • Understanding and evaluating the design, implementation and operating effectiveness of management's key internal controls in respect of manage inventories including the purchases, sales and holding of inventories. • Assessing the valuation of reporting date inventory levels, including assessing the reasonability of judgments taken regarding obsolescence. • Evaluating the adequacy and consistency of provisioning for inventories at the reporting date with the Company's inventory provision policy. • On a sample basis, comparing the carrying amounts of the Company's inventories with net realization value of those inventories • Testing the existence of inventories through physical verification as at year end for a sample selected based on the professional judgment • Checked the parameters and system accuracy of weighted average cost (WAC) calculated with the assistance of our internal information risk management specialist • Assessing whether the accounting policies had been consistently applied and the adequacy of the Company and Investee's disclosures in respect of the judgment and estimation made in respect of inventory provisioning.

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

In preparing the financial statements, management is responsible for assessing the Company and Investee's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and Investee 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 Company and Investee'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 scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and the Company and Investee's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and Investee's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and Investee 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 Company and Investee to express an opinion on the Company and Investee financial statements. We are responsible for the direction, supervision and performance of the Company and Investee 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 FCA 2618.

CHARTERED ACCOUNTANTS
Colombo, Sri Lanka

15th September 2021

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March,	Note	Company and Investee 2021 Rs.	Company and Investee 2020 Rs.	Company 2021 Rs.	Company 2020 Rs.
Revenue	5	9,650,437,531	8,759,918,341	9,650,437,531	8,759,918,341
Cost of sales		(8,366,450,216)	(7,446,511,362)	(8,366,450,216)	(7,446,511,362)
Gross profit		1,283,987,315	1,313,406,979	1,283,987,315	1,313,406,979
Other income	6	25,313,720	13,291,162	25,313,720	13,291,162
Change in fair value of investment property	14	344,500,000	11,000,000	344,500,000	11,000,000
Distribution expenses		(498,159,444)	(540,298,599)	(498,159,444)	(540,298,599)
Administrative expenses		(336,091,703)	(314,291,236)	(336,091,703)	(314,291,236)
Profit from operations	7	819,549,888	483,108,306	819,549,888	483,108,306
Finance income		34,865,822	94,968,168	34,865,822	94,968,168
Finance expenses		(110,301,456)	(149,921,522)	(110,301,456)	(149,921,522)
Net finance expenses	8	(75,435,634)	(54,953,354)	(75,435,634)	(54,953,354)
Share of profit/(loss) of equity accounted investee net of tax	17	515,612	(2,009,125)	-	-
Profit before tax		744,629,866	426,145,827	744,114,254	428,154,952
Income tax expense	9	(123,264,390)	(73,094,792)	(123,264,390)	(73,094,792)
Profit for the year		621,365,476	353,051,035	620,849,864	355,060,160
Items that will not be reclassified to profit or loss					
Actuarial gain/(loss) on employee benefit obligations	26	(28,962,253)	627,827	(28,962,253)	627,827
Revaluation of property, plant and equipment	12	155,426,146	-	155,426,146	-
Share of OCI of equity accounted Investee, net of tax	17	18,197,452	-	-	-
Related tax	27	19,449,418	(175,792)	19,449,418	(175,792)
Other comprehensive income for the year net of tax		164,110,763	452,035	145,913,311	452,035
Total comprehensive income for the year		785,476,239	353,503,070	766,763,175	355,512,195
Earnings per share					
Basic earnings per share (Rs.)	10	28.50	16.20	28.48	16.29

The Notes to the Financial Statements from pages 58 to 100 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

STATEMENT OF FINANCIAL POSITION

As at 31 March	Note	Company and Investee 2021 Rs.	Company and Investee 2020 Rs.	Company 2021 Rs.	Company 2020 Rs.
ASSETS					
Non-current assets					
Property, plant and equipment	12	1,009,006,175	822,247,277	1,009,006,175	822,247,277
Intangible assets	13	6,825,088	-	6,825,088	-
Investment property	14	650,500,000	306,000,000	650,500,000	306,000,000
Right-of-use assets	16	4,018,166	-	4,018,166	-
Investment in equity accounted investee	17	73,455,084	54,742,020	51,200,000	51,200,000
Total non-current assets		1,743,804,513	1,182,989,297	1,721,549,429	1,179,447,277
Current assets					
Inventories	18	2,227,972,407	1,749,973,547	2,227,972,407	1,749,973,547
Trade and other receivables	19	2,981,195,149	2,924,566,409	2,981,195,149	2,924,566,409
Amount due from related companies	20	224,294	10,135,360	224,294	10,135,360
Value added tax recoverable		743,686,739	643,766,838	743,686,739	643,766,838
Deposits and prepayments		15,345,296	15,281,688	15,345,296	15,281,688
Cash and cash equivalents	21	924,789,700	764,898,171	924,789,700	764,898,171
Total current assets		6,893,213,585	6,108,622,013	6,893,213,585	6,108,622,013
Total assets		8,637,018,098	7,291,611,310	8,614,763,014	7,288,069,290
EQUITY AND LIABILITIES					
Equity					
Stated capital	22	218,000,000	218,000,000	218,000,000	218,000,000
Capital reserves	23	592,491,173	404,949,947	522,620,414	353,276,640
General reserves	24	431,136,000	431,136,000	431,136,000	431,136,000
Retained earnings	25	3,408,195,883	2,908,360,870	3,455,811,558	2,956,492,157
Total equity		4,649,823,056	3,962,446,817	4,627,567,972	3,958,904,797
Non-current liabilities					
Employee benefits	26	160,740,911	117,713,145	160,740,911	117,713,145
Deferred taxation	27	41,408,240	12,809,040	41,408,240	12,809,040
Interest bearing borrowings	28	5,553,380	5,017,159	5,553,380	5,017,159
Total non-current liabilities		207,702,531	135,539,344	207,702,531	135,539,344
Current liabilities					
Trade and other payables	29	1,960,727,534	1,268,148,186	1,960,727,534	1,268,148,186
Amount due to related companies	30	600,636,824	443,717,040	600,636,824	443,717,040
Current taxation	31	306,620,053	286,892,844	306,620,053	286,892,844
Unclaimed dividends	32	17,212,429	14,957,690	17,212,429	14,957,690
Interest bearing borrowings	28	803,428,116	1,011,920,690	803,428,116	1,011,920,690
Bank overdrafts	21	90,867,555	167,988,699	90,867,555	167,988,699
Total current liabilities		3,779,492,511	3,193,625,149	3,779,492,511	3,193,625,149
Total liabilities		3,987,195,042	3,329,164,493	3,987,195,042	3,329,164,493
Total equity and liabilities		8,637,018,098	7,291,611,310	8,614,763,014	7,288,069,290

The Notes to the Financial Statements from pages 58 to 100 form an integral part of these Financial Statements.

These Financial Statements have been prepared in compliance with the requirements of the Companies Act No.07 of 2007.

Hemamala Karunasekara
Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.

Approved for and on behalf of the Board of Directors:

Mahinda Saranapala
Director/Chief Executive Officer

U. G. Madanayake
Chairman

15th September 2021
Colombo

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2021	Company and Investee				
	Stated Capital Rs.	Capital Reserves Rs.	General Reserves Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 1 April 2019	218,000,000	404,949,947	431,136,000	2,631,157,800	3,685,243,747
Profit for the year	-	-	-	353,051,035	353,051,035
Other comprehensive income for the year	-	-	-	452,035	452,035
Total Comprehensive Income for the year	-	-	-	353,503,070	353,503,070
Transactions with owners of the Company					
Interim dividend - 2018/19	-	-	-	(76,300,000)	(76,300,000)
Balance as at 31 March 2020	218,000,000	404,949,947	431,136,000	2,908,360,870	3,962,446,817
Balance as at 1 April 2020	218,000,000	404,949,947	431,136,000	2,908,360,870	3,962,446,817
Profit for the year	-	-	-	621,365,476	621,365,476
Other comprehensive income for the year	-	187,541,226	-	(23,430,463)	164,110,763
Total Comprehensive Income for the year	-	187,541,226	-	597,935,013	785,476,239
Transactions with owners of the Company					
Interim dividend - 2019/2020	-	-	-	(98,100,000)	(98,100,000)
Balance as at 31 March 2021	218,000,000	592,491,173	431,136,000	3,408,195,883	4,649,823,056

For the year ended 31 March 2021	Company				
	Stated Capital Rs.	Capital Reserves Rs.	General Reserves Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 1 April 2019	218,000,000	353,276,640	431,136,000	2,677,279,962	3,679,692,602
Profit for the year	-	-	-	355,060,160	355,060,160
Other comprehensive income for the year	-	-	-	452,035	452,035
Total Comprehensive Income for the year	-	-	-	355,512,195	355,512,195
Transactions with owners of the Company					
Interim dividend - 2018/19	-	-	-	(76,300,000)	(76,300,000)
Balance as at 31 March 2020	218,000,000	353,276,640	431,136,000	2,956,492,157	3,958,904,797
Balance as at 1 April 2020	218,000,000	353,276,640	431,136,000	2,956,492,157	3,958,904,797
Profit for the year	-	-	-	620,849,864	620,849,864
Other comprehensive income for the year	-	169,343,774	-	(23,430,463)	145,913,311
Total Comprehensive Income for the year	-	169,343,774	-	597,419,401	766,763,175
Transactions with owners of the Company					
Interim dividend - 2019/20	-	-	-	(98,100,000)	(98,100,000)
Balance as at 31 March 2021	218,000,000	522,620,414	431,136,000	3,455,811,558	4,627,567,972

The Notes to the Financial Statements from pages 58 to 100 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

STATEMENT OF CASHFLOW

For the year ended 31 March,	Note	Company and Investee		Company	
		2021	2020	2021	2020
		Rs.	Rs.	Rs.	Rs.
Cash flow from operating activities					
Profit before taxation		744,629,866	426,145,827	744,114,254	428,154,952
Adjustments for:					
Share of loss/(profit) from equity accounted investee (net of tax)	17	(515,612)	2,009,125	-	-
Interest income	8	(34,865,822)	(40,775,187)	(34,865,822)	(40,775,187)
Interest expense	8	98,192,492	149,921,522	98,192,492	149,921,522
Change in fair value of investment property	14	(344,500,000)	(11,000,000)	(344,500,000)	(11,000,000)
Depreciation of property, plant and equipment	12	84,746,037	77,488,014	84,746,037	77,488,014
Amortization of intangible assets	13	103,086	-	103,086	-
Amortization of Right-of-use assets	16	892,926	-	892,926	-
Provision for impairment of trade and other receivables	19	27,362,076	28,924,644	27,362,076	28,924,644
Provision for obsolete and slow moving inventories	18	15,747,367	17,140,171	15,747,367	17,140,171
Gain on disposal of property, plant and equipment	6	-	(52,174)	-	(52,174)
Inventory write off	7	27,404,844	9,189,690	27,404,844	9,189,690
Debtors write off	7	53,261	9,766	53,261	9,766
Provision for employee benefits	26	24,901,452	22,375,540	24,901,452	22,375,540
Operating profit before working capital changes		644,151,973	681,376,938	644,151,973	681,376,938
Changes in working capital					
(Increase)/decrease in inventories	18	(521,151,071)	70,141,989	(521,151,071)	70,141,989
Increase in trade and other receivables	19	(84,044,077)	(986,755,314)	(84,044,077)	(986,755,314)
decrease in amount due from related companies	20	9,911,066	22,609,163	9,911,066	22,609,163
Increase in deposits and prepayments and value added tax recoverable		(99,983,509)	(68,508,217)	(99,983,509)	(68,508,217)
Increase/(decrease) in trade and other payables	29	692,579,348	600,739,148	692,579,348	600,739,148
Increase/(decrease) in amount due from related companies	30	156,919,784	(41,949,750)	156,919,784	(41,949,750)
Cash generated from operations		798,383,514	277,653,957	798,383,514	277,653,957
Gratuity paid	26	(10,835,939)	(17,827,621)	(10,835,939)	(17,827,621)
Current tax paid	31	(55,488,563)	(168,378,942)	(55,488,563)	(168,378,942)
Interest paid	8	(97,550,564)	(149,921,522)	(97,550,564)	(149,921,522)
Net Cash Generated from/ (used in) operating activities		634,508,448	(58,474,128)	634,508,448	(58,474,128)
Cash flow from investing activities					
Proceeds from disposal of property, plant and equipment	6	-	52,174	-	52,174
Acquisition of property, plant and equipment	12	(116,078,789)	(27,419,623)	(116,078,789)	(27,419,623)
Acquisition of intangible assets	13	(6,928,174)	-	(6,928,174)	-
Interest received	8	34,865,822	40,775,187	34,865,822	40,775,187
Net cash generated/(used) in investing activities		(88,141,141)	13,407,738	(88,141,141)	13,407,738
Cash flow from financing activities					
Dividend paid	32	(95,845,261)	(74,736,628)	(95,845,261)	(74,736,628)
Loans obtained during the year	28	2,323,882,276	2,671,232,933	2,323,882,276	2,671,232,933
Loans repayments during the year	28	(2,536,230,049)	(2,777,392,964)	(2,536,230,049)	(2,777,392,964)
Lease payments	28	(1,161,600)	-	(1,161,600)	-
Net cash used in financing activities		(309,354,634)	(180,896,659)	(309,354,634)	(180,896,659)
Net increase/(decrease) in cash and cash equivalents		237,012,673	(225,963,049)	237,012,673	(225,963,049)
Cash and cash equivalents at beginning of the year	21	596,909,472	822,872,521	596,909,472	822,872,521
Cash and cash equivalents at the end of the year	21	833,922,145	596,909,472	833,922,145	596,909,472

The Notes to the Financial Statements from pages 58 to 100 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

1.1. Domicile and Legal Form

Kelani Cables PLC ("the Company") is a Public limited liability Company incorporated and domiciled in Sri Lanka. The registered office of the Company is No 60, Rodney Street, Colombo 08 and the principal place of business is situated at P. O. Box 14, Wewelduwa, Kelaniya.

The ordinary shares of the Company are listed in the Colombo Stock Exchange.

Subsidiary of the Company Kelani Electrical Accessories (Pvt) Limited which is a fully owned subsidiary, has been dormant since the cessation of operations in September 1995. The subsidiary has not been consolidated on the basis of materiality.

The results of the equity accounted investee ACL - Kelani Magnet Wire (Pvt) Limited have been reported under the Financial Statements – Company and Investee.

Ultimate Parent

Ultimate parent for the Company and controlling party is ACL Cables PLC, which is incorporated in Sri Lanka.

1.2. Principal Activities and Nature of Operations

The principal activities of the Company are manufacturing and selling of Power Cables, Telecommunication Cables and Enamelled Winding Wires..

There were no significant changes in the nature of the principal activities of the Company during the financial year under review.

1.3. Number of Employees

The number of employees of the Company as at 31 March 2021 was 520 (2020 – 514).

1.4. Approval of Financial Statements

The Financial Statements of the Company for the year ended 31 March 2021 were authorized for issue in accordance with a resolution of the Board of Directors on 15th September 2021.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The Financial Statements of the Company which comprise of the Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive income, Statement of Changes in Equity and Statement of Cash Flows have been prepared in accordance with Sri Lanka Accounting Standards (hereinafter referred to as SLFRS / LKASs) as issued by the Institute of Chartered Accountants of Sri Lanka, and in compliance with the requirements of the Company's Act No. 07 of 2007 and Sri Lanka Accounting and Auditing Standards Act No.15 of 1995. These Financial Statements, except for information on cash flows have been prepared following the accrual basis of accounting.

2.2 Basis of Measurement

The Financial Statements have been prepared on the historical cost basis and applied consistently which no adjustments being made for inflationary factors affecting the financial statements, except for the following material items in the statement of financial position:

- Freehold Land and building are measured at revalued amounts;
- The defined benefit liability is recognized as the present value of the defined benefit obligation, plus unrecognized actuarial gains, less unrecognised past service cost and unrecognised actuarial losses; and
- Investment property is measured at fair value

2.3 Comparative Figures

Where necessary, comparative figures have been rearranged to conform with the current year's presentation.

2.4 Functional and Presentation Currency

The financial statements are presented in Sri Lankan Rupees, which is the functional and presentation currency of the Company. There was no change in the Company's presentation and functional currency during the year under review.

2.5 Assets and bases of valuation

Assets classified as current assets on the Statement of Financial Position are cash and bank balances and those which are expected to be realized in cash during the normal operating cycle or within one year from the reporting date whichever is shorter. Assets other than the current assets are those, which the Company intends to hold beyond a period of one year from the reporting date.

2.6 Use of Estimates and Judgments

The preparation of these Financial Statements in conformity with SLAS's requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these 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 and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Statements is included in the following notes:

- Revaluation of land and buildings (Note 12)
- Valuation investment property (Note 14)
- Impairment of assets (Note 18, 19)
- Measurement of Employee benefits (Note 26)
- Contingencies (Note 37)
- Current taxation (Note 9.1)
- Deferred taxation and utilization of tax losses (Note 27)

2.7 Fair Value Measurement

'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 to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

External professional valuers are involved for valuation of significant assets such as land and building.

Fair Value Hierarchy

The Company measures the fair value using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurement.

Level 1

Inputs that are unadjusted quoted market prices in an active market for identical assets or liabilities

When available, the Company measures the fair value of an instrument using active quoted prices or dealer price quotations (assets and long positions are measured at a bid price; liabilities and short positions are measured at an ask price), without any deduction for transaction costs.

A market is regarded as active if transactions for asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2

Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices)

This category includes instruments valued using;

(a) quoted market prices in active markets for similar instruments,

(b) quoted prices for identical or similar instruments in markets that are considered to be less active, or

(c) other valuation techniques in which almost all significant inputs are directly or indirectly observable from market data.

Level 3

Inputs that are unobservable

This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's value.

Valuation techniques include net present value and discounted cash flow models comparisons with similar instruments for which observable market prices exist, option pricing models and other valuation models.

Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, risk premiums in estimating discount rates, bond and equity prices, foreign exchange rates, expected price volatilities and corrections.

Observable prices or model inputs such as market interest rates are usually available in the market for listed equity securities and government securities such as treasury bills and bonds.

Availability of observable prices and model inputs reduces the need for management judgment and estimation while reducing uncertainty associated in determining the fair values.

Models are adjusted to reflect the spread for bid and ask prices to reflect costs to close out positions, credit and debit valuation adjustments, liquidity spread and limitations in the models.

Also profit or loss calculated when such financial instruments are first recorded ('Day 1' profit or loss) is deferred and recognized only when the inputs become observable or on recognition of the instrument.

2.8 Materiality and Aggregation

Each material class of similar items is presented separately. Items of dissimilar nature or function are presented separately unless they are immaterial.

2.9 Going Concern

The Kelani Cable PLC operates in the Manufacturing sector that has been affected by the outbreak of COVID – 19.

On 11 March 2020 the World Health Organization declared the coronavirus outbreak a pandemic, and the Sri Lankan government declared a state of emergency on 18th March 2020 and rightly the stringent measures taken by the respective Governments including the closure of airports, border entry barriers and lock downs, have compelled the temporary closure of the Company.

In preparing these financial statements, based on available information, the management has assessed the existing and anticipated effects of COVID-19 on the Company and the appropriateness of the use of the going concern basis. Company has evaluated the resilience of its businesses considering a wide range of factors such as current and expected profitability, the ability to defer nonessential capital expenditure, debt repayment schedules, if any, cash reserves and potential sources of financing facilities, if required, and the ability to continue providing goods and services.

In management's view, the Company will have sufficient resources to continue for a future period. Management concluded that the range of possible outcomes considered at arriving at this judgment does not give rise to material uncertainties related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements except for the 3.1 related policies and unless otherwise indicated.

3.1 Changes in Accounting Policies

The Company has initially adopted Definition of a Business (Amendments to SLFRS 3) from 1 April 2020. A number of other new standards are also effective from 1 April 2020 but they do not have a material effect on the Company's financial statements.

The Company applied Definition of a Business (Amendments to IFRS 3) to business combinations whose acquisition dates are on or after 1 April 2020 in assessing whether it had acquired a business or a group of assets. The details of accounting policies are set out in Note 3.2.

3.2 Interest in Equity-accounted investees

The Company's interests in equity-accounted investees comprise interests in associates.

Associates are those entities in which the Company has significant influence, but not control or joint control, over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the Company and Investee financial statements include the Company's share of the profit or loss and OCI of equity accounted investees, until the date on which significant influence or joint control ceases.

3.2.1 Accounting for investment in associate

When separated financial statements are prepared, investments in associate are accounted for using the cost method. Investment in associate is stated in the company's Statement of Financial Position at cost less accumulated impairment losses.

3.2.2 Financial Period

The associate has the same reporting date as the company and the financial statements are prepared to a common financial year ending 31st March.

3.3 Foreign Currency Transactions

Transactions in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments - FVTOCI, which are recognised in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

3.4 Property, Plant and Equipment

Recognition and measurement

a) Cost and Valuation

An item of Property, Plant and Equipment that qualifies for recognition as an asset is initially measured at its cost.

Cost 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 lobar, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

Cost Model

The Company applies the Cost model to all Property, Plant & Equipment except for land & buildings and records at cost of purchase together with any incidental expenses thereon, less accumulated depreciation and any accumulated impairment losses.

Revaluation Model

The Company applies the Revaluation model for the entire class of Land & Buildings for measurement after initial recognition. Such properties are carried at revalued amounts, being their fair value at the date of revaluation, less any subsequent accumulated depreciation on buildings and any accumulated impairment losses charged subsequent to the date of valuation. Building of the Company are revalued every three years or more frequently if the fair values are substantially different from their carrying amounts to ensure that the carrying amounts do not differ from the fair values at the reporting date.

On revaluation of an asset, any increase in the carrying amount is recognized in Other Comprehensive Income and presented in Revaluation Reserve in equity or used to reverse a previous loss on revaluation of the same asset, which was charged to the Statement of Profit or loss. In this circumstance, the increase is recognised as income only to the extent of the previous write down in value. Any decrease in the carrying amount is recognised as an expense in the Profit or Loss or charged in Other Comprehensive Income and presented in Revaluation Reserve in equity only to the extent of any credit balance existing in the Revaluation Reserve in respect of that asset. Any balance remaining in the revaluation reserve in respect of an asset, is transferred directly to Retained Earnings on retirement or disposal of the asset.

b) Subsequent costs

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul costs, is capitalized. Other subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other expenditure is recognized in the Profit or loss as an expense as incurred.

c) Depreciation

Depreciation is calculated to write off the cost of items of Property, Plant and Equipment less their estimated residual values using the straight-line basis over their estimated useful life-time and is generally recognized in profit or loss. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows.

Plant & Machinery	10 - 45 years
Buildings	25 years
Electrical Fittings	10 years
Office Equipment	10 years
Furniture & Fittings	10 years
Business Machines	5 years
Motor Vehicles	5 years
Software	1 year

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal Company that is classified as held for sale) and the date that the asset is derecognised.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

d) Derecognition

Items of property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or losses rising on de-recognition of the asset is included in the Profit or loss the year the asset is derecognised.

e) Capital work in progress

Capital Work-in-Progress represents the accumulated cost of materials and other costs directly related to the construction of an asset. Capital Work-in- Progress is transferred to the respective asset accounts at the time it is substantially completed and ready for its intended use.

f) Impairment of property, plant and equipment

The carrying value of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceed the estimated recoverable amount the assets are written down to their recoverable amount. Impairment losses are recognized in the Profit or loss unless it reverses a previous revaluation surplus for the same asset.

3.5 Right to use Assets

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in SLFRS 16.

3.5.1 As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'Right of use asset' and lease liabilities in 'Interest bearing borrowings' in the statement of financial position.

3.6 Investment Property

Properties held to earn rental income or properties held for capital appreciation or both and is not occupied substantially for the supply of goods or services or in administration and is not intended for sale in the ordinary course of business have been classified as investment property.

Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss.

Land of the Company classified as investment property is valued every year by an independent valuer to ensure that the carrying amounts do not differ from the fair values at the Reporting date.

Investment properties are derecognised when disposed, or permanently withdrawn from use because no future economic benefits are expected. Any gains or losses on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When investment property that was previously classified as property, plant equipment is sold, any related amount included in revaluation reserve is transferred to retained earnings.

3.7 Inventories

Inventories are valued at lower of cost or net realizable value, after making due allowance for obsolete and slow moving items. Net realizable value is the price at which inventories can be sold in the normal course of business after allowing for cost of realization and / or cost of conversion from their existing state to saleable condition.

The cost of each category of inventory is based on the following

Raw Material :

At actual cost of weighted average basis

Work-in-Progress :

At the actual cost of direct material, direct labour and an appropriate proportion of fixed production overheads based on normal operating capacity.

Finished Goods :

At the actual cost of direct material, direct labour and an appropriate proportion of fixed production overheads based on normal operating capacity.

Finished goods purchased :

At actual cost of weighted average basis

Goods in Transit :

At Actual cost

3.8 Financial Instruments

Financial assets - Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial assets - Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI - debt investment; FVOCI - equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount of outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets - Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for de recognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Additionally, for a financial asset acquired at a discount or premium to its contractual par-amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets - Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3.9 IMPAIRMENT OF ASSETS

3.9.1 Financial assets

Non-derivative financial assets

Financial instruments and contract assets

Loss allowances for trade receivables is always measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 180 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 180 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market tor a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures to recovery of amounts due.

3.9.2 Non-financial assets

The carrying amounts of the Company's non-financial assets other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. 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. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets.

Impairment losses are recognized in profit or loss.

3.10 Liabilities and Provisions

Liabilities classified as Current Liabilities on the statement of financial position are those obligations payable on demand or within one year from the statement of financial position. Items classified as non-current liabilities are those obligations, which expire beyond a period of one year from the Statement of financial position date.

All known liabilities have been accounted for in preparing the financial statements.

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.11 Employee benefits

3.11.1 Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.11.2 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 defined contribution plans are recognised as an expense in profit or loss when incurred.

Employee Provident Fund

All employees of the Company are members of the Employees' Provident Fund (EPF). The Company and employees contribute 12% and 8% respectively of the salary to EPF.

Employees Trust Fund

All employees of the Company are members of the Employees' Trust Fund (ETF). The Company contributes 3% of the salary of each employee to ETF.

3.11.3 Defined Benefit Plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liability recognised in the Financial Statements in respect of defined benefit plans is the present value of the defined benefit obligation as at the Reporting Date. The defined benefit obligation is calculated by a qualified actuary as at the Reporting Date using the Projected Unit Credit (PUC) method as recommended by LKAS 19 - 'Employee Benefits'. The actuarial valuation involves making assumptions about discount rate, salary increment rate and balance service period of employees. Due to the long-term nature of the plans, such estimates are subject to significant uncertainty.

Under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of five years of continued service.

The liability is not externally funded.

The Company recognizes all actuarial gains and losses arising from defined benefit plans in Other Comprehensive Income and current service cost and the interest cost related to defined benefit plan in employee benefits are recognized in the Statement of Profit or Loss.

3.12 Capital commitments and Contingencies

All discernible risks are accounted for in determining the amount of all known liabilities. Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be reliably measured. Contingent liabilities are not recognised but are disclosed unless they are remote.

Capital commitments and contingent liabilities of the Company is disclosed in Notes 36 and 37 to the Financial Statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

3.13 Revenue

Revenue from contract with customers

The revenue is recognised when a customer obtains control of the goods or services – Determining the timing of the transfer of control – at a point in time or overtime requires judgement.

Revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognition will not occur. Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and sales taxes.

Sale of goods

Revenue from the sale of goods is recognized in the Statement of Profit or Loss when control of the goods has been transferred to the customers. Recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with trade returns and trade discounts.

Other Income

Gains/losses on the disposal of investments held by the Company have been accounted for as other income in profit or loss.

Gains / losses on the disposal of property, plant and equipment determined by reference to the carrying amount and related expenses, have been accounted for as other income in profit or loss.

Dividend income is recognised in profit or loss on the date that the Company's right to receive payment is established.

3.14 Expenditure recognition

Operating Expenses

All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to the Statement of Profit or Loss in arriving at the profit or loss for the year.

Borrowing Cost

The Company capitalizes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the asset. A qualifying asset is an asset which takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are recognized in the profit or loss in the period in which they occur.

3.15 Finance income and expense

Interest income and expenses 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 receipts or payments through the expected life of the financial asset or liabilities (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liabilities. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes all transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

3.16 Income Tax Expenses

Income tax expense comprises both current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or OCI.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes and therefore accounted for them under LKAS 37 provisions, contingent liabilities and contingent assets.

(a) Current Taxation

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date and any adjustment to tax payable in respect of previous years.

Taxation for the current and previous periods to the extent unpaid is recognised as a liability in the financial statements. When the amount of taxation already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset in the financial statements.

(b) Deferred taxation

Deferred tax is recognized in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans of the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

3.17 Related party disclosure

Disclosures has been made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies/ decisions of the other, irrespective of whether a price is charged.

3.18 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data 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, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

3.19 Events occurring after the Reporting date

The materiality of the events occurring after the reporting date have been considered and appropriate adjustments to or disclosure have been made in the financial statements where necessary.

3.20 Statement of Cash flows

The Cash Flow Statement has been prepared using the Indirect Method of preparing Cash Flows in accordance with the Sri Lanka Accounting Standard (LKAS) 7, Cash Flow Statements.

Cash and cash equivalents comprise short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. The cash and cash equivalents include cash in-hand, balances with banks and short term deposits with banks.

For cash flow purposes, cash and cash equivalents are presented net of bank overdrafts.

4 NEW STANDARDS AND CHANGES TO ACCOUNTING STANDARDS NOT EFFECTIVE AS AT THE REPORTING DATE

A number of new standards and amendments to standards are effective for annual periods beginning after 1st April 2021 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

- COVID-19-Related Rent Concessions (Amendment to SLFRS 16).

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. A lessee that applies the practical expedient is not required to assess whether eligible rent concessions are lease modifications, and accounts for them in accordance with other applicable guidance. The resulting accounting will depend on the details of the rent concession.

The practical expedient will only apply if

- the revised consideration is substantially the same or less than the original consideration;
- the reduction in lease payments relates to payments due on or before 30 June 2021; and
- no other substantive changes have been made to the terms of the lease

The amendment applies to annual reporting periods beginning on or after 01st June 2020. The Company does not anticipate this amended to have a significant impact on the Company's financial statements.

- Interest Rate Benchmark Reform – Phase 2 (Amendments to SLFRS 9, LKAS 39, SLFRS 7, SLFRS 4 and SLFRS 16)

The amendments address issues that might affect financial reporting as a result of the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The amendments provide practical relief from certain requirements in SLFRS 9, LKAS 39, SLFRS 7, SLFRS 4 and SLFRS 16 relating to:

- changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities; and
- hedge accounting.

The amendments will require the Company to disclose additional information about the entity's exposure to risks arising from interest rate benchmark reform and related risk management activities. The Company is in the process of assessing the impact of this standard on its accounting and reporting. This amendment is effective for annual periods beginning on or after 1st January 2021.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to LKAS 16).

This amendment prohibits 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 recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The amendment applies to annual reporting periods beginning on or after 1st January 2022.

- Onerous contracts – Cost of Fulfilling a Contract (Amendments to LKAS 37)

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. The amendments apply for annual reporting periods beginning on or after 1st January 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other components of equity, as appropriate. The Company does not anticipate this amended to have a significant impact.

- Annual Improvements to SLFRS Standards 2018–2020.

As part of its process to make non-urgent but necessary amendments to accounting Standards, the IASB International Accounting Standards Board (the Board) has issued the Annual Improvements to IFRS Standards 2018–2020. The amendments are effective for annual reporting periods beginning on or after 1 January 2022. Key Aspects covered is as follow:

I. SLFRS 1 First-time Adoption of International Financial Reporting Standards

This amendment simplifies the application of SLFRS 1 for a subsidiary that becomes a first-time adopter of SLFRS Standards later than its parent

II. SLFRS 9 Financial Instruments

This amendment clarifies that – for the purpose of performing the "10 per cent test' for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

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

The amendments in Classification of Liabilities as Current or Noncurrent (Amendments to LKAS 1) affect only the presentation of liabilities in the statement of financial position not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those item

The Key amendments are as follows:

- the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. The classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. The standard also clarifies that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

For the year ended 31 March,	Company and Investee / Company 2021 Rs.	Company and Investee / Company 2020 Rs.
5. REVENUE		
Local sales		
Manufacturing and fabrication	6,683,973,306	5,976,438,893
Trading	1,786,336,681	1,436,039,556
Export sales	1,180,127,544	1,347,439,892
	9,650,437,531	8,759,918,341
5.1 Revenue based on timing		
Revenue recognized in pointing time	9,650,437,531	8,759,918,341
	9,650,437,531	8,759,918,341
6. OTHER INCOME		
Gain on disposal of property, plant and equipment	-	52,174
Sundry sales and sundry income [Note 6.1]	25,313,720	13,238,988
	25,313,720	13,291,162

6.1 Sundry sales includes sale of scraps and raw materials. Sundry income also includes write back of unclaimed credit balances of trade receivables.

For the year ended 31 March,	Company and Investee / Company 2021 Rs.	Company and Investee / Company 2020 Rs.
7. PROFIT FROM OPERATIONS		
Profit from operation is stated after charging all expenses including the following.		
Directors emoluments/ fee	19,510,000	18,225,000
Auditors remuneration		
Statutory audit	698,750	650,000
Audit related services	115,000	95,000
Depreciation on property, plant and equipment	84,746,037	77,488,014
Amortization of intangible assets	103,086	-
Provision for obsolete and slow moving inventories	15,747,367	17,140,171
Inventory write off	27,404,844	9,189,690
Charge of provision for impairment of trade and other receivables	27,362,076	28,924,644
Debtors write off	53,261	9,766
Donations	40,000	81,900
Staff Costs - [Note 7.1]	667,233,073	638,777,428
7.1 Staff cost		
Defined contribution plan cost-EPF,ETF	45,779,695	42,266,474
Defined benefit plan cost-retiring gratuity	24,901,452	22,375,540
Salaries, wages and related cost	480,036,952	453,097,389
Staff cost other than above	116,514,974	121,038,025
	667,233,073	638,777,428

For the year ended 31 March,	Company and Investee / Company 2021 Rs.	2020 Rs.

8. NET FINANCE EXPENSES

	2021 Rs.	2020 Rs.
Finance income		
Interest from foreign currency deposits	33,750,950	40,295,194
Interest from local currency deposits	1,114,872	479,993
Net foreign exchange gain	-	54,192,981
	34,865,822	94,968,168
Finance expenses		
Net foreign exchange loss	(12,108,964)	-
Bank overdraft interest	(3,219,684)	(18,520,388)
Interest on bank loans	(75,261,379)	(102,765,916)
Interest on trade bills	(12,289,352)	(20,991,573)
Interest on leases	(641,928)	-
Interest on distributor deposits and staff money retained	(6,780,149)	(7,643,645)
	(110,301,456)	(149,921,522)
Net finance expenses	(75,435,634)	(54,953,354)

For the year ended 31 March,	Company and Investee / Company 2021 Rs.	2020 Rs.

9. INCOME TAX EXPENSE

	2021 Rs.	2020 Rs.
Current taxation		
Current tax expense - (Note 9.1)	75,215,772	125,783,358
Over provision in respect of prior years	-	(7,571,771)
	75,215,772	118,211,587
Deferred taxation		
Deferred tax liability reversed / (originated) during the year	29,672,931	(12,195,234)
Deferred tax assets originated during the year	(21,983,319)	(32,921,561)
Effect of reduction in tax rates	40,359,006	-
	48,048,618	(45,116,795)
	123,264,390	73,094,792

9.1 Reconciliation between the accounting profit and the profit for tax purposes

	2021 Rs.	2020 Rs.
Profit before tax	744,114,254	428,154,952
Aggregate disallowable expenses	155,599,598	146,010,270
Aggregate allowable expenses	(118,169,311)	(62,941,081)
Income not liable for tax	(378,250,950)	(21,125,973)
Total statutory income	403,293,591	490,098,168
Taxable Income	403,293,591	490,098,168
Income tax on current year profit	75,215,772	125,783,358
Income tax charged at		
Concessionary rate of 14%	6,867,384	2,561,683
Standard rate of 18%	50,008,244	14,140,122
Standard rate of 24%	18,340,144	6,160,938
Standard rate of 28% (01/04/19 to 31/12/19)	-	102,920,615
Income tax on current year profits	75,215,772	125,783,358

The income tax provision for the Company is computed in accordance with the Bill to amend the Inland Revenue Act No. 24 of 2017, which was issued on 18 March 2021. The Bill has been passed in the Parliament and Certified by the Honourable Speaker on 13th May 2021 and it incorporates all the income tax proposals announced to date and implemented by way of guidelines issued by the Inland Revenue Department at the instruction of the Ministry of Finance. CA Sri Lanka through a guideline issued on "Application of Tax Rates in Measurement of Current Tax and Deferred Tax in LKAS 12" dated 23 April 2021 has acknowledged that an Inland Revenue (Amendment) Bill which is presented to the Parliament for the first reading is 'Substantively enacted' as per LKAS 12 – Income Tax and the proposed tax rules and rates given in the Inland Revenue (Amendment) Bill can be used to measure the current tax and deferred tax.

Accordingly, the Company is liable for taxation at the rate of 14%, on taxable income from exports, at the rate of 18%, on its profit from manufacturing and other income are taxable at 24%.

For the year ended 31 March,	Company and Investee / Company	
	2021	2020
	Rs.	Rs.
9.2 Recognition of deferred tax expenses/(reversal) in the Comprehensive Income		
Profit or loss - (Note 27.2)	48,048,618	(45,116,795)
Other comprehensive income - (Note 27.2)	(19,449,418)	175,792
	28,599,200	(44,941,003)

9.3 Reconciliation of effective tax rate

For the year ended 31 March,	Company and Investee / Company 2021			Company and Investee / Company 2020		
	Rs.	Rs. Tax	%	Rs.	Rs. Tax	%
Profit before tax from operations	744,114,254			428,154,952		
Tax using the Company's domestic tax rate	744,114,254	138,780,109	18.7	428,154,952	108,439,257	25.3
Non-deductible expenses	155,599,598	29,019,911	3.9	146,010,270	40,882,876	9.5
Tax-exempt income	(378,250,950)	(70,545,227)	(9.5)	(21,125,973)	(5,915,272)	(1.4)
Tax effect of allowable expenses	(118,169,311)	(22,039,021)	(3.0)	(62,941,081)	(17,623,503)	(4.1)
Changes in estimates related to prior years		-	-		(7,571,771)	(1.8)
Deferred tax charge/(reversal)		48,048,618	6.5		(45,116,795)	(10.5)
	403,293,591	123,264,390	16.6%	490,098,168	73,094,792	17.1

10. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary shareholders and the weighted average number of shares outstanding during the year.

	Company and Investee		Company	
For the year ended 31 March,	2021	2020	2021	2020
Profit attributable to ordinary shareholders (Rs.)	621,365,476	353,051,035	620,849,864	355,060,160
Weighted average number of ordinary shares	21,800,000	21,800,000	21,800,000	21,800,000
Basic earnings per share (Rs.)	28.50	16.20	28.48	16.29

Diluted earnings per share

There were no potentially dilutive ordinary shares as at 31 March 2021 and there have been no transactions involving ordinary shares or potential ordinary shares as at the reporting date which would required restatement of earnings per share.

11. DIVIDEND PER SHARE

	Company	
For the year ended 31 March,	2021	2020
Interim dividend declared - 2018/19- (Rs.)	-	76,300,000
Interim dividend declared - 2019/20- (Rs.)	98,100,000	-
	98,100,000	76,300,000
Gross dividend -(Rs.)	98,100,000	76,300,000
Number of shares	21,800,000	21,800,000
Dividend per share (Rs.)	4.50	3.50

12. PROPERTY , PLANT AND EQUIPMENT

	Company and Investee / Company								
	Freehold land	Buildings	Furniture, fittings and office equipment	Business Machines	Motor Vehicles	Plant, machinery, and electrical fittings	Capital work-in -progress	Total 2021	Total 2020
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cost									
Balance as at 1 April	315,500,000	306,754,357	30,698,744	49,551,176	143,672,004	690,056,832	729,987	1,536,963,100	1,509,709,977
Additions during the year	-	-	2,908,073	334,700	51,933,950	3,583,344	57,318,722	116,078,789	27,419,623
Surplus on revaluation	74,000,000	81,426,146	-	-	-	-	-	155,426,146	-
Transfers during the year	-	457,960	-	-	-	-	(457,960)	-	-
Accumulated depreciation transferred	-	(54,138,463)	-	-	-	-	-	(54,138,463)	-
Disposals during the year	-	-	-	-	-	-	-	-	(166,500)
Balance as at 31 March	389,500,000	334,500,000	33,606,817	49,885,876	195,605,954	693,640,176	57,590,749	1,754,329,572	1,536,963,100
Accumulated Depreciation									
Balance as at 1 April	-	34,662,489	21,182,715	43,881,878	96,230,734	518,758,007	-	714,715,823	637,394,309
Charge for the year	-	19,475,974	1,840,866	2,017,943	24,825,325	36,585,929	-	84,746,037	77,488,014
Accumulated depreciation transferred	-	(54,138,463)	-	-	-	-	-	(54,138,463)	-
Disposals	-	-	-	-	-	-	-	-	(166,500)
Balance as at 31 March	-	-	23,023,581	45,899,821	121,056,059	555,343,936	-	745,323,397	714,715,823
Carrying value									
As at 31 March 2021	389,500,000	334,500,000	10,583,236	3,986,055	74,549,895	138,296,240	57,590,749	1,009,006,175	
As at 31 March 2020	315,500,000	272,091,868	9,516,029	5,669,298	47,441,270	171,298,825	729,987		822,247,277

12.1 Capital work in progress as at the reporting date included expenses incurred for building being constructed and installation of solar power system in Kelaniya which are to be completed in next financial year.

12.2 Land and building carried at revalued amount as at 31 March 2021

	Company and Investee / Company									
Property owned by the Company	Extent		No of buildings	Method of valuation	Date of Valuation	Valuer	Revalued Amount		Carrying value after revaluation	Carrying value if carried at cost
	land (Perches)	Buildings (Square feet)					land Rs.	Buildings Rs.	Rs.	Rs.
Land and building situated at Wewelduwa, Kelaniya	1,041.50	117,107	19	Market comparable method/ Replacement cost method	3/31/21	Mr. Senanayake Bandara, a fellow Member of Institute of Valuers of Sri Lanka	342,000,000	250,000,000	592,000,000	206,672,905
Land and building situated at Mahena Road, Siyamblape South, Siyamblape	172.75	35,583	5	Market comparable method/ Replacement cost method	3/31/21	Mr. Senanayake Bandara, a fellow Member of Institute of Valuers of Sri Lanka	47,500,000	84,500,000	132,000,000	11,664,889
			24				389,500,000	334,500,000	724,000,000	218,337,794

The Land and Buildings were revalued as at 31 March 2021, by external independent property vlaluer Mr. Senanayake Bandara ,a Fellow Member of Institute of Valuers of Sri Lanka. The surplus on revaluation of Rs. 155,426,146/- relating to land and buildings were incorporated in the financial statements on 31 March 2021. Such assets were valued in an open market value for existing use basis, the surplus arising from the revaluation was transferred to the revaluation reserve.

Number of buildings as at 31 March 2020- 24

12.3 Significant unobservable inputs used in measuring fair value

The table below sets out the significant unobservable inputs used in measuring land and building catergorised as Level 3 in the fair value hierarchy as at 31 March 2021.

Location and address of property	Method of valuation	Significant unobservable inputs	Range of estimates for unobservable inputs	Inter relationship between significant unobservable inputs and fair value measurement
				The estimated fair value would increase/ (decrease) if:
Wewelduwa, Kelaniya	Market comparable method	Land - Price per perch	Rs.80,000/- - Rs.450,000/-	Price per perch for land increases/(decreases)
	Replacement cost method	Building -Price per square feet	Rs.950/- - Rs.4,500/-	Price per square feet for building increases/ (decreases)
Mahena Road, Siyamblape South, Siyamblape	Market comparable method	Land - Price per perch	Rs. 275,000/-	Price per perch for land increases/(decreases)
	Replacement cost method	Building -Price per square feet	Rs.850/- - Rs.3,750/-	Price per square feet for building increases/ (decreases)

Market comparable method

Market comparable method considered the selling price of a similar property within a reasonable period of time in determining the fair value of the property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustment for differences in size, nature, location and condition of the specific property. In this process, outlier transaction, indicative of particularly motivated buyers or sellers are compensated for, since the price may not adequately reflect the fair market value.

For the year ended 31st March,	Company and Investee / Company	
	2021	2020
	Rs.	Rs.
12.4 Details of fully depreciated assets as at the reporting date is as follows.		
Furniture, fittings and office equipment	17,264,965	13,901,720
Business machines	41,118,325	38,354,943
Motor vehicles	79,428,979	57,686,979
Plant machinery, and electrical fittings	268,861,405	211,280,079
	406,673,674	321,223,721

12.5 Property, plant and equipment pledged as security

There are no property, plant and equipment pledged as security for liabilities as at the reporting date of the company.

12.6 Restriction on title to property, plant and equipment

There are no restrictions that existed on the title of the property , plant and equipment of the Company as at the reporting date.

12.7 Assessment of impairment

The Board of Directors has assessed the potential impairment loss of property , plant and equipment as at 31 March 2021. Based on the assessment, no impairment provision is required to be made in the financial statements as at the reporting date in respect to property, plant and equipment.

As a result of the COVID-19 outbreak in Sri Lanka during the year ending 31 March 2021, it has been identified that there is no permanent impairment of property, plant and equipment which requires provision in the financial statements.

The Company does not foresee any indications of Impairment as at the reporting date due to the COVID-19 pandemic, and business unit functions under the business continuity plans as per the risk management strategy, allowing operations to function through alternate working arrangements, whilst strictly adhering to and supporting government directives..

12.8 Temporarily idle property, plant and equipment

There are no idle property, plant and equipment as at the reporting date.

As at 31 March,	Company and Investee / Company 2021 Rs.	2020 Rs.
13. INTANGIBLE ASSETS		
Computer software		
Cost		
Balance as at 1 April	5,822,751	5,822,751
Additions during the year	6,928,174	-
Balance as at 31 March	12,750,925	5,822,751
Amortization		
Balance as at 1 April	5,822,751	5,822,751
Amortized during the year	103,086	-
Balance as at 31 March	5,925,837	5,822,751
Carrying value as at 31 March	6,825,088	-
14. INVESTMENT PROPERTY		
Balance as at 1 April	306,000,000	295,000,000
Change in fair value	344,500,000	11,000,000
Balance as at 31 March	650,500,000	306,000,000

Changes in the fair values are recognized as gain in profit or loss. All gains are unrealized.

14.1 Details of the land under investment property

Investment property represent the bare land owned by the Company.

Location	Extent	Carrying value Rs.
Situated at No.78, Raja Mawatha, Ekala, Ja-ela, Sri Lanka.	13A .00R .02P	650,500,000

14.2 Measurement of fair value

Investment properties of the Company are accounted for on the fair value model. The value has been determined on the fair value basis using market evidence. The last valuation was carried out by a independent professional Valuer Mr. Senanayake Bandara, a Fellow Member of Institute of Valuers of Sri Lanka, as at 31 March 2021.

The significant unobservable inputs used in measuring land is catergorised as Level 3 in the fair value hierarchy as at 31 March 2021.

Valuation Technique - Market comparable method

This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of the property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for differences in size, nature, location, condition of specific property. In this process, outlier transactions, indicative of particularly motivated buyers or sellers are too compensated for since the price may not adequately reflect the fair market value.

Valuation Technique	Range of estimates for unobservable inputs	Carrying value before revaluation of land	Revaluated amount of land	Revaluation gain recognized on land	Significant unobservable valuation inputs	Inter relationship between significant unobservable inputs and fair value measurement
		Rs.	Rs.	Rs.		
Market comparable method	Rs.50,000,000/- per acre	306,000,000	650,500,000	344,500,000	Price per perch for land	Estimated fair value would increase/(decrease) If; Price per perch of land increase/(decreases)

Investment property value as at 31 March 2021 is amounting to Rs. 650,500,000/- as per valuation carried out at the reporting date based on the latest available market evidence. The significant increase in the land value resulted by following considerations taken into account when determining fair value. Unavailability of bare lands in this industrial area as most of lands which are close to Ja- ela town were utilized, Rapid development of Infrastructure facilities including Express Way and demand for investment on lands due to prevailing low interest rates.

Further, The outbreak of the Novel Coronavirus (COVID 19), declared by the World Health Organisation as a 'global pandemic' on 11th March 2020, has impacted global financial markets. As at the last valuation date, real estate market activity was being impacted. Therefore, less weight was given to previous market evidence for comparison purpose in last year. Accordingly, there is less uncertainty and a high degree of caution was considered in valuation that would normally be the case as at the reporting date.

14.3 As per the Inland Revenue Act No 24 of 2017 which has been legislated and has become effective from 1 April 2018, Company will be liable for capital gain tax at rate of 10% on the revaluation surplus in excess of the deemed cost of investment assets as at 30 September 2017. Accordingly deferred tax liability has been recognized in the financial statements.

14.4 Direct operating expenses arising from investment property that did not generate rental income during the year was Rs. 412,000/- (2019/20 -Rs.162,000/-).

15. INVESTMENT IN SUBSIDIARY

As at 31 March,	Company and Investee / Company			
	Company Holding	No. of Shares	2021 Rs.	2020 Rs.
Kelani Electrical Accessories (Pvt) Limited				
Cost	100%	8	80	80
Provision for investment			(80)	(80)
			-	-

Kelani Electrical Accessories (Pvt) Limited has ceased operations since September 1995.Accordingly,the Directors had decided to provide in full, for the aforesaid investment. Further the Company has not re-registered under the new Companies Act No 7 of 2007.

The Company has opted not to present consolidation financial statements since the subsidiary does not have legal status and the financial position of the subsidiary as at the reporting date was not material.

16. RIGHT-OF-USE ASSETS

	Company and Investee / Company	
	2021 Rs.	2020 Rs.
Balance as at 1 April	-	-
Additions to right-of-use assets	4,911,092	-
Charge for the year	(892,926)	
Balance as at 31 March	4,018,166	-

The Company leases warehouse facilities. The leases typically run for a period of 2 years, with an option to renew the lease after that date. Lease payments are renegotiated every two years to reflect market rentals.

As at 31 March,	Company 2021 Rs.	Company 2020 Rs.
17. INVESTMENT IN EQUITY ACCOUNTED INVESTEE		
17.1 Investment in ACL-Kelani Magnet Wire (Private) Limited		
Investment in ACL-Kelani Magnet Wire (Private) Limited	51,200,000	51,200,000
Provision for impairment of the associate	-	-
	51,200,000	51,200,000

The Company has stake of 29.99% in ACL Kelani Magnet Wire (Pvt) Ltd whose principal business activities are manufacturing, exporting and selling all kinds and gauges of enamelled wire. The ultimate parent Company of both ACL Kelani Magnet Wire (Pvt) Ltd and Kelani Cables PLC is ACL Cables PLC.

As the directors of the associate company intend to liquidate the company, the financial statements have been prepared on a liquidation basis. In adopting the liquidation basis the following policies and procedures were implemented in current financial year.

- All assets are considered realizable and have been classified as current assets within on year.
- All liabilities reflect the full valued of payables, which need to be settled within one year and have been classified as current liabilities.

As at 31 March,	Company and Investee 2021 Rs.	Company and Investee 2020 Rs.
17.2 Value of the investment		
Balance as at 1 April	54,742,020	56,751,145
Current years share of comprehensive income		
Included in Profit or loss (Note 17.2.1)	515,612	(2,009,125)
Included in other comprehensive income (Note 17.2.2)	18,197,452	-
Included in comprehensive income (Note 17.4)	18,713,064	(2,009,125)
Investment in equity accounted investee	73,455,084	54,742,020
17.2.1 Included in profit or loss		
Share of profit/(loss) before tax	(452,242)	(2,662,562)
Share of income tax charge	967,854	653,437
Share of profit of equity accounted investee, net of tax	515,612	(2,009,125)
17.2.2 Included in Other Comprehensive Income		
Share of other comprehensive income before tax	23,944,016	-
Related share of deferred tax	(5,746,564)	-
Share of other comprehensive income of the equity accounted investee, net of tax	18,197,452	-

The following table illustrates summarized information of the Company's investment in ACL Kelani Magnet (Pvt) Ltd;

17.3 Carring amount of investment in associates

As at 31 March,	2021	2020
Percentage ownership interest	29.99%	29.99%

	2021 Rs.	2020 Rs.
Financial position of equity accounted investee		
Non current assets	-	-
Current assets	361,495,002	284,899,631
Non-current liabilities	-	-
Current liabilities	(110,760,894)	(96,563,201)
Net assets (100%)	250,734,108	188,336,430
Company's share of net assets (29.99%)	75,195,159	56,482,095
Carrying amount of interest in associate	75,195,159	56,482,095

17.4 Company's share of comprehensive income

	2021 Rs.	2020 Rs.
Financial performance of equity accounted investee		
Revenue (100%)	-	180,834
Profit/(loss) for the year, net of tax (100%)	1,719,279	(6,699,316)
Other comprehensive income (100%)	60,678,400	-
Total Comprehensive income (100%)	62,397,679	(6,699,316)
Company's share of total comprehensive income (29.99%)	18,713,064	(2,009,125)
Share of comprehensive income, net of tax	18,713,064	(2,009,125)

	Company and Investee / Company	
As at 31 March,	2021 Rs.	2020 Rs.

18. INVENTORIES

	2021 Rs.	2020 Rs.
Raw materials	475,609,017	266,188,324
Work-in-progress	327,727,002	256,881,117
Finished goods	1,229,211,311	1,026,556,375
Consumable stocks	70,857,873	64,493,794
	2,103,405,203	1,614,119,610
Impairment for obsolete Inventories (Note-18.1)	(127,409,818)	(127,595,716)
	1,975,995,385	1,486,523,894
Goods in transit	251,977,022	263,449,653
	2,227,972,407	1,749,973,547

18.1 Impairment for obsolete inventories

	2021 Rs.	2020 Rs.
Balance as at 1 April	127,595,716	117,951,148
Provision for the year	15,747,367	17,140,171
Write off of inventories	(15,933,265)	(7,495,603)
Balance as at 31 March	127,409,818	127,595,716

As at 31 March,	Company and Investee / Company 2021 Rs.	2020 Rs.
19. TRADE AND OTHER RECEIVABLES		
Trade receivables	2,914,929,592	2,833,439,686
Provision for impairment of trade receivables (Note -19.1)	(316,958,817)	(335,445,665)
	2,597,970,775	2,497,994,021
Advance paid to Blue Water Resort Hotel Project (Note 19.3)	360,540,000	360,540,000
Staff loans	7,184,648	5,441,634
Other receivables	15,611,326	60,702,354
Provision for impairment of other receivables (Note -19.2)	(111,600)	(111,600)
	383,224,374	426,572,388
	2,981,195,149	2,924,566,409
19.1 Provision for impairment of trade receivables		
Balance as at 1 April	335,445,665	306,550,755
Written-off during the year	(45,848,924)	-
Provision during the year	27,362,076	28,894,910
Balance as at 31 March	316,958,817	335,445,665

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables. As at 31 March 2021, the main components of this allowance are a specific loss component that relates to individually significant exposures amounting to Rs.57,047,206/-(2019/20- Rs.102,896,130/-), and a collective loss component established for groups of similar assets in respect of losses that are expected to be incurred in the future, amounting to Rs.259,911,611/-(2019/20- Rs.232,549,535/-). The collective loss allowance is determined based on historical data of payment statistics for similar financial assets adjusted for probable macro economic conditions.

As at 31 March,	Company and Investee / Company 2021 Rs.	2020 Rs.
19.2 Provision for impairment of other receivables		
Balance as at 1 April	111,600	587,192
Provision for impairment of other receivables	-	29,734
Write off during the year	-	(505,326)
Balance as at 31 March	111,600	111,600

19.3 Advance paid to Blue Water Resorts Hotel Project

Kelani Cables PLC made an advance payment to Blue Water Resorts Hotel project which intends to build a resort in Maldives. The company made this initial payment to purchase the land in return for shares from Blue Water Resorts (Private) Limited after the Company is incorporated.

	As at 31 March,	Company and Investee / Company 2021 Rs.	2020 Rs.
20.	**AMOUNT DUE FROM RELATED COMPANIES**		
	ACL Metals & Alloys (Pvt) Ltd	224,294	
	Cable Solutions (Private) Ltd	-	10,135,360
		224,294	10,135,360
21.	**CASH AND CASH EQUIVALENTS**		
	Cash in hand and at bank	318,669,700	187,539,171
	Fixed deposits	606,120,000	577,359,000
	Cash and cash equivalents	924,789,700	764,898,171
	Bank overdraft	(90,867,555)	(167,988,699)
	Cash and cash equivalents in the statement of cash flows	833,922,145	596,909,472

	As at 31 March,	Company and Investee / Company 2021 Rs.	2020 Rs.
22.	**STATED CAPITAL**		
	Issued and fully paid	218,000,000	218,000,000
	21,800,000 Ordinary shares (31 March 20 - 21,800,000)	218,000,000	218,000,000

22.1 Rights, preferences and restrictions of classes of capital

The holders of ordinary share are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

As at 31 March,	Company and Investee 2021 Rs.	Company and Investee 2020 Rs.	Company 2021 Rs.	Company 2020 Rs.
23. CAPITAL RESERVES				
Revaluation reserve (Note 23.1)	591,966,173	404,424,947	522,095,414	352,751,640
Capital redemption reserve fund (Note 23.2)	525,000	525,000	525,000	525,000
	592,491,173	404,949,947	522,620,414	353,276,640

23.1 Revaluation reserve

Revaluation reserve relates to the resultant surplus on revaluation of land and buildings of the Company net of related tax.

As at 31 March,	Company and Investee 2021 Rs.	Company and Investee 2020 Rs.	Company 2021 Rs.	Company 2020 Rs.
Balance as at 1 April	404,424,947	404,424,947	352,751,640	352,751,640
Surplus on revaluation of land	74,000,000	-	74,000,000	-
Surplus on revaluation of buildings	81,426,146	-	81,426,146	-
Deferred tax effect on revaluation	(29,686,394)	-	(29,686,394)	-
Effect of change in tax rates - reversal during the year recognised in other comprehensive income	43,604,022		43,604,022	
Share of OCI of equity accounted investee, net of tax	18,197,452	-	-	-
Balance as at 31 March	591,966,173	404,424,947	522,095,414	352,751,640

23.2 Capital redemption reserve fund

Capital redemption reserve fund was created consequent to redemption of preference shares.

As at 31 March,	Company and Investee / Company 2021 Rs.	Company and Investee / Company 2020 Rs.
24. GENERAL RESERVES		
Development reserve (Note 24.1)	7,143,905	7,143,905
Dividend equalization reserve (Note 24.2)	1,000,000	1,000,000
Revenue reserve (Note 24.3)	422,992,095	422,992,095
	431,136,000	431,136,000

24.1 Development reserve

The development reserve reflects the amount the Company has reserved for future development expenditure.

24.2 Dividend equalization reserve

Dividend equalization reserve amounting to Rs.1,000,000/- reflects the amount the Company had reserved for future dividend payments which was created in 1981/82.

24.3 Revenue reserve

The revenue reserve reflects the amount that the Company has reserved over the years from it's retained earnings.

25. RETAINED EARNINGS

As at 31 March,	Company and Investee 2021 Rs.	Company and Investee 2020 Rs.	Company 2021 Rs.	Company 2020 Rs.
Balance as at 1 April	2,908,360,870	2,631,157,800	2,956,492,157	2,677,279,962
Profit for the year	621,365,476	353,051,035	620,849,864	355,060,160
Actuarial gain/(loss)	(23,430,463)	452,035	(23,430,463)	452,035
Interim dividend declared during the year	(98,100,000)	(76,300,000)	(98,100,000)	(76,300,000)
Balance as at 31 March	3,408,195,883	2,908,360,870	3,455,811,558	2,956,492,157

26. EMPLOYEE BENEFITS

26.1 Defined contribution plans

Following contributions have been made to Employees' Provident Fund and Employees' Trust Fund during the year.

As at 31 March,	Company and Investee / Company 2021 Rs.	Company and Investee / Company 2020 Rs.
Employees' provident fund		
Employer's contribution	36,623,756	33,813,179
Employees' contribution	27,469,917	25,311,914
Employees' trust fund	9,155,939	8,453,295

26.2 Defined benefit plans - provision for employee benefits

The note indicates the assumptions used and the movement in the employee benefit plan. The plan is not externally funded. As at 31 March 2021 the gratuity liability was actuarially valued under the Projected Unit Credit (PUC) method by Mr. M. Poopalanathan AIA of Actuarial & Management Consultants (Pvt) Ltd a firm of professional actuaries. The valuation is performed on annually.

	Company and Investee / Company	
As at 31 March,	2021 Rs.	2020 Rs.
Present value of unfunded obligation (Note 26.2.1)	160,740,911	117,713,145
26.2.1 Movement of the liability recognised in statement of financial position		
Balance as at 1 April	117,713,145	113,793,053
Provision for the year (Note 26.2.1.a)	24,901,452	22,375,540
Actuarial (gain)/ loss during the year (Note 26.2.1.b)	28,962,253	(627,827)
	171,576,850	135,540,766
Payments during the year	(10,835,939)	(17,827,621)
Balance as at 31 March	160,740,911	117,713,145
26.2.1.a Amount recognized in the statement of comprehensive income		
Current service cost	13,130,137	9,289,339
Interest cost	11,771,315	13,086,201
	24,901,452	22,375,540
26.2.1.b Amount recognized in the statement of other comprehensive income		
Actuarial (gain)/loss during the year	28,962,253	(627,827)
	28,962,253	(627,827)
The expense is recognized in the following line items in the statement of comprehensive income		
Cost of sales	10,563,581	9,603,254
Distribution expenses	7,517,564	6,834,150
Administrative expenses	6,820,307	5,938,136
	24,901,452	22,375,540

26.3 Actuarial assumptions

Following were the principle actuarial assumptions at the reporting date.

	2021	2020
(a) Discount rate	7.0%	10.0%
(b) Future salary increase rate	9.0%	10.0%
(c) Retirement age	55 years	55 years
(d) Staff turnover	8.0%	12.0%

26.4 Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefits obligation by the amounts shown below,

As at 31 March 2021	Company and Investee / Company			
	Discount rate	Effect	Salary increment rate	Effect
		Rs.		Rs.
Effect on defined benefit obligation liability				
Increase by 1%	8.0%	(9,413,941)	10.0%	11,020,225
Decrease by 1%	6.0%	10,602,202	8.0%	(9,975,606)

As at 31 March 2020	Company and Investee / Company			
	Discount rate	Effect	Salary increment rate	Effect
		Rs.		Rs.
Effect on defined benefit obligation liability				
Increase by 1%	11.0%	(5,222,357)	11.0%	5,068,497
Decrease by 1%	9.0%	5,733,177	9.0%	(4,703,906)

	Company and Investee	
As at 31 March,	2021	2020
	Rs.	Rs.
26.5 Maturity profile of the defined benefit obligation		
Within the next 12 months	21,668,485	22,625,053
Between 1-2 years	37,368,728	23,587,630
Between 2-5 years	34,344,677	32,670,740
Between 5-10 years	33,703,024	26,229,142
Beyond 10 years	33,655,997	12,600,580
	160,740,911	117,713,145

As at 31 March,	Company and Investee / Company 2021 Rs.	2020 Rs.
27. DEFERRED TAXATION		
Deferred tax assets (Note 27.1)	116,542,550	130,511,432
Deferred tax liabilities (Note 27.2)	(157,950,790)	(143,320,472)
	(41,408,240)	(12,809,040)

	2021 Rs.	2020 Rs.
27.1 Deferred tax assets		
Balance as at 1 April	130,511,432	97,765,663
Originated during the year - recognized in profit or loss	21,983,319	32,921,561
Originated/(reversal) during the year recognized in other comprehensive income	5,531,790	(175,792)
Effect of change in tax rates -reversal recognized in the profit or loss	(41,483,991)	-
Balance as at 31 March	116,542,550	130,511,432

	2021 Rs.	2020 Rs.
27.2 Deferred tax liabilities		
Balance as at 1 April	143,320,472	155,515,706
Originated/(reversal) during the year recognized in profit or loss	29,672,931	(12,195,234)
Originated during the year recognized in other comprehensive income	29,686,394	-
Effect of change in tax rates - reversal during the year recognised in profit/ (loss)	(1,124,985)	-
Effect of change in tax rates - reversal during the year recognised in other comprehensive income	(43,604,022)	-
Balance as at 31 March	157,950,790	143,320,472
	(41,408,240)	(12,809,040)

	2021 Rs.	2020 Rs.
27.3 Provision for the year		
Provision/ (reversal) during the year recognised in profit/(loss)	7,689,612	(45,116,795)
Provision during the year recognized in other comprehensive income	24,154,604	175,792
Effect of change in tax rates - provision during the year recognized in profit/ (loss)	40,359,006	-
Effect of change in tax rates - reversal during the year recognised in other comprehensive income	(43,604,022)	-
Provision/(reversal) during the year recognised in comprehensive income	28,599,200	(44,941,003)

27.4 Movement in deferred tax assets and liabilities

As at 31 March,	Statement of Financial Position				Profit or loss			Other Comprehensive Income		
	2021		2020		2021		2020	2021		2020
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect	Timing Difference	Effect on change in tax rate		Timing Difference	Effect on change in tax rate	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.
Deferred Tax Liability										
Property, plant and equipment	628,970,263	120,133,320	502,573,113	140,720,472	(5,544,539)	(1,124,985)	(13,295,234)	29,686,394	(43,604,022)	-
Investment property	370,500,000	37,050,000	26,000,000	2,600,000	34,450,000	-	1,100,000	-		-
Right-of-use assets	4,018,166	767,470	-	-	767,470	-	-	-		
		157,950,790		143,320,472	29,672,931	(1,124,985)	(12,195,234)	29,686,394	(43,604,022)	-
Deferred Tax Assets										
Employee benefits	160,740,911	30,701,514	117,713,145	32,959,681	2,686,513	(10,476,470)	1,273,418	5,531,790		(175,792)
Provision for PILESIS	669,454	127,866	812,302	227,445	(27,284)	(72,295)	(70,121)	-		-
Expected credit loss provision for debtors	316,958,817	60,539,134	263,202,204	73,696,617	10,267,513	(23,424,996)	8,090,575	-		-
Inventories	127,409,818	24,335,275	84,384,602	23,627,689	8,217,816	(7,510,230)	23,627,689	-		-
Lease liability	4,391,420	838,761	-	-	838,761	-	-	-		-
		116,542,550		130,511,432	21,983,319	(41,483,991)	32,921,561	5,531,790	-	(175,792)
		(41,408,240)		(12,809,040)	(7,689,613)	(40,359,005)	45,116,795	(24,154,604)	43,604,022	(175,792)

27.5 Tax on land and building valuation

As per the Inland Revenue Act No 24 of 2017, applicable from 1st April 2018, any gains on realization from disposal of lands used in the business are liable for taxation under the business income of the entity. Accordingly, the realization gains shall be the amount by which the sum of the consideration received on the asset that exceeds the acquiring cost and any accumulated allowable costs incurred on improvement thereon at the time of the realization.

The Company has recognized a revaluation reserve on freehold land and building amounting to Rs. 155,426,146/- as at 31 March 2021, which is considered as the potential gain liable for taxation as at the Balance Sheet date on future realization. Accordingly, the Company has recognized a deferred tax liability reversal of Rs. 13,917,628/- due to change of tax rate pertaining to revaluation reserve on freehold land and building which is computed at the corporate tax rate of 19.1% (weighted averge effective tax rate).

27.6 Deferred Tax on Investment Property

The Inland Revenue Act No. 24 of 2017 and new tax rates including capital gains taxes were effective from 1 April 2018. Accordingly, the income tax charge for the year ended 31 March 2021 has been computed at rates applicable to the year of assessment 2020/21. The provision for deferred tax as at 31 March 2021 has been calculated at 10% on capital gains arising from Land classified as Investment Property applicable post 1 April 2018.

The uncertain tax treatment (IFRIC 23) relates to the interpretation of the new law relating to freehold land for tax purposes, where the Company had to exercise judgement to determine the provision required for deferred taxes on capital gains applicable to freehold land. The Company is of the view that the freehold land used as investment property falls under the category of "Investment Assets" and that it is likely that the taxation authorities would accept the Company's tax treatment and accordingly, deferred tax has been provided on the related gain on fairvaluation post 1 April 2018.

In the event it is deemed that freehold land be considered as "Capital Assets used in the business", the Company would have to make an additional deferred tax charge in the statement of profit or loss, with a consequential increase in the deferred tax liability on the statement of financial position for the year ended 31 March 2021, as shown below:

As at 31 March,	2021 Rs.	2020 Rs.
Freehold land classified as Investment Property which may have a P&L Impact	33,715,500	4,680,000

As at 31 March,	Company and Investee / Company	
	2021 Rs.	2020 Rs.
28. INTEREST BEARING BORROWINGS		
Borrowings from banks		
Balance as at 1 April	1,016,937,849	1,123,097,880
Loans obtained during the year	2,323,882,276	2,671,232,933
Loan repayments during the year	(2,536,230,049)	(2,777,392,964)
Balance as at 31 March	804,590,076	1,016,937,849
Lease Liabilities		
Balance as at 1 April	-	-
Additions during the year	4,911,092	-
Interest expense	641,928	
Payments made during the year	(1,161,600)	-
Balance as at 31 March	4,391,420	-
Amounts recognised in profit or loss		
Interest on lease liabilities	641,928	-
Amortization on right of use assets	892,296	-
Amounts recognised in statement of cashflows		
Total cash flow for leases	1,161,600	-
Amount payable within one year		
Borrowings from banks	802,432,730	1,011,920,690
Lease Liability	995,386	-
	803,428,116	1,011,920,690
Amount payable after one year		
Borrowings from banks	2,157,346	5,017,159
Lease Liability	3,396,034	-
	5,553,380	5,017,159

As at 31 March,				2021		2020	
Lender	Currency	Interest rate	Year of maturity	Face value	Carrying amount	Face value	Carrying amount
				Rs.	Rs.	Rs.	Rs.
National Development Bank PLC	LKR	9.2% p.a	2022	15,600,000	5,277,346	15,600,000	8,137,159
Hatton National Bank PLC	LKR	Linked to AWPLR	2021	702,000,000	702,000,000	750,000,000	750,000,000
Hongkong and Shanhai Banking Corporation	LKR	Linked to cost of funds	2021	97,312,730	97,312,730	202,698,845	202,698,845
Standard Chartered Bank	LKR	Linked to AWPLR	2021	-	-	56,101,845	56,101,845
				814,912,730	804,590,076	1,024,400,690	1,016,937,849

	Company and Investee / Company	
As at 31 March,	2021	2020
	Rs.	Rs.
29. TRADE AND OTHER PAYABLES		
Trade payables		
Trade payables	273,460,902	375,953,131
Bills payable	1,349,430,754	543,818,927
	1,622,891,656	919,772,058
Accrued charges	112,269,093	109,374,163
Nation building tax payable	17,827,208	17,827,208
Distributors' deposits	97,564,100	71,757,205
Advance from debtors	40,189,897	60,428,757
Other payables	69,985,580	88,988,795
	337,835,878	348,376,128
	1,960,727,534	1,268,148,186
30. AMOUNT DUE TO RELATED COMPANIES		
ACL Cables PLC	156,315,301	186,743,585
ACL Plastics PLC	250,272,414	178,290,058
ACL Metals & Alloys Pvt Ltd	-	4,027,081
Ceylon Copper (Pvt) Ltd.	112,681,356	15,976,018
ACL Electric (Pvt) Ltd	2,810,642	3,653,905
Cable Solutions (Private) Ltd	3,859,301	-
S M Lighting (Private) Ltd	74,697,810	55,026,393
	600,636,824	443,717,040
31. CURRENT TAXATION		
Balance as at 1 April	286,892,844	337,060,199
Provision for the year	75,215,772	125,783,358
Reversal of over provision of tax for last year	-	(7,571,771)
Payments made during the year	(55,488,563)	(168,378,942)
Balance as at 31 March	306,620,053	286,892,844

As at 31 March,	Company and Investee / Company 2021 Rs.	2020 Rs.

32. UNCLAIMED DIVIDENDS

	2021 Rs.	2020 Rs.
Balance as at 1 April	14,957,690	13,394,318
Dividend declared	98,100,000	76,300,000
Payments during the year	(95,845,261)	(74,736,628)
Balance as at 31 March	17,212,429	14,957,690

33. RELATED PARTY TRANSACTIONS

The Company carries out transactions in the ordinary course of its business on an arm's length basis with parties who are defined as related parties in Sri Lanka Accounting Standard (LKAS 24) - "Related party disclosures ", the details of which are reported below.

33.1 Key management personnel information

Key Management Personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities directly or indirectly. Accordingly the KMP include members of the Board of Directors of the Company.

ACL Cable PLC is the ultimate parent of the Company and the board of directors of ACL Cable PLC has the authority and responsibility of planning, directing and controlling the activities of the Company. The Directors of ACL Cable PLC have also been identified as KMP of the Company.

(i) Loans given to Directors

No loans have been given to directors of the Company.

Compensation paid to / on behalf of key management personnel of the company are as follows:

(ii) Key Management Personnel Compensation

For the year ended 31 March,	2021 Rs.	2020 Rs.
Short term employee benefits/fee	19,510,000	18,225,000

(iii) Guarantees given to/ received from related parties

There are no guarantees given to/received from related parties

33.2 Transactions with related companies

Company	Relationship	Name of Common Directors	Nature of transaction	Transaction amount 2021 Rs.	Transaction amount 2020 Rs.
ACL Cables PLC	Ultimate parent company	U.G. Madanayake	Purchase of goods (Gross)	(832,355,912)	(564,712,815)
		Suren Madanayake	Settlements during the year	902,490,739	387,878,067
		Mrs. N. C. Madanayake			
			Sale of goods, scraps / Charges(Gross)	28,740,282	82,001,092
			Settlements during the year	(68,446,826)	(119,413,384)
			Bills Charged by ACL Cables PLC	(20,086,809)	(14,940,991)
			Settlements during the year	20,086,809	15,033,437
ACL Plastics PLC	Fellow subsidiary of ACL Cables PLC	U.G. Madanayake	Purchase of Raw Materials (Gross)	(865,590,062)	(732,621,770)
		Suren Madanayake	Settlements during the year	792,400,280	717,581,446
		Mrs. N. C. Madanayake			
			Sale of goods (Gross)	1,261,784	264,136
			Settlements during the year	(54,358)	(236,978)
ACL-Kelani Magnet Wire (Private) Ltd	Equity accounted investee	U.G. Madanayake	Settlements during the year	-	7,226,525
		Suren Madanayake			
ACL Metals & Alloys (Pvt) Ltd	Fellow subsidiary of ACL Cables PLC	U.G. Madanayake	Purchase of Raw Materials (Gross)	(117,058,023)	(269,377,671)
		Suren Madanayake	Settlements during the year	121,288,672	274,027,207
			Sale of goods	401,846	712,375
			Settlements during the year	(381,110)	(650,196)
Ceylon Copper (Pvt) Ltd.	Fellow subsidiary of ACL Cables PLC	U.G. Madanayake	Purchase of raw materials (Gross)	(968,247,106)	(1,210,137,570)
		Suren Madanayake	Settlements during the year	871,541,767	1,443,905,830
ACL Electric (Pvt) Ltd.	Fellow subsidiary of ACL Cables PLC	U.G. Madanayake	Purchase of goods (Gross)	(15,064,111)	(14,373,874)
		Suren Madanayake	Settlements during the year	15,838,718	18,006,984
			Sale of goods (gross)	113,754	-
			Settlements during the year	(45,098)	(30,960)
Lanka Olex Cables (Private) Ltd	Immediate parent company	U.G. Madanayake	Interim dividend payment 2019/20-Rs.4/50 per share	73,572,066	
		Suren Madanayake			
		Mrs. N. C. Madanayake	Interim dividend payment 2018/19-Rs.3/50 per share		57,222,718
S. M. Lighting (Private) Ltd.	Related through KMP	Suren Madanayake	Purchase of finished goods (Gross)	(314,014,006)	(204,182,660)
			Settlements during the year	294,314,674	198,514,331
			Sale of goods (gross)	27,916	70,300
			Settlements during the year	-	(4,130)
Cable Solutions (Private) Limited	Fellow subsidiary of ACL Cables PLC	U.G. Madanayake	Sale of goods/ Raw Materials(gross)	12,762,657	31,934,972
		Suren Madanayake	Settlements during the year	(23,185,632)	(25,801,065)
			Purchase of finished goods (Gross)	(13,427,404)	(3,024,472)
			Settlements during the year	9,857,969	1,692,412

33.3 Recurrent related party transactions

Recurrent related party transactions, the aggregate value of which exceeds 10% of consolidated revenue for the year ended 31 March 2021 as follows

Company	Relationship	Nature of the Transactions	Aggregate value of Related Party Transactions entered into during the financial year Rs.	Aggregate value of Related Party Transactions as % of Net Revenue/Income	Terms and Conditions of the Related Party Transactions
Ceylon Copper (Pvt) Ltd.	Fellow subsidiary of ACL Cables PLC	Purchase of raw materials	968,247,106	10.0%	Ordinary course of business

Recurrent related party transactions, the aggregate value of which exceeds 10% of consolidated revenue for the year ended 31 March 2020 as follows

Company	Relationship	Nature of the Transactions	Aggregate value of Related Party Transactions entered into during the financial year Rs.	Aggregate value of Related Party Transactions as % of Net Revenue/Income	Terms and Conditions of the Related Party Transactions
Ceylon Copper (Pvt) Ltd.	Fellow subsidiary of ACL Cables PLC	Purchase of raw materials	1,210,137,570	13.8%	Ordinary course of business

33.4 Non-recurrent related party transactions

There were no non-recurrent related party transactions which were exceed 10% of the equity or 5% of the total assets as per section 9 of the rules for the year ended 31 March 2021 and for the year ended 31 March 2020.

34. FINANCIAL RISK MANAGEMENT

Overview

The Company has exposure to the following risks from its use of financial instruments:

34.1 Credit risk

34.2 Liquidity risk

34.3 Market risk

34.4 Operational risk

Introduction and overview

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout this financial statement.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee of Kelani Cables PLC, oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company and Investee. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

34.1 Credit risk

Credit risk is the risk of financial loss to the Company, if a customer or counter-party to a financial instrument fails to meet contractual obligations. Credit risk arises principally from the Company's receivables from customers and placement of deposits with banking institutions.

The Company extends credit facilities to customers during the course of business. Therefore, non-payment of trade debts is a key risk associated with trade receivables.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting period was as follows,

As at 31 March,	2021 Rs.	2020 Rs.
Financial assets at amortised cost		
Trade and other receivables (Note 19)	2,981,195,149	2,924,566,409
Amount due from related companies (Note 20)	224,294	10,135,360
Deposits	6,195,919	5,892,550
Cash and cash equivalents (Note 21)	924,789,700	764,898,171
	3,912,405,062	3,705,492,490

Impairment of Trade Receivables

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for Company's 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 aging of trade receivables at the end of the reporting date was as follows:

As at 31 March 2021	Gross balance Rs.	Impairment on Trade receivables Rs.	Net balance Rs.
Less than 30 days	991,689,944	14,420,038	977,269,906
Between 31 days - 60 days	810,894,186	13,149,215	797,744,971
Between 61 days - 90 days	481,849,587	9,449,350	472,400,237
Between 91 days - 180 days	258,320,687	10,989,301	247,331,386
Between 181 days - 365 days	95,631,375	13,545,786	82,085,589
More than 365 days	276,543,813	255,405,127	21,138,686
	2,914,929,592	316,958,817	2,597,970,775

As at 31 March 2020	Gross balance Rs.	Impairment on Trade receivables Rs.	Net balance Rs.
Less than 30 days	374,417,915	15,071,446	359,346,469
Between 31 days - 60 days	769,981,763	32,864,634	737,117,129
Between 61 days - 90 days	604,669,476	24,104,646	580,564,830
Between 91 days - 180 days	722,995,808	55,403,582	667,592,226
Between 181 days - 365 days	167,754,007	31,323,946	136,430,061
More than 365 days	193,620,717	176,677,410	16,943,307
	2,833,439,686	335,445,665	2,497,994,021

Management of credit risk

a Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Company's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk, particularly in the currently deteriorating economic circumstances. However, geographically there is no concentration of credit risk.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for Company's 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.

Control measures and action plans to mitigate risk

(a) Constant monitoring of trends in payment patterns.

(b) Being alert to indicators of insolvency by keeping abreast of economic reviews, news and analysis of published financial and other reports of key trade partners.

(c) Robust credit policy in place to review credit worthiness on a periodic basis.

(d) Every endeavor is made to secure revolving advances.

(e) Actively measuring trade debtor balances with collection targets and regular meetings to monitor and review efficacy of collection activities.

(f) Instituting legal action as a last resort.

b Cash and Cash equivalents

The Company held cash and cash equivalents at banks of Rs, 920Mn as at 31 March 2021 (2020- Rs. 759Mn), which represents it's maximum credit exposure on these asset. Cash and cash equivalents are held by banks which are rated as follows.

As at 31 March,	2021 Rs.	2020 Rs.
Credit rating		
AAA	944	382,306
AA+	853,302,666	647,224,987
AA-	12,488,056	61,578,591
A+	53,396,166	48,861,389
A	531,525	724,822
	919,719,357	758,772,095

34.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

34.2.1 Exposure to liquidity risk

Details below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments as at 31 March 2021

			Contractual cash flows (Rs.)			
As at 31 March 2021	Carrying amount	Total	up to 3 months	Less than 1 year	1 - 2 years	2 - 5 years
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Non- derivative financial liabilities						
Interest bearing borrowings	808,981,496	820,495,932	810,001,925	3,518,266	3,515,141	3,460,600
Bank overdraft	90,867,555	90,867,555	90,867,555	-	-	-
Trade and other payables	1,790,441,336	1,790,441,336	1,704,836,562	85,604,773	-	-
Unclaimed dividend	17,212,429	17,212,429	17,212,429	-	-	
Amount due to related parties	600,636,824	600,636,824	600,636,824	-	-	-
	3,308,139,640	3,319,654,076	3,223,555,295	89,123,039	3,515,141	3,460,600

			Contractual cash flows (Rs.)			
As at 31 March 2020	Carrying amount	Total	up to 3 months	Less than 1 year	1 - 2 years	2 - 5 years
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Non- derivative financial liabilities						
Interest bearing borrowings	1,016,937,849	1,039,768,462	1,031,465,117	2,851,683	3,474,468	1,977,194
Bank overdraft	167,988,699	167,988,699	167,988,699	-	-	-
Trade and other payables	1,080,518,058	1,080,518,058	1,019,005,692	61,512,366	-	-
Unclaimed dividend	14,957,690	14,957,690	14,957,690	-	-	-
Amount due to related parties	443,717,040	443,717,040	443,717,040	-	-	-
	2,724,119,336	2,746,949,949	2,677,134,238	64,364,049	3,474,468	1,977,194

34.2.2 Management of liquidity risk

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company's policy is to hold cash and undrawn overdraft facilities at a level sufficient to ensure that the Company has available funds to meet its liabilities.

34.3 Market risk

The market risk is exposure to adverse movements in the security markets for both equity and fixed income investments, which can result variations in the anticipated returns from those securities. All financial institutions face market risks, created by changes in the macro environment related to political factors, national security, economic management and globalization influences which have an impact on systematic risk factors such as interest rates, currency parity, inflation, and availability of credit.

Control measures and action plans to mitigate risk

(a) Expansion of its portfolio through strategic investment.

(b) Innovating and trend setting while benchmarking with global competition.

(c) Introduction of unique and innovative services to create demand for the destination.

(d) Obtaining Quality and safety standard certification for assurance of health and safety.

34.3.1 Currency risk

The Company is sensitive to the fluctuations in exchange rates and is principally exposed to fluctuations in the value of Sri Lankan Rupee (LKR) against the US Dollar (USD). Company's functional currency is the Sri Lankan Rupee (LKR) in which most of the transactions are denominated and all other currencies are considered foreign currencies for reporting purposes. The Company had taken measures to manage risk by having foreign currency trade receivables and foreign currency bank accounts balances to cover the exposure on foreign currency payables. Hence the overall objective of currency risk management is to reduce the short term negative impact of exchange rate fluctuations on earnings and cash flow, thereby increasing the predictability of the financial results.

As at 31 March,	Average rate		Reporting date conversion rate	
	2021	2020	31 March 2021	31 March 2020
	Rs.	Rs.	Rs.	Rs.
USD 1	191.08	180.96	202.04	192.45

The summary quantitative data about the Company's exposure to currency risk reported to the management of the Company is as follows

	31-Mar-21	31-Mar-20
	USD	USD
Trade and other receivables	1,870,545	1,931,212
Cash and cash equivalents	3,907,849	3,938,754
Trade and other payables	(6,089,733)	(2,488,539)

Sensitivity analysis - based on exchange rate fluctuation against Sri Lankan rupees

An estimation of the impact of the currency risk with respect of financial instruments with a 5% change in exchange rate is given below. In calculation of risk it is assumed that all other variable factors are held constant. The calculation of sensitivity has been performed only on the assets and liabilities denominated in foreign currency of the Company as at 31 March 2021.

Sensitivity analysis - based on exchange rate fluctuation against Sri Lankan rupees

An estimation of the impact of the currency risk with respect of financial instruments with a 5% change in exchange rate is given below. In calculation of risk it is assumed that all other variable factors are held constant. The calculation of sensitivity has been performed only on the assets and liabilities denominated in foreign currency of the Company as at 31 March 2021.

	Effect on profit or loss	
	As at 31 March 2021 Rs.	As at 31 March 2020 Rs.
LKR depreciated against USD by 5%	(3,145,146)	32,538,281
LKR appreciated against USD by 5%	3,145,146	(32,538,281)

34.3.2 Interest rate risk

Interest rate risk is the risk that the fair value of the cash flows of financial instruments will fluctuate because of changes in market interest rates; interest rate risk arises on interest bearing financial instruments recognized in the statement of financial position.

The interest rate risk of the Company arises from financial instruments which are exposed to variable or fixed interest rates. Variable interest rates expose the Company to cash flow due to the impact on the quantum of interest payable. Financial instruments with fixed interest rates are subject to variations in fair values due to market interest movements.

The Company monitors market interest rate movements and takes steps to minimize the interest rate risk associated with financial instruments with rates.

Profile

At the end of the reporting period the interest rate profile of the Company's interest bearing financial instruments were as follows,

	2021 Rs.	2020 Rs.
Fixed rate instruments		
Financial assets		
- Fixed Deposits	606,120,000	577,359,000
- Savings Accounts	309,486,657	176,216,299
Financial liabilities		
- Interest bearing borrowings	(5,277,346)	(8,137,159)
Variable rate instruments		
Financial liabilities		
- Bank overdraft	(90,867,555)	(167,988,699)
- Interest bearing borrowings	(799,312,730)	(1,008,800,690)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rate at the end of the reporting period would have increased/ (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

As at 31 March,	2021 Rs.	2020 Rs.
Variable Rate instruments		
1% Increase in interest rate - interest cost will increase by	8,901,803	11,767,894
1% Decrease in interest rate - interest cost will decrease by	8,901,803	11,767,894

34.4 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 primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorization of transactions
- Requirements for the reconciliation and monitoring of transactions
- Compliance with regulatory and other legal requirements.
- Documentation of controls and procedures
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified requirements for the reporting of operational losses and proposed remedial action.
- Development of contingency plans
- Training and professional development
- Ethical and business standards
- Risk mitigation, including insurance when this is effective.

Compliance with Company standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Board of Directors and senior management of the Company.

35. FAIR VALUES OF FINANCIAL INSTRUMENTS

35.1 Valuation of financial instruments measured at fair value

The Company does not have any financial instruments which are measured at fair value. Therefore, disclosure in relation to the fair value hierarchy (Level 1,2 and 3) have not been presented.

35.2 Valuation of financial assets and liabilities not carries at fair value

Set out below is a comparison of the carrying amounts and fair values of the financial instruments of the Company which are not measured at fair value in the financial statements. These tables do not include non-financial assets and liabilities.

As at 31 March,	2021 Carrying Amount Rs.	2021 Fair Value Rs.	2020 Carrying Amount Rs.	2020 Fair Value Rs.
Financial assets at amortised cost				
Trade and other receivables	2,981,195,149	2,981,195,149	2,924,566,409	2,924,566,409
Amount due from related parties	224,294	224,294	10,135,360	10,135,360
Cash in hand cash at bank	924,789,700	924,789,700	764,898,171	764,898,171
	3,906,209,143	3,906,209,143	3,699,599,940	3,699,599,940
Other financial liabilities				
Trade and other payable	1,790,441,336	1,790,441,336	1,080,518,058	1,080,518,058
Amount due to related parties	600,636,824	600,636,824	443,717,040	443,717,040
Interest bearing borrowings	808,981,496	808,981,496	1,016,937,849	1,016,937,849
Bank overdrafts	90,867,555	90,867,555	167,988,699	167,988,699
	3,290,927,211	3,290,927,211	2,709,161,646	2,709,161,646

35.2.1 Short term deposits

The fair values of fixed term deposits with remaining maturity of less than one year are estimated to approximate their carrying amounts.

35.2.2 Other financial assets

The carrying amount of cash and bank balances approximate to the fair value due to the relatively short maturity of the financial instruments.

Other receivables items the carrying value has been considered as the fair value due to the timing of the cash flows.

35.2.3 Financial liabilities

The carrying amount of financial liabilities approximate to the fair value due to the timing of cash dues.

36. CAPITAL COMMITMENTS

The following commitments for the capital expenditure was approved by the Board of Directors as at reporting date was not provided in the financial statements.

As at 31 March,	2021 Rs.	2020 Rs.
Approximate amount approved but not contracted for	95,054,596	3,720,000

Except for disclosed above, there were no other capital commitments as at the reporting date.

37. CONTINGENT LIABILITY

Guarantees

The contingent liability as at 31 March, 2021 on guarantees given to third parties amounted to Rs.133,131,696/-(2020 - Rs. 104,741,960/-)

The Company did not have any material litigations and claims which required adjustment or disclosures in the Financial Statements as at the reporting date.

There were no other contingent liabilities as at the reporting date.

38. COMPARATIVE INFORMATION

Comparative information is reclassified wherever necessary to confirm with the current year's classification in order to provide better presentation.

39. EVENTS AFTER REPORTING DATE

Except for the below mentioned event, there have been no material events occurring after the reporting date that require adjustments to or disclosure in the Financial Statements.

The Board of Directors has recommended the payment of an interim dividend of Rs. 4.50 per share for the year ended 31 March 2021 which was approved on 26 July 2021 by the Board of Directors.

As required by Section 56 of the Companies Act No.07 of 2007, the Board of Directors of the Company satisfied the solvency test in accordance with Section 57, prior to declaring dividend. A statement of Solvency duly completed and signed by the Directors on 26 July 2021 has been audited by Messers KPMG.

40. EMPLOYEE AND INDUSTRY RELATIONS

There were no material issues pertaining to employees and industrial relations that required to disclose in the financial statements

41. DIRECTORS RESPONSIBILITY FOR FINANCIAL REPORTING

The Board of Directors is responsible for preparing and presenting these Financial Statements in accordance with the Sri Lanka Accounting Standards laid down by the Institute of Chartered Accountants of Sri Lanka and the requirement of the companies Act No 07 of 2007.

42. IMPACT OF COVID-19 TO THE COMPANY

On 11 March 2020 the World Health Organization declared the coronavirus outbreak a pandemic, and the Sri Lankan government declared a state of emergency on 18th March 2020. Responding to the potentially serious threat the COVID – 19 presents to public health, the Sri Lankan government authorities have taken measures to contain the outbreak, including introducing B34 and the 'lockdown' of certain industries, pending further developments. In particular, airlines and railways suspended international transport of people, schools, universities, restaurants, hotels, cinemas, theaters and museums and sport facilities, retailers excluding food retailers, grocery stores and pharmacies were closed time to time multiple lockdowns and travel restrictions imposed during the year. Even with recovery in export revenue to pre-pandemic levels in the latter part of the year, earnings from export fell when compared to 2020.

The impact of COVID – 19 pandemics on the business/ operations of the Company and Investee and responses to the impact on COVID-19

The adverse impact on the macro economy and restrictions being imposed on the business operations of many companies, especially on small and medium enterprises (SMEs) and the construction industry have caused a impact on our revenue generation and rescheduling on shipments has affected to the planned operations. Trade activity took a downward spiral during the period due to global and local lockdowns to combat the spread of the pandemic. Lockdown has affected industrial sites and hardware stores being closed for from time to time with travel restrictions. Hence the Company faced the challenge of collecting dues. However, as of to date the Company has been able to meet all statutory payments as well as financial obligations to employees.

The Company operated during the year, having obtained necessary approvals and necessary health and safety measures to protect our staff and customers. The Company facilitated office staff to work from home with secure access to operating systems when required. We have continued our sales operation ensuring that all staff follow the required health and safety guidelines announced by health authorities. In the meantime, Company replenished stock levels at distributors in different parts of the island in order to facilitate sales without having to face stock shortages in the dealer market.

The key priority of the Company has been ensuring that it maintains a strong liquidity position during these challenging times by way of confirmed bank lines and reviewed cost structures and plan to reduce / cut costs which are identified as no longer required under the prevailing situation.

The Company's expectation of the future impact of Covid-19 on the Company's future operation and the financial condition.

We expect a challenging period the near future mainly due to the delay in receiving amounts due from Corporate, Institutional, and Government Projects. Further management has assessed and ensured that the Company is adequately equipped with required resources to enable production as required by market conditions. The Company will have slight impact from prevailing import restrictions and shortage of USD reserves. However, Company has negotiated with financial institutions for required foreign currencies and has a portfolio of investments in USD assets.

The management closely monitoring the prevailing fluid conditions and will take appropriate actions as far as possible.

Use of estimates, assumptions and judgements due to COVID 19 pandemic

In preparing these Financial Statements, the Company has considered the "Guidance Notes on Accounting Considerations of the COVID 19 Outbreak (updated on 11th May 2020)" issued by The Institute of Chartered Accountants of Sri Lanka.

The preparation of the financial statements in conformity with LKAS/SLFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts.

Such estimates and underlying assumptions are reviewed on an ongoing basis.

A brief explanation of the key estimates, assumptions and judgements that have changed during year ended 31 March 2021 follows;

The ongoing COVID-19 pandemic has increased the estimation uncertainty in the preparation of these Financial Statements.

The estimation uncertainty is associated with:

- the extent and duration of the disruption to business arising from the actions by governments, businesses and consumers to contain the spread of the virus;
- the extent and duration of the expected economic downturn (and forecasts for key economic factors including GDP, employment and house prices). This includes the disruption to capital markets, deteriorating credit, liquidity concerns, increasing unemployment, declines in consumer discretionary spending, reductions in production because of decreased demand, and other restructuring activities; and
- the effectiveness of government and central bank measures that have and will be put in place to support businesses and consumers through this disruption and economic downturn.

The Company have developed various accounting estimates in these Financial Statements based on forecasts of economic conditions which reflect expectations and assumptions as at 31 March 2021 about future events that the Directors believe are reasonable in the circumstances. There is a considerable degree of judgement involved in preparing forecasts. The underlying assumptions are also subject to uncertainties which are often outside the control of the Company. Accordingly, actual economic conditions are likely to be different from those forecast since anticipated events frequently do not occur as expected, and the effect of those differences may significantly impact accounting estimates included in these financial statements.

The significant accounting estimates impacted by these forecasts and associated uncertainties are predominantly related to expected credit losses, fair value measurement, and recoverable amount assessments of non-financial assets.

INVESTORS' INFORMATION

DISTRIBUTION OF SHAREHOLDING - MARCH 31, 2021

Range			No of Holders	Total Holding	% Holding
		Up to 1000	1035	243,698	1.1%
1,001	-	10000	299	1,085,553	5.0%
10,001	-	100000	77	1,942,691	8.9%
100,001		1000000	6	2,178,710	10.0%
		Over 1,000,000	1	16,349,348	75.0%
			1418	21,800,000	

TWENTY LARGEST SHAREHOLDERS

	As at 31 March	2021		2020	
		No. of shares	% Holding	No. of shares	% Holding
1	Lanka Olex Cables (Private) Ltd	16,349,348	75.0%	16,349,348	75.0%
2	ACL Cables PLC	933,756	4.3%	933,756	4.3%
3	Almas Organization (Private) Limited	450,300	2.1%	-	0.0%
4	Bank of Ceylon-No 2 A/c (BOC PTF)	321,213	1.5%	323,800	1.5%
5	Seylan Bank PLC/W. D. N. H. Perera	215,407	1.0%		0.0%
6	People's Leasing & Finance PLC/ Hi Line Towers (Pvt) Ltd.	154,534	0.7%	34,129	0.2%
7	Thaha I. M.	103,500	0.5%	103,500	0.5%
8	Citizens Development Business Finance PLC	92,809	0.4%	-	0.0%
9	Waldock Mackenzie Ltd/Ceylinco Shriram Capital	76,600	0.4%	-	0.0%
10	Seylan Bank PLC/Senthilverl Holdings (Pvt) Ltd.	69,686	0.3%	-	0.0%
11	Saraswathi V. and Vasudevan S.	63,944	0.3%	60,977	0.3%
12	Goonesekera C. D. M. (Mrs)	62,500	0.3%	62,500	0.3%
13	Madanayake H. A. S.	61,000	0.3%	61,000	0.3%
14	Madanayake U. G.	56,200	0.3%	56,200	0.3%
15	Hatton National Bank PLC/Rizmy Ahamed Risha	53,984	0.2%	-	0.0%
16	People's Leasing & Finance PLC/ Dr. H.S.D. Soysa	50,154	0.2%	48,856	0.2%
17	Employees Trust Fund Board	45,946	0.2%	95,567	0.4%
18	Leonard D. S.	41,203	0.2%	41,203	0.2%
19	Hatton National Bank PLC-Arpico Ataraxia Equity	40,000	0.2%	-	0.0%
20	Kannangara N. L. & De Livera S. S.	40,000	0.2%	40,000	0.2%

INVESTORS' INFORMATION

SHARE HELD BY PUBLIC

	Number of Shares	% Holding	Number of Share holders
Share held by public as at 31 March 2021	4,399,696	20.2%	1414
Share held by public as at 31 March 2020	4,399,696	20.2%	1299

	As at 31 March	
	2021	2020
Float adjusted market capitalization (Rs.)	491,666,028	228,784,192

Company complies the requirement of Listing Rules of 7.13.1 -Minimum Public Holding as a Continuous Listing Requirement under the option No. 05 of 7.13.1 (a) as follows. .

OPTION	MINIMUM PUBLIC HOLDING REQUIREMENT		
	Float adjusted Market Capitalization	Public Holding Percentage	Number of Public Shareholders
Option -5	Less than Rs.2.5Bn	20%	500

	2021	2020
Market value per share		
At the year end -Rs.	111.75	52.00
Highest value during the year -Rs.	195.00	95.00
Lowest value during the year -Rs.	50.00	52.00
Earnings per share (EPS)- Rs.	28.50	16.20
Net asset per share - Rs.	213.29	181.76
Dividend per share (DPS) -Rs.	4.50	3.50
Dividend yield	4.0%	6.7%
Price earnings ratio	3.91	3.2%
No. of transactions	5181	2090
No. of share traded	4,818,446	930,394
Total turnover (Rs.)	665,067,948	77,088,059
Market capitalisation (Rs.)	2,436,150,000	1,133,600,000
Percentage of shares held by the public	20.2%	20.2%

DECADE AT A GLANCE (COMPANY AND INVESTEE)

TRADING RESULTS **Rs. '000**

Year ended 31 March	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenue	9,650,438	8,759,918	8,492,482	7,994,364	7,122,784	6,619,776	6,204,431	5,231,769	4,565,481	4,342,986
Gross profit	1,283,987	1,313,407	1,165,452	1,006,539	1,135,495	1,302,349	1,022,926	866,439	717,357	798,558
Earnings before interest and tax	854,931	576,067	451,428	325,934	535,022	720,210	500,627	351,904	317,254	423,030
Finance expense	(110,301)	(149,922)	(122,511)	(74,277)	(37,184)	(39,588)	(55,581)	(41,255)	(36,952)	(37,381)
Profit before tax	744,630	426,146	328,917	251,657	497,837	680,622	445,045	310,649	280,302	385,649
Income tax expense	(123,264)	(73,095)	(96,920)	(66,888)	(119,503)	(181,895)	(118,944)	(95,564)	(79,951)	(104,958)
Profit for the year	621,365	353,051	231,997	184,769	378,334	498,727	326,101	215,085	200,351	280,692

FINANCIAL POSITION

As at 31 March	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Stated capital	218,000	218,000	218,000	218,000	218,000	218,000	218,000	218,000	218,000	218,000
Capital reserves	592,491	404,950	404,950	404,950	300,458	300,458	300,458	177,009	177,009	177,009
General reserves	431,136	431,136	431,136	431,136	431,136	431,136	431,136	431,136	431,136	431,136
Retained earnings	3,408,196	2,908,361	2,631,158	2,632,862	2,524,965	2,243,356	1,809,488	1,515,234	1,336,785	1,158,234
	4,649,823	3,962,447	3,685,244	3,686,948	3,474,559	3,192,950	2,759,081	2,341,378	2,162,930	1,984,379
Property, plant and equipment	1,009,006	822,247	872,316	852,737	663,112	679,381	714,179	588,800	512,733	462,152
Intangible assets	6,825	-	-	-	-	-	1,123	-		
Investments	73,455	54,742	56,751	20,021	14,155	13,479	10,847	10,409	28,335	32,451
Investment property	650,500	306,000	295,000	280,000	253,750	231,000	208,000	130,000	130,000	130,000
Roght-of-use assets	4,019	-	-	-	-	-	-	-	-	-
Current assets	6,893,214	6,108,622	5,600,575	5,003,105	4,717,544	4,170,757	3,937,255	3,143,648	3,047,413	2,269,212
Current liabilities	(3,779,493)	(3,193,625)	(2,959,978)	(2,238,052)	(2,023,873)	(1,713,177)	(1,895,058)	(1,339,731)	(1,450,733)	(817,253)
Non current liabilities	(207,703)	(135,539)	(179,420)	(230,863)	(150,129)	(188,492)	(217,264)	(191,748)	(104,819)	(92,183)
	4,649,823	3,962,447	3,685,244	3,686,948	3,474,559	3,192,950	2,759,081	2,341,378	2,162,930	1,984,379

RATIOS

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Gross margin	13.3%	15.0%	13.7%	12.6%	15.9%	19.7%	16.5%	16.6%	15.7%	18.4%
Net margin	6.4%	4.0%	2.7%	2.3%	5.3%	7.5%	5.3%	4.1%	4.4%	6.5%
Return of investment (ROI)	18.4%	14.5%	12.2%	8.8%	15.4%	22.6%	18.1%	15.0%	14.7%	21.3%
Return of average equity	14.4%	9.2%	6.3%	5.2%	11.3%	16.8%	12.8%	9.6%	9.7%	15.2%
Assets turnover	2.1	2.2	2.3	2.2	2.0	2.1	2.2	2.2	2.1	2.2
Working capital turnover	3.1	3.0	3.2	2.9	2.6	2.7	3.0	2.9	2.9	3.0
Current ratio	1.8	1.9	1.9	2.2	2.3	2.4	2.1	2.3	2.1	2.8
Net asset per share - Rs.	213.29	181.76	169.05	169.13	159.38	146.47	126.56	107.40	99.22	91.03
Dividend per share (DPS) - Rs.	4.50	3.50	3.50	3.50	4.50	3.00	1.50	1.50	1.00	1.50
Earnings per share (EPS) - Rs.	28.50	16.20	10.64	9.03	17.27	22.79	14.78	10.46	9.19	12.88
Market price per share (end) - Rs.	111.75	52.0	67.40	93.00	117.50	112.50	80.00	80.00	64.10	67.00
Dividend yield (%)	4.0%	6.7%	5.2%	3.8%	3.8%	2.7%	1.9%	1.9%	1.6%	2.2%
Dividend payout ratio	16%	22%	33%	39%	26%	13%	10%	14%	11%	12%
Price earnings ratio	3.9	3.2	6.3	10.3	6.8	4.9	5.4	7.6	7.0	5.2

STATEMENT OF VALUE ADDITION

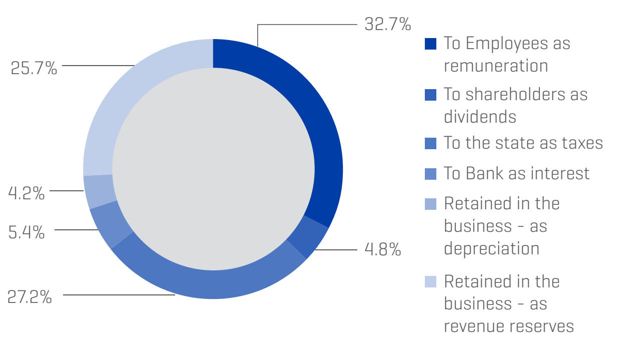
For the year ended 31 March	Company and Investee		Company	
	2021	2020	2021	2020
	Rs'000	Rs'000	Rs'000	Rs'000
Revenue	9,650,438	8,759,918	9,650,438	8,759,918
Other operating and interest income	404,680	119,259	404,680	119,259
Share of profit/(loss) of equity accounted investee net of tax	515	(2,009)	-	-
	10,055,633	8,877,168	10,055,118	8,879,177
Less:				
Cost of material & services purchased	8,016,195	7,339,458	8,016,195	7,339,458
Value added	2,039,438	1,537,710	2,038,923	1,539,719
Value addition as percentage on revenue	21.1%	17.6%	21.1%	17.6%

DISTRIBUTION AS FOLLOWS

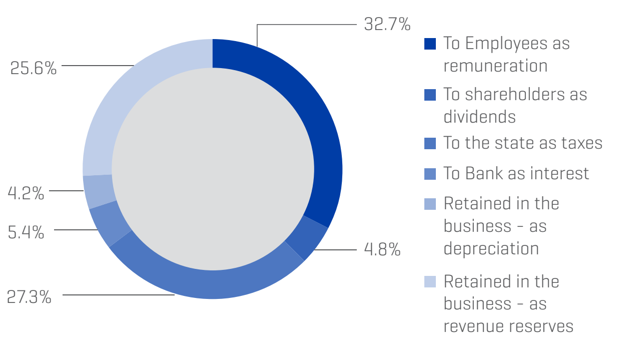
For the year ended 31 March	Company and Investee				Company			
	2021	As a %	2020	As a %	2021	As a %	2020	As a %
	Rs'000		Rs'000		Rs'000		Rs'000	
To Employees as remuneration	667,233	32.7%	638,777	41.54%	667,233	32.7%	638,777	41.5%
To shareholders as dividends	98,100	4.8%	76,300	4.96%	98,100	4.8%	76,300	5.0%
To the state as taxes	555,793	27.2%	318,472	20.71%	555,793	27.3%	318,472	20.7%
To Bank as interest	110,301	5.4%	149,922	9.75%	110,301	5.4%	149,922	9.7%
Retained in the business					-			
- As depreciation	84,746	4.2%	77,488	5.04%	84,746	4.2%	77,488	5.0%
- As revenue reserves	523,265	25.7%	276,751	18.00%	522,750	25.6%	278,760	18.1%
	2,039,438		1,537,710		2,038,923		1,539,719	

DISTRIBUTION OF VALUE ADDITION 2020/21

COMPANY AND INVESTEE



COMPANY



GLOSSARY OF FINANCIAL TERMS

CAPITAL EMPLOYED
Shareholders' funds plus minority interest and debt.

CASH EQUIVALENTS
Liquid investments with original maturity periods of three months or less

CURRENT RATIO
Current assets divided by current liabilities.

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 YIELD
Effective dividend per share as percentage of the share price at the end of the period.

DIVIDEND PER SHARE
Gross dividend divided by the number of ordinary shares in issue at the year end.

EARNINGS PER SHARE
Profit attribute to shareholders divided by the weighted average number of ordinary shares in issue during the period.

EBIT
Earnings before interest, tax (including operating income)

EQUITY ACCOUNTED INVESTEE
A company other than a subsidiary in which a holding company has a participating interest and exercises significant influence over its operating and financial policies.

MARKET CAPITALISATION
Number of shares in issue multiplied by the market value of a share at the reported date

NET ASSETS
Total assets minus current liabilities minus long term liabilities minus minority interests.

NET ASSETS PER SHARE
Net assets over number of ordinary shares in issue.

NET MARGIN
Profit after tax divided by turnover

PRICE EARNINGS RATIO
Market price of a share divided by earnings per share as reported at that date

QUICK RATIO
Cash plus short term investments plus receivables, divided by current liabilities.

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

RETURN OF AVERAGE EQUITY
Profit attributable to shareholders as a percentage of average shareholders' funds.

RETURN OF INVESTMENT
Earnings before interest and taxes as a percentage of shareholders funds.

REVENUE RESERVES
Reserves considered as being available for distributions and investment.

VALUE ADDITION
The quantum of wealth generated by the activities of the Group measured as the difference between net revenue (including other Income) 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

NOTICE OF MEETING

NOTICE is hereby given that the fifty second Annual General Meeting of the shareholders of KELANI CABLES PLC will be centered from the Registered Office of the Company at No. 60, Rodney Street, Colombo 8, by Audio or Audio Visual means on 28th October 2021 at 10.30 a.m., for the purpose of considering and if thought fit passing the following resolutions as Ordinary Resolutions :-

AGENDA

(1) To receive and adopt the Report of the Directors and the statement of Accounts for the financial year ended 31st March 2021 with the Report of the Auditors thereon.

(2) To re-elect as a Director Dr. C T S Bandula Perera, who retires by rotation in terms of Article 85 and being eligible for re-election in terms of Article 86, of the Articles of Association of the Company.

(3) To consider and if thought fit to pass the following Ordinary Resolutions, of which special notice has been given by a Shareholder of the Company.

a) "That Mr. U G Madanayake, who has passed the age of 70 years, be and is hereby appointed as a Director of the Company and that the age limit of 70 years referred to in section 210 of the Companies Act No. 07 of 2007, shall not apply to him"

b) "That Mrs. N C Madanayake, who has passed the age of 70 years, be and is hereby appointed as a Director of the Company and that the age limit of 70 years referred to in section 210 of the Companies Act No.07 of 2007, shall not apply to her"

c) "That Dr. C T S Bandula Perera, who has passed the age of 70 years, be and is hereby appointed as a Director of the Company and that the age limit of 70 years referred to in section 210 of the Companies Act No. 07 of 2007, shall not apply to him"

d) "That Mr. Mahinda Saranapala, who has passed the age of 70 years, be and is hereby appointed as a Director of the Company and that the age limit of 70 years referred to in section 210 of the Companies Act No. 07 of 2007, shall not apply to him"

(4) To re-appoint Messrs KPMG, Chartered Accountants as Auditors and to authorize the Directors to determine their remuneration.

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

By Order of the Board

(Sgd.)
Corporate Affairs (Private) Limited
Secretaries

15th September 2021

NOTE:

(a) The Board of Directors, having considered the constraints of conducting meetings in the midst of the COVID – 19 pandemic, in conformity with the national health and safety guidelines have decided to hold the Annual General Meeting by Audio or Audio / Visual means. Hence, details required for the online registration accompanies this Notice.

(b) Shareholders who wish to participate at the Annual General Meeting through the online platform are kindly requested to complete and forward the Annexure (1) provided with the Annual Report to the email address : investor.relations@kelanicables.com or post it to the registered address of the Company stated below not less than three (03) days prior to the holding of the meeting. It is important that the shareholders should provide their respective email addresses in the space provided in the Annexure in order to forward the web link if they wish to participate at the Annual General Meeting through an online platform.

(c) The Chairman and certain members of the Board and key officials essential for the administration of formalities and conduct the meeting will be physically present at the Registered Office.

(d) The date fixed for the Annual General Meeting will not be affected even if a public holiday is declared on such date since the arrangements will be in place to proceed via online platform.

NOTES

NOTES

CORPORATE INFORMATION

NAME OF THE COMPANY

Kelani Cables PLC

COMPANY REGISTRATION NUMBER

PQ 117

LEGAL FORM

A Public Quoted Company with Limited Liability, incorporated as Ceylon Non-Ferrous Metal Industries Limited on 27th January 1969. Thereafter on 18th December 1973 the name was changed to Kelani Cables Limited. With the adoption of the Companies Act No. 7 of 2007, re-registered as Kelani Cables PLC in February 2008.

REGISTERED OFFICE

No. 60, Rodney Street,
Colombo 08,
Sri Lanka
Tel : +94 11 7608300
Fax : +94 11 2699503

PRINCIPLE PLACE OF BUSINESS

P.O. Box 14, Welelduwa,
Kelaniya,
Sri Lanka
Tel : +94 11 2911224, +94 11 7434400
Fax : +94 11 2910481
E-mail : info@kelanicables.com

CORPORATE WEBSITE

www.kelanicables.com

BOARD OF DIRECTORS

Mr. U. G. Madanayake
Mr. Suren Madanayake
Mrs. N. C. Madanayake
Dr. Bandula Perera
Mr. Mahinda Saranapala
Mr. Deepal Sooriyaarachchi

COMPANY SECRETARIES

Corporate Affairs (Private) Limited
No: 68/1, Dawson Street,
Colombo 02,
Sri Lanka

AUDITORS

KPMG
Chartered Accountants
32A, Sir Mohamed Macan Markar Mawatha,
P. O. Box 186,
Colombo 03,
Sri Lanka

BANKERS

Hatton National Bank PLC
Hongkong and Shanghai Banking Corporation Limited
People's Bank
Standard Chartered Bank
Nations Trust Bank PLC
National Development Bank PLC
DFCC Bank PLC
Sampath Bank PLC
Commercial Bank of Ceylon PLC

Designed & produced by
emagewise
Printed by Gunaratne Offset (Pvt) Ltd

KELANI
CABLES

www.kelanicables.com